

## **Pensions Committee**

### **Minutes of the meeting held on Tuesday, 25 February 2020 commencing at 9:30 am at County Hall, Norwich**

#### **Present:**

|                    |              |
|--------------------|--------------|
| Mr S Aspin         |              |
| Cllr D Douglas     |              |
| Cllr T FitzPatrick |              |
| Cllr J Oliver      | (Chair)      |
| Cllr M Storey      |              |
| Cllr A Waters      | (Vice-Chair) |
| Cllr B Watkins     |              |

#### **Officers Present:**

|               |  |
|---------------|--|
| Simon George  | Executive Director of Finance and<br>Commercial Services |
| Glenn Cossey  | Chief Investment Manager                                 |
| Alex Younger  | Investment and Actuarial Services Manager                |
| Jo Quarterman | Norfolk Pension Fund Project and<br>Development Manager  |
| Debra Keeling | Pension Member Services Manager                          |
| Matt Jefford  | Norfolk Pension Fund, Frameworks Team                    |
| Louise Reeves | Norfolk Pension Fund, Frameworks Team                    |
| Tim Shaw      | Committee Officer  |

#### **Others Present:**

|                   |                                      |
|-------------------|--------------------------------------|
| William Marshall  | Investment Adviser, Hymans Robertson |
| Gemma Sefton      | Hymans Robertson                     |
| Rachel Farmer     | Pensions Oversight Board             |
| Brian Wigg        | Pensions Oversight Board             |
| Cllr Chris Walker | Poringland Parish Council            |
| Clifford Simms    | Squire Patton Boggs                  |
| Carolyn Tsalos    | Russell Investments                  |
| Stav Elia         | Russell Investments                  |

#### **1A Apology for Absence**

**1.1** An apology for absence was received from Cllr J Fuller.

#### **2 Minutes**

**2.1** The minutes of the previous meeting held on 3 December 2019 were confirmed as a correct record and signed by the Chairman.

### **3 Declaration of Interest**

#### **3.1** The following declarations of interest was received:

- Cllr Waters declared an “other interest” because his wife was a member of the scheme.
- Cllr D Douglas declared an “other interest” because he was a member of the scheme.
- Mr S Aspin declared an “other interest” because he was a member of the scheme and had investments with Fidelity and Standard Life who were fund managers.

### **4A Matters of Urgent Business/Additional Information**

#### **4.1** There were no matters of urgent business.

#### **4.2** The Committee received as additional information for item 5 an admission application by Aspens Services Ltd a catering contractor, primarily to the education sector. The Committee also received a statement from the Scheme Advisory Board on Responsible Investment (containing exempt information) that was considered as part of the “public interest test” at item 10 and taken with item 11.

### **5 Administration Report**

#### **5.1** The annexed report (5) by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund was received. The report was the quarterly update for the Pensions Committee on operational and administration matters relating to the Fund. This followed the last full quarterly report to Pensions Committee in December 2019.

#### **5.2** The Committee also received on the table an additional admission application by Aspens Services Ltd a catering contractor, primarily to the education sector.

#### **5.3** The Committee’s attention was drawn to the following issues:

- The Committee noted that the National Scheme Advisory Board (SAB) minutes of the meeting held on 3 February 2020 would be circulated to Pensions Committee and POB members when they became available.
- Feedback was awaited from the SAB about the meeting that they had held recently with representatives of pool companies and operators about the lack of consistency and clarity around their roles, responsibilities and decision making.
- It was noted that the Government intended to ban public investment institutions from supporting boycotts, sanctions and disinvestment against other countries, under plans announced in the Queen's Speech. This change formed part of a new Government approach designed to ensure that individual

organisations did not take a different approach to that of the Government on foreign policy issues. A Supreme Court Judgement on the Palestine Solidarity Case is awaited.

- The new Government was expected to progress issues that were held in abeyance pending the general election, such as the outcome and implications of the McCloud case.
- Members were informed that the key projects that would be addressed as part of Norfolk Pension Fund Service Planning for 2020-21 were set out at Appendix A to the report. It was noted that these projects included a review of the Fund's operational accommodation requirements in advance of the lease expiry on Lawrence House.
- Members' attention was drawn to the increase in the Fund's administration workload in respect of starters and leavers and member transfer arrangements and the fact that "net" movement did not highlight this.
- Members' focused their discussion on the implications of the lack of skilled resources for dealing with benefits administration due to an increased workload and the impact of long-term sickness within the benefits administration team. This lack of skilled resource made it more difficult to complete important projects such as the strategic review and contract renewals. Corporate HR was aware of the issue.
- It was noted that following on from the LGPS National Confidence Assessment, Members of the Pensions Committee and of the Pensions Oversight Board would be asked to participate in an on-line survey for a National Knowledge Assessment undertaken by Hymans.
- Members' attention was drawn to the progress that had been made with the national LGPS procurement frameworks and particularly to the new framework for Pensions Administration Software which was progressing well.
- It was noted that the draft accounts for the financial year 2019/20 would be presented to the Committee in July 2020 but an external audit opinion may not be available until Autumn 2020 (due to pressures at the national level on the workload of the external auditor).

#### **5.4 RESOLVED**

**That the Committee:**

- 1. Note the content of this report and specifically note the Admission Applications by Churchills, Serco and the additional Admission Application by Aspens Services Ltd.**
- 2. Note the Pension Fund internal audit plan 2020-21.**

#### **6 Update from the Pensions Oversight Board**

##### **6.1 The annexed report (6) by the Executive Director of Finance and**

Commercial Services and the Director of the Norfolk Pension Fund was received. The report updated the Pensions Committee on the work of the Pensions Oversight Board.

- 6.2** The Committee welcomed plans to trial an Employer Forum event in Downham Market, following feedback from the Pensions Oversight Board. Mr Richard Davidson, Deputy Clerk of Downham Market Town Council, had spoken at a Board meeting about the involvement of Parish and Town Councils in valuation planning and had suggested that an supplementary Employer Forum should be trialled in the west of the County.

**6.3 RESOLVED**

**That the Committee note the contents of the report.**

**7 Pension Fund Budget 2020-21**

- 7.1** The annexed report (7) by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund was received.
- 7.2** William Marshall and Gemma Sefton of Hymans Robertson left the room while this item was being considered by the Committee because it included details of the advisory fees that were paid to Hymans Robertson.
- 7.3** Officers pointed out that the proposed budget for 2020-21 of £3.843m included projects that had previously been highlighted to Committee. These included the budgetary implications of Norfolk's participation in the ACCESS Pool, the cost of managing the impact of wider Government Pensions Reform, including policy changes required by the Pension's Regulator, and the part year staff costs of the Norfolk Pension Fund Strategic Review (estimated at £177,757). The full year staffing cost of the Strategic Review was estimated for 2021-22 at £234,593 but a more accurate figure would not be known until the final structure was in place and the new roles/changes to pay grades were agreed. The final total costs were, however, expected to be significantly less than the estimate of £300K to £400k (or 10 per cent of the total Fund budget) previously reported to the Committee.
- 7.4** In reply to questions, it was pointed out that there were no direct charging of pension fund staff costs that related specifically to participation in the framework projects (listed in Appendix 1e of the report) or the operation of the Pension Oversight Board (mentioned at Appendix 1f).
- 7.5** In reply to other questions the Chairman said the UK leaving the EU would not impact legally on the operation of the Norfolk Pension Fund in the immediate future.

**7.6 RESOLVED**

**That the Committee approves the Pension Fund 2020-2021 budget.**

**8 Corporate Governance and Shareholder Engagement Report**

**8.1** The annexed report (8) by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund was received. The report updated the Pensions Committee on corporate governance and shareholder engagement matters relating to the Fund. This followed the last full report to Pensions Committee in October 2019.

**8.2** The Committee's attention was drawn to the comments about the Living Wage Campaign contained in paragraph 5 of the report and to the summary of company engagements, particularly on environmental issues, that were listed in Appendix B of the report.

**8.2** Members welcomed the Investment Mangers regular contact at senior executive level with the companies in which the Fund's assets were invested which raised awareness of ESG issues. Cllr Alan Waters said that he would bring this information and the way in which it was presented to the Pensions Committee to the attention of Norwich City Council.

**8.3** Members discussed and supported the wide range of questions that were to be asked of Investment Managers on the range of stewardship and responsible investment issues that were contained in the copy of the questionnaire that could be found at Appendix C to the report.

**8.4** Members also welcomed the work of the Norfolk Pension Fund voting provider in providing information about all votes cast for UK and overseas companies that could be found on the Norfolk Pension Fund website. There was information about votes against the management of UK companies listed at Appendix A to the report. It was suggested that ACCESS could also consider using the services of a voting provider.

**8.5** The Committee supported the recommendation that Share Action should be invited to attend a future meeting of the Committee to make a presentation about the Workforce Disclosure Initiative (WDI) with a view to the Pensions Committee deciding if it wanted to become a signatory to this initiative. It was acknowledged that Norfolk Pension Fund participation would result in the payment of a tiered fee based on the value of assets under management (as explained in paragraph 6.2 of the report).

**8.6 RESOLVED**

**That the Committee:**

- 1. Note the contents of the report.**
- 2. Invite Share Action to formally present to a future meeting of the Committee at which time the Committee would decide if it wanted to participate in this initiative.**

**9 ACCESS Update – Unrestricted Items**

**9.1** The annexed report (9) by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund was received. The report updated the Committee on the work of the ACCESS Pool.

**9.2 RESOLVED**

**That the Committee:**

- 1. Note the contents of the report.**
- 2. Note that the next meeting of the ACCESS Joint Committee is the 9th March 2020.**

**10 Exclusion of the Public Items 11-17**

**10.1** The Committee was asked to consider excluding the public from the meeting under Section 100A of the Local Government Act 1972 for consideration of the items below on the grounds they involved the likely disclosure of exempt information as defined by paragraph 3 of Part 1 of the Schedule 12A to the Act, and the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

**10.2** Paragraph 3 stated “information relating to the financial or business affairs of any particular person” (including the Authority holding the information).

Having applied the “Public Interest Test” it was recommended the Pensions Committee confirm the exclusions listed below:-

**10.3 Item 11 – ACCESS Update – Exempt Items**

The consideration of this item involved the discussion of business and commercial information including details about individual stock “buy and sell” activity, which could significantly weaken their position in a competitive environment by revealing this activity to competitors.

Inappropriate disclosure would or would be likely to prejudice internal and third-party interests which might expose the Norfolk Pension Fund (Norfolk County Council) to legal action in the future.

#### **10.4 Item 12 – NPF Strategic Review Programme: Highlight Report**

The consideration of this item involved the discussion of business and commercial information including details about third party company operations, which could significantly weaken their position in a competitive environment by revealing this activity to competitors.

Inappropriate disclosure would or would be likely to prejudice their interests which might expose the Norfolk Pension Fund (Norfolk County Council) to legal action in the future.

#### **10.5 Item 13 – 2019 Valuation and Further Development of Multiple-Investment Strategy Approach**

The consideration of this item involved the discussion of business and commercial information including details about individual stock “buy and sell” activity, which could significantly weaken their position in a competitive environment by revealing this activity to competitors.

Inappropriate disclosure would or would be likely to prejudice internal and third-party interests which might expose the Norfolk Pension Fund (Norfolk County Council) to legal action in the future.

#### **10.6 Item 14 – Investment Performance Update by Hymans Robertson**

This presentation contains financial, business and commercial information including details about third party company operations, including details of individual stock "buy and sell" activity which could significantly weaken their position in a competitive environment by revealing this activity to competitors.

Inappropriate disclosure would or would be likely to prejudice their interests which may expose the Norfolk Pension Fund (Norfolk County Council) to legal action in the future.

#### **10.7 Item 15 – Investment Update**

This presentation contains financial, business and commercial information including details about third party company operations, including details of individual stock "buy and sell" activity which could significantly weaken their position in a competitive environment by revealing this activity to competitors.

Inappropriate disclosure would or would be likely to prejudice their interests which may expose the Norfolk Pension Fund (Norfolk County Council) to legal action in the future.

#### **10.8 Item 16 – Transition Management – Russell Investment**

This presentation contains financial, business and commercial

information including details about third party company operations, including details of individual stock "buy and sell" activity which could significantly weaken their position in a competitive environment by revealing this activity to competitors.

Inappropriate disclosure would or would be likely to prejudice their interests which may expose the Norfolk Pension Fund (Norfolk County Council) to legal action in the future.

**10.9      Item 17 -Exempt Minutes**

These minutes contained commercially sensitive information related to the performance of third-party individual fund management companies which if in the public domain could have a detrimental impact on the companies' commercial revenue and consequently adverse impact on Pension Fund Performance.

**10.10     RESOLVED**

That the above items be excluded from public disclosure by virtue of paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972 and the text applied above, confirming that the public interest in maintaining the exemption out-weighted the public interest in disclosing the information

**11        ACCESS Update- Exempt items**

**11.1**      The Committee received a report (containing exempt information) by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund updating Members on investment and governance matters pertaining to the ACCESS Pool (A Collaboration of Central, Eastern and Southern Shires).

**11.2**      The Committee received on a confidential basis an overview and update on the work of the ACCESS pool, governed by a Joint Committee made up of one Councillor from each Committee's Pensions Committee.

**11.3      RESOLVED**

**That the Committee note the contents of the report.**

**12        NPF Strategic Review Programme: Highlight Report**

**12.1**      The Committee received a report (containing exempt information) by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund updating Members on progress with the Norfolk Pension Fund Strategic Review Programme and supporting projects.



**12.2 RESOLVED**

**That the Committee note the report which set out progress with the Norfolk Pension Fund Strategic Review Programme and supporting projects.**

**13 2019 Valuation and Further Development of Multiple-Investment Strategy Approach**

**13.1** The Committee received a report (containing exempt information) by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund about the 2019 Valuation and Further Development of Multiple-Investment Strategy Approach.

**13.2 RESOLVED**

**That the Committee agree to the recommendation contained in the report about the 2019 Valuation and the further development of Multiple-Investment Strategy Approach.**

**14 Investment Performance Update by Hymans Robertson**

**14.1** Members received a detailed booklet by Hymans (containing exempt information) that reviewed Investment Managers' performance for the fourth quarter of 2019.

**14.2 RESOLVED**

**That the Committee note the detailed booklet and the work undertaken by Hymans.**

**15 Investment Update**

**15.1** The Committee received a report (containing exempt information) by the Executive Director of Finance and Commercial Services and the Director of the Norfolk Pension Fund that dealt with a number of items relating to the investment strategy and assets of the Fund.

**15.2 RESOLVED**

**That the Committee note the content of the report and agree to the recommendations contained therein.**

**16 Transition Management**

**16.1** The Committee received a presentation and training on a transition event from Russell Investments, the appointed transition manager.

**16.2 RESOLVED**

**That the Committee note the presentation and the work undertaken by Russell Investments.**

**17 Exempt Minutes of the meeting held on 3 December 2020**

**17.1** The exempt minutes of the meeting held on 3 December 2020 were confirmed by the Committee and signed by the Chairman.

**The meeting concluded at 2 pm**

**Chairman**