

Pensions Committee

Minutes of the meeting held on Tuesday, 11 December 2018 commencing at 9:30 am at County Hall, Norwich

Present:

Mr S Aspin	
Mr T FitzPatrick	
Mr J Fuller	
Ms J Oliver	(Chair)
Mr A Waters	
Mr B Watkins	

Officers Present:

Simon George	Executive Director of Finance and Commercial Services
Nicola Mark	Head of the Norfolk Pension Fund
Glenn Cossey	Chief Investment Manager
Alex Younger	Investment and Actuarial Services Manager
Tim Shaw	Committee Officer
Jo Quarterman	Norfolk Pension Fund Project and Development Manager

Others Present:

William Marshall	Investment Adviser, Hymans Robertson
Anish Butani	bfinance
Ian Colvin	Hymans Robertson
Rob Bilton	Hymans Robertson
Monique Stephens	JP Morgan
Gilly Zimmer	JP Morgan
Geoff Jackson	Equitix
John Haan	Equitix
Mili Parekh	Equitix
Sarah Emberson	Aviva
Ian Berry	Aviva
Rachel Farmer	Pensions Oversight Board
Brian Wigg	Pensions Oversight Board
Debbie Beck	Pensions Oversight Board

1 Apologies

1.1 Apologies for absence were received from Mr D Douglas and Mr M

Storey.

2 Minutes

- 2.1** The minutes of the previous meeting held on 18 September 2018 were confirmed as a correct record and signed by the Chairman.

3 Declaration of Interest

- 3.1** The following declaration of interest was received:

- Mr Waters declared an “other interest” because his wife was a member of the scheme.

4. Matters of Urgent Business considered by the Committee as part of the Administration Report

- 4.1** The Committee received as urgent exempt information verbal reports from the Head of Pensions on three separate issues: the settlement of a cessation obligation to the Fund, a change to the Dynamic Currency Hedging Programme and a Class Action Update. These matters were urgent business because they related to developments since the publication of the agenda and were considered by the Committee as part of the Administration Report.

- 4.2** The Committee also received (as exempt information) booklets from Hymans Robertson about their presentations (at items 6, 8, 9 and 11 on the agenda) and booklets (containing exempt information) from three proposed investment managers about their presentations (item 7 on the agenda).

5 Exclusion of the Public Items 6-12, 13 (in part) and 15

- 5.1** 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.

- 5.2** 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:-

5.3 Item 6- Investment Strategies – Update and Real Asset Review

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 internal and third-party interests which might expose the Norfolk Pension Fund (Norfolk County Council) to legal action in the future.

5.4 Item 7.1- Introduction to Proposed Investment- Aviva

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 internal and third-party interests which might expose the Norfolk Pension Fund (Norfolk County Council) to legal action in the future.

5.5 Item 7.2- Introduction to Proposed Investment- Equitix

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 internal and third-party interests which might expose the Norfolk Pension Fund (Norfolk County Council) to legal action in the future.

5.6 Item 7.3- Introduction to Proposed Investment- JP Morgan

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 internal and third-party interests which might expose the Norfolk Pension Fund (Norfolk County Council) to legal action in the future.

5.7 Item 8- Investment Performance Update by Hymans Robertson

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 internal and third-party interests which might expose the Norfolk Pension Fund

(Norfolk County Council) to legal action in the future.

5.8 Item 9- Valuation Planning

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 internal and third-party interests which might expose the Norfolk Pension Fund (Norfolk County Council) to legal action in the future.

5.9 Item 10- ACCESS Update

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 internal and third-party interests which might expose the Norfolk Pension Fund (Norfolk County Council) to legal action in the future.

5.10 Item 11- Norfolk Pension Fund Structural Review-Update

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 internal and third-party interests which might expose the Norfolk Pension Fund (Norfolk County Council) to legal action in the future.

5.11 Item 12- Risk Register Report and Compliance with Breaches Policy

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 internal and third-party interests which might expose the Norfolk Pension Fund (Norfolk County Council) to legal action in the future.

5.12 Item 13- Administration Report (verbal exempt urgent business)

The consideration of this item included the disclosure of verbal exempt urgent business and the discussion of business and commercial

information 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 internal and third-party interests which might expose the Norfolk Pension Fund (Norfolk County Council) to legal action in the future.

5.13 Item 15-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.

5.13 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.

6. Investment Strategies – Update and Real Asset Review

6.1 The Committee received a report (containing exempt information) by the Executive Director of Finance & Commercial Services, Head of Pensions and Hymans Robertson (Hymans) that accompanied a booklet from Hymans ("Investment strategy update: Long-Term Enhanced Yield") that was laid on the table.

6.2 Members carefully considered the developments in the implementation of investment strategies that had taken place since the previous meeting and the action report authors recommended should take place following this meeting.

6.3 RESOLVED

That the Committee agree to the action set out in the report.

7.1 Introduction to Proposed Investment- Aviva

7.1.1 Two representatives from Aviva presented a detailed booklet that was laid on the table. The representatives from Aviva introduced the booklet, summarised the main issues, and responded to detailed questions by the Members.

7.1.2 The Chairman thanked Aviva for their presentations.

7.1.3 RESOLVED

To note the presentations by the Fund Manager.

7.2 Introduction to Proposed Investment- Equitix

7.2.1 Two representatives from Equitix presented a detailed booklet that was laid on the table. The representatives from Equitix introduced the booklet, summarised the main issues, and responded to detailed questions by the Members.

7.2.2 The Chairman thanked Equitix for their presentations.

7.2.3 RESOLVED

To note the presentations by the Fund Manager.

7.3 Introduction to Proposed Investment- JP Morgan

7.3.1 Two representatives from JP Morgan presented a detailed booklet that was laid on the table. The representatives from JP Morgan introduced the booklet, summarised the main issues, and responded to detailed questions by the Members.

7.3.2 The Chairman thanked JP Morgan for their presentations.

7.3.3 RESOLVED

To note the presentations by the Fund Manager.

8 Investment Performance Update by Hymans Robertson

8.1 Members received a detailed booklet by Hymans (containing exempt information) that reviewed Investment Managers' performance for the third quarter of 2018.

8.2 RESOLVED

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

9 Valuation Planning

9.1 The Committee received a detailed booklet (containing exempt information) from Hymans Robertson ("Trustee Training: Actuarial Update") that was laid on the table. The booklet explained the methodology and timeline for the 2019 valuation of the Norfolk Pension Fund which formed part of a continual "health check" on fund solvency.

9.2 The Committee was informed that the valuation planning would establish

the funding position of each scheme employer and set employer contribution rates for the three years commencing from 1 April 2020. The proposed change to a quadrennial valuation was also discussed.

9.3 RESOLVED

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

10 ACCESS Update

10.1 The Committee received a report (containing exempt information) by the Executive Director of Finance and Commercial Services and the Head of Pensions about the ACCESS Pool. The report provided an update to the Pensions Committee on the work of the ACCESS Pool since the last update was given at the September 2018 Committee.

10.2 A full set of agenda papers including both restricted and unrestricted items relating to the ACCESS Joint Committee meeting that was held on 10 December 2018 were sent to Members of the Pensions Committee by email as background documents prior to the meeting.
Note: Kent County Council (as 'host' authority for the secretariat) published electronic copies of the agenda and unrestricted public items on their website (Kent CC - Access Joint Committee Page).

10.3 RESOLVED

That the Committee note the current position and that Members would be kept informed of developments at future meetings.

11 Norfolk Pension Fund Structural Review-Update

11.1 The Committee received a detailed booklet (containing exempt information) from Hymans Robertson ("Pension Fund Review") that was laid on the table.

11.2 The booklet was an update about the context, research, best practice and key themes of the Norfolk Pension Fund Governance Review.

11.3 The Committee noted that a further update and early recommendations along with the draft 2019/20 budget would be taken to the February 2019 meeting.

11.4 RESOLVED

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

12 Risk Register Report and Compliance with Breaches Policy

- 12.1** The Committee received a report (containing exempt information) by the Executive Director of Finance and Commercial Services and the Head of Pensions about the risk register and compliance with breaches policy.
- 12.2** The Committee noted that the Risk Register was regularly reviewed by the Management Team and appropriate action taken. There were no breaches of “material significance” that required reporting to the Regulator.

12.3 RESOLVED

That the Committee note the contents of this update report, including the actions and mitigations that had been taken corporately and locally within the Norfolk Pension Fund, and ask for a further update report in due course.

13 Administration Report

- 13.1** The annexed report (13) by the Executive Director of Finance and Commercial Services and the Head of Pensions was received. The Committee also received (as urgent business and exempt information) verbal reports from the Head of Pensions on three separate issues: the settlement of a cessation obligation to the Fund, the Dynamic Currency Hedging Programme and a Class Action Update.
- 13.2** The report that the Committee received was a quarterly update on all operational and administration matters relating to the Fund. The report included updates on the Governance framework for the Norfolk Pension Fund,
(Pensions Oversight Board, National Scheme Advisory Board, The Pensions Regulator and LGPS National Confidence Survey), Pension Fund Structural Review, Communications (with active and deferred scheme members, with retired members, with employers and Norfolk Pension Fund website), Guaranteed Minimum Pension (GMP) Reconciliation, transfer of Fire Scheme Administration, Collaborative Working / Value for Money, Knowledge and Skills, LGPS Code of Transparency, Update on Bulk Transfer Values in Progress, Admission Agreement – Action for Children, Admission Agreement – Churchill Services, Admission Agreement – Compass Group t/a Chartwells (Clarion Academy Trust), Admission Agreement – Compass Group t/a Chartwells (Ormiston Academy Trust), Representation on behalf of the Pension Fund, Norfolk Pension Fund – Pensions Committee Forward Plan and External Audit Assurance from Norfolk Pension Fund.
- 13.3** The Committee’s attention was drawn to the publication by the Pensions Regulator (TPR) of their ‘Compliance and enforcement policy for public service pensions schemes’ which could be found at Appendix B to the report. This policy was in line with the TPR’s new message to the pensions industry (clearer, quicker and tougher), that showed greater engagement and focus on LGPS Funds.

- 13.4** The Committee noted that the next Employers Forum was scheduled for 12th December 2018 and would focus on preparations for the forthcoming triennial valuation, administration developments and latest LGPS 'hot topics' of interest to employers.

13.5 RESOLVED

- A. That the Committee note the content of the Administration report and specifically:**
Paragraph 12 - the admission application by Action for Children (Diss Childrens Centre contract).
Paragraph 13 - the admission application by Churchill Services (Wensum Trust – Alderman Peel High contract).
Paragraph 14 - the admission application by Compass t/a Chartwells (Clarion Academy Trust – Hobart High School contract).
Paragraph 15 - the admission application by Compass t/a Chartwells (Ormiston Academies Trust – Cliff Park Academy contract).
- B. That the Committee note the contents of the verbal exempt business update reports, including the actions and mitigations that were being taken corporately and locally within the Norfolk Pension Fund.**

14 Update from the Pensions Oversight Board (POB)

- 14.1** The annexed report (14) by the Executive Director of Finance and Commercial Services and the Head of Pensions was received.

14.2 RESOLVED

That the Committee:

- 1. Note the contents of the update report from the Pensions Oversight Board (POB).**
- 2. Agree to the changes to the terms of office for Members of the POB and subsequent amendments to the Terms of Reference that are set out in paragraphs 4.6 and 4.7 of the report. These changes are:**
 - The terms of reference to allow appointments to POB for 4 years, with the option to extend for a further 2 years.**
 - The terms of office for the current POB Members to be extended until July 2021 (subject to their agreement), in order for the POB to benefit from their accumulated knowledge and experience.**
- 3. Note that the current reciprocal Charing arrangements for the POB are being considered as part of the current Norfolk**

Pension Fund Structural Review and that officers will present recommendations to the Committee on this matter in the light of these findings in due course.

15 Exempt Minutes of the meeting held on 18 September 2018

- 15.1** The exempt minutes of the meeting held on 18 September 2018 were confirmed by the Committee and signed by the Chairman.

The meeting concluded at 3.10 pm

Chairman