

Pensions Committee

Minutes of the meeting held on Tuesday, 3 December 2019 commencing at 9:30 am at County Hall, Norwich

Present:

Mr S Aspin
Cllr D Douglas
Cllr T FitzPatrick (Items 8 to 14 only)
Cllr J Fuller
Cllr J Oliver (Items 6 to 14 only) (Chair)
Cllr A Waters (Vice-Chair)
Cllr B Watkins

Officers Present:

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

Others Present:

| | |
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| William Marshall | Investment Adviser, Hymans Robertson |
| Rachel Farmer | Pensions Oversight Board |
| Brian Wigg (excluding item 7) | Pensions Oversight Board |

In the absence of Cllr J Oliver who had phoned to say that she was caught in heavy traffic and would be late attending the meeting the Vice-Chair Cllr A Waters took the Chair.

(Cllr A Waters in the Chair)

1A Apology for Absence

1.1 An apology for absence was received from Cllr M Storey.

It was also noted that Cllr T FitzPatrick had been caught in heavy traffic and would be late attending the meeting.

1B Nicola Mark, Head of the Norfolk Pension Fund

- 1.2** The Committee was sad to hear that Nicola Mark, Head of the Norfolk Pension Fund, was unwell. Members asked for a card and some flowers to be sent to Nicola on their behalf to wish her a speedy recovery.

2 Minutes

- 2.1** The minutes of the previous meeting held on 1 October 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 13 a booklet from Hymans Robertson (containing exempt information) that discussed the Scheme Advisory Board’s (SAB) Responsible Investment Consultation. The booklet was accompanied by a copy of the draft consultation document. The additional information was considered as part of the “public interest test” at minute 9.

5 Administration Report

- 5.1** The annexed report (5) by the Executive Director of Finance and Commercial Services and the Head of Pensions 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 October 2019.
- 5.2** The Committee’s attention was drawn to the following issues:
- The Pensions Regulator (TPR) was focusing on the LGPS and funds faced increased compliance and reporting duties. TPR was looking to set clear expectations and improve their regulatory oversights. It was pointed out that the Norfolk Pension Fund would review its practise against the findings of a recent report by the TPR (‘Governance and administration risks in public service

pension schemes: an engagement report') as part of the overall Fund Review Programme and workstreams.

- The Committee's attention was drawn to the pension clinics held in Norwich, Kings Lynn and Great Yarmouth in October 2019 (where scheme members were invited to attend one-to-one meetings with pensions administration staff following receipt of their annual benefit statements). There was a high level of interest in these clinics. Members believed them to be highly valued by scheme members and asked for their thanks to be sent to the officers who were involved in organising and delivering them.
- It was noted that the Pensions Oversight Board had supported a review of the Fund's public facing website as part of their ongoing review of member and scheme member experience. The Board would receive a final report on this issue at their next meeting.
- Members spoke about how the website had become an increasingly important source of resources, information and signposting for scheme members and employers and other stakeholders. All surveyed stakeholders (including retired members, Norfolk Pension Fund management team and staff, Pension Oversight Board Members) were positive about the site in terms of it meeting its strategic objectives of being easy to navigate, offering clear and accessible information and being well designed.
- The Committee noted that the Pensions and Lifetime Savings Association (PLSA) had published a new set of 'Retirement Living Standards' to help scheme members picture what kind of lifestyle they might have in retirement and what it might cost. These standards had been published on the Fund's website.
- The Committee noted the transfer of Equitable Life AVCs to Utmost Pensions on 1 January 2020 on the terms detailed in the report at Appendix F (from Hymans). Officers would communicate with scheme members, to inform them about the transfer and how their AVCs would be invested.
- In reply to questions, Members were reminded that the Committee had a long history of engagement on important ESG issues such as global climate change. The Committee had reviewed their policy on corporate governance regularly and had given considerable attention to the issues surrounding Responsible Investment.
- The parameters within which Local Authority ESG decisions could be made and policies formulated about the integration of ESG considerations were different to those of the Pensions Committee. In view of the County Council's recent interest in ESG issues it was, however, suggested that all Councillors should be made more aware of the approach taken by the Pensions Committee, noting that this information was publicly available on the Funds website.

5.3 RESOLVED

That the Committee:

- 1. Note the content of this report and specifically note the Admission Applications by Aspen Services and Lunchtimes.**
- 2. Approve the Hymans Robertson recommendations on the Equitable Life AVCs transfer to Utmost Pensions (Appendix F) and that Officers will communicate with Equitable Life/Utmost Pensions and scheme members regarding the investment timetable and fund choice.**

At this point in the proceeding Cllr J Oliver took the Chair.

Cllr J Oliver in the Chair.

6 Update from the Pensions Oversight Board

- 6.1** The annexed report (6) by the Executive Director of Finance and Commercial Services and the Head of Pensions was received. The report updated the Pensions Committee on the work of the Pensions Oversight Board.

6.2 RESOLVED

That the Committee note the contents of the report.

Note: At this point in the proceedings Mr B Wigg, a Member of the Pensions Oversight Board, whom it was recommended should become the Independent Chairman of the Pensions Oversight Board left the committee room for the consideration of the following item.

7 Pensions Oversight Board Independent Chair Arrangements

- 7.1** The annexed report (7) by the Executive Director of Finance and Commercial Services and the Head of Pensions was received.
- 7.2** It was pointed out that should Mr Wigg's appointment be confirmed, a replacement Retired Member representative for the Pensions Oversight Board would be recruited.

7.3 RESOLVED

That the Committee note the content of the report and confirm the recommendation to appoint Mr Brian Wigg as the Independent Chairman of the Pensions Oversight Board, subject to the ratification of this appointment by the Pensions Oversight Board.

Note: At this point in the proceedings Mr B Wigg, returned to the Committee room. Also, Cllr T FitzPatrick, who had been caught in

heavy traffic, attended the meeting from this point in the proceedings.

8 Risk Register Report

8.1 The annexed report (8) by the Executive Director of Finance and Commercial Services and the Head of Pensions was received. The report updated the Pensions Committee on the Norfolk Pension Fund's Risk Register and Breaches Policy, since this was last reported to Pensions Committee in July 2019.

8.2 The Committee considered the movement in areas of high risk that were identified in paragraph 2.1 of the report. It was pointed out that while asset pooling remained an area identified as High Risk for Investment and Funding there were significant decreases in some of the risks associated with the on-boarding of assets from Norfolk's perspective.

8.3 It was also pointed out that the Fund had continued to experience difficulties recruiting and retaining pensions staff. Insufficient skilled resource remained an area of High Risk across all areas (Governance, Investment and Funding, and Administration) as did Cyber and Financial Crime which was identified as an area of increasing high risk.

8.4 The Committee's attention was drawn to a Data Breach mentioned in paragraph 4.3 of the report that had been reported to NCC's Information Management team. This related to limited information about a scheme member which was shared with an incorrect employer. Norfolk Pension Fund training and processes had been updated and improved to avoid a repetition, and the details recorded on the Breach register. No further action was considered necessary.

8.5 RESOLVED

That the Committee note the contents of the Risk Register and the action that was taken in relation to a Data Breach.

9 Exclusion of the Public Items 10-13

9.1 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.

9.2 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:-

9.3 Item 10- LGPS Pooling/ACCESS Update

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.

9.4 Item 11- Norfolk Pension Fund Governance 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 their interests which might expose the Norfolk Pension Fund (Norfolk County Council) to legal action in the future.

9.5 Item 12- Investment Performance Update by Hymans Robertson

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.

9.6 Item 13 - Investment Update; Future Strategic Considerations

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.

9.7 Item 14 -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.

9.8 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.

10 LGPS Pooling / 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 updating Members on investment and governance matters pertaining to the ACCESS Pool (A Collaboration of Central, Eastern and Southern Shires). It was noted that public minutes of ACCESS joint Committee meetings are published on the Kent County Council website.

10.2 The Committee received on a confidential basis an overview and update on investments transferred and due to be transferred to the ACCESS pool.

10.3 RESOLVED

That the Committee note the contents of the report.

11 Norfolk Pension Fund Governance Review – Update

11.1 The Committee received on the table a project highlight report detailing progress with the governance and structural review, including:

- The implementation of the programme structure for the review and,
- The detailed planning with Project Leads for each of the projects currently being implemented or near to completion; (such as the recruitment of the replacement Pensions Oversight Board Chair) and the timetables for those projects to be completed.

11.2 RESOLVED

That the Committee note the presentation which set out progress with the main recommendations of the Governance Review.

12 Investment Performance Update by Hymans Robertson

12.1 Members received a detailed booklet by Hymans (containing exempt

information) that reviewed Investment Managers' performance for the third quarter of 2019.

12.2 RESOLVED

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

13 Investment Update – Future Strategic Considerations

- 13.1** The Committee received a report (containing exempt information) by the Executive Director of Finance and Commercial Services and the Head of Pensions together with a booklet that was laid on the table from Hymans Robertson (containing exempt information) that discussed the Scheme Advisory Board's (SAB) Responsible Investment Guidance Consultation. The booklet was accompanied by a copy of the draft consultation document.

13.2 RESOLVED

That the Committee note the content of the report and the accompanying Hymans Robertson presentation and agree to the recommendations contained therein.

14 Exempt Minutes of the meeting held on 1 October 2019

- 14.1** The exempt minutes of the meeting held on 1 October 2019 were confirmed by the Committee and signed by the Chairman.

The meeting concluded at 12.10 pm

Chairman