

Pensions Committee

Minutes of the meeting held on Tuesday, 1 October 2019 commencing at 9:30 am at County Hall, Norwich

Present:

Mr S Aspin (Items 1 to 10 only)
Mr D Douglas
Mr T FitzPatrick
Ms J Oliver (Chair)
Mr M Storey
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
Jo Quarterman	Norfolk Pension Fund Project and Development Manager
Tim Shaw	Committee Officer

Others Present:

William Marshall	Investment Adviser, Hymans Robertson
Rob Bilton	Hymans Robertson
Emma McCallum	Hymans Robertson
Aileen Gan	Mondrian Investment Partners
Clive Gilmore	Mondrian Investment Partners
Russell Mackie	Mondrian Investment Partners
Brian Wigg	Pensions Oversight Board

(For ease of reference, items appear in these minutes in the order in which they appear on the agenda. This was not necessarily the order in which these items were considered at the meeting).

1A Apology for Absence

1.1 An apology for absence was received from Mr J Fuller.

1B Awards

- 1.2** The Committee placed on record their congratulations to Nicola Mark, Head of the Norfolk Pension Fund, on being presented with the LGC Investment -Lifetime Achievement Award when she attended and chaired at the LGC Investment and Pensions Summit in early September 2019.
- 1.3** The Committee also placed on record their congratulations to the Norfolk Pensions Fund on having won the following LAPF Investment Awards:
- the LGPS Investment Strategy of the Year Award
 - the Collaboration Award (National LGPS Frameworks)
- 1.4** In addition, congratulations were due to Hymans Robertson on being awarded the Investment Consultancy Award for this year.

2 Minutes

- 2.1** The minutes of the previous meeting held on 9 July 2019 were confirmed as a correct record and signed by the Chairman.
- 2.2** As a matter arising from the minutes it was noted that the publication date for the draft Pooling Guidance remained unknown. The draft guidance would, however, be subject to a formal consultation period of 12 weeks.

3 Declaration of Interest

- 3.1** The following declarations of interest was received:
- Mr Waters declared an “other interest” because his wife was a member of the scheme.
 - Mr D Douglas declared an “other interest” because he was a member of the scheme.
 - Mr A 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.

4.1 Matters of Urgent Business

- 4.1** The Committee received urgent business (containing exempt information) on the following issues: an Admission Agreement request and a a booklet from Hymans Robertson discussing Equitable Life (to be taken as part of item 14). These matters were urgent business because they related to developments since the publication of the agenda. With the exception of the two admission agreements, Equitable Life was considered as part of the “public interest test” at minute 5.

5 Exclusion of the Public Items 6-13

- 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- 2019 Valuation: Whole Fund Results and Review of Funding Strategy

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- Class Actions – Latest Plaintiff 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 their interests which might expose the Norfolk Pension Fund (Norfolk County Council) to legal action in the future.

5.5 Item 8- LGPS Pooling/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.

5.6 Item 9 - 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 internal and third-party interests which might expose the Norfolk Pension Fund (Norfolk County Council) to legal action in the future.

5.7 Item 10- Investment Performance Update by Hymans Robertson (inc. Brexit Briefing)

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.

5.8 Item 11- Investment Update – Global Equities & Setting Investment Consultant Objectives

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 12- Investment Manager Presentation

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.

5.10 Item 13 -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.

5.11 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. 2019 Valuation: Whole Fund Results and Review of Funding Strategy

6.1 The Committee received a report (containing exempt information) by the Executive Director of Finance & Commercial Services and Head of Pensions that accompanied a booklet from Hymans Robertson (Hymans) ("2019 Valuation: Whole Fund results and review of Funding strategy").

6.2 Members carefully considered the initial results of the 2019 valuation of the Fund and proposed changes to the Funds funding strategy.

6.3 RESOLVED

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

7 Class Actions-Latest Plaintiff Update

7.1 The Committee received a verbal report, containing confidential information by the Executive Director of Finance & Commercial Services and the Head of the Norfolk Pension Fund, about two class action cases in the United States.

7.2 RESOLVED

That the Committee note the report.

8 LGPS Pooling / ACCESS Update

8.1 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).

8.2 RESOLVED

That the Committee note the contents of the report.

9 Norfolk Pension Fund Governance Review – Update

9.1 The Committee received on the table a detailed booklet by Hymans (containing exempt information) ("Norfolk Pension Fund: Governance

Review Update 1 October 2019”) about progress with the governance and structural review, including:

- The structural arrangements of the Norfolk Pension Fund, including recommendations; and
- The arrangements for the transition to a new team structure to be implemented when the current head of the Norfolk Pension Fund stepped down from her current post.

9.2 RESOLVED

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

10 Investment Performance Update by Hymans Robertson (including a Brexit Briefing)

- 10.1** Members received a detailed booklet by Hymans (containing exempt information) that reviewed Investment Managers’ performance for the second quarter of 2019 (including a Brexit Briefing).

10.2 RESOLVED

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

11 Investment Update – Global Equities & Setting Investment Consultant Objectives

- 11.1** The Committee received the report containing exempt information, which considered two matters; the Funds value equity exposure and the impact of the Competition and Markets Authority (CMA) report reviewing the investment consultancy and fiduciary management markets.

11.2 RESOLVED

To agree the recommendation in the report

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12 Investment Manager Presentation

- 12.1** Three representatives presented a detailed booklet that was laid on the table. The representatives introduced the booklet, summarised the main issues, and responded to detailed questions by the Members.

- 12.2** The Chair thanked those that had given the presentations.

12.3 RESOLVED

To note the presentations by the Fund Manager.

13 Exempt Minutes of the meeting held on 9 July 2019

- 13.1** The exempt minutes of the meeting held on 9 July 2019 were confirmed by the Committee and signed by the Chairman.

14 Administration Report

- 14.1** The annexed report (14) 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 follows the last full quarterly report to Pensions Committee in July 2019.

- 14.2** One item of urgent business was taken alongside this report in respect of an application for an admission agreement by Action for Children in respect of the Early Childhood & Family Service. This is in respect of the LGPS pension rights staff transferred under a contract let by Norfolk County Council.

14.3 RESOLVED

That the Committee:

- 1. Note the content of the report and specifically note the admission application by Aspen Services**
- 2. Agree that the Fund (Administering Authority) votes in favour of the proposal set out in section 4 (the transfer of Equitable Life to Utmost Life and Pensions.)**
- 3. Note the admission application by Action for Children in respect of the Early Childhood & Family Service (Norfolk County Council contract).**

15 Update from the Pensions Oversight Board (POB)

- 15.1** The annexed report (15) 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.

- 15.2** The Board expressed their thanks for the close working relationship they had with the Committee.

15.3 RESOLVED

That the Committee NOTE the contents of the report.

16 Pensions Oversight Board Independent Chair Arrangements

16.1 The annexed report (16) by the Executive Director of Finance and Commercial Services and the Head of Pensions was received. The report updated the Pensions Committee on the Interim Independent Chairing arrangements for the Pensions Oversight Board and proposed future arrangements.

16.2 RESOLVED that the Committee;

- Note the contents of the report, including the end of the current reciprocal chairing arrangement between the Norfolk and Essex Pension Funds, and record thanks to Mr Kevin MacDonald for his contribution to the establishment of and support to the Norfolk Pensions Oversight Board since its inception.
- Consider the proposals set out in this report and agree how to take forward the replacement of the existing Independent Chairing arrangements, including allowance payments, recruitment and subsequent updating of the Pensions Oversight Board's Terms of Reference.

17 Corporate Governance and Shareholder Engagement Report

17.1 The annexed report (17) by the Executive Director of Finance and Commercial Services and the Head of Pensions was received. The report was the six-month update for the Pensions Committee on corporate governance and shareholder engagement matters relating to the Fund. It followed the last full report to Pensions Committee in February 2019.

17.2 RESOLVED

That the Committee note the contents of the report.

The meeting concluded at 3.05 pm

Chairman