

## **Pensions Committee**

**Minutes of the meeting held on Tuesday, 19 February 2019  
commencing at 9:30 am at County Hall, Norwich**

### **Present:**

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

### **Also Present:**

Ms A Kemp

### **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
Linda McAleer	Hymans Robertson
Ian Colvin	Hymans Robertson
Andrew Swan	Infracapital (M&G)
Carolyn Pearce	Infracapital (M&G)
Ben Francis	Infracapital (M&G)
Richard Sem	Pantheon
Andrew Bush	Pantheon
Angus Whiteley	Stafford Capital
Stephen Addicott	Stafford Capital
Peter Hobbs	bfinance

(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).

## **1 Apologies**

- 1.1** There were no apologies for absence.

## **2 Minutes**

- 2.1** The minutes of the previous meeting held on 11 December 2018 were confirmed as a correct record and signed by the Chairman.

## **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.
- Mr M Storey declared an “other interest” because he was a member of the Borough Council of King’s Lynn & West Norfolk (concerning an admission agreement at item 16).

## **4.1 Matters of Urgent Business**

- 4.1.1** The Committee received on the table urgent business from the Head of Pensions on three separate issues: the settlement of an additional cessation obligation to the Fund (at item 12), two Admission Agreements (Children’s Centres, Churchills/Diocese of Ely (at item 16) and a Class Action Update (at item 17). These matters were urgent business because they related to developments since the publication of the agenda. One of these matters (at item 12) was taken as an exempt item having been considered as part of the “public interest test” at minute 5.12.

- 4.1.2** The Committee also received (as exempt information) a booklet from Hymans Robertson on their presentation (at items 9) about Valuation Planning (including Fair Deal Consultation). Colour copies of presentations (containing exempt information) for items 6, 7.1, 7.2, 7.3 and 8 were laid on the table.

## **4.2 Retirement of Pat Bullock**

- 4.2.1** Members were informed that Pat Bullock, Pensions Senior Technical

Adviser, was retiring from the Norfolk Pension Fund after 46 years of service. During that time Pat was instrumental in the development of the Retired Members Team and in providing advice to retired members. Pat, who attended the meeting, received flowers from the Chairman. Members and Officers all joined together in wishing her a long and happy retirement.

## **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- 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- Infracapital (M&G)**

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- Pantheon**

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- Stafford Capital**

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 7.4- Committee to consider Investment Strategy Recommendations**

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 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.

#### **5.9 Item 9- Valuation Planning (inc. Fair Deal Consultation)**

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 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.

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

#### **5.12 Item 12- Employer Request for Pooling of Cessation Obligation**

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.

#### **5.13 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.

#### **5.14 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 and Head of Pensions that accompanied a booklet from Hymans Robertson (Hymans (“Investment Strategy Update: Long-Term Enhanced Yield”).

**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- Infracapital (M&G)**

**7.1.1** Three representatives from Infracapital (M&G) presented a detailed booklet that was laid on the table. The representatives from Infracapital (M&G) introduced the booklet, summarised the main issues, and responded to detailed questions by the Members.

**7.1.2** The Chairman thanked Infracapital (M&G) for their presentations.

### **7.1.3 RESOLVED**

**To note the presentations by the Fund Manager.**

## **7.2 Introduction to Proposed Investment- Pantheon**

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

**7.2.2** The Chairman thanked Pantheon for their presentations.

### **7.2.3 RESOLVED**

**To note the presentations by the Fund Manager.**

## **7.3 Introduction to Proposed Investment- Stafford Capital**

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

**7.3.2** The Chairman thanked Stafford Capital 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 fourth quarter of 2018.

### **8.2 RESOLVED**

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

## **9 Valuation Planning (including Fair Funding Consultation)**

- 9.1** The Committee received a detailed booklet (containing exempt information) from Hymans Robertson ("2019 Valuation 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 changes to the LGPS England and Wales cost cap process and details regarding the new Fair Deal consultation were 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 an update report (containing exempt information) by the Executive Director of Finance and Commercial Services and the Head of Pensions about the ACCESS Pool.

- 10.2** There had not been a meeting of the ACCESS Joint Committee since the previous meeting of Pensions Committee in December 2018. The report therefore provided an update on the work currently being undertaken by ACCESS Officers.

### **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 Governance Review-Update**

**11.1** The Committee received an update report (containing exempt information) by the Executive Director of Finance & Commercial Services and Head of Pensions about progress with the governance and structural review.

**11.2** The report was accompanied by a detailed booklet (containing exempt information) from Hymans Robertson ("Future Proofing Governance Review") that was included with the agenda.

**11.3 RESOLVED**

**That the Committee note the content of the report and of the detailed booklet on the governance and structural review of the fund and agree to the recommendations contained therein.**

**12 Employer Request for Pooling of Cessation Obligation**

**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 request from an employer for the pooling of a cessation obligation following the expiry of the commercial partnership agreement.

**12.2** The Committee was also informed (as urgent exempt business) about progress with a request for the settlement of a cessation obligation. This related to a case, considered at the previous meeting, where the Fund had taken actuarial advice and the Committee was now in a position to act on that advice.

**12.3 RESOLVED**

**That the Committee agree to the actions recommended by the Head of Pensions.**

**13 Exempt Minutes of the meeting held on 11 December 2018**

**13.1** The exempt minutes of the meeting held on 11 December 2018 were confirmed by the Committee and signed by the Chairman.

**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** The Committee received an update on the work of the Pension Oversight Board from Jo Quarterman, Norfolk Pension Fund Project and



Development Manager.

- 14.3** The Committee noted that the Board would be exploring the experience of a small employer as they completed their annual returns, and of a member approaching retirement in the next few months.

**14.4 RESOLVED**

**That the Committee:**

- 1. Note the contents of the update report from the Pensions Oversight Board (POB).**
- 2. Place on record thanks to POB Members for their work.**

**15 Pension Fund Budget**

- 15.1** The annexed report (15) by the Executive Director of Finance and Commercial Services and the Head of Pensions was received.

- 15.2** Members attention was drawn to the following issues that impacted upon the Pension Fund budget:

- Norfolk's participation in the ACCESS Pool.
- The 2019 LGPS triennial valuation.
- The impact of incremental increases in the number of employers joining the LGPS.
- Wider Government Pensions Reform, including policy changes required by the Pension's Regulator.

- 15.3** The Committee was informed that the proposed budget for 2019-20 of £3.735m did not include budgetary implications of the structural review of the Norfolk Pension Fund currently being undertaken by Hymans.

**15.4 RESOLVED**

**That the Committee approve the Pension Fund 2019-2020 budget.**

**16 Administration Report**

- 16.1** The annexed report (16) by the Executive Director of Finance and Commercial Services and the Head of Pensions was received.

- 16.2** The Committee also received on the table as urgent business from the Head of Pensions a paper that gave details regarding the following additional Admission Agreement requests:

- Compass t/a Chartwells (diocese of Ely contract)
- Action for Children (Fakenham and Nar & St Clenents children's centres).

- Great Yarmouth Community Trust (Village Green children's centre contract).
- Sport and Leisure Management (North Norfolk District Council contract).

- 16.3** The report that the Committee received was a quarterly update on all operational and administration matters relating to the Fund.
- 16.4** The Committee's attention was drawn to the new framework for Member Data Services covering address tracing and mortality screening that was launched in October 2018. It was suggested that this framework might be made to tie in with the work that the County Council was doing to develop a counter fraud hub in association with the local district/borough councils. Officers agreed to explore this possibility and to report back to the Committee.
- 16.5** Officers confirmed that all employers had received notification from the LGA about the latest position regarding the cost cap process, pending the outcome of the application by the Government to appeal the McCloud case to the Supreme Court.
- 16.6** It was noted that all employers were made aware of the current consultation on Fail Deal via an email distribution from the Norfolk Pension Fund on 18th January 2019 and more recently in the Employer Newsletter, with details of the consultation and supporting analysis and information being given.
- 16.7** Members of the Committee were encouraged to complete the Pensions Regulator's updated on-line training resource. Committee noted that the date and content for the training session that would be held at St Lawrence House, Norwich in Spring 2019 would be agreed shortly.
- 16.8 RESOLVED**

- A. That the Committee note the content of the Administration report and specifically:**  
**Paragraphs 9 and 10 - approve the cash management strategies for the management of the Fund's cash balances and dynamic currency programme.**  
**Paragraph 12- approve the 2019-20 Internal Audit Plan.**  
**Paragraph 18 - specifically note the admission application by Capita to the Fund (Breckland contract).**  
**Paragraph 19- approve that Alive West Norfolk Limited is added to the guarantee and pooling agreement with the Borough Council of King's Lynn & West Norfolk.**  
**Paragraph 20 - delegate the decision on the appropriate replacement Prudential AVC lifestyle option (s) to Officers, with due consideration of advice received.**

- B. That the Committee approve the following additional**

**admission agreement requests:**

**Compass t/a Chartwells (diocese of Ely contract)**

**Action for Children (Fakenham and Nar & St Clemenets children's centres)**

**Great Yarmouth Community Trust (Village Green children's centre contract)**

**Sport and Leisure Management (North Norfolk District Council contract).**

## **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.

**17.2** It was noted that Hymans would include a Responsible Investment (RI) rating for Norfolk's equity managers in the next quarterly performance report (June 2019 Pension Committee).

**17.3** It was pointed out that over one-third of the FSTE 100 companies were accredited Living Wage employers. The Head of Pensions was asked to widen the scope of reporting of accredited Living Wage employers so as to include the number of FTSE 250 companies that had adopted the UK Living Wage.

**17.4** The Committee received on the table a press release by the Executive Director of Finance and Commercial Services and the Head of Pensions that said the Norfolk Pension Fund, represented by a leading class action securities fraud law firm (that represented institutional investors in public markets) had won a major victory with a rare jury verdict finding a company listed on the NASDAQ together with the company's CEO and Board Chairman liable for securities fraud. The jury's verdict was the culmination of almost four years of litigation and a three-week trial throughout which Norfolk Pension Fund served as the Lead Plaintiff on behalf of all defrauded investors. The press release provided details of the legal action in respect of the development of the case which had previously been considered by the Pensions Committee in private session. It was noted that Mr Younger, an officer of the Pension Fund, had provided the jury with testimony and had stood as a plaintiff.

## **17.5 RESOLVED**

**That the Committee:**

- 1. Note the content of the report.**
- 2. Record thanks to Mr Alex Younger, Investment and Actuarial Services Manager, for helping to ensure that the Norfolk Pension Fund achieved a successful outcome in the US securities class action case described above.**

**The meeting concluded at 3.30 pm**

**Chairman**