

**Pensions Panel**

27 July 2016 – At a meeting of the Pensions Panel held at 10.15 a.m. at County Hall, Chichester

Present: Mr Hunt (Chairman)

Mr Donnelly	Mr Peters	Mr Smith
Mr McAra*	Mr Sartin	Mrs Urquhart

Apologies for absence were received from Mr Metcalfe and Dr Walsh.

\* Mr McAra arrived at 10.26 a.m.

In attendance by invitation: Caroline Burton (Independent Adviser); Steven Law, Kameel Kapitan and John Wright (Hymans Robertson); Paul James (Capita); Ian Barnes, Jonathan Davies, Guy Walker and Charles Burbeck (UBS).

**Officers Present:**

Katharine Eberhart, Director of Finance	Steve Harrison, Chief Technical Officer	Rachel Wood, Pension Fund Investment Strategist
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Vickie Hampshire, Project Accountant - Pensions	Adam Chisnall, Acting Democratic Services Officer
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**Part I**

**Part I Minutes of the meeting held on 25 April 2016**

35. The Panel proposed an amendment to the part II summary section of the minutes. The Panel agreed to change the date from 1 February 2016 to 25 April 2016.

36. Resolved – that the part I minutes of the Pensions Panel held on 25 April 2016, amended as above, be approved as a correct record, and that they be signed by the Chairman.

37. POST MEETING CLARIFICATION – the original date 1 February 2016 correctly referred to the minutes discussed at the previous meeting, not the 25 April 2016 when the meeting took place. Therefore the date should not have been amended and so the minute book will be corrected to reflect this.

## **Annual Report**

38. The Panel considered a report by the Director of Finance (copy appended to the signed minutes).

39. The Chief Technical Officer introduced the report and summarised the size of the fund and the growth of members since last year. It was reported that the fund was under the benchmark, but performing well when compared to other funds. Auditors were still looking at the account, but no substantial changes were expected. The annual report would be going to the Governance Committee for approval.

40. The Panel made comments including those that follow. It:

- Queried how the valuation for the West Sussex Local Government Pension Scheme (LGPS) compared to other funds. – *Steven Law confirmed that the West Sussex LGPS would be valued in the top ten compared to other funds.*
- Asked what actions were being taken to resolve overpayments. – *Rachel Wood explained that work was being undertaken with the income and banking team to investigate this. It was confirmed that the 'Tell Us Once' system would help to report pensioner deaths which would reduce overpayments.*
- Sought clarity in the drop of fund performance and the relative position of West Sussex in the Local Authority league tables. – *Steven Law explained that returns for different funds would vary and West Sussex could potentially move down the league tables in the future if it de-risked. Other authority funds had seen higher returns but may be taking higher risks.*

41. Resolved – That the Panel approves the Annual Report & Accounts 2015/16.

## **Funding Strategy Statement and Valuation 2016**

42. The Panel considered a report by the Director of Finance (copy appended to the signed minutes).

43. The Panel received a presentation from Steven Law and Kameel Kapitan (Hymans Robertson) on the 2016 Fund Valuation (copy appended to the signed minutes).

44. Steven Law explained the process for the valuation and how the rates were calculated. It was reported that the Chartered Institute of Public Finance and Accountancy (CIPFA) had not released their guidance on what was required to be included in the Funding Strategy Statement (FSS). It was therefore explained that the FSS was in draft and would be amended to reflect the requirements when they were published.

45. Kameel Kapitan explained the assumptions that contributed to the valuation.

46. Steven Law explained that the government had introduced the uniform data capture which had been used to generate the data for the valuation. Error checks were being performed on the data but it was unlikely all errors would be checked before the valuation was required. Therefore some assumptions would be made on the data.

47. The Panel made comments including those that follow. It:

- Queried the use of retail price index (RPI) rather than consumer price index (CPI) for the calculations. – *Kameel Kapitan explained that RPI was used for the base calculations and that links were made to CPI. Market evidence was used to consider the gap between the indexes.*
- Asked if all funds were valued at similar rates. – *Steven Law explained that as all funds invested differently, different assumptions were used.*
- Queried what other options could be used to avoid having to make assumptions, e.g. perform valuation every two years. – *The Pensions Panel Chairman considered that the current valuation cycle was appropriate unless there was a big change in demographics.*
- Sought clarity on the longevity calculation and if it was based on national statistics. – *Steven Law explained that consideration was given on a member by member basis.*

48. Resolved – That the Panel agree the draft Funding Strategy Statement as a working document for consultation with employers, to be finalised at a future meeting.

### **Date of the Next Meeting**

49. The Panel noted that its next scheduled meeting will take place on 4 November 2016 at 10.30 a.m. at County Hall, Chichester.

### **Exclusion of Press and Public**

50. Resolved - That under Section 100(4) of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Part I, of Schedule 12A, of the Act by virtue of the paragraph specified under the item and that, in all the circumstances of the case, the public interest in maintaining the exemption of that information outweighs the public interest in disclosing the information.

The meeting ended at 1.18 p.m.

Chairman

## **Summary of Matters discussed in the absence of the Press and Public on 27 July 2016**

### **Part II Minutes of the meeting held on 25 April 2016**

(Exempt, paragraph 3, Financial or business affairs of any person (including the authority))

The Panel agreed the part II minutes of the Pensions Panel held on 25 April 2016.

#### **Pension Administration Performance**

(Exempt, paragraph 3, Financial or business affairs of any person (including the authority))

The Panel welcomed Paul James, Head of Public Sector Pensions (Capita), to the meeting who spoke thorough proposals to improve the pension service. The Panel noted the measures and expected to see improvements in the performance within six months.

#### **Pension Fund Pooling Initiative update**

(Exempt, paragraph 3, Financial or business affairs of any person (including the authority))

The Panel received a briefing from John Wright, Hymans Robertson, relating to the progress on pooling arrangements for the ACCESS Group. The Panel discussed the proposed options for the pooling structure and resolved that the Working Group should continue meeting to discuss the proposals; and agreed that an extra-ordinary meeting of the Panel may be required.

#### **Property Portfolio**

(Exempt, paragraph 3, Financial or business affairs of any person (including the authority))

The Panel agreed that, given the length of the current agenda, discussion of the report be postponed to the following meeting. Officers confirmed that the report was not time critical.

#### **Adviser Review**

(Exempt, paragraph 3, Financial or business affairs of any person (including the authority))

The Panel received an update from Caroline Burton, Independent Adviser, relating to the quarterly reports from the fund managers. The Panel welcomed the advice.

**UBS – Investment Activity, Performance and Future Investment Policy.**

(Exempt, paragraph 3, Financial or business affairs of any person (including the authority))

The Panel received an update from Ian Barnes, Jonathan Davies, Guy Walker and Charles Burbeck from UBS on the portfolio performance for the quarter.

The Panel agreed to allow UBS to sub-underwrite 15% of its West Sussex Pension Fund portfolio, subject to the conditions outlined in the report.