

Draft Minutes: Part 1 Pensions Panel held on 27th January 2014

Start: 10:15am

Present: Mr Michael Brown (Chairman), Mr Peter Lamb, Mrs Deborah Urquhart, Mr Gordon Marples, Mr Nigel Peters, Mr Bernard Smith.

Apologies:

Apologies were received from: Dr James Walsh, Mr Peter Metcalf and the Sussex Police & Crime Commissioner.

In Attendance: Richard Hornby (Director of Finance and Assurance), Caroline Burton (Independent Adviser to the Panel), Vickie Hampshire, Laura Davies, Steve Harrison, Paul Audu.

Also in Attendance:

Hymans Robertson: Steven Law and Paul Potter.

Agenda Item:

1. Declaration of Interests

1114. No new declarations.

2. Approval of the Part I Minutes Held on 8 November 2013 and Matters Arising

1115. There were no queries on the draft Part I minutes.

Resolved:

1116. The Panel agreed that the draft minutes should be approved as accurate account of the Part I of the Pensions Panel meeting on 8 November 2013.

3. Pension Fund Policy Documents (including Statement of Investment Principles, Treasury Management Strategy and Ill Health Policy)

1117. The Chief Technical Officer introduced the report. He outlined that the Statement of Investment Principles (SIP) is a legal requirement covering the types of investment the fund holds, the broad allocations and management of risk. The SIP has been updated for some recent changes – such as the decision to undertake stock lending. However, just as importantly, it may change more radically subject to the decisions of the panel around the Asset Liability work undertaken by the Actuary. Included in Appendix 1 was the updated SIP.

1118. On Treasury Management, this is included to show the performance of treasury management up to 31 December and the recommendation is to approve for the strategy going forward. Appendix 2 included the

Strategy document. Attention was drawn to paragraph 13, where due to the shortage of suitable UK banks with strong credit worthiness, it is proposed to use foreign bank accounts for cash holdings. Initially this will be Svenska Handelsbanken. The panel was also asked to note the low interest rate of 0.43% received as per paragraph 20 of the report.

1119. On the Ill Health Policy, it was reported this looks to change the ill health insurance arrangements for the Fund. Currently, an element of employers contribution rate is earmarked to cover this - and if exceeded the authority is billed. The options are total cover for insurance of cover for the 'top-up or excess if their ill health budget is exceeded. Attention was drawn to paragraph 25, where the Fund is looking at how ill health insurance may be provided at a fund level for all employers.
1120. One factual mistake in the report was corrected. It wasn't the case, per paragraph 24 that "Legal & General had chosen not to offer both full and top up cover to employers under the same fund. Therefore if the first employer chooses full cover, this will set the precedent for all future arrangements".
1121. The Recommendation was to allow officers to work up a business case of costs and benefits to consult employers on.
1122. On the SIP, the Panel asked if either the Fund Manager term of appointment or the ethical policy adopted by the fund should be included. The Chief Technical Officer stated that the fund manager term of appointment was in the business plan but would be included in the SIP. On the ethical policy, the advice sought at national level from a QC was still pending, and once that had been received it would be brought back to the Panel for a decision - the outcome of any change could then be included in the SIP.
1123. On the Treasury Management policy, Panel asked if Santander was a possible option for a further bank. The Panel Chairman stated the background to the Treasury Strategy was that it used to be covered by the strategy of the County Council, but since Government had insisted on a complete separation of funds, the Pension Fund now required its own (if similar) Strategy document. The Panel Chairman stated also that Santander was not currently included at the banks had been confined to those at the appropriate credit rating. That gave sufficient options to ensure that the cash holdings of the Fund could be accommodated by spreading the sum across a number of institutions.

Recommendations

1124. The recommendations were agreed by the Panel.