

Pensions Panel

21 June 2017 – At a meeting of the Pensions Panel held at 1.45 p.m. at County Hall, Chichester

Mr Bradford
Ms Taylor

Mrs Dennis
Dr Walsh

Mr Donnelly

Apologies for absence were received from Mr Fitzjohn, Mr Hunt and Mrs Urquhart.

In attendance by invitation: Nigel Jupp;
Steven Law, Kameel Kapitan and John Wright (Hymans Robertson);
Malcolm Gordon, Steve Magill and Scott Wilkin (UBS).

Officers Present:

Katharine Eberhart,
Director of Finance
Performance and
Procurement

Steve Harrison,
Financial Planning
Manager

Vickie Hampshire,
Finance Manager
Pension Fund Governance

Laura Davies
Finance Manager
Pension Fund Accounting
& Reporting

Adam Chisnall,
Democratic Services
Officer

Part I

Welcome and Introductions

1. The Democratic Services Officer opened the meeting and the Members and Officers introduced themselves.

Election of Chairman

2. The Panel noted that the Chairman, Mr Hunt, had given apologies to the meeting following a recent injury.

3. Resolved - That the Panel:

(1) Appoints Dr Walsh to be the Chairman for the meeting.

(2) Appoints Dr Walsh as the Interim Vice Chairman of the Pensions Panel to cover any duty that the Chairman is unable to do during his absence.

Declaration of Interests

4. Nigel Jupp declared a Personal Interest as his daughter works for Blackrock.

5. Steven Law confirmed that Hymans Robertson attendees would be leaving the meeting during the Procurement of Actuarial Services item as they had an interest in this item.

Part I Minutes of the meeting held on 30 January 2017

6. Resolved – that the Part I minutes of the Pensions Panel held on 30 January 2017 be approved as a correct record, and that they be signed by the Chairman.

Membership

7. The Panel noted its membership as confirmed at the 16 May 2017 County Council. The Panel also noted that Nigel Jupp would be appointed to the Pensions Panel at the Governance Committee on 26 June 2017.

Terms of Reference

8. The Panel notes its Terms of Reference.

Pension Fund Business Plan 2017/18

9. The Panel considered a report by the Director of Finance, Performance and Procurement (copy appended to the signed minutes).
10. The Financial Planning Manager introduced the report explained that the production of a Business Plan was not required, but considered good practice to publish. The report set out the plan for 2017/18, but also gave a backwards look at the work in 2016/17.
11. The Panel made comments including those that follow.
- Noted the training requirements within the report and requested advice on which courses to take. – *Officers resolved to give guidance to members on appropriate courses.*
 - Queried the wording for the control measures on the Risk Register. – *The Finance Manager - Pension Fund Governance resolved to update the wording.*
 - Sought clarity on the contribution receipt reconciliation work. - *The Financial Planning Manager explained that this activity was regular monthly work and gave assurance that there was no cause for concern.*
 - Queried the costs of the Muse report. – *The Financial Planning Manager reported that the report had cost between £40,000 and £50,000. The report would be coming to the July meeting.*
 - Requested to see a new structure chart following the recent restructure. – *The Finance Manager - Pension Fund Governance confirmed that the structure chart would be in the upcoming annual report, but agreed to circulate the chart to the Panel ahead of this.*
 - Sought clarity on the estimated costs paid by the pension fund to the administering authority, what unit were the figures and was there a previous year comparison. – *The Financial Planning Manager confirmed that the units were in £000 and resolved to circulate the previous figures.*
 - Raised concerns on monitor stock lending. – *The Finance Manager - Pension Fund Governance explained that part of the strategy involved lending stock. The Director of Finance, Performance and Procurement confirmed that the Panel took a decision to participate in stock lending and agreed the strategy two years previously.*

- Queried the progress of the business plan outcome to monitor contract compliance from Capita. – *The Financial Planning Manager confirmed that this was part of the Muse work that was ongoing.*

12. Resolved - That the Panel agrees the Business Plan for 2017/18.

Valuation Final Report

13. The Panel received a report from Hymans Robertson on the 2016 Valuation Round-Up (copy appended to the signed minutes).

14. Steven Law introduced the report and confirmed that Hymans Robertson had met their reporting deadline. It was reported that there was a good funding level improvement for the fund.

15. It was explained that the Scheme Advisory Board requirements meant that the valuation had to be reported in a certain format for comparison purposes. It was anticipated that the West Sussex Pension Fund would be ranked highly compared to other pension funds.

16. Steven Law reported that there had been data issues with the valuation, but it was not clear if this was linked to Capita or the individual employers. Academy conversions could always cause delays as there may be new employers who lack the relevant pension knowledge. Colleges had seen a rise in contributions as they no longer had government backing and so were considered a higher risk.

17. The focus of the fund was to ensure it was 100% funded which involved considering each employers different risks.

18. The Panel were informed that the regulator's Section 13 valuation would be likely to raise a flag for the West Sussex Pension Fund due to its maturity.

19. The Panel made comments including those that follow.

- Queried the rise in deferred members. – *Steven Law explained the number could be down to late processing, a change in market circumstances and a general rise in deferred members.*
- Sought clarity on the how the benefits and deficits were handled in the County Council accounts. – *Steven Law explained that the cost of new benefits came out of one part of the Council's budget while the lump sum secondary contributions came out of a different part. The Financial Planning Manager clarified that a deficit budget used to be used for this, but now they were joined together.*
- Queried the County Council's long term plan to pay off its deficit. – *The Director of Finance, Performance and Procurement explained that this had been a treasury management decision. Steven Law added that the market could move during the time taken to pay off the debt.*
- Asked the frequency in valuations. – *John Wright confirmed that the valuation would be set for 3 years. Steven Law explained that he had the ability to change rates before then if necessary, but confirmed it was not something that happened often.*

20. Resolved - That the Panel agrees the Valuation Report.

Pension Fund Pooling Initiative

21. The Panel considered a report by the Director of Finance, Performance and Procurement (copy appended to the signed minutes).

22. John Wright, Hymans Robertson, gave an update to the Panel on the progress with pooling. The Inter-Authority Agreement (IAA) had been signed by all authorities which committed them to joining the ACCESS pool. The Joint Committee for ACCESS would be meeting for the first time in July.

23. The IAA also committed the authorities to the joint procurement exercise for the establishment of an investment vehicle for ACCESS. Engagement days had begun which would ensure bidders understood what ACCESS wanted. 8 to 12 bids were expected.

24. The Joint Committee had delegated the function of the procurement to an officer group. When the winning bidder was identified in November, all authorities would be required to sign their agreement.

25. It was reported that the Government wanted pooling to in place by April 2018. Whilst this was unlikely to be achieved by ACCESS, ACCESS would be able to demonstrate that they had appointed an operator, submitted their compliance approach to the Financial Conduct Authority, and that £8-10bn would be under the Joint Committee's Governance via a passive framework.

26. Resolved - That the Panel notes the progress that is being made with pooling.

Petition on Carbon Investments

27. The Panel formally received a petition from Worthing Climate Action Network which asks the Fund to divest sums from fossil fuel companies.

28. Resolved - That the Panel agrees to consider the petition at its meeting on 6 November 2017.

Date of Next Meeting

29. The Panel noted that its next scheduled meeting will take place on 26 July 2017 at 10.00 a.m. at County Hall, Chichester.

Exclusion of Press and Public

30. 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 3.53 p.m.

Chairman

Summary of Matters discussed in the absence of the Press and Public on 21 June 2017

Part II Minutes of the meeting held on 30 January 2017

(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 30 January 2017.

Procurement of Actuarial Services

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

The Panel noted the approach and progress made in relation to the procurement process for a new contract for Actuarial Services, and Benefits and Governance Consultancy. The Panel were reassured that the focus would be on quality and not down to the lowest priced bidder.

UBS

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

The Panel received an introduction from USB and an explanation of their portfolio.