

Pensions Panel

25 April 2016 – At a meeting of the Pensions Panel held at 10.30 a.m. at County Hall, Chichester

Present: Mr Hunt (Chairman)

Mr Donnelly	Mr Sartin	Dr Walsh***
Mr McAra*	Mr Smith***	
Mr Metcalfe	Mrs Urquhart**	

Apologies for absence were received from Mr Peters.

* Mr McAra arrived at 10.40 a.m.
** Mrs Urquhart arrived at 11.00 a.m.
*** Mr Smith and Dr Walsh left at 12.40 p.m.

In attendance by invitation: Caroline Burton (Independent Adviser), Steven Law and Kameel Kapitan (Hymans Robertson).

Officers Present:

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

Part I

Declarations of Interest

1. In accordance with the code of conduct, the following personal interests were declared:
 - Dr Walsh as an Arun District Council member of PropCo in relation to the Fund Valuation and Employer Risk 2016 item.
 - Mr Donnelly as a former Vice Chairman at Saxon Weald in relation to the Fund Valuation and Employer Risk 2016 item.

Part I Minutes of the meeting held on 1 February 2016

2. The Pension Fund Investment Strategist updated the Panel on minute 1463. and explained that the limit of £5m had been amended to include all cash held irrespective of which currency it was held in. The strategy would be updated to reflect this.
3. Resolved – that the part I minutes of the Pensions Panel held on 1 February 2016 be approved as a correct record, and that they be signed by the Chairman.

Business Plan 2016/17 (including review of 2015/16 business plan activities)

4. The Panel considered a report by the Director of Finance (copy appended to the signed minutes).
5. The Chief Technical Officer introduced the report and explained that the report looked back at progress during 2015/16 and set out the key issues for 2016/17. It was explained that additional work had been kept to a minimum to ensure officers had enough resource to focus on the pooling work.
6. The Chief Technical Officer confirmed that there had been no loss of income relating to the backlog of membership reconciliation.
7. The Panel made comments including those that follow. It:
 - Queried if the errors identified with membership records was a new issue linked to the Capita outsource or was an existing problem. – *The Chief Technical Officer explained that this would be difficult to determine as this was the first time a reconciliation exercise had been undertaken. The County Council was investigating the scale of the issue to see if it should be classed as a formal breach, in line with the Pension Fund's Breach policy.*
 - Asked the when the backlog needed to be cleared by and if appropriate manpower had been allocated to the project. – *The Pension Fund Investment Strategist confirmed that the deadline was July and that Capita's team in Darlington were working to complete the work well in advance of this. Work was needed to consider if employers had completed their necessary elements. It was explained that Capita would pick up the costs if their error was found to be on their part, however there was currently no charging policy if employers were found to be at fault. The Director of Finance had written to all employers to encourage correct administration. The Panel requested that they receive regular updates on the progress of the reconciliation.*

- Queried if there was any security risk associated with the outsourcing of work to India. – *The Director of Finance confirmed that this practice was not unusual and that the time zone coverage could be of added benefit. Members were reassured that the sensitive information remained on the County Council’s local servers and so there was no added risk to data integrity. The Director of Finance resolved to seek assurance that there were no additional financial risks.*
- Sought clarity on Business Plan Outcome no. 22 as it reported that the outcome was met but the Panel noted that some key targets had been missed. – *The Chief Technical Officer explained that the outcome related to Pension Panel monitoring arrangements and so compliance was met by ensuring works were monitored and that the Panel received regular reports.*
- The Panel informed officers that the 2015/16 budget total should be £822,000 rather than £922,000.

8. Resolved – That the Panel:

- (1) Agrees the Business Plan for 2016/17
- (2) Requests regular updates on the Membership Reconciliation work.

Fund Valuation and Employer Risk 2016

9. The Panel received a presentation from Steven Law and Kameel Kapitan (Hymans Robertson) on Employer Risk Profiling and Management (copy appended to the signed minutes).

10. The presentation explained the processes and assessments undertaken by Hymans Robertson for managing employers within the pension fund. Details were given on how different employer types were managed and how guarantor factors were considered.

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

- Queried why some security listings had question marks in their entries. – *Steven Law confirmed that the Government backed security was only in place for 7 years and it was currently unclear what would happen when this term expired.*
- Sought clarity on the term ‘flightpath’. – *Steven Law explained that this related to members on a changing monthly contribution rate which ensured that the full funding amount was achieved by the last remaining member.*
- Asked if the process would change once pooling was in place. – *Steven Law confirmed that pooling would have no effect on the process and that the strategy would always remain.*
- Queried the impact of college mergers and academy conversions on the fund. – *Steven Law confirmed that college mergers could increase costs for pension administration. Academy conversions would lead to an increase of employers within the fund.*

12. Resolved – That the Panel welcomes the presentation and the explanation of the valuation and risk process.

Date of the Next Meeting

13. The Panel noted that its next scheduled meeting will take place on 27 July 2016 at 10.30 a.m. at County Hall, Chichester.

Exclusion of Press and Public

14. 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 3.07 p.m.

Chairman

Summary of Matters discussed in the absence of the Press and Public

Part II Minutes of the meeting held on 1 February 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 1 February 2016.

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.

Baillie Gifford: 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 Susan Swindells and Lynn Dewar, Baillie Gifford, on the portfolio performance for the quarter.

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 the Governance arrangements for pooling. The Panel welcomed the briefing and the progress being made.