

Pensions Panel

4 November 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 Smith	Mrs Urquhart
Mr McAra	Ms Taylor*	Dr Walsh

Apologies for absence were received from Mr Metcalfe and Mr Peters.

* Ms Taylor left at 2.53 p.m.

In attendance by invitation: Caroline Burton (Independent Adviser); Steven Law, Kameel Kapitan and Paul Potter (Hymans Robertson); Paul James, Jonathan Ellis, Clare Chambers and Lili Caldwell (Capita); Lynn Dewar and Susan Swindells (Baillie Gifford); Scott Wilkin, Charles Burbeck and Malcolm Gordon (UBS).

Officers Present:

Katharine Eberhart, Director of Finance	Steve Harrison, Chief Technical Officer	Vickie Hampshire, Project Accountant - Pensions
Adam Chisnall, Democratic Services Officer	Jonathan Brown Senior Solicitor	

Part I

Part I Minutes of the meeting held on 27 July 2016

81. Resolved – that the part I minutes of the Pensions Panel held on 27 July 2016 be approved as a correct record, and that they be signed by the Chairman.

Funding Strategy Statement and Valuation 2016

82. The Panel received a presentation from Steven Law, Paul Potter and Kameel Kapitan (Hymans Robertson) on the Funding Strategy Statement and Valuation 2016 (copy appended to the signed minutes).

83. Steven Law introduce the Valuation section of the paper and informed the Panel of the assumptions that had been included to calculate the prudent estimate for the valuation. For example, the 50:50 option for members to reduce their pension contributions had seen a lower take up than anticipated and so the 2016 valuation had taken this into account.

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

- Queried if the valuation for the West Sussex Pension Fund was similar to other funds. – *Steven Law confirmed that other funds had similar assumptions based on their returns.*
- Asked Hymans Robertson's opinion on whether the Pension Fund was going in the right direction. – *Steven Law commented that the funding direction for the fund was positive, with historic 1980's damage repaired. The Panel was doing a good job and needed to consider its role when pooling arrangements were in place. It was commented that West Sussex, Capita and Hymans Robertson relations could be improved.*
- Noted there was a maximum cap on contributions and asked if there was a minimum. – *Steven Law confirmed there was no minimum and that stability was the main focus for contributions.*
- Queried the general level of funds an employer should pay. – *Steven Law proposed around 18% of pay is a realistic cost.*

85. Steven Law moved on to the Investment Strategy section of the report and discussed the previously agreed level of 95% funded as the trigger to reduce volatility and stabilise assets. Paul Potter explained the importance of removing risk when funding was at a high level. Caroline Burton (Independent Adviser) informed the Panel that it was important to consider the decision to de risk based on the level of the fund rather than the position of the market.

86. The Panel made queried if it was a correct level to de risk. – *Steven Law confirmed that the level was an appropriate level and proposed waiting for the new fund calculation to see if the level was in breach.*

87. Resolved - That the Panel notes the de risking trigger level, as outlined in the Statement of Investment Principles. The Panel also awaits the outcome of the 2016 valuation on the fund level.

Report of Urgent Action

88. The Committee noted action taken by the Director of Law, Assurance and Strategy, in consultation with the Chairman, as follows: (copy appended to the signed minutes).

Local Government Pension Scheme Regulations 2016: Consultation Response

Approval for the response to the Local Government Pension Scheme Regulations Consultation.

Date of the Next Meeting

89. The Panel noted that its next scheduled meeting will take place on 30 January 2017 at 10.00 a.m. at County Hall, Chichester.

Exclusion of Press and Public

90. 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 2.58 p.m.

Chairman

Summary of Matters discussed in the absence of the Press and Public on 4 November 2016

Part II Minutes of the meeting held on 27 July 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 27 July 2016.

Business Plan 2016/17

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

The Panel discussed the business plan for 2016/17 and the proposed restructure arrangements within the finance department.

That the Panel noted:

- a. The change in Investment Regulations and the requirement for the Fund to adopt an Investment Strategy Statement by 1 April 2017.
- b) The continuing work of the Pension Advisory Board.
- c) The procurement work to appoint a Fund custodian

The Panel agreed not to progress whole fund insurance for ill health early retirement and agreed to the resource allocation for the pension fund elements of the finance restructure.

Pensions Administration Performance

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

The Panel welcomed Paul James, Jonathan Ellis, Clare Chambers and Lili Caldwell from Capita to the meeting to discuss the late ABS publication breach. The Panel expressed disappointment with the breach, but welcomed the proposed improvements to processes for the future.

Pension Fund Pooling Initiative Update

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

The Panel noted the progress that was being made in relation to pension fund pooling.

Property Portfolio – Forward Funding Agreements

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

The Panel discussed a particular investment implication that impacted property investments.

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.

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

Adviser review / Comments from Director of Finance

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

The Panel received an update from Caroline Burton, Independent Adviser, on the recent management changes at UBS and the impact this had had on the fund. The Panel welcomed the advice.

UBS

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

The Panel received an update from Scott Wilkin, Charles Burbeck and Malcolm Gordon from UBS on the portfolio performance for the quarter. The Panel were informed of the changes in management structure and processes for global equity investments.