

# Public Document Pack

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24 April 2020

## Pensions Panel

A virtual meeting of the Committee will be held at **1.00 pm** on **Monday, 4 May 2020**.

**Note:** In accordance with regulations in response to the current public health emergency, this meeting will be held virtually with members in remote, audio-only attendance. Public access is via audio webcasting.

**Items 1 to 6 in Part I of the agenda will be available to listen to via the internet at the address below. Items 7 to 11 in Part II of the agenda contain exempt information as indicated and therefore will not be broadcast:**

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## Agenda

### Part I

1.00 pm      1.      **Declarations of Interests**

Members and officers are invited to make any declaration of personal or prejudicial interests that they may have in relation to items on the agenda and are reminded to make any declarations at any stage during the meeting if it becomes apparent that this may be required when a particular item or issue is considered.

It is recorded in the register of interests that:

- Mr Donnelly is a Horsham District Councillor
- Mr Elkins is a Member of the Littlehampton Harbour Board and Arun District Council
- Mr Hunt is the Chairman of the Chichester Harbour Conservancy
- Mr Jupp is a Member of Horsham District Council and has a daughter who works for Blackrock
- Dr Walsh is a Member of the Littlehampton Harbour Board, Arun District Council and Littlehampton Town Council

These financial interests only need to be declared at the meeting if there is an agenda item to which they relate.

- 1.05 pm 2. **Part I Minutes of the last meeting** (Pages 5 - 10)
- The Panel is asked to agree the Part I minutes of the meeting of the Panel held on 27 January 2020 attached (cream paper).
- 1.10 pm 3. **Urgent Matters**
- Items not on the agenda, which the Chairman of the meeting is of the opinion, should be considered as a matter of urgency by reason of special circumstances.
- 1.10 pm 4. **Part II Matters**
- Members are asked to indicate at this stage if they wish the meeting to consider bringing into Part I any items on the Part II agenda.
- 1.10 pm 5. **Administration** (To Follow)
- Report by the Director of Finance and Support Services
- The Panel is asked to note the update.
- 1.25 pm 6. **Date of the next meeting**
- The next meeting of the Pensions Panel is scheduled for 22 July 2020 at a time, location and format to be confirmed.
- Part II**
- 1.25 pm 7. **Exclusion of Press and Public**
- The Board is asked to consider in respect of the following item(s) whether the public, including the press, should be excluded from the meeting on the grounds of exemption under Part I of Schedule 12A of the Local Government Act 1972, as indicated below, and because, 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.
- 1.25 pm 8. **Part II Minutes of the last meeting** (Pages 11 - 16)
- To confirm the Part II minutes of the meeting of the Panel held on 27 January 2020, for members of the Panel only (yellow paper).
- 1.30 pm 9. **Funding and Employer Management** (To Follow)
- Report by the Director of Finance and Support Services attached for members of the Panel only (yellow paper).

The Panel is asked to consider the recommendations within the report.

1.45 pm      10.    **Investment Matters** (To Follow)

Report by the Director of Finance and Support Services attached for members of the Panel only (yellow paper).

The Panel is asked to consider the recommendations within the report.

2.00 pm      11.    **Fund Manager Presentations**

The Panel to receive presentations on portfolio performance from fund managers.

2.00 pm      (a)    **Baillie Gifford**

2.20 pm      (b)    **UBS**

2.40 pm      (c)    **Aberdeen Standard**

**To all members of the Pensions Panel**

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## **Pensions Panel**

27 January 2020 – At a meeting of the Pensions Panel held at 10.00 am at County Hall, Chichester.

Present: Cllr Hunt (Chairman)

Cllr Bradford, Cllr J Dennis, Cllr Elkins, Cllr N Jupp, Cllr Urquhart, Cllr Walsh, Mr Donnelly and Ms Taylor

### **Part I**

#### **44. Declarations of Interests**

44.1 Mr Jupp stated that his son's firm had bought private equity in the last six months.

#### **45. Part I Minutes of the last meeting**

45.1 Resolved – That the Part I minutes of the Pensions Panel held on 25 October 2019 be approved as a correct record, and that they be signed by the Chairman.

#### **46. Motions Received from Employers**

46.1 The Panel discussed the Notice of Motions from Adur District and Worthing Borough Councils (copy appended to the signed minutes) asking the Pension Fund to divest its pension fund of any investment in fossil fuel stocks, equities and funds. It was also noted that similar motions had been passed by Arun District Council and was being considered by Chichester District Council.

46.2 Katharine Eberhart, Director of Finance and Support Services, stated that officers could provide a standard response that could include an update on investment strategy and update on holdings. It was agreed this would be produced and circulated to the Panel for views.

46.3 The Chairman also asked that any correspondents in relation to such requests are logged centrally and that responses be produced centrally rather than Panel members responding individually. This was agreed by the Panel.

46.4 It was also noted that an additional meeting on environmental, social and governance (ESG) was being scheduled. The formality, venue and date for that meeting was still to be confirmed. Prior to that meeting a questionnaire would be sent to the Panel.

#### **47. Pension Advisory Board Minutes - Part I**

47.1 The Panel considered the confirmed Part I minutes from the 4 September 2019 Pension Advisory Board meeting; and the Agenda from the 20 November 2019 meeting (copies appended to the signed minutes).

47.2 The Panel made comments including those that follow.

- In relation to 24.8 of the 4 September 2019 Pension Advisory Board minutes, Mrs Dennis asked if it was a regulatory requirement. Rachel Wood agreed to look into this and circulate a response to the Panel.

47.3 Resolved – That the minutes and agenda be noted.

#### **48. Business Plan**

48.1 The Panel considered a report by the Director of Finance and Support Services (copy appended to the signed minutes).

48.2 Katharine Eberhart introduced the report and explained that it provided an update on the Business Plan priorities in the third quarter.

48.3 The Panel made comments including those that follow.

- Dr Walsh raised concern about the RAG rating of the poor quality data resulting in error and misstatement. Katharine Eberhart confirmed that the team had a detailed plan to approach this and have agreed a fee for Hampshire to undertake the work. Andrew Lowe confirmed that clear plans and deadlines for this work were now in place. An update would be provided at the next meeting when it was hoped that the RAG rating would have improved.
- It was noted that the Training Strategy was aligned with the Business Plan and was highlighted as Amber due to a number of new staff.

48.3 Resolved – that the Business Plan is noted.

#### **49. Pension Administration Performance**

49.1 The Panel considered a report by the Director of Finance and Support Services (copy appended to the signed minutes).

49.2 Katharine Eberhart introduced the report stating that all performance targets are working towards 100% with sustained improvements in most areas.

49.3 Andrew Lowe drew the Panels attention to section 7 of the report detailing Pension Scams. He assured the Panel that a set series of actions are followed if a member requests for their pension to be transferred.

49.4 The Panel made comments including those that follow.

- The Panel asked for confirmation as to whether Trading Standards or the Police are informed if a scam is suspected. Andrew Lowe would check if this was included in the process and report back to the Panel.

49.5 Resolved – that the update on the Administration Performance is noted.

## **50. Actuarial Valuation**

50.1 The Panel considered a report by the Director of Finance and Support Services (copy appended to the signed minutes).

50.2 Rachel Wood introduced the report explaining that the funding strategy statement was attached at appendix 1 showing the amendments as tracked changes.

50.3 The Panel made comments including those that follow.

- It was confirmed that the valuation cycle was still 3 years and therefore 2022 was the next scheduled review.
- The amended version once agreed would be circulated as a clean document.

50.4 Resolved – that

1) The Panel agree the current amended version of the Funding Strategy Statement for publication by 31 March 2020.

(2) The Panel agree that any further amendments to the Funding Strategy Statement can be agreed by the Director of Finance and Support Services, in consultation with the Chairman to allow the Statement to be published by 31 March 2020.

## **51. Treasury Management Strategy**

51.1 The Panel considered a report by the Director of Finance and Support Services (copy appended to the signed minutes).

51.2 Rachel Wood introduced the report explaining that it provided a review of last year's strategy as well as looking into the next financial year. She stated that it reflected on the need to increase limits on short term money market funds.

51.3 Rachel highlighted that in Appendix 1 of the report, page 112 section 5 it should have also included an Aviva fund as a money market fund.

51.4 Resolved – that the Panel:

(1) approve the 2020/21 Treasury Management Strategy as set out in Appendix 1.

(2) note the treasury activity undertaken during 2019/20 (1 April to 31 December 2019).

## **52. Date of the next meeting**

52.1 The Panel noted that its next scheduled meeting would take place on 27 April 2020 at County Hall, Chichester.

**53. Exclusion of Press and Public**

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.

**54. Part II Minutes of the last meeting**

The Panel agreed the Part II minutes of the Pensions Panel held on 25 October 2019.

**55. Pension Advisory Board Minutes - Part II**

The Panel noted the contents of the Part II minutes from the 4 September 2019 Pension Advisory Board meeting.

**56. AVC Transfer**

The Panel considered a report by the Director of Finance and Support Services.

The Panel noted the update.

**57. ACCESS**

The Panel considered a report by the Director of Finance and Support Services.

The panel noted the update.

**58. Review of Pension Investment Performance**

The Panel considered a paper by the Director of Finance and Support Services.

The Panel received an update from Caroline Burton relating to the quarterly performance reports from the fund managers.

**59. Presentation by Baillie Gifford**

The Panel received an update from Lynn Dewar and Paul Roberts from Baillie Gifford on the portfolio performance for the quarter.

**60. Presentation by Aberdeen Standard**

The Panel received an update from Matthew Cunliffe, Jennifer Ball and Mark McKelvey from Aberdeen Standard on the portfolio performance for the quarter.



**61. Income Fund Options**

The Panel considered a report by the Director of Finance and Support Services.

The Panel noted the report.

The meeting ended at 2.55 pm

Chairman

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