

Part II Minutes: Not for Publication

Pension Advisory Board

6 March 2019 - At a meeting of the Pension Advisory Board held at 9.30 am at County Hall, Chichester, PO19 1RQ

Part II

94. Exclusion of Press and Public

94.1 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.

95. Part II Minutes of the last meeting

95.1 Resolved – That the Part II minutes of the meeting of the Board held on 21 November 2018 be approved as a correct record and signed by the Chairman.

96. Pensions Panel Minutes – Part II

96.1 The Board considered the Part II minutes from the 1 November 2018 Pensions Panel meeting (copy appended to the signed minutes).

96.2 The Board made comments including those that follow.

- Requested an update on the letter from the Joint Committee Chairman on employee representatives. – *Rachel Wood reported that the letter had not been written as guidance had been released which superseded the action. The Guidance suggested that Committees may wish to consider knowledge from Pension Boards.*
- Queried if there had been any comments on employer representation. – *Rachel Wood commented that this had been raised due to a specific query on member representation.*

96.3 Resolved – That the Board notes the contents of the minutes.

97. Asset Pooling

97.1 The Board received a report by the Director of Finance, Performance and Procurement which had gone to the 28 January 2019 Pensions Panel meeting (copy appended to the signed minutes).

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97.2 The Board also considered the Chairman's comments on the statutory guidance on asset pooling (copy appended to the signed minutes).

97.3 Rachel Wood introduced the Investment Pooling report and informed the Board that the Pensions Panel had agreed that the Chairman and the Director of Finance, Performance and Procurement would respond to the MHCLG guidance.

97.4 The Board made comments including those that follow.

- Commented that the pooling approach did not appear to demonstrate cost saving for West Sussex. – *Rachel Wood explained that different pools had different benefits and cost savings. West Sussex had a balanced mandate approach that yielded a good economy of scale and worked well. The challenge for West Sussex would be to align with a structure that would allow it to remain cost neutral.*
- Asked if any other pools would be using Baillie Gifford or UBS. – *Rachel Wood explained that these funds had been set up for West Sussex requirements. If someone else invested, they match the same allocation of bonds and equities. Baillie Gifford had looked at fees across all pools to aggregate costs, and were likely to create two sub funds where others could invest.*
- Asked when the transition into the pool was likely to happen. – *Rachel Wood reported that Baillie Gifford were close to transitioning, with the likelihood being this completing next financial year. It was difficult to predict UBS's transition.*
- Queried if fund managers would still attend Pensions Panel meetings. – *Rachel Wood explained that this would be a discussion to have with Link. Reports proposed fund managers attending one Pensions Panel meeting a year, but there were options for alternatives. Link were responsible for fund manager appointment.*
- Sought clarity on where allocation decisions were made. – *Rachel Wood confirmed that the Pensions Panel would still give allocation instructions to fund managers. The Financial Conduct Authority (FCA) would need to approve changes to sub funds. Risk arrangements would also need to be discussed with FCA.*
- Asked if it was possible to see the Complete Governance Manual. – *Rachel Wood explained that the Manual related to the workings of the Joint Committee and was still in draft form. It was proposed that the Manual could come to a Board meeting when it was complete.*
- Queried the flow of information from the Joint Committee to the Pensions Panel. – *Rachel Wood confirmed that the Pension Advisory Board saw the same information on this as the Pensions Panel. The Pensions Panel's role was to agree the recommendations from the Joint Committee, including the Business Plan and Work Programme. It was proposed that the Board considers Joint Committee agendas and continues to see relevant Pensions Panel items.*

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97.5 The Chairman introduced his document containing his comments on the statutory guidance on asset pooling and raised concerns on the accountability of the proposals of Pension Advisory Board involvement.

97.6 The Board unanimously agreed with the comments and agreed to the proposed response.

97.7 Resolved – That the Board notes the report and agrees to the response for the statutory guidance on asset pooling.

98. Business Plan (including Pension Administration)

98.1 The Board received a report by the Director of Finance, Performance and Procurement which had gone to the 28 January 2019 Pensions Panel meeting (copy appended to the signed minutes).

98.2 Rachel Wood introduced the report and explained that the main focus of the report was the pension administration transfer.

98.3 The Board welcomed the progress on the pension administration transfer and looked forward to Hampshire County Council's attendance at Board meetings.

98.4 The Chairman resolved to write a Business Plan for the Board that aligned with the Pension Panel's plan.

98.5 Resolved – That the Board notes the contents of the report.

The meeting ended at 11.55 am

Chairman