

Notice of Meeting

Surrey Pension Fund Board

**Date & time**

Friday, 22 May 2015
at 11.00 am

Place

Mess Conference
Room, County Hall,
Kingston upon
Thames, Surrey KT1
2DN

Contact

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Chief Executive

David McNulty

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This meeting will be held in public. If you would like to attend and you have any special requirements, please contact Cheryl Hardman on 020 8541 9075.

Elected Members

Ms Denise Le Gal (Chairman), Mr Nick Skellett CBE (Vice-Chairman), Mr W D Barker OBE, Mr Tim Evans, Mr John Orrick and Mr Stuart Selleck

Co-opted Members:

Mr Tony Elias (District Representative), Ian Perkin (Office of the Surrey Police and Crime Commissioner) and Philip Walker (Employees), one Borough/District representative vacancy

AGENDA

1 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

2 MINUTES OF THE PREVIOUS MEETING: 13 FEBRUARY 2015

(Pages 1
- 26)

To agree the minutes as a true record of the meeting.

3 DECLARATIONS OF INTEREST

To receive any declarations of disclosable pecuniary interests from Members in respect of any item to be considered at the meeting.

Notes:

- In line with the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012, declarations may relate to the interest of the member, or the member's spouse or civil partner, or a person with whom the member is living as husband or wife, or a person with whom the member is living as if they were civil partners and the member is aware they have the interest.
- Members need only disclose interests not currently listed on the Register of Disclosable Pecuniary Interests.
- Members must notify the Monitoring Officer of any interests disclosed at the meeting so they may be added to the Register.
- Members are reminded that they must not participate in any item where they have a disclosable pecuniary interest.

4 QUESTIONS AND PETITIONS

To receive any questions or petitions.

Notes:

1. The deadline for Member's questions is 12.00pm four working days before the meeting (*18 May 2015*).
2. The deadline for public questions is seven days before the meeting (*15 May 2015*).
3. The deadline for petitions was 14 days before the meeting, and no petitions have been received.

5 ACTION TRACKING

(Pages
27 - 30)

An action tracker is attached, detailing actions from previous meetings. The Board is asked to review progress on the items listed.

6 FREEDOM AND CHOICE

(Pages
31 - 50)

The report explains the statutory changes to pension fund scheme rules that will allow LGPS members over the age of 55 to transfer their LGPS benefits to defined contribution (DC) arrangements, or take advantage of the new trivial commutation limits.

- 7 EMPLOYER BODY ADMISSION/TERMINATION GUIDANCE** (Pages 51 - 56)
- The report explains the need for the creation of comprehensive and focused admission and termination guidance for scheme employers, including the option for the Fund to offer a bespoke solution to allow scheme employers to quantify the financial value of pension risk.
- 8 MANAGER ISSUES AND INVESTMENT PERFORMANCE** (Pages 57 - 88)
- This report is a summary of all manager issues that need to be brought to the attention of the Surrey Pension Fund Board, as well as manager investment performance.
- 9 PENSION FUND BUSINESS PLAN 2014/15: OUTTURN REPORT** (Pages 89 - 104)
- The 2001 Myners Report (later confirmed by the CIPFA/Myners Principles) recommended that local authority pension funds approve an annual business plan in respect of the objectives required for the ensuing year. Business planning is regarded as an important tool, assisting in the identification of how service delivery can be maximised within resource constraints. This report sets out the outturn of the annual business plan for 2014/15.
- 10 REVISED STATEMENT OF INVESTMENT PRINCIPLES** (Pages 105 - 126)
- With adjustments to asset allocation within the Pension Fund, it is necessary to approve a revised Statement of Investment Principles (SIP).
- 11 GOVERNANCE COMPLIANCE STATEMENT** (Pages 127 - 186)
- Local authority pension funds are required to publish and keep under review a Governance Compliance Statement. The Governance Compliance Statement of the Surrey Pension Fund is comprised from the Compliance to Statutory Guidance Statement and a Governance Policy Statement. The Public Services Pensions Act 2013 (The Act) introduces a new framework for the governance and administration of public service pension schemes. The Act has a material impact on existing governance arrangements in the Local Government Pension Scheme (LGPS), which are enforced by changes to the LGPS regulations.
- As a result of the Act, The Pensions Regulator has introduced codes of practice covering specific areas relating to public sector pension schemes. The changes to the LGPS regulations and introduction of the Pensions Regulator code of practice 14 and changes in the Scheme of Delegation approved by County Council on 14 October 2014 require revisions to the existing Surrey Pension Fund Governance Compliance Statement.
- 12 LOCAL PENSION BOARD** (Pages 187 - 202)
- The report explains the implemented changes to the governance of the Local Government Pension Scheme (LGPS) as a result of the Public Service Pensions Act 2013 and Regulations issued on 28 January 2015. The key requirement is for a proposed new Local Pension Board to assist the Administering Authority in the running of the Pension Fund, and to monitor compliance with rules and standards. The Council's Constitution was amended on 17 March 2015, following a report to full Council. This report provides an update on progress achieved.

- 13 CORPORATE GOVERNANCE SHARE VOTING** (Pages 203 - 210)
 This report provides a summary of the Fund's share voting process in Q2 and Q3 2014/15.
- 14 KEY PERFORMANCE INDICATORS** (Pages 211 - 220)
 In line with best practice, Surrey Pension Fund Board members will be supplied with Pension Fund key performance indicators (KPIs) on a quarterly basis, covering investment and administration practices.
- 15 PENSION FUND RISK REGISTER** (Pages 221 - 226)
 Surrey County Council, as administering authority for the Surrey Pension Fund, is responsible for the delivery of benefit promises made to members of the Surrey Pension Fund. It achieves this by setting objectives and goals with varying timeframes. Risks lie in failing to meet the intended goals.
 Risks that are established as an issue must be identified and evaluated via a risk register. The risks must be prioritised with existing controls or new controls implemented to mitigate the risks. This should be recorded in a risk register, which needs monitoring on a quarterly basis.
- 16 EXCLUSION OF THE PUBLIC**
Recommendation: That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information under the relevant paragraphs of Part 1 of Schedule 12A of the Act.
- 17 MULTI ASSET CREDIT** (Pages 227 - 242)
 The report recommends a multi asset credit portfolio to replace the Fund's current investment grade credit assets with Legal & General (passive mandate) and the active managed mandate with Western.
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 Information relating to the financial or business affairs of any particular person (including the authority holding that information)
- 18 PRIVATE EQUITY INVESTMENT PERFORMANCE REVIEW** (Pages 243 - 268)
 The Surrey Pension Fund has a commitment to invest 5% of the fund in private equity. This is achieved by investing in funds of funds and directly managed funds, managed by a number of private equity specialists.
 The Surrey Pension Fund Board reviews the private equity strategy. This report is a review of the investment performance of the private equity portfolio.
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19 PORTFOLIO TRANSITION: LGIM TO MAJEDIE

(Pages
269 -
272)

The report explains the transition process from LGIM to Majedie.

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20 PUBLICITY FOR PART TWO ITEMS

To consider whether the items considered under Part 2 of the agenda should be made available to the Press and the public.

21 DATE OF NEXT MEETING

The next meeting of the Surrey Pension Fund Board will be on 18 September 2015.

David McNulty
Chief Executive

Published: 14 May 2015

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