

Notice of Meeting

Surrey Pension Fund Committee

**Date & time**

Friday, 8 June 2018
at 10.00 am

Place

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

Contact

Sharmina Ullah
Room 122, County Hall
Tel 020 8213 2838

Chief Executive

Joanna Killian



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[@SCCdemocracy](https://twitter.com/SCCdemocracy)

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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 Sharmina Ullah on 020 8213 2838.

Elected Members

Mr Tim Evans (Chairman), Mr Ben Carasco (Vice-Chairman), Ms Ayesha Azad, Mr John Beckett (Ewell), Mr David Mansfield and Mrs Hazel Watson

Co-opted Members:

Margaret Janes (Employers), District Councillor Peter Stanyard (Borough/District representative) and Philip Walker (Employees), VACANCY (Borough/District representative)

AGENDA

1 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

2 MINUTES OF THE PREVIOUS MEETING 26 MARCH 2018

(Pages 1
- 4)

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

3 DECLARATIONS OF INTEREST

All Members present are required to declare, at this point in the meeting or as soon as possible thereafter

- (i) Any disclosable pecuniary interests and / or
- (ii) Other interests arising under the Code of Conduct in respect of any item(s) of business being considered at this meeting

NOTES:

- Members are reminded that they must not participate in any item where they have a disclosable pecuniary interest
- As well as an interest of the Member, this includes any interest, of which the Member is aware, that relates to the Member's spouse or civil partner (or any person with whom the Member is living as a spouse or civil partner)
- Members with a significant personal interest may participate in the discussion and vote on that matter unless that interest could be reasonably regarded as prejudicial.

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 (*4 June 2018*).
2. The deadline for public questions is seven days before the meeting (*1 June 2018*).
3. The deadline for petitions was 14 days before the meeting, and no petitions have been received.

5 FORWARD PLAN AND ACTION TRACKING

(Pages 5
- 8)

The forward plan and action tracker is attached, detailing actions from previous meetings. The Board is asked to review and provide comment as necessary.

6 PENSION FUND BUSINESS PLAN 2017/18: OUTTURN REPORT

(Pages 9
- 28)

Purpose of the report: 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 2017/18.

7 CARBON ASSET EXPOSURE REVIEW (Pages 29 - 34)

Purpose of the report: To understand the Surrey County Council Pension Fund's current exposure to assets which are carbon intensive in their activities and how a future reallocation of the Fund's equities will impact its current Carbon Asset exposure.

8 EQUITY STRATEGY REVIEW (Pages 35 - 44)

Purpose of the report: The Investment Strategy Statement of the Surrey Pension Fund currently shows a target allocation of listed equities at 59.8% of the portfolio.

The Fund is scheduled to begin transition of its assets in to the Border to Coast (BCPP) asset pool in the 3rd-4th quarters of 2018, starting with UK equities. In consideration of the appropriateness of Fund's asset allocation in line with this key transition date, an investment strategy meeting was convened between the Chairman of the Pension Fund Committee, Mercer, the Fund's Independent Advisor and officers on 19 January 2018.

As a result of this meeting Mercer produced the Equity Strategy Forward and, at the Pension Fund Committee meeting of 9 February 2018, it was resolved by the Pension Fund Committee to approve further work from Mercer, the Fund's Independent Advisor and officers to consider the following, in accordance with the Equity Strategy Forward plan:

- the balance between UK and global equities;
- the balance between passive and actively managed equities;
- the allocation within the passive section of the portfolio, what allocation should be made to the RAFI multi-factor index and whether an allocation should be made to a low carbon equity fund.

Further meetings to consider these agreed areas were held between the Chairman of the Pension Fund Committee, Mercer, the Fund's Independent Advisor and officers on 17 April 2018 and 15 May 2018 and conclusions from these meetings inform this report.

This strategic approach to managing the portfolio will continue to be critical after assets begin to be transitioned to BCPP and should be considered within the context of this transition.

9 INVESTMENT MANAGER ISSUES AND PERFORMANCE AND ASSET/LIABILITIES UPDATE (Pages 45 - 70)

Purpose of the report: This report is a summary of all manager issues that need to be brought to the attention of the Pension Fund Committee, as well as an update on investment performance and the values of assets and liabilities.

10 INVESTMENT STRATEGY REVIEW AND STATEMENT (Pages 71 - 94)

Purpose of the report: The pension fund is required to publish an investment strategy statement (ISS) as a result of new investment regulations. It is a statutory requirement that the Pension Fund Committee should approve and regularly review its ISS.

11 CASHFLOW ANALYSIS (Pages 95 - 98)

Purpose of the report: A cash-flow analysis allows the Fund to ascertain a projection as to when benefit payments may exceed income. This information can influence both the investment and funding strategy.

12 PENSION FUND INTERNALLY MANAGED CASH STRATEGY (Pages 99 - 102)

Purpose of the report: There is a large amount of unutilised cash in the pension fund account which is earning negligible returns. This cash could be better utilised investing through fund managers to yield greater return. The strategy below discusses this issue in detail.

13 LOCAL PENSION BOARD REPORT (Pages 103 - 116)

Purpose of the report: This report is a summary of administration and governance issues reviewed by the Local Pension Board at its meeting of 23 April 2018 that need to be brought to the attention of the Pension Fund Committee.

14 CORPORATE GOVERNANCE SHARE VOTING (Pages 117 - 130)

Purpose of the report: This report provides a summary of the Fund's share voting process in Q4 of 2017/18 (1 January 2018 to 31 March 2018).

15 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.

16 NATIONAL POOLING UPDATE (Pages 131 - 194)

Purpose of the report: The Border to Coast ambition is to establish a fully regulated asset management company that is ready to accept the transition of assets, as required by government. The working timeline is expected to commence in transitioning assets from quarter four in 2018.

Confidential: Not for publication under Paragraph 3
Information relating to the financial or business affairs of any particular person (including the authority holding that information)

17 PUBLICITY OF PART 2 ITEMS

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

18 DATE OF NEXT MEETING

The next meeting of the Surrey Pension Fund Committee will be on 14

September 2018.

Joanna Killian
Chief Executive
Published: 31 May 2018

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