

Notice of Meeting

Surrey Pension Fund Committee

**Date & time**

Friday, 16
December 2022 at
10.00 am

Place

Council Chamber,
Woodhatch Place, 11
Cockshot Hill, Reigate,
Surrey, RH2 8EF

Contact

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Chief Executive

Joanna Killian

We're on Twitter:
@SCCdemocracy

**Please note that the meeting will be held in public.
if you would like to attend or you have any special requirements, please email
joss.butler@surreycc.gov.uk**

The meeting will also be webcast live, and can be viewed here:

<https://surreycc.public-l.tv/core/portal/webcasts>

**If you would like a copy of this agenda or the attached papers in
another format, e.g. large print or braille, or another language
please email joss.butler@surreycc.gov.uk**

Members

Robert King (Borough & Districts), Nick Harrison (Chairman), David Harmer, Trefor Hogg (Vice-Chairman), George Potter, Richard Tear, Robert Hughes, Steve Williams (Borough & Districts), Kelvin Menon (Employers) and Philip Walker (Employees)

- **Our vision: To provide our customers with a better tomorrow**
- **Our mission: To responsibly deliver a first-class customer experience**

PART 1
IN PUBLIC

1 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

2 MINUTES OF THE PREVIOUS MEETING - 23 SEPTEMBER 2022

(Pages 1
- 16)

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 (12 December 2022).
2. The deadline for public questions is seven days before the meeting (9 December 2022).
3. The deadline for petitions was 14 days before the meeting, and no petitions have been received.

5 ACTION TRACKER AND FORWARD WORK PROGRAMME

(Pages
17 - 24)

To note the committee's action tracker and forward work programme.

6 LOCAL PENSION BOARD UPDATE

(Pages
25 - 44)

This report provides a summary of administration and governance issues reviewed by the Local Pension Board (the Board) at its last meeting (11 November 2022) for noting or action by the Pension Fund Committee (the Committee).

- 7 INVESTMENT AND FUNDING UPDATE** (Pages 45 - 62)
- This report is a summary of manager issues for the attention of the Pension Fund Committee, as well as an update on investment performance and the values of assets and liabilities.
- 8 BORDER TO COAST UPDATE** (Pages 63 - 166)
- Border to Coast Pensions Partnership (BCPP) is now an established fully regulated asset management company when the authorised contractual scheme (ACS) went “live” on 26 July 2018. The Surrey Pension Fund started transitioning assets in quarter four of 2018 and continues this through 2022. This paper provides the Pension Fund Committee (Committee) with an update of current activity being undertaken by the Border to Coast Pensions Partnership (BCPP).
- 9 ASSET CLASS FOCUS - PRIVATE MARKETS** (Pages 167 - 182)
- As part of good governance, the Committee periodically reviews the performance of the Fund's investments. There is a further focused review of different asset classes each quarter. This quarter the paper concentrates on private markets.
- 10 COMPANY ENGAGEMENT & VOTING** (Pages 183 - 240)
- This report is a summary of various Environmental Social & Governance (ESG) issues that the Surrey Pension Fund (the Fund), Local Authority Pension Fund Forum (LAPFF), Robeco, and Border to Coast Pensions Partnership (BCPP) have been involved in, for the attention of the Pension Fund Committee (PFC). The Fund is a member of LAPFF so enhances its own influence in company engagement by collaborating with other Pension Fund investors through the Forum. Robeco has been appointed to provide voting and engagement services to BCPP, so acts in accordance with BCPP's Responsible Investment (RI) Policy, which is reviewed and approved every year by all 11 partner funds within the Pool.
- 11 CASH FLOW REVIEW** (Pages 241 - 284)
- Understanding the cash flow position of the Fund is vital regarding management and allocation of the assets such that pensions can be paid.
- 12 COMPETITION AND MARKETS AUTHORITY (CMA): INVESTMENT CONSULTANT STRATEGIC OBJECTIVES** (Pages 285 - 288)
- Local Government Pension Schemes (LGPS) are required to set strategic objectives for their Investment Consultant (IC) Provider and monitor performance against these objectives.
- 13 RESPONSIBLE INVESTMENT NEXT STEPS** (Pages 289 - 292)
- A key priority of the Pension Fund Committee (PFC) is to approve the Responsible Investment (RI) policy after considering the consultation feedback and set a net zero date consistent with its fiduciary responsibility of meeting pension liabilities.

- 14 DEPARTMENT OF LEVELLING UP, HOUSING & COMMUNITIES CONSULTATION ON GOVERNANCE AND REPORTING OF CLIMATE CHANGE RISK** (Pages 293 - 308)

To provide details of the Department for Levelling Up, Housing & Communities (DLUHC) consultation on Governance and Reporting of Climate Change Risk and the response from Surrey.

- 15 2022 VALUATION** (Pages 309 - 340)
- This report provides an update on the progress of the 2022 triennial valuation.

- 16 LGPS UPDATE (BACKGROUND PAPER)** (Pages 341 - 348)
- This report considers recent developments in the LGPS.

17 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.

PART 2
IN PRIVATE

- 18 INVESTMENT STRATEGY REVIEW** (Pages 349 - 386)

The Pension Fund is reviewing its Investment Strategy in accordance with the 2022 valuation, taking into account its investment core beliefs and in line with the asset offerings of Border to Coast Pensions Partnership (BCPP). This paper presents analysis on the geographic allocation of equities for review.

Part 2 Reason:

All the investment strategy papers and annexes are part 2 as they contain market sensitive information in that they suggest future transactions. No future transactions should be in the public domain.

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)

- 19 INVESTMENT AND FUNDING UPDATE** (Pages 387 - 388)
- This is the part 2 annex for item 7.
- Part 2 Reason:
- The fees annexe of the investment and funding paper is part 2 as we list all the fees we pay to all our investment providers which is confidential.
- 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)
- 20 BORDER TO COAST UPDATE** (Pages 389 - 394)
- This is the part 2 annex for item 8.
- Part 2 Reason:
- The Inter Authority Agreement and Shareholder Agreement and advice from Squire Patton Boggs relating to these documents contain information relating to the confidential financial or business affairs of all 11 administering authorities who are shareholders of Border to Coast Pension Partnership and Joint Committee members of Border to Coast. These annexes are therefore deemed exempt under Paragraph 3.
- 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)
- 21 COMPETITION AND MARKETS AUTHORITY (CMA): INVESTMENT CONSULTANT STRATEGIC OBJECTIVES** (Pages 395 - 402)
- This is the part 2 annex for item 12.
- Part 2 Reason:
- The CMA scoresheet annex is part 2 as there is a private scoring system of the consultant that shouldn't be in the public domain and a summary of conversations of how the scores were arrived at and the mercer response.
- 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)
- 22 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.
- 23 DATE OF NEXT MEETING**
- The next meeting of the Surrey Pension Fund Committee will be on 10 March 2023.

MOBILE TECHNOLOGY AND FILMING – ACCEPTABLE USE

Those attending for the purpose of reporting on the meeting may use social media or mobile devices in silent mode to send electronic messages about the progress of the public parts of the meeting. To support this, the Council has wifi available for visitors – please ask at reception for details.

Anyone is permitted to film, record or take photographs at council meetings. Please liaise with the council officer listed in the agenda prior to the start of the meeting so that those attending the meeting can be made aware of any filming taking place.

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It is requested that if you are not using your mobile device for any of the activities outlined above, it be switched off or placed in silent mode during the meeting to prevent interruptions and interference with PA and Induction Loop systems.

Thank you for your co-operation