

MINUTES of the meeting of the **SURREY PENSION FUND COMMITTEE** held at 9.00 am on 23 July 2015 at Mess Conference Room, County Hall, Kingston upon Thames, Surrey KT1 2DN.

These minutes are subject to confirmation by the Committee at its next meeting.

Elected Members:

- * Ms Denise Le Gal (Chairman)
- Mr Alan Young (Vice-Chairman)
- * Mr W D Barker OBE
- * Mr Tim Evans
- * Mr Stuart Selleck
- * Mrs Hazel Watson

Ex officio Members:

Mr David Munro
 Mrs Sally Ann B Marks, Chairman of the County Council
 Mr David Hodge, Leader of the Council
 Mr Peter Martin, Deputy Leader and Cabinet Member for
 Economic Prosperity

Co-opted Members:

- Mr Tony Elias, Borough/District Representative
- * Ian Perkin, Office of the Surrey Police and Crime Commissioner
- * District Councillor Peter Stanyard, Borough/District representative
- * Philip Walker, Employees

Substitute Members:

Mr Alan Young
 Mr Tony Elias

In attendance

Tanuja Boyjonauth, Treasury Officer
 Cheryl Hardman, Regulatory Committee Manager
 John Harrison, Surrey Pension Fund Advisor
 Sheila Little, Director of Finance
 Neil Mason, Senior Advisor (Pension Fund)
 Alex Moylan, Senior Accountant
 Alex Thompson, Principal, Mercer
 Phil Triggs, Strategic Finance Manager (Pension Fund and Treasury)
 Steve Turner, Partner, Mercer

37/15 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

Apologies were received from Alan Young and Tony Elias.

The Chairman welcomed Hazel Watson and Peter Stanyard to their first meetings of the committee and informed the committee that Tony Elias had been reappointed as a borough/district representative.

It was noted that Nick Harrison, Chairman of the Local Pension Board, was in attendance to observe proceedings.

The Chairman also informed the committee that Council had noted that the Surrey Pension Fund Board would henceforth be known as the Surrey Pension Fund Committee at its meeting on 14 July 2015 and would formally ratify the change at its next meeting on 13 October 2015.

38/15 MINUTES OF THE PREVIOUS MEETING: 22 MAY 2015 [Item 2]

The Minutes were approved as an accurate record of the meeting.

39/15 DECLARATIONS OF INTEREST [Item 3]

There were none.

40/15 QUESTIONS AND PETITIONS [Item 4]

There were none.

41/15 ACTION TRACKER [Item 5]

Declarations of interest:

None.

Key points raised during the discussion:

1. In relation to A21/14 (synthetic equities training), a training plan would be produced for the next meeting which would indicate when training on synthetic equities will be given.
2. In relation to A5/15 (Chairman one to ones), these had been completed for continuing Members and would be arranged with new Members once they had completed their needs assessment.
3. In relation to A6/15 (deep dive review), this review was underway. The Strategic Finance Manager (Pension Fund and Treasury) provided an update on progress and confirmed that a report would be brought to the next meeting.
4. In relation to A8/15 (questionnaire), the Chairman reminded the committee that the questionnaire concerned an assessment of governance of the Fund and therefore would not be completed by new Members at this time. The Strategic Finance Manager (Pension Fund and Treasury) would chase unreturned questionnaires and report on findings to the next meeting.
5. In relation to A10/15 (Fund of Funds research), officers informed the committee that Mercer had been instructed to undertake the research. The Chairman requested that this be included in a forward plan for the committee.

Actions/Further information to be provided:

None.

Resolved:

That the action tracker was noted and the committee agreed to remove the completed actions from the tracker.

Next steps:

None.

42/15 CHANCELLOR'S BUDGET: UPDATE [Item 6]**Declarations of interest:**

None.

Key points raised during the discussion:

1. The Strategic Finance Manager (Pension Fund and Treasury) introduced the report highlighting that the overall thrust of the Budget for the Local Government Pension Scheme is the requirement for funds to pool investments.
2. Members queried whether a reduction of the cost base for the Surrey Pension Fund would offer any protection against being forced into pooling investments. The Chairman confirmed that it would not and highlighted that the Treasury wanted proposals to meet common criteria for delivering savings to be presented by October 2015. She suggested that the Surrey Pension Fund Committee needed to be proactive in establishing its position.
3. It was clarified that the requirement was to pool investments not administration.
4. The Surrey Pension Fund Advisor outlined three options: ignore; align with existing pooled investments; and create a new vehicle for pooled investments.
5. The Director of Finance explained that the government rationale for pooling investment is to reduce costs while retaining investment performance.
6. It was suggested that at this stage nothing should be ruled out and all options, apart from ignoring the requirement to pool investments, be considered. The report to committee in September should address the three options outlined by the Surrey Pension Fund Advisor, detail experience and lessons learnt by local authorities that have already begun pooling investments, and include information on existing arrangements to deliver pensions administration for other local authorities.

Actions/Further information to be provided:

None.

Resolved:

That officers develop proposals to meet common criteria for delivering savings for consideration at the next meeting of the Surrey Pension Fund Committee.

Next steps:

None.

43/15 EXCLUSION OF THE PUBLIC [Item 7]

RESOLVED: 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 paragraph 3 of Schedule 12A of the Act.

44/15 APPOINTMENT PROCESSES: MULTI ASSET CREDIT MANAGERS [Item 8]**Declarations of interest:**

None.

Key points raised during the discussion:

1. The committee received presentations from and questioned a short list of multi asset credit managers. A summary of the discussions is included as a confidential annex to the Minutes.

Actions/Further information to be provided:

None.

Resolved:

- i. That a Multi-Asset Credit portfolio be established to replace the Fund's current investment grade credit assets with Legal & General's passive mandate and by removing the gilt component of the actively managed mandate with Western Asset Management. The value of these assets is approximately £130m, subject to market movements.
- ii. That Western Asset Management be selected for the Multi-Asset Credit mandate.

Next steps:

None.

45/15 PUBLICITY FOR PART TWO ITEMS [Item 9]

RESOLVED: That items considered under Part 2 of the agenda should remain confidential and not be made available to the press and public.

46/15 DATE OF NEXT MEETING [Item 10]

The date of the next meeting was NOTED.

Meeting ended at: 2.10 pm

Chairman