

Minutes of the Suffolk Pension Board Meeting held on 20 July 2022 at 2.00 pm in the Elisabeth Frink Room, Endeavour House, Ipswich.

Present: Councillor Richard Rout (Chairman) (representing Suffolk County Council), Pauline Bacon (representing the Unions), Ian Blofield (representing all Borough, District, Town and Parish Councils), Eric Prince (representing Pensioners) and David Rowe, representing Active Members.

Supporting officers present: Susan Cassedy (Democratic Services Officer), Paul Finbow (Head of Pensions), Stuart Potter (Pensions Operations Manager) and Sharon Tan (Lead Accountant, Pensions).

The meeting was opened by the Democratic Services Officer.

1. Election of Chairman and Vice Chairman

On the proposition of David Rowe, seconded by Eric Prince, it was agreed by general affirmation that Councillor Richard Rout be elected as Chairman for the 2022/23 Municipal Year.

Councillor Richard Rout assumed the Chair.

On the proposition of Councillor Richard Rout, seconded by Eric Prince, it was agreed by general affirmation that David Rowe be elected as Vice Chairman for the 2022/23 Municipal Year.

2. Apologies for Absence

Apologies for absence were received from Thomas Jarrett (representing all other employers in the Fund).

3. Declarations of Interest and Dispensations

Eric Prince declared an interest by virtue of the fact he was in receipt of a local government pension.

Ian Blofield, David Rowe, and Pauline Bacon declared an interest by virtue of the fact they were active members of the pension scheme.

4. Minutes of the Previous Meeting

The minutes of the meeting held on 23 March 2022 were confirmed as a correct record and signed by the Chairman.

5. Investment Performance 2021/22

At Agenda Item 5 the Board considered a report providing a summary of the performance of the Suffolk Pension Fund for 2021-22 and performance benchmarking against other local authority Pension Funds.

The Board received the following tabled papers: Suffolk Pension Fund – Performance to March 2022

The Chairman welcomed Scott Douglas, Northern Trust to the meeting and invited him together with Paul Finbow, Head of Pensions to present the report.

In a response to a question from a member, the Head of Pensions

In response to a member's concern with regards invested and over exposure to commercial property the Head of Pensions explained that the mandate with Schroders had a range of different properties property unit trusts covering things such as warehouses and commercial offices but did not have exposure to the big retail outlets. He advised that parts of the strategy were changing with investment already in Assisted Living properties. The shift is starting but it would take time to move those property investments. The Head of Pensions explained that there was likely to be a planned exit from Schroders, but this could take many years to complete.

In response to a member's query on whether investing in passive stock to track the market rather than employ active managers to manage funds would be better, Scott Douglas advised that what was being paid for was the best research analysts with the expertise and upside potential to hopefully outperform the target. He advised that in future Northern Trust would be able to provide 'what if' analysis. The Head of Pensions added that active managers identify stocks that they believe will outperform and that it was the Pension Fund Committee's role to look at performance over a three-to-five-year period. If this was not delivered the Committee would be wanting to understand why.

The Head of Pensions advised that the reason for the underperformance in the previous quarter was because of the increase in oil and gas stock prices with both of the active managers having less oil and gas holdings than the market average which made a significant difference to the investment return. A member raised concern about oil and gas investment and the preference for renewables.

In response to a member's question regarding the challenging target for scheme assets and whether the benchmarks should be altered to reflect changes Scott Douglas advised that it was the performance over time that mattered and advised members not to be too concerned about underperforming against it and what was needed was improvement and a decent return. The Head of Pensions confirmed that there was opportunity to change them however, the Committee agreed a mandate and had set its the performance target at 8%. He explained that some years may get more than 8% some years not and whilst 8 % may not be achievable at the moment, monitoring was still against the original benchmark. He pointed out that the benchmark could have been set at 5% and Northern Trust would now be saying it had outperformed the benchmark when actually nothing would have been done differently.

In introducing the tabled paper, the Head of Pensions advised that the information provided headline numbers of comparing the Fund with 61 other funds.

In response to a member's query on why Suffolk did not normally compare itself to other funds, the Head of Pensions advised that other funds were looked at to see how they were performing but comparison was difficult due to Suffolk investing differently. He added that analysis on returns against the benchmark more important.

The Board thanked Scott Douglas for his informative presentation.

Decision: The Board noted the investment performance of the Fund.

Reason for decision: The Board received an annual update on the investment performance of the Fund.

Alternative options: There were no alternative options.

Declarations of interest: Eric Prince declared an interest by virtue of the fact he was in receipt of a local government pension.

Ian Blofield, David Rowe, and Pauline Bacon declared an interest by virtue of the fact they were active members of the pension scheme.

Dispensations: There were none granted.

6. Pensions Administration Performance

The Board received a report at Agenda Item 6 which provided an update on the performance of the Pensions Administration Team and also included details of compliments and complaints as requested by the Board.

A draft of the Suffolk Pension Fund Active Newsletter was tabled at the meeting.

The report was introduced by Stuart Potter, Pensions Operations Manager and Sharon Tan, Lead Accountant, Pensions. Members had an opportunity to ask questions.

Members noted that the Newsletter contained interesting information presented in everyday language and that depth of information would be developed moving forward.

In response to a member asking how the Newsletter would be delivered the Pensions Operations Manager advised that it would be accessible on both the members' self-service and the website. For those Active members for whom they had email addresses it was advised that they would also be sent the Newsletter.

A Board member suggested signposting people to financial advice before arriving at a decision on what to do about pension scheme such as pulling out or going 50/50 as there might avenues available to them.

In response to whether the back log cases had been cleared the Pensions Operation Manager advised that it had reduced significantly, however it had just increased again due to new cases, but numbers were expected n to drop down again

Decision: The Board agreed that no further action was required.

Reason for decision: To provide the Board with regular updates on the performance of the Pensions Administration Team including updates on statutory requirements and Service Level Agreements (SLAs).

Alternative options: There were no alternative options.

Declarations of interest: Eric Prince declared an interest by virtue of the fact he was in receipt of a local government pension.

Ian Blofield, David Rowe, and Pauline Bacon declared an interest by virtue of the fact they were active members of the pension scheme.

Dispensations: There were none granted.

7. ACCESS Pool Update

At Agenda Item 7, the Board received a verbal update Pensions in relation to the ACCESS pool and the progress of pooling of assets.

The report was introduced by Sharon Tan, Lead Accountant, Pensions and members had an opportunity to ask questions.

Members heard that Karen Soons, Chairman of the Pension Fund Committee had attended the last Joint Committee remotely and Councillor Goldsmith had attended in person. With the Joint Committee having a quoracy of 8, the Lead Accountant, Pensions pointed out that it was important to send someone if the Chairman was unable to attend.

It was advised that at the last meeting the Essex Audit had been discussed. Essex had carried out an annual audit on the Access Support Unit based in Essex. It was advised that, in general they got good assurance, having systematic controls in place. The only comments were that the Risk Register needed a thorough review to bring better in line with best practice.

Members heard that the Business Plan had also been agreed which included draft revision to the Inter Authority Agreement. One or two revisions had been made to Part 2. One was to allow Pension Board members to observe Joint Committee meetings. The Head of Pensions added that the Inter Authority Agreement would not be in place for the September Joint Committee however, the Joint Committee had made the decision to send emails to all Funds stating that it was under the Joint Committee's discretion to allow this to happen at the September meeting on an informal basis. Due to a cycle of inviting two members from three Pension Fund Board's to each Joint Committee meeting, it was advised that the first time Suffolk Pension Board members would be able to attend would be the 6 March 2023 and that the steer from the Joint Committee that one would be a scheme member rep and the other attendee could be an employer rep or another scheme member rep. It was advised that previous Joint Committee meetings had taken place at the Local Government Association, Smith's Square, Westminster, London.

The Lead Accountant, Pensions advised that the Joint Committee had also considered the business plan and summary budget for 2021/22 which showed an underspend of £200,000. It was explained that Suffolk paid a year's fee in advance and received a refund from an underspend.

Lastly, the Joint Committee considered the Investment Performance Report which showed that the headline pooled values had not dropped from the December quarter to March. This was due to a new sub fund opening and there being three brand new investments which offset the Market fall at the end of March.

Decision: The Board noted the update.

Reason for decision: The Board was interested in being kept up to date with the progress of the ACCESS pool.

Alternative options: There were no alternative options.

Declarations of interest: Eric Prince declared an interest by virtue of the fact he was in receipt of a local government pension.

Ian Blofield, David Rowe, and Pauline Bacon declared an interest by virtue of the fact they were active members of the pension scheme.

Dispensations: There were none granted.

Councillor Richard Rout, Chairman, left the Board at 4:04 pm.

David Rowe took the Chair for the remainder of the meeting.

8. Information Bulletin

The Board noted the Information Bulletin at Agenda Item 8.

9. Board Training Programme

At Agenda Item 9, the Board considered its training programme for the next 12 months.

It was noted that there would be two new Board members in July 2023 that would require training.

In response to a member's query the Head of Pensions agreed to check on whether CIPFA Pensions Network Annual Conference in November was aimed at Committee members rather than Board members.

In response to a member's comment that the Board lacked outside dimension, the Lead Accountant, Pensions advised that she had recently received an invite which had been targeted to Pension Board members and it was advised that this would be forwarded to Board members.

A session to review the Board's performance was suggested by a Board Member.

The Head of Pensions advised that government consultations were expected but timings for these were unknown therefore officers would decide later where to put them on the Programme.

Decision: The Board agreed the content of the training programme for the coming year.

Reason for Decision: To comply with the Pensions Regulators requirements, members of the Pension Board must be able to demonstrate that they have the required knowledge and understanding of LGPS issues.

Alternative options: There were no alternative options.

Declarations of interest: Eric Prince declared an interest by virtue of the fact he was in receipt of a local government pension.

Ian Blofield, David Rowe, and Pauline Bacon declared an interest by virtue of the fact they were active members of the pension scheme.

Dispensations: There were none granted.

10. Dates of Future Meetings

At Agenda Item 10 the Board considered the dates of future meetings as follows:

2022/2023 Municipal Year:

- Monday, 17 October 2022 (2pm)
- Wednesday, 7 December 2022 (11am) (to take place remotely)
- Friday, 10 March 2023 (11am)

2023/2024 Municipal Year

- Tuesday, 25 July 2023 (11am)
- Tuesday, 3 October 2023 (11am)
- Tuesday, 6 December 2023 (11am)
- Friday, 8 March 2024 (11am)

Decision: The Board agreed the dates for their future meetings.

Reason for Decision: The Board has choice over the dates for its future meetings and sets the planned dates up to two years in advance.

Councillor Richard Rout returned to the meeting at 4:25 pm.

11. Forward Work Programme

The Board received a copy of its Forward Work Programme at Agenda Item 10.

Decision: The Board approved its Forward Work Programme as set out.

Reason for decision: The Board regularly reviewed items appearing on the Forward Work Programme and was satisfied that its current work programme was appropriate.

The meeting closed at 4:28 pm.

Chairman