

PENSION COMMITTEE

MINUTES of a meeting of the Pension Committee held at County Hall, Lewes on 26 November 2018.

PRESENT Councillors Richard Stogdon (Chair) Simon Elford, Gerard Fox and David Tutt

ALSO PRESENT

Cllr David Elkin, Lead Member for Resources
Richard Harbord, Independent Chair, Pension Board
Ian Gutsell, Chief Finance Officer
Ola Owolabi, Head of Pensions
Wendy Neller, Pensions Strategy and Governance Manager
Russell Wood, Principal Pensions Officer
Michael Mann, Lead Pensions Manager
William Bourne, Independent Adviser
Paul Potter, Hymans Robertson
William Marshall, Hymans Robertson

41 MINUTES

41.1 The Committee RESOLVED to agree the minutes of the previous meeting subject to the inclusion of the following recommendation under item 9:

“that the Committee could recommend the withdrawal from the Orbis partnership in the event of the failure to meet the Annual Benefit Statement in 2019.”

42 APOLOGIES FOR ABSENCE

42.1 There were no apologies for absence.

43 DISCLOSURE OF INTERESTS

43.1 There were no disclosures of interest.

44 URGENT ITEMS

44.1 There were no urgent items.

45 PENSION BOARD MINUTES

45.1 The Committee considered the draft minutes of the Pension Board meeting held on 5 November.

45.2 The Committee RESOLVED to:

- 1) note the report; and
- 2) agree to write a letter on behalf of the Board and Committee expressing concern about the performance of Orbis including in relation to data cleansing issues; system access controls and the review of the Heywood pension administration system; availability of the relevant system to employers for monthly data gathering; non delivery of the Annual Benefit Statement within the statutory deadline for the past three years; non adherence to GMP deadlines; accountability and

attendance of pension professionals at members meetings; and control and operational efficiency.

46 QUARTERLY PERFORMANCE REPORT - HYMANS ROBERTSON

46.1 The Committee considered a report by Hymans Robertson on the performance of the Fund's investment managers during the second quarter of 18/19. The Committee also considered some research by Hyman's Robertson into private equity.

46.2 The Committee RESOLVED to:

1) note the report;

2) consider a report at its February meeting on proposals to:

- a) Maintain the current allocation of 5.5% by continuing to commit to the funds current managers, HarbourVest or Adams Street, in 2019. In particular, commit £25m to the Adams Street 2019 Global Fund.
- b) Explore the possibility of increasing the fund's commitment to Pantheon by up to £40m;
- c) Review the M&G and UBS 2019 infrastructure fund offering with a view to making a £20m commitment to the M&G greenfield fund and a £40m commitment to the UBS infrastructure fund; and
- d) Defer decision to Commit £120m to M&G's Real Estate Debt VI Fund ("REDF VI") in order to fulfil the previously agreed 3% target to illiquid debt.

3) if the deadline for commitment to increasing the Fund's commitment to Pantheon by up to £40m falls before the next meeting, agree to decide whether to commit via email.

47 FUND PERFORMANCE - M & G BOND

47.1 The Committee received a presentation by M&G Bond on its performance as an investment manager for the East Sussex Pension Fund, including the manager's approach to Environmental, Social and Governance (ESG) matters.

48 RESPONSIBLE INVESTMENT POLICY

48.1 The Committee considered a report on the East Sussex Pension Fund's Responsible Investment Policy.

48.2 The Committee RESOLVED to agree the Responsible Investment Policy subject to regular review of the Fund's carbon footprint.

49 FINANCIAL REPORTING COUNCIL - UK STEWARDSHIP CODE

49.1 The Committee considered a report relating to the proposal to publish a statement regarding the Fund's compliance with the Financial Reporting Council's UK Stewardship Code.

49.2 The Committee RESOLVED to approve:

- 1. the proposed Pension Fund's Statement of Compliance with the UK Stewardship Code (Appendix 1);
- 2. the publication of the Fund Stewardship Code Compliance Statement;
- 3. that the Fund formally notifies the Financial Reporting Council of Code publication on the Council's website.

50 GUARANTEED MINIMUM PENSION (GMP) RECONCILIATION PROJECT

50.1 The Committee considered a report on the progress of the Guaranteed Minimum Pension (GMP) Reconciliation Project.

51.1 The Committee RESOLVED to note the report.

51 PENSIONS ANNUAL BENEFIT STATEMENT UPDATE

51.1 The Committee considered a report on the Annual Benefit Statement programme for 2018, including a summary of the circumstances which led to a breach.

51.2 The Committee RESOLVED to:

1) note the report; and

2) request regular updates during the year on the progress of the Annual Benefit Statement programme.

52 OFFICERS' REPORT - BUSINESS OPERATIONS

52.1 The Committee considered a report providing an update on matters relating to the Orbis Business Operations team.

52.2 The Committee RESOLVED to:

1) note the report;

2) request a report providing evidence of the savings Orbis has made to the Pension Fund;

3) request a report on the progress of the Annual Data Cleanse project.

53 OFFICERS' REPORT - GENERAL UPDATE

53.1 The Committee considered a report providing a general update on matters relevant to the Fund.

53.2 The Committee RESOLVED to note the report.

54 FORWARD PLAN

54.1 The Committee considered a report on its forward plan.

54.2 The Committee RESOLVED to note the report subject to the addition of future training on the employer rate setting exercise following the 2019 Triennial evaluation.

55 EXCLUSION OF THE PUBLIC AND PRESS

55.1 The Committee RESOLVED to exclude the public and press from the meeting for the remaining agenda item on the grounds that if the public and press were present there would be disclosure to them of exempt information as specified in paragraph 3 of Part 1 of the Local Government Act 1972 (as amended), namely information relating to the financial or business affairs of any particular person (including the authority holding that information).

56 LOCAL GOVERNMENT PENSION SCHEME (LGPS) POOLING - ACCESS UPDATE

56.1 The Committee considered a report providing an update on the activities undertaken by the ACCESS pool group.

56.2 The Committee RESOLVED to:

1. note the report; and
2. Approve the East Sussex Pension Fund participation in the launching of Phase 1 Tranche 3 of ACCESS Sub-fund investment mandate.

57 PENSION EMPLOYERS- UPDATE

- 57.1 The Committee considered a report providing an update on pension employers.
- 57.2 The Committee RESOLVED to note the report.

58 EAST SUSSEX PENSION FUND: INDEPENDENT ADVISOR

- 58.1 The Committee considered a report on the Independent Advisor's current contract.
- 58.2 The Committee RESOLVED to agree an extension to the current contract of the Independent Advisor to 31 December 2019.

The meeting ended at 1.40 pm.

Councillor Richard Stogdon
Chair