

Wiltshire Pension Fund Committee

MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 3 MARCH 2022 AT COUNCIL CHAMBER - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

Present:

Cllr Richard Britton (Chairman), Cllr Steve Heyes (Vice-Chairman), Cllr Gordon King, Cllr Vijay Manro, Cllr Christopher Newbury, Cllr Jonathon Seed, Cllr Elizabeth Threlfall, Mike Pankiewicz, Tracy Adams and Claire Anthony

Also Present:

Anthony Fletcher, Kieran Harkin, Marlene Corbey, Andy Cunningham, Jennifer Devine, Richard Bullen, Christopher Moore, Liam Robson and Stuart Figini

94 **Apologies**

There were no apologies for absence received.

95 **Minutes of the Previous Meeting**

The Part I (public) minutes of the previous meeting of the Wiltshire Pension Fund Committee held on 16 December 2021 were considered. The Part I (public) minutes of the last ordinary meeting of the Local Pension Board held on 17 February 2022 were also considered. Following which:

Resolved

The Committee approved and signed the Part I (public) minutes of the previous meeting held on 16 December 2021 as a true and correct record.

The Committee noted the Part I (public) minutes of the last ordinary meeting of the Local Pension Board held on 17 February 2022.

96 **Declarations of Interest**

Cllr Richard Britton declared a non-pecuniary interest in Agenda Item 14 by virtue of being part of the Board of Directors for Selwood Housing.

97 **Chairman's Announcements**

The Chairman noted that an email with regard to investments in Russia had been circulated to Members ahead of the meeting and invited Jennifer Devine, Head of Wiltshire Pension Fund, to update the Committee further.

It was clarified that the situation was rapidly changing, and further updates would be circulated as and when more information was received. It was noted that the best investment strategy would be to divest from Russian investments and that officers were having discussions with Brunel and Mercer to help facilitate this, but that this was challenging at the time of the meeting due to Russian markets being closed.

The Chairman explained that the contract with MJ Hudson with regard to the role of the Independent Adviser was up for renewal and as such it was confirmed that Anthony Fletcher would be renewed for one year while further considerations as to their role within the Committee was given.

The Chairman additionally thanked Cllr Steve Heyes for stepping into the role of Vice-Chairman.

98 **Public Participation**

There were no statements or questions from the public or Councillors.

99 **Review of Actions Arising from Previous Meeting**

Jennifer Devine, Head of Wiltshire Pension Fund, noted that there were no updates or investment focused actions arising from the previous meetings of the Wiltshire Pension Fund Committee held on 25 November 2021 and 16 December 2021.

100 **Responsible Investment Update**

Liam Robson, Pension Fund Accounting and Investment Officer, and Jennifer Devine, Head of Wiltshire Pension Fund, presented the report updating Members on responsible investment issues.

Paragraphs 9-12 were explored, and Members asked for further clarification. Officers established that during the training session conducted on 29 November 2021, Members had identified 5 Sustainable Development Goals (SDGs) out of the 17 United Nations SDGs, that they could consider prioritising as representing the strongest investment case. It was explained that to look at each of the 17 SDGs in detail through mapping the entire investment portfolios would incur significant costs and data that officers felt was unnecessary, and as such, it was officers' intention that the 5 identified SDGs could instead inform more specific questions for investment managers without such a cost. Cllr Newbury expressed concern that it seemed as if the discussions and conclusions made in the training session, which was an informal meeting, were being drawn out and recommended for endorsement when he felt not enough detailed analysis had been given. Officers clarified that those discussions were being revisited during the Committee meeting before any actions were taken and that Members held the right to reject the recommendations if they saw fit.

Members then discussed their decision to prioritise the 5 SDGs and the Chairman moved that the statement as detailed in Paragraph 12 of the report should be approved.

A vote was undertaken, following which the motion was carried.

Cllrs Christopher Newbury, Elizabeth Threlfall and Jonathon Seed requested their votes against the motion be recorded.

Discussions were then had surrounding the fiduciary duty of the Wiltshire Pension Fund (WPF) and if setting goals such as those would impact on making safe investments, alienate investment opportunities and subsequently negatively impact returns. Reference was then made to the results of the Climate Change Modelling presented by Mercer in 2021 and how investing responsibly was shown to deliver stronger returns.

Further reference was made to the internal legal opinion sought from Elizabeth Muir, Wiltshire Council Solicitor, which was presented to the Committee in 2021 in the form of a memo. Cllr Newbury reiterated his misgivings and stressed that he felt the internal legal staff did not have the necessary expertise to answer the questions surrounding fiduciary duty, and that an external specialist legal advisor should be sought for advice. Cllr Newbury proposed that the Committee seek an external legal opinion (from leading counsel) on the lawfulness of the changes the Wiltshire Pension Fund Committee made in 2021 to the Investment Strategy Statement, in particular with regard to the aim of achieving “net zero across all portfolios” within a fixed timeframe, without the meaning of that aim having been established.

One Member of the Committee questioned the motion and sought advice from Democratic Services as to the legality of the proposal. It was confirmed by Democratic Services that the motion was just and lawful and that a vote should take place.

During the debate, Anthony Fletcher, MJ Hudson, explained how ESG considerations had impacted on investment decisions over the years, the difference in today's world was that people were more aware of these issues and as such, focussed and spoke on them more. Other Members of the Committee echoed this but also noted that it was not in the Fund's best interest to restrict investment managers and investment choices. Officers reaffirmed the Fund's mission and sole purpose, which was explicitly written on the front page of the Responsible Investment Policy. It was further reiterated that officers have not made a single decision that was not focussed on returns, appropriate advice was always sought and that a lot of time and effort had gone into identifying risks and working with Mercer to produce hard figures within the modelling so that the risk (and associated financial impact) could be quantified. Additionally, it was highlighted that the WPF was a large Fund and that long term issues such as climate change would affect the investments and as such action needed to be taken on how to tackle these issues in order to protect the financial interests of the Fund.

Members of the Committee sought further clarification as to the reasoning behind the motion and why internal legal advice would not suffice. Cllr Newbury reiterated that he felt that it was an incredibly specialised area of law and felt that it would be best to seek a specialist for their advice. He further noted that he had raised this issue in 2021 with Frank Cain, Head of Legal Services, and the then Director of Legal and Governance, Ian Gibbons. Officers confirmed that Brunel's position was exactly aligned with the WPF's; they took the same view on climate risk and considered the matter an integral part of fiduciary duty. Concerns were raised as to the potential cost of seeking external legal advice.

A vote was undertaken, following which the motion failed.

Cllrs Christopher Newbury, Elizabeth Threlfall and Jonathon Seed requested their votes for the motion be recorded.

After which, the recommendations as detailed in the report were proposed on block by the Chairman, following which:

Resolved

- 1) The Committee agreed to use the report as a basis for monitoring the progress that is being made towards implementing responsible investment policy.**
- 2) The Committee noted the progress made against the Responsible Investment Plan 2021/22 actions.**
- 3) The Committee noted the conclusions of the SDG investigative research and agreed that this can be placed on hold until a later date/after the strategy review.**
- 4) The Committee adopted the statement regarding priority SDGs.**

101 **Date of Next Meeting**

The next ordinary meeting of the Wiltshire Pension Fund Committee focusing on administration matters will be held on 31 March 2022.

The next ordinary meeting of the Wiltshire Pension Fund Committee focusing on investment matters will be held on 26 May 2022.

102 **Urgent Items**

There were no urgent items.

103 **Exclusion of the Public**

The Committee considered the recommendation to exclude the public. After which, it was:

Resolved

To agree that in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the business specified in Item Numbers 11 - 16 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraphs 1 & 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

104 **Minutes**

The Part II (private) minutes of the previous meeting of the Wiltshire Pension Fund Committee held on 16 December 2021 were considered.

Resolved

The Committee approved and signed the Part II (private) minutes of the previous meeting held on 16 December 2021 as a true and correct record.

105 **Private Markets Brunel Cycle 3 Update**

Jennifer Devine, Head of Wiltshire Pension Fund, gave an update on Brunel's Private Markets Cycle 3.

Resolved

The Committee approved to use the report as a basis to ask questions of Brunel.

The Committee approved commitments of £140m to Brunel's private equity cycle 3 portfolio, and £160m to Brunel's private debt cycle 3 portfolio.

106 **Investment Quarterly Progress Report**

Chris Moore, Pension Fund Accounting and Investments Officer, and Jennifer Devine, Head of Wiltshire Pension Fund, presented the Investment Quarterly Progress Report.

Resolved

The Committee agreed to use the investment reports and the update provided by officers and advisers at the meeting as a basis for monitoring

the investment performance and implementation of the strategic asset allocation.

107 **Affordable Housing Selection**

Jennifer Devine, Head of Wiltshire Pension Fund, presented the Affordable Housing Selection to the Committee.

Resolved

- 1) The Committee agreed to use the report as a basis to understand the process followed to select managers for the affordable housing portfolio.**
- 2) The Committee endorsed the final manager selection.**
- 3) The Committee approved that officers continue to work with Mercer on the final tranche of capital.**
- 4) The Committee approved that when the final tranche of capital is committed, a further updated is provided to the Committee.**

Members of the Committee had a comfort break between 12.08pm – 12.15pm.

108 **Presentation by BPP**

Representatives from the Brunel Pension Partnership delivered a presentation to the Committee.

109 **Presentation by Pinebridge**

Representatives from Pinebridge delivered a presentation to the Committee.

(Duration of meeting: 10.00 am - 1.40 pm)

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