

WILTSHIRE PENSION FUND COMMITTEE

PART 1 MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 20 SEPTEMBER 2018 AT KENNET ROOM - WILTSHIRE COUNCIL OFFICES, COUNTY HALL, TROWBRIDGE.

Present:

Cllr Steve Allsopp, Cllr Tony Deane (Chairman), Jim Edney, Cllr Gordon King,
Cllr Christopher Newbury, Cllr Tom Rounds and Cllr Roy While (Vice-Chairman)

Also Present:

Cllr Philip Whitehead

45 Welcome

The Chairman welcomed those present to the meeting.

46 Apologies for Absence

Apologies had been received from Diane Hall, Ian Duncan and Howard Pearce.

47 Minutes

Resolved:

To confirm the minutes of the meeting held on 21 June 2018.

48 Declarations of Interest

Jim Edney declared a pecuniary interest in item 23 and left the meeting prior to this item being discussed.

49 Chairman's Announcements

The Chairman advised that Brunel Pension Partnership would be requested to submit details on their performance and the Fund had recently considered the company as an manager for infrastructure investment. It was noted the Chairman had received a letter from Unison about responsible investment and was preparing a response.

50 **Public Participation**

There were no members of the public present.

51 **Minutes and Key Decisions of the Local Pension Board**

A update was provided on the minutes and key decisions of the Local Pension Board. A key update included that the Board had expressed concern on the Risk Register item PEN012 due to the interim nature of the current Treasurer appointment, and requested this risk be kept under regular review. The Board had received comprehensive updates on the Fund's new Communication Strategy and branding, in addition to its approach on ensuring compliance with the General Data Protection Regulations 2018. Discussion on the Investment Strategy Statement held at the LPB, had centred on Environmental Social and Governance principles and their alignment with the ISS.

The Chairman observed the Local Pension Board had, similarly to Committee, requested an update from Brunel on the its costs and performance against Business Plan objectives. Members of the committee expressed concern about the level of duplication of discussion items at both Board and Committee, it was also highlighted this could sometimes delay the agreement of policies. Officers and advisers highlighted they were aware of another Council which had merged the Board and Committee, whereas some other authorities ran one meeting on from the other with joint discussion over certain policies.

Resolved:

To note the update on the work of the Local Pension Board and to request a report to the next meeting on potential future options for the Committee and Board, developed in consultation with the Independent Governance Adviser.

52 **Scheme, Legal, Regulatory and Fund Update**

A report from the Head of Pensions Administration updated the committee on the latest regulatory and legal updates for the LGPS. In particular, the Government's 'separation project' was discussed; there would be consultation before a final report in Spring 2019. The Committee heard the purpose of the project was to consider conflicts of interest with senior officer and members, the Scheme Advisory Board had however been clear that any separation would still involve local democratic accountability. The committee also discussed reforms to public sector exit payments, this was tabled for debate at Parliament, however details had not yet been released. A final update was that the Government Actuaries Department was to publish its final section 13 review of triennial valuations across the LGPS, however the Fund was not concerned about the outcome as it had already been informally advised that no issues had been identified by GAD.

Resolved:

To note the scheme, legal, regulatory and Fund update and request officers consider whether it is appropriate for a current Department for Work and Pensions consultation to be added.

To request officers update the Committee the progress of the ‘separation project’ and invite committee members to contribute to the consultation at an appropriate time.

53 **Pension Fund Risk Register**

An update from the Head of Pensions Administration on the Risk Register was circulated for members to consider. There was 1 remaining red risk for the Fund in respect of the pooling of LGPS assets. Committee members commented they were conscious of this risk and noted the transition to Brunel had been delayed by a year. The Fund’s Independent Governance Adviser considered Brunel was progressing well compared to other pools. Members queried over-reliance on key officers in Brunel, and it was agreed questions should be raised with Brunel about succession planning. Members suggested a performance-related bonus scheme that was organised against clear and fair performance indicators would drive performance and attract high calibre candidate to Brunel. It was also highlighted that Brunel would require dedicated staff to manage infrastructure investment.

Resolved:

To note the Risk Register and request feedback on Brunel’s bonus scheme be reflected back to the company.

54 **Draft Annual Report**

The Fund’s Annual Report detailed a sound audit opinion and accounts. It was commented that with resource demands as the Fund supported asset pooling, the Fund should focus on legal compliance and delivering sound accounts, before extending its work to comparing itself to others within the LGPS. Members considered the Fund needed to demonstrate in its public communications that it was a responsible investor and had no direct investment in fossil fuels, as such the Fund planned to publish more information about its investments on its website.

Resolved:

To approve the draft annual report, subject to review by the Local Pension Board Chair prior to publication.

55 **Employer Charging Policy**

Officers presented an Employer Charging Policy which had been developed to reflect existing practices. The charges were divided between general running costs and additional, employer-specific costs. Costs were mostly based on professional fees and did not include overheads and officer time, members felt this should be factored into charges when the scale of the work was significant.

Resolved:

To approve the employer charging policy for the Fund with the addition of staff costs/officer time where there are extra costs specific to employer and significant to the fund. The finalisation of these costs was delegated to officers.

56 **Revised Employer Cessation Policy**

The Committee considered a revised employer cessation policy, that had been updated as a result of a new requirement for surpluses to be returned to employers upon leaving the fund and due to more complicated situations with Multi Academy Trusts. Advisers and members felt the policy was sensible and were reassured by the fact it was supported by the Actuary.

Resolved:

To approve the revised Employer Cessation Policy for the Fund with effect from 1 October.

57 **Key Performance Indicators**

The Head of Pensions Administration and Relations updated on Key Performance Indicators, to which new measures had been added. There was a downward trend on KPIs, mostly attributed to vacancies in the team which had impacted upon administration, however these vacancies had now been filled and so the KPIs should see improvement in due course. It was noted the Fund was obliged to publish some figures as part of its annual scheme returns.

In response to questions, officers advised the new resource would be directed to meeting tPR requirements, overtime arrangements were also targeted to the processing of deferred member benefits. On the issue of complaints, the Fund received few formal complaints and prioritised those activities which were of high importance to customers.

It was noted an ambition for the Fund in the future was to develop KPIs for employers.

Resolved:

To note the Fund's performance against Key Performance indicators.

58 **Local Pension Board Annual Report**

The Governance and Performance Manager introduced the LPB Annual Report, to which two changes had been made following LPB review. The Committee felt the Annual Report was owned by the Board and did not require Committee approval.

Resolved:

To note the Local Pension Board annual report and recommend in future this is approved by the Board only.

59 **Training Plan**

Richard Bullen, Fund Governance and Performance Manager, informed the committee a survey had been developed by Hymans on training needs and circulated to Committee and Board members for response. The survey would inform the training schedule for members, alongside the Business Plan priorities, and the Chairman encouraged members to complete this. Officers also offered the Pensions Regulator to speak to the committee on the Code of Practice 14 requirements. The Fund was also considering making more training available online, members suggested it would also be efficient to have training following on from a Committee meeting. Positive feedback was provided from a recent training event, it had been interactive, with time for a question and answer session.

Resolved:

To note the update from the Governance and Performance Manager.

To request further training on the valuation process at a future meeting and to take up the offer of training from the Pensions Regulator.

The Chairman requested substitute members also be invited to training events.

60 **Date of Next Meeting**

The next meeting of the Committee was to be held on 12th December 2018 in Swindon.

The Chairman requested the invitation be extended to substitute members to attend a training event following on from the main committee meeting.

61 **Urgent Items**

There were no urgent items.

62 **Exclusion of the Public**

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 Minute Numbers 63-68 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.

63 **Brunel Pension Partnership Update**

The Committee was updated on the progress of Brunel Pension Partnership.

Resolved:

To note the update on the progress of Brunel Pension Partnership.

To request an event be organised with Greater Manchester Pension Fund to discuss investment in local infrastructure.

64 **Investment Quarterly Progress Report**

The interim Investment Manager updated on the performance of the Fund's investment.

Resolved:

To note the performance of the Fund's investments over the last quarter.

65 **Investment Sub-Committee**

A brief update was provided following the recent Investment Sub Committee meeting.

Resolved:

To note the update from the recent of Investment Sub Committee meeting.

To delegate authority to officers, in consultation with the Chairman and advisers from Mercers to transfer funds to Brunel Pension Partnership to

invest in infrastructure (£0-50m), subject to adequate reassurances from Brunel being supplied to Mercers.

66 Procurement of Actuarial Contract

Potential processes for the procurement of an actuarial appointment were discussed.

Resolved:

To agree Option B as set out in the report and delegate authority to officers to progress this procurement.

To recommend members are invited to meet the Actuary upon appointment.

67 Procurement of Independent Governance Advisor Contract:

The committee was presented with options for the procurement of an Independent Governance Adviser contract.

Resolved:

To proceed with Request for Quote option as presented in the report.

68 Minutes

Resolved:

To confirm the Part 2 minutes of the meeting held on 21 June 2018.

(Duration of meeting: 10.30 am - 1.15 pm)

The Officer who has produced these minutes is Libby Johnstone, of Democratic Services, direct line 01225 718214, e-mail libby.johnstone@wiltshire.gov.uk

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