

Wiltshire Pension Fund Committee

MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 26 MARCH 2020 AT KENNET ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

Present:

Cllr Steve Allsopp, Cllr Simon Jacobs (Chairman) and Cllr Gordon King

Also Present:

Andy Brown, Libby Johnstone, Frank Caine, Jennifer Devine, Andy Cunningham, Roz Vernon, Richard Bullen, Mark Spilsbury, Stuart Dark, Anthony Fletcher; Barry Dodds and Cllr Tony Deane

115 Membership

There were no impending changes to the membership of the Wiltshire Pension Fund Committee.

The Committee noted that Mark Spilsbury would take over from Howard Pearce as Independent Chair of the Local Pension Board on 01 April 2020.

116 Apologies for Absence

Apologies were received from Chris Moore, Cllr Christopher Newbury, Cllr Brian Ford, Howard Pearce and Barry Reed.

117 Minutes

Resolved

To confirm as a true and correct record the Part 1 minutes of the previous meeting held on 17 December 2019.

118 Review of Actions Log

Resolved

To note the key points from the action log.

119 Declarations of Interest

There were no declarations of interests.

120 **Chairman's Announcements**

The Committee agreed that Item 16 (Budget 2020/21) would be brought forward and discussed after Item 10 (Business Continuity), and that Item 26 (Final Valuation Report) be brought forward and discussed after Item 16.

121 **Public Participation**

There were no statements or questions from the public.

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

Resolved

To note the Part 1 minutes of the Local Pension Board.

123 **Minutes and Key Decisions of the Investment Sub Committee**

Resolved

To approve the Part 1 minutes of the Investment Sub Committee.

124 **Business Continuity**

Libby Johnstone, Democratic Governance Manager, presented a report on the Fund's response to the current situation regarding COVID-19 and proposals to ensure its continued operation.

It was noted that under the Local Government Act 1972, local authorities must hold meetings to make decisions and that, at present, the Council's Constitution makes insufficient delegation for decision-making in the event a meeting of the Wiltshire Pension Fund being unable to take place.

It was also noted that, should the proposal be adopted, feedback would be sought from Committee members where possible in advance of a decision being taken by the Director of Finance and Procurement. The Local Pension Board would also continue to have a role in reviewing the governance of the Fund during this period and would need to be assured that the delegation above was only being used where absolutely necessary.

Resolved

To agree to the proposed delegation.

125 **Budget 2020/21**

The Head of Pensions Administration & Relations and Head of Pension Fund Investments presented a report proposing the Fund's budget for 2020/2021 for approval by the Committee. This included the forecast spend for 2019-2020 and approval of the Local Pension Board budget for 2020/2021.

It was noted that the budget for the Fund's expenditure would now be shown in three sections, to bring consistency with SF3 reporting and industry practice. There would now be a third category called Governance and Oversight in addition to the existing Scheme Administration and Investment and Accounting Administration categories. Due to the change in budget presentation, officers had also realigned previous years' figures accordingly.

The Fund's "controllable" budget proposed for 2020/21 was a six per cent increase from 2019/20. The reasons for this included additional staffing allocation, an increased total scheme membership and potential administration complications such as the McCloud case and GMP rectification. There was also some additional proposed spend on consultancy work, as agreed at the latest Investment Sub-Committee. It was also noted that the Fund's budget did not make any allowance for additional spending in response to the COVID-19 situation. While there may be additional spend, there have been no material complications as of yet.

The Fund's Investment and Accounting Administration budget proposed a small increase to fund an increase in staff working hours. The largest proportion of the budget was investment managers fees which were largely dependent on the value of assets being managed, and the investment return performance which depends on market conditions. This also included annual fees for the Brunel Partnership. This part of the budget was presented as indicative spend for information.

Resolved

- 1. To note the Pension Fund Investment Fees and related costs budget of £15.247m as indicative spend on this area (which officers will continue to monitor)**
- 2. To approve the Pension Fund Administration, Investment and Governance Controllable budgets for 2020-21 shown in the Appendix totalling £2.795m (0.1% of total fund value).**

126 Final Valuation Report

The Head of Pensions Administration & Relations and Barry Dodds, Actuary at Hymans-Robertson, presented a report summarising the completion of the 2019 Actuarial Valuation exercise for the Wiltshire Pension Fund.

It was noted that employers had been written to regarding their contribution rates. They were provided with details of their results and to request that each employer confirm their agreement to the contribution rates to be paid over the next three years. Officers had agreed alternative employer rates with 13 employers, which was in line with expectations and all revised rates were within the parameters agreed by the Committee. Most decreases that had been requested were modest in size. For those that did not respond, the rates put into payment from 01 April 2020 would be those that have been proposed by

the Actuary. If an employer were to miss its contribution payment, it would be considered a breach and be either recorded or reported in accordance with the regulator's guidance on such matters.

In response to a question from the Committee, it was noted that only a small percentage of employers are funded privately. For all employers that had joined in the last ten years, the Fund had insisted that should a private sector organisation be admitted the previous employer (usually Wiltshire Council or Swindon Borough Council) must be its guarantor.

In response to a question from the Committee, it was noted that only a small percentage of employers are funded privately. For all employers that had joined in the last ten years, the Fund had insisted that should a private sector become involved, Wiltshire Council or Swindon Borough Council must be its guarantor.

In response to concerns raised by the Chairman, it was noted that contribution rate decisions are taken on a case by case basis and repayment plans are implemented if needed. The Fund, in consultation with the Actuary, planned to circulate a survey in the coming days to understand the position of employers in the current economic climate. This would allow the Fund to identify the employers most at risk to the financial implications of COVID-19, whilst being conscious of the fact that some employers would have a guarantor.

Resolved

- 1. To note the Valuation update provided, including the appendices and to note the valuation report will be published.**
- 2. To note that officers & actuary will be providing valuation information to the SAB, MHCLG & GAD.**
- 3. To note the risks as outlined in the report.**

127 Training Plan Review

Resolved

To note the officer training plan update for 2020-21.

128 Scheme, Legal, Regulatory and Fund Update

Resolved

To note the scheme, legal, regulatory and Fund update.

129 Key Performance Indicators (KPIs)

Resolved

To note the current situation and the Fund's plans for improvement.

130 **Data Improvement Plan Update**

Resolved

To note the progress against the Data Improvement Strategy and Plan.

131 **Business Plan**

The Head of Pensions Administration & Relations introduced a report on the progress of the actions set for 2019/20 and the proposals for new actions for 2020/21.

It was noted that officers had agreed in 2019 to set actions for one year at a time only, despite the plan running from 2019 until 2022. This approach was partly in recognition of the difficulty in setting specific actions for a period of up to three years and in response to feedback that the development of key events may not be reflected in triennial action setting. Moreover, the approach is to focus only on actions which are improvements, developments and changes - business as usual actions would not be covered even though they make up the vast majority of work in the section.

It was explained that Appendix 1 showed the Fund's progress of the desired actions for 2019/20. Most actions were complete, or would be completed in the 2019/20 period, although some had been carried forward for the reasons stated in the Appendix.

The Committee noted that the 2020/21 plan was ambitious in its objectives. The Head of Pensions Administration & Relations pointed out that some actions are aspirational, and that the Appendix indicates the service priority and resourcing requirement of each action. That said, some actions with a lower service priority may be less resources intensive and could still be completed instead of some higher service priority actions.

Resolved

- 1. To note the Fund's progress against the actions from 2019/20**
- 2. To approve the proposed actions from 2020/21.**
- 3. To receive an updated report on the progress of the Business Plan at the next meeting.**

132 **Pension Fund Risk Register**

The Head of Pensions Administration & Relations introduced an updated Pension Fund risk register, including an explanation of the Fund's business continuity arrangements.

It was noted that during the last quarter three new risks were identified, as detailed in the report. One such risk was related to COVID-19, which could cause significant issues to the Fund. The Committee was assured that officers were well equipped to work from home and cover any staff absences that may result. The Fund's key service providers were largely office-based, and officers had been assured that their business would continue as normal. Recent investment performance had been poor due to increased market volatility, with wider than usual spreads making trading challenging. Investment managers were seeing strong negative returns, and in many cases, money was being moved into cash to adopt a more defensive position. Officers were in close contact with Hymans-Robertson to understand the funding level and develop an appropriate response.

Resolved

- 1. To note the attached Risk Register and note the changes/actions made by officers in points 7 to 10 to the Committee**
- 2. To note the officers' approach to the Fund's key person risk.**

133 **Member Effectiveness Review**

Resolved

To note the progress of the member effectiveness review.

134 **External Audit Report**

Resolved

To note the update.

135 **Revised Cessation Statement**

The Head of Pensions Administration & Relations introduced a report on the updated employer cessation policy.

It was noted that following recent regulatory changes which came into force in March 2020, the Fund now had some discretion over whether to make a complete, partial or nil payment out of any cessation surpluses to employers ceasing participation in the Fund, after consideration of their circumstances had been completed. The main area of change within the policy was to Section 8 which sets out the approach the Fund would normally take to the discretion given to it. In the interest of transparency, officers had sought to set outline its approach to decision-making in this regard.

The application of the policy generally aimed to reduce the risk that the Fund enters into in a dispute with an employer over how to settle its exit position. However, in general, the legislation increases the risk of challenge to the Fund's decision because it introduces a discretion which did not previously exist and typically different parties will have different views on what they see as the correct outcome. As such, there was a need to be robust in setting this policy to allow the Fund to push back on any challenge.

It was noted that the policy had been produced in consultation with Hymans-Robertson and that it would go out to consultation with the Fund's employers in due course.

Resolved

To approve this policy subject to a consultation with employers being undertaken in April 2020 and no material issues being raised.

136 **Treasury Management Strategy**

Resolved

To approve the attached Treasury Management Strategy.

137 **Look Forward Plan Review**

The Governance and Performance Manager gave a verbal update on the look forward work plan for 2020/21.

It was noted that officers had reformatted the Committee's work plan for 2020/21 to align with it the new budget planning structure, be consistent with the business plan for 2020/21 & create a comments column to provide additional background notes for members.

Resolved

To note the draft plan.

138 **Date of Next Meeting**

The next meeting of the Wiltshire Pension Fund Committee will be held on Thursday 16 July 2020.

139 **Urgent Items**

There were no urgent items.

140 **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 Item Numbers 141-147 because it was 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.

141 Brunel Pension Partnership Update and Business Plan

The Head of Pension Fund Investments introduced a report updating members on the Brunel budget and business plan.

142 Investment Quarterly Progress Report

The Head of Pension Fund Investments introduced a report on the Fund's quarterly investment progress.

143 Minutes and Key Decisions of the Investment Sub Committee

The Head of Pension Fund Investments introduced the minutes and key decisions of the Investment Sub Committee held on 27 January 2020.

Resolved

To approve the minutes and key decisions of the Investment Sub-Committee held on 27 January 2020.

144 Minutes and Key Decisions of the Brunel Oversight Board

Resolved

To note the finalised and draft minutes of the most recent meeting of the Brunel Oversight Board.

145 Brunel Infrastructure Update

The Head of Pension Fund Investments gave an update on on Brunel's infrastructure portfolio.

146 Minutes

Resolved

To confirm as a true and correct record the Part 2 minutes of the meeting held on 17 December 2019.

147 Areas of Outstanding Business

Any areas of outstanding business were discussed.

(Duration of meeting: 10.30 am - 12.15 pm)

The Officer who has produced these minutes is Craig Player of Democratic Services,
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