

Wiltshire Pension Fund Committee

MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 24 JUNE 2021 AT COUNTY HALL.

Present:

Cllr Richard Britton (Chairman), Cllr Edward Kirk (Vice-Chairman), Cllr Steve Heyes, Cllr Gordon King, Cllr Christopher Newbury, Cllr Elizabeth Threlfall, Mike Pankiewicz (attending remotely) and Tracy Adams

Also Present:

Andy Brown, Claire Anthony and Marlene Corbey (attending remotely) and Andy Cunningham, Jennifer Devine, Richard Bullen, Chris Moore and Anthony Fletcher

1 **Membership**

The Chairman welcomed new members and made introductions for officers and members. It was noted Claire Anthony was to join the committee and this appointment would be made by Council in July.

2 **Attendance of Non-Members of the Committee**

Marlene Corbey (Local Pension Board) was in attendance.

3 **Apologies**

Apologies for absence were received from Stuart Dark and Mark Spilsbury.

4 **Minutes of the previous meeting**

Cllr Newbury requested changes to the minutes of the committee meeting held on 30 March 2021 on minute item 257. Due to there being few returning members of the committee, it was agreed Cllr Newbury would discuss the amendments to the minutes with officers to agree final working for this item.

Resolved:

To approve the minutes of the meeting, subject to a review of the minutes of the ISS item 257 between Cllr Newbury and officers.

5 **Review of Actions Log**

The Committee considered the Actions Log and a request from officers to remove the outstanding action for benchmarking, as there was currently not data available to benchmark against.

Resolved:

To note the Action Log and approve the removal of action 98.

6 **Review of the Minutes of the Local Pension Board & the recommendations made**

The Committee considered the Minutes of the Local Pension Board and discussed that it was important to have a summary of recommendations they wished the Board to action. It was noted that recommendations were picked up under relevant items, although items of a more general nature and their relevance to the Committee could be made more explicit by way of a summary paper.

Resolution:

To note the minutes and recommendations of the Local Pension Board meeting and request a summary of the key recommendations are provided to the Committee moving forward for ease of reference.

7 **Chairman's Announcements**

The Chairman thanked Tony Deane for his service to the Wiltshire Pension Fund Committee as Chairman over the years. Cllr Deane had not been returned following the Wiltshire Council elections in

8 **Declarations of Interest**

The Chairman noted for transparency, he was a Director of Selwood Housing, an admitted body.

9 **Public Participation**

No members of the public were present

10 **Training Day**

Members were encouraged to attend an event on 8th July which would provide training on investment matters.

In response to a previous member request, the Head of Pensions Administration delivered a training session on discretion policies. Discretions were decisions that could be made by the Fund or employers within the Fund according to various parts of the LGPS Regulations. However in most cases,

the Fund was required to administer the LGPS in line with nationally set regulations.

It was explained that scenarios were included in the discretion policy for transparency and consistency of approach. Key existing policy areas were summarised. The most controversial discretion was considered to be the allocation of a death grant in the event of a complicated family situation. The discretions policies had previously been approved by Board and Committee and then the decisions themselves were made by officers.

The Chairman thanked the officer for the presentation.

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

The Committee was provided with a written update on Scheme, Legal, Regulatory and Fund matters. A question was raised in relation to the scope of the 'Fair Deal' reforms and it was advised that the current provisions only covered some employers and the new reforms would cover more employers, in addition to other additional matters. It was advised that some employers within the fund (eg. colleges) would not be considered as part of the public sector in general and would not form part of the Fair Deal. It was noted the Fair Deal reforms had not progressed much in two years.

The Chairman questioned the update positions in the paper where there were no risks associated. In response it was explained there were risks associated, and noted in the Fund's separate risk register, although an improvement could be made by cross-referencing these.

Resolved:

To note the update request that officers cross-reference this update with the Risk Register.

12 **Key Performance Indicators (KPIs)**

The Head of Pensions Administration provided an update on KPIs as detailed in the report. A key update included that recruitment had been undertaken for staff to reduce current backlogs. The work had been delayed due to needing to go through a number of recruitment exercises as it had been challenging to find individuals with pensions experience.

Good progress was being made with i-Connect, however onboarding had been slower than planned. One reason for the delay had been the inability of employers to access certain information from their offices due to the covid-19 pandemic. Additionally, McCloud data had needed to be addressed prior to i-Connect onboarding. More recently, an upgrade prevented the need for prior linkage with McCloud and now onboarding could be addressed more swiftly as employers had adapted to remote working.

Benefits Estimates were identified by Committee as underperforming versus the benchmark. Officers explained the Fund was now encouraging members to access estimates online and therefore volumes were expected to decrease. Processing of Death Cases was performing well by contrast, and it was noted that this was being worked on to ensure a good distribution of resources allocated to the lower performing areas. In terms of interchangeability of resources to address KPI areas, it was noted that more senior staff could be deployed onto other areas, whereas this was less possible for junior members of staff who required further training due to the complexity of pensions work.

Resolved:

To note the KPIs and progress being made.

13 **Budget Outturn**

Chris Moore, Senior Investment and Accounting Officer, presented the outturn report and budget underspend for 2020/21.

A question was raised over whether estimates for manager fees could be included in the budget and it was explained this was hard to estimate and for that reason they were provided separately to the budget outturn. It was confirmed an increase in Investment Administration Costs was due to the recruitment of two additional members of staff, as approved by the committee. The budget for legal fees for 2021/22 had been higher than actual spend (although a reduction on the 2020/21 budget) as a result of the pensions reconciliation work which was expected to incur additional legal costs.

Resolved:

To note the budget outturn position.

14 **Fund Annual Report and Accounts**

The Head of Pensions Investment explained the drafting of the accounts was now finished and was being finalised with the auditors; no significant changes were expected. The Annual Report would be circulated to Committee and Board shortly for comment prior to publication. The Chairman suggested it would be useful to meet with the auditors to discuss auditing policies and standards.

Key headlines from the accounts were that the value of the Fund was just shy of £3billion, the value of investments had increased, and management expenses had come down year on year. Investment management expenses in page 85 of the agenda pack were discussed in detail. In response to a question on the reconciliation of investment movements during 2020-21 it was confirmed that transitions to Brunel had been paused due to market volatility following the onset of the pandemic, but had since been completed in the 2021-22 year.

Resolved

- a) To note the status of the audit of the 2019/20 accounts;**
- b) To approve the 2020/21 accounts, and authorise officers to make any necessary minor amendments following the conclusion of the audit;**
- c) To recommend to the audit committee that the 2020/21 accounts are approved for signing;**
- d) To approve the going concern statement in Appendix 1;**
- e) To approve the process for publication of the 2020/21 annual report;**
- f) That the Head of Investments have further discussion with the Chairman on auditing policies.**

15 **Responsible Investments Update**

The Head of Pensions Investments explained the Responsible Investment (RI) Plan had been considered by the Sub-Committee, alongside allocations to sustainable equities outlined in the report, and these were now recommended to Committee.

A question was raised on fiduciary duty and the UNPRI statement, it was explained this statement referred to how investments were affected by the climate and other ESG matters, rather than how the investments themselves directly impacted upon the climate. The two-way linkage would be a longer-term priority to develop.

It was questioned whether specific sustainable allocations would result in the Fund being committed and unable to exit from these investments if they became less desirable. In response, the Independent Advisor explained the same risks applied as with other investments and this was an opportunity for the Fund to diversify and invest in a new area. The Head of Pensions Investments explained the target returns for sustainable equities were as high as the Global Alpha Fund therefore ESG investments were also expected to perform. During debate, it was noted there was no indication that the fund was overweight in renewables.

Cllr King explained that the recommendation on RI had been made on the basis of significant expert advice. It was suggested that a briefing on the investment modelling be re-run for new members of the committee.

In response to questions it was confirmed the allocation would be regularly reviewed, and could be adjusted within weeks if deemed necessary.

Resolved:

- a) To note the report and the progress that was being made towards implementing responsible investment related issues;**
- b) To approve the Responsible Investment Plan 2021/22, and the actions and costs noted therein;**

c) To make a strategic allocation to sustainable equities, of 8% of the Fund in the interim, and 5% long term;

d) To approve that this allocation is implemented via the Brunel sustainable equities portfolio;

e) To approve that the sustainable equities portfolio is funded by transferring funds from the Brunel Global High Alpha portfolio.

16 **Local Pension Board Annual Report**

Richard Bullen, Fund Governance Manager, summarised the report covered the work of the Local Pension Board over the last 12 months. It was noted that all recommendations from the Board had been accepted by the Committee. Mr Bullen noted that areas of previous non-compliance in Fund Governance has been well addressed and reflected positively in the annual report.

Resolved:

To note the update

Cllr Newbury left the meeting at 11:55am. The Committee adjourned for a 5 minute break

17 **Pension Fund Risk Register**

The Fund Governance and Performance Manager explained changes made by the Board to the Fund's Risks Register and that the Register has been reviewed against the Business Plan. The change arising from the Board had been in relation to Risk 22 on pension payroll reconciliation.

Resolved:

To approve the Risk Register and accept the recommendations submitted by the Board.

To request the Risk Register be linked to the scheme, legal, fund and regulatory update.

18 **Look Forward Plan Review**

The committee noted the Forward Plan which linked to Business Plan objectives and the Chairman highlighted his intention to business of the Committee moving forward.

19 **Date of Next Meeting**

The next meeting was to be held on 23 September 2021.

20 **Urgent Items**

There were no urgent items.

21 **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 22 – 31 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.

22 **Minutes of the previous meeting**

Resolved:

To approve the minutes of the meeting, subject to a review of the minutes of the ISS 257 between Cllr Newbury and officers

23 **Pension Payroll Database Reconciliation**

The Head of Pensions Administration explained the reconciliation taking place between HR and pensions payroll systems.

Resolved:

To note the update on the database reconciliation.

24 **New pension payroll and immediate payments system**

The Committee considered next steps for its payroll and immediate payments system.

Resolved:

To approve the direction of travel for the WPFC to progress an implementation of an integrated payroll and payment system based on the formal quote received.

To request future updates on the project are brought back to committee.

25 **Key Financial Controls**

It was explained the report on Key Financial Controls had been provided to the Local Pension Board, and summarised controls and processes on the accounting side.

Resolved:

To note the issues identified within the report, and the progress made to rectify problems and develop improvements.

26 **Brunel Governance Review Update**

A verbal update on Brunel was provided by Jenny Devine, Head of Pension Investments.

Resolved:

To note the update provided.

27 **Brunel Shareholder Representative**

The Committee was asked to consider appointments in respect of Brunel Pension Partnership.

Resolved:

To appoint the S151 Officer as the Shareholder Representative and the Chairman of the Committee as the representative on the Brunel Oversight Board.

28 **Manager Fees**

A paper was provided to summarise investment manager fees.

Resolved:

To note the investment management fees and costs.

29 **AVC Provision**

The committee discussed the Fund's AVC provision.

Resolved:

To note the current level of service being provided by Prudential, the planned improvements, and expectation that an update at the next committee meeting will be more positive.

30 **Treasury Management Annual Report**

The Committee was asked to note the annual treasury management report for 2020/21.

Resolved:

To note the report.

31 **Investment Sub-Committee and Local Pension Board Minutes (Part II)**

Resolved:

To note the minutes and agree the recommendations arising from the Investment Sub Committee and Local Pension Board meetings.

(Duration of meeting: 10.00 am - 12.50 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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