

## Wiltshire Pension Fund Committee

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### MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 17 NOVEMBER 2022 AT KENNET ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

#### **Present:**

Cllr Richard Britton (Chairman), Cllr Steve Heyes (Vice-Chairman), Cllr Pauline Church, Cllr Gordon King, Cllr Christopher Newbury, Cllr Kevin Small, Mike Pankiewicz, Tracy Adams and Claire Anthony

#### **Also Present:**

Cllr Nick Botterill

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#### 205 **Apologies**

There were no apologies.

#### 206 **Minutes of the Previous Meeting**

The minutes of the meeting held on 6 October 2022 were presented for consideration, and it was,

#### **Resolved:**

**To approve and sign the minutes as a true and correct record.**

#### 207 **Declarations of Interest**

There were no declarations.

#### 208 **Chairman's Announcements**

The Chairman announced there would be a Part II update regarding the Brunel Pension Partnership.

#### 209 **Review of the Minutes of the Local Pension Board**

The minutes of the meeting of the Local Pension Board meeting held on 27 October 2022 were received. It was noted a recommendation from the Board would be considered at Minute 213 – Corporate Recharge.

It was,

#### **Resolved:**

**To note the minutes of the Local Pension Board.**

210 **Public Participation**

There were no questions or statements submitted.

211 **Triennial Valuation Results (and accompanying policies)**

Barry Dodds and Catherine McFayden presented a report on behalf of Hymans Robertson, the Pension Fund's Actuary, providing details of the formal triennial valuation required by the Local Government Pension Scheme Regulations. The last valuation was for data on 31 March 2019, with the current for data at 31 March 2022. The report also included proposed changes to a number of policies for consideration by the Committee as presented by Andy Cunningham, Pension Administrations Lead.

Details were provided of the methodology for the valuation, the process for circulation of results to each employer and discussion of specific circumstances, and development of provisional employer contribution rates based on the assumptions set by the actuary and other factors.

The valuation showed an improved funding level of 102% against 97% in 2019, should expected investment returns be delivered. The improvement in position had been driven by strong investment returns, and it was confirmed Covid-19 had had fairly minimal impacts.

During the presentation details were provided on Fund membership and its potential reduction of active members should local government staffing be reduced, discount rates, impact of current and near term high inflation, managing cashflow, valuation of assets, longer term impacts of Covid-19 on life expectancy, and other details as set out in the report.

The Committee discussed the presentation and report and sought further details, including on investment strategies, smaller employers active in the Fund, demographic assumptions, and the valuation process.

The Pensions Administration Lead (PAL) outlined a piece of feedback that officers had received from one employer in relation to the following new statement:

"If no single Scheme Employer guarantor exists and the likelihood of leaving or significantly reducing participation in the Fund in the next 10 years is high then the low-risk exit basis may be used as the funding target".

The employer had concerns with this statement and requested its withdrawal until such time as it could have a discussion with Fund officers and they wished for this viewpoint to be stated verbally at Committee (as papers had already been circulated by the time of the discussion). The PAL stated he would have the discussion with employer after the meeting.

Queries were raised on consultation with employers on the proposed policies, and discussion at a future employer forum, as well as how the cessation policy would operate. A committee member raised concerns that the introduction of a low risk basis cessation corridor could lead to employers targeting the lower end of the corridor. The actuary agreed to consider this point and to take it away to discuss it with officers.

At the conclusion of debate and discussion, it was,

**Resolved:**

- 1) **The Committee is asked to note the valuation results produced and the approach to releasing and agreeing employer results.**
- 2) **To approve the draft Wiltshire Pension Fund – Funding Strategy Statement 2022, as attached in the Appendix, subject to the period of consultation of employers not resulting in any material changes being deemed required by officers.**
- 3) **Cessation calculation methodology: To approve the revised methodology approach (noting the final details will be brought back to the December Committee), with the new approach to apply from 1 April 2023.**
- 4) **Prepayments and Contribution Review policies: To approve these new policies (to become effective immediately).**

212 **Responsible Investment Update**

Liam Robson, Pension Fund Accounting and Investment Officer, presented the report providing an update on responsible investment issues.

Details were provided on the successful application to sign up to the 2020 Stewardship Code, communication of responsible investment to Fund members, and training and engagement through the Brunel Pensions Partnership.

It was then,

**Resolved:**

**To note the progress made against the Responsible Investment Plan 2022/23.**

213 **Corporate Recharge**

The Chairman introduced a report and recommendation from the Chairman of the Local Pension Board, Mark Spilsbury.

It was noted that questions had been raised in relation to the recharging of services from the local authority for a number of years, and the Board

recommended the Committee request an update from the Chief Financial Officer for the next meeting.

It was then,

**Resolved:**

**To escalate the matter of the corporate recharge to the Chief Financial Officer and Deputy Chief Executive, requesting that a detailed basis for the recharge for support services to the Wiltshire Pension Fund for the 2023/24 financial year be provided as a priority, and the timetable for the production of a Service Level Agreement.**

214 **Taskforce on Climate-related Financial Disclosures (TCFD) Consultation Response**

Liam Robson, Pension Fund Accounting and Investment Officer, presented the report presenting a draft response to the “Local Government Pension Scheme (England and Wales): Governance and reporting of climate change risks” consultation.

The Committee discussed the details of the draft response, including the principles of being more climate focused and any associated costs, and the response being appropriately concise.

It was then,

**Resolved:**

**To approve the draft response to the consultation, subject to comments made at the meeting.**

215 **Date of Next Meeting**

The date of the next meeting was confirmed as 14 December 2022. The following meeting would be on 2 March 2023.

216 **Urgent Items**

There were no urgent items.

217 **Exclusion of the Public**

Following discussion of the reason for exclusion, 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 Minute Numbers 14 – 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 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.**

218 **Strategic Asset Allocation**

Jennifer Devine, Head of Wiltshire Pension Fund, and Kieran Harkin, Mercer, presented reports on the proposed new strategic asset allocation.

Details were provided on the reasoning for adjusting allocations, with a reduction in core infrastructure allocation and increases in listed equities, multi asset credit, renewable infrastructure and liquid loans. Some of the changes had been approved by the Committee in previous meetings.

The Committee discussed the proposals and sought additional information on financial impacts, modelling data, past and projected investment performance in specific classes. Given the already approved changes, it was stated that the overall proposals did not represent a significant adjustment, and the strategic nature of the allocations was noted.

At the conclusion of debate, it was,

**Resolved:**

- 1) To approve the new strategic asset allocation.**
- 2) To approve that officers work to implement the new strategic asset allocation, acknowledging that this may take some time, and that progress will be reported on a quarterly basis.**

*Councillor Christopher Newbury left the meeting at 1250 ahead of the vote on the item.*

*Councillor Pauline Church requested her vote in abstention be recorded.*

219 **Investment Quarterly Progress Update**

Chris Moore, Pension Fund Accounting and Investment Officer, presented the investment quarterly progress report.

Details were provided on the impact from global economic factors, monitoring of performance of Fund managers, appointment of a provider to investigate Brunel fee savings, and other investment matters.

Following discussion, it was,

**Resolved:**

- 1) **To appoint a provider as set out in the report at a cost of £15k to undertake the review of Brunel Fee Savings.**
- 2) **Endorse the approach taken by officers to support Brunel to deliver the private markets portfolios in a sustainable and resilient way.**

220 **Brunel Governance Update**

An update was provided in relation to budget setting for the Brunel Pensions Partnership. The client group would be considering the budget proposal in December 2022.

(Duration of meeting: 10.00 am - 2.05 pm)

The Officer who has produced these minutes is Kieran Elliott of Democratic Services, direct line 01225 718504, e-mail [kieran.elliott@wiltshire.gov.uk](mailto:kieran.elliott@wiltshire.gov.uk)

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