

WILTSHIRE PENSION FUND COMMITTEE

MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 25 FEBRUARY 2010 AT COMMITTEE ROOM 3, COUNTY HALL, TROWBRIDGE.

Present:

Cllr Tony Deane (Chairman), Ms Irlene Cooper, Cllr Tony Deane (Chair), Cllr Charles Howard (Vice Chairman), Mr Tim Jackson, Cllr Des Moffatt, Cllr Jeff Osborn and Cllr Sheila Parker.

Cllr Fleur de Rhe-Philipe and Cllr John Smale also attended the meeting.

Also Present:

Mr Tony Gravier and Mr Mike Pankiewicz – Trade Union Representatives
Mr Paul Potter – Hymans Robertson
Mr Jim Edney – Independent Pensions Advisor
Ms Gemma Broom – KPMG
Mr Ken Fraser – Edinburgh Partners
Mr Tim Garratt and Mr Nigel Morecroft – Baillie Gifford

1. **Membership Changes**

There were no membership changes.

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

Cllr Fleur de Rhe-Philipe and Cllr John Smale attended the meeting.

3. **Apologies for Absence**

Apologies for absence were received from Cllr David Jenkins and Cllr Peter Stoddart.

4. **Minutes**

Resolved:

To confirm and sign the minutes of the meeting held on 19 November 2009.

5. **Chairman's Welcome, Introduction and Announcements**

The Chairman,

- (1) welcomed Irlene Cooper, the new Committee member who was representing the education scheduled bodies. He also welcomed Jim Edney, the new Independent Pension Fund Adviser and Martin Summers, the new Pensions Manager, all of whom were attending a meeting of this Committee for the first time. On behalf of the Committee, he formally recorded his thanks for all the work and advice given by Keith Neale, the previous Independent Pension Fund Advisor.
- (2) reported that this would be the final meeting attended by David Broome, Head of Pensions, who would shortly be leaving the Authority. On behalf of the Committee, he and Cllr Fleur de Rhe Philippe thanked David for his outstanding contribution and guidance to the work of this Committee over a number of years and wished him every success in his new work. These sentiments were endorsed by all Members of the Committee. The Chairman then congratulated David Anthony on his appointment as Head of Pensions with effect from 1 March 2010.
- (3) reported that the NAPF Local Government Pension Fund Conference was due to be held from 18 to 19 May 2010 at The Belfry, Warwickshire and that any Members interested in attending should contact David Anthony.
- (4) announced that Cllr Charles Howard, Cllr Sheila Parker, Tony Gravier and himself had successfully completed the LGE Local Government Pension Fund Trustee's Training and he had certificates which he would present to the successful candidates after the meeting. He stressed the importance of this training and expected other Members of the Committee to undertake this.

6. **Declarations of Interest**

Mr Tim Jackson declared a personal interest as he was representing an admitted body at this meeting where a proposed Cessation Policy would be discussed.

7. **Public Participation**

There were no members of the public present.

8. **KPMG Pension Fund Benchmarking**

Consideration was given to a report by the Fund's Auditors, KPMG. Ms Gemma Broom (KPMG) explained that the purpose of the report was to provide

an overview of how the Wiltshire Pension Fund Scheme compared with its peer group and covered the following areas:-

Scheme Governance

Dealing with Members: Defined Benefit

Investments: Segregated Funds

Investments: Pooled Investment Vehicles

Scheme Accounting

In most areas the Wiltshire Pension Fund Scheme compared favourably with its peer groups but the following points were raised where possibly Wiltshire might wish to investigate if changes were desired.

Scheme Governance It was noted that many schemes within the peer group had a separate administration committee which monitored administration but the Wiltshire Fund did not. Similarly, the Wiltshire Fund did not have a separate audit committee to monitor the performance of its auditors. It was noted that the decision to appoint and review the Fund's auditors rested with the Audit Commission.

Dealing with Members: Defined Benefit The Wiltshire Fund was on the whole in line with the peer group. However, the membership data of the Fund was reconciled annually whereas the schemes within the peer group were reconciled more frequently.

Investments: Segregated Funds The Wiltshire Fund was well ahead with its monitoring arrangements and very near to best practice. Some schemes within the peer group were undertaking more detailed reviews of AAF (Audit & Assurance Faculty) 01/06 or SAS (Statement of Auditing Standards) reports on internal controls including visiting the investment managers and discussing the systems, controls and exceptions in relation to their scheme.

Investments: Pooled Investment Vehicles The Wiltshire Fund was very near to best practice although it was noted that the set up of the pooled funds in terms of whether they had an independent manager, administrator and custodian was reviewed informally. Some schemes within the peer group were now reviewing this on a formal basis.

Scheme Accounting The Wiltshire Fund was ahead of the peer group or achieving best practice with the exception of consistency between the membership movements and the accounts which was not formally reviewed. With the completion of a detailed membership reconciliation, this process could be completed.

After some discussion,

Resolved:

- (1) To thank KPMG for their report.
- (2) To request that performance be monitored and that a report be prepared for the September meeting of this Committee to include proposals to improve those areas which have underscored.

9. **Pension Fund Risk Register**

The Committee received a report by the Chief Finance Officer which set out an update in relation to changes to the Fund's Risk Register.

It was noted that the following three items had changed since the last report to this Committee on 19 November 2009:-

- a) Risk PEN002 ("Failure to collect and account for contributions from employers and employees on time") rose from Amber to Red as the Fund still did not have a detailed analysis of the employees' and employers' contributions paid over by Wiltshire Council when the Risk Register was updated on 31 January 2010. A report has now been received and at the time of writing it is aimed to achieve a reconciliation of contributions payable by Wiltshire Council for 2009-10 in time for the start of the interim audit work by KPMG shortly.
- b) Risk PEN011 ("Lack of expertise on Pension Fund Committee or amongst officers") has risen from Green to Amber, as a result of the recent launch of the CIPFA Local Government Pension Fund Skills Framework, from which it is clear that further work is needed on member training. A report on the Framework will be brought to a future meeting of this Committee.
- c) Risk PEN012 ("Over-reliance on key officers") has risen from Green to Amber due to the imminent departure of David Broome as Head of Pensions. However, a transition plan is in place to achieve an efficient and orderly handover of responsibilities and knowledge to his replacement David Anthony.

Resolved:

To receive and note the update of the Risk Register.

10. **Cessation Policy**

The Committee considered a report by the Chief Finance Officer which outlined a proposed Cessation Policy to deal with the issues that arose when employers left the Fund.

Resolved:

To approve the Wiltshire Pension Fund Cessation Policy, to take immediate effect.

11. **Treasury Management Strategy**

Consideration was given to a report by the Chief Finance Officer, which outlined a proposed Treasury Management Strategy for the Fund.

Resolved:

To approve the proposed Treasury Management Strategy.

12. **Date of Next Meeting**

Resolved:

To note that the next regular meeting of the Committee would be held on Thursday 13 May 2010.

13. **Urgent items**

There were no items of urgent business.

14. **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 Nos. 15 - 21 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.

15. **Edinburgh Partners - Review of 2009 and Plans for the Future**

The Committee considered the Annual Report by Edinburgh Partners which outlined action taken during the past year and policy for the next period.

Mr Ken Fraser answered questions concerning the report.

Resolved:

To note the information contained in the report and the investment policy proposals as detailed by Edinburgh Partners.

16. **Baillie Gifford - Review of 2009 and Plans for the Future**

The Committee considered the Annual Report by Baillie Gifford which outlined action taken during the past year and policy for the next period.

Mr Tim Garratt and Mr Nigel Morecroft answered questions concerning the report.

Resolved:

To note the information contained in the report and the investment policy proposals as detailed by Baillie Gifford.

17. **Quarterly Progress Report**

Consideration was given to a confidential report by the Chief Finance Officer on investment activity and performance of the Fund for the period to 31 December 2009 together with a review of investment managers' performance for the same period prepared by Hymans Robertson.

Resolved:

To note the contents of the reports.

18. **Review of Investment Managers**

Consideration was given to a report by the Chief Finance Officer which updated Members in relation to the position of individual investment managers.

Resolved:

- a) **To approve the termination of the Baillie Gifford UK Mandate.**
- b) **To approve the additional allocation of 9.5% of the Fund to the Legal & General UK equity passive pooled fund.**
- c) **To approve the additional allocation of 3% of the Fund to the Edinburgh Partners Global Opportunities Fund.**
- d) **To not approve the potential transfer of the Edinburgh Partners Global Opportunities Fund from a 'pooled' basis into a segregated account.**
- e) **To continue with the policy of not rebalancing the Record Currency Alpha Fund to its strategic allocation until a further review and report back to this Committee in three months' time.**

- f) **To approve the use of the hedged Total Fund Consolidated Managers' benchmark for the monitoring of the overall Fund's performance in future reports.**

19. **Pension Fund Administration Budget 2010-2011**

On considering a confidential report by the Chief Finance Officer,

Resolved:

To approve the Pension Fund Administration Budget for 2010-11, as set out in Appendix 1 to the report, totalling £6.394million.

20. **Appointment of New AVC Provider**

Consideration was given to a confidential report by the Chief Finance Officer which proposed the appointment of a new AVC provider.

Resolved:

- a) **To approve the appointment of Prudential as the AVC provider for Wiltshire Pension Fund.**
- b) **To approve the closure of Clerical Medical to new business from members of the Wiltshire Pension Fund.**
- c) **To note the selection of investment funds recommended by Hymans Robertson as those that will be made available by Prudential to Wiltshire Pension Fund members.**

21. **Appointment of Independent Pensions Adviser**

The Committee considered a confidential report by the Chief Finance Officer regarding the appointment of an Independent Pensions Adviser.

Resolved:

To note the appointment of Mr Jim Edney, with Mr Bob Summers as Deputy, as the Independent Pensions Adviser to the Wiltshire Pension Fund, under the CIPFA Business Services umbrella.

(Duration of meeting: 10.30am – 1.10pm &
1.30pm – 2.40pm)

The Officer who has produced these minutes is Roger Bishton, Democratic &
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