

WILTSHIRE PENSION FUND COMMITTEE

MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 25 JULY 2012 AT COUNCIL CHAMBER - COUNCIL OFFICES, BRADLEY ROAD, TROWBRIDGE, BA14 0RD.

Present:

Cllr Charles Howard (Vice-Chair, in the Chair), Cllr Des Moffatt, Cllr Sheila Parker and Cllr Fleur de Rhé-Philippe

76 **Membership Changes**

None.

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

None.

78 **Apologies for Absence**

Apologies were received from Cllr Tony Deane, Mr Tim Jackson, Mrs Lynda Croft and Cllr Brian Ford.

79 **Minutes of the Previous Meeting**

The minutes of the meeting held on **23 May 2012** were presented. It was,

Resolved:

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

80 **Chairman's Announcements**

Through the Chair, the Committee was updated on the progress of change to investment mandates previously agreed.

81 **Declarations of Interest**

There were no declarations.

82 **Public Participation and Councillors' Questions**

The Committee noted the rules on public participation.

83 **Wiltshire Pension Fund 2011-12 Outturn Statement**

The Service Director (Finance) presented a Wiltshire Pension Fund Outturn Statement, outlining the Fund's income and expenditure for the year 2011-2012, which he stated was in line with previous monitoring reports to the Committee.

It was,

Resolved:

To note the contents of the 2011-2012 Wiltshire Pension Fund Outturn Statement.

84 **Draft 2011-12 Annual Report**

The Service Director (Finance) presented the draft Wiltshire Pension Fund Annual Report and Financial Statements 2011-12, noting that it would not be fully completed until the audit of the Fund had been finalised before the 14 September 2012 meeting of the Committee after also going to Audit Committee on 07 September 2012.

The Committee noted with approval that the annual return of the Fund placed it 35th out of 84 Local Authority funds within the WM Local Authority league table, up from 47th for the year 2010-2011.

It was,

Resolved:

To approve the draft Wiltshire Pension Fund Annual Report and Financial Statements 2011-12, subject to the completion of the audit.

85 **Pension Fund Risk Register**

The Head of Pensions updated the Committee on the Pension Fund Risk Register following the increased risks identified at the May 2012 meeting.

It was stated there had been no significant changes, but that the team restructuring should be completed within a few weeks as final places were filled, mitigating or resolving the risk of overreliance on key officers.

It was,

Resolved:

To note the update of the Risk Register and measures being taken to mitigate current high and medium risks.

86 **Statement of Investment Principles (SIP)**

The Fund Investment and Accounting Manager presented a report on the annually updated Statement of Investment Principles (SIP), which she noted had been updated to reflect the recent Strategic Review of the Fund regarding asset allocation.

It was also noted that the SIP had also been updated to reflect the Six Myners Principles, and was compliant with all but Principle Four. To be fully compliant, it was stated that the implementation of a formal assessment of the Fund's advisers to ensure cost, quality and consistency of the advice is monitored would be required.

It was,

Resolved:

To approve the 2012 Statement of Investment Principles (SIP).

87 **Local Government Pension Scheme Reforms Update**

The Head of Pensions presented a report updating the Committee on the proposed reforms to the Local Government Pension Scheme (LGPS) following the announcement by the Local Government Employers (LGE) and the Unions, supported by the Government, on 31 May 2012.

It was clarified that the changes would apply from April 2014, with all pensions in payment or built up before that date protected. The main provisions proposed for the scheme were outlined as stated in paragraph Six of the agenda report, including but not limited to a change to the accrual rate from a 1/60th to a 1/49th scheme, the use of CPI as the revaluation factor of Career Average Revalued Earnings and that the average member contribution remaining the same at 6.5%, but that the rate would be determined on actual pay.

The Head of Pensions stated that the proposed reforms were on balance a good deal for the Fund membership, and highlighted the impacts for employees at various ages as detailed in the report, and stressed the importance of communicating the changes to members.

A discussion followed, where the change in vesting period from three months to two years was queried. It was stated that the vesting period had been reduced in 2008 as a method to encourage fewer people to opt out from the scheme. The commitment to deficit reduction and worsening situation for bond yields and the implications for the Fund was raised, which may lead to the potential need to revise the stabilisation models if things deteriorated was further noted.

The Head of Pensions also noted that if the scheme were not approved, a short term increase in contributions would be likely as a new timescale for changes was organised.

At the conclusion of discussion, it was,

Resolved:

To note the proposed changes to the Local Government Pension Scheme reforms.

88 **Date of Next Meeting**

The date of the next meeting was confirmed as **Friday 14 September 2012.**

89 **Urgent Items**

There were no urgent items.

90 **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 91-92 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraph 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.

91 **Investment Structure Review Update**

Joanne Holden (Investment Adviser – Mercers) presented a confidential report outlining potential investment options for Members to consider in relation to the on-going investment strategy review, as requested by the Committee at the 23 May 2012 meeting.

Following the report and debate on various investment strategy options, the Committee decided to defer a decision until the following minute item, the receipt of a report from Western Asset Management, had been concluded.

92 **Western Asset Management: Review of 2011-12 and Plans for the Future**

Paul Shuttleworth and Simon Gregory, representatives of Western Asset Management, presented a confidential report and presentation to the Committee on past and predicted performance of their mandate, and received questions on planned investment strategies and market and Fund analysis.

Resolved:

To thank the representatives from Western Asset Management for their presentation.

93 **Investment Strategy Review Update (Continued)**

Following the receipt of the report and presentation from Western Asset Management, the Committee discussed options for Investment Strategies and issues raised from the Western Asset Management presentation.

At the conclusion of debate, it was,

Resolved:

- a) **For a review of the Fund's fixed income allocations, requesting Mercers consult with Western Asset Management to outline proposed mandate amendments and options for global investing that could be implemented in the future, and to bring a report to the Committee in September 2012; and**
- b) **To consider the use of the 10% temporary global passive equities allocation at a later date.**

(Duration of meeting: 10.35 am - 1.45 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

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