

## WILTSHIRE PENSION FUND COMMITTEE

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**PART 1 MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING  
HELD ON 1 OCTOBER 2015 AT KENNET ROOM - COUNTY HALL,  
TROWBRIDGE BA14 8JN.**

**Present:**

Cllr Steve Allsopp, Cllr Tony Deane (Chairman), Tony Gravier, Cllr Charles Howard (Vice-Chair), Mike Pankiewicz, Cllr Sheila Parker, Cllr Steve Weisinger and Cllr Roy While

**Also Present:**

Cllr Bill Moss, Jim Edney, Joanne Holden, Michael Hudson.

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46 **Membership**

It was noted that Cllr Christopher Newbury was no longer a substitute member of the Committee and had been replaced by Cllr Bill Moss.

47 **Attendance of non-members of the Committee**

Cllr Bill Moss was present.

48 **Apologies for Absence**

Apologies for absence were received from Cllr Mark Packard, Linda Stuart and Diane Hall.

49 **Minutes**

**Resolved:**

**To confirm as a true and correct record the minutes of the meeting held on 25 June 2015.**

50 **Declarations of Interest**

There were no declarations of interest.

51 **Chairman's Announcements**

The Chairman invited David Anthony, Head of Pensions, to update the Committee on lobbying from fossil fuel disinvestment groups. The officer advised the Committee that he would circulate a press release responding to the environmental issues that had been raised.

52 **Public Participation and Councillors' Questions**

There were no members of the public in attendance.

53 **External Audit report**

David Anthony drew the Committee's attention to the final audit report from KPMG on the 2014-15 Annual Report to the Wiltshire Pension Fund. The officer was pleased with the report as it did not highlight any significant issues and brought forward no recommendations.

**Resolved:**

**To note the final audit report.**

54 **Annual report 2014/15**

The Committee was presented with the draft Wiltshire Pension Fund Annual report which contained details of the accounts of the Fund for the year to 31 March 2015. The report was primarily aimed at participating employer organisations within the Fund.

Members were pleased with the report and thanked officers for their hard work in preparing it.

**Resolved:**

**To approve the Annual Report for financial year 2014-15.**

55 **Consultations Update- Public Sector Exit Cap**

The Head of Pensions provided a verbal update on the latest government consultations, particularly the public sector exit cap. The Fund had responded to the consultation with the recommendation that pension straining costs be removed from the cap and a lower limit be set instead, the current proposals could have a considerable impact on those who weren't necessarily high earners. The Government had since confirmed it would move ahead as planned

with the cap, which was expected to come into force in April 2016. Key effects of the cap would be that: pension straining costs would need to be explained to members, there would be reduced flexibility for members, long-serving members would be most impacted, employers would need to review redundancy policies and relevant legislation would need updating.

The Chairman encouraged members of the Committee to contact officers if they wished to submit responses to future consultations and advised that he would be meeting with MPs to discuss Local Government Pensions Scheme (LGPS) concerns.

The Committee heard that the Government was also consulting on HMRC pension tax relief with the intention to develop a better system to provide tax incentives for pension savings. Councillors raised questions over whether state pensions would be taxed and officers confirmed they would look into this. The Committee expressed disappointment that the consultation on the exit cap had been short and insufficient time had been given to consider the responses. It was commented that members of the Fund would experience uncertainty due to these changes and this could potentially impact on local authority restructures.

**Resolved:**

**To note the update on Government consultations.**

## 56 **Local Pension Board Update**

The Committee was updated on items that were discussed at the first meeting of the Local Pension Board. The Board had looked at the Fund's Communications Strategy, Business Plan and suggested items for its own Work Programme. It was expected that two significant items of business could be discussed at each Board meeting. The Board had also discussed potential conflicts of interest and officers were developing a policy to manage this.

Questions were raised over the depth of knowledge Board members would need to oversee the Fund and whether the Board would increase the efficiency of the Fund. It was agreed that the Board should not replicate work done at Committee but had potential to add value, for instance by examining operational compliance and freeing time up at Committee. It was acknowledged that increased resource was needed to support the Board and advisors could be employed to investigate items on behalf of the Board if greater expertise was required.

**Resolved:**

**To note the update on the Local Pension Board.**

57 **Budget Monitoring 2015/16 Report**

Catherine Dix, Strategic Pensions Manager, presented the Fund's budget monitoring report for 2015/16. It was highlighted that the Fund would overspend due to staff vacancies, and a high performance fee from Baillie Gifford arising from continued outperformance.

Members were not concerned by the overspend as the investment manager had produced great returns in excess of doubling its benchmark. The Fund's advisors explained it would only pay an extra fee to managers for actual outperformance and fees could only reasonably be projected on the basis of managers meeting their benchmark.

**Resolved:**

**To note the report on the latest budget monitoring position for the Wiltshire Pension Fund.**

58 **Annual Benefit Statement Update**

The Head of Pensions provided an update on the Annual Benefit Statement exercise for 2015 which had been the first with the LGPS care scheme in place. Feedback from members had been very positive however it had been more challenging to get details from employers since they now had to provide two figures for year end pay. Due to new statutory requirements, these statements now had to be sent by the end of August instead of November. Although the print extract had been completed prior to the deadline, circulation had been a few days late due to printing problems however officers did not consider this a material breach, therefore would not report it to the Pensions Regulator (tPR). It was noted that data from some employers was missing and they had been written to and warned that lateness would need to be reported to the Regulator in future.

The Committee agreed that the late circulation of statements had not been a material breach and it was confirmed that a breaches policy for the Fund was being developed.

**Resolved:**

**To note the update on the Annual Benefit Statement.**

59 **Pension Fund Risk Register**

Members received a report on the Wiltshire Pension Fund Risk Register, a significant change since the last report was the upgrading of PEN008, 'Failure to comply with the LGPS and other regulation', from a low to medium risk. This reflected the increased obligations now imposed on the Fund from the Pension Regulator since it took on responsibility for the public sector pension schemes

from 1 April 2015. Other notable risks were 'Lack of expertise of Pension Fund Officers', and 'Over-reliance on key officers' which remained at medium. The Fund had now appointed a new Technical & Compliance Manager and Fund Development Manager, however the post of Employer Relationship Manager remained vacant. A further recruitment process was underway to recruit to this post, officers advised that Hymans Robertson was helping to support the administration of the Fund in the short term.

The Fund's approach to risk was discussed and advisors agreed that its standards of risk approach were comparable with the best.

**Resolved:**

**To note the update on the Fund's risk register.**

60 **Date of Next Meeting**

The next ordinary meeting of the Committee was to be held on 10 December 2015, members were also invited to attend the meeting of the Local Pension Board on 22 October 2015.

61 **Urgent Items**

There were no urgent items.

62 **Exclusion of the Public**

**Resolved:**

**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 63- 65 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.**

63 **Flight Paths Consideration**

Jo Holden, Mercer, outlined the rationale for developing a 'flight-path' for the Wiltshire Pension Fund. The strategy had been considered and recommended by the Investment Sub Committee at its meeting on 10 September 2015. The advisor explained that the strategy would not change the Fund's investment strategy but aimed to make progression to a 100% funding level as smooth as possible by de-risking.

**Resolved:**

- a. **To note the report and presentation from Mercer on the rationale and purpose of a flight-path; and**
- b. **To commission Mercers to further develop a detailed flight-path for implementation and agree the implementation of a be-spoke flight path until March 2016.**

64 **Pooling of Investment Assets**

A report by the Treasurer to the Pension Fund updated the Committee on the implications of the government's budget announcement for the pooling of Local Government Pension Scheme assets.

The Committee considered the report and recommendations by officers.

**Resolved:**

**This Committee agrees to note the actions and confirm their agreement:**

- a) **that the Wiltshire Pension Fund support in principles the setting up of a South West Collective Investment Vehicle on the basis of the points of principle (paragraphs 12 and 13 in the Committee report) relating to existing governance arrangements;**
- b) **that the Treasurer to the Pension Fund is authorised to continue working with neighbouring funds in the South West to establish proposals for a South West Collective Investment Vehicle;**
- c) **that a report is brought to the next meeting of Committee on progress in developing a collective Investment Vehicle and associated developments nationally.**

65 **Investments Quarterly Progress Report**

Officers reported to Committee on the performance of the Fund's investments as to the end of June 2015.

**Resolved:**

**To note the investment reports and the update provided by officers and advisers at the meeting.**

(Duration of meeting: 10.30 am - 12.50 pm)

The Officer who has produced these minutes is Libby Beale (Senior Democratic Services Officer), of Democratic Services, direct line 01225 718214, e-mail [elizabeth.beale@wiltshire.gov.uk](mailto:elizabeth.beale@wiltshire.gov.uk)

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