

WILTSHIRE PENSION FUND COMMITTEE

DRAFT MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 1 DECEMBER 2011 AT COUNCIL CHAMBER - COUNCIL OFFICES, BROWFORT, DEVIZES.

Present:

Mrs Lynda Croft (Associate Member), Cllr Tony Deane (Chairman), Cllr Charles Howard (Vice Chairman), Cllr Sheila Parker and Cllr Peter Stoddart

Also Present:

Mr Tony Gravier – UNISON (observer)
Mr Mike Pankiewicz – UNISON (observer)
Mr Jim Edney – Independent Advisor
Mr Paul Potter – Hymans Robertson

78. **Membership Changes**

There were no membership changes.

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

Cllr Bill Moss.

80. **Apologies for Absence**

Apologies for absence were received from Mr Tim Jackson and Cllr Jeff Osborn.

81. **Minutes**

Resolved:

To confirm and sign the minutes of the previous meeting held on 29 September 2011, subject to the following amendment:-

Minute No 72 – KPMG Financial Controls Peer Group Comparison – last but one paragraph to read:-

KPMG commended the investment, reconciliations work and record keeping of the Wiltshire Fund. Ms Broom also informed those present

that KPMG used independent experts to obtain valuations of derivatives due to the size and complexity of the portfolios involved.

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

There were no Chairman's announcements.

83. **Declarations of Interest**

There were no declarations of interest.

84. **Public Participation**

There were no members of the public present or councillors' questions.

85. **CIPFA Pension Fund Health Check**

The Committee received a report by Keith Bray of CIPFA Business Services on the findings of the CIPFA Health Check.

Mr Bray stated that the overall governance arrangements of the Fund were exceptionally good and drew Members' attention to some of the most positive aspects of governance as identified in his report. He considered that the Fund's Annual Report was comprehensive and contained all of the main statutory statements. The Fund's website was easy to access and was informative as was the annual benefits statement sent to contributors. However, Mr Bray did highlight some areas where arrangements (particularly aspects of performance assessment and the level of management resources) could be reviewed and where the Committee might need to demonstrate a continued challenge and review of its policies in order to reflect current best practice. These were set out in the following 10 recommendations:-

1. The Committee should consider regularly (ideally annually) a number of key policy decisions, including the need or otherwise for the establishment of any sub-committee or panels and publish the reasons for the decisions arrived at. (Priority 2)
2. There should be a regular review of the Committee's structure and composition. (Priority 2)
3. The Committee should consider whether all members of the Scheme can be adequately represented by union officers and how non-union members can receive the same information that union members receive. (Priority 2)
4. The results of the WM measurement of the fund should be reported to the Committee annually and in person by a WM representative. (Priority 2)

5. A framework of annual targets and periodic performance reports should be adopted by the Committee for its pensions advisors and the degree of success of its own operation and decisions. (Priority 1)

6. The adequacy of the resources available to support the Committee should be reviewed in the light of growing demands for governance, investment, administrative and communications activity. (Priority 1)

7. The Committee should consider whether to continue with a single investment strategy for all employers when considering its valuation reports. (Priority 2)

8. The Committee is making good progress towards meeting the requirements of the CIPFA KSF as it applies to members of the Committee. The Committee may also wish to receive periodic reports on the progress being made regarding officers and the KSF. (Priority 2)

9. Consideration should be given to introducing either an Annual Meeting or an equivalent to which all stakeholders and advisors would be invited. (Priority 3)

10. The principle that investment managers' reports should be considered in private session should be challenged periodically by the Committee. (Priority 3)

Mr Bray emphasised that none of the recommendations required urgent attention.

Resolved:

(1) To note the contents of the report.

(2) To request the officers to consider the recommendations contained in the report and to report back to this Committee in due course.

86. **Pension Fund Risk Register**

The Committee received a report by the Interim Chief Finance Officer giving an update on the Wiltshire Pension Fund Risk Register.

Resolved:

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

87. **Draft DCLG Consultations Response**

The Committee considered a report by the Interim Chief Finance Officer which provided an update on the recent developments in the proposed changes to the Local Government Pension Scheme and also a draft response to the

Communities & Local Government consultation on proposed increases and changes to the scheme accrual rates effective from 1 April 2012.

Resolved:

- (1) To note the contents of the report.
- (2) To approve the draft response to the Communities & Local Government consultation on the proposed increases and changes to the scheme accrual rates effective from 1 April 2012, as set out in Appendix B to the report.

88. **Retendering of the Fund's Environment Social and Governance Services**

Consideration was given to a report by the Interim Chief Finance Officer which provided an update on the current review being undertaken on the Wiltshire Pension Fund's Corporate Governance arrangements.

Resolved:

- (1) To note the current review being undertaken of the Corporate Governance arrangements.
- (2) To delegate the decision regarding the appointment for the term of the new contract to officers following approval by the Chairman and Vice Chairman.

89. **Date of Next Meeting**

Resolved:

- (1) To note that the next regular meeting of this Committee was due to be held on Wednesday 22 February 2012.
- (2) To note that there would be two special meetings in the interim as follows:-
 - (a) Friday 6 January 2012 for the review of the Investment Advisers, and
 - (b) Friday 27 January 2012 for the presentations and appointment of an Infrastructure Fund of Fund Manager and a Fundamental Indices Manager.

90. **Urgent Items**

There were no urgent items of business.

91. **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 92 - 98 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.

92. **CIPFA Pension Administration Benchmarking Club Report**

The Committee considered a confidential report by the Interim Chief Finance Officer which reviewed the Fund's performance compared to the other members of the CIPFA Pension Administration Benchmarking Club.

Resolved:

To note the contents of the report.

93. **Wiltshire Pension Fund Structure Review**

On considering a confidential report by the Interim Chief Finance Officer,

Resolved:

To approve the proposed changes to the Wiltshire Pension Fund team structure.

94. **Investment Structure Update**

The Committee received a confidential verbal update from the Head of Pensions on the progress of the procurement of the new mandates as agreed at the July meeting of the Committee.

Resolved:

To note the verbal update.

95. **Potential Class Action**

Consideration was given to a confidential report by the Interim Chief Finance Officer asking the Committee to consider whether or not to put the Fund forward to be a lead plaintiff in a forthcoming Class Action in the USA.

Resolved:

To note the potential loss associated with this action but to agree not to be considered as lead plaintiff in this case.

96. **Investments Quarterly Progress Report**

The Fund Investment and Accounting Manager summarised her confidential report, which detailed the investment activity and performance of the entire Fund for the period ended 30 September 2011, together with a look at the performance of individual mandates for the same period.

Resolved:

To note the contents of the report.

97. **CB Real Estates (formerly ING) - Review of 2010-11 & Plans for the Future**

Jeremy Plummer, Kieran Farrelly and Max Johnson from CB Real Estates reviewed the previous year's developments and outlined their plans for the future.

Resolved:

To note the information contained in the report and the verbal update on investment policy provided by CB Real Estates.

98. **Record Currency Management - Review of 2010-11 & Plans for the Future**

Ian Harrison and Dmitri Tikhonov from Record Currency Management reviewed the previous year's developments and outlined their plans for the future.

Resolved:

To note the information contained in the report and the verbal update on investment policy provided by Record Currency Management.

(Duration of meeting: 10.30am - 1.35pm & 2.05pm – 3.00pm)

The Officer who has produced these minutes is Roger Bishton, of Democratic Services, direct line 01225 713035, e-mail roger.bishton@wiltshire.gov.uk

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