

WILTSHIRE PENSION FUND COMMITTEE

DRAFT MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 4 JUNE 2013 AT COUNCIL CHAMBER - COUNCIL OFFICES, MONKTON PARK, CHIPPENHAM, SN15 1ER.

Present:

Cllr Tony Deane (Chairman), Cllr Brian Ford, Mr Tony Gravier, Cllr Charles Howard (Vice-Chair), Cllr Des Moffatt, Cllr Mark Packard, Mr Mike Pankiewicz, Cllr Sheila Parker and Cllr Graham Payne

Also Present:

Cllr Dick Tonge and Cllr Graham Wright

21 Membership of the Committee

The Committee noted the membership following the meeting of full Council on 14 May 2013.

Following discussion, it was,

Resolved:

To review the terms of membership of the Committee, with the Chair and Vice-Chair to bring a report to the Committee on 25 July 2013.

22 Apologies

Apologies were received from Mr Tim Jackson and Mrs Lynda Croft.

An apology for late arrival was received from Councillor Sheila Parker.

23 Minutes of the Previous Meeting

The minutes of the meeting held on **27 February 2013** were presented for consideration and comment.

It was,

Resolved:

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

24 **Chairman's Announcements**

- 1) The Committee welcomed Councillor Dick Tonge, Cabinet Member for Finance, Performance and Risk, as an observer to the proceedings from the current meeting onwards.
- 2) To remind Members of the Pension training arranged for **05 July** in the **Usher Suite, Civic Centre, Trowbridge** from **10.30am**.

25 **Declarations of Interest**

There were no declarations.

26 **Public Participation and Councillors' Questions**

There were no questions or statements submitted.

27 **SWAP Internal Audit Report**

The Head of Pensions introduced an internal audit report from South West Area Partnership (SWAP), in accordance with the internal audit plan for 2012-13, in support of the annual audit undertaken by the Council's external auditors, KPMG.

It was noted that no significant weaknesses had been identified, and that the highest achievable assurance rating of 'Substantial Assurance' had been reported, meaning controls were in place, operating effectively and managing risks well.

A discussion followed, where it was highlighted that a report making no additional recommendations was an unusual achievement, and that it followed that all recommendations from the previous year's report had been implemented.

Resolved:

To note the Internal Audit Report and thank officers for their work in achieving it.

28 **Pension Fund Administration Outturn Statement 2012-13**

The Fund Investment and Accounting Officer introduced the Pension Fund Administration Outturn statement for 2012-13. An underspend of £984,000 was reported, mostly as a result of lower investment manager fees tied to performance.

In response to queries it was confirmed that all vacancies in the Pensions team had been filled, but that the Pension Manager would be leaving at the end of June and a recruitment process to find a replacement has begun, and that any underspent monies are reinvested in the Fund.

Resolved:

To note the contents of the report.

29 **LGPS 2014 Reforms Update**

The Head of Pensions gave a verbal update on the Local Government Pension Scheme (LGPS) 2014 Reforms Update, highlighting proposals including but not limited to the move to a Career Average Revalued Earnings (CARE) approach, and shift in accrual rate from 1/60 to 1/49.

It was further confirmed that although the bandings for contribution into Fund would alter, the average contribution rate would remain 6.5%, and there was an emphasis on increased flexibility, including a 50/50 option, whereby contributors could input half the regular amount for half the benefit, to encourage fewer opt outs.

A debate followed, where it was confirmed the final regulations in relation to the reforms were not yet available and that issues remained about proposed Pension Fund governance. The role of Local Pension Scheme Boards to be in place by April 2015 to have oversight of Funds was also noted and the issue of additional bureaucracy this would create was discussed. The possibility of Funds being amalgamated was raised, along with noting a consultation on Councillors Pensions as part of the LGPS 2014 reforms, which it was agreed was more of an issue for employer councillor remuneration policy and that they would be best placed to respond. .

It was further noted the shadow National Advisory Board which would in future make recommendations to the Secretary of State and the Pensions regulator, included two places for councillor representatives, and that nominations needed to be sent by 07 June 2013 for these and the practitioner positions for the 5 sub-committees.

At the conclusion of debate, it was,

Resolved:

- 1) To receive a further update at the 25 July 2013 meeting of the Committee;**
- 2) To nominate either the Chair or Vice-Chair as potential members of the shadow National Advisory Board and the relevant officers for the practitioners sub-committee roles; and**

- 3) To refer to the Cabinets and Democratic Services' of both Wiltshire and Swindon Borough Council regarding the most appropriate avenue to respond to the consultation on Councillors' Pensions.

30 **Date of Next Meeting**

The date of the next meeting was confirmed as **Thursday 25 July 2013**.

31 **Urgent Items**

There were no urgent items.

32 **Exclusion of the Public**

Resolved:

Agreed 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 Minutes 33 - 37 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.

Paragraph 3 - Information relating to the financial or business affairs of any particular person (including the authority holding the information)

33 **Investment Quarterly Progress Report Update**

The Fund Investment and Accounting Manager presented the Investments Quarterly Progress Report, highlighting the performance against the benchmark for various mandates of the fund, along with a confidential report from the advisers to the Fund, Mercers.

The Committee discussed the reports, along with potential options for future investments and strategies, as well as the managing of each fund and solutions to any concerns.

It was,

Resolved:

To note the updates and thank Mercers for their report.

34 **Investment Strategy Review: Update and proposal for Opportunistic Investing**

The Head of Pensions introduced the Investment Strategy Review and Opportunistic Investing report, in addition to a confidential report from Mercers.

The Committee discussed the impact on the strategy following the last meeting of the Committee, and the process of appointment of a new advisor for emerging markets, to be completed in October/November 2013.

The Committee also discussed the possibility of a sub-group of the Committee to act as a mechanism to invest in more medium term opportunities.

At the conclusion of debate, it was,

Resolved:

- a) **to agree that the Fauchier Partners mandate (5% of the Fund's assets) is transferred directly to the new Emerging Markets Multi Asset Manager once appointed; and**
- b) **to agree up to a 5% initial allocation for the purpose of Opportunistic Investing; and**
- c) **to agree to set up a Investment Sub-Committee whose "Terms of Reference" will be drafted and agreed at the July 2013 Committee meeting.**

35 **Review of Investment Managers' Fees**

The Head of Pensions introduced a report on a review of Investment Management Fees, in addition to a confidential report from Mercers.

Following discussion, it was,

Resolved:

To commission Mercers to approach the managers listed in the report to review their fee levels payable by the Wiltshire Pension Fund.

36 **Baillie Gifford: Formal Review of the Global Growth Fund Mandates**

Mr Tim Garrett and Ms Susan Shuttleworth from Baillie Gifford gave a presentation and report on the review of their mandate of the Pension Fund, and took questions from the Committee.

Resolved:

To thank the representatives from Baillie Gifford for their presentation.

37 **Legal & General: Formal Review of the Passive UK Equities and Passive Gilts Funds**

Mr Mark Vickery from Legal & General gave a presentation and report on the review of their mandate of the Pension Fund, and took questions from the Committee.

Resolved:

To thank the representative from Legal & General for their presentation.

(Duration of meeting: 10.40 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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