

## WILTSHIRE PENSION FUND COMMITTEE

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### DRAFT MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 13 MAY 2010 AT COMMITTEE ROOM 3, COUNTY HALL, TROWBRIDGE.

#### **Present:**

Ms Irlene Cooper, Cllr Charles Howard (Vice Chairman), Mr Tim Jackson, Cllr David Jenkins, Cllr Jeff Osborn, Cllr Sheila Parker and Cllr Fleur de Rhe-Philippe (Reserve)

#### **Also Present:**

Mr Mike Pankiewicz – Trade Union Representative  
Mr Paul Potter – Hymans Robertson  
Mr Bob Summers – Independent Pensions Advisor  
Mr Martin Donovan – Chief Finance Officer, Wiltshire Council  
Mr Peter Summers – Hymans Robertson  
Mr David Anthony – Head of Pensions, Wiltshire Council  
Mrs Caroline Dix – Fund Investment and Accounting Manager, Wiltshire Council  
Ms Anna Thurman – Democratic Services Officer, Wiltshire Council

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#### 22. **Membership Changes**

There were no membership changes.

#### 23. **Attendance of Non-Members of the Committee**

Cllr Bill Moss attended the meeting.

#### 24. **Apologies for Absence**

Apologies for absence were received from Cllr Moffatt and Cllr Deane

#### 25. **Minutes**

##### **Resolved:**

To confirm and sign the minutes of the meeting held on 25<sup>th</sup> February 2010.

#### 26. **Chairman's Announcements**

The Chairman welcomed Bob Summers and Catherine Dix to their first meeting.

Bob Summers is one of the two appointed Independent Pension Fund Advisors to the Committee. He is highly respected figure in the local government pensions arena, his achievements include Chairman of the CIPFAs Pensions Panel, establishing the Pensions Network, being a lead financial advisor to the Local Government Association and leading the Norfolk Pension Fund to achieve nation awards for governance and performance.

Catherine Dix is the new Fund Investment and Accounting Manager. She has previously worked in the Treasury team in Corporate Finance and was involved with the Pension Fund investments four years ago when she first joined Wiltshire Council.

The Chairman reminded the Committee that the next training session has been arranged for Thursday 17<sup>th</sup> June 1000hrs. The training session will be on Corporate Governance and Social Responsible Investment issues.

With the introduction of the CIPFA Knowledge and Skills Framework, the current Members training plan will be reviewed and a more formal approach will be required to ensure skills gaps can be identified and training arranged to meet these priorities. Failure to comply with the Framework will require disclosure in the future Annual Reports. A detailed report will be on the July Committee agenda to look at ways to ensure compliance.

27. **Declarations of Interest**

There were none.

28. **Public Participation**

There were no members of the public present.

29. **Interim Audit Report**

David Anthony, Head of Pensions presented a report that delivered a high level overview on the Interim Audit Report for the Wiltshire Pension Fund from KPMG. He drew the Committees attention to the following points,

- The interim report does not raise any areas of concern to KPMG.
- The Wiltshire Pension Full Annual Report for 2009-10 would be presented to the Committee at the September Meeting.

**Resolved:**

**That the Committee note the Interim Audit Report.**

30. **Wiltshire Pension Fund Risk Register**

David Anthony, Head of Pensions presented a report that delivered an update on the Risk Register for the Wiltshire Pension Fund, and detailed the significant changes in the Risk Register.

- **RISK PEN002 Failure to collect and account for contributions from employers and employees on time** – has improved from red to green.
- **RISK PEN011 Lack of expertise of Pension Fund Officers and Chief Finance Officer** – previously included members of the Pension Fund Committee but another risk PEN017 (Lack of expertise on the Pension Fund Committee) to focus specifically on Members requirements has been added as training will come under greater scrutiny with the launch of the CIPFA Knowledge and Skills Framework.
- **RISK PEN 12 Over reliance on key officers** – has improved from Amber to Green after successful recruitment of staff and handovers.
- **RISK PEN 15 Failure to collect payments form ceasing employers** – and **Risk Pen 16 Treasury Management** - were new additions to the register.

**Resolved:**

**That the Committee note the Wiltshire Pension Fund Risk Register Report.**

31. **Statement of Investment Principles**

Martin Donovan, Chief Finance Officer, presented a report that updated the Committee on the recent changes to the Fund's investment strategy, addressing in particular,

- The implementation of the Committees decision to terminate the Baillie Gifford UK mandate. The decision was made in line with the Fund's long term Investment Strategy.
- The requirement to report the Funds compliance in line with the 6 revised Myners principles. Whilst fully compliant with the three principles, and broadly compliant on the other three, the following will need to be developed in the future to achieve full compliance:
  - Effective Decision making
  - Performance Assessment
  - Responsible Ownership

**Resolved:**

**That the Committee approve the 2010 Statement of Investment Principles.**

32. **Administration Strategy Update**

David Anthony, Head of Pensions, presented a report that provided the Committee, with an interim update on the implementation of the Wiltshire Pension Fund's Administration Strategy. He drew members' attention to the fact that a more detailed report would be delivered to the Committee in September when the strategy would have been in operation for 9 months.

**Resolved:**

**That the Committee note the report.**

33. **Date of Next Meeting**

**Resolved:**

**To note that the next regular meeting of the Committee would be held on Wednesday 14 July 2010.**

34. **Urgent Items**

There were no items of urgent business.

35. **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.**

36. **Implementation of a Stabilisation Policy for the 2010 Valuation**

The Committee considered a confidential report on the implementation of a Stabilisation Policy. Peter Summers from Hymans Robertson answered questions fielded by the Committee.

**Resolved:**

- a) To agree the principle of a Stabilisation policy to be applied to the secure employers with the Fund.
- b) To adopt a mechanism that limits increase/decrease in employer contributions to +1 or -1% per annum to be applied from 1 April 2014 onwards.
- c) To request officers write to Secure employers within the Fund explaining the Stabilisation policy with any significant outcomes reported to the Committee meeting on 14 July 2010.
- d) Request officers commence dialogue with the non Secure employers within the Fund, outlining the likely impact of 2010 Valuation and exploring the options available for them that may be applicable to them to mitigate the impact of large increases in employers contributions from April 2011.

37. **Quarterly Progress Report**

The Committee considered the confidential Quarterly Progress Report which addressed the investment activity and performance of the Fund for the year to 31 March 2010.

David Anthony, Head of Pensions, answered various questions surrounding the report.

**Resolved**

**That the Committee note the contents of the report.**

38. **Review of Investment Manager**

The Committee considered a confidential report was by the Chief Finance Officer which reviewed the Record active currency mandate.

Questions from members were answered by David Anthony, Head of Pensions, and an independent view was given by Paul Potter and Bob Summers.

**Resolved**

- a) To agree to remove assets from the Record active currency fund with the intention of reinvesting to its strategic benchmark when more 'normal' interest rate conditions have returned.
- b) To agree that the decision to reinvest back in to the Record active currency fund is delegated to the Chief Finance Officer in consultation

**with the Chairman and Vice Chairman having received advice from the Fund's advisors with an update provided to the subsequent Committee meeting.**

**c) To use assets removed from the Record active currency fund to rebalance underweight managers in the Pension Fund.**

**39. Capital International - Review of 2009/10 & Plans for the Future**

The Committee considered the Annual Investment Report for 2009/10 which was presented by Claire Swinden and Martyn Hole from Capital International.

The Vice Chairman thanked them for their report.

The Committee, after lengthy debate and discussion,

**Resolved**

**That the Committee note the content of the report.**

(Duration of meeting: 10.30 am - 2.35 pm)

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