

Wiltshire Pension Fund Committee

MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 2 MARCH 2023 AT KENNET ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

Present:

Cllr Richard Britton (Chairman), Cllr Pauline Church, Cllr George Jeans, Cllr Gordon King, Cllr Christopher Newbury, Cllr Kevin Small, Cllr Vijay Manro and Mike Pankiewicz

Also Present:

Anthony Fletcher and Cllr Nick Botterill

23 **Apologies**

Apologies were received from Tracy Adams and Claire Anthony.

Following his appointment to the Cabinet of Swindon Borough Council, Councillor Steve Heyes was removed as a Member of the Committee. He was replaced by Councillor Vijay Manro.

24 **Minutes of the Previous Meeting**

The minutes of the meeting held on 10 January 2023 were presented for consideration, and it was,

Resolved:

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

25 **Declarations of Interest**

There were no declarations.

26 **Chairman's Announcements**

There were no announcements.

27 **Review of the Minutes of the Local Pension Board**

The Committee reviewed the minutes of the Local Pension Board meeting held on 1 February 2023. After noting a correction to one word of the Budget item of the draft minute, it was,

Resolved:

To note the minutes of the Local Pension Board meeting on 1 February 2023.

28 **Public Participation**

No statements or questions were submitted.

29 **Hymans Cashflow Modelling**

Christopher Moore, Investment and Accounting Team Lead, presented a report on key outcomes of modelling work undertaken by Hymans Robertson to review the cashflow position of the Fund.

The report from Hymans set out further detail of scenarios tested for higher inflation, and the methodology used to complete the modelling.

The Committee discussed the report and update, noting the conclusion of the Fund becoming cashflow negative by 2030 if inflation was in line with the valuation assumptions. Questions were raised on scenarios of high inflation and low growth, contributions from employers outweighing payouts which was common with Local Government Pension Schemes and other details. It was confirmed officers continually monitored the cashflow position.

At the conclusion of discussion it was,

Resolved:

To undertake a further full review of the cashflow position in 2026.

30 **Responsible Investment Update**

Liam Robson, Investment and Accounting Officer, delivered a presentation on responsible investment issues as set out in the report. An update on the responsible investment roadmap was provided, along with updates on training, investment strategy and the Fund's position on Fossil Fuel divestment.

The Committee discussed a draft statement in the report relating to fossil fuel divestment, whether it was consistent with the approach on responsible investment agreed by the Committee, its flexibility, and responsibility on financial returns. It was noted that a definition was included clarifying that a company was defined as primarily a fossil fuel company if, among other criteria, at least 50% of its revenues came from the exploration, extraction, distribution or refining of fossil fuels. Any such statement would not therefore mandate exclude any company with some level of fossil fuel involvement, and could take account of mitigation and offsetting measures in place. The limited nature of the Fund's current investment in fossil fuels was raised.

It was agreed to defer approval of a statement on fossil fuel divestment to a future meeting, taking account of the comments made during the discussion.

At the conclusion of debate, it was therefore,

Resolved:

To note the progress made against the Responsible Investment Plan 2022/23.

Councillor George Jeans arrived at 1045.

31 **Biodiversity**

Liam Robson, Senior Investment and Accounting Officer, delivered a presentation on biodiversity and, the general themes of the Taskforce for Nature Related disclosures (TFND) in the context of the Responsible Investment Plan, as set out in the report.

Questions were raised by some Members about the evidence supporting statements regarding better investment returns from those companies and solutions minimising environmental impacts, with some comments requesting that any factual statements provide links to appropriate sources or opinions. There was discussion about financial risks of not taking into account ecological and biodiversity implications, and that the report was providing a briefing on relevant issues alongside the fiduciary duty of the Fund. The Committee discussed the paper as a training and informational aid and to assist engagement with asset managers, rather than endorsing any additional commitments.

At the conclusion of debate, it was,

Resolved:

To note the report and its recommendations, taking account of the comments raised in debate.

Councillor Christopher Newbury requested his vote in opposition to the resolution be noted.

32 **Investment Strategy Statement**

The Chairman introduced the final draft of the Investment Strategy Statement, which had been considered on several occasions and which he stated was a good, user friendly document. Subject to a minor change to simplify one of the section headings within the investment strategy statement.

Resolved:

- 1) To agree the attached final Investment Strategy Statement (ISS), (Appendix 1) for publication.**
- 2) To note the benchmark review completed by Mercer and the recommendation that no additional actions are proposed following the review, and that the benchmarks used are generally considered reasonable and appropriate.**

Councillor Christopher Newbury requested his vote in opposition to the resolution be noted.

33 **Date of Next Meeting**

The date of the next meeting was noted as 23 March 2023.

34 **Urgent Items**

There were no urgent items.

35 **Exclusion of the Public**

It was,

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 Item Numbers 36 - 40 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.

36 **Minutes of the Previous Meeting**

The Part II minutes of the meeting held on 10 January 2023 were presented for consideration, and it was,

Resolved:

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

37 **Quarterly Investment Update**

Christopher Moore, Pension Fund Accounting and Investment Team Lead, presented the investment quarterly progress report.

Details were provided on quarterly performance, and ratings from Mercers for each investment manager.

Following discussion, it was,

Resolved:

To note the quarterly investment update report.

38 **Brunel SRMs**

Andy Brown, Corporate Director Resources, Deputy Chief Executive, and Treasurer to the Pension Fund, gave a verbal update on the upcoming

shareholder's meeting to consider proposals from the Brunel Pensions Partnership on a new budget, objectives, and people strategy.

The Committee noted that the Corporate Director was the Shareholder representative for the Fund and responsible for casting a vote along with the other nine Funds included within the partnership. They discussed the update and proposals from Brunel and made comments as appropriate.

It was then,

Resolved:

That the Corporate Director, Resources, take account of the comments of the Committee in making a decision as shareholder representative on proposals from the Brunel Pensions Partnership.

39 **Manager Presentation - Brunel Pensions Partnership**

Richard Fanshaw, Head of Private Markets at the Brunel Pensions Partnership delivered a presentation on the performance and direction of the Fund's investments with the private markets portfolio, including case studies of current or potential investment opportunities, and took questions from the Committee.

40 **Manager Presentation - Ninety One**

The presentation from Ninety-One was deferred.

(Duration of meeting: 10.00 am - 1.35 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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