

WILTSHIRE PENSION FUND COMMITTEE

MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 15 DECEMBER 2016 AT THE WEST WILTSHIRE ROOM - COUNTY HALL, TROWBRIDGE BA14 8JN.

Present:

Cllr Steve Allsopp, Cllr Tony Deane (Chairman), Cllr Charles Howard (Vice Chairman), Cllr Gordon King, Mike Pankiewicz, Cllr Sheila Parker and Cllr Roy White

Also Present:

Jim Edney, Barry Reed, Michael Hudson (Treasurer to the Fund) and Cllr Dick Tonge

92 **Membership**

There were no changes to the membership of the Committee.

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

Barry Reed, Local Pension Board member, and Cllr Dick Tonge, Cabinet Member for Finance, were in attendance.

94 **Apologies for Absence**

Apologies for absence were received from: Linda Stuart, Sue Eley, Cllr Steve Weisinger and Howard Pearce (Local Pension Board Chairman).

95 **Minutes**

Resolved:

To confirm the Part 1 minutes of the meeting held on 29 September 2016 subject to an amendment to minute item 68 to reflect that the Baillie Gifford performance fee was due to performance exceeding initial targets.

To confirm the Part 1 minutes of the meeting held on 13 October 2016.

96 **Declarations of Interest**

There were no declarations of interest.

97 **Chairman's Announcements**

Members were advised that an investment training day was to be held on 19 January 2017 for Committee and Board members. The Chairman also updated that the Fund was currently 82% funded.

98 **Public Participation and Councillors' Questions**

There were no members of the public present.

99 **Local Pension Board Update**

The minutes of the last Board meeting and its current work plan were circulated for Committee consideration. The Head of Pensions updated that members of the public had been in attendance at the last Board meeting to express concern about the Fund's investments in fossil fuel. The officer advised that the Chairman has responded in writing about the Fund's approach to fossil fuel investment and the Fund's Position Statement on Fossil Fuel Divestment had since been published on the website. The Committee understood that the Fund did not hold much investment in fossil fuels and supported responsible investment in terms of the consideration of ESG outlined in its Statement of Investment Principles. It was noted that the Fund would review its Investment Strategy Statement in April 2017.

Resolved:

To note the minutes and recommendations arising from the LPB meeting held on 20 October 2016.

To note the current work plan of the Local Pension Board.

100 **Local Pension Board Code of Conduct and Conflict of Interest Policy**

The Head of Pensions presented a Code of Conduct and Conflict of Interest Policy for the Local Pension Board which required annual review by the Committee. It was explained that the Board as a body was in support of the policy document however comments had been raised around the status of the policy and whether the requirements were reasonable. Legal opinion had been sought following the comments and the advice had confirmed that the policies were in line with guidance, Regulations and were similar to those used by other Funds. The policy was required to ensure the sound governance of the Board and members were expected to comply with the policy. The Chairman noted the advice of officers and comments raised at the Local Pension Board meeting.

The Committee agreed the Board's recommendation that the policy be updated to reflect the new status of the Scheme Advisory Board.

Resolved:

To approve the attached Code of Conduct and Conflict of Interest Policy Guidelines in relation to the LPB, as updated to reflect the status of the Scheme Advisory Board

101 **Update on the Fund's Stewardship Code Statement**

Catherine Dix, Strategic Pension Manager, updated on the Fund's Stewardship Code Statement which had been revised in light of feedback from the Financial Reporting Council that the Fund had not met the expectations of the Stewardship Code. The revised statement had been assessed as Tier 1, meaning the Fund met the reporting expectations of the FRC in the way they disclose their stewardship responsibilities. The officer advised that the statement had not fundamentally changed but was a more detailed explanation of processes.

Resolved:

To note the update on the revised Stewardship Code Statement that is included in the Statement of Investment Principles.

102 **Actuarial Valuation and Funding Strategy Statement Update**

The Head of Pensions explained that the Fund's officers had been working with employers to sign off their contribution rates; there was currently a 45% success rate. The contribution rates had to be agreed by the end of March 2017 and a further update would be provided to the Committee closer to the deadline.

The Committee also heard the outcome of the consultation of the Funding Strategy Statement amongst employer members. It was noted that only one response had been received by an academy which questioned the different deficit recovery period between academies and the Council. The Head of Pensions explained that this was the case since academies carried higher risk as they were not tax-raising bodies. The officer also advised that the Scheme Advisory Board had commissioned Pricewaterhouse Coopers (PwC) to research into the approach towards academies across the LGPS. The Committee agreed it would be sensible to review its approach to academies following the publication of this research.

Resolved:

To note the update on the progress of the 2016 Triennial valuation and feedback from the consultation on the Funding Strategy Statement.

To request that the Fund's approach to academies in respect of deficit recovery periods be reviewed following the publication of the SAB research.

103 **Pension Fund Risk Register**

The Head of Pensions updated on two key changes to the Risk Register since the last report to Committee. PEN006b: 'Significant rises in employer contributions for non-secure employers due to increases in liabilities' had been moved from amber to green following the results of the 2016 triennial valuation. PEN011: 'Lack of expertise of Pension Fund Officers' had reduced from amber to green following the appointment of the Technical and Compliance Manager to cover the Benefits Manager's maternity leave, with Hymans Robertson provided additional technical support over the next 6-9 months. The Committee was reassured that officers kept resourcing under continuous review and were confident that sufficient resource was available over the short term to ensure the core activities of the Fund were not neglected as a result of the extra work arising from asset pooling. Members noted that the Local Pension Board was also aware of the resource pressures currently on the Fund.

Resolved:

To note the attached Risk Register and measures being taken to mitigate risks.

104 **Brunel Pension Partnership Full Business Case**

The Business Case and officer's recommendation in respect of Brunel Pension Partnership were available for public inspection under Part 1 of the agenda.

105 **Date of Next Meeting**

The Committee noted the date of the next meeting was to be held on 23 March 2017.

106 **Urgent Items**

There were no urgent items.

107 **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 number 108-111 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.

108 **Brunel Pension Partnership Full Business Case**

The Treasurer to the Pension Fund introduced a proposal for the Committee to recommend to Full Council that the Fund enter into asset pooling arrangements as part of Brunel Pension Partnership, it was explained that the proposals sought to delegate to the Committee and to Officers, as appropriate, to authorise the work as it progressed.

The Committee considered the Business Case.

Resolved:

To thank officers for their dedication and hard work to support Brunel Pension Partnership.

To note the tax implications of asset pooling and to encourage that action be taken to mitigate this.

To recommend that the Chairman of the Pension Fund prioritise investment in client group interests through the Shadow Operations Board and that resource is made clear to the Committee following that discussion.

The Committee endorses the Full Business Case for Brunel Pension Partnership and recommends the following to Full Council:

In its capacity as the Administering Authority for the Wiltshire Pension Fund, and having received and reviewed the recommendation of the Wiltshire Pension Fund Committee on 15 December 2016 and the Business Case attached to it, Wiltshire Council hereby resolves to enter into investment pooling as part of the Brunel project with respect to the Wiltshire Pension Fund's investments.

Such Resolution is made on and subject to the following terms and conditions:

a) That the Brunel Pension Partnership investment pool be developed, funded and implemented substantially in accordance with the terms and provisions described in the Business Case considered by the Pension Committee, and more particularly that:

- a Financial Conduct Authority (FCA) regulated company to be named Brunel Pension Partnership Limited be established and operated with all necessary and appropriate arrangements as to its ownership, structure, governance and services capability.**

- a new supervisory body comprising representatives of the Council and all other participants in the Brunel Pension Partnership be established to ensure oversight of Wiltshire Pension Fund investments and participation in the Brunel Pension Partnership.

b) That subject to the continued viability of investment pooling, financial or otherwise Wiltshire Pensions Committee is authorised to undertake such tasks, after consideration of advice from its Chief Legal Officer, Chief Financial Officer and Pension Fund Manager, as it thinks appropriate to progress implementation of investment pooling. To take such decisions and do all other things deemed necessary in order to promote the interests of the Administering Authority with respect to pooling, which without limitation shall include agreeing and authorising any documentation, contracts, terms of reference, financial expenditure or investment that may be required consequential upon the Fund's participation in the Brunel Pension Partnership. For the avoidance of doubt this includes the right of the Pension Committee to authorise the Chief Legal Officer and Chief Financial Officer to take such steps as are necessary to progress the project.

c) That subject to the above, all such matters be carried out with the aim of achieving a target date for beginning investment pooling of 1 April 2018, and otherwise subject to such intermediate steps and timescales as may be considered appropriate and necessary by the Pensions Committee.

109 **Investment Quarterly Progress Report.**

The Committee was presented with the latest investment reports and minutes of the Investment Sub Committee meeting held on 24 November 2016.

Resolved:

To note the reports on the Fund's investments.

To note the minutes of the Investment Sub Committee meeting held on 24 November 2016.

110 **Local Pension Board Update**

The Part 2 minutes of the Local Pension Board meeting held on 20 October 2016 were circulated for Committee consideration.

Resolved:

To note the Part 2 minutes and recommendations arising from the LPB meeting held on 20 October 2016.

111 **Minutes**

Resolved:

To confirm the Part 2 minutes of the meeting held on 29 September 2016 subject to an amendment to minute item 68 to reflect that the Baillie Gifford performance fee was due to performance exceeding initial targets.

To confirm the Part 2 minutes of the meeting held on 13 October 2016.

(Duration of meeting: 11.45 am - 12.35 pm)

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

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