

TERMS OF REFERENCE

Wiltshire Pension Fund Investment Sub-Committee (ISC)

Background:

1. Formed in June 2015 the ISC is a secondary committee to the Wiltshire Pension Fund Committee, the body delegated by the Administering Authority to act on behalf of Wiltshire Council in its role as a scheme manager of the Scheme.

The ISC's status is that of an advisory panel to the Committee having received no direct delegation from the Administering Authority under its Constitution. It should be noted that the Committee as the delegated body under the Council's Constitution has not been granted with the power to sub-delegate to the ISC.

The ISC's role is therefore confined to reviewing, monitoring, implementing and providing recommendations to the Committee on the Fund's investment strategy matters. All responsibility for the Fund's investment strategy is retained by the Committee.

2. The decision of ISC's status to operate as an advisory panel allows it the freedom to consider the Fund's investment matters in a dedicated forum, unconstrained by the Administering Authority's Constitution, with its structure largely determined by its own Terms of Reference.

Purpose and functions of the ISC:

3. The role of the ISC is to consider, in detail, matters relating to the investment of the assets within the strategic investment framework and performance of investment managers in achieving the Fund's investment objectives.
4. The ISC may occasionally be requested by the Wiltshire Pension Fund Committee, to undertake research and report back on a specific investment area.
5. All recommendations will be reported back to the next available ordinary meeting of the Wiltshire Pension Fund Committee in the form of the minutes of the ISC.

Scope of purpose:

In summary the scope of purpose will cover all financial, accounting and investment matters, with the exception of the Fund's Additional Voluntary Contribution arrangements.

6. The specific scope of operation assigned to the ISC by the Pension Fund Committee are:
 - a) To review strategic and emerging opportunities outside the strategic asset allocation and make recommendations to the Committee;
 - b) To report regularly to the Committee on the performance of investments and matters of strategic importance;

- c) To monitor investment managers' investment performance and recommend decisions to terminate mandates on performance grounds;
- d) To monitor the performance (in terms of governance, service and investment acumen) of the Brunel Pension Partnership and the Pension Fund's custodian and make recommendations to the Committee as required;
- e) To research and provide a report to the Wiltshire Pension Fund Committee on any specific investment areas requested by the Committee;
- f) To provide the Wiltshire Pension Fund Local Pension Board, on behalf of the Committee, with information relevant to its oversight mandate, namely; and
 - 1) Wiltshire Pension Fund Committee's ESG policy – Regulation 7;
 - 2) Ensuring the Fund's compliance with the Investment Strategy Statement;
 - 3) Guidance on statutory asset pooling;
 - 4) Monitoring of cost savings relevant to investments; and
 - 5) Investment accounting.
- g) To ensure that all Investment Advisers, officers and other relevant staff or organisations are competent to give advice or information about investment products to the Committee (and its secondary committee) as required under the European Securities and Markets Authority's guidance and the Financial Conduct Authority (FCA).
- h) Scope of purpose – The ISC's Terms of Reference will be reviewed by the Wiltshire Pension Fund Committee at least every two years, or as circumstances require. Where required, consideration will be given to guidance provided by the Council's Legal Services team to ensure that as an advisory panel the ISC's approach resonates with the Council's Constitution.

Assignment of functions:

- 7. The ISC will be assigned by the Committee the following tasks:
 - i) To monitor the weightings of investment portfolios against the ranges agreed in the strategic asset allocation (i.e. the mix of assets held by the Pension Fund);
 - j) To ensure implementation of investment management arrangements in line with strategic policy, including the preparation of mandate parameters and the recommendation of appointment of managers;
 - k) To recommend amendments to investment mandates (separate portfolios) within the existing return and risk parameters (i.e. recommending changes which do not significantly alter the return or risk expectations of the portfolio);
- 8. To achieve this the ISC will:
 - l) Receive reports from either the Investment Adviser, officers, Independent Governance Adviser and the Brunel Pension Partnership, and where applicable circulate to all Members of the Wiltshire Pension Fund Committee;
 - m) Receive advice from Investment Advisers, Independent Governance Adviser, officers or any other product specialist invited by the ISC to the meeting;
 - n) Receive monitoring reports when appropriate on investments to inform decision making;
 - o) Work within the framework set by the Council's Constitution;
 - p) Report to the Wiltshire Pension Fund Committee and the Wiltshire Pension Fund Local Pension Board, as necessary on its activities; and

- q) Investigate other specific areas of investment when requested by the Wiltshire Pension Fund Committee.

ISC appointment process:

9. All four members of the ISC (plus an additional two members as identified in paragraph 18 below) shall be current elected members of the Wiltshire Pension Fund Committee. Ongoing eligibility as a Member of the ISC will be dependent on their continued appointment as a voting Member of the Wiltshire Pension Fund Committee;
10. Appointments to the ISC are not subject to a term of office;
11. Where a vacancy (or vacancies) occurs on the ISC, it will receive a recommendation from the Wiltshire Pension Fund Committee for one or more of its number wishing to be nominated as an ISC Member. The nominee(s) will be recorded in the Committee minutes to ensure that all Committee Members have had an opportunity to comment on the ISC's membership and selection of nominee(s);
12. Final selection of an ISC Member, by the ISC, will be based on the level of competence in financial and investment strategy matters demonstrated by the nominee(s);
13. Existing ISC Members will vote on the nominee(s) received from the Committee for the appointment to the ISC vacancy (or vacancies). Where the number of nominees received outnumbers the vacancies available, the nomination receiving the most votes will be successful. In the event of a tie, the Chair of the ISC will have a deciding vote;
14. Appointments to the ISC will be recorded in the ISC minutes; and
15. A substitute of a Committee and ISC Member may represent that Member at the ISC for no more than two consecutive meetings. Where this arrangement is exceeded the appointed member will be consulted on their future intention to attend the ISC. In the event that regular attendance cannot be confirmed the remaining ISC Members will request a replacement nominee from the Wiltshire Pension Fund Committee.
16. Where a ISC Member has missed three consecutive meetings without providing good reason, or in the unanimous opinion of all the other ISC members is not contributing to the function(s) of the ISC, the remaining ISC members can vote to remove that member and request nominations for a replacement. The vote must be unanimous.

Composition:

17. Core Voting Members;
 - a) Chairman of the Wiltshire Pension Fund Committee;
 - b) Vice-Chairman of the Wiltshire Pension Fund Committee;
 - c) An elected Wiltshire Council Member of the Wiltshire Pension Fund Committee as co-opted by the Wiltshire Pension Fund Committee;
 - d) A Member of the Wiltshire Pension Fund Committee as co-opted by the Wiltshire Pension Fund Committee; and
 - e) Any substitutes will be drawn from the members of the Wiltshire Pension Fund Committee.
18. In addition to the core voting membership of four, a further two voting members may be appointed to the ISC. Whilst these two additional members can be drawn from any existing

voting Committee member, they cannot replace the balance provided by the core voting membership. For example, there must always be at least a core member representative from Swindon Borough Council.

19. Non-Voting Members;

- a) Investment Adviser to the Wiltshire Pension Fund Committee;
- b) Independent Governance Adviser to the Wiltshire Pension Fund Committee;
- c) Director of Finance and Procurement, Wiltshire Council;
- d) Head of Pension Fund Investments, Wiltshire Council; and
- e) Head of Pensions Administration and Relations, Wiltshire Council

Voting capacity

- 20. Appointments to the ISC – Nominations made by the Committee will be subject to a motion of existing ISC Members at the next meeting. Where a nomination is not accepted the existing ISC Members should provide a reason to the Committee;
- 21. Scope of purpose and assignment of tasks under the ISC Terms of Reference – All voting will be on the basis of recommendation, or not, to the Committee on an investment matter.
- 22. All voting will be recorded on the basis of a simple majority with the exception of the circumstances detailed in paragraph 16.

Observers

- 23. Any member from the Wiltshire Pension Fund Committee is invited to attend in a non-voting capacity, as relevant to the subject matter;
- 24. The s151 Officer, Head of Pension Fund Investments, other members of the Pension Fund Investments team, Head of Pension Administration and Relations and the Fund Governance and Performance Manager are invited to attend, as relevant to the subject matter.

Knowledge & Understanding

- 25. ISC Member training will be in accordance with the Members training plan as outlined in the Governance Compliance Statement;
- 26. In accordance with FCA – MiFID II – Directive 2014/65/EU and European Securities and Markets Authority Regulations the Fund is classed as a professional client. All Members including their substitutes will therefore be required to maintain their knowledge and understanding to an appropriate standard. This will be achieved by;
 - a) Undertaking relevant training and development and keeping a record that such training has been undertaken;
 - b) Annually self-certifying their competence in accordance with the European Securities and Markets Authority guidelines section V.IV.

Quorum:

- 27. The quorum is three voting members.

Authority:

28. To make recommendations and to discharge the functions of the Wiltshire Pension Fund Committee as outlined in this Terms of Reference.

Frequency of meetings:

29. The ISC shall meet at least twice a year and shall synchronise these dates with the dates of when the main Committee sits.
30. Additional ad hoc formal meetings will be held as merited to fulfil the assigned tasks in terms of opportunistic investments, with informal meetings as required to discuss background issues and seek clarification prior to any Committee decision.

Client Group Representation – Brunel Pension Partnership

31. On behalf of the Wiltshire Pension Fund Committee a representative of the ISC will attend each Brunel Pension Partnership meeting. The representative must be an officer. In the first instance it will be the Head of Pension Fund Investments. In the event of there absence a suitable deputy will be appointed.

Reporting

32. The ISC will report all recommendations to the next ordinary meeting of the Wiltshire Pension Fund Committee, in the form of the minutes of the ISC.

Last updated: November 2020