

## Wiltshire Pension Fund Committee

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**MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 23 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, Mike Pankiewicz, Tracy Adams and Claire Anthony

**Also Present:**

Cllr Nick Botterill and Mark Spilsbury (Local Pension Board Chairman)

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41 **Apologies**

No apologies for absence were received.

42 **Minutes of the Previous Meeting**

The minutes of the meeting held on 2 March 2023 were presented for consideration, and it was,

**Resolved:**

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

43 **Declarations of Interest**

There were no declarations of disclosable interests.

44 **Chairman's Announcements**

The Chairman ratified the election of Cllr Kevin Small as Vice-Chairman.

45 **Review of Actions arising from previous meetings**

The Committee received the recommendations from the Local Pension Board, which would be considered under the relevant agenda items.

The Committee reviewed the list of ongoing actions.

46 **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, and it was,

**Resolved:**

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

47 **Public Participation**

No statements or questions were submitted.

48 **Final valuation report**

The Committee received a presentation by Barry Dodds (Hymans Robertson) regarding the final valuation report and review of the process, including the level of data quality. The presentation covered the following matters, including but not limited to, an update on the 2022 Actuarial Valuation exercise, how assumptions had been used to predict what appropriate contribution rates would look like, that the sign off process was on track for the deadline of 31 March 2023, how the reported funding level had remained a similar level. Other elements included a discussion of the reconciliation of funding level, with investment returns higher than expected, an outline of the assumptions used as well as the consideration of climate change and the importance of the Rates and Adjustment Certificate.

The Chairman thanked Barry Dodds for his presentation.

After the presentation, the following questions and comments were raised by the Committee, including but not limiting to, what the present advice on climate risks was and whether this linked to estimates on profits for certain sectors or for the whole economy. It was clarified that there was no definitive way of modelling and that Hymans had considered the whole perspective rather than solely an investment perspective, modelling 5,000 different scenarios. Further clarity was provided that for the purposes of the project, predictions had been made for 10-20 years in the future as that would be when a lot of pension benefits would be paid out, therefore allowing for a better understanding of the risk involved and how returns might vary.

Further comments were made in relation to the assumptions made on CPI and how these were modelled on a 20-year period, clarity was sought that the spread of primary rates was typical with different membership profiles and that there was not a standout difference between the Wiltshire Pension Fund and others. Additional information was provided about obtaining a pensions assurance letter and that within the report there were some bodies with no secondary rate contributions and that this could be down to the funding level.

At the conclusion of discussion, it was,

**Resolved:**

**The Committee noted the Valuation update provided, including the appendix and that the valuation report would be published.**

**The Committee noted that officers & the Scheme Actuary would distribute the valuation information as required.**

49 **Headlines and Monitoring (HAM)**

Jennifer Devine, Head of Wiltshire Pension Fund, supported by other officers presented the Headlines and Monitoring report. The report included consideration of the risk register, key performance indicators, and other updates to enable the Committee to monitor relevant aspects of the Fund. Information was also provided on the outsourced projects taking place by Hymans and Aon.

An update was provided on the collapse of the Silicon Valley Bank and how this would impact on Pension Funds, with reassurance provided that the Fund had not incurred any wider losses because of the event at this time.

The Committee discussed the risk register, with queries raised that the Committee had been receiving a different version of the register compared to the Board. It was noted that there was a slight difference in focus, with Committee Members wanting to see more strategic risks and that the Board would comment on risk ratings and make recommendations to the Committee. It was suggested that it could be positive if the items in the risk register could be time bound with indications of when risks could be resolved.

There was discussion regarding audit, with it noted that an internal audit had been completed in November 2022, which had seen an improvement from no assurance in March 2022 to limited assurance. Details were provided on the recommendations within the new action log. It was noted that actions with a target date 31 March had been completed and those with a target date of 30 April were nearing completion. Additionally, regarding the approval of the Business Plan, it was suggested that there might be changes to target dates based on the decisions of the committee.

Regarding the training and effectiveness review, which had been conducted by Hymans, Members were thanked were they had completed both reviews. Details were provided of the 2023/2024 training plan for approval of the committee. It was suggested that training should be conducted in an environment separate to that of a meeting.

An update was provided on Regulatory, Legal and Fund matters which had been remodelled in line with the strategic risks of the Fund. It was noted that the Retained EU Law Bill would be considered during 2023 which had a sunset clause at the end of this year. During 2023 all EU laws would be reviewed by ministers, with a view to determining which would be retained or be no longer binding. It was anticipated that up to 4,000 pieces of legislation could affect

pension Fund's and officers would appraise themselves of legislation for consideration that might have an impact on how the pension Fund is run.

At the conclusion of debate, it was,

**Resolved:**

**The Committee:**

**a) Approved the risk register recommendations made by the Board and the officer assessment of risk as presented in the February version of the risk register. Noting the request for time bound resolutions:**

**b) Approve the changes in SWAP Audit target dates, notably Action 7 within that actions log and those adjusted by the approval of the new business plan:**

**c) Deferred to approve the member training plan for 2023/24 (Appendix 7) until further discussions had taken place:**

**d) Approve the proportionate implementation of effectiveness review changes outlined in Hyman's report and 15(i) in the officer report to members.**

50 **Business Plan & Budget 2023/24, plus KPI Improvement Plan**

Jennifer Devine, Head of Wiltshire Pension Fund, presented the latest Fund Business Plan and Budget to Committee for approval. Part of the presentation included details of a revised RI plan and training setting out the approach to the improvement plan and explaining the administration content impacted by the plan.

*The Chairman called the meeting to a break at 11.30am and then resumed at 11.35am.*

The Committee discussed the report and presentation in detail, with the following comments received but not limited to whether the undertaken restructure could risk leading to another backlog, to which it was stated that the structure had been put in place to address issues. Additionally, though there was a risk in having to deal with the workload, the Business Plan aimed to approach objectives into chunks and deal with them in a priority order. Timescales were discussed with it suggested by officers that it would likely be a 2/3-year plan and that potentially this year it might be possible to commit to a time frame once the team was up and running.

The Committee further discussed the need to identify what work was a priority to then reduce KPIs, to which it was acknowledged that a hit squad would be

set up to tackle this issue and clear records with a focus now on completing the higher priority ones. It was suggested that data indicated that there would not be enough resource, with it questioned what this would equate to in people, to which it was stated that Aon had looked at the data and suggested between 6-21 people, however it was strongly believed that at this stage, and additional people would be absorbed in the team and have limited impact. Once efficiencies had been identified and new ways of working embedded, it would be possible to make a more accurate assessment of the resources required.

The Committee queried whether the budget of £3.6million was a realistic figure, to which it was clarified that it may not be, but should the Pension Fund request more money, then there would be a data driven business case for it. Additionally, reference was drawn to the priorities outlined in the report and that it would be positive to know at which point during the foundations stage officers would be able to see the end in sight.

At the conclusion of debate, it was,

**Resolved:**

**The Committee:**

**a) Approved the Business Plan 2023/24, including the actions for the year.**

**b) Approved the Pension Fund budget for 2023/24 shown in Appendix 1 totalling £4.783m (0.16% of total fund value).**

**c) Agreed that a plan would be brought back to the meeting in 6-months' time which would demonstrate timescales.**

51 **Key Financial Controls**

Chris Moore, Investment & Accounting team lead, provided a presentation on Key Financial Controls, including the Budget Monitoring 2022/23 and the corporate recharge arrangements.

The Committee discussed the report in detail, with the following comments received but not limited to that it was inconsistent for the Altair checks on the RAG rating to indicate no material concerns when there were major issues.

Additionally, the Chairman stated that he had been requested to attend the Audit and Governance Committee to discuss the SWAP rating of limited assurance. The Chairman discussed the protocols and procedures of the Audit and Governance Committee with it suggested and agreed that any questions for the Chairman be provided in writing, in advance of the meeting with the questions to also be circulated to the Pension Fund Committee.

At the conclusion of debate, it was,

**Resolved:**

**The Committee agreed to use the report to monitor progress against resolving the issues which have been identified, and the progress made to develop accounting and control improvements.**

52 **Treasury Management Strategy:**

Chris Moore, Investment & Accounting team lead, provided a presentation on the Treasury Management Strategy for 2023/24 which included a report summarising the performance to date during 2022/23.

The Committee discussed the report with clarity sought on the role of the Wiltshire Investment Team and the Investment Manager.

At the conclusion of debate, it was,

**Resolved:**

**The Committee:**

**a) Approved the Treasury Management Strategy.**

**b) Noted the performance by the Council Treasury team to March 2022.**

53 **Divestment Statement**

Jennifer Devine, Head of Wiltshire Pension Fund, presented a paper agreeing a position and statement regarding the topic of divestment. The report featured a proposed revised statement following on from the meeting which took place on 23 March 2023.

The Committee discussed the report, with the following comments received as to whether it would still be possible for the Fund to have a presence in a company with fossil fuel activity, with it noted that the Fund would look at factors for companies such as emissions and scores for climate efficiency. It was suggested that there wasn't an assessment of the financial implications of adopting the statement. Support for the statement was shown with officers thanked for their work following the previous Pension Fund Meeting to clarify the definitions included. Discussion took place regarding the primacy of financial concerns and that it was suggested that this was self-evident and embodied in consultation that took place.

At the conclusion of debate, it was,

**Resolved:**

**The Committee approve the statement and supporting wording on fossil fuel divestment.**

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

54 **Stewardship Report**

Liam Robson, Fund Investment & Accounting Officer presented plans for the draft stewardship report process and submission.

At the conclusion of the discussion, it was,

**Resolved:**

**The Committee agreed that the final report may be submitted to the FRC following circulation via email.**

55 **Committee Forward Work Plan**

It was,

**Resolved:**

**To note the Forward Work Plan.**

56 **Date of Next Meeting**

The dates of upcoming meetings were confirmed as 15 June 2023 and 13 July 2023.

57 **Urgent Items**

There were no urgent items.

58 **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 Minute Numbers 19 - 22 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.**

59 **Minutes of Previous Meeting**

The private minutes of the meeting held on 2 March 2023 were presented for consideration, and it was,

**Resolved:**

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

60 **Local Pension Board minutes (Part II)**

A review of the last Local Pension Board minutes (1 February 2023). The private minutes of the Local Pension Board meeting held on 1 February 2023 were presented for consideration, and it was,

**Resolved:**

**To note the minutes as a true and correct record.**

61 **Departmental Restructure**

Jennifer Devine, Head of Wiltshire Pension Fund, provided an update on the restructure implementation and recruitment.

62 **Brunel Governance Update**

Andy Brown, Corporate Director Resources, Deputy Chief Executive, and Treasurer to the Pension Fund, provided an update on the ongoing Brunel governance arrangements.

(Duration of meeting: 10.00 am - 1.00 pm)

The Officer who has produced these minutes is Ben Fielding - Senior Democratic Services Officer of Democratic Services, direct line 01225 718656, e-mail [Benjamin.fielding@wiltshire.gov.uk](mailto:Benjamin.fielding@wiltshire.gov.uk)

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