



WILTSHIRE PENSION FUND COMMITTEE

MINUTES of a MEETING of the WILTSHIRE PENSION FUND COMMITTEE
held at COUNTY HALL, TROWBRIDGE on THURSDAY 25 MAY 2006.

PRESENT:

Mr KC Wren (Chairman), Mr JA Brady, Miss MF de Rhé-Philipe, Mr AJ Deane, Mr JR Henning, Mr M Hewson, Mr T Jackson, Mr D Moffatt and Mr P Stoddart.

Also in attendance:

Mr K Neale Independent Pensions Advisor

Representing Hymans Robertson

Mr G Henshilwood

Representing Western Asset Management

Mr S Gregory

16. **Minutes of Previous Meeting**

Resolved: To confirm and sign the minutes of the Committee meeting held on 20 February 2006.

17. **Chairman's Announcement** The Chairman reported details of a training seminar entitled *Broadening the Horizons*, organised by Capital Trustee Training and due to be held at the Hilton Hotel, Walcot Street, Bath on 28 September 2006. He commended this seminar to members and noted that the following topics would be considered:-

- Assessing the Investment Manager
- Measuring Portfolio Risk and the Skill of the Manager
- Valuing Companies
- Introduction to SWAPs
- Capital's Investment Process

He suggested that expressions of interest should be sent to the County Treasurer.

18. **Governance Policy Statement and Communication Strategy Statement** On considering a report by the County Treasurer,

Resolved: To approve the following documents:-

- The Wiltshire Pension Fund Governance Policy Statement
- The Wiltshire Pension Fund Communication Policy Statement

19. **Update on Local Government Pension Scheme Regulations** On considering a report by the County Treasurer,

Resolved: To note:-

- (1) the effects of the changes made by the Amendment Regulations, and
- (2) the further discretions available to the County Council as an employing authority, which would be the subject of a separate report to the Staffing Policy Committee.

20. **Admitted Bodies Pool and Cessation Valuations** On considering a report by the County Treasurer, which updated members on the final position that was reached with employers,

Resolved:

- (1) To note the successful conclusion of negotiations with employers in relation to the break-up of the Admitted Bodies Pool.
- (2) To note that there are two employer cessations from the Fund already underway and that a third one is likely in 2007.
- (3) To delegate to the County Treasurer the authority to conclude cessation negotiations with employers insofar as the Fund's Actuary is comfortable with the level of residual risk left with the Fund, otherwise the decision will be brought back to this Committee.

21. **Wiltshire Pension Fund Forward Plan 2006-08** On considering a report by the County Treasurer,

Resolved: To approve the Wiltshire Pension Fund Forward Plan 2006-08.

22. **Proxy Voting Update** On considering a report by the County Treasurer,

Resolved: To confirm that Wiltshire Pension Fund's UK Proxy Voting Policy should be in accordance with the latest PIRC Voting Guidelines, as set out in the Appendix to the County Treasurer's report.

23. Date of Next Meeting

Resolved: To note that the next regular meeting of the Committee would to be held on Wednesday 6 September 2006 at 10.30am but that there would also be held an information session and special meeting on Friday 14 July 2006 to consider future investment strategy.

24. Exclusion of the Public

Resolved: 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. 25 to 28 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.

25. Wiltshire Pension Fund Administration Budget 2005-06 – Outturn Statement On considering a confidential report by the County Treasurer,

Resolved: To note the information set out in the County Treasurer's report on actual spending against the Wiltshire Pension Fund Administration Budget in 2005-06.

26. Quarterly Progress Report Consideration was given to a confidential report by Northern Trust on investment activity and performance of the Fund for the quarter ended 31 March 2006.

Resolved: To note the contents of the report.

27. Investment Strategy and Management Arrangements Consideration was given to a confidential report by the County Treasurer which sought members' initial views on a number of options for the future investment strategy and management arrangements of the Wiltshire Pension Fund.

Resolved:

a) To agree that the County Treasurer gives Northern Trust Global immediate notice of their dismissal as a manager for the Wiltshire Pension Fund, with implementation likely in December 2006.

b) To approve the change of ING Real Estate's benchmark to the HSBC/APUT Balanced Funds Index with immediate effect.

- c) *To agree that the County Treasurer continue discussions with advisors and Western Asset Management about the possibility of unconstrained bond investing.*
- d) *To approve Option 2b, as set out in paragraphs 77 to 82 of the County Treasurer's report, in principle and subject to further research, as the potential way forward for the future investment strategy and management of the Fund and acknowledge that this implies:*
 - *the introduction of currency hedging for part of the Fund's overseas exposure alongside active currency management using 2% of the Fund's assets;*
 - *the introduction of some Equity Long-Short investments for 5% of the Fund;*
 - *a move to a 60% Overseas / 40% UK equity split;*
 - *the introduction of further unconstrained global equity investment for 15% of the Fund's assets, allocated between the Baillie Gifford Global Growth Fund (7.5%) and a new manager (7.5%);*
 - *an increase in the property allocation to 13% of the Fund; and*
- e) *To ask the County Treasurer continue to research these asset classes and approaches with both potential and existing managers and bring back a detailed implementation report to a special meeting of the Committee to be held on 14 July 2006.*

28. **Western Asset Management – Review of Previous Period & Plans for the Future** The Committee considered a report by Western Asset Management which outlined action taken to date and policy for the next period.

Mr S Gregory answered questions concerning the report.

Resolved: *To note the information contained in the report and the investment policy proposals as detailed by Western Asset Management.*

(Duration of meeting: 10.30am – 13.00pm)

The Officer who has produced these minutes is Roger Bishton, Democratic & Members' Services, direct line (01225) 713035 or e-mail rogerbishton@wiltshire.gov.uk

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