

WILTSHIRE PENSION FUND COMMITTEE

PART 1 MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 21 JUNE 2018 AT THE KENNET ROOM - COUNTY HALL, TROWBRIDGE BA14 8JN.

Present:

Cllr Steve Allsopp, Jim Edney, Cllr Gordon King, Cllr Christopher Newbury, Mike Pankiewicz, Cllr Tom Rounds, Linda Stuart and Cllr Roy While (Vice-Chairman, in the Chair)

Also Present:

Cllr Philip Whitehead

20 Membership

The Committee was advised the following changes had been made to the membership:

Cllr Simon Jacobs was replaced by Cllr Tom Rounds
Cllr Steve Weisinger was replaced by Cllr Tim Swinyard
Cllr Jon Hubbard was replaced as a substitute by Cllr Gavin Grant.

21 Apologies for Absence

Apologies for absence had been received from Cllr Tony Deane, Diane Hall, Tim Swinyard and Stuart Dark.

22 Minutes

Resolved:

To confirm the Part 1 minutes of the meeting held on 15 March 2018

23 Declarations of Interest

Cllr While declared he was a member of the Fund.

24 Chairman's Announcements

There were no Chairman's Announcements.

25 **Public Participation**

There were no members of the public present.

26 **Membership of the Investment Sub Committee**

Resolved:

To ratify the constitution of the Investment Sub Committee in accordance with its Terms of Reference, with the following membership:

Cllr Tony Deane, Cllr Roy While, Cllr Gordon King and Cllr Tim Swinyard.

27 **Minutes and Key Decisions of the Local Pensions Board**

The Committee considered the recommendations arising from the Local Pension Board meeting on 15 March.

Resolved:

To note the minutes and recommendations arising from the Local Pension Board.

28 **Scheme Regulatory and Legal Update**

The Head of Pensions Administration and Relations gave a Scheme, Regulatory and Legal update to the Committee. The update included that consideration of Public Sector Exit Payments was to go to Parliament as a Private Members Bill. Officers advised the LGPS Regulations had been changed in respect of cessation payments and there had been an alignment of the age members could take their benefits. It was highlighted the General Data Protection Regulation was now in force and the Fund was working towards compliance.

Other updates included that Section 13 of the Public Services Act 2013 required GAD to review the funding valuations and employer contribution rates across the LGPS, the results were expected in summer 2018 and it was not anticipated that any concerns would be raised against the Fund. The Scheme Advisory Board (SAB) was considering the impact of academies on LGPS funds in respect of contribution rates and which funds they should be in, and also their impact on fund administration. SAB had three new projects on separation, guidance, and data which were planned for the future and detailed in the report. The Committee heard officers had recently signed a new contract for their administration software which would help the Fund deliver Business Plan priorities.

Resolved:

To note the updates and changes highlighted in the report.

29 **Pension Fund Risk Register**

Officers explained the changes that had been made to the Fund's Risk Register since the last report to Committee. PEN012 'Over-reliance on Key Officers' had been reduced to an amber risk since a number of key officer roles had been filled. PEN020 'Pooling of LGPS assets' remained a red risk due to the significant amount of officer resource that continued to be required to support pooling. A new risk has been added PEN027 'Significant structural change to LGPS Funds or our Fund' in response to the scope of reviews being undertaken by SAB and the on-going environment of shared service and LGPS Fund mergers.

In response to questions, officers advised to mitigate the risks of pooling they were engaging in the Brunel Client Group and were in the process of recruiting a permanent Investment Manager to oversee the transition. Members discussed the current economic environment for academies within the fund, acknowledging academies would likely reduce their support staff over the coming years, therefore reducing the active members in the Fund. It was also probable there would be more Multi Academy Trusts. In respect of GDPR the Fund's Governance and Performance Advisor explained the Fund was a data controller and considered admitted bodies as joint data controllers; information had also been issued to employers about their respective roles in data controlling and processing.

Resolved:

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

30 **Local Pension Board Code of Conduct & Conflict of Interest Policy**

The Head of Pensions Administration and Relations recommended a change to the Local Pension Board Code of Conduct and Conflict of Interest Policy, endorsed by the Board, that it be reviewed every two years, or upon any material change to the relevant guidance and regulations. Questions were raised over the form for registering interests in respect of the following:

- The legal need to declare 'none' where no interests exist
- Whether interests members were legally obliged to declare could be explicitly identified from other requests
- Whether the interests of the member and their spouse, civil partner or cohabitee need be separated

Resolved:

To request the Fund's legal advisors consider the questions raised as detailed above and possible revisions to the document.

31 **Governance Compliance Statement**

The Head of Pensions Administration and Relations advised the Governance Compliance Statement was a legal requirement and would be included in the Fund's Annual Report.

Resolved:

To approve the Governance Compliance Statement.

32 **Internal Audit Report**

The Head of Pensions Administration and Relations advised South West Audit Partnership had given the Fund a 'Reasonable Assurance' audit opinion. Officers had taken action on the recommendations arising from the audit and a statement would be made to confirm when reconciliation work had been completed.

Resolved:

To note the update and attached SWAP Internal Audit Report and recommendations and management's response to these recommendations.

33 **Pension Fund Administration Outturn Statement 2017/18**

The Interim Investment Manager presented the Fund's Outturn Statement, it was explained the variance between planned and actual expenditure was mostly due to higher performance fees for investment managers and actuarial costs. The Actuary had provided additional resource to support the Fund during a period of high staff turnover. It was explained that a national comparison existed and officers could present this to Committee if considered useful.

Resolved:

To note the Administration Outturn Statement and offer to present national comparisons in future reports.

34 **Draft Statement of Accounts**

The Interim Investment Manager explained the production of the Fund's accounts had been a challenge for 2017-18 due to staff changes and the change of custodian as a result of asset pooling. It was considered the Fund

was now well placed for a smoother process the following year as staff were fully trained. The Committee was advised the lead auditor was confident with the Fund's accounts and the audit was expected to go well.

Resolved:

To approve the draft Wiltshire Pension Fund Financial Statements 2017/18, subject to the completion of the audit and to refer the accounts to the Audit Committee to consider as part of the Wiltshire Pension Fund Committee accounts.

To thank officers for their hard work in producing the accounts over a challenging transition period.

35 Investment Strategy Statement

The Committee considered an updated Investment Strategy for the Fund and it was suggested reference to the Flight Path and risk management tools could be made earlier in the document to contextualise details provided. It was also recommended further detail be provided on Brunel Pension Partnership.

Members commented the cover report for the Investment Strategy Statement stated there were no environmental implications of the policy, however the policy itself gave a broad statement on Environment Social and Governance issues and the Fund considered ESG implications as part of its investments.

Resolved:

To approve the 2018 Investment Strategy Statement, subject to amendments to include further detail on Brunel and the Flight Path/risk management; the wording of such amendments to be delegated to officers. And to request the Committee is updated on changes at a future meeting.

To request future cover reports for the Investment Strategy Statement include a statement in respect of ESG issues.

36 Date of Next Meeting

The next meeting was to be held on 20 September 2018.

37 Urgent Items

There were no urgent items.

38 **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 Numbers 39-44 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.

39 **Employer Investment Strategies - Progress Update**

Catherine McFadyen and Barry Dodds from Hymans-Robertson LLP presented on separate employer investment strategies for the Fund.

Resolved:

To endorse the approach set out by Hymans and delegate to officers to implement the proposal and develop a detailed timeline to plan actions for the next four quarters.

To request an update on progress with investment strategies in September and case study examples of the impact on employers of switching out of the main strategy.

40 **Brunel Pension Partnership update**

The Interim Investment Manager gave an update on the progress of Brunel Pension Partnership.

Resolved:

To note the verbal update on the progress of Brunel Pension Partnership.

41 **Investment Quarterly Progress Report**

An update on the Fund's investment performance was provided.

Resolved:

To note the reports and performance of the Fund's investments.

42 **Minutes and Key Decisions of the Investment Sub Committee**

The Committee considered the recommendations arising from the Investment Sub Committee, and noted key decisions in respect of risk management that would link into the investment strategies work led by Hymans.

Resolved:

To note the minutes and key decisions of the Investment Sub Committee held on 7 June 2018.

To recommend an amendment to minute 27 to clarify a reference to investment advisors.

43 **Minutes**

Resolved:

To confirm the Part 2 minutes of the meeting held on 15 March 2018.

44 **Urgent Item**

Representatives from Hymans Robertson and Jim Edney, Independent Advisor, left the meeting due to a conflict of interest.

The Committee was invited to consider the contracts for the Fund's investment adviser, independent adviser and actuary.

Resolved:

To note that officers would make the necessary procurement arrangements for an actuarial contract, and would update the Committee on progress. And to endorse the recommendation that the optimum time be found for the contract to come to an end during the valuation cycle, however to also note that decisions are subject to procurement law.

To note the Investment Advisor contract would be reviewed in 2019, closer to the expiry date of the contract.

To request a proposal on the contract for an Independent Governance Advisor be brought to the next meeting.

(Duration of meeting: 10.30 am - 12.40 pm)

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

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