

## WILTSHIRE PENSION FUND COMMITTEE

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### MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 12 MARCH 2015 AT COMMITTEE ROOM C - COUNCIL OFFICES, MONKTON PARK, CHIPPENHAM, SN15 1ER.

#### **Present:**

Cllr Steve Allsopp, Cllr Tony Deane (Chairman), Cllr Brian Ford, Tony Gravier, Diane Hall, Cllr Charles Howard (Vice-Chair), Cllr Gordon King (Substitute), Mike Pankiewicz, Linda Stuart and Cllr Roy While

#### **Also Present:**

Jim Edney, Joanne Holden

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#### 1 **Membership**

There were no changes to the membership of the Committee.

#### 2 **Attendance of non-members of the Committee**

There were no non-members of Committee present.

#### 3 **Apologies for Absence**

Apologies for absence were received by Michael Hudson, Cllr Sheila Parker and Cllr Mark Packard, who was substituted by Cllr Gordon King.

#### 4 **Minutes**

##### **Resolved:**

**To confirm as a true and correct record minutes of the special meeting held on 3 December 2014 and 11 December 2014.**

#### 5 **Chairman's Announcements**

There were no Chairman's Announcements.

#### 6 **Declarations of Interest**

Cllr Brian Ford declared he was a financial advisor and would participate and vote with an open mind.

## **7 Public Participation and Councillors' Questions**

There were no questions or statements submitted.

The Chairman expressed disappointment in the use of electronic agenda copies to service the meeting.

## **8 Treasury Management Strategy**

The Strategic Pension Manager introduced a report presenting an updated Treasury Management Strategy for 2015-16 for the Committee's approval. A key consideration was that new freedoms in accessing Defined Contributions pension savings would commence in April 2015 and could result in an increase in the number of transfers out of the Local Government Pension Scheme Funds. Members noted that impact these new freedoms would have was currently unknown.

The Committee was advised that strategy officers liaised with the Wiltshire Council's Treasury Management Team to ensure the strategy was appropriate and a separate Treasury Management Strategy for the Wiltshire Pension Fund was in place to ensure no cross-subsidy or co-mingling of funds with Wiltshire Council. Officers advised it was difficult to plan when transfers out of the Fund would be processed as there would be a 3 month guarantee between the applications to withdraw and receiving the funds, applicants could withdraw at any time during this period. The Fund would have the duty in the future to verify its members had sought independent financial advice before withdrawing. The Committee was assured cash balances would be kept under review if there was concern raised over the numbers transferring out of the Fund. Members commented there would be tax implications for those wanting to withdraw.

**Resolved:**

**To approve the Annual Treasury Management Strategy for the Wiltshire Pension Fund.**

## **9 Pension Fund Risk Register**

An update was provided from the Head of Pensions on the Wiltshire Pension Fund Risk Register, three significant changes had been made since the last report to Committee in December 2014: PEN008 Failure to comply with LGPS and other regulations and PEN018 Failure to implement the LGPS 2014 reforms had been reduced in risk from medium to low, however the year end returns from employers would continue to be monitored. PEN019 Establishment of Local Pension Board & Investment Sub-Committee was a new risk which had

been categorised as high while these were being set up in response to this, resources would be kept under review.

The Chairman commented that the Wiltshire Council attitude to risk had been raised by auditors and suggested a consistent approach to risk was needed.

**Resolved:**

- 1. To note the update on the Wiltshire Pension Fund Risk Register and measures taken to mitigate risks.**
- 2. To review the approach to risk at a future date.**

10 **Local Pension Boards and Governance Update**

The Committee received a report on the implementation of a Local Pension Board (LPB), changes to the Fund Governance Compliance Statement and appointments process to the Investment Sub-Committee.

The establishment of a LPB was approved at Full Council on 24 February 2015 and positions now needed to be filled. On 28 January 2015 the final guidance for the Boards had been published, the main changes included that the Chairman of the Board would be non-voting to encourage decision-making by consensus. Additionally, 'relevant experience' required for members had been dropped, members would be required to have the 'capacity' to carry out their duties and to demonstrate a high level of knowledge and understanding of the Scheme and of their role once in post. The concession was made by the Government to overcome a perceived substantial barrier to encouraging nominations.

Members' allowances and expenses would be considered by Full Council in May 2015 following consideration by the Independent Remunerations Panel. It was noted the timing for recruitment before this meeting was tight therefore the Committee suggested that the position of Chairman be advertised without a confirmed level of remuneration, likewise a special meeting of the Independent Remuneration Panel should be called if needed. Members considered there would be much background work required as Chairman of the LPB. A recommendation of £12,000 remuneration was suggested to reflect the commitment necessary from a Chairman, the Committee considered this comparable with other similar positions.

The Committee was updated that recruitment for Employer and Member representatives for the Board was currently underway. The Investment Sub-Committee (ISC) had an expanded role and an overview of its membership was provided. The appointment of Wiltshire Councillor to the ISC would be subject to the rules of political proportionality of the Council, Members agreed it would

be ideal for the co-opted Member of the ISC to be one of the Swindon representatives.

The Chairman invited all members of the Wiltshire Pension Fund Committee who would not be members of the ISC to attend its meetings when appropriate. Projected dates for the LPB, ISC and amended dates for the Wiltshire Pension Fund Committee in the agenda pack were highlighted. Questions were raised over whether a one-year membership for the co-opted member of the ISC would be sufficient. Members were assured that since the member would come from the full Committee they would have sufficient knowledge. A one-year membership would also provide other members of the Committee the opportunity to participate.

As a result of the implementation of the LPB and ISC, the Governance Compliance Statement had been amended, the Committee considered the revised document.

**Resolved:**

- 1. To note the update on the current position in relation to the establishment of Local Pension Board (LPB);**
- 2. To approve the appointment of an additional elected Member and co-opted Member to the Investment Sub-Committee as outlined in paragraph 17 of the report;**
- 3. To approve the revised Governance Compliance Statement outlined in Appendix B of the report;**
- 4. To recommend that the Chairman of the LPB receive a £12,000 allowance and;**
- 5. To recommend that the position of Chairman of the LPB be advertised in advance of a confirmed remuneration.**

**11 Members Training Plans**

The outline for the new Members Training Plan for the next three years was presented to the Committee for consideration, the plan was based on the CIPFA Knowledge & Skills Framework (KSF). In July 2014 the Committee had been requested to undertake a 'Self Assessment' to assist in identifying areas for further development; there had been a 86% return rate from main Committee members which would help to develop the training plan in the future.

An overview of the current training plan was provided and it was confirmed that members of the LPB would also have to undergo training. The handbook for Committee members would be kept up-to-date and some members expressed

interest in receiving it electronically. The Chairman encouraged 'training passports' to also be developed for staff members.

**Resolved:**

**To approve the Member's Training Plan.**

12 **Wiltshire Pension Fund Administration 2014-15 Budget Monitoring**

An update was provided on the projected outturn of the Wiltshire Pension Fund Budget. It was highlighted that in 2014/15 there had been an underspend of £351,000 which would be invested back into the Fund. The Committee was updated that the Data Analyst roles had been filled, this had taken some time as they were specialist roles.

**Resolved:**

**To note the update on the Pension Fund Administration Budget 2014-15.**

13 **Wiltshire Pension Fund Administration Budget 2015-18**

The Head of Pensions outlined the proposed Administration budget for 2015-16 and planned expenditure in 2016-17 and 2017-18. It was explained the 2015-16 budget showed an increase of £700,000, largely due to increased fees from investment managers as asset values increased. The Fund's 'controllable' budget was predicted to be £2.132m, a £61,000 increase.

The Committee commented the establishment of LPBs would put pressure on the budget as it would require additional resource. The officer confirmed it was not clear how much resource would be required to support the LPB and this would have to be kept under review once it was operational.

Members had the opportunity to ask questions during which it was confirmed that the difference between the 2014/15 and 2015/16 administration budget was largely due to a change in the redemption profile of investments. The Committee was updated that the Pension Fund database software would be re-tendered this year and that strategies to manage liability risks would be examined in future years.

**Resolved:**

- 1. To approve the Pension Fund Administration Budget for 2015-16 totalling £9.510m.**
- 2. To note the indicative budget allocations for 2016-17 and 2017-18.**

14 **Date of Next Meeting**

It was noted the next ordinary meeting of the Committee would be held on 25 June 2015.

15 **Urgent Items**

There were no urgent items.

16 **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 Item Numbers 17 – 18 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 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.**

17 **Investments Quarterly Progress Report**

Confidential reports updating the Committee on the performance of the Fund's investments as to the end of December 2014 were circulated. The Committee considered the future need to discuss the method of valuing liabilities in response to the rising value of index-link guilds.

**Resolved:**

**To note the two investment reports and the update provided by officers and advisers at the meeting.**

18 **Investec - Formal Review of the Emerging Market Multi-Asset Fund**

Members considered the confidential Annual Report from Investec and verbal report provided at the meeting. The report included details of the current management of the firm, its mandate, exposure in the portfolio and an overview of performance.

The Committee then had the opportunity to ask questions.

**Resolved:**

**To note the confidential report and verbal report provided at the meeting.**

(Duration of meeting: 10.30 am - 1.10 pm)

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