

## WILTSHIRE PENSION FUND COMMITTEE

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### **PART 1 MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 10 DECEMBER 2015 AT SALISBURY ROOM - COUNTY HALL, TROWBRIDGE.**

#### **Present:**

Cllr Steve Allsopp, Cllr Tony Deane (Chairman), Tony Gravier, Diane Hall,  
Cllr Charles Howard (Vice Chairman), Cllr Gordon King (Substitute), Linda Stuart,  
Cllr Steve Weisinger, Cllr Roy While and Cllr Philip Whitehead (Substitute)

#### **Also Present:**

Cllr Bill Moss, Howard Pearce, Barry Reed, Jim Edney, Joanne Holden, Robert Summers  
and Catherine McFadyen

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#### **66 Membership**

There were no changes to the membership of the Committee.

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

Bob Summers (CIPFA), Catherine McFadyen (Hymans Robertson), Howard  
Pearce and Barry Reed (Local Pension Board) were in attendance.

#### **68 Apologies for Absence**

Apologies for absence were received from Michael Hudson (Treasurer to the  
Pension Fund), Mike Pankiewicz, Cllr Mark Packard substituted by Cllr Gordon  
King and Cllr Sheila Parker substituted by Cllr Philip Whitehead.

#### **69 Minutes**

##### **Resolved:**

**To confirm as a correct record the Part 1 minutes of the meeting held on 1  
October 2015.**

#### **70 Declarations of Interest**

There were no declarations of interest.

71 **Chairman's Announcements**

The Chairman advised that the order of agenda was to be changed to allow the item on the 2016 triennial valuation to be considered following the CIPFA Business Services Update.

72 **Public Participation and Councillors' Questions**

There was no public participation.

73 **CIPFA Business Services Update**

A verbal update was provided by Bob Summers (CIPFA Business Services) on current activities and the latest developments and issues within the local Government Pension Scheme (LGPS) sector for the Committee's information. The Committee heard about the current priorities for the CIPFA Pension Panel which included comparing Funds and also measures of manager fees. CIPFA considered that the sustainability of the LGPS was increasingly on the political agenda and being called into question.

The presentation considered which bodies pension funds were currently receiving advice and direction from, the Scheme Advisory Board currently advised however the government minister and the Cabinet office was becoming increasingly influential. The Pensions Regulator (tPR) could advise funds on potential breaches of the law and GAD would review valuations given to Fund's by their actuary. The Government's proposal on asset pooling was discussed, CIPFA queried where the aspirational £25bln total per pool had been drawn from and whether only 6 pooled funds would be permitted nationally. Concerns were also raised over the resource required to set up the pooled funds and the imposition of investment in infrastructure forced upon Funds. It was felt that there should be more emphasis on the improved performance rather than the cost savings that could be achieved by pooling.

The Committee was updated on investment regulations; a best practice guide on investment management costs was available from CIPFA. Members were advised on issues arising from the separation of funds from the local authorities that administered them, a particular issue was the dilution of the role of the S151 officer. The Institute was also concerned with the impact of resource constraints in local authorities affecting the ability of funds to recruit staff in tandem with increasing demand on resource to establish Local Pension Boards.

The Chairman thanked Bob Summers for the informative presentation and agreed that in the current climate the LGPS was high on the political agenda. It was acknowledged that with many changes in the LGPS at present time there was much business for the Committee to consider. Members discussed the flexibility of the pooling of assets.

The Committee thanked Bob for his years of support to the Fund and wished him an enjoyable retirement.

**Resolved:**

**To note the update.**

74 **Exclusion of the Public**

**Resolved:**

**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 number 75 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.**

75 **Triennial Valuation 2016- Actuarial Assumptions**

The Committee considered the proposed approach and key assumptions the Actuary intended to take in relation to the 2016 Valuation.

**Resolved:**

**To note the attached reports and the basis for the key assumptions with reference asset out performance and pay growth to be used at the 2016 Valuation.**

76 **Inclusion of the public**

**Resolved:**

**To include the public in discussions of items numbers 77-89 due to their being no exempt information.**

77 **Update on the Current Governance Consultations**

David Anthony, Head of Pensions, updated on the latest consultation from the Government on investment reform criteria and guidance and the Investment Regulations for the Committee to consider.

The Government was currently exploring asset pooling with a view to saving fees from investment managers and encourage investment in infrastructure.

The Fund was currently considering its response to the consultation and would hold a special meeting of the Committee in the New Year to discuss this.

The independent advisor to the Fund highlighted the need for the Fund to respond to the details of strategic asset allocation remaining with the Fund in the event of pooling. Currently the proposals included that only the decision on allocation between bonds and equities would remain with the Fund.

Members considered that the choice of investments for funds should not be tied to infrastructure but should be based on investments to bring the best return. Managers were currently not attracted to investment in UK infrastructure and the Committee agreed some support from the Government would be needed to encourage this.

**Resolved:**

**To note the update and consultation documents.**

78 **CIPFA Benchmarking Review**

A paper and report was circulated by Catherine Dix, Strategic Pension Manager, which compared the administration performance of the Fund in line with the CIPFA Benchmarking club for Members information.

Key updates included that the total administration cost per Fund member was slightly higher than the CIPFA average and the proportion of active members was similar at around 34%. Wiltshire Pension Fund was slightly higher than average in relation to members joining the scheme, however the Fund appeared to be average on the number of retirements, deaths and other leavers it processed. In terms of staffing, overall costs remained broadly in line and managers were focussing on increasing the level of relevant qualifications in teams. Sickness levels had been higher than industry average due to long term sickness.

**Resolved:**

**To note the report.**

79 **Business Plan Update**

A report updated the Committee on the implementation of actions contained within the Business Plan.

Officers updated on outstanding actions and reassured that these were not business critical. Progress had been hindered by the additional resource needed recently and lower staffing levels, officers were confident that actions would be taken over the next few months.

Action 11, the implementation of regular covenants and risk reviews of employer bodies, was a priority and the Fund was working closely with the Actuary to develop this. Action 14, the implementation of Bi-annual Performance Reporting, would be brought to a future meeting of the Committee and the Local Pension Board, the newly appointed Fund Development Manager would progress this.

**Resolved:**

**To note the updated position of the actions completed from the Business Plan to date.**

80 **Pension Fund Risk Register**

Members considered an update on the Wiltshire Pension Fund Risk Register. Three new risks had been added: LGPS Asset Pooling, Implementation of the Public Sector Exit Cap and Guaranteed Minimum Pension Reconciliations. The Committee heard that an Employer Relations Manager had been appointed.

It was considered that there was now increased pressure on member and officer time to digest and produce reports to the Committee. The Committee agreed that this should be added to the Risk Register and officers should make more use of web links where possible to reduce the length of paperwork at meetings.

**Resolved:**

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

**To add the expansion of business items at Committee to the Risk Register.**

81 **Internal Audit Report**

A report updated the Committee on the actions taken to date on the recommendations within the SWAP internal audit report of the Fund.

**Resolved:**

**To note the updated position of the internal audit action plan.**

82 **Pension Administration Strategy**

A report from the Head of Pensions introduced an updated Pension Administration Strategy for Committee consideration. The strategy set out performance standards and actions to be taken against employers not meeting

expectations. The Strategy was last considered in 2010 and was now due to be refreshed, considering new requirements from tPR. The document had been circulated to employers and a training session would be provided for them, however the updated strategy was not significantly different to the existing policy.

**Resolved:**

**To approve the Wiltshire Pension Fund Administration Strategy.**

### 83 **Administration Authority Discretions**

A report from Craig Payne, Technical & Compliance Manager, proposed an update to the Administration Authorities discretions for Committee consideration. The LGPS regulations dictated and stated the benefits of the pension scheme however the Regulations also provided scope for certain decisions to be made by the Fund or employers, discretions had been permitted since 1997.

The discretions previously agreed by the Committee were still in place however needed to be updated and added to following new LGPS regulations. An overview of the key new and updated discretions was provided and the Committee was invited to ask questions. It was confirmed that under discretion 22 'Whether to suspend an employer's obligation to pay an exit cap payment where they are likely to have active members again' the Fund could delay exit payments to employers without any active members if it was likely that new active members would be joining again. Members considered the limited occasions where discretions on compassionate grounds may be determined by Committee. The Committee discussed the future potential for late contributions from employers and were advised that interest could be added to late contributions.

**Resolved:**

**To approve the updated Discretions Policy Statement.**

### 84 **Local Pension Board update**

The Committee considered the minutes and recommendations of the Local Pension Board meeting held on 22 October 2015 and the Board's work plan. A notable update from the Board was that Kirsty Cole had resigned her position and a replacement would be recruited. Howard Pearce, Chairman of the Local Pension Board, introduced himself, he was also the Chairman of the Berkshire and Avon Local Pension Boards and hoped to bring knowledge and expertise from other funds.

**Resolved:**

**To note the minutes and recommendations from the Local Pension Board meeting held on 22 October 2015.**

85 **Local Pension Board: Conflict of Interest Policy**

The Committee considered the Code of Conduct and Conflict of Interest Policy of the LPB. The Policy would apply to all members, as currently only the elected member on the Board was subject to such a policy. The policies had been developed in consultation with Hymans Robertson and Legal Services at Wiltshire Council, and had been endorsed by the Local Pension Board.

Questions were raised over whether members would be bound by confidentiality and it was confirmed that this was implicit in the principles of public life which formed the basis of the code of conduct. Additionally, section 1 of the Code of Conduct had guidance dedicated to this issue and explicitly stated that information provided to a Board member in the course of his or her duties would be confidential and must only be used for the purposes of the Board.

**Resolved:**

**To approve the Code of Conduct and Conflict of Interest policy guidelines.**

86 **Local Pension Board: Breaches Policy**

The Committee was requested to approve the Breaches Policy, recommended by the Local Pension Board, to ensure statutory requirements for reporting now imposed by the Pension Regulator could be met. The Breaches Policy Guidelines set out a framework for the Fund to identify, manage and where necessary report breaches of the law applying to the management and administration of the Fund.

The Committee was asked to consider in particular whether breaches should be reported by the S151 Officer, as recommended in the draft guidelines, or the Monitoring Officer. It was agreed that the S151 officer should be responsible for reporting breaches to tPR since this officer understood the administration of the Fund and already managed the potential conflict of being Treasurer to the Fund as well as S151 officer. Additionally, reports to tPR would usually take legal advice from the Monitoring Officer in addition to the S151 officer. In the event of a material breach of the law, this would be reported to the Head of Pensions, Pension Fund Committee, Local Pension Board, S151 Officer and the Regulator. Members agreed that a summary of the Fund's breaches would be provided in the Annual Report and thereby on the Fund's website. Local Pension Board members had received training on breaches and Committee members were also requested to undertake this

**Resolved:**

**To approve the Breaches Policy Guidelines and recommend adoption for the Wiltshire Pension Fund;**

**To agree that a summary of breaches are published in the Fund's Annual Report and on it's website;**

**To undertake further training on the Breaches Policy as part of Members Training Plan.**

87 **Date of Next Meeting**

The next ordinary meeting of the Committee was to be held on 10 March 2016, however a Special Meeting was expected at the end of January 2016.

88 **Urgent Items**

There were no urgent items.

89 **Exclusion of the Public**

**Resolved:**

**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 90- 93 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.**

90 **Barings- Review of Mandate**

A confidential paper from the Strategic Pension Manager outlined the recent performance of Barings. Representatives from Barings presented to the Committee to outlining their performance over the past 12 months and plans for 2015/16 for the Committee to consider.

**Resolved:**

**To note the report and the update provided by Barings at the meeting.**

**To continue with the Barings DAAF mandate and reaffirm the Committee is content to rely on the current trigger mechanism for future disinvestment should their Fund fall below £1.8bn.**



91 **Minutes**

**Resolved:**

**To approve the Part 2 minutes of the meeting held on 1 October 2015.**

92 **Investment Quarterly Progress Report**

Confidential reports updated the Committee on the performance of the Fund's investments as to the end of September, the minutes and recommendations of the Investment Sub-Committee were also circulated for the Committee's information.

**Resolved:**

**To note the investment reports and updates provided by officers.**

93 **South West Pooling of Investment Assets Update**

The Head of Pensions updated on the proposed pooling of LGPS assets in the South West as a response to the Government's consultation.

**Resolved:**

**To note the update.**

**To request that the feasibility study be circulated to the Committee and the finalised options report be available to the Chairman and Vice-Chairman prior to their meeting on 7 January 2016.**

(Duration of meeting: 10.00 am - 3.00 pm)

The Officer who has produced these minutes is Libby Beale, of Democratic Services, direct line 01225 718214, e-mail [elizabeth.beale@wiltshire.gov.uk](mailto:elizabeth.beale@wiltshire.gov.uk)

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