

WILTSHIRE PENSION FUND COMMITTEE

**PART 1 MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING
HELD ON 28 JUNE 2017 AT THE KENNET ROOM - COUNTY HALL,
TROWBRIDGE BA14 8JN.**

Present:

Stuart Dark, Cllr Tony Deane (Chairman), Cllr Gordon King, Linda Stuart and Cllr Roy While (Vice Chairman)

Also Present:

Mr Jim Edney, Michael Hudson and Cllr Philip Whitehead

28 Membership

The following changes had been made to the membership of the Committee:

- Wiltshire Councillors Simon Jacobs and Christopher Newbury as elected member representatives replaced Sheila Parker and Charles Howard.
- Stuart Dark (Unison) as an Employee Member Observer replaced Tony Gravier.

The Chairman expressed his disappointment that so many apologies had been sent for this meeting.

Resolved:

To note the changes to the membership.

29 Attendance of non-members of the Committee

Cllr Philip Whitehead (Cabinet Member for Finance and IT) was in attendance.

30 Apologies

Apologies were received from Mike Pankiewicz, Sue Eley, Cllr Simon Jacobs, Cllr Christopher Newbury and Cllr Steve Weisinger.

31a Minutes of the Previous Meeting

Resolved:

To confirm the Part 1 (public) minutes of the meeting held on 23 March 2017.

31b Minutes and Key Decisions of the Local Pension Board

The Head of Pensions updated on items discussed at the Local Pension Board meeting on 6 April 2017 including: Key Performance Indicators, the Fund's Communication Strategy and Risk Register. It was explained that the Board had recommended the Fund consider developing a graduate recruitment programme and that this recommendation was being explored by officers. The Board had also reviewed the Fund's dispute resolution process and deferred a decision on whether to purchase indemnity insurance. It was highlighted that a survey reviewing Local Pension Boards was shortly to be released which the Board and the Committee would be able to respond to, overall it was considered that the system worked well in Wiltshire.

Resolved:

To note the Part 1 minutes and recommendations arising from the Local Pension Board meeting held on 6 April 2017

31c Minutes and Key Decisions of the Investment Sub-Committee

The Head of Pensions summarised matters discussed at the Investment Sub Committee in March 2017 including: the quarterly update on investments, equity and Liability Driven Investment (LDI) protection strategies. The Sub Committee had requested further exploration of leverage options for LDI and this would be presented to their next meeting the following week.

The Chairman highlighted the need for the Fund to be aware of the environmental implications of its investing and to invest responsibly.

Resolved:

To note the Part 1 minutes and recommendations arising from the Investment Sub- Committee meeting held on 1 March 2017.

32 Chairman's Announcements

The Chairman advised the Committee that the Strategic Pension Manager was leaving her role to take up employment elsewhere; members wished the officer well in her new role.

The Head of Pensions advised that dates for an LGPS Fundamentals training course had been released and encouraged Committee members to attend.

33 **Declarations of Interest**

There were no declarations of interest.

34 **Public Participation**

There were no members of the public present.

35 **Appointment of the Investment Sub Committee**

Nominations were sought for positions on the Investment Sub Committee in accordance with the Terms of Reference. The Committee Secretary explained that positions were allocated to the Chairman and Vice Chairman of the Committee, one to a Wiltshire Councillor member of the Committee according to the rule of political proportionality, and one to a co-opted member on the Committee. It was noted that there was a long-standing convention that the co-opted member be a Swindon Councillor to represent the second largest employer body within the Fund. Cllr Steve Weisinger, although not present, had confirmed in writing that he could continue in his role on the Sub Committee if required.

Resolved:

To make the following appointments to the Investment Sub Committee as voting members: Cllr Tony Deane, Cllr Roy While, Cllr Gordon King and Cllr Steve Weisinger

36 **SWAP Internal Audit Report**

A report presented the internal audit report on key controls for Members to note; the report had been updated only slightly since it was last reviewed by Committee. It was highlighted that the Fund had been given 'Reasonable Assurance' which was a positive outcome as no major concerns had been identified. Minor issues arising from the Audit were in respect of reconciliations and the Pensions Team were working to address these, including comparing their data to that held by HMRC as part of a GMP reconciliations exercise.

Resolved:

To note the updated SWAP internal audit report.

37 **Pension Fund Administration Outturn Statement 2016-17**

The Head of Pensions presented the Fund's outturn statement for the last financial year which identified that overall the Fund had underspent compared to its projected budget. It was highlighted that the Fund had paid increased fees to investment managers however this was a positive as it was a result of excellent performance by the assets. Other overspends were due to increased cost of actuarial services and establishing Brunel Pension Partnership (BPP). In response to questions, it was confirmed that expenditure to set up BPP would

be recovered overtime as part of projected savings, and that in 2016-17 overspends in some budgets had been offset by savings in investment custodial and related services.

Resolved:

To note the Fund's outturn statement for 2016-17.

38 **Draft Statement of Accounts**

The Committee was presented with the draft Statement of Accounts outlining financial transactions during 2016-17. The Statement of Accounts was to be included in the final Wiltshire Council Statement of Accounts.

Resolved:

To approve the draft Wiltshire Pension Fund Financial Statements 2016-17 for publication, subject to the completion of the audit.

39 **Annual General Meeting Feedback**

The Head of Pensions presented feedback on the Fund's first AGM which had been held on 21 June 2017. The officer advised that an AGM was an opportunity to improve communication with members and was recommended by CIPFA. The attendance from the first AGM had been 25, with a mixture of employer and scheme members present. It was considered that the meeting had been a success and would be promoted further next year with officers aspiring to have 100 attendees present.

The AGM had included presentations from officers, the Actuary, Mercer, Baillie Gifford and had featured an open forum for members to ask questions. The feedback from the event had been very positive, a priority for next year was to work on the balance between items of interest for employers and scheme members. The Treasurer to the Fund suggested that other AGMs in the public and private sector be attended by officers to identify best practice for AGMs. The Fund intended to hold the 2018 AGM in September/October of that year, inline with the finalisation of the Annual Report.

Resolved:

To note the update on the Annual General Meeting.

40 **Pension Fund Risk Register**

The Head of Pensions updated on changes to the Fund's Risk Register. PEN011 'Lack of expertise of Pension Fund Officers & PEN012 'Over-reliance on key officers' had been raised to a red risk despite mitigation action as the Strategic Pension Manager has resigned, meaning a considerable loss of expertise. The Pension team roles were being considered for realignment as a result of this change and also the development of Brunel Pension Partnership.

PEN026 'Impact of MiFid II Regulations' had been added as a risk to reflect the current concerns over the implementation of the regulations which would mean the Fund would be classified as a 'retail' investor. PEN 020 'Pooling of LGPS assets' remained a red risk due to the significant resource required by officers to progress the project to implementation stage.

In response to questions it was confirmed that the structure of the Pensions team would be reviewed in light of the vacancy for Strategic Pension Manager and this was expected to be finalised within 8 weeks. Councillors expressed concern that the Fund was unable to recruit suitable candidates due to the limits of the Wiltshire Council pay structure, officers were confident they would recruit if the jobs were graded at the appropriate level. The Treasurer to the Fund confirmed that salaries were reviewed approximately every 12 months however the flexibility of working and office location were also important to staff and the service had received good responses from the 2017 staff survey. Members questioned whether market supplements could be offered; these could be offered only when there were vacancies in the structure that couldn't be back-filled. Concern was expressed as to the impact of vacancies on the workload of other staff. The Fund's Independent Advisor was impressed that Committee was monitoring staffing and was reassured significant issues could be prevented as a result of this support.

Resolved:

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

41 **Date of Next Meeting**

The next ordinary meeting of the Committee was to be held on 27 September 2017.

42 **Urgent Items**

There were no urgent items.

43 **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 44-47 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.

44 **Brunel Pension Partnership Update**

The Treasurer to the Pension Fund presented proposals to allow the progression of Brunel Pension partnership for Committee consideration.

Resolved:

To

- a) Note the progress of the Brunel Pension Partnership project;**
- b) Agree the approval of the attached legal documents listed below:**
 - i. The Articles of Association**
 - ii. The Shareholders' Agreement**
 - iii. The Services Agreement**
 - iv. Business Plan**
 - v. The Terms of Reference of the Oversight Board**
 - vi. The Terms of Reference of the Client Group**
 - vii. The Terms of Reference of Audit, Risk and Compliance Committee**
 - viii. The Terms of Reference of the Remuneration Committee**
 - ix. The Remuneration Policy**
- c) Agree the delegation to the Associate Director, Finance and Chief Legal Officer in consultation with the Chairman of the Pension Fund Committee to approve any minor amendments prior to final signing;**
- d) Approve the delegation to the Associate Director, Finance to authorise signing and sealing the final legal documents attached relating to the incorporation of Brunel Pension Partnership Limited; as amended in accordance with c) above;**
- e) Agree the shareholder's representatives as outlined in the table in paragraph 24 of the report; and**
- f) The Committee delegates authority to Wiltshire Council's Monitoring Officer and Associate Director, Finance to complete a lease agreement for the lease of a building space in Bristol to be sub-let to BPP Limited on or after 19 July 2017. That is subject to those officers securing a back to back indemnity from the other nine funds engaged in the partnership over this lease to which the Committee delegate authority for Wiltshire Pension Fund to enter.**

45 **Request for Admitted Body Status - Brunel Pension Partnership**

A report presented an application from Brunel Pension Partnership to obtain Admitted Body status within the Wiltshire Pension Fund for the new Local Authority Company.

Resolved:

To approve the applications for the Brunel Pension Partnership Limited to join the Wiltshire Pension Fund, preferably as an Admitted Body, subject to written confirmation that the 10 Founding Funds provide a guarantee to its pension liabilities.

46 **Investment Quarterly Progress Report**

The Committee was updated on the performance of the Fund's investments.

Resolved:

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

47a **Minutes**

Resolved:

To confirm the Part 2 minutes of the meeting held on 23 March 2017.

47b **Minutes and Key Decisions of the Investment Sub-Committee and Local Pension Board**

Resolved:

To note the Part 2 minutes of the meetings of the Investment Sub Committee and Local Pension Board held on 1 March and 6 April 2017.Y

(Duration of meeting: 10.30 am - 12.20 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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