

WILTSHIRE PENSION FUND COMMITTEE

PART 1 MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 23 NOVEMBER 2017 AT THE KENNET ROOM - COUNTY HALL, TROWBRIDGE BA14 8JN.

Present:

Cllr Tony Deane (Chairman), Diane Hall, Cllr Simon Jacobs, Cllr Gordon King,
Cllr Christopher Newbury, Mike Pankiewicz, Linda Stuart and Cllr Roy While (Vice-Chairman)

Also Present:

Mr Jim Edney, Joanne Holden and Barry Reed

71 Membership

There were no changes to the membership of the Committee.

72 Attendance of non-members of the Committee

Catherine McFadyen (Hymans Robertson) and Barry Reed (Local Pension Board member) were in attendance.

73 Apologies for Absence

Apologies for absence were received from Cllr Whitehead and Cllr Weisinger.

74 Minutes

Resolved:

To confirm the minutes of the meeting held on 27 September 2017.

75 Declarations of Interest

The Head of Pensions declared for transparency purposes in respect of items 15 and 16 that he was soon to leave the Fund and become employed by Brunel Pension Partnership.

76 **Chairman's Announcements**

The Committee thanked the Head of Pensions for his hard work supporting the Fund and driving its strong performance over the last 8 years.

77 **Public Participation**

There were no members of the public present.

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

The Head of Pensions updated the Committee on matters considered at the last meeting of the Local Pension Board including: fraud prevention and mitigation measures, the impact of the General Data Protection Regulations (May 2018) on the Risk Register, Key Performance Indicators, the final Audit Report, GMP reconciliations, Annual Benefit Statement exercise and late employer contributions.

The Committee discussed the comments the LPB had made on the Fund's website and agreed it could be more attractive and a self-service portal for members would be a welcome improvement. A discussion on the ability of retired members to use online services was had and it was felt a telephone service should also be available. Members agreed that emails should be used to contact active members as much as possible to reduce printing costs, it was noted that pensioner members were less likely to be computer literate. The Head of Pensions advised that Hymans were to provide and operate a template website in the interim until a bespoke site could be created.

Resolved:

To note the minutes and recommendations of the Local Pension Board meeting held on 18 October 2017.

To support future plans to develop a self-service portal for members on the Fund's website and to recommend a telephone service continues to be offered for customers who are unable to make contact with the Fund online.

To recommend a system be developed requiring new active members of the scheme to opt in to hard copy letters from the Fund, with electronic communication to be the default position.

79 **Scheme, Legal, Regulatory and Fund Update**

The Committee was presented with the latest Scheme, Legal and Regulatory update for the Fund. A key update included the Government Actuaries Department had confirmed a final report, using the 2016 valuation results, was to be published in summer 2018. In general news the Committee heard that auto-enrolment for pension schemes had been updated to an age limit of 16, down from 22 years of age.

Members questioned the impact on the fund of a CPI increase above the assumption made at the Valuation, it was explained this would increase liabilities but shouldn't have a significant impact on cashflow. The Committee was advised the Markets in Financial Instruments Directive II was now a lesser risk for the Fund which was already in the process of achieving 'professional' investor status.

Resolved:

To note the update and changes highlighted within the report.

80 **Pension Fund Risk Register**

A report on the latest risks facing the Fund was presented. Four risks had been downgraded since the last report: PEN026 Impact of MiFiD II Regulations, PEN020 Failure to collect and account for Contributions from Employers on time, PEN010 Failure to keep pension records up-to-date and accurate, PEN011 Lack of Expertise of Pension Fund Officers and Service Director. The Committee was advised a new monitoring process was in place to track and address late contributions and that resource had been provided to manage pension records. Members were updated recruitment was underway to appoint to new Investments Manager and Head of Pensions Administration and Relations roles, and an interim Head of Pensions was in place in advance of the departure of the current Head of Service.

Attention was drawn to three high risks that remained: PEN023 Resources of Officers and Members to Meet the Expansion of Business Items. PEN012 Over-reliance on key officers and PEN020 Pooling of LGPS assets. The officers advised the team had now gone through a restructure to build in future capacity and had recruited to a Systems and Data Manager role. The Chairman reminded the Committee of the importance that members continue to undertake training to keep their LGPS knowledge up-to-date.

Resolved:

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

81 **Date of Next Meeting**

It was noted the next meeting was to be held on 15 March 2018.

82 **Urgent Items**

There were no urgent items.

83 **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 84-90 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.

84 **Individual Employer Investment Strategy and Club Vita Update**

Hymans Robertson updated on the development of bespoke investment strategies for different classes of employer and the outcome of the latest Club Vita longevity review for the Fund.

Resolved:

To note the update from Hymans Robertson on the development of bespoke investment strategies for different classes of employer and the outcome of the latest Club Vita longevity review for the Fund.

85 **Brunel Pension Partnership Update**

A verbal update was provided by the Head of pensions on the progress of the implementation of the Brunel Pension Partnership.

Resolved:

To note the verbal update provided by the Head of Pensions on the progress of Brunel Pension Partnership.

86 **Brunel Pension Partnership Exercising of Shareholder Reserve Matters**

A report outlined two Specific Reserve Matter requests by the Brunel Company which required the approval of the Shareholders. The Treasurer advised he was to present the report and would ask the Head of Pensions to leave the room in the event the Committee felt it was not appropriate he stay due to his imminent

employment within Brunel. The Committee confirmed it was comfortable the Head of Pensions remain in the room in an observer capacity.

Resolved:

To agree the arrangements outlined in paragraph 5 of the report in respect of a Shareholder vote on Special Reserve Matters, namely:

a) When possible decisions will be made at the next full Committee meeting;

b) If this is not possible, a Special Meeting will be called, or the Chairman may exercise delegated authority to cast the Shareholder vote, following consultation with other members.

To agree the Reserve Matter Notice for the amendment to the Business Plan or Operating Model to authorise expenditure (paragraphs 7 to 12 of the report) and to request that, if this funding is used, a report be presented as to why this could not be sourced from savings elsewhere within the budget.

To agree the Reserve Matter Notice to amend the Remuneration Policy or adopting any new or replacement policy, as outlined in the report in respect of recognition awards and reward benefits (paragraphs 16 & 17).

To agree the Reserve Matter Notice to amend the Remuneration Policy or adopting any new or replacement policy, as outlined in the report in respect of maximum Chair and NED Payments per annum (paragraph 15). To request when this matter is reviewed in 1 year this is done with a view to reducing the maximum figure, as part of this process evidence from the Remuneration Committee to justify recommendations is expected.

87 **Investment Strategy Away Day Review: Structured Equity, Liability Driven Investment & Carbon Footprinting Update**

Confidential papers outlined a recommendation from the Investment Sub-Committee which proposed an approach for the further development of Structured Equity Strategy, revised Flight Path and options to utilise Liability Driven Investments, along with a review of the approach to carbon footprinting.

Resolved:

1.

a) To note the proposed approach to Equity Protection and to delegate authority to officers, in consultation with the Chairman and Vice Chairman of the Committee, to progress discussions with advisors and agree all matters in respect of an equity protection strategy, including procurement of this product.

b) That authority be delegated to the Treasurer to allocate funding from the budget to support the provision of Equity Protection.

c) That updates on this approach are regularly provided to the Committee.

2.

a) To note the proposed approach to the Flight Path and LDI and to delegate authority to officers, in consultation with the Chairman and Vice Chairman of the Committee, and advisors to explore Flight Path and LDI options, and associated governance arrangements, to bring a final proposal to a future meeting.

b) To delegate authority to the Treasurer to allocate funding from the budget to support this.

c) That an update on this approach is provided for the next meeting of the Investment Sub Committee.

3. To note the advice on ESG and carbon footprinting and request further communication on these issues be available on the Fund's website.

4. To note the Fund's Investment Strategy Statement will be reviewed in March 2018, including in respect of ESG matters.

88 Investment Quarterly Progress Report

Confidential reports were circulated updating on the performance of the Fund's investments.

Resolved:

To note the performance of the Fund's investments and update provided by Mercers.

89 Minutes and Key Decisions of the Investment Sub Committee

The key recommendations arising from the recent Investment Sub Committee meeting were noted.

Resolved:

To note the minutes and key decisions of the Investment Sub Committee held on 8 November 2017.

90 **Minutes**

Resolved:

To confirm the Part 2 Minutes of the meeting held on 27 September 2017.

(Duration of meeting: 10.30 am - 1.30 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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