

WILTSHIRE PENSION FUND COMMITTEE

DRAFT MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 6 DECEMBER 2012 AT COMMITTEE ROOM A - COUNCIL OFFICES, MONKTON PARK, CHIPPENHAM SN15 1ER.

Present:

Cllr John Brady (Substitute), Mrs Lynda Croft (Associate Member), Cllr Tony Deane (Chairman), Cllr Charles Howard (Vice Chairman), Cllr Des Moffatt, Mr Mike Pankiewicz and Cllr Sheila Parker

Also Present:

Jim Edney and Joanne Holden

114 **Membership**

There were no changes to membership of the Committee to report.

115 **Attendance of Non-Members of the Committee**

None

116 **Apologies for Absence**

Apologies for absence were received from Cllr Fleur de Rhé-Phillipe and Mr Tim Jackson.

Cllr de Rhé-Phillipe was substituted by Cllr John Brady.

117 **Minutes of the Previous Meeting**

The minutes of the meeting held on **14 September 2012** were presented. It was,

Resolved:

To APPROVE as a true and correct record and sign the minutes.

118 **Chairman's Announcements**

Through the Chair, the Committee received an update from the Head of Pensions regarding changes as a result of the Autumn Budget Statement.

It was stated a briefing note for Members with fuller details would be to follow.

119 **Declarations of Interest**

There were no declarations.

120 **Public Participation and Councillors' Questions**

There were no questions or statements submitted.

121 **LGPS Reforms Update**

The Head of Pensions presented a verbal update on the developing status of the Local Government Pension Scheme (LGPS) Reforms, due to be implemented in 2014.

The Committee was informed there were currently two on-going workstreams looking into a new design for the scheme, and the future cost management and governance respectively. It was confirmed the further details on both workstreams had not yet been made available.

It was,

Resolved

To note the update on the LGPS Reforms.

122 **Pension Fund Risk Register**

The Service Director (Finance) presented a report on the Wiltshire Pension Fund Risk Register. It was highlighted that owing to the completion of the staff restructuring of the Pension Team, the risk of 'Lack of Expertise of Pension Fund Officers' had been downgraded.

The Committee then discussed the report. In response to queries regarding staff training and qualifications, it was stated that a review of key officers has been undertaken, and that training for the Benefits team had already begun. It was also stated that there are annual appraisal cycles to identify long term objectives and those officers and teams who require further training to meet those objectives. Training is led by an in-house trainer, who was fully accredited for the role and external resources are used when appropriate.

At the conclusion of debate, it was,

Resolved:

- 1) To note the update to the Pension Fund Risk Register, and;**
- 2) To request an update from the Fund Technical Compliance Manager regarding training for staff.**

123 **CIPFA Business Services Update**

Mr Robert Summers (Chair of CIPFA Pensions Panel and Network) presented a verbal update to the Committee on the latest developments and activities within the Local Government Pension Scheme (LGPS) Sector, raising points including the following.

The CIPFA Pensions Panel continued to promote best practice and respond to government changes, and remained in talks and consultation with HM Treasury over proposals. These included Pension Reform, Fair Deal, Investment Regulations and the Stewardship Code.

The Committee was also informed that a revision of Knowledge Skills Code of Practice would be issued shortly, and the CIPFA Network had produced an online facility for information on LGPSs, with workshops and conferences also available throughout the year.

LGPS Reform 2014: Details on the enabling legislation of the Public Sector Pension Bill (2012) was given, and it was stated that further regulations for consultation were expected to be released very shortly by the Government. These were likely to remain high level with further detail to be issued at a later date. The Pension Regulator is having a key role in drafting the new regulations.

One area within the new regulations is the need for Pensions Boards at local levels to encourage good practice and avoid conflict of interests. Clarity is still to be issued on how these will operate in practice.

The role of the proposed National Pension Board was also discussed, and it was confirmed the draft bill had not yet defined the powers of the proposed board.

The Committee then discussed the update further, querying the inclusion of LGPS Funds with other types of Public Sector Funds, given their different constitution, and that point needed to be emphasized to central government. It was also confirmed in response to queries that the Pensions Bill was scheduled to be fully enacted by Summer 2013.

The Committee were given an update on the development of the Knowledge & Skills Governance framework along with the latest developments in this area.

The Investment Regulations were discussed along with the current consultation of the Investment in Partnerships. The Committee noted that central government should not assume Pension Funds would automatically start to invest more in Infrastructure as it desired, as this might not be the most suitable way to benefit a Fund's particular investors.

At the end of discussion, it was,

Resolved:

- 1) **To thank Mr Summers for providing the Committee with an update, and;**
- 2) **To delegate authority to the Chair and Vice-Chair to consider drafting a letter to all Wiltshire MPs on behalf of the Committee to highlight concerns and key points regarding the treatment of the LGPS within the proposed Pension Reforms.**

124 **Date of Next Meeting**

The Committee noted that the next scheduled meeting of the Committee was **Wednesday 27 February 2013, at The Longleat Room, New County Hall, Trowbridge, Wiltshire, BA14 8JN.**

125 **Urgent Items**

The Chair raised the proposed draft response from the Wiltshire Pension Fund to the LGPS consultation on investment regulations, as seen in the letter attached to these minutes.

The Chair advised he had held meetings with MEPs and MPs about the proposed regulations, and following that suggested the response should be redrafted to emphasise investment in infrastructure should be focused on the security, liquidity of assets and the potential return.

After discussion, it was,

Resolved:

To delegate authority to the Chair and Vice-Chair to confirm a redraft of the response to the consultation on proposed changes to investment regulations in line with the points above.

126 **Exclusion of the Public**

The Committee considered whether it was necessary to conduct the rest of the meeting in private session.

It was,

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 127-130 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.

127 **CIPFA Pension Administration Benchmarking Club Report**

The Head of Pensions presented a report on the CIPFA Pension Administration Benchmarking Club, which compared Wiltshire Council with 62 other Local Government Pension Scheme (LGPS) Authorities, for the financial year 2011-12.

It was noted that for the Wiltshire Pension Fund the total administrative cost per member for Wiltshire was lower than the average, with the full details contained in the confidential report. Communications costs per member are higher than the average reflecting the proactive communication of LGPS reforms and tax relief allowances to members by the Fund.

The Committee were informed the conclusion was that the Wiltshire Pension Fund was broadly in line with other LGPS schemes.

The Committee discussed the report, where room for improvement on the figures in terms of consistency was raised, and the figures for previous years assessed.

After discussion,

Resolved:

To note the update.

128 **Investments Quarterly Progress Report**

The Fund Investment and Accounting Manager presented an investment quarterly progress report, highlighting the performance against the benchmarks for each mandate of the Fund, noting those mandates which were underperforming in the short, medium or long terms.

Joanne Holden (Mercers) then presented a confidential report assessing the performance of the Fund's investment managers, advising which mandates might require closer attention and assessment in future.

The Committee then discussed the report, including the possibility of investments with funds focused in Emerging Markets, and also discussed ethical issues involved in investments.

After discussion, it was,

Resolved:

To note the update and thank Mercers for their report.

129 **Berenberg: Update on Implementation of Dynamic Currency Hedging Programme and Plans for the Future**

Mr Tindaro Siragusano, Mrs Maria Heiden and Mr Matthew Stemp from Berenberg Bank gave a presentation and update on the progress of the Dynamic Currency Hedging Programme, and took questions regarding future plans.

It was,

Resolved:

To thank the representatives from Berenberg Bank for their presentation, and request a future update within a year.

130 **CBRE: Review of 2011-12 and Plans for the Future**

Mr Max Johnson, Mr Alex Bignell and Mr Mark Adcock from CBRE presented a report updating the Committee on the performance of their mandate of the Pension Fund, along with future options for the Committee to consider.

Resolved:

To thank the representatives from CBRE for their presentation, and to request a further update from officers for the Committee on 27 February 2013, to review whether changes need to be considered for this mandate.

(Duration of meeting: 10.35 am - 2.15 pm)

The Officer who has produced these minutes is Kieran Elliott (Democratic Services Officer), of Democratic Services, direct line 01225 718504, e-mail kieran.elliott@wiltshire.gov.uk

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