

WILTSHIRE PENSION FUND COMMITTEE

DRAFT MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 6 MARCH 2014 AT KENNET ROOM - COUNTY HALL, TROWBRIDGE BA14 8JN.

Present:

Cllr Tony Deane (Chairman), Cllr Brian Ford, Cllr Charles Howard (Vice-Chair), Cllr Des Moffatt, Cllr Mark Packard and Cllr Roy While

Also Present:

Mr Jim Edney, Tony Gravier, Joanne Holden and Mike Pankiewicz

11 **Membership**

There were no changes of membership.

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

There were no non-member attendees.

13 **Apologies for Absence**

Apologies for absence were received from Cllr Shelia Parker, Cllr Dick Tonge, Mrs Lynda Croft and Mr Tim Jackson.

14 **Minutes**

The minutes of the meeting held on 4 December 2013 and the special meeting on held on the 24 January 2014 were presented for consideration. It was;

Resolved:

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

15 **Chairman's Announcements**

It was announced that the committee were invited to attend the LGPS Road show following the meeting at 12:15pm.

The Chairman gave feedback following discussions with Claire Perry MP as agreed at minute 99 of the meeting on 4 December 2013, noting there had been would be no changes to the implementation of the new system.

16 **Declarations of Interest**

There were no declarations of interest.

17 **Public Participation and Councillors' Questions**

There were no questions or statements submitted.

18 **Treasury Management Strategy**

The Strategic Pension Manager noted the key points of the strategy and highlighted that there had been no changes made to the Treasury Management Strategy for Wiltshire Pension Fund since last year.

A question was raised asking how often the Money Market accounts were managed and reviewed and it was explained that the accounts were managed by consultants and reviewed regularly. It was noted that more information on the reviews and updates was required by the committee and should be included in the agenda going forward. It was;

Resolved:

To APPROVE the Treasury Management Strategy.

19 **Pension Fund Risk Register**

The Head of Pensions presented the updated Pensions Fund Risk Register, noting there had been 4 changes since the last meeting.

Attention was drawn to items 5 to 8 in the report noting the changes from amber to green. It was mentioned that PEN012 – Over reliance on key officers, had reduced from amber to green reflecting the appointment of the Strategic Pension Manager. A question was raised concerning the change from amber to green and it was explained that the pension team had not been affected by Council wide redundancies and it was a separate budget funded by all the employer bodies in the scheme and as such the risk level was lower than that of the council. It was also mentioned that training for the pension fund committee would be arranged shortly to take place on topics that need to be addressed for the following year.

A question was raised that if employer bodies are increasing then the risk should also increase. It was explained that the additional employers are academies joining the pension scheme and that the liabilities already existed

but had been transferred from the relevant local authority. However, this situation would be monitored. Concerns were raised on the amount of control the pension scheme had on the amount of employers joining the scheme. It was explained that most of the new employers were academies who as Scheduled Bodies had to be allowed to enter the Fund. However, regular reporting to Committee of new entrants would be implemented. It was suggested that early warning systems were needed and tighter controls on payments to ensure organisations do not get behind with their contributions. It was explained that there is a monitoring system in place which follows up regularly with late payers and that in future the Pension Regulator will require disclosure of late payment to them when they become responsible for the LGPS from April 2015.

It was noted that the number of employers had risen from 63 to 133 and that the Fund was currently looking into expanding additional risk controls and employer covenant monitoring to ensure the security of all these employers..

It was;

Resolved:

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

20 **Public Service Pension Act and LGPS Structural Reforms Update**

The Head of Pensions gave a presentation on the Pension Act and LGPS Structural Reforms. He provided background information on the Government's objectives for LGPS structural review and explained it was thought that initially their intentions could be to merge funds in an attempt to reduce deficits. Wiltshire Council's views included that collaboration was working and getting the best results and did not agree on reducing the number of funds would assist in the primary objectives of reducing deficits and improving investment performance.

A shadow scheme board had recently analysed and made recommendation to the Government highlighting that the funds are hard to compare and a format is needed to enable comparison. Attention was drawn to the recommendations that:

- Government should consult on options for reform ASAP.
- The Government by summer 2014, agree a realistic timetable for reform.
- The Board support the Government by a) developing a shortlist of feasible options for managing deficits and b) conducting further research on key options for reform.

It was mentioned that the Government are now waiting for the Hymans Robertson report which is considering 3 options:

- Merging of funds into a fewer number

- National Collective Investment Vehicles
- Regional Collective Investment Vehicle

The latter two would aim to merge assets together to reduce investment fees either on a national or regional basis.

Attention was drawn to the Public Services Pension Act 2013 and the regulatory requirements of public pension schemes. It was noted that the structure of the public pension schemes would change to include a local pension board and that it was a requirement of Wiltshire Council to have a board.

Questions around conflicts of interest on the local pension board was raised and it was mentioned that this was a concern considering that the pension committee where decisions are made, do not mandatorily have to have extensive knowledge and skills in relation to pensions, whereas the local pension board members do require extensive skills but do not make executive decisions. It was suggested that the committee examine existing boards and the models other authorities have taken and an update would be given for the next agenda.

Resolved

That the committee note the updates on the LGPS.

21 **2014 Triennial Valuation Update**

The Head of Pensions gave a verbal update on the employer contribution rates from April 2014 and it was;

Resolved

That the committee note the finalised employer contribution rates for 2014 to 2017.

22 **LGPS 2014 Implementation Update**

The Head of Pensions introduced the item and gave a verbal update drawing attention to the communications strategy and the work the pension's team have carried out to communicate with members and employers. An update was given on where the pension's team was on implementing the LGPS, highlighting the current testing of the software and that everything was on track and should be ready for 2015.

It was suggested by the Committee that the current employee's communications be collated and circulated in a pack Members to see.

23 **Wiltshire Pension Fund Administration 2013-14 Budget Monitoring**

The Strategic Pension Manager introduced the budget drawing attention to the under spend explaining that this had occurred mainly due to lower investment manager fees due to the move to more 'pooled fund' mandates which had reduced the fees.

Following which it was,

Resolved

That the committee note the 2013-2014 Budget Monitoring and thanked the pension team for their work.

24 **Wiltshire Pension Fund Administration Budget 2014-17**

The Treasurer to the pension fund outlined the proposed administration budget for 2014-2015 and the planned expenditure in 2015-2016 and 2016-2017.

Attention was drawn to item 7 on the report highlighting the difficulty of estimating management fees. Although, increased management fees should reflect the good performance by the investment managers.

As a result, it was;

Resolved

That the committee:

A) Approve the Pension Fund Administration Budget 2014-2015

B) Note the indicative budget allocations for 2015-2016 and 2016-2017.

25 **Date of Next Meeting**

It was confirmed that the next regular meeting of this Committee would be held on Tuesday 5 June 2014.

26 **Urgent Items**

There were no urgent items.

27 **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 Minute Number 28 because it is likely that if members of the public were

present there would be disclosure to them of exempt information defined in paragraph 3 of Part 1 of the Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

Paragraph 3 – information relating to the financial or business affairs of any particular person (including the authority holding that information).

28 Investments Quarterly Progress Report

The Strategic Pension Manager reported on the key issues of the Fund's investment performance as at 31 December 2013. It was said to have been a busy period but with good performance.

It was;

Resolved

That the committee note the two investment reports and updates.

29 LGPS 2014 Roadshow

The committee attended the LGPS road show.

(Duration of meeting: 10.30 am - 12.15 pm)

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