



Minutes

Name of meeting	ISLE OF WIGHT PENSION FUND COMMITTEE
Date and time	FRIDAY, 20 MAY 2016 COMMENCING AT 10.30 AM
Venue	COUNCIL CHAMBER, COUNTY HALL, NEWPORT, ISLE OF WIGHT
Present	Cllrs Ivor Warlow (Chairman), Reg Barry, Bob Blezzard, David Eccles, Stuart Hutchinson, Gordon Kendall, Daryll Pitcher
Representatives	Steve Milford, Unison Representative
Independent Advisor	David Morton, Mercer Limited
Fund Managers	David Moylett – Newton Investment Management Ltd Paul Markham – Newton Investment Management Ltd
Officers	Jo Cooke, Pension Fund and Treasury Manager Jo Thistlewood, Technical Finance Manager Marie Bartlett, Democratic Services Officer
Apologies	Christine Shaw, Island Roads

20. Minutes

RESOLVED :

THAT the Minutes of the meeting held on 19 February 2016 be confirmed.

21. Declarations of Interest

Councillors Reg Barry, Bob Blezzard, Gordon Kendall and Ivor Warlow declared an interest as they were contributing members of the Isle of Wight Pension Fund or in receipt of a pension from the fund.

22. Reports of the Technical Finance Manager

(a) Approval of the Governance Compliance Statement year ended 31 March 2016

The Committee was advised that the Governance Compliance Statement had been reviewed and updated for the year ended 31 March 2016. The governance compliance statement shows the extent to which the

Committee's governance arrangements complied with requirements of the Department for Communities and Local Government, the Chartered Institute of Public Finances and Accountancy (CIPFA)/Society of Local Authority Chief Executives (SOLACE) framework and CIPFA best practice guidance.

The fund was considered fully compliant in seven of the nine principles of best practice with two being only partially compliant, namely training and publicity. Actions to improve compliance are being taken. A number of changes had also been made to the statement since the previous year, primarily as a result of the operation of the Pension Board. Pension Board had contributed to the review of the governance statement.

A proposal was made to approve the Governance Compliance Statement and a named vote was taken, the result of which was as follows:

For (7)

Cllrs Reg Barry, Bob Blezzard, David Eccles, Stuart Hutchinson, Gordon Kendall, Daryll Pitcher, Ivor Warlow

RESOLVED:

THAT the governance compliance statement for the year ended 31 March 2016 be approved.

(b) Approval of the Draft Year-end Results

The draft financial results for the Isle of Wight Pension Fund for the year ending 31 March 2016 were provided to the Committee. This included the decrease in net assets of the fund, the investment performance of the four fund managers and the indicative interim funding level at 31 March 2016.

The number of active scheme members had increased due to auto enrolment, although it was not known how many employees opted out after the first payment.

There was a discussion regarding the increased deficit and were advised that the actuaries would consider the deficit as part of the triennial valuation which would form a future report to the Pension Fund Committee.

RESOLVED:

THAT the draft financial results for the pension fund for the year ended 31 March 2016 be noted.

(c) Actuarial Services and Investment Consultancy Services Contracts

The Committee were advised that both contracts would expire at the end of March 2017, and hence a procurement exercise would need to be undertaken for new contracts effective 1 April 2017. The pooling of

investments would not have an impact on the need for these contracts, as each fund would retain responsibilities for its own funding level and investment strategy.

The Committee were told that State Street Global Services (formerly WM Company) had written to notify the fund that they would cease providing performance measurement services, including annual league table data from June 2016. A letter would be sent to them to obtain historic data relating to the fund.

RESOLVED:

THAT the update be noted

(d) Pooling of Investments

Prior to the commencement of the meeting a training session had taken place to update members on the legal structures considered for the ACCESS pool. The Committee were advised that the pool had commissioned a legal firm to provide advice on the options for legal structures available.

The Committee were informed that a report would be presented to full council in June 2016 regarding the pooling of investments, and an additional meeting of the Isle of Wight Pension Fund Committee would be required prior to the finalisation of the ACCESS submission to central government in July 2016.

A proposal was made for the Isle of Wight Pension Fund Committee to meet on 8 July 2016 and for the progression of a report to full council in June 2016, a named vote was taken, the result of which was as follows:

For (6)

Cllrs Reg Barry, Bob Blezzard, David Eccles, Stuart Hutchinson, Gordon Kendall, Ivor Warlow

Abstention (1)

Daryll Pitcher

RESOLVED:

(I) THAT an additional meeting of the Isle of Wight Pension Fund Committee be arranged for Friday, 8 July 2016 to consider the draft submission via the ACCESS group on 15 July 2016.

(II) THAT a report be sent to full council on 15 June 2016.

23. **Items from Audit Committee**

a. Internal Audit Report

The internal audit report had been presented to the Audit Committee in May 2016 and would be discussed at the Pension Board meeting in June 2016, as they were responsible for assuring compliance with governance arrangements.

RESOLVED:

THAT the internal report of the Council's internal audit provider be noted

b. External Audit Plan 2015/16 – Isle of Wight Pension Fund

The Committee was advised that the plan for the audit of the Isle of Wight Council pension fund's account had been presented by Ernst and Young to the Audit Committee in May 2016. The plan outlined the external audit of the pension fund in relation to the current financial year.

RESOLVED:

THAT the content of the auditor's plan for the audit of the pension fund's 2015/16 accounts be noted

24. **Briefings received by Members of the Isle of Wight Pension Fund Committee**

Pooling of Investments

RESOLVED

THAT the briefings be noted.

25. **Fund Manager Presentation – Newton Investment Management Ltd**

An update on the performance of the portfolio held by Newton Investment Management Ltd was provided. The portfolio was valued at £172 million at the end of March 2016.

They were six and a half years into the tenure and believed that the previously experienced 12% per annum growth was unlikely to continue due to the volatility of markets, although growth was still expected.

The Committee was advised that the tobacco and information technology sectors had been strong, and investments in these areas had done well over the year to 31 March 2016.

The number of stocks held in the portfolio had been reduced over the year to March 2016, to enable more flexibility and greater focus. The global investment market outlook for the next twelve months was considered to be extremely volatile.

RESOLVED:

THAT the presentation be noted

CHAIRMAN