



Minutes

Name of meeting	EXTRA-ORDINARY MEETING OF THE ISLE OF WIGHT PENSION FUND COMMITTEE
Date and time	FRIDAY, 8 JULY 2016 COMMENCING AT 10.00 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, Paul Wilkinson
Employer Representatives	Christine Shaw - Island Roads
Independent Advisor	None
Actuary	None
Fund Managers	None
Officers	Jon Baker, Democratic Services Officer Jo Cooke, Pension Fund and Treasury Management Accountant Jo Thistlewood, Technical Finance Manager
Apologies	Steve Milford, Unison Representative

1. Minutes

Prior to the approval of minutes, the Chair advised that Cllr Daryl Pitcher had resigned his place on the committee with immediate effect.

Members then reviewed the minutes to the previous meeting.

RESOLVED:

THAT the Minutes of the meeting held on 20 May 2016 be confirmed.

2. Declarations of Interest

Cllr Kendall, Cllr Blezzard, Cllr Barry and Cllr Warlow all declared a personal interest as they were either in receipt of a pension from or active contributors to the pension fund.

3. **Public Question Time**

There were no public questions received.

4. **Reports of the Technical Finance Manager**

(a) Pension Investment Pooling

The Technical Finance Manager presented a report which provided the committee with an update on the pooling of investments since the last briefing to the committee on 20 May 2016, and the report to full council on 15 June 2016. It also advised on the current version of the submission due to Department for Communities and Local Government (DCLG) on 15 July 2016, and the covering letter from the elected members of the ACCESS group.

Members were advised that the draft version presented with the meeting papers had been updated for internal consistencies. Whilst the content was unchanged, the presentation had been made easier to read.

The committee were requested to approve in principle the content and information contained with the submission, with a view to allowing the Isle of Wight Council Pension Fund to sign the submission as part of the ACCESS group, following agreement with the Chair and the Section 151 Officer. The final version would be sent to committee members for their attention.

The intention was that all members of the ACCESS Group would have committee approval by Wednesday, 13 July 2016 to allow the submission to be sent on Friday 15 July 2016 to Government in accordance with the submission deadline.

Committee members were assured that the document was a very thorough and comprehensive paper, it had been analysed in great depth by officers and all the committee chairs, as well as professional advisors from Hymans Robertson.

It was noted that the Pension Fund Committee were granted authority to provide the final decision on the way forward for the pension investment pooling by all members of Full Council on 15 June 2016.

The committee wished it to be placed on record their appreciation to the Chair and the Technical Finance Manager for all the hard work that had been undertaken in getting to the present situation around the pension investment pooling.

Members asked about the implications of moving control from the 'hybrid' Regulated Investment Management Company ("RIMCo") to the Collective Investment Vehicle (CIV). The Technical Finance Manager advised that following various financial and legal guidance, a move to

the CIV vehicle would pose no additional risk and would be separately regulated.

With regard to the possibility of the committee deciding not to approve the submission and withdraw from the ACCESS pool, the implications could result in Central Government forcing the Isle of Wight Council Pension Fund into a pool not of their choosing.

Members were assured that the Isle of Wight Council Pension Fund views would be considered on an equal parity, sharing the same voting powers with the other authorities, irrespective of size.

With regard to the result of the 23 June 2016 EU Referendum and the UK's decision to leave the European Union, members were advised that there was some element of risk. Department for Communities and Local Government officials have indicated that civil servants would review all of the submissions during August 2016 and feedback would be provided. A formal letter was expected in early September 2016, advising either that the department would be content for things to progress (which was the anticipated outcome) or they could advise not to proceed (which was an unlikely prospect).

The Technical Finance Manager concluded by advising that she would meet with the Section 151 Officer on 12 / 13 July 2016 in order to finalise the final version of the submission which would be circulated to all members of the committee. Following this a signed copy by all parties would be appended and submitted.

RESOLVED:

- (i) THAT the progress made on the asset pooling proposal be noted and the submission, be approved.
- (ii) THAT the final submission and covering letter on behalf of the Isle of Wight Council Pension Fund be authorised.
- (iii) THAT the director of finance and Section 151 Officer, in consultation with the chair, be authorised to make any amendments.

Named Vote

For – (6) Cllrs Ivor Warlow, Reg Barry, Bob Blezzard, David Eccles, Stuart Hutchinson, Gordon Kendall

Against – (0)

Abstain – (0)

(b) Spectrum Housing Group

The Technical Finance Manager presented a report which set out the proposals for the continued participation of Spectrum Housing Group (Spectrum) in the Isle of Wight Council Pension Fund (the fund) following a business combination with Sovereign Housing Group (Sovereign).

Members were advised that the former housing associations on the Island (Medina Housing (Medina) and South Wight Housing Association (South Wight)) had, in 2013, each combined with larger groups, following sign off from the former council Managing Director and Section 151 Officer. Medina combined within Spectrum and South Wight joined with Southern Housing Group.

The Spectrum Group was looking to pursue a business combination with Sovereign and confirmation of continued access to the fund was being requested, as was the case in 2013. Following various discussions with key officers and actuaries it was determined that continued participation of Spectrum Housing Group in the Isle of Wight Council Pension Fund was recommended.

It was noted that any new employees starting with Sovereign, even if they were to be working on the Isle of Wight, would not have access to the Pension Fund

RESOLVED:

- (i) THAT the continued participation of Spectrum Housing Group in the Isle of Wight Council Pension Fund, following its combination with Sovereign Housing Group, be agreed.
- (ii) THAT the Technical Finance Manager, in discussion with the director of finance and the fund's actuaries, be authorised to agree the final form of the agreement to allow continued participation

Named Vote

For – (6) Cllrs Ivor Warlow, Reg Barry, Bob Blezzard, David Eccles, Stuart Hutchinson, Gordon Kendall,

Against – (0)

Abstain – (0)

(c) Cessation Planning – Housing Groups

At the meeting of the Pension Fund Committee on 20 November 2015 members agreed that the approach proposed in respect of cessation planning for Spectrum Housing Group and Southern Housing Group (the housing groups), the delegation to the Section 151 Officer to agree

the finalisation of the funding agreement and that a formal report should be made to the next committee meeting prior to the agreement being signed.

Due to resource issues, a formal report had not been presented to members, however the Technical Finance Manager updated the committee advising that the recommendations agreed previously were still applicable. Should the committee be in agreement, the housing groups and their legal representatives would be approached again and requested to redraft the agreement and seek further approval from the council's legal team and actuaries to ensure that security to the fund could be agreed.

Members were assured that as trustees, any decision taken by them would always be in the best interests of the pension fund; however the wider implications to the Island could also be considered, provided that it could be demonstrated there would be no detriment to the beneficiaries of the fund.

Approval for this decision would be required from full council, as any shortfall to the fund arising from this decision would fall to the Council, rather than to the other employers within the fund.

RESOLVED:

THAT the update on the Cessation Planning – housing groups, be noted.

CHAIRMAN