



Committee report

Committee	ISLE OF WIGHT PENSION BOARD
Date	17 JUNE 2020
Title	UPDATE ON ACTIVITIES SINCE LAST MEETING
Report of	TECHNICAL FINANCE MANAGER

EXECUTIVE SUMMARY

1. This report provides an update for members of the pension board on activities since the last board meeting, on 28 January 2020, including some of the impacts of the current Covid-19 pandemic situation on the Isle of Wight Council Pension Fund.
2. Members are asked to note the contents of the report.

ITEMS ARISING FROM MINUTES 28 JANUARY

3. Board were due to meet informally to:
 - (a) review of Reporting Breaches of the Law Policy.
 - (b) identify areas which should be prioritised for training and development.
 - (c) meet with the Technical Finance Manager and Employment Services Lead Officer to informally discuss and agree the definition and recording of breaches and complaints.
 - (d) comment on draft pension fund business plan.
 - (e) review risk register.
4. The board meeting scheduled for 21 April 2020 was cancelled due to Coronavirus and Council decision not to hold any meetings – items scheduled for review did not happen:
 - (a) annual review of Governance Policy
 - (b) annual review of Breaches Policy
 - (c) training session on new terms of reference
 - (d) Governance compliance statement
 - (e) Board annual report
5. Scheduled board training on annual report and accounts for 17 June 2020 has been deferred.

PENSION FUND COMMITTEE MEETINGS

6. At the 14 February 2020 pension fund committee meeting, members received a presentation from Hymans Robertson on the scope for the proposed review of the funding investment strategy.
7. The committee agreed a change in the strategic asset allocation with a ten per cent switch from growth to income assets. A workshop was held after the meeting on different asset classes – slides were circulated to board members on 24 February.
8. At the committee meeting on 13 March 2020, members received a virtual presentation from Hymans Robertson on the results of the triennial valuation as at 31 March 2019.
9. The valuation results report and the updated funding strategy statement were agreed at the meeting. Both reports have subsequently been published on the fund's website www.isleofwightpensionfund.org.
10. The pension fund committee meeting scheduled for 27 May 2020 was cancelled, in accordance with the decision on other Council meetings. The next meeting will be held using Microsoft Teams on Wednesday 22 July.

GOVERNANCE ACTIONS

11. The draft revised terms of reference for the pension board and pension fund committee proposed for inclusion in revised constitution were sent to board members for comment on 12 March 2020. No responses have been received.
12. It was intended that the revised constitution be presented for adoption at the Annual Meeting of the Isle of Wight Council, scheduled for 22 May 2020; however due to the pandemic situation this meeting has been deferred until September.
13. The Council's Monitoring Officer has confirmed that although the revised terms of reference have not yet been formally approved, they do reflect – and more clearly state – the legal position of the Board. It is therefore agreed that pension board meetings are no longer required to be open to members of the public, and can allow some flexibility in their operation.
14. The Technical Finance Manager has been diverted to Covid19 response activity, particularly business rate grants and community support payments, hence very limited activity on pension fund activities for the last two months.
15. Proposed revisions to Governance Policy were circulated to board members on 23 March 2020 for comment. No responses have been received.
16. Very little progress has been made on the completion of the governance compliance statement to 31 March 2020:
 - (a) Knowledge and understanding compliance section circulated to board members on 18 March 2020
 - (b) Still 8 other sections to be completed.

17. Information from external advisers, etc., has been circulated to board and committee members, although not as frequently as before the pandemic situation, due to pressures on workloads.
18. The preparation of the annual report and accounts for the year ended 31 March 2020 continues, in line with the revised timetable agreed by CIPFA and the MHCLG. This will be discussed in more detail as a separate item on this agenda.
19. Board and committee members have been reminded of the importance of completing the National Knowledge Assessment survey. This will be discussed in more detail as a separate item on this agenda.
20. Officers have completed LGA Covid19-related surveys on resilience, cash flow and governance completed. The LGA reports from each of the surveys, annotated with the fund's responses to each question, are attached as appendix 1 to this report.

ADMINISTRATION ACTIVITY

21. This will be covered in more detail during later items on this agenda, but key points to note include:
 - (a) Communication to members via website – key messages posted regularly
 - (b) Employer templates for 2020-21 returns sent out before year end
 - (c) End of year processing progressing very well
 - (d) Administration activity focussed on paying pensioner benefits, including timely processing of retirements and deaths
 - (e) I-connect interface launched for Isle of Wight Council and other employers
 - (f) No employer has sought deferral of contributions as a result of pandemic situation

INVESTMENT ACTIVITY

22. Global investment markets have been very volatile since the end of February 2020.
23. Appendix 2 to this report shows the impact of the market volatility on the value of the fund's investments, which is summarised below:
 - (a) loss of approx. £87 million (13.3 per cent) in market value in the final quarter of 2019-20 (January to March 2020).
 - (b) 31 March 2020 valuation £568.4 million compared to £606.4 million at 31 March 2019 – a fall of 6.3 per cent for the year.
 - (c) Unaudited market value at 31 May 2020 was £624.9 million, an increase of 9.9 per cent since year end.
24. No action has been taken in terms of a change in asset allocation, either as a result of market volatility or arising from the decision to amend the strategic asset allocation taken at the February 2020 committee meeting.
25. Officers have continued to monitor investment markets, including the consideration of reports from investment consultants and fund managers, including ACCESS.
26. The planned transition of UK Equity segregated mandate (Majedie) into the ACCESS pool has been deferred from 11 May to a future date to be agreed.

ACCESS POOLING

27. The Technical Finance Manager has been participating in weekly Officer Working Group Microsoft Teams meetings since 26 March.
28. Two monthly briefing papers have been provided to Joint Committee members.
29. The Joint Committee meeting scheduled for 15 June has been cancelled – a virtual meeting has scheduled for 17 July.

RECOMMENDATION

30. Members are asked to note the activity undertaken since the last pension board meeting.

APPENDICES ATTACHED

31. [Appendix 1](#) – LGA survey reports including Isle of Wight Pension Fund responses
32. [Appendix 2](#) – Draft movement in investment values from December 2019 to May 2020

BACKGROUND PAPERS

33. 14 February 2020 Pension Fund Committee minutes
<https://www.iow.gov.uk/Meetings/committees/IW%20Pension%20Fund/14-2-20/minutes.pdf>
34. 13 March 2020 Pension Fund Committee minutes
<https://www.iow.gov.uk/Meetings/committees/IW%20Pension%20Fund/13-3-20/minutes.pdf>

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