



Minutes

Name of meeting	ISLE OF WIGHT PENSION FUND COMMITTEE
Date and time	FRIDAY, 9 FEBRUARY 2018 COMMENCING AT 10.30 AM
Venue	COUNCIL CHAMBER, COUNTY HALL, NEWPORT, ISLE OF WIGHT
Present	Cllrs Adrian Axford (Chairman), Barry Abraham, Paul Brading, Vanessa Churchman, Andrew Garratt, Ian Stephens
Scheme Member Representatives	Steve Milford, Unison Representative
Employer Representatives	Christine Shaw, Island Roads
Independent Advisor	Jo Holden - Mercers
Governance Consultants	Peter Riedel - Hymans Robertson Ian Colvin – Hymans Robertson
Fund Managers	Ed Chamberlain - Schroders
Pension Board members	Cllr Reg Barry Barbara Milton Paul Wilkinson
Officers	Marie Bartlett, Democratic Services Officer Matthew Collier, Pension/Payroll Lead Officer Jo Cooke, Pension Fund and Treasury Management Accountant Jo Thistlewood, Technical Finance Manager
Apologies	Cllrs Shirley Smart

8. [Minutes](#)

RESOLVED :

THAT the Minutes of the meeting held on [24 November 2018](#) be confirmed.

9. [Declarations of Interest](#)

Councillor Paul Brading declared an interest as his wife paid into the pension scheme.

10. **GMP reconciliation project overview**

Jane Garton from JLT Employee Benefits advised the Committee that following the introduction of the new State Pension, and the end of contracting out in April 2016, every Pension scheme was required to reconcile the guaranteed minimum pension against the records held by HMRC.

An initial analysis of the records held for the Isle of Wight Pension Fund had been completed, and JLT had been procured to carry out the detailed reconciliation work and to liaise with HMRC on behalf of the fund. The Committee noted that this would need to be completed by December 2018, the deadline imposed by central government.

JLT were confident that the timeline would be achieved and that staff would be available to assist if required. Once the project had been completed all records kept by the Pension Fund would be accurate and up to date.

The Committee was informed that a report would be provided to them to advise of any issues that could not be reconciled. The Technical Finance Manager confirmed that GMP reconciliation project updates would be on the agenda for both the Pension Fund Committee and Pension Board meetings.

Regular project meetings had been arranged to keep track of the progress being made and both teams were communicating well. This would also highlight if additional resources would be required.

Concerns were raised regarding the cost and budget for this project and were advised by officers that the Pension Fund would finance the cost of the project which had been procured through the National LGPS framework. The cost would be shown across 2017/18 and 2018/19 fund accounts.

RESOLVED:

THAT the update be noted

11. **Review of Fund Governance – Project overview**

Since the introduction of the Public Service Pensions Act 2013 there had been significant changes which impacted on the governance arrangements. These included the introduction of a local Pension Board and the extension of the Pensions Regulator's powers regarding public service pension schemes.

In light of the increased external focus on governance arrangements, Hymans Robertson LLP had been commissioned to provide guidance and advice.

The Committee was advised that the review would assess the fund against the topics identified by The Pension Regulator, which sought to drive up standards of governance and management in all pension schemes.

During the review officers and members of both the Committee and Board would have the opportunity to discuss their views regarding the governance arrangements. The Pension Board would be provided with a plan and

progress to date at its next meeting. A report would be presented to the Committee in May 2018.

RESOLVED:

THAT a review of the fund's governance, including the indicative timetable and budget be approved.

12. **Governance Policy**

The Committee were advised that the Pension Board had reviewed and revised the governance policy, the Pension Board chairman advised that the board would continue to monitor issues.

The Technical Finance Manager advised that the Policy would be reviewed annually and that the outcomes of the governance review would feed into future updates.

It was noted that the recommendation from the Pension Board was based on a majority vote as not all board members agreed it.

RESOLVED:

THAT the Governance Policy be adopted

13. **Investment Performance**

It was noted that the value of fund investments had increased over the last quarter by £18.5 million, all the fund managers had been generating positive returns although some were not reaching benchmark performance.

The indicative funding level was shown and the committee were advised that this was a roll forward from assumptions made in 2016. This would be re-evaluated as of 31 March 2019. A number of briefings from actuaries would be held in the run-up to the triennial valuation.

One of the fund managers had a performance fee if they outperform their benchmark target over 12 months, this had not been met and therefore a payment would not be made.

Jo Holden from Mercers informed the Committee that there had been a lot of change over the last few days down equities were down by 7% and index-linked gilts had fallen in value since January 2018 by 5%.

Majedie had been a good performer over the course of the contract and had been careful with investments. Newton had underperformed over the last 12 months. Baillie Gifford had recently not done very well although the fund had invested with this fund manager for a diversification of risk. Schroders had done well on both portfolios.

The Committee asked what the value of the investment assets would be had the fund retained a single fund manager, rather than diversifying the portfolio

in 2009; they were advised that the figures could be provided to show what the impact would be.

As part of the triennial valuation review, the fund's investment strategy would be reviewed, having been last looked at in 2016.

RESOLVED:

THAT the update be reported

14. **Fund Manager Reports**

Ed Chamberlain from Schroders provided an update on the performance of the portfolio. The fixed income portfolio had seen positive returns of 4.9%, this was related to interest rates for these. The position of the portfolio in relation to interest rates had led to out performance on the fund. The outlook for bonds was not dissimilar to the previous year.

The property portfolio had given a strong return on commercial property which had outperformed the benchmark. Investment in self storage units was seen to be attractive as demand for these had increased recently.

The Committee questioned the possibility of investors in regeneration areas such as the island, they were advised that the comment would be taken back to the research team and investigated.

RSOLVED:

THAT the update be noted

15. **Issues Log including employer updates**

The Committee had been provided with the issues log for both the Local government Pension Scheme and the Fire Authority Pension Scheme. There had been significant improvement and the logs were being monitored bi-monthly. The relevant issues log was presented to both the Fire Pension Board and LGPS Pension Board meetings.

A brief update on employer issues was given to the Committee, funding from closed academy had been completed and lessons had been learned. Significant progress had been made with housing groups.

RESOLVED:

THAT the update be noted

16. **Training**

Training had been attended by some members of the Committee and other training was expected by others. As part of the governance review there would be a review of knowledge and skills. Training sessions would be

arranged for future meetings. Work with the Pension Board regarding training was underway.

RESOLVED:

THAT the update on training be noted

17. Exclusion of Public and Press

THAT under Section 100(A)(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following items of business, namely minute numbers 18 and 19, are exempt from disclosure by virtue of paragraph 3 of part 1 of Schedule 12A of the Local Government Act 1972 (as amended) as it, “relates to financial or business affairs of any particular person”, (including the authority holding that information). The public interest in maintaining confidentiality is outweighed by the public interest in disclosing it. Disclosing the information could place the Council at risk of legal challenge from individuals or other bodies identified in the report.

18. Update on Procurement

The Technical Finance Manager updated the Committee on procurement projects relating to the Pension Fund.

RESOLVED:

THAT the update be noted

19. ACCESS Pool Update

The Committee was updated on the progress made regarding the ACCESS Pool.

RESOLVED:

THAT the update be noted

CHAIRMAN