

# Minutes

Name of meeting	<b>ISLE OF WIGHT PENSION FUND COMMITTEE</b>
Date and time	<b>FRIDAY 18 MAY 2018 COMMENCING AT 10.30AM</b>
Venue	<b>COUNCIL CHAMBER, COUNTY HALL, NEWPORT, ISLE OF WIGHT</b>
Present	Cllrs Adrian Axford (Chairman), Barry Abraham, Paul Brading, Vanessa Churchman, Andrew Garratt, Shirley Smart, Ian Stephens
Scheme Member Representatives	Steve Milford - Unison Representative
Employer Representatives	Christine Shaw - Island Roads
Independent Advisor	Sam Wreford – Mercers Limited
Governance Consultants	Ian Colvin – Hymans Robertson
Fund Managers	David Moylett – Newton Investment Management Limited (Global Equity) Paul Marcham - Newton Investment Management Limited (Global Equity)
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 Megan Tuckwell - Democratic Services Officer

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1. [Minutes](#)

RESOLVED :

THAT the Minutes of the meeting held on [9 February 2018](#) be confirmed.

2. [Declarations of Interest](#)

Councillor Shirley Smart declared an interest as a member of the Isle of Wight Pension Fund,

Councillor Ian Stephens declared an interest as a member of the LGA Fire Pension Scheme Advisory Board.

Councillor Paul Brading declared an interest as his wife was a member of the Isle of Wight Pension Fund.

**3. Public Question Time**

Mrs S May from Frack Free Isle of Wight asked whether the pension fund intended to review its £43 million investment in fossil fuels. It was clarified that the Technical Finance Manager had responded previously and noted that over the next 12-18 months the fund would review its investment strategy, including considerations of Ethical, Social and Governance (ESG) risks.

Mrs May asked the following supplementary question: Whether this review intended to actively exclude investing in fossil fuels and it was clarified that this would be determined by the investment managers as part of a balanced investment portfolio. It was noted that the public would be welcome to attend an open forum regarding investments.

**4. Draft Year-End Financial Results**

The Technical Finance Manager presented information on the financial results of the fund for the year ended 31 March 2018, and the draft balance sheet at that date. This included information on employers and membership numbers, contributions, investments, and the indicative funding level at year end. Although it had been a quiet year overall, it was noted that there had been 26 instances of late payment of contributions (approximately 0.7% of all contributions due) which arose primarily from smaller employers and included instances where payments may have been late over a weekend. It was advised that the pension administration team were working closely with the employers to address this.

RESOLVED:

THAT the update be noted.

**5. Approval of the Governance Compliance Statement for the Year Ended 31 March 2018**

The committee were presented with the Governance Compliance Statement and report for adoption as recommended by the pension board. The Chairman from the Pension Board acknowledged that the fund had progressed well, including the agreement of revised Terms of Reference. It was noted that there was room for improvement, including development of an administration strategy to outline responsibilities on both the council as administering authority and employers, and a change in focus for the Committee from scrutinising fund managers to the strategic asset allocation of the fund due to pooling arrangements. The committee were advised that the admin team was focused on improving data quality and were addressing historic issues. With regards to timescales, the data improvement plan was scheduled to be completed by December 2018 with a view of holding the cleanest data by 31

March 2019. The launch of the new website is scheduled for the end of May 2018, and it was noted that a knowledge gap had been identified (for both the committee and board) and was to be bridged within 12 months.

**RESOLVED:**

THAT the committee approve the governance compliance statement for the year ended 31 March 2018, and authorise its publication within the annual report and accounts of the fund for the year ended 31 March 2018, and separate publication on the fund's web pages.

**6. GMP Project Update**

The Pension/Payroll Lead Officer provided an update on the highlights from the latest project report and noted progress that had been made.

With regards to data reconciliation, it was advised that 2,400 of the 28,000 discrepancies still remained unresolved, and that the pensions administration team were working with JLT to address this. The admin team were thanked for their work on this.

**RESOLVED:**

THAT the GMP project update be noted.

**7. Procurement Update**

The Technical Finance Manager provided an update on recent procurement activity. The contract for actuarial services had been awarded to Hymans Robertson for a six year period to 2024, with the option to extend for a further year . A request for further competition for investment consultancy services had been issued, with the expectation that the award would be made by July 2018; the contract would be for a five year period ending in 2023, with the option to extend for a further two years.

Discussion was held regarding the value of league tables for investment performance benchmarking, and it was argued that while the data can be useful it does not necessarily show a true reflection of performance as the data can be skewed by small figures. It was proposed that further discussion on this subject be an item on the agenda for the next meeting which was seconded; a vote was taken and fell. A proposal for the Technical Finance Manager to undertake this procurement and commission the benchmarking service was made and seconded; a vote was taken and carried.

**RESOLVED:**

THAT the procurement update be noted.

THAT the Technical Finance Manager procures the investment performance benchmarking service.

**8. Issues Log**

The Technical Finance Manager provided an update on the issues logs for the Local Government Pension Scheme (LGPS) and the Fire Pension Schemes, and it was noted that both had been discussed at length at the relevant pension boards. It was advised that significant progress continues to be made, reflected in the number of issues that had been closed, and that many of those remaining classified as RED had been newly identified.

**RESOLVED:**

THAT the update be noted.

**9. Training Update**

The Technical Finance Manager noted training had been undertaken by committee members and presented a draft statement that would be included in the pension fund annual report for consideration and approval. This prompted discussion regarding training needs and attendance, it was agreed that a range of formats of knowledge acquisition could be categorised under the training umbrella.

**RESOLVED:**

THAT members confirm the publication of the table of committee attendance as presented in paragraph 3 of the report.

THAT members confirm the fund's continued commitment to the Knowledge and Skills policy statements in paragraphs 8 to 13 of the report.

THAT members confirm their acceptance of the training report contained in paragraphs 19 to 30, and suggest other items for inclusion if required.

THAT the draft statements for inclusion in the pension fund annual report are approved.

**10. Investment Performance**

The representative of Mercer Limited provided information on the performance of the funds' investment managers for the financial year ended 31 March 2018. It was noted that Majedie – UK Equity had not reached the benchmark due to a challenging year however this did not indicate a significant concern. Newtons had positioned themselves defensively and had had a disappointing performance in the last quarter. Baillie Gifford had been included as a fund manager in the ACCESS pooling fund.

**RESOLVED:**

THAT the update be noted.

## 11. Fund Manager Presentation

The Fund Managers from Newton Investment Management Limited provided an investment update to financial year end March 2018. It was noted that the initial investment of £82m in August 2009 had grown to over £230m by end April 2018. Four areas of concern were outlined;

- Levels of global debt
- Demographics (aging populations tend to save rather than to spend)
- Disruption (the impact of technological change on many industries)
- Distortion (impact of experimental policies such as ultra-low interest rates)

An overview was provided in relation to US employment figures, and current investments, and it was advised that data that should have been viewed as good news from an economic perspective was taken badly by equity and indeed bond markets. The fund managers advised that they were confident that the portfolio was positioned appropriately for a more volatile environment, with a bias towards stocks that typically had strong balance sheets, stability of earnings, cash generation and low/no debt.

### RESOLVED:

THAT the update be noted.

CHAIRMAN