

Minutes

Name of meeting	ISLE OF WIGHT PENSION FUND COMMITTEE
Date and time	FRIDAY 13 JULY 2018 COMMENCING AT 10.30AM
Venue	COUNCIL CHAMBER, COUNTY HALL, NEWPORT, ISLE OF WIGHT
Present	Cllrs Adrian Axford (Chairman), Paul Brading, Vanessa Churchman, Andrew Garratt, Ian Stephens
Scheme Member Representatives	Steve Milford - Unison Representative
Employer Representatives	Christine Shaw - Island Roads
Fund Managers	Chris Field – Asset Management Limited (UK Equity) Mark Hepburn – Asset Management Limited (UK Equity)
Officers	Matthew Collier - Pension/Payroll Lead Officer Jo Cooke - Pension Fund and Treasury Management Accountant Maisy Green – Democratic Services Officer Claire Sarr – Data Improvement Officer Jo Thistlewood - Technical Finance Manager
Apologies	Cllrs Barry Abraham, Shirley Smart

1. [Minutes](#)

RESOLVED:

THAT the Minutes of the meeting held on 18 May 2018 be confirmed.

2. [Declarations of Interest](#)

There were no declarations of interest, other than those previously declared.

3. [Annual Report and Accounts](#)

The Technical Finance Manager reminded the committee that they had already reviewed and agreed the majority of the contents of the annual report previously.

New information in Appendix F, progress report re ACCESS group pooling, was brought to the attention of the members. The appendix was a joint statement from the 11 funds involved in the ACCESS pool, it detailed the

purpose of the ACCESS pool and how they were compliant with the Government investment pooling agenda.

It was noted that the format of the annual report and accounts was the same as the previous year, however it was confirmed that the format would change next year.

RESOLVED:

THAT subject to the completion of the external audit the committee approved:

- a) The accounts for inclusion in the council's accounts
- b) The annual report and accounts for publication

4. External Audit Progress

The committee were informed that the report would be formally presented to Audit Committee on 30 July 2018 as part of the approval of the council's accounts. There were no audit differences, no matters to be brought to the attention of the committee and no significant control weaknesses.

Members were made aware of two observations by the auditors in terms of the control environment. Although there were no significant issues, it was noted that there had been problems with the membership data, and that there had been correspondence with the Pensions Regulator in terms of knowledge and skills agreements for the board.

RESOLVED:

THAT the update be noted.

5. Governance Review Action Plan

The Technical Finance Manager asked the committee to note the action plan for the delivery of the recommendations arising from the review of the fund's Governance Framework.

Recommendation 7: Administration Strategy:

It was advised that a copy of an administration strategy had been obtained from a neighbouring fund and that council officers would draft a strategy based on the template. It was confirmed that Hymans Robertson would review the draft before it was presented to the board and committee for adoption in October and November respectively.

Recommendation 8: Communications Strategy:

It was advised that Hymans Robertson would draft a communications strategy for the Isle of Wight Pension Fund based on their experience with other funds. The council's internal communications and engagement team would assist in

the review of the strategy and work with Hymans Robertson. The strategy would go to the board and committee for adoption in October and November respectively.

Recommendation 6: Decision making – structure

Members were reminded of the discussions held at the last briefing session on 18 May 2018, when it was agreed that additional full committee meetings to discuss investment business were preferred to the creation of an investment sub-committee.

Additional committee meeting dates, to focus on investment and funding issues, were proposed for 14 September 2018, 11 January 2019 and 5 April 2019. These would be in addition to the currently scheduled committee meetings on 23 November 2018 and 8 February 2019, which would focus on administration and governance business.

Recommendation 1: Clarity of Objectives

The committee were reminded that the last time the investment strategy was changed was in 2009. It was advised that the committee had the chance to seek new investment opportunities through ACCESS. The Governance Review proposed that the committee hold a series of workshops to cover funding and investment objectives, administration and governance objectives, risk appetite and other topics that may arise thereafter. The workshops would be facilitated by external advisors and follow on after the Isle of Wight Pension Fund Committee meetings.

RESOLVED:

THAT all of the additional meetings and proposed workshops be approved.

6. GMP Project Update

The Pension and Payroll Lead Officer informed that the committee that the number of unresolved GMP issues had reduced from 10,000 to 195. There was some additional research that needed to be carried out to reduce the 195, but it was likely that the deadline for December 2018 would be met and that HMRC would have plenty of time to respond.

RESOLVED:

THAT the GMP update be noted.

7. Procurement Update

There had been a lot of procurement activity over the past nine months as the Isle of Wight Pension Fund had retendered most of its contracted services.

It was advised that the Investment Consultancy Service had been awarded to Hymans Robertson, the service had been previously provided by Mercer Limited since 2010.

Members were informed that David Walker had agreed to attend the committee meeting on 14 September 2018 to facilitate the workshop. There would be a work plan and time line detailing the investment priorities.

The data improvement (SWAT Team) project would be undertaken by ITM Limited, the team will look at the historic data up until March 2017. A kick off meeting had been scheduled for Tuesday 17 July 2018 and it was understood that the December 2018 deadline was achievable.

It was confirmed that the fund had procured both Investment Management Cost benchmarking and Investment Performance benchmarking (the league tables). The surveys had been submitted and reports should be due back in September 2018.

It was noted that all contracts would be reviewed annually.

RESOLVED:

THAT the procurement update be noted.

8. Issues Logs – Local Government Pension Scheme (LGPS) and Fire Pension Schemes

The committee were advised that good progress had continued and that issues were being closed on a regular basis. It was confirmed that no new issues had been opened apart from those that had arose from the Governance Action Plan. Seven of the eight red issues currently on the LGPS log were due to the action plan.

The Fire Board review the Fire issues log on a regular basis and were very engaged with making sure the data improvement continues.

RESOLVED:

THAT the issues logs be noted.

9. Training Update

Members of the committee were informed that the Governance Review had recommended the fund have a formal training policy in place. The policy would primarily record the development activities undertaken by committee members, and assess the effectiveness of those activities

The Technical Finance Manager drew attention to several publications which set out the knowledge and understanding requirements for committee members. The CIPFA Knowledge and Skills Framework set out six key areas of understanding for committee members: Legislative and Governance Context, Accounting and Auditing Standards, Procurement and Relationship Management, Investment Performance and Risk, Financial Products and

Markets and Actuarial Markets and Standards. Each of these areas could be covered as part of regular committee meetings, as introductory statements to relevant agenda items.

Members were reminded about the Pension Regulator's online tool kit which consisted of seven modules covering basic background information about public service pensions. It was highlighted that this was not compulsory for committee members but suggested that it would be useful.

RESOLVED:

THAT the training update be noted.

10. Investment Performance

The Investment Performance reporting process with the new investment consultants had not yet been finalised, as Hymans had only recently been appointed. The Technical Finance Manager advised members that the value of the fund's investments was £599.7million at the end of May 2018.

11. Fund Manager Presentation

The committee were advised by the fund managers that performance had improved and that the next 6 months were looking positive. It was suggested that there were trade wars across all markets, but the UK was looking to be an attractive place to invest.

Economies were struggling in emerging markets, but since the UK had decided to exit the EU the economy had done surprisingly well. However more recently there had been a slowing. It was advised that the supermarket sector had become more disciplined, but the telecoms market had been disappointing. It was advised that Centrica shares were now starting to recover.

Members raised concerns and questions about First Group, it was advised by the fund manager that the shareholding had been in place for 6 years. The company had recently appointed a new CEO and since had written off £100m.

The committee members questioned the fund managers about Brexit and whether any of their current investments were at risk. It was noted that over the next few years there would be changes and that Government were likely to have to invest in infrastructure.

The fund managers were questioned about the Tesco merger, it was confirmed that the deal had gone through and that it was operating well. It was suggested that the impact of the Sainsbury / Asda merger would be larger due their buying power.

The fund managers advised the committee that the Quarterly Report was due and that members could access it through the dedicated website. The Technical Finance Manager confirmed receipt of the login details.

RESOLVED:

THAT the fund manager's presentation be noted.

12. Exclusion of Public and Press

Members resolved that the public and press be excluded.

13. Confidential – ACCESS Update

The members were advised that the prospectus for the first investment sub-fund had still not been submitted to the FCA, and were briefed on the reasons behind the delay.

The delay in the launch of the first sub-fund would not have an immediate direct impact on the Isle of Wight Pension Fund but it could create issues within the ACCESS pool.

Members raised concerns about Link, the pool's operator, and it was suggested that Cllr Churchman would raise the committee's frustrations with Link at the next joint committee meeting in September.

RESOLVED:

THAT the update be noted.

CHAIRMAN