

Minutes

Name of meeting	ISLE OF WIGHT PENSION FUND COMMITTEE
Date and time	FRIDAY 15 NOVEMBER 2019, COMMENCING AT 10.30AM
Venue	COUNCIL CHAMBER, COUNTY HALL, ISLE OF WIGHT
Present	Cllrs Vanessa Churchman (Vice Chairman in the Chair), Paul Brading, Andrew Garratt, Clare Mosdell Steve Milford (Employee Rep), Christine Shaw (Employer Rep)
Also Present	Matt Collier, Jo Cooke, Kerry Hubbleday, Jo Thistlewood, Megan Tuckwell, Chris Ward Tracy Bull, Barbara Milton (Board Members), Kevin MacDonald (ACCESS), Peter Summers, David Walker (Hymans Robertson)
Apologies	Cllrs Adrian Axford, Barry Abraham

41. [Minutes](#)

RESOLVED:

THAT the Minutes of the meeting held on 6 September 2019 be confirmed.

42. [Declarations of Interest](#)

No new declarations were received at this stage.

43. [ACCESS Update](#)

The Interim Director of the ACCESS Support Unit provided a presentation ([HERE](#)) which outlined the similarities between the involved funds in the ACCESS pool, alongside the principles, objectives, timeline, tranche summary, shared expenditure, budget, key activities, and the next steps.

Questions were raised regarding scheme member representation on the ACCESS Joint Committee. Cllr Brading reported that he had attended the Joint Committee meeting on 9 September 2019 and had articulated the committee's position to support the inclusion of a maximum of two non-voting scheme member representatives from the 11 constituent funds to sit on the Joint Committee. Following debate, the Joint Committee resolved that there would be no change to the its operation or membership.

RESOLVED:

THAT the update on recent ACCESS activities be noted.

44. Investment Performance Report 2019 - Q3

The fund's investment consultants, Hymans Robertson, provided an update on the fund's investment performance for the period to September 2019. This included a summary historic returns for world markets and capital market outlook, summary of portfolios, managers and performance, and overview of the fund managers, and performance calculation. Members sought clarity over the use of technical language in the report and it was advised that a members development session was planned on asset classes.

Concerns were raised over recent performance of managers and personnel changes, and why this was deemed significant enough to bring to the attention of the committee. It was clarified that such changes can cause disruption, turbulence, and destabilise staffing structures due to the change in skills and experience. Members queried whether the opening of a new Baillie Gifford office in Shanghai had arisen as a result of the trade war between the US and China. It was clarified that Baillie Gifford were increasing their research resource in the area of emerging markets.

RESOLVED:

THAT the review of investment managers performance be noted.

45. Rebalancing Investment Portfolio

The Technical Finance Manager provided an update on the progress with rebalancing the fund's investment portfolio following the decision taken at the Committee meeting on 17 May 2019. It was reported that the portfolio rebalancing was completed by 4 November 2019 and had incurred little transition costs. This had resulted in a positive outcome and the fund was now in line with its existing strategic asset allocation.

RESOLVED:

THAT the action taken to rebalance the fund's investment portfolio be noted.

46. CMA Order – Objectives for Investment Consultants

The fund's investment consultants, Hymans Robertson, provided an overview of the requirements of the Competition and Markets Agency (CMA) order and outlined the proposed objectives to be used by fund, which must be published by 10 December 2019. It was clarified that the references to governance throughout the proposals were in relation to the existing governance of the fund.

Members agreed that the final agreement for the objectives for the fund's investment consultants be delegated to the Director of Finance and Section 151 Officer and Technical Finance Manager, in consultation with the chair and vice-chair of the committee. A report outlining the final agreed objectives (and the process by which their achievement would be monitored) would be presented at the next investment-focused committee.

RESOLVED:

THAT the final agreement of the objectives for the fund's investment consultants be delegated to the Director of Finance and Section 151 Officer and Technical Finance

Manager, in consultation with the chair and vice-chair of the Isle of Wight Pension Fund Committee.

47. [Draft Valuation Results](#)

The fund's actuaries, Hymans Robertson, provided a presentation ([HERE](#)) which outlined the progress made in the triennial valuation as at 31 March 2019, assumptions and whole fund results, the three-step approach to setting employer contributions, and the next steps. The committee noted the process and timetable for completing the valuation which included the agreement of employer contribution rates for the next three years. Questions were raised regarding statistics and the level of salary growth, and discussion took place regarding the impact arising from the McCloud ruling. It was noted that worst case scenario, the full impact of the McCloud remedies may not be apparent until 2063.

RESOLVED:

THAT the draft valuations results be noted.

48. [Investment Strategy Modelling](#)

The fund's investment consultants, Hymans Robertson, presented the initial scoping document which set out the range of investment strategies proposed as part of the high-level review. The aim of the review was to assess the effectiveness of the investment strategy in meeting the fund's long-term objectives and to test potential variations in strategy which may improve the likelihood of achieving those objectives. Concerns were raised regarding cyber security and climate change modelling. It was noted that this had been discussed previously to ensure that investment decisions are conscious and reflective of committee beliefs.

RESOLVED:

THAT the update be noted.

49. [Items Circulated for Members Attention](#)

The committee noted the items circulated for information since the last meeting on 29 August 2019. The Technical Finance Manager advised that work was ongoing behind the scenes and the committee would be updated as required. Members were pleased to note that the fund had won the small fund (under £2.5bn) Award at the LAPF Investment Awards on 19 September 2019.

RESOLVED:

THAT the items circulated for members attention be noted.

50. [Members' Question Time](#)

Cllr Mosdell declared an interest as she had previously worked for the Isle of Wight Council as a Housing Benefit Officer and was a deferred member of the pension scheme.

Cllr Mosdell raised concerns that a UKOG planning application was expected in 2020 (which was currently on the Councils risk register) and sought reassurance that the fund did not have an existing investment in UKOG creating a potential conflict of interest. It was agreed that the investment portfolio would be checked.

Discussion took place regarding the next meeting to be held on 13 December 2019. It was anticipated that quorum difficulties could arise as this was now the morning following the General Election. Advice had been sought from the Monitoring Officer and alternative dates were proposed which would be circulated to members outside of the meeting for consideration and possible rescheduling if required.

CHAIRMAN