



Minutes

Name of meeting	ISLE OF WIGHT PENSION FUND COMMITTEE
Date and Time	WEDNESDAY 24 NOVEMBER 2021 COMMENCING AT 10.00 AM
Venue	COUNCIL CHAMBER, COUNTY HALL, NEWPORT, ISLE OF WIGHT
Present	Cllrs C Jarman (Chairman), C Critchison (Vice-Chairman), V Churchman, W Drew, R Quigley and I Ward
Officers Present	Jo Cooke, Matthew Collier, Jo Thistlewood, Megan Tuckwell Emma Garrett (Hymans Robertson), David Moylett, Paul Markham (Newton Investment Management Limited) Cllr Michael Lilley, Trevor Ould (Local Pension Board)
Apologies	Steve Milford (co-opted)

27. Minutes

RESOLVED:

THAT the Minutes of the meeting held on 28 July 2021 be confirmed.

28. Declarations of Interest

No declarations were received.

29. Public Question Time - 15 Minutes Maximum

No public questions were received.

Cllr Quigley asked a question in relation to a recent media article in relation to the Fund's investment in fossil fuels. It was confirmed that information on the matter was not directly held by the Council and the information was being sought from the relevant fund managers when the article was published. A draft response on the matter has been prepared and was with the Chief Executive for review.

30. Local Pension Board Membership

Consideration was given to the report presented to the Full Council on 17 November 2021 which approved the Board's revised terms of reference and formally made appointments to it.

The Technical Finance Manager provided an update on recruitment activities. It was advised that expressions of interest had been received for both scheme member representatives and the independent chair; details of which had been forwarded to the chairman of the Pension Fund Committee and to the Section 151 Officer for consideration. No external employers had submitted nominations; the Council's Corporate Management Team had been asked to nominate a senior officer to fulfil the other employer role. Formal appointments would be confirmed at the meeting of the Full Council in January 2022. As a result of this the December 2021 meeting of the Board had been postponed to 2 February 2022 when the membership would be confirmed.

RESOLVED:

THAT the report on Local Pension Board membership be noted.

31. Reports from the Local Pension Board:

31a Minutes of the Local Pension Board - 21 July 2021 (Draft)

The Committee received the draft minutes of the meeting of the Board held on 21 July 2021. No comments were made, and the minutes were noted.

RESOLVED:

THAT the minutes of the meetings of the Local Pension Board held on 21 July 2021 be noted.

31b Approval of the Local Pension Board Annual Report 2020-21

The Committee received the Board's annual report 2020-21. It was advised that the report would form part of the pension funds annual report and accounts. No comments or questions were made at this stage.

RESOLVED:

THAT the Local Pension Board's annual report 2020-21 be approved for inclusion in the Pension Fund's annual report.

32. Annual Report and Accounts:

32a Preliminary External Audit Results Report

Consideration was given to the report for the year ended 31 March 2021, as presented to the Audit Committee on 27 September 2021. Questions were raised and clarification was provided with regards to the progress with completion of the audit and the terminology contained within the report.

RESOLVED:

THAT the preliminary external audit results be noted.

32b **Annual Report and Accounts 2020-21**

The Technical Finance Manager presented the annual report and accounts for 2021-22, which would form part of the accounts of the Council which were to be presented to the Audit Committee for approval on 6 December 2021. No questions or comments were made at this stage.

RESOLVED:

- i) THAT the pensions fund's annual report and accounts for the year ended 31 March 2021 be approved.
- ii) THAT the annual report and accounts be published on the pension fund website as soon as possible following the completion of the council's external audit.
- iii) THAT the committee be notified when the annual report is published.

33. **Decision Making Matrix**

The Technical Finance Manager presented the decision-making matrix which had been developed following the output of the development session on held on 7 September 2021. It was proposed that the matrix be adopted as the process to be followed for all future pension fund decisions.

It was noted that the report clearly defined the roles, responsibilities, and the process for decision-making for the Board and Committee. Consideration was given to a joint committee and board development session on the matter once the full Board membership was in place.

RESOLVED:

THAT the decision-making matrix be adopted, and that all future decisions in respect of the fund be considered in line with the responsibilities contained therein.

34. **Risk Register**

The Technical Finance Manager presented the revised risk management policy for the fund. It was advised that the policy was adopted by the committee in December 2019 and the annual review scheduled for December 2020 was delayed due to the Covid-19 pandemic. It was confirmed that a risk register was in development and would be presented to all future meetings of the Board and Committee for consideration. No questions or comments were raised at this stage.

RESOLVED:

THAT the changes to the Risk Management Policy be approved for publication on the fund's website and for inclusion in the fund's annual report and accounts.

35. **Investment Performance and Funding Level:**

35a **Valuation of the Fund's investments as at 30 September 2021**

35b Performance of the Fund's investment assets and indicative funding levels as at 30 September 2021

The Investment Consultant of Hymans Robertson presented the investment performance report for the quarter ended 30 September 2021, which included a summary of market returns, capital market outlook, asset allocation, fund performance, and fund manager performance. Consideration was given to the valuation of the fund's investments as at 30 September 2021.

Questions were raised regarding responsible investment, renewable energy, oil price as an indicator for global growth, and social investment in the property portfolio. It was emphasised that the Committee's fiduciary duty was to the pension scheme members and that specific investment activities were delegated to fund managers.

RESOLVED:

THAT the updates be noted.

36. Report from ESG/RI Working Group

The vice-chairman presented the report which recommended that the terms of reference for the ESG/RI Working Group be agreed, and that the fund joins the Local Authority Pension Fund Forum for the remainder of financial year 2021-22 and for 2022-23. It was confirmed that the working group was not a decision-making body but would make recommendations to the committee for consideration.

RESOLVED:

- i) THAT the notes and actions from the first two ESG/RI working group meetings be noted.
- ii) THAT the terms of reference for the ESG/RI working group be approved.
- iii) THAT the fund's membership of the Local Authority Pension Fund Forum (LAPFF) be approved, and the Technical Finance Manager be authorised to proceed with membership.

37. Legislation / Regulation Update

The Technical Finance Manager provided a verbal update on key legislative, regulatory, and other developments in the LGPS. It was advised that a new minister with responsibility for the LGPS had been appointed; however it was unlikely that progress would be made on the pooling consultation or £95k exit cap at this stage due to the backlogs from the former MHCLG. In relation to climate change activity, it was expected that Government would shortly issue a consultation on climate risk and reporting with a view to introduce new regulations from 1 April 2022. No questions or comments were raised at this stage.

RESOLVED:

THAT the update be noted.

38. **Knowledge and Understanding**

The Technical Finance Manager presented the report which summarised the development activities undertaken by committee members and highlighted forthcoming training events. Committee members were asked to provide information on external training events that they have attended, and to confirm their progress in working through the Pension Regulator's online toolkit. Comments were made with regards to technical jargon, and the support available to Committee and Board members was outlined, including the offer of one-to-one discussions with the Technical Finance Manager.

RESOLVED:

THAT the record of development activities be noted.

39. **Contract Management:**

39a **To note the timetable for the review of significant contracts held by the Fund, and to confirm actions.**

The Technical Finance Manager presented the report which summarised the main contracts held by the fund and outlined the actions required to review each contract to determine whether to renew, extend or replace the providers. No questions or comments were raised at this stage.

RESOLVED:

THAT the update and report be noted.

39b **To consider the Annual Compliance Statement in respect of the CMA's Investment Consultancy and Fiduciary Management Market Investigation Order 2019**

The Technical Finance Manager presented the draft annual compliance statement for the period 10 December 2020 to 9 December 2021. The committee was asked to authorise the chairman to sign the compliance statement to enable it to be submitted before the due date of 6 January 2022. No questions or comments were raised at this stage.

RESOLVED:

- i) THAT the current objectives for the fund's investment consultants, be noted.
- ii) THAT the fund's compliance with the requirements of Parts 3 and 7 of the Investment Consultancy and Fiduciary Management Market Investigation Order 2019 be confirmed.
- iii) THAT the chairman of the Pension Fund Committee be authorised to sign the annual compliance statement after 9 December 2021.
- iv) THAT a report be brought to the February 2022 committee confirming submission of the compliance statement.

Following discussion, the Committee adjourned for a 5-minute comfort break.

40. **Fund Managers Presentation**

The committee received a presentation from Newton Investment Management Ltd regarding the ACCESS global equity portfolio. This included an overview of long-term trends, the world market background, investment performance, performance attribution, Q3/Q4 transactions, portfolio positioning, and responsible investment.

Questions were raised regarding exposure to oil and gas, responsible investments, food production, and water supply. Discussion took place regarding the performance of the small and mid-cap sector and any hedging strategy with regards to political risk.

RESOLVED:

THAT the fund manager's presentation be noted.

41. **Items circulated for Councillors Attention**

The committee noted the items circulated for information since the last meeting. No questions or comments were raised at this stage.

RESOLVED:

THAT the items circulated for attention be noted.

42. **Workplan**

Consideration was given to the workplan for the Committee and Board for the year 2021-22. Attention was drawn to the upcoming development sessions.

RESOLVED:

THAT the workplan be noted.

43. **Members' Question Time**

Cllr Ward raised a question with regards to investment rebalancing and the Technical Finance Manager provided a response.

44. **Exclusion of the Public and Press**

RESOLVED:

THAT the public and press be excluded.

45. **ACCESS Update:**

45a **To consider report from the Joint Committee on 6 September 2021 and to note the matters discussed**

The committee received and noted the report from the ACCESS Joint Committee held on 6 September 2021. No comments or questions were made at this stage.

RESOLVED:

THAT the update be noted.

45b **To consider matters arising from the development session held on 10 November 2021.**

No comments were made at this stage.

45c **To discuss the local response to the request from Unison for scheme member representation on the Joint Committee**

The Technical Finance Manager presented the local response to the request from Unison for scheme member representation on the Joint Committee. The committee were asked to support Unison in recommending that the ACCESS joint committee reconsiders the request.

RESOLVED:

THAT the committee and requests that the attending councillor (Cllr Andre) votes in favour of the request the request for scheme member representation on the ACCESS Joint Committee

CHAIRMAN