



Minutes

Name of meeting	ISLE OF WIGHT PENSION FUND COMMITTEE
Date and Time	WEDNESDAY 25 MAY 2022 COMMENCING AT 10.00 AM
Venue	COUNCIL CHAMBER, COUNTY HALL, ISLE OF WIGHT
Present	Cllrs C Jarman (Chairman), A Garratt (Vice-Chairman), D Andre, V Churchman and C Critchison
Also Present	Leo Atkinson-Goffe, Jo Cooke, Jo Thistlewood and Megan Tuckwell Jack Bladon, Jonathan Snow (Schroders), Emma Garrett (Hymans Robertson), Craig Alexander (Hymans Robertson - Virtual) Neil Cain, Martin Doyle, Liz Kingston, Councillor Michael Lilley, Barbara Milton and Trevor Ould (Local Pension Board)
Apologies	S Milford (Co-opted, Non-Voting), Cllrs P Brading and M Oliver

1. Minutes

RESOLVED:

THAT the minutes of the meeting held on 16 February 2022 be confirmed.

2. Declarations of Interest

No declarations were received.

3. Public Question Time - 15 Minutes Maximum

No public questions were received.

4. Pension Board Update

The chairman of the Local Pension Board advised that the board membership recruitment exercise had been completed following Liz Kingston's appointment as a scheme employer representative (Wootton Bridge Parish Council), and the committee received the draft minutes of the meeting of the Local Pension Board on 6 April 2022. Discussion took place regarding the Boards' comments related to the geographic allocation of the Funds' investments within the context of the Levelling Up agenda.

RESOLVED:

THAT the update from the Local Pension Board be noted.

5. **Employer Update**

The Pension Fund Manager presented the report which provided information on the employers within the Fund; including membership numbers, compliance with data and contribution submission deadlines, changes to employers during the financial year ended 31 March 2022, and future known and potential changes. Discussion took place regarding school academisation and the impact this may have on operational capacity.

RESOLVED:

THAT the information provided on employers within the fund be noted.

6. **Legislation and Regulation Update**

The Pension Fund Manager provided a verbal update on current issues, including consideration of the forthcoming consultation from the Department for Levelling Up, Housing and Communities expected in Autumn 2022 which would cover climate change, pooling, and levelling up. Consultation is also likely to include the replacement of the current CMA order (in respect of setting objectives for consultants) with LGPS regulations, the requirement for funds to take “proper advice” from FCA regulated advisers, the Scheme Advisory Board’s good governance, and the Boycotts, Divestment and Sanctions bill. There was a concern that the 12-week consultation period may fall between scheduled committee meetings and it was therefore suggested that an additional informal meeting be arranged if necessary.

RESOLVED:

- i) THAT the legislation and regulation update be noted.
- ii) THAT an additional informal meeting of the Committee be arranged to consider the consultation from the Department for Levelling Up, Housing and Communities, if necessary.

7. **Knowledge and Understanding**

7a **Knowledge and Understanding Update**

The committee received the record of training and development activities undertaken by committee members since the last meeting, and the Pension Fund Manager provided a verbal update on committee members’ completion of the Pension Regulator’s online toolkit. No comments or questions were raised at this stage, and the update was noted.

RESOLVED:

THAT the knowledge and understanding update be noted.

7b **Vertical Farm Site Visit**

Cllr Churchman provided a verbal update on her recent site visit to a vertical farm and outlined the social and environmental benefits of the long-term investment opportunity with the build of multiple indoor projects to grow short-rooted crops. The Investment Consultant of Hymans Robertson provided information on the Gresham House Specialist Asset Fund, particularly within the context of the Levelling Up agenda. Additional information was requested regarding Gresham House's ESG/RI credentials. Questions were raised regarding the viability of expanding to other projects and genetically modified crops. Additional information on this was requested and it was suggested that the Fund's stance on this matter could be reflected within the investment strategy statement.

RESOLVED:

THAT the update be noted.

8. **Triennial Valuation**

The committee received the update from the Fund's Actuaries at Hymans Robertson on the progress with the triennial valuation, which included a summary of proposed assumptions, the valuation process, why and how set assumptions are set, the financial, longevity and demographic assumptions, reporting the funding level, and decisions and next steps. Questions were raised in relation to employer data collection, morbidity statistic modelling, and the protective pension age.

RESOLVED:

THAT the report and presentation from Hymans Robertson be noted.

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

9a **Investment Assets as at 31 March 2022**

9b **Investment Monitoring Report - Q1 2022**

The Investment Consultant of Hymans Robertson presented the investment performance report for the quarter ended 31 March 2022, which included a summary of market returns, capital market outlook, asset allocation, fund performance, and fund manager analysis. Consideration was given to the fund's investment assets as at 31 March 2022. No questions were raised and the update was noted.

RESOLVED:

THAT the investment performance and funding level be noted.

10. **Fund Manager Presentation:**

10a **Schroder Sterling Broad Market Fund**

The committee received a presentation from Schroders on the Sterling Broad Market Fund (fixed income portfolio), which included a performance summary as of

April 2022, and information on the discrete 10-year performance, performance attribution, evolution of duration exposure and non-government sector allocations, an outlook for Q2 2022, and climate and sustainability reporting metrics. No comments or questions were raised, and the presentation was noted.

RESOLVED:

THAT the fund manager presentation be noted.

10b **Schroders Capital UK Real Estate Fund Performance Summary**

The committee received a presentation from Schroders on the Schroders Capital UK Real Estate Fund (property portfolio) which included an overview of its role in the portfolio, the long-term outperformance track record, key areas of strategic focus, a forecast of total returns, and the approach to sustainable investments. Questions were raised in relation to industrial warehouse assets, responsible investments, and engagement with tenants.

RESOLVED:

THAT the fund manager presentation be noted.

11. **Draft Financial Results 2021-22**

The Pension Fund Manager presented the report which provided an early draft of the financial results for the Fund for the year ended 31 March 2022, including the change in the fund's net assets and change in membership numbers. It was advised that, as a result of resource constraints at the external auditors, the pension fund audit had been significantly delayed and was not due to start until mid-December 2022. This meant that the Fund would not achieve its statutory deadline for publishing its annual report and accounts before 1 December 2022. The committee noted that the breach of the law had been self-reported to the LGA and would be recorded on the breaches log but was not deemed significantly material to report to the Pensions Regulator.

RESOLVED:

THAT the Fund's draft financial results for the year ended 31 March 2022 be noted, and the final year-end position (subject to external audit) be presented to the Committee at its next meeting on 27 July 2022.

12. **Items circulated for Members Attention**

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

RESOLVED:

THAT the items circulated for attention be noted.

13. **Workplan**

To receive and note the workplan for the Isle of Wight Pension Fund Committee and Local Pension Board for the 2022-23 financial year. No comments or questions were raised and the update was noted.

RESOLVED:

THAT the workplan be noted.

14. **Members' Question Time**

Cllr Churchman asked a question in relation to benchmarking. The Investment Consultant advised that all managers have standard benchmarks which are agreed at the time of appointment, and cannot be varied without the committee's express consent..

15. **Exclusion of Public and Press**

RESOLVED:

THAT the public and press be excluded.

Prior to the three-hour point in the meeting, the chairman proposed that the meeting be extended for up to thirty minutes (to allow sufficient time for the remaining agenda items to be considered) under Part 4B(6) (Duration of meetings) of the Council's Constitution.

RESOLVED:

THAT the meeting be extended by up to thirty minutes.

16. **UK Equity Allocation Report (Confidential)**

The committee received a confidential report from the Fund's investment consultants on the UK Equity sub-funds available under the ACCESS pool.

RESOLVED:

THAT the Funds investment consultants be authorised to progress with the next stage of detailed due diligence, and BlackRock to be invited to the next meeting of the Committee in July 2022.

17. **ACCESS Update (Confidential)**

The committee considered the report on recent ACCESS pool activities since the last meeting. Discussion took place regarding the exploration of the pool becoming a signatory to the UK Stewardship Code, and the potential resourcing issues for the local fund. It was agreed that Cllr Andre would raise the matter at the next meeting of the ACCESS Joint Committee.

RESOLVED:

THAT the ACCESS update be noted.

18. **Procurement / Contract Management Update (Confidential)**

The committee received the report on procurement and contract management activities undertaken since the last meeting.

RESOLVED:

THAT the contract management and procurement activity undertaken (since the last report in February 2022) be noted.

19. **Adoption of Pension Fund Risk Register (Confidential)**

Consideration was given to the draft risk register and the process for future reporting.

RESOLVED:

- i) THAT the draft risk register be adopted.
- ii) THAT a summary risk register (showing changes from the previous report) be presented to the committee at each future meeting.
- iii) THAT a detailed report on progress against all “red” risks be presented to the committee at each future meeting.
- iv) THAT the Local Pension Board be asked to maintain oversight of the risk management framework and risk register, to be reported to the committee at each future meeting.

CHAIRMAN