



Minutes

Name of meeting	ISLE OF WIGHT PENSION FUND COMMITTEE
Date and Time	WEDNESDAY 23 NOVEMBER 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, P Brading, V Churchman, C Critchison and I Ward
Co-opted (Non-Voting)	Steve Milford (Scheme Member Representative)
Also Present	Matthew Collier, Jo Cooke, Jo Thistlewood and Megan Tuckwell
	Martin Doyle, Barbara Milton (Local Pension Board), Jason Freeman, James Reynolds (Goldman Sachs), Paula Pickens, Sophie Robinson and Craig Alexander (Hymans Robertson)
Also Present (Virtual)	Emma Garrett (Hymans Robertson), Jeff Houston (Barnett Waddingham)

37. **Apologies and Changes in Membership (If Any)**

No apologies or changes in membership of the committee were received.

38. **Minutes**

RESOLVED:

THAT the minutes of the meeting held on 27 July 2022 be approved.

39. **Declarations of Interest**

No declarations were received.

40. **Public Question Time - 15 Minutes Maximum**

No public questions were received.

41. **Pension Fund Operational Structure Review**

The lead consultant from Barnett Waddingham provided a verbal overview of the process for and progress with the current review of the operational structure for the pension fund. Questions were raised and discussion took place regarding staff recruitment and retention.

RESOLVED:

THAT the verbal update be received and noted.

42. Report from the Local Pension Board

The chairman of the Local Pension Board was in attendance to present the draft minutes of the meeting held on 26 October 2022 and the discussions therein. Attention was drawn to the structure review, cyber risk, and climate change activities. Questions were raised in whether the fund could rely on the cyber security measures of the council; consideration needed to be given to wider aspects for the fund including third-party software providers and data transfers with actuary.

RESOLVED:

THAT the draft minutes of the meeting of the Local Pension Board held on 26 October 2022 be noted.

43. Risk Register

Consideration was given to the revised risk register for the fund, as recommended for adoption by the Local Pension Board. Questions were raised in relation to an incident where access to an assessment tool had been blocked by internal council firewalls and it was confirmed that the matter had been resolved. Clarity was provided around the risk scoring matrix tool. Concerns were raised regarding the combination of the 'key person' risk with that for 'sufficient resources' and it was felt that matters addressing both resilience and capacity should be separated. The team were thanked for the development and maintenance of the document.

RESOLVED:

THAT the revised risk register be adopted, and the Local Pension Board be asked to separate the 'key person' and 'sufficient resources' risks.

44. Communications Policy

Consideration was given to the Communications Policy, for publication on the fund's website, as recommended for adoption by the Local Pension Board. Discussion took place regarding membership numbers and it was confirmed that the Board receive quarterly updates and monitor any changes in membership. Committee members were reminded of the distinction between the council's role as administering authority and employer within the fund; questions about the take-up of membership among the council's employees should be addressed to the council, not the pension committee. Comments were made in relation to information accessibility and consultation with scheme members.

RESOLVED:

THAT the Communications Policy be adopted.

45. **Governance Compliance Statement 2021-22**

The Pension Fund Manager presented the Governance Compliance Statement for inclusion in the annual report and accounts, as recommended for adoption by the Local Pension Board. Attention was drawn to the proposed action plan to address areas of non-compliance, and discussion took place regarding staff capacity and whether there was sufficient resources in place to facilitate the delivery of those actions. Members were assured that support would be sought from other funds and consultants to ensure improvement.

RESOLVED:

THAT the Governance Compliance Statement be approved for publication in the fund's annual report and accounts, and the proposed action plan to address areas of non-compliance be approved.

46. **DLUHC Consultation**

Consideration was given to the fund's proposed response to the DLUHC consultation "Local Government Pension Scheme (England and Wales): Governance and reporting of climate change risks". It was suggested that the ESG/RI Working Group be reconvened to consider the development of the fund's TCFD-compliant reporting processes, with the inclusion of the scheme member representative. No comments or questions were raised at this stage.

RESOLVED:

- i) THAT the proposed response to the consultation be approved for submission.
- ii) THAT the ESG/RI Working Group be reconvened to consider the development of the fund's TCFD-compliant reporting processes.

47. **Knowledge and Understanding Update**

The Pension Fund Manager presented a verbal update on training and development activities undertaken by committee members since the last meeting. Committee members were reminded to complete the recommended training, including the Pension Regulators online toolkit. No comments or questions were raised.

RESOLVED:

THAT the update be noted.

48. **Fund Manager Presentation**

The committee received a presentation and update from Goldman Sachs Asset Management on the Loan Partners IV portfolio, which included a summary of active investments, covid resilience, market opportunities, and a fund profile. Discussion took place regarding investment returns and profits, market exposure in the USA, Russia and China, and oil prices.

RESOLVED:

THAT the presentation from Goldman Sachs Asset Management be noted.

49. Investment Performance and Funding Level

49a Investment assets at 30 September 2022

49b Hymans Robertson Investment Performance Report Q3 2022

The Investment Consultant of Hymans Robertson presented the investment performance report for the quarter ended 30 September 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 30 September 2022. The committee noted the recent market volatility, and attention was drawn to the performance against benchmarks for Majedie/Liontrust. It was proposed that the Investment Consultants be asked to pursue the investment reallocation from Liontrust to Blackrock. Concerns were raised in relation to the exposure to the tobacco industry and it was agreed that the removal of this allocation be explored in due course.

RESOLVED:

- i) THAT the investment performance and funding level be noted.
- ii) THAT the Investment Consultants of Hymans Robertson be authorised to pursue the investment reallocation from Liontrust to Blackrock, with the removal of tobacco exposure to be explored at a later date.

50. Workplan

Consideration was given to the workplan for the Pension Fund Committee and Local Pension Board for the 2022-23 financial year. No comments or questions were raised.

RESOLVED:

THAT the workplan be noted.

51. Items circulated for Members Attention

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

RESOLVED:

THAT the items circulated for attention be noted.

52. Members' Question Time

Cllr Churchman asked an oral question seeking clarification around LDI funds. The Fund's Actuaries and Investment Consultant at Hymans Robertson provided a response.

Following discussion, the committee adjourned for a five-minute comfort break.

53. Exclusion of Public and Press

RESOLVED:

THAT the public and press be excluded.

54. Triennial Valuation

The committee received an update from the Fund's Actuaries at Hymans Robertson on the progress with the triennial valuation, including the whole fund results and employer engagement progress. Discussion took place regarding contribution rates and LGPS fund risks.

RESOLVED:

- i) THAT the presentation, the valuation results for the whole fund, and the process for the finalisation of the valuation (including the process for the circulation and agreement of individual employer results) be noted.
- ii) THAT the draft Funding Strategy Statement, and the process for consultation prior to its adoption, be noted.

55. Strategic Asset Allocation

The committee received the report on the initial results of the modelling in respect of the fund's strategic investment asset allocation.

RESOLVED:

- i) THAT the presentation be noted.
- ii) THAT the committee agree to consider any changes to the strategic asset allocation once the triennial valuation is completed.

56. ACCESS Update

The Pension Fund Manager presented the report on recent ACCESS pool activities since the last meeting. No comments or questions were raised.

RESOLVED:

THAT the update be noted.

57. Procurement / Contract Management Update

57a Procurement and Contract management activity

The Pension Fund Manager presented the confidential update on procurement and contract management activities since the last meeting. No comments or questions were raised.

RESOLVED:

- i) THAT the update be noted.
- ii) THAT the following contract awards be noted; (a) the global custodian contract to Northern Trust Limited, (b) the structure review contract to Barnett Waddingham LLP, and (c) the member tracing services contract to Target professional Services (UK) Limited.
- iii) THAT the extension of the governance consultancy contract for a further 12 months to 1 January 2024 be noted.

57b Annual Compliance Statement in respect of Contract Management

Consideration was given to the annual compliance statement in respect of contract management. No comments or questions were raised.

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 be authorised to sign the annual compliance statement after 9 December 2022 (to be submitted before 6 January 2023), and a report be presented to the Committee at its next meeting in February 2023 confirming it's submission.

CHAIRMAN