



Minutes

Name of meeting	ISLE OF WIGHT PENSION FUND COMMITTEE
Date and Time	WEDNESDAY 24 MAY 2023 COMMENCING AT 10.00 AM
Venue	COUNCIL CHAMBER, COUNTY HALL, ISLE OF WIGHT
Present	Cllrs C Jarman (Chairman), D Andre, P Brading, V Churchman, C Critchison, K Lucioni and I Ward
Co-opted (Non-Voting)	Steve Milford (Scheme Member Representative)
Also Present	Jo Cooke and Megan Tuckwell
	Neil Cain and Martin Doyle (Local Pension Board), David Walker (Hymans Robertson), Rodrigo Dupleich and Yuan Yuan Xu (UBS)
Also Present (Virtual)	Matthew Collier

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

No apologies or changes in membership were received. It was noted that there had been changes to the membership of the committee following the annual meeting of the Full Council on 18 May 2023.

2. **Minutes**

RESOLVED:

THAT the minutes of the meeting held on 8 February 2023 be approved.

3. **Declarations of Interest**

No declarations were received at this stage.

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

No public questions were received.

5. **Reports from the Local Pension Board**

5a **Draft Minutes - 5 April 2023**

Consideration was given to the draft minutes of the meeting held on 5 April 2023. No comments or questions were raised, and the draft minutes were noted.

RESOLVED:

THAT the draft minutes of the Local Pension Board be noted.

5b Local Pension Board Annual Report 2022-23

The chairman of the Local Pension Board presented the annual report and drew attention to key areas including governance changes, risks, and responsible investment. The committee noted that an employer representative seat on the Board (previously held by an elected councillor) had become vacant, and the chairman agreed to ensure that work to appoint a replacement would be progressed. The committee thanked the Board and accepted the report.

RESOLVED:

THAT the Local Pension Board Annual Report 2022-23 be approved for publication within the Pension Fund's annual report and accounts for the year ended 31 March 2023.

6. Recording and Reporting Breaches of the Law Policy

This item was deferred to a later date due to the unplanned absence of a key member of staff.

7. Pension Administration Strategy

The Pensions Manager presented the draft Pensions Administration Strategy for the fund, as recommended for adoption by the Local Pension Board. Questions were raised regarding the review being significantly overdue due to capacity issues and whether this had been addressed. Comments were made in relation to the support for employers of the fund.

RESOLVED:

THAT the Pension Administration Strategy be adopted and be agreed for publication on the fund's website.

8. Risk Management

Consideration was given to the revised risk register, as agreed by the Local Pension Board at its meeting held on 5 April 2023. Attention was drawn to the consolidation of risks (and overall reduction in number of risks) which would support more efficient management and monitoring. No comments or questions were raised.

RESOLVED:

THAT the changes to the risk register following review by the Local Pension Board be accepted, and the updated risk register (as presented at Appendix 1) be adopted.

9. Annual Report and Accounts 2021-22

The Pension Fund and Treasury Management Accountant provided a verbal update on the progress towards the completion of the Isle of Wight Council's audit (which included the fund's accounts), and it was advised that the matter was ongoing. Discussion took place regarding the national auditor resource issue, particularly the knock-on impact that this was likely to have on future years' audits. The committee received a verbal update on the agreement of the opening position of the council's accounts..

RESOLVED:

THAT the updates be noted.

10. Triennial Valuation 2022

Consideration was given to the report which confirmed the completion of the triennial valuation at 31 March 2022 for the fund, the publication of the final actuarial report, and the publication of the Funding Strategy Statement arising from that valuation.

RESOLVED:

THAT the completion of the triennial valuation at 31 March 2022, the publication of the report on the actuarial valuation at 31 March 2022, and the publication of the Funding Strategy Statement March 2023, be acknowledged.

11. Fund Manager Presentation

The Senior Portfolio Manager and the Client Relationship Manager from UBS were in attendance to deliver a presentation on the fund's climate aware passive global equity portfolio. This included an overview of climate strategy performance comparisons, performance attributions, research initiatives, and the metrics used in portfolio construction. Discussion took place regarding engagement with companies and questions were raised regarding data centres.

RESOLVED:

THAT the presentation from UBS on the fund's climate aware passive global equity portfolio be noted.

12. Knowledge and Understanding

This item was deferred to a later date due to the unplanned absence of a key member of staff.

13. Workplan

Consideration was given to the draft workplan for the Committee for the financial years 2023-2025. The committee noted the revised presentation of the workplan.

RESOLVED:

THAT the workplan be noted.

14. Investment Performance and Funding Level

14a **Investment assets as at 31 March 2023**

14b **Quarterly Investment Performance Report**

Consideration was given to the reports for the quarter ended 31 March 2023, which included investment assets and a summary of market returns, capital market outlook, asset allocation, fund performance, and fund manager analysis. Attention was drawn to the completion of the UK equity transition from Liontrust to BlackRock. Discussion took place regarding the property portfolio (particularly in relation to office space and warehouses).

RESOLVED:

THAT the updates on investment performance and funding level be noted.

15. 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.

16. Members' Question Time

Cllr Brading asked an oral question regarding the eligibility of Isle of Wight Council staff benefits and whether this should be extended to former members of staff who are also members of the pension scheme. The chairman agreed to seek a written response.

Cllr Critchison asked an oral question regarding the fund's stance on divesting from fossil fuels and Israeli companies in support of the Palestine. The chairman agreed to seek a written response.

17. Exclusion of Public and Press

RESOLVED:

THAT the public and press be excluded.

18. Investment Strategy 2023

Consideration was given to the confidential report from Hymans Robertson, which set out the second stage of the review of the fund's investment strategy (following the results of the 2022 actuarial valuation). The committee received a presentation which summarised the review and advised the committee on the preferred strategic asset allocation as it related to growth assets, income assets and protection assets.

Discussion took place and it was agreed that the proposed recommendations would be agreed.

RESOLVED:

- i) THAT the presentation from the fund's investment consultants and review the results of the asset liability modelling exercise, be received, and noted.
- ii) THAT the preferred strategic asset allocation as recommended by the fund's investment consultants, be adopted.

19. **ACCESS Update**

Consideration was given to the confidential report on ACCESS pool activities since the last meeting and the committee noted the key updates arising from the meeting of the ACCESS Joint Committee meeting held on 6 March 2023.

RESOLVED:

THAT the updates from the ACCESS Joint Committee meeting held on 6 March 2023 be noted.

20. **Procurement and Contract Management Update:**

20a **Activity Update**

Consideration was given to the confidential report which summarised the activity undertaken in the review of existing contracts, progress with previously reported procurement activity, and planned activity for the next financial year.

RESOLVED:

- i) THAT the contract management and procurement activity undertaken since last reported in February 2023, be noted.
- ii) THAT the previously agreed extension of the investment consultancy contract will expire on 9 July 2024, not 1 January 2024, be confirmed.

20b **MiFID II Professional Status Election**

The Pension Fund and Treasury Management Accountant presented the report which outlined the requirement for the Council, as administering authority for the Isle of Wight Pension Fund, to resubmit its election for professional investor status. Consideration was given to the submission of the MiFID II professional status option questionnaire.

RESOLVED:

THAT the election for professional investor status be approved, and the Pension Fund Manager be authorised to submit the option form to Hymans Robertson and to other investment counterparties as may request such election.

CHAIRMAN