



Minutes

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| Name of meeting | ISLE OF WIGHT PENSION FUND COMMITTEE |
| Date and Time | WEDNESDAY 3 MARCH 2021 COMMENCING AT 10.30 AM |
| Venue | VIRTUAL (MS TEAMS) |
| Present | Cllr V Churchman (Vice-Chairman in the Chair), B Abraham, D Andre, P Brading, A Garratt, G Perks Steve Milford (Employee Representative) |
| Also Present | Cllr R Barry, Tracy Bull, Barbara Milton, Trevor Ould (Board Members) Matt Collier, Jo Cooke, Jo Thistlewood, Megan Tuckwell Emma Garrett (Hymans Robertson) |
| Apologies | Cllr A Axford |

1. Minutes

RESOLVED:

THAT the Minutes of the meeting held on 27 January 2021 be confirmed.

2. Declarations of Interest

No new declarations were received at this stage.

3. Public Question Time - 15 Minutes Maximum

No public questions were received.

4. Investment Strategy Statement

The Technical Finance Manager presented the report which provided a summary of the updates to the fund's investment strategy statement in light of the changes to the fund's strategic asset allocations following the results of the 2019 triennial valuation. Members felt that the strategy reflected the work of the committee and reference was made to the development session held on Environmental, Social and Governance risks and Responsible Investment (ESG/RI) matters.

Members of the Local Pension Board raised concerns around the consultation process, and clarity was provided with regards to the Board's roles and responsibilities. The committee agreed that the board had been engaged in discussions related to the investment strategy and had the opportunity to comment on them. The committee

acknowledged that the report would be considered by the Board at its next meeting on 24 March 2021.

Following consideration, a vote was taken, and it was:

RESOLVED:

THAT the proposed changes to the Investment Strategy Statement be agreed, the revised statement be approved for publication on the fund's website, and further revisions be brought to the committee following the development of a specific ESG/RI policy.

5. Scheme Changes

The Technical Finance Manager provided a verbal update on recent legislative and regulatory changes impacting the fund, including an update on the £95k exit cap, the McCloud Remedy and the Scheme Advisory Board's good governance project.

Questions were raised regarding engagement with scheme members in respect of McCloud, and the communications plan was outlined. Members were reminded that the Combined Fire Authority would commence from the 1 April 2021 and all related pension scheme matters would be handled by the new authority. This would be considered by the Isle of Wight Fire Authority Firefighter's Pension Board at its meeting on 10 March 2021.

Members were briefed on the current operational structure for the LGPS within the council, with the administration team reporting through the Director of Corporate Resources, and the investment, funding, governance and accounting functions reporting through the Director of Finance. Members were reassured that the good governance project would not introduce an additional layer of management to the fund but would hopefully streamline the current local operation.

RESOLVED:

THAT the scheme changes update be noted.

6. Investment Implementation Progress

The Technical Finance Manager provided a verbal update on the fund's private debt, infrastructure and passive equity allocations.

Members were advised that the first funding had been put into the private debt portfolio and calls for investment had been received totalling 28.5% of the total allocation. Work was ongoing with colleagues to understand reporting requirements.

With regards to infrastructure, members were advised that the subscription documentation had not yet been submitted, and a legal review of the documentation had been commissioned. It was unlikely that funds would be put into this allocation by the end of the financial year.

It was confirmed that Hymans Robertson had been in contact with UBS and had all relevant documentation necessary to progress the introduction of the passive equity allocation; a meeting between the Technical Finance Manager and the investment consultants would be arranged to take this forward.

RESOLVED:

THAT the investment implementation progress be noted.

7. Investment performance and indicative funding level at 31 December 2020

The Investment Consultant of Hymans Robertson presented the report on the fund's investment portfolio performance for the quarter ended 31 December 2020, and the indicative funding levels at that date. Members received information on areas including; market background, the medium-term capital market views, asset allocation, fund performance, and an overview of fund manager ratings and analysis. Questions were raised and discussion took place regarding the funding position comparative to other public sector funds, negative interest rates, and the funds exposure to UK equity.

RESOLVED:

THAT the investment performance within the wider market context, and the indicative funding level at 31 December 2020, be noted.

8. Items circulated for Members Attention

The committee noted the items circulated for information since papers were published for the last meeting. The Technical Finance Manager advised that recent media coverage around ESG/RI issues (particularly related to LGPS's reliance on fossil fuel investments) had prompted queries into the fund's position, and it was confirmed that formal responses were being drafted and would be circulated to members when available. Members were reminded to submit the feedback forms arising from the development session which sought member's input on the approach to looking at ESG/RI issues.

RESOLVED:

THAT the items circulated for member's attention be noted.

9. Workplan

The Technical Finance Manager presented the workplan for future committee and board meetings. It was advised that the Monitoring Officer had confirmed that next scheduled meeting of the Committee (April 2021) was able to go ahead, despite being in the pre-election period, on the basis that it is the normal non-political and legitimate business of the Council. Members were advised that the document would be developed further as required, and it was agreed that development sessions would be built into the workplan. Members were advised that time should be built into the work plan to receive presentations from investment managers, to support the committee's continued engagement with responsible investment issues.

RESOLVED:

THAT the workplan be noted.

10. Members' Question Time

No written questions were received.

11. Exclusion of the Public and Press

RESOLVED:

THAT the public and press be excluded.

At the conclusion of the discussion, members adjourned for a 5-minute comfort break.

12. Investment Consultants Objectives

Members considered the performance of the investment consultants against the previously set objectives and were asked to determine whether those objectives remained fit for purpose.

Members expressed their appreciation of the help and support the committee has received from Hymans Robertson as investment consultants over the last four years.

Following discussion, a vote was taken, and it was:

RESOLVED:

- i. THAT the Hymans Robertson self-assessment of their performance against the agreed objectives be confirmed.
- ii. THAT the responses to the three specific questions set out in paragraphs 12-14 of the report were considered.
- iii. THAT the objectives for the investment consultants be reviewed again in July 2022, at the same time as considerations for the extension of the existing contract.

CHAIRMAN