



Minutes

Name of meeting	ISLE OF WIGHT PENSION FUND COMMITTEE
Date and time	FRIDAY 19 JULY 2019, COMMENCING AT 9.30AM
Venue	COUNCIL CHAMBER, COUNTY HALL, NEWPORT, ISLE OF WIGHT
Present	Cllrs Adrian Axford (Chairman), Barry Abraham, Paul Brading, Vanessa Churchman, Paul Fuller, Andrew Garratt Steve Milford (Employee Rep), Christine Shaw (Employer Rep)
Also Present	Cllr Reg Barry, Tracy Bull, Barbara Milton (Board Members) Jo Cooke, Jo Thistlewood, Megan Tuckwell (IW Council), Craig Alexander, Emma Garrett (Hymans Robertson), Paul Markham, David Moylett, (Newton Investment Management Ltd)

20. [Minutes](#)

RESOLVED:

THAT the Minutes of the meeting held on 14 June 2019 be confirmed.

21. [Declarations of Interest](#)

No new declarations were received at this stage.

22. [Governance Compliance Statement for the year ended 31 March 2019](#)

The Technical Finance Manager presented the governance compliance statement for the year ended 31 March 2019. Since the draft was presented to the Committee on 14 June 2019, minor grammatical amendments had been made but the content and compliance status remained unchanged. The Pension Board reviewed the draft at its meeting in June 2019 and recommended adoption by the Committee.

RESOLVED:

- i) THAT the Committee approve the governance compliance statement for the year ended 31 March 2019, following the recommendation from the Pension Board.
- ii) THAT the Committee authorises the publication of the compliance statement both within the annual report and accounts of the pension fund, and separately on the pension fund's website.

23. Annual Report and Accounts for the year ended 31 March 2019

The Pension Fund and Treasury Management Accountant presented the pension fund annual report and accounts for the year ended 31 March 2019 for approval (subject to final audit). The Pension Board annual report would be presented at a future meeting of the Committee and published separately on the pension fund's website once available. It was noted that updated CIPFA guidance had been received and had been followed. It was noted page C-10 (page 4 of the Annual Report and Accounts) incorrectly stated that membership data had fallen which would be amended.

Questions were raised regarding borrowing and whether the rates payable were linked to LIBOR (London Inter-Bank Offered Rate), which would be ceasing in the next couple of years; it was agreed that the Technical Finance Manager would provide a written response which would be circulated to the Committee. Questions were raised regarding the terminology used in the report in respect of "council" and "pension fund"; it was clarified that text was provided by CIPFA, but that a review for consistency would be undertaken.

RESOLVED:

- i) THAT subject to the completion of the external audit (and the amendment on Page C-10 of the report) the Committee approves the annual report and accounts for publication and for inclusion in the Council's accounts.
- ii) THAT a written response from the Technical Finance Manager regarding LIBOR borrowing be circulated to the Committee. ([HERE](#))

24. External Audit Progress

The Technical Finance Manager presented the draft audit results report from the pension fund's external auditors, Ernst & Young and advised that the full report would be presented to the Audit Committee on 29 July 2019, when the council's accounts, including those for the pension fund, would be adopted. The auditors found no misstatements or deficiencies in the internal control systems and all potential risks previously identified had been reviewed and resolved (including membership data and correspondence with the Pensions Regulator). The Pension Fund and Treasury Management Accountant was thanked for effectively dealing with the auditors during their visit and for undertaking the accounts and annual report preparation.

Discussion took place in respect of the McCloud ruling regarding the transitional arrangements for public sector pension schemes being deemed age discriminatory. It was advised that all public sector schemes would be amended however at this stage it was unclear how or what this would be. Further update would be provided to the committee as the resolution of the case progressed.

RESOLVED:

THAT the update and draft audit results report from the pension fund's external auditors, Ernst & Young, be noted.

25. Triennial Valuation 2019

The Actuary from Hymans Robertson presented the valuation update. An overview was provided, outlining the purpose of the valuation, approach to setting contributions, required financial and demographic assumptions, and the funding strategy 3-step approach. The Committee were advised on the progress to date including the evidence for setting assumptions, contribution modelling, and the impact of climate change, and the investment strategy. Discussion took place regarding climate change and the effect of salary growth on the fund.

RESOLVED:

THAT the presentation be noted.

26. Investment Performance

The Investment Consultant from Hymans Robertson presented an update on investment performance to 30 June 2019, including progress towards the rebalancing of the fund's investment portfolio. It was advised that the investment results for the quarter ended 30 June 2019 were unavailable due to timing of the Committee meeting. It was noted that valuation data was available which indicated a positive result and equity had done well. With regards to markets, global growth was slowing and generating positive returns, despite continued Brexit uncertainty. Property capital values fell, but were offset, and the economy was contracting.

RESOLVED:

THAT the report and presentation be noted.

27. Fund Manager Presentation

Representatives from Newton Investment Management Limited provided a high-level overview of the global equity portfolio performance to end June 2019. Questions were raised regarding the reasons for dip from November 2018 to January 2019, the fund's carbon footprint, South America as an emerging market and the impact of senior departures and staff turnover at Newton Investment Management.

RESOLVED:

THAT the presentation be noted.

28. Items Circulated for Members Attention

The committee considered the items which had been circulated to members since the last meeting (14 June 2019). It was advised that webinars on climate change and valuation were available on Hyman's website and the link had been circulated.

RESOLVED:

THAT the update and items circulated for members attention be noted.

29. [ACCESS Update](#)

The Technical Finance Manager provided an update on recent ACCESS activities. Cllr Kemp-Gee of Hampshire County Council had been appointed as vice-chairman of the Joint Committee and the ACCESS annual report had been agreed as published with the fund's annual report and accounts. It was advised that one candidate had been interviewed for Director of the ACCESS Support Unit and was recommended for appointment to Essex County Council's appointments panel on 24 July 2019. With regards to pension board and scheme member representation on the Joint Committee, information was being sought from all participating funds, and would be discussed further at the next Joint Committee meeting in September 2019, which would be attended by Cllr Brading.

RESOLVED:

THAT the update on ACCESS activities be noted.

CHAIRMAN