

## **Minutes of the Pension Fund Investment Sub-Committee meeting held on 10 February 2014**

### **Present:**

#### **Members**

Councillors Bill Gifford, Brian Moss, Izzi Seccombe (replacing John Appleton) and David Shilton (replacing John Horner).

#### **Officers**

Sally Baxter, Democratic Services Officer  
John Betts, Head of Finance  
Neil Buxton, Pensions Services Manager  
Mathew Dawson, Treasury and Pension Fund Manager  
John Galbraith, Senior Solicitor, Pension Fund Services  
Andrew Lovegrove, Head of Corporate Financial Services

#### **Invitees**

Robert Bilton, Hymans Robertson  
Peter Jones, Independent Investment Advisor  
Paul Potter, Investment Advisor, Hymans Robertson  
Rick Di Masio, Analytics  
John Wright, Hymans Robertson

### **1. General**

#### **(1) Apologies**

Apologies were received from Councillors John Appleton, Sara Doughty and John Horner.

#### **(2) Disclosures**

None.

#### **(3) Minutes of the previous meeting**

The minutes of the meeting held on 11 November 2013 were agreed as a true record.

### **2. Scheme Membership**

2.1 Neil Buxton, Pensions Manager, in response to the Committee's request, provided an update regarding the membership of the Warwickshire Local Government Pension Scheme (LGPS) following the auto enrolment Staging Date of 1 May 2013.

2.2 He reported that membership had increased with a further seven employers auto enrolling employees on to the Warwickshire LGPS. A discussion ensued about cash flow and whether the income being drawn was considered adequate.

2.3 In response to a question, Neil Buxton stated that Elected Members had not been included in the auto enrolment figures as they were awaiting guidance from Central Government. Existing Elected Members could remain in the LGPS but it was unknown whether new Elected Members would be able to join.

## **2.4 Resolved**

That the Pension Fund Investment Sub-Committee notes the Scheme Membership report.

## **3. Share Voting Policy**

3.1 The Committee agreed that this item be deferred to the next meeting scheduled for 19 May 2014. More Information would be provided in advance of the meeting to aid robust decision making. The Committee requested that all information to be presented to the Committee in future, be produced and presented in a timely manner.

## **3.2 Resolved**

That the Committee consider the Share Voting Policy at the next meeting of the Pension Fund Investment Sub-Committee scheduled for 19 May 2014.

## **4. The 2013 Actuarial Valuation**

4.1 Robert Bilton, Hymans Robertson, explained the results of the 2013 Actuarial Valuation to the Committee and distributed a detailed analysis of the valuation for the period 31 March 2010 to 31 March 2013.

4.2 The report was the initial summary of the outcome of the valuation however, a final version would be considered at the Committee scheduled for 19 May 2014. The results included information in relation to the deficit and funding levels, common contribution rate, past service contributions rate and individual employer contribution rates.

4.3 It was noted that the risk of liabilities had been reduced in 2013 which was in part following the low amount of salary increases. In addition to this, the impact of the new structure adopted for the LGPS was also attributed to reducing liabilities.

4.4 The Committee was informed that the current actuary uses different assumptions to those used by the previous actuary. John Galbraith, Senior Solicitor, observed that the difference between actuaries would be apparent when evaluating future benefits in so far a more cautious approach was being undertaken but this was in response to the changed market outlook which had resulted in an increased deficit.

4.5 The Committee identified that the risk for the Council was that the liabilities had increased but the number of employees had reduced. In response, Mathew Dawson, explained that measures were being put in place to mitigate against this such as requesting employers to pay a cash lump sum.

4.6 A detailed discussion ensued regarding the revised structure of the LGPS for 2014 and the effects this would have on existing and future members. In particular, it was highlighted that it would be beneficial for some employers but not all.

4.7 It was reported that with regards to the past service position, the rise in liabilities had outweighed the value of the assets and the deficit in cash terms had grown which should be taken into consideration when quoting funding levels. The payroll had decreased since 2010 therefore the contribution rate had increased.

4.8 The contribution rate strategies had adopted an approach whereby each employer had an individual account however, for colleges and some academies, a risk based model had been adopted.

**4.9 Resolved**

The Pension Fund Investment Sub Committee notes the 2013 Actuarial Valuation results.

**5. 2013/14 Business Plan**

5.1 Mathew Dawson, provided an overview of the Warwickshire County Council Pension Fund Business Plan and Actions for 2014/15.

5.2 The Plan incorporated various elements including:

- Administration,
- Communication,
- Actuarial/funding,
- Pension Fund Investment Sub-Committee Members,
- Financial and Risk Management and;
- Investment.

5.3 The Annual Employer's Forum was held in January 2014 and engagement with employers had taken place to ensure members had been communicated with in a timely manner and had a good understanding of their benefit statements. Proposed rates following the 2013 actuarial valuation had been sent to employers with a deadline of 28 February 2014 for a response. It was reported that some responses had been received which indicated that the new employer rates were considered unaffordable.

**5.4 Resolved**

That the Pension Fund Investment Sub-Committee approve the Warwickshire County Council Pension Fund Business Plan for 2014/15.

**6. Exempt Items – Reports containing Confidential or Exempt Information**

6.1 The Pension Fund Investment Sub-Committee passed the following resolution: That members of the public be excluded from the meeting for the item mentioned below on the grounds that their presence would involve the disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

**7. Pooling and Risk Sharing (Commissioning Services)**

7.1 John Wright, Hymans Robertson, presented the report and Peter Jones provided advice, during discussion, as per the exempt minutes.

**8. Exempt Minutes of the meeting of the Pension Fund Investment Sub Committee – 11 November 2013**

8.1 The Pension Fund Investment Sub-Committee agreed the exempt minutes of the meeting held on 11 November 2013 as a true and accurate record subject to amendment of 9.5 as per the exempt minutes.

**9. Equity Managers (Presentation by Inalytics)**

9.1 Rick Di Masio, Inalytics, provided an overview of the services provided by Inalytics and the potential benefits that could arise such as enhanced governance when holding Fund Managers to account and evaluation of the effectiveness of performance.

9.2 Following questions from the Committee, it was agreed that a sample report produced by Inalytics would be distributed to Committee Members and considered at a future meeting.

**9.3 Resolved**

That the Committee would consider the sample report and Inalytics would attend a future meeting to discuss the services they provide.

**10. Any other items**

None.

The Sub Committee rose at 11.35am

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Chair