

**Minutes of the Pension Fund Investment Sub-Committee
meeting held on 12 June 2017**

Present:

Members

Councillors Bill Gifford (Vice Chair), John Horner, Bob Stevens (Chair), Wallace Redford and Alan Webb

Officers

John Betts – Head of Finance

Mathew Dawson - Treasury and Pension Fund Manager

Chris Norton – Strategic Finance Manager

Ben Patel-Sadler - Democratic Services Officer

Jane Pollard – Legal Services Manager

Invitees

Emily Archer – Harbourvest

Kathleen Bacon - Harbourvest

Peter Jones – Independent Investment Adviser

Paul Potter – Hymans Robertson

Karen Shackleton – Independent Investment Adviser

Richard Warden – Hymans Robertson

Observers

None

No members of the public attended.

1. General

(1) Apologies for absence

None

(2) Members Disclosures of Pecuniary and Non-Pecuniary Interests

None

(3) Minutes of the previous meetings held on 13 March 2017 and 23 May 2017

The minutes of the meetings held on 13 March 2017 and 23 May 2017 were agreed as true and correct records and were signed by the Chair.

2. Investment Performance

Mathew Dawson – Treasury and Pension Fund Manager introduced the report and informed the Sub-Committee that investments had been performing well over the previous three years.

Members noted that at the quarter end March 2017, the Fund had outperformed its benchmark by 0.66%.

The Sub-Committee expressed concern that a large proportion of the Fund's total value was invested with Legal and General. Paul Potter – Hymans Robertson informed the Sub-Committee that the relevant legal agreement between the Fund and Legal and General would likely protect the Fund against significant financial losses.

Resolved:

The Sub-Committee noted the fund value and investment performance for the final quarter of 2016/17 to 31 March 2017 and requested that checks were made to ensure that the correct legal agreements were in place between the Fund and Legal and General.

3. Cash Flow Report

Mathew Dawson – Treasury and Pension Fund Manager introduced the report and informed the Sub-Committee that the Fund was currently holding an amount of cash which could be drawn down if required.

The Sub-Committee noted that only a certain proportion of the Fund's investments could be used to draw down cash – the Fund's deficit management plan sought to forecast any possible future cash flow issues.

Resolved:

The Sub-Committee noted the report.

4. The 2016 Actuarial Valuation

Richard Warden – Hymans Robertson introduced the report and informed the Sub-Committee that the 2016 actuarial valuation had been finalised – the report was issued by the 31 March 2017 statutory deadline.

Members noted that recent legislation had effectively ensured that the government would guarantee the financial stability and obligations of academies.

Resolved:

The Sub-Committee noted the report.

5. Review of Pension Fund Risk Management

Mathew Dawson – Treasury and Pension Fund Manager introduced the report and informed the Sub-Committee that risks had been added to the risk register to acknowledge the potential change to the Fund's investor status under MiFID II, poor returns as a result of new asset pooling arrangements and inadequate

governance arrangements within BCPP leading to poor investment decision making.

The Sub-Committee noted that stricter controls had been implemented to help protect the Fund from employers who may become insolvent.

Members noted that the Fund Managers themselves were primarily responsible for presenting truthful and accurate investment return figures. Further checks and balances in this area were also undertaken by the Council's external auditors, the Custodian and monitoring by the Fund's officers.

Karen Shackleton – Independent Investment Adviser expressed a view that a risk should be placed on the register to reflect the possible infiltration of fund managers' IT systems – it would be prudent to ask fund managers what procedures were in place to protect their systems.

Resolved:

The Sub-Committee approved the Register of Risks, as outlined in Appendix A of the report, and approved the process by which this had been compiled.

6. Markets in Financial Instruments Directive Presentation

Paul Potter – Hymans Robertson presented the slides to the Sub-Committee.

Resolved:

The Sub-Committee noted the contents of the presentation and requested that the County Council writes to the relevant fund managers to ask what procedures they are putting in place to address the MiFID II implementation date and of any possible implications to the Warwickshire Fund.

7. Any other items

None

8. Reports Containing Confidential or Exempt Information

To consider passing the following resolution:

'That members of the public be excluded from the meeting for the items mentioned below on the grounds that their presence would involve the disclosure of exempt information as defined in paragraph 3 of Schedule 12A of Part 1 of the Local Government Act 1972'

The meeting rose at 12.45 pm

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Chair