

**MINUTES OF A MEETING OF THE PENSIONS AND INVESTMENT COMMITTEE  
HELD AT COUNTY HALL, LLANDRINDOD WELLS  
ON THURSDAY 12<sup>TH</sup> FEBRUARY 2015**

**PRESENT:** County Councillor A.G. Thomas (Chairman)

County Councillors P.J. Ashton, E.A. Jones

Councillor A.M.C. Weale (Employers' Representative)

In attendance: Rachel Pinder and Sion Cole of Aon Hewitts.

David Powell Strategic Director Resources, Steve Offa Assistant Finance Business Partner/Technical Accountancy Assistant, Joe Rollin Pensions Manager, Mark Evans Head of Business Services.

|           |                  |                    |
|-----------|------------------|--------------------|
| <b>1.</b> | <b>APOLOGIES</b> | <b>PIC1 – 2015</b> |
|-----------|------------------|--------------------|

Apologies for absence were received from County Councillors T.G. Turner and G.P. Vaughan.

|           |                |                    |
|-----------|----------------|--------------------|
| <b>2.</b> | <b>MINUTES</b> | <b>PIC2 – 2015</b> |
|-----------|----------------|--------------------|

The Chairman was authorised to sign the minutes of the meeting held on 28<sup>th</sup> November 2014 as a correct record.

|           |                                 |                    |
|-----------|---------------------------------|--------------------|
| <b>3.</b> | <b>DECLARATIONS OF INTEREST</b> | <b>PIC3 – 2015</b> |
|-----------|---------------------------------|--------------------|

All members present declared interests as members of the Local Government Pension Scheme.

|           |  |                    |
|-----------|--|--------------------|
| <b>4.</b> | <b>MEMBERSHIP OF THE LOCAL AUTHORITY PENSIONS FUND FORUM</b> | <b>PIC4 – 2015</b> |
|-----------|--|--------------------|

Following the presentation to the last meeting, the Committee considered membership of the Local Authority Pension Fund Forum.

|  |                             |
|--|-----------------------------|
| <b>RESOLVED</b>  | <b>Reason for Decision:</b> |
| <b>That the Pension Fund join the Local Authority Pension Fund Forum for an initial period of three years, ie until at least 31<sup>st</sup> March 2018.</b> | <b>As per report</b>        |

|           |                          |                    |
|-----------|--------------------------|--------------------|
| <b>5.</b> | <b>LGPS COST CONTROL</b> | <b>PIC5 – 2015</b> |
|-----------|--------------------------|--------------------|

The Committee considered a report which outlined the cost control process for the new LGPS.

|  |                             |
|--|-----------------------------|
| <b>RESOLVED</b>  | <b>Reason for Decision:</b> |
| <b>To note the Pension Fund's role in the LGPS cost control process.</b> | <b>As per report</b>        |

|           |                                |                    |
|-----------|--------------------------------|--------------------|
| <b>6.</b> | <b>LLANIDLOES TOWN COUNCIL</b> | <b>PIC6 – 2015</b> |
|-----------|--------------------------------|--------------------|

The Committee noted the admission of Llanidloes Town Council to the Powys Pension Fund.

|   |                             |
|---|-----------------------------|
| <b>RESOLVED</b>   | <b>Reason for Decision:</b> |
| <b>To note the admittance of Llanidloes Town Council to the Powys Pension Fund.</b> | <b>As per report</b>        |

|           |   |                    |
|-----------|---|--------------------|
| <b>7.</b> | <b>THE PENSIONS REGULATOR – PUBLIC SERVICE CODE</b> | <b>PIC7 – 2015</b> |
|-----------|---|--------------------|

The Committee considered the report on the Pensions Regulator's Code of Practice which provided pension schemes with a summary of their key governance and administration duties, standards of conduct and practice expected in relation to those duties and practical guidance on how to comply.

|   |                             |
|---|-----------------------------|
| <b>RESOLVED</b>   | <b>Reason for Decision:</b> |
| <b>To note the contents of the Pensions Regulator's public service code and that further work is to be undertaken to ensure compliance.</b> | <b>As per report</b>        |

|           |  |                    |
|-----------|--|--------------------|
| <b>8.</b> | <b>PENSIONS AND INVESTMENT COMMITTEE MEMBER TRAINING</b> | <b>PIC8 – 2015</b> |
|-----------|--|--------------------|

Members of the Committee were expected to undertake at least 10 hours of training every year. The Strategic Director Resources was asked to organise training for Members both internally and taking advantage of any offers of free training from managers. Rachel Pinder agreed to look at what training Aon Hewitt could offer.

|  |                             |
|--|-----------------------------|
| <b>RESOLVED</b>  | <b>Reason for Decision:</b> |
| <b>1. That the Pension Fund adopts the Knowledge and Skills Framework set out in the CIPFA Code of Practice on pensions; that the Framework be applied to both Pensions &amp; Investment Committee and the Pensions Board; and, that</b> | <b>As per report</b>        |

|   |  |
|---|--|
| <p>a Framework policy be drafted for approval at the next meeting of Pensions &amp; Investment Committee.</p> <p>2. That authority be delegated to the Chair and Vice Chair to agree a training budget in consultation with the Strategic Director Resources.</p> |  |
|---|--|

|           |                                   |                    |
|-----------|-----------------------------------|--------------------|
| <b>9.</b> | <b>POWYS PENSION BOARD UPDATE</b> | <b>PIC9 – 2015</b> |
|-----------|-----------------------------------|--------------------|

The Pensions Manager advised that Council had approved the establishment of a Powys Pension Board at its meeting on 21<sup>st</sup> January. The terms of reference had been drafted and the appointments process was about to start with interviews being arranged for applicants for the position of Chairman.

|            |                       |                     |
|------------|-----------------------|---------------------|
| <b>10.</b> | <b>MARKETS UPDATE</b> | <b>PIC13 – 2015</b> |
|------------|-----------------------|---------------------|

Rachel Pinder provided an update on the markets. The main factor affecting the markets over the last quarter was the decline in oil prices.

|            |                             |                     |
|------------|-----------------------------|---------------------|
| <b>11.</b> | <b>CONFIDENTIAL MATTERS</b> | <b>PIC10 – 2015</b> |
|------------|-----------------------------|---------------------|

**RESOLVED to exclude the public for the following items on the grounds that there would be disclosure to them of exempt information under category 3 of The Local Authorities (Access to Information) (Variation) (Wales) Order 2007).**

|            |                                    |                     |
|------------|------------------------------------|---------------------|
| <b>12.</b> | <b>QUARTERLY INVESTMENT REPORT</b> | <b>PIC11 – 2015</b> |
|------------|------------------------------------|---------------------|

The value of the Fund had grown by £20m in the last quarter and as at 31<sup>st</sup> January 2015 it stood at £495m. Aberdeen Asset Management had underperformed against the benchmark and it was agreed that they be asked to attend the meeting in July.

|            |                             |                     |
|------------|-----------------------------|---------------------|
| <b>13.</b> | <b>HERMES PROPERTY FUND</b> | <b>PIC14 – 2015</b> |
|------------|-----------------------------|---------------------|

The Fund was currently 2.6% underweight in property. Hermes would be advising in the next couple of weeks whether the Fund would be able to invest in its property fund in quarter 2. Aon Hewitt still regarded property as attractive. If there was to be any further delay it was agreed that the Chair and Vice Chair in consultation with the Strategic Director Resources be given delegated authority to move money into an alternative property fund.

|            |  |                     |
|------------|--|---------------------|
| <b>14.</b> | <b>MEDIUM TERM ASSET ALLOCATION UPDATE</b> | <b>PIC12 – 2015</b> |
|------------|--|---------------------|

The Committee expressed its concern at the underperformance of the MTAA. Since inception on 1<sup>st</sup> March 2011 to 31<sup>st</sup> December 2014 the performance had been 41.0% compared to the benchmark of 41.8%. The performance of the most recent mandate from 1<sup>st</sup> March 2014 to 31<sup>st</sup> December 2014 was 10.8% against the benchmark of 11.5% which equated to a cash loss of £2.7m. The main factors for the underperformance had been an overweight position on hedge funds and underweight exposure to index linked gilts.

The Strategic Director - Resources left to attend another meeting.

|            |   |                     |
|------------|---|---------------------|
| <b>15.</b> | <b>PRESENTATION BY GAM HEDGE FUND MANAGER</b> | <b>PIC15 – 2015</b> |
|------------|---|---------------------|

Aon Hewitt's rating for GAM Trading had been downgraded to "Qualified" following changes to their risk management process and the departure of the Head of Risk. Matthew Lamb, Head of Institutional and Fund Distribution and Mary Murphy, Client Director at GAM Trading gave a presentation to the Committee explaining their investment strategy and addressing concerns over the changes to the risk management process.

Aon Hewitt's recommendation was to hold and monitor.

A.G. THOMAS  
CHAIR