

**MINUTES OF A MEETING OF THE PENSIONS AND INVESTMENT COMMITTEE  
HELD AT COMMITTEE ROOM A - COUNTY HALL, LLANDRINDOD WELLS,  
POWYS ON FRIDAY, 19 OCTOBER 2018**

PRESENT

County Councillor P E Lewis (Chair)

County Councillors E A Jones, D H Williams and A W Davies

Mr G Moore, Chair of the Powys Pensions Board

Head of Financial Services and Pension Fund Manager

Richard Antrobus, Rachel Pinder and Lucinda Downing of Aon Hewitt

<b>1.</b>	<b>APOLOGIES</b>
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Apologies for absence were received from County Councillors JG Morris and T J Van-Rees.

<b>2.</b>	<b>DECLARATIONS OF INTEREST</b>
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Members of the Committee declared interests as members of the Local Government Pensions Scheme. These are personal interests, not prejudicial interests in accordance with Paragraph 12(b) (iv) of the Members Code of Conduct 2016.

<b>3.</b>	<b>MINUTES</b>
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The Chair was authorised to sign the minutes of the meeting held on 6 September, 2018 as a correct record.

<b>4.</b>	<b>PENSIONS BOARD MINUTES</b>
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The Committee received the Board minutes for 10 July, having previously received the Chair's report in respect of this meeting. The Board's Chair advised that at the meeting on 21 September, 2018 the main issues considered by the Board was the Code of Practice 14 and compliance. He advised the Board was liaising with the Pension Fund Manager to do more work on this issue. The Board had considered how breaches were being recorded. It had considered a breach and it had agreed with the Pension Fund Manager that this should be a recorded breach rather than a reportable breach. The Pension Fund Manager advised the Committee would consider this issue further in Agenda Item 8. The Board's Chair advised that the Regulator was monitoring Funds regarding breaches.

<b>5.</b>	<b>COMMUNICATIONS STRATEGY STATEMENT</b>
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The Committee considered the revised Communication Strategy Statement and noted that electronic delivery of communications was now being encouraged. It was noted that 62% of active members were signed up to the online system "My Powys Pension".

<b>RESOLVED</b>	<b>Reason for decision</b>
<b>That the revised Communications Strategy Statement be approved.</b>	<b>Statutory requirement.</b>

## 6. DATA IMPROVEMENT PLAN

The Committee considered the Data Improvement Plan. This had been developed to address the Pensions Regulator (TPR) guidance regarding good practice for measuring the presence of member data.

TPR have set targets of 100% accuracy for data created after June 2010 and 95% accuracy for data created beforehand. In March 2018, Powys Pension Fund completed a review of the administration system's common pension data in line with the guidance and it was noted that 93% of records were accurate. In response to questions the Pension Fund Manager advised that inaccuracies had been given a priority, with those potentially affecting member benefits being given the highest priority. The Improvement Plan focused on high priority areas and the Committee would receive further reports on how these were being addressed.

The Pension Fund Manager advised that annual data cleanses are carried out with employers, which supported the accuracy of data.

<b>RESOLVED</b>	<b>Reason for decision</b>
<b>To note the content of the Data Improvement Plan.</b>	<b>Good governance and compliance with the Pension Regulator Code of Practice.</b>

The Chair amended the order of the agenda.

## 7. NEW DRAFT POLICY - REPORTING OF BREACHES

The Committee considered the draft policy for reporting breaches. The Pension Fund Manager advised that a breaches log is maintained and breaches will be discussed and considered at Pension Board meetings. The Committee noted that there are two levels of breach:

- record and if considered to be of material significance then
- reportable to the Pensions Regulator.

The Pension Fund Manager advised that a breach had been logged as a recordable breach because correspondence had not been sent to pension fund members regarding deferred pensions within the required two months. The Pension Board had discussed this breach and considered that this was not reportable.

The Pension Board Chair advised that the Policy should include a fast track process to enable the Pension Board to consider breaches as soon as they are logged rather than waiting for the next Board meeting.

<b>RESOLVED</b>	<b>Reason for decision</b>
<b>That the draft Reporting of Breaches policy be approved subject to the inclusion of a fast</b>	<b>Statutory requirement and good governance.</b>

<p><b>track process to enable the Pension Board to consider breaches as soon as they are logged rather than waiting for the next Board meeting.</b></p>	
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<b>8.</b>	<b>PENSION FUND ANNUAL REPORT 2017/18</b>
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The Committee considered the Pension Fund Annual Report 2017/18. It was noted that the Accounts had been approved by the Audit Committee and the Wales Audit Office.

<b>RESOLVED</b>	<b>Reason for decision</b>
<b>That the 2017-18 Pension Fund Annual Report be approved and that the Annual Report be published by the 1st December 2018.</b>	<b>To ensure compliance with the Statutory requirements.</b>

<b>9.</b>	<b>WALES PENSION PARTNERSHIP POOLING - UPDATE</b>
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The Committee noted that a Joint Governance Committee meeting had recently taken place.

The Pension Fund Manager advised that following the agreement in September to invest in the Global Growth sub-fund, a Transition Manager had to be appointed by the eight Funds in the Wales Pension Partnership [WPP] to facilitate the transfer.

As it was likely that the transfer of funds would be completed before the next Committee meeting in December, it was recommended that the Committee delegate to the S151 Officer to approve the appointment of the Transition Manager. The Committee noted that this was a time limited appointment and a Transition Manager would need to be appointed whenever funds were transferred.

<b>RESOLVED</b>	<b>Reason for decision</b>
<b>that it be delegated to the S151 Officer to approve the appointment of the Transition Manager.</b>	<b>To enable the transfer of funds to the WPP in respect of the Global Growth Fund.</b>

The Committee noted that WPP was now considering the next tranche of sub funds. It was noted that Aon Hewitt was reviewing what was being considered and whether this met the Powys Pension Fund's needs. This review would assist the Powys Pension Fund in its discussions at the WPP.

The Committee was advised that an update was to be sent to the Minister for Housing, Communities and Local Government (MHCLG) on how work on the WPP is progressing.

<b>10.</b>	<b>FORWARD LOOKING BUSINESS PLAN</b>
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The Committee received the Forward Looking Business Plan and noted that the Investment Strategy would be considered next year when the actuarial valuation is undertaken and the diversity of the fund would also be considered during this review. The Pension Board Chair indicated he would circulate press articles to the Committee on how other Funds were managing these issues.

The Committee noted the issues for consideration in 2019 onwards and that the management of risk in a volatile equity market was an important issue for it to consider and understand. It was agreed that this issue would be considered at the next Committee meeting. In respect of Cybercrime, the Board Chair advised that TPR was visiting 10 Pension Funds and would be looking at their arrangements for addressing cybercrime.

In respect of Responsible Investment, Aon agreed to circulate to the Committee a questionnaire which would assist the Members to consider their views on social policy and responsible investment. Aon advised that climate change modelling was being undertaken to see what effect different levels of climate change could have on asset classes.

<b>11.</b>	<b>DECISIONS REVIEW</b>
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The Decisions Review was noted.

<b>12.</b>	<b>EXEMPT ITEM</b>
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**RESOLVED to exclude the public for the following items of business 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).**

The Chair changed the order of the remainder of the agenda as follows.

<b>13.</b>	<b>Q2 MTAA REVIEW</b>
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The Committee received the Quarter 2 Medium Term Asset Allocation [MTAA] report to 30 June, 2018. The Committee noted the underperformance of 0.1% against the benchmark in the Quarter 1. However, annually £2.5m had been added to the fund's value. Assets were being constantly monitored to protect the Fund from risks and to also add value.

The Committee also noted the Transition market document [Item 18] and the issues affecting markets including Brexit, climate change, cyber issues, global markets.

Aon provided the Committee with an overview of the high level issues which were considered by its Global Asset Allocation Team. Issues highlighted included:

- US trade wars and their impact on global trade
- The impact of Brexit
- Inflation

- US Federal Reserve decisions.

<b>14. INVESTMENT STRATEGY STATEMENT [ISS] [AON HEWITT]</b>
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The Committee received the updated Investment Strategy Statement [ISS] which included amendments to reflect the recent changes to the Hedge Fund Managers.

<b>15. MTAA 2018 SIDE LETTER HEDGE FUNDS</b>
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The Committee received and noted the MTAA agreement.

<b>16. ASSET ALLOCATION SEPTEMBER 2018</b>
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The Committee noted that the value of the Fund as at 30 September, 2018 stood at £651.259m, which was an increase of £16m over Quarter 2.

<b>17. Q2 QUARTERLY MONITORING REPORT</b>
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The Committee received the Quarterly Monitoring report. It was noted that the total asset value had increased by £15.0m over Q2.

The Committee noted the changes in Funds and that Aon was monitoring these changes. The Manager Ratings were new and with the movement of assets to the WPP, LINK would be asked for this data in the future.

In respect of responsible investments Aon advised it was looking at options and general information would be sent to the Committee. It was noted that there was a balance between responsible investment and generating returns for the Fund and the Committee had to consider these.

<b>18. TRANSITION MARKET</b>
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The Transition Market report was considered with the Quarter 2 Medium Term Asset Allocation [MTAA] report to 30 June, 2018 above.

**County Councillor P E Lewis (Chair)**