

**MINUTES OF A MEETING OF THE PENSIONS AND INVESTMENT COMMITTEE
HELD BY TEAMS ON THURSDAY, 7 OCTOBER 2021**

PRESENT

County Councillor P E Lewis (Chair)

County Councillors E A Jones, JG Morris and D H Williams

Mr G Moore, Chair Powys Pension Board

Mr M Weale, co-opted member

In attendance: Head of Finance, Pension Fund Manager and Financial Reporting & Policy Accountant

Aon representatives – Simon Mayne, Rebecca Jones and Jennifer O'Neill

1. EXEMPT ITEM

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).

2. BALLIE GIFFORD

The Chair welcomed Tim Gooding and Helen Roxburgh from Baillie Gifford.

The Committee received a presentation regarding the Global Alpha Paris-Aligned Fund. The Committee noted that the Fund had performed well since inception. Baillie Gifford considers the sustainability of companies in addition to long term profits. It had completed a climate audit of the portfolio, which provided:

- a snapshot of the portfolios greenhouse gas emissions,
- an understanding of the holdings pace of change and
- highlighted those companies where further climate related engagement could take place.

Baillie Gifford engage with companies in respect of their responses to meeting climate change issues.

The Chair thanked Tim Gooding and Helen Roxburgh for their attendance.

The Committee moved into public session.

3. APOLOGIES

Apologies for absence were received from County Councillor T J Van-Rees.

It was noted that County Councillor A W Davies was involved in another meeting and would join the meeting later.

4. DECLARATIONS OF INTEREST

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.

5.	MINUTES
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The Chair was authorised to sign the minutes of the Pensions and Investment Committee meeting held on 9 July 2021 as a correct record.

6.	PENSIONS BOARD MINUTES
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The Committee received the minutes of the Pension Board held on 5 March and 8 July 2021. The Committee noted that the Board had recommended that the Taskforce for Climate Financial Disclosures [TCFD] should be added to the Risk Register.

7.	GOVERNANCE AND ADMINISTRATION UPDATE
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The Committee received the Governance and Administration update report.

The Pension Fund Manager highlighted the following:

- The Scheme Advisory Board [SAB] –
 - as the SAB had ceased collecting death data, the Pension Fund Manager and actuary would be undertaking work on mortality in advance of the valuation and report back to Committee in due course,
 - a summary report on cost control mechanisms had been published this week and the Pension Fund Manager would review this and forward information to the Committee
- Pensions dashboards – the Administration Team would need to ensure the accuracy of information in respect of data quality and its availability
- The Pension Regulator [TPR] –
 - automatic enrolment guidance had been updated
 - guidance on climate risk reporting – although not applicable to Local Government Pension Schemes [LGPS] the guidance is seen as good practice and will be followed when considering Responsible Investments [RI]
 - Governance and Administration survey 2020-21 results – the Board had asked for a report on how the Powys Fund fared against the six key processes
- Scheme return – the Committee would be updated on the data quality scores.

The Pension Fund Manager advised the Committee that at the last Board meeting it had made a number of recommendations about changes to the wording in the Risk Register and also that new risks in respect of staff retention and procurement processes should be added to the Register. Questions were asked as to how the retention of staff due to remote working could be monitored and measured. The Pension Fund Manager advised he would consider how to do this.

It was moved and duly seconded to update the Risk Register as recommended by the Powys Pension Board, as detailed in the report.

RESOLVED	Reason for decision
<p>i. That the comments in the “Further Actions/Controls” column in the Risk Register be updated in respect of the following risks: PEN020, PEN021, PEN022, PEN023, PEN024, PEN025, PEN027, PEN028 and that the following new risks be added:</p> <p>ii. PEN038 - an increase in potential flight risk of staff linked to increased remote working and</p> <p>iii. PEN039 - that appropriate scrutiny is placed on any procurement exercises that the fund undertakes.</p>	<p>As per the report and acknowledgement of new identified risks.</p>

8.	WALES PENSION PARTNERSHIP [WPP] UPDATE
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The Committee received the WPP report. As a result of the WPP appointing an Allocator for Private Markets, the work on co-opting a scheme member representative on the Joint Governance Committee [JGC] and some minor changes, the Inter Authority Agreement [IAA] had been reviewed and an Addendum had to be agreed by the eight Constituent Authorities within the WPP.

It was moved and duly seconded that the Addendum to the IAA be recommended to Council for approval.

Recommendation to Council	Reason for recommendation
That the Addendum to the Inter Authority Agreement [IAA] be approved.	To ensure that the Council as on of the eight constituent Authorities in the WPP considers the Addendum.

9.	EXEMPT ITEM
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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).

10.	DRAFT PENSION FUND ANNUAL REPORT 2020/21
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The Committee noted the draft Pension Fund Annual report 2020/21. It was noted that a Committee meeting was being arranged in late November to enable it to approve the Annual Report, including audited accounts.

11. FUNDING UPDATE

Simon Mayne, Aon presented the Funding update as at 30 June 2021. Since the last update as at 31 March 2021 the funding level on the ongoing funding target had improved. The improvement had been driven by asset returns over the quarter being higher than assumed. It was noted that that this was a snapshot and a detailed position will be the outcome of the next valuation. The update was noted.

12. QUARTERLY MONITORING REPORT - Q2

The Committee received the Quarterly Monitoring report and the Investment Summary report. Simon Mayne advised that the latter had been developed in response to the request at the last meeting for a summary of information in various regular reports. The Committee agreed to consider both reports and feedback comments to Aon, via officers, so that the Investment summary report can be developed to meet the Committee's needs.

13. INTERIM INVESTMENT STRATEGY REVIEW

Simon Mayne, Aon presented the report. Since the last meeting the Committee had completed the questionnaire regarding the Investment Strategy. This assessed the Committee's beliefs and constraints and the report indicated how these compared with the 2016 survey results. The following was noted:

- the long-term goal was to achieve and maintain full funding
- the majority considered that the goal should be achieved as soon as it is affordable
- risk tolerance had slightly increased.

The Committee had agreed as part of the 2016 investment strategy review that an allocation to private markets should be included in the Fund's portfolio. Aon advised that the WPP private market fund would be available next year. The Committee noted the modelling scenarios and that further information would be considered at a future meeting.

14. RESPONSIBLE INVESTMENT

Simon Mayne, Rebecca Jones and Jennifer O'Neill from Aon presented the reports.

The Committee considered the draft Governance Pillar Statement which explained the Fund's approach to governance of climate related risks and opportunities. The Pension Fund Manager indicated that the local Climate Working Group and its role should be added to the statement. Reference should also be made to the role of the Powys Pension Board in supporting and assisting the Administering Authority. Aon asked that the Committee and officers consider the draft and feedback any comments.

Councillor A Davies joined the meeting.

The Committee considered the Responsible Investment survey results. It was noted that the majority of responses were in line with the previous survey. In respect of governance and stewardship the respondents were unanimous in

agreeing the Committee acts as responsible owners and engage with the companies and assets in which it invests. The use of voting rights by managers, the principles they used to make votes and how these principles were aligned to the Committee's principles were issues that would be considered further.

The Committee agreed that a draft RI document would be considered at the meeting in December.

15.	FORWARD LOOKING BUSINESS PLAN
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The Committee received and noted the Forward Looking Business Plan.

County Councillor P E Lewis (Chair)