

**MINUTES OF A MEETING OF THE PENSIONS AND INVESTMENT COMMITTEE
HELD AT HYBRID ON FRIDAY, 7 JULY 2023**

PRESENT

County Councillors P E Lewis (Chair)

A Kennerley

C Kenyon-Wade

D A Thomas

D H Williams

E A Jones

P E Lewis

Trish Fretten (Employer Representative)

Gerard Moore, Independent Chair, Powys Pension Board

Chris Hurst (Pension Fund Manager, Secretary to the Board)

Jane Thomas (Section 151 Officer)

Aon representatives

Benjamin Bryant

Emma Perrin

Jennifer O'Neill

Kenneth Ettles

1. APOLOGIES

No apologies were received.

2. DECLARATIONS OF INTEREST

Councillors A Kennerley, C Kenyon-Wade, D H Williams, E A Jones and P E Lewis 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.

3. MINUTES

The Chair was authorised to sign the minutes of the Pensions and Investment Committee meetings held on 03 May 2023 and 15 June 2023 as correct records.

4. PENSIONS BOARD MINUTES

The Committee received the Pension Board Chair's report and the draft minutes from the meeting on 12 June 2023.

RESOLVED:

i. the content of the report be noted

ii. Investment Pillar Risk INVEST007 is updated as recommended by Board.

5.	ADMINISTRATION AND GOVERNANCE UPDATE
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The Committee noted and considered the Update.

The Pension Fund Manager highlighted the following:

2.0 Scheme Advisory Board Updates

2.2 – Knowledge and Skills Framework Survey – The Scheme Advisory Board (SAB) were considering the survey submitted by the Council.

2.3 – McCloud Data Guidance –the information provided was both helpful and useful for the Pensions Team in regard to procedures around missing data.

2.4 - SAB Responds to cost Manager Consultation – SAB had responded to the Government around the proposed changes.

3.0 Local Government Pension Scheme (LGPS) Updates

3.1 Employee Contribution Rates from April 2023 – table of contributions rates – for information.

3.2 Progress Rate Report – A proposal had been made to change regulations to help support the high inflation environment and those scheme members that may breach the HMRC annual allowance limits due to misalignment of dates. There was a potential that pensions may be valued at different dates and trigger a breach and may add difficulties in issuing the annual allowance statements.

Government Actuary Departed Data Requests – data has been provided by the Council as requested.

New LGPS Employers in Wales – recent amendments made to regulations include the additional of the new Joint Welsh Committees as employers and enables employees of those committees to join the local pension scheme of the related authority.

Powys have been chosen as the Administering Authority for the Mid Wales Corporate Joint committee.

4.0 The Pensions Regulator

4.1 Corporate Plan – the link was provided in the report.

5.0 Pension Dashboards – the online portal is for pension savers to access all their information in just one place. A delay has been announced by the Department for Work and Pensions for the go live date, however work had begun and will continue by Powys to analyse data in preparation for the launch.

6.0 Risk Register

6.1 – Deep dives have been carried out by the Pensions Board on all three pillars of the risk register. Risks have been reviewed to ensure that enough detail has been provided.

INVEST007 – the Pension Board have recommended that the wording is strengthened as in Agenda Item 4.

It was clarified to the Committee that a fault has been reported in which the report shows the first review date not the latest.

7.0 Breaches Register – no new breaches reported.

The Pension Board would explore employer performance and deferred breaches were being reviewed.

It was moved and duly seconded to approve the Risk Register.

RESOLVED: The Risk Register be approved.

With recommendations:

- i. The Pension Fund Manager will add climate change related risk if required.
- ii. INVEST007 risk wording is strengthened (see Agenda Item 4).

6.	ADMINISTRATION STRATEGY STATEMENT
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The Committee considered the Administration Strategy Statement. The Pension Fund Manager explained the nature of the document which was required under LGPS regulations. This has been reviewed by the Pensions Board and consulted on with the Fund Employers.

Appendix A provided Key Performance Indicators and demonstrated how they will be monitored which included how timescales and legal requirements are met.

It was noted that the report will be provided to the Committee for future meetings.

It was moved and duly seconded to approve the Administration Strategy Statement

RESOLVED: The Administration Strategy Statement be approved.

7.	OVERPAYMENT POLICY
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The Committee considered the Overpayment Policy.

The Policy has been previously approved by the Committee and recently revised.

The Pension Fund Manager explained the main change was the write off limits (demonstrated in the table), limits have been increased in line with Council Policy and other pension funds.

A question was answered around the number of issues arising around write off payments which reassurance was given by the Pension Fund Manager as very few.

It was confirmed that the Powys Pension Service was included in the “tell us once” system used within the Council through the Registrar Service.

The scale of change and the change in authoriser in the table were queried, the Pension Fund Manager explained that changes had not been made for some

time and now aligns to other Pension Funds in Wales and the Council Policy. The Head of Finance added that the Councils Constitution and Financial Regulations had been reviewed which were also reflected in the changes.

It was suggested that an annual report could be provided to the Committee to ensure monitoring continues.

It was moved and duly seconded to approve the Overpayment Policy

RESOLVED: The Overpayment Policy be approved.

i.A Committee Annual Report for overpayments will be considered by the Pension Fund Manager.

8.	WALES PENSION PARTNERSHIP UPDATE AND BUSINESS PLAN
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The Committee considered the WPP Update and Business Plan

The Pension Fund Manager presented the update and highlighted:

2.2 - A document pack had been provided by the WPP to improve consistency in messaging for all.

3.0 – The WPP had asked each authority to approve the Business Plan which was presented to the Joint Governance Committee earlier in the year.

The Business Plan sets out priorities for the partnership during 2023-2026 and what resources are allocated to meet objectives.

It was suggested that additional wording could be included in the WPP Business Plan Objectives to reflect the needs of the Future Generations Act and responsibilities of the Council to be in line with Welsh Government policies and timetables around net zero and biodiversity net gain.

The Pension Fund Manager explained that the polices referred to are not directly applicable to pension funds but would provide feedback to the WPP.

4.0 - Sustainable Global Active Equity Sub fund – now launched within Powys along with the other seven funds participating. The Committee felt it was a positive step.

It was moved and duly seconded to approve the WPP Business Plan.

RESOLVED: The WPP Business Plan be approved.

i.The Pension Fund Manager would feedback comments from the Committee to WPP, that the Business Plan Objectives wording could be strengthened.

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.	RESPONSIBLE INVESTMENT
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The Committee considered the reports from AON.

a. Taskforce for Climate and Financial Disclosures TCFD roadmap paper / b.Net zero update paper

The paper presented by Jennifer O'Neill an Aon representative provided the Committee with an update including approaches to net zero.

It was explained that not all data had been received and would be circulated when possible.

A detailed timetable of events and actions would be compiled and made available to the Committee.

c. Climate modelling paper

Jennifer O'Neill explained that the paper had arisen from new requirements being introduced for the 2022 triennial valuation, in which modelling would be used to demonstrate and discover climate change impacts on pension funds.

Potential climate change scenarios were presented providing impacts on assets and liabilities, and how risks were being realised. The Committee discussed the fact that considered actions would be needed before decisions taken.

c. Fossil fuels update paper

Kenneth Ettles an AON representative provided details of a review that had been undertaken to show how the pension fund was exposed to oil, gas, and coal firms by asking Investment Managers to provide detailed information.

Clarification was provided that a target date had not been set for the Fund to become fossil fuel free, but the information is useful to have

RESOLVED: The Responsible Investment reports be noted.

i.A net zero event/action timetable will be compiled and shared with the Committee with the consideration of a workshop.

11.	INVESTMENT STRATEGY STATEMENT
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The Committee considered the Investment Strategy Statement, Kenneth Ettles highlighted minor amendments and questions were answered around the timescale of expectations which included an upcoming substantial review.

It was moved and duly seconded to approve the Investment Strategy Statement

RESOLVED: The Investment Strategy Statement be approved.

i.Climate change and the Future Wellbeing Act are to be considered and incorporated as appropriate for the in-depth review.

12.	PORTFOLIO RESTRUCTURE UPDATE PAPER
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The Committee considered the paper presented by Kenneth Ettles which provided an update on the implementation of the new investment strategy and developments made on the equity portfolio and infrastructure. The Committee felt encouraged to see the sustainable active equity sub fund lunched and investments taking place.

Highlights were provided around the progression of the private markets and infrastructure.

RESOLVED: The Portfolio Restructure Update Paper be noted.

13. AON QUARTERLY INVESTMENT REPORT
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The Committee considered the Quarter One Report presented by Emma Perrin a representative from Aon. It was noted that the asset value had fallen slightly over the quarter and against the 2022 valuation, however the funding level had increased since the valuation due to a fall in liabilities.

The Pension Fund Manager added that the LGPS Peer Group full report will be circulated to the Committee showing that smaller funds have incurred challenges due to their size.

Performance showed a volatile quarter for capital markets, however, persistent inflation, further interest rate rises, and global banking system concerns reduced returns.

RESOLVED: The Aon Quarterly Investment Report be noted.

County Councillor P E Lewis (Chair)