

**MINUTES OF A MEETING OF THE PENSIONS AND INVESTMENT COMMITTEE  
HELD AT COMMITTEE ROOM A - COUNTY HALL, LLANDRINDOD WELLS,  
POWYS ON FRIDAY, 30 SEPTEMBER 2016**

PRESENT

County Councillor A G Thomas (Chair)

County Councillors PJ Ashton, E A Jones, W T Jones and G P Vaughan

Strategic Director Resources, Pension Fund Manager, the Financial Reporting & Policy Accountant.

Gerard Moore, Chair of the Powys Pensions Board

Richard Antrobus and Rachel Pinder Aon Hewitt

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| <b>1.</b> | <b>APOLOGIES</b> | <b>PIC47- 2016</b> |
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Apologies for absence were received from Councillor Tom Turner.

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| <b>2.</b> | <b>DECLARATIONS OF INTEREST</b> | <b>PIC48- 2016</b> |
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All members present declared interests as members of the Local Government Pension Scheme.

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| <b>3.</b> | <b>MINUTES</b> | <b>PIC49- 2016</b> |
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The Chair was authorised to sign the minutes of the last meeting held on 11<sup>th</sup> July 2016 as a correct record.

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| <b>4.</b> | <b>REVIEW OF FUND EMPLOYER COVENANTS</b> | <b>PIC50- 2016</b> |
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The Committee received the results of the review of employer covenants which set out the assessment of risk for each of the admitted bodies and any mitigations put in place. Members were advised that since the report had been drafted a risk sharing agreement had been signed with Theatr Brycheiniog.

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| <b>RESOLVED</b>                            | <b>Reason for Decision</b> |
| <b>To note the contents of the report.</b> | <b>Best practice.</b>      |

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| <b>5.</b> | <b>BULK TRANSFER PAYMENT - NWTRA</b> | <b>PIC51- 2016</b> |
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The Committee noted details of the bulk transfer payment to the Gwynedd Pension Fund on 6<sup>th</sup> September in respect of 12 former Powys County Council staff who transferred to the North Wales Trunk Road Agency on 31<sup>st</sup> March 2012.

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| <b>RESOLVED</b>   | <b>Reason for Decision:</b> |
| <b>To note the payment of £1,315,686 to the Gwynedd Pension Fund in respect of NWTRA transferees, on 6<sup>th</sup> September 2016.</b> | <b>As per report</b>        |

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| <b>6.</b> | <b>BULK TRANSFER PAYMENTS - COLEG POWYS</b> | <b>PIC52- 2016</b> |
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The Committee noted details of the transfer of funds to the Swansea Pension Fund in respect of Coleg Powys transferees.

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| <b>RESOLVED</b>  | <b>Reason for Recommendation:</b> |
| <b>To note the payment of £10,000,000 on 31<sup>st</sup> March 2016 and £86,045 on 13<sup>th</sup> September 2016 were made to the Swansea Pension Fund in respect of Coleg Powys transferees.</b> | <b>As per report</b>              |

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| <b>7.</b> | <b>NEW ADMISSION BODY - CAMPING &amp; CARAVANNING CLUB</b> | <b>PIC53- 2016</b> |
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The Committee noted that the Camping and Caravanning Club had been admitted to the Powys Pension Fund following the transfer of a service with two employees.

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| <b>Recommendation:</b>   | <b>Reason for Recommendation:</b> |
| <b>To note the admittance of the Camping &amp; Caravanning Club to the Powys Pension Fund.</b> | <b>As per report</b>              |

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| <b>8.</b> | <b>NEW ADMISSION BODY - SOLO SERVICE GROUP</b> | <b>PIC54- 2016</b> |
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The Committee was advised that Solo Service Group had become a Pension Fund employer following the transfer of the Schools Cleaning Service (Ystradgynlais) from Powys County Council. Twenty-six employees were covered by the admission agreement, which was open.

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| <b>RESOLVED</b>  | <b>Reason for Decision:</b> |
| <b>To note the admittance of the Solo Service Group to the Powys Pension Fund.</b> | <b>As per report</b>        |

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| <b>9.</b> | <b>PENSION FUND POOLING - UPDATE</b> | <b>PIC55- 2016</b> |
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The Committee received an update on progress towards the creation of a pooled investment fund for Welsh local government pension funds.

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| <b>RESOLVED</b>  | <b>Reason for Decision:</b> |
| <b>To note the progress made in investment pooling in Wales since the last update.</b> | <b>As per report</b>        |

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| <b>10.</b> | <b>APPROVAL MEMORANDUM OF UNDERSTANDING RELATING TO THE PROCUREMENT OF SERVICES BY THE ADMINISTERING AUTHORITIES OF THE LOCAL GOVERNMENT PENSION SCHEME IN WALES</b> | <b>PIC56- 2016</b> |
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The Solicitor to the Council updated the Committee on work being undertaken in preparation for the establishment of a pooled investment fund for Wales. The Monitoring Officers of the eight administering authorities had been working on the governance arrangements and had developed a Memorandum of Understanding.

| <b>RESOLVED</b>   | <b>Reason for Decisions:</b>  |
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| <p><b>1 To approve the draft Memorandum of Understanding attached as Appendix 1 to the report.</b></p> <p><b>2 To authorise the Chair and Vice-Chair of the Committee in consultation with the Solicitor to the Council and the Strategic Director – Resources to approve any minor amendments to the draft MoU.</b></p> <p><b>3 To authorise the Strategic Director – Resources to sign the finalised MoU.</b></p> <p><b>4 That the Chair of the Committee or in their absence, the Vice-Chair be appointed to the Joint Chairs Group.</b></p> | <p><b>To ensure that the Host Operator is procured in sufficient time to achieve the target date of implementation of the pooled arrangements by April 2017</b></p> |

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| <b>11.</b> | <b>POWYS PENSION BOARD MINUTES</b> | <b>PIC57- 2016</b> |
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The Committee received the minutes of the last meeting of the Powys Pensions Board held on 15<sup>th</sup> July 2016. The Committee noted the recommendation from the Board that the Committee receive total expense ratios on a manager by manager basis every quarter. Aon Hewitt had included the information in their latest quarterly report. The Committee noted the concerns raised by members of the Pensions Board that there were not covered by the Council’s insurance policy. The Pensions Manager advised that he had raised this with the Council’s Insurance Officer and that they were working to find a solution.

| <b>RESOLVED</b>   | <b>Reason for Decision</b>                                 |
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| <p><b>That details of total expense ratios are received by the Committee on a manager by manager basis quarterly.</b></p> | <p><b>To increase transparency of management fees.</b></p> |

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| <b>12.</b> | <b>EXEMPT ITEMS</b> | <b>PIC58- 2016</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).**

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| <b>13.</b> | <b>STRATEGY HEALTH CHECK DISCOVERY STAGE</b> | <b>PIC59- 2016</b> |
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Rachel Pinder from Aon Hewitt outlined the process being undertaken to review the Fund's investment strategy and presented the results of the survey undertaken by members. At the next meeting she would be looking at the strategy composition of the Fund with a view to maintaining the current level of return whilst reducing risk. The survey would also be used to focus any training requirements for the Committee.

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| <b>14.</b> | <b>FORWARD LOOKING BUSINESS PLAN</b> | <b>PIC60- 2016</b> |
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The Committee received a summary its decisions over the last year and its work plan for the year ahead. The Chair noted that the composition of the Committee was likely to change after the local government elections in May 2017 and that it would be helpful for the employees' representative to be appointed before then.

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| <b>15.</b> | <b>QUARTERLY INVESTMENT REPORT</b> | <b>PIC61- 2016</b> |
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The Committee received the quarterly report for the period ended 30 June 2016. The value of the Fund had grown by £25m over the quarter by a further £28m by the 31 August 2016 with the Fund benefitting from the fall in the value of Sterling since the referendum on the UK's membership of the EU.

Aon Hewitt had included the managers' expense ratio in the report as per the recommendation of the Pensions Board. They advised that these remained largely unchanged and the Committee agreed to keep costs down they should only be updated annually.

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| <b>16.</b> | <b>MEDIUM TERM ASSET ALLOCATION</b> | <b>PIC62- 2016</b> |
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The Committee was advised that the current MTTA mandate which had started on 1 March 2014 had returned 26.5% compared to the benchmark of 27.3% as at 30 June 2016. This had detracted approximately £2.9m compared to the MTAA benchmark over the 28 month period to 30 June 2016. The current mandate was still running and Aon Hewitt advised that performance should be assessed over the medium term rather than a shorter time. Aon Hewitt remained confident that that the MTAA would add value in the future.

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| <b>17.</b> | <b>PENSION FUND TRANSACTION</b> | <b>PIC63- 2016</b> |
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The Committee considered the confidential report of the Strategic Director – Resources.

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| <b>RESOLVED</b>                  | <b>Reason for Decision</b>      |
| <b>That the report be noted.</b> | <b>To inform the Committee.</b> |

**County Councillor A G Thomas (Chair)**