

**MINUTES OF A MEETING OF THE PENSIONS AND INVESTMENT COMMITTEE
HELD AT COMMITTEE ROOM A - COUNTY HALL, LLANDRINDOD WELLS,
POWYS ON FRIDAY, 15 DECEMBER 2017**

PRESENT

County Councillor P E Lewis (Chair)

County Councillors T J Van-Rees, JG Morris and A W Davies

Councillor Martin Weale and Mr Gerard Moore.

Richard Antrobus, Chris Archer, Becky Durran and Simon Mayne (Aon Hewitt)

Acting Director-Resources, Pension Fund Manager, Financial Reporting & Policy
Accountant

1.	APOLOGIES
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Apologies for absence were received from County Councillor EA Jones.

2.	DECLARATIONS OF INTEREST
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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.

3.	MINUTES
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The Chair was authorised to sign the minutes of the meetings held on 29 September and 17 November 2017 as correct records.

The Chair advised that he was changing the running order of the agenda and that he would take the minutes of the Pensions Board when the Chair of the Board arrived.

4.	CAMPING & CARAVANNING CLUB
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The Committee was advised that the last remaining active member of the Powys LGPS employed by Camping & Caravanning Club had left their employment and that therefore the Club was no longer a participating employer in the Pension Fund.

RESOLVED	Reason for Decision:
To note the contents of the report.	As per report

5.	PERFORMANCE MANAGEMENT
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The Fund had joined the National LGPS Framework for Investment Management Performance and Cost Monitoring and Reporting Services and officers were in the process of engaging suppliers on the Framework to procure the relevant services.

RESOLVED	Reason for Decision
That Committee approve officers to proceed with the engagement of providers for performance measurement services.	To ensure the Fund receives performance measurement information on an on-going basis.

6. PRESENTATION BY THE PENSION FUND ACTUARY

Chris Archer and Becky Durran from Aon Hewitt gave an update on the actuarial position. The Fund had gone from 80% funded as at 31 March 2016 to 91% funded as at 30 September 2017 having benefitted from a 24% return on investments in the period. Investment returns could not be expected to continue at this rate. The average employer contribution in 2017/18 was 24.3% of pay, made up of 18.6% primary rate employer's contribution and stepping contributions made by the County Council. The expected recovery period was 22 years.

Mr Gerard Moore and County Councillor Aled Davies arrived during the presentation.

7. PENSIONS BOARD MINUTES

The Committee received the minutes of the last meeting of the Powys Pensions Board meeting held on 20th October.

The Pensions Board had asked to be given an input into statements issued by the Fund, when timing allowed.

The Chair of the Pensions Board advised that the reference in the minutes to a fine imposed by the Information Commissioner should refer to an English County Council rather than a Pension Fund.

The Pensions Manager advised that since the update report to the Pensions Board on the Markets in Financial Instruments Directive II (MIFID II) two further managers had responded to say that the Fund met the required criteria to operate at this level and another 4 had yet to respond. The Chair of the Board was pleased to note that the investment advisers had opted up.

The Chair of the Committee requested that the Acting Chief Executive and Acting Section 151 Officer be asked to confirm that the training programme was MIFID compliant.

8. EXEMPT ITEMS

RESOLVED to exclude the public for the following item 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).

9. QUARTERLY INVESTMENT UPDATE

The Committee was advised that equities continued to rise in value and there had been a modest increase in the value of the Fund.

The Committee was also advised that Aon Hewitt had downgraded their view of Schroders as their investment style was not suited to the current market. The funds under their management had been moved into the passive equity fund prior to the establishment of the pooled fund.

Aon Hewitt advised that a period of market volatility was expected once quantitative easing was reigned in and interest rates began to rise, but equities remained good value.

10. ASSET UPDATE AT 30TH NOVEMBER

The value of the Fund as at 30 November stood at £621.765m.

11. MTAA UPDATE

The Fund had outperformed the benchmark by being overweight in equities and underweight in bonds.

12. LONG TERM BUSINESS PLAN

The Committee noted the long term business plan.

The Pension Fund Manager advised that the preferred bidder appointment for the Pooled Fund had been delayed. Pension fund managers were due to meet on 20 December to start the process of establishing the pooled fund. The Committee discussed their role once the pooled fund had been established. The Committee would no longer be involved in the appointment of investment managers and would instead concentrate on asset allocation.

13. HEDGE FUND TRANSITION UPDATE

The Committee received the update report on the hedge fund transition.

14. PRIVATE EQUITY COMMITMENTS

The Committee was advised that a decision did not have to be taken until the next meeting.

15. STOCK LENDING

The Committee was advised that the Fund benefitted from stock lending, receiving a proportion of the fees charged by the investment managers. This was how passive managers offset their expenses. Aon Hewitt had asked for this information to be provided annually.

16.	INFRASTRUCTURE
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The Committee received the report from Aon Hewitt. Infrastructure was an asset class the Pooled Fund would look to invest in.

17.	INSIGHT - FIXED INCOME TRAINING
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The Committee received training on fixed income.

County Councillor P E Lewis
Chair