

**MINUTES OF A MEETING OF THE PENSIONS AND INVESTMENT COMMITTEE  
HELD AT COMMITTEE ROOM A - COUNTY HALL, LLANDRINDOD WELLS,  
POWYS ON FRIDAY, 9 MARCH 2018**

**PRESENT**

County Councillor P E Lewis (Chair)

County Councillors T J Van-Rees, E A Jones, DW Meredith, JG Morris and  
A W Davies

Mr G Moore, Chair of the Powys Pensions Board  
Mr M. Weale – co-opted Member

Strategic Director Resources, Pension Fund Manager, Head of Business Services,  
Pension Administration Manager

Chris Archer, Sion Cole, Simon Maine and Rachel Pinder, Aon Hewitt

<b>1. APOLOGIES</b>
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There were no apologies.

The Chair welcomed Rachel Pinder, Aon to her first meeting since her return from a 12 month sabbatical and congratulated Chris Hurst on his appointment as Pension Fund Manager to replace Joe Rollin on his retirement.

<b>2. 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. MINUTES</b>
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The Chair was authorised to sign the minutes of the last meeting held on 15<sup>th</sup> December, 2017 as a correct record.

The Committee agreed to consider the draft Pension Board minutes on the arrival of the Pension Board Chair.

<b>4. TRAINING PLAN [AON HEWITT]</b>
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Mr G Moore, Chair Pension Board arrived.

The Committee noted that in respect of Asset Allocations a specialist could attend a future meeting to provide training on this issue. In response to a question regarding training opportunities Aon Hewitt advised that the training requirements of each Committee member could be assessed and then a training programme developed.

The Pension Fund Manager advised that a training programme had been agreed for the Pension Board and that the Committee could participate in this programme.

The Chair went back to Item 4 on the Agenda, Pension Board minutes.

<b>5.</b>	<b>PENSIONS BOARD MINUTES</b>
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The Pension Board Chair introduced the cover report to the minutes of the meeting held on 12 January, 2018. He advised that he would use the cover report to highlight recommendations from the Board and also advise the Committee of assurances received by the Board and other issues discussed, so that the work of the Board becomes more transparent to the Committee.

The Committee noted the report.

<b>RESOLVED</b>	<b>Reason for decision</b>
<ol style="list-style-type: none"> <li><b>1. That the Committee approves the new process for informing them of the outcomes of Board meetings.</b></li> <li><b>2. that the Committee notes the invitation to attend as observers the Board meetings, so that Committee members fully understand and appreciate the role, purpose and achievements of the Board.</b></li> <li><b>3. That the Pensions Manager makes available an on-line database of scheme documents.</b></li> <li><b>4. That some of the procedures associated with the need to record, and if deemed of material significance, report any breaches of the law to the Pensions Regulator, are strengthened as a priority.</b></li> </ol>	<ol style="list-style-type: none"> <li><b>1. A structured “executive summary” should increase the Committee’s awareness and help focus on key issues identified by the Board, without needing to study the more detailed Board minutes, and should also assist the transparency agenda.</b></li> <li><b>2. This will help develop the links and understanding between the Committee and the Board.</b></li> <li><b>3. In order to be fully compliant with paragraph 46 of the Pension Regulator’s Code of Practice 14</b></li> <li><b>4. Whilst, since the inception of the Public Service Pensions Act 2013, there have been no breaches of the law by the Powys Pension Fund which have been deemed to be of material significance and therefore reportable to the Pensions Regulator, nevertheless the procedures for monitoring breaches which are merely recordable, but not reportable, leave scope to be more robust in order to secure full compliance with Code of Practice 14.</b></li> </ol>

The Pension Fund Manager advised that due to his unfortunate accident in October last year, Geoff Petty, was unable to continue as one of the Employer’s Representatives on the Pension Board. Discussions were taking place between the Acting Chief Executive and the Cabinet regarding a replacement.

<b>6.</b>	<b>INVESTMENT STRATEGY STATEMENT [AON HEWITT]</b>
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The Committee received the Investment Strategy Statement [ISS].

It was questioned whether the ISS should state that Investment Managers should meet MIFID2 requirements and whether the long term Investment objectives should also refer to the solvency of funds. It was agreed that the definition of the term “solvency” needed to be considered. The Pension Fund Manager advised that the ISS would be attached to the annual report which would be published prior to the next meeting.

It was noted that although the County Council had not formally signed up to the UK Stewardship code it aims to abide by the principles of the code where appropriate. The Pension Fund Manager advised that the Regulator states that if a Council does not sign up to the Code, it should explain its reason. He advised that the Council could consider this issues but this could be via the Pooled Fund.

<b>RESOLVED</b>	<b>Reason for decision</b>
<ol style="list-style-type: none"> <li><b>1. That it be delegated to the S151 Officer and Pension Fund Manager, in consultation with the Chair, to agree wording regarding “solvency” to be added to Investment Objectives [paragraph 3] of the ISS.</b></li> <li><b>2. That advice be sought from Aon Hewitt regarding the best way for the Council to sign up to the UK Stewardship code.</b></li> </ol>	<p><b>In order to enable a revised copy of the ISS to be available for inclusion with the Annual Report, the preparation of which will be completed prior to the next scheduled Committee.</b></p>

<b>7.</b>	<b>EXEMPT ITEM - ITEMS 8 TO 11 INCLUSIVE</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).**

<b>8.</b>	<b>ASSET UPDATE</b>
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The Committee considered Items 8 and 9 together.

The value of the Fund as at 31 December, 2017 stood at £630.219m, which was an increase of £22.1m over Quarter 4. It was noted that the Fund had strong performance overall. The Committee was advised that increased volatility was expected over the next year and things such as US tariffs would have an impact. Markets over the next few years would see lower returns.

Aon Hewitt in response to a question regarding the County Council contributing to the Pension Fund advised that although the Fund had increased over the last year there was still a need for the Council to contribute to support the Fund. It was considered that the Fund would be closer to being fully funded by 2020.

**9. Q4 QUARTERLY MONITORING REPORT**

See item 8 above.

**10. Q4 MTAA REVIEW**

The Committee received the Medium Term Asset Allocation [MTAA] update Quarterly update to 31 December, 2017.

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

**11. DECISIONS REVIEW**

The Committee noted the report.

The Committee moved into open session.

The following item was taken next.

**12. LIST OF SIGNATORIES**

The Committee noted that the new Deputy Head of Financial Services, Stephen Caple needed to be added to the list of signatories.

<b>RESOLVED</b>	<b>Reason for decision</b>
<b>that the new Deputy Head of Financial Services, Stephen Caple be added to the list of signatories.</b>	<b>To facilitate internal Fund processes in the light of the former s.151 Officer's current role of Acting Chief Executive and the long-term absence of a further existing signatory.</b>

**13. TRAINING - THE PENSIONS REGULATOR [PENSION BOARD CHAIR]**

Gerard Moore, Chair, Powys Pension Board provided a training session regarding The Pensions Regulator.

**14. WALES PENSION PARTNERSHIP - RUSSELL INVESTMENTS**

The Chair welcomed representatives of LINK Asset Services and Russell Investments, which had been contracted to manage the Wales Pension Partnership Pooled Funds.

The Committee noted the following:

- the contract between the Pooled Fund and LINK is five years
- LINK will run the Fund and all the risk but it does not undertake the investment management selection or portfolio construction. It has contracted with Russell Investment to do this, again for a five year period.
- Russell Investment will advise the Pool Board on the best managers and once the Board agrees on who to use, LINK will contract with the

investment managers. Russell Investment will monitor the investment managers selected.

- the Pooled Fund's Officer Working Group will receive advice from LINK
- the first area of funds to be developed via the Pool would be Global Equities, which should be launched by the end of August or early September 2018. Hedge Funds would probably be considered next year.

In response to a question regarding savings to be achieved through pooling the Committee was advised that it could see fees cut by 5/6ths.

The Chair and Committee thanked Joe Rollin, Pension Fund Manager for his work and support over the years and wished him all the best on his retirement.

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