

**MINUTES OF A MEETING OF THE PENSIONS AND INVESTMENT COMMITTEE
HELD AT COMMITTEE ROOM A - COUNTY HALL, LLANDRINDOD WELLS,
POWYS ON FRIDAY, 13 MARCH 2020**

PRESENT

County Councillor P E Lewis (Chair)

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

Mr G Moore, Chair, Powys Pension Board

Mr M Weale, Co-opted member

In attendance: Head of Finance and Pension Fund Manager

Aon representatives via Skype – George Feane and Rachel Pinder. Becky Durran for item 5, Kenneth Ettles and Andrew Stals for item 13

BlackRock representatives via Skype for item 4 – Alec Barkett and Andy Graver

1.	APOLOGIES
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Apologies for absence were received from County Councillor H Williams.

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 Pensions and Investment Committee meeting held on 13 February 2020 as a correct record.

4.	BLACKROCK LOW CARBON PRESENTATION AND TRAINING
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The Committee received training on Low Carbon investments.

5.	RISK SHARING TRAINING
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The Committee received training on Employer Risk and the level of risk sharing between the employer and admission body. It was noted that if an employer is struggling to meet pension liabilities there are a number of options for addressing this.

The Pension Fund Manager advised that details of any risk sharing that is in place with a new employer admitted into the Fund, will be included as part of any covering report going forward.

RESOLVED	Reason for decision
That when an employer is admitted to the fund the Committee be advised of their admittance and the risk sharing.	To enable the Committee to consider the future risk for the Pension Fund.

6. ADMINISTRATION AND LGPS UPDATE

The Committee considered the report. The Committee noted that the Scheme Advisory Board [SAB] had established two working groups to help implement the outcome of the McCloud judgement for Local Government Pension Schemes [LGPS]. The Pension Fund Manager advised that the volume and complexity of work of implementing the remedy will have an impact on administration teams.

In respect of the LGPS (Amendment) Regulations 2020 on Exit Credits the Pension Fund Manager advised that any changes to the exit credit policy would be reflected in the Funding Strategy Statement [FSS]. This would be circulated to the Committee for consideration at its meeting in June.

RESOLVED	Reason for decision
To note the update report.	To ensure that the Fund continues to focus on high standards of administration.

7. GOVERNANCE UPDATE

The Committee received the Governance update report and noted that the SAB was developing guidance in respect of responsible investment. The Pension Fund Manager advised that the draft would be circulated to the Committee for discussion.

RESOLVED	Reason for decision
That the update be noted.	To ensure that the Fund continues to focus on high standards of governance.

8. TRAINING NEEDS ANALYSIS

The Committee considered the report regarding Committee member training. It was noted that a minimum of four days training a year was required for Committee members under the CIPFA Code of Practice for pensions.

RESOLVED	Reason for decision
That the Committee complete an up to date training needs analysis form.	To assess training requirements.

9. WALES PENSION PARTNERSHIP [WPP] UPDATE

The Committee considered the report. The Pension Fund Manager reported on the Joint Governance Committee [JGC] meeting held the previous day. The Committee noted that the transfer of Fixed Income Sub Funds into the Pool had now received FCA approval.

RESOLVED	Reason for decision
That the report be noted.	For information.

10. 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).

11. HEDGE FUND UPDATE AND INVESTMENT STRATEGY IMPLEMENTATION

The Committee considered the report and noted the allocation of funds in line with the Funds strategic portfolio allocation.

RESOLVED	Reason for decision
To note the report.	As per the report.

12. INVESTMENT STRATEGY STATEMENT [ISS]

The Committee noted the changes in the Investment Strategy Statement [ISS]. The Committee noted that although the Fund had not signed up to the UK Stewardship Code it had agreed to it in principle. Aon advised that with the development of the WPP it could ask Link to provide information for the pooled funds.

The Pension Board Chair advised that a gap analysis for the Pension Fund could be undertaken by the Board, working with the Pension Fund Manager.

RESOLVED	Reason for decision
1. That the ISS be approved and 2. That the Powys Pension Board undertake a gap analysis in respect of the UK Stewardship Code and report back to the Committee for consideration.	1. To ensure the ISS is kept up to date and 2. To assess the work required to enable the Fund to become signatories to the UK Stewardship Code.

County Councillor T Van-Rees left the meeting.

The following item was taken next.

13. EQUITY RISK IMPLEMENTATION UPDATE

The Committee received the report regarding the Equity Risk Management following the Committee's decision in February 2020 to continue the equity risk management overlay. The Committee noted the significant increase in equity market volatility since its previous meeting and the monetary and fiscal support introduced by governments. Aon advised that the Equity Protection currently in place was working as it should.

Aon advised that its report was based on the Committee's decision in February 2020, which at the time of writing was still appropriate. However, due to the dramatic falls in the markets over the last few days Aon advised that a further review should be considered if market volatility continues. Aon proposed that discussions should continue with officers and that information be emailed to the

Committee for consideration, rather than deferring consideration to the June Committee meeting.

It was moved and duly seconded to delegate the final equity risk management structure to the Chair and Vice Chair and Section 151 Officer after consultation of the proposed structure with the Committee.

RESOLVED	Reason for decision
That the final equity risk management structure be delegated to the Chair and Vice Chair and Section 151 Officer after consultation of the proposed structure with the Committee.	To ensure an appropriate equity risk management structure is agreed taking into account the volatility of markets.

14. PRIVATE EQUITY

The Committee considered the report regarding the investment of \$5m in HarbourVest HIPEP IX private equity fund.

The Pension Board Chair declared an interest as he invested in a HarbourVest Junior ISA fund.

The Committee noted that in due course the WPP would consider pooling options, but the recommended investment would maintain the Fund's exposure to the private equity market. Aon advised that investment was recommended subject to HIPEP IX receiving a buy rating from Aon's manager research team [which has now been received].

It was moved and duly seconded to invest \$5m in HarbourVest HIPEP IX private equity fund subject to HIPEP IX receiving a buy rating.

RESOLVED	Reason for decision
That \$5m be invested in HarbourVest HIPEP IX private equity fund subject to HIPEP IX receiving a buy rating.	To maintain the Fund's exposure to the private equity market.

15. CEM BENCHMARKING - VERBAL REPORT

The Committee received a verbal update and noted that the Fund had received a positive review. The Fund's returns were similar to other LGPS but at a lower risk. Fees and costs overall were below the median and in the future the pooling of funds would reduce this further.

RESOLVED	Reason for decision
That the verbal report be noted and that the report be considered in more detail at the next meeting.	To enable to the Committee to consider the report in more detail.

16.	QUARTERLY MONITORING REPORT
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The Committee received the Quarter 4 monitoring report to 30 December 2019.

RESOLVED	Reason for decision
That the Quarter 4 monitoring report be noted.	As per the report.

17.	FORWARD LOOKING BUSINESS PLAN
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The Committee noted the Forward Looking Business Plan.

Aon advised that its management research team was reviewing CFM [Hedge Funds] due to the volatility in its funds and a report would be considered at the next meeting. The Committee noted the potential merger of Aon with another company which was likely to take place next year.

The Pension Fund Manager advised that a report would be considered by Full Council regarding the Board's terms of reference and membership.

County Councillor P E Lewis (Chair)