

**MINUTES OF A MEETING OF THE PENSIONS AND INVESTMENT COMMITTEE
HELD AT BY TEAMS ON FRIDAY, 11 MARCH 2022**

PRESENT

County Councillor P E Lewis (Chair)

County Councillors E A Jones, JG Morris, D H Williams and A W Davies.

Mr G Moore, Chair Powys Pension Board

In attendance: Pension Fund Manager

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| 1. | 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).

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| 2. | APOLOGIES |
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There were no apologies for absence.

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| 3. | 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.

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| 4. | RESPONSIBLE INVESTMENT |
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The Committee received a presentation on the net zero objective for the Pension Scheme.

There was a need to consider the date the Pool would set to achieve net zero alongside individual authority dates. Whatever date is agreed at the Fund, it would need to be both meaningful and measurable.

The Pension Fund are considering the journey to the net zero and have already transitioned some assets into lower carbon funds. A net zero target date is useful in terms of setting an actual target, but it needs to be meaningful, measurable and contribute to the overall solution towards a net zero economy. The Fund are considering how best to implement this to achieve the positive outcomes desired.

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| 5. | MINUTES |
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The Chair was authorised to sign the minutes of the Pensions and Investment Committee meeting held on 17 December 2021 as a correct record.

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| 6. PENSIONS BOARD MINUTES |
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The Committee received the minutes of the Board held on 24 September 2021 and 15 December 2021.

The Committee received the Board Chair's report of the Board meeting held on 1 March 2022 and noted the minutes of the inquorate meeting held on 14 February 2022.

It was noted that recent meetings had struggled to be quorate necessitating rearrangement of dates. Extra members have been appointed and have participated in their first meetings. The Chair was optimistic that future meetings could be held as scheduled.

Some recommendations have been incorporated into the Committee's agenda for consideration. The Board suggest that the risk register be reviewed in the light of increasing inflation.

There was concern that demand was outstripping supply for staff in pensions administration teams. It was suggested that post entry training qualifications be reviewed in the light of new ways of working.

The Board recognise the impact of investing training new staff on performance data.

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| 7. COMPLIMENTS AND COMPLAINTS POLICY |
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The Committee considered the draft Compliments and Complaints Policy.

It had been recognised that a policy was needed to replace the simplistic statement currently on the website. The draft policy identifies what can be expected, timescales and procedures. The version being considered by Committee has been reviewed and amended by the Pensions Board.

It was noted that complaints or compliments in regard to related policies including Data Protection and Freedom of Information, would be directed through the main Council scheme. The policy under consideration was Pension Scheme specific.

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| RESOLVED | Reason for Decision: |
| the draft Compliments and Complaints Policy be approved and published as soon as possible. | As per report |

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| 8. ADMINISTRATION AND GOVERNANCE REPORT |
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A Government Actuary Department Section 13 report is produced following the conclusion of the LGPS valuation process. Some recommendations had been made in the report for improvement and development of the valuation process in the LGPS. The report can also flag issues of concern, but none were raised in regard to the Pension Fund.

New regulations are due to be implemented in the summer, which encourage a “nudge” towards Pensions Wise to help pension savers make informed pension decisions. This is not relevant to the LGPS main scheme but may impact on the AVC element. It is not yet clear how much resource might be needed to ensure those members with an AVC can access the appropriate advice. Guidance is awaited for clarification.

The Pension Dashboard is a one stop shop which will enable pension savers to access multiple pension provider information in one location. The system will require data to be available and this could also have resource implications. A Data Improvement Plan is in place to ensure the quality of the pension fund data remains of high quality.

The Risk Register contained no new risks but the Pension Board comments regarding staff retraining and retention were noted. Discussions are underway to consolidate some risks. There are currently 35 risks but the consequences are the same for many. It is hoped that more meaningful risks can be developed to ensure the Register is more manageable. It is expected that the revised Register will be available for consideration at the next meeting.

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| RESOLVED | Reason for decision |
| The report is noted. | As per the report. |

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| 9. | EXEMPT ITEM |
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| 10. | INVESTMENT STRATEGY STATEMENT |
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The Statement reflects the investment strategy agreed in the autumn and requires the Committee’s approval prior to publishing.

Members were of the opinion that the relationship between the County Council and the Pension and Investment Committee in this regard needed to be formalised. The Pension Fund Manager agreed to discuss the matter with the Monitoring Officer if any further clarity is needed in addition to what is included in the Fund’s Governance and Compliance Statement.

RESOLVED that

- i) The Investment Strategy Statement be approved and published**
- ii) The Pension Fund Manager review the wording of the Governance and Compliance Statement and liaise with the Monitoring Officer if required.**

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| 11. | JOURNEY PLAN TO MOVE TO THE AGREED STRATEGIC BENCHMARK |
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The launch dates for Wales Pension Partnership [WPP] sub funds is likely to be known in the near future. Consideration needs to be given to where assets can

be invested in the short term to prepare for transition into the new sub funds once available.

There is to be a 10% allocation to infrastructure within the Investment Strategy Statement. Whilst the launch of the WPP infrastructure sub-funds is awaited, it is important for the Fund to prepare for these and it is recommended that the Fund consider where best to allocate investments in the meantime. It is recommended that protected equities, hedge funds or absolute return bonds are considered, since they are part of the existing strategy.

RESOLVED that the 10% to be transferred to the WPP infrastructure fund be invested equally across the three strategies identified.

12. EQUITY RISK MANAGEMENT

This proposal aims to avoid significant losses on long term equities and preserve their value to 2023, with consideration towards the imminent valuation of the fund. At present 50% of equities are protected and it is proposed that this continue. However, the market is volatile and it was suggested that the proposal be approved in principle, but the situation be monitored until April before a final decision is taken. It was suggested that this should be delegated to the Chair and Vice Chair but given the pre-election period commences on 14 March 2022 it was suggested that delegated authority be given to the S151 Officer and Pension Fund Manager.

RESOLVED that

- i) Equity protection be rolled forward to December 2022**
- ii) The Section 151 Officer and Pension Fund Manager be given delegated authority to finalise the arrangement depending on the position of the stock market in April 2022.**

13. PRIVATE EQUITY

The Committee received the report of the Pension Fund Advisers. It was noted that the Wales Pension Partnership was aiming to commence the procurement process for appointing an allocator for its Private Equity sub-fund soon with the launch to follow.

The Committee also noted the recommended allocation of funds to maintain the strategic exposure to the private equity markets whilst the WPP Private Equity sub-fund is developed.

RESOLVED that the recommendation as set out in the report be approved.

14. UKRAINE/RUSSIA POSITION

The Committee received the report of the Pension Fund Investment Advisers and noted that the Fund's exposure across its portfolio to Russian companies was around 0.1%. The Committee noted the Council resolution regarding divestment of funds from Russian companies and that the Wales Pension Partnership was already actively considering this.

RESOLVED:

- (i) that the report be noted;
- (ii) that the Pensions Manager work with the Council's Communications Team to issue a news release advising that the Committee was actively considering divestment in Russian companies and that the level of the fund's exposure was 0.1%. This information could also be posted onto the Pension website.

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| 15. QUARTERLY MONITORING REPORT |
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The Committee received the report of the Pension Fund Advisers. It was noted that the position would be reviewed and an update provided for the end of March 2022.

RESOLVED that the report be noted.

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| 16. GMP RECONCILIATION |
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The Committee received an update on the GMP Reconciliation project by the Head of Finance.

RESOLVED that the report be noted.

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| 17. PENSION FUND BUSINESS PLAN |
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The Committee received the report of the Head of Finance proposing that in line with best practice a Fund Business Plan be prepared which could be published on the Fund's website. A draft business plan was attached to the report for consideration.

Whilst this is not currently a mandatory requirement, it was in line with best practice and it was suggested that it may become a mandatory requirement in future. The objectives set out in the business plan would also be included in the Service's Integrated Business Plan.

RESOLVED that the draft document be approved in principle subject to comments from the Pension Board and revision by the Pension Fund Manager and Head of Finance.

County Councillor P E Lewis (Chair)