

**MINUTES OF A MEETING OF THE PENSIONS AND INVESTMENT COMMITTEE
HELD AT COUNCIL CHAMBER - COUNTY HALL, LLANDRINDOD WELLS, POWYS
ON FRIDAY, 16 DECEMBER 2016**

PRESENT

County Councillor A G Thomas (Chair)

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

Strategic Director Resources, Pension Fund Manager, Head of Business Services,
Pension Administration Manager, the Financial Reporting & Policy Accountant.

Gerard Moore, Chair of the Powys Pensions Board

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

1.	APOLOGIES	PIC64- 2016
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There were no apologies for absence.

2.	DECLARATIONS OF INTEREST	PIC65- 2016
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All members present declared interests as members of the Local Government Pension Scheme.

3.	MINUTES	PIC66- 2016
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The Chair was authorised to sign the minutes of the last meeting held on 30 September 2016 as a correct record.

4.	PENSION BOARD MINUTES	PIC67- 2016
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The Committee received the minutes of the meeting of the Powys Pensions Board held on 11 November 2016. The draft minutes circulated with the agenda were replaced by a set approved by the Chair of the Board.

The Committee noted and accepted the recommendation made by the Board that when reviewing the Investment Strategy Statement consideration is given to greater analysis of the compliance statements.

5.	NEW ADMISSION BODY - ELITE SEA LTD	PIC68- 2016
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The Committee was advised that Elite Supported Employment Agency Ltd had become a Pension Fund employer following the transfer of the Employment Support service from Powys County Council.

RESOLVED	Reason for Decision:
To note the admittance of Elite Supported Employment Agency Ltd to the Powys Pension Fund..	As per report

6.	PENSION FUND POOLING - UPDATE	PIC69- 2016
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The Committee was advised that the Minister for Local Government had given his approval for the All Wales Investment Pool to go ahead. Officers from each of the Pension Funds were developing the governance arrangements. There would be an update at the next meeting.

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

7.	LOCAL GOVERNMENT PENSION SCHEME (MANAGEMENT AND INVESTMENT OF FUNDS) REGULATIONS 2016	PIC70- 2016
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The Committee was advised that the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 which came into force on 1 April 2017 gave administering authorities wider, more flexible powers to invest beyond the previous prescriptions that were a feature of the 2009 Regulations. The new regulations also introduced a power for the Secretary of State to intervene in the management of individual LGPS Funds and placed a duty on Funds to publish an Investment Strategy Statement by 1st April 2017.

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

8.	POWYS PENSION FUND ANNUAL REPORT 2015-16	PIC71- 2016
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The Committee received the Pension Fund Annual Report for 2015/16. The report had been approved by Wales Audit Office and the Audit Committee and had been published on the Council's website by 1 December in accordance with regulations. The Committee agreed with the suggestion of the Chair of the Powys Pensions Board that future reports should refer to the duty to ensure compliance with Public Service Pensions Act in the section on functions delegated to the Section 151 Officer.

9.	ACTUARIAL VALUATION RESULTS	PIC72- 2016
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Chris Archer presented the results of the actuarial valuation. He advised that the Fund was maturing with 37% of the membership active in 2016, down from 44% active in 2013. The Chair suggested that the Council, as an employer, should be doing more to encourage younger staff to enrol. The Chair also asked for comparative information on the number of ill health retirements in other Welsh authorities and the funding level of Welsh Pension Funds. The Powys Pension Fund was 80% funded, an improvement on the 79% funded at the 2013 valuation.

The Actuary and Section 151 Officer had discussed the level of employer contribution, and a 18.6% contribution rate was proposed along with secondary contributions of £6.6m which would reduce the recovery rate from 25 years to 22 years.

10.	DRAFT INVESTMENT STRATEGY STATEMENT	PIC73- 2016
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The Committee considered a first draft of the Investment Strategy that would replace the Statement of Investment Principles from 1st April 2017. The Committee agreed that the Strategy should include a section on the role of the Pensions Board and a section on pooling arrangements, including voting and governance. A further draft would be presented to the next meeting on 9th February 2017.

11.	FORWARD LOOKING BUSINESS PLAN AND TRAINING PLAN	PIC74- 2016
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The Committee received the forward looking business plan and training plan.

12.	STRATEGY HEALTHCHECK	PIC75- 2016
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Rachel Pinder from Aon Hewitt outlined the develop stage of the strategy health check comparing the current investment strategy with a number of alternative strategies. The strategy proposed involved currency hedging to minimise the risk of volatility of currency movements, investment in infrastructure projects to provide cashflow and restructuring the hedge fund to minimise management fees. These ideas would be explored further at the next meeting.

13.	EXEMPT ITEMS	PIC76- 2016
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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).

14.	QUARTERLY INVESTMENT REPORT	PIC77- 2016
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The Committee received the quarterly report for the period ended 30 September 2016. The value of the Fund had grown by £27.6m over the quarter and by a further £3.6m to the end of November. The return for the Fund over 12 months was 18.9% against the benchmark of 21.2%. Of the two newly appointed managers, Hoskings were slightly ahead of the benchmark and Carnegie were slightly behind.

The Committee was reminded of the need to appoint a company to measure the benchmarks since WM had stopped providing this service.

15.	MEDIUM TERM ASSET ALLOCATION	PIC78- 2016
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The current MTAA mandate had returned 34.1% compared to the benchmark of 35.2% to 30 September 2016. Being underweight in bonds and overweight in property had hurt performance.

County Councillor A G Thomas (Chair)