

**MINUTES OF A MEETING OF THE PENSIONS AND INVESTMENT COMMITTEE
HELD AT COMMITTEE ROOM A - COUNTY HALL, LLANDRINDOD WELLS,
POWYS ON THURSDAY, 9 FEBRUARY 2017**

PRESENT

County Councillor A G Thomas (Chair)

County Councillors PJ Ashton, W T Jones and G P Vaughan

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

Gerard Moore, Chair of the Powys Pensions Board

Richard Antrobus, Sion Cole and Simon Mayne Aon Hewitt

1.	APOLOGIES	PIC1- 2017
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Apologies were received from County Councillor E.A. Jones and Councillor Martin Weale.

2.	DECLARATIONS OF INTEREST	PIC2- 2017
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All Members declared interests as members of the Local Government Pension Scheme [LGPS].

3.	MINUTES	PIC3- 2017
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The Chair was authorised to sign the minutes of the last meeting held on 16th December, 2016 as a correct record.

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

4.	SECURITY OF PENSION FUND ASSETS	PIC4- 2017
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The Committee considered the Pension Board's recommendation that where the Fund intends to enter into a contract with a manager to invest Fund assets, that, in all cases, the contract documentation is first scrutinized by the Fund's legal advisers, in relation to this risk.

RESOLVED	Reason for Decision:
To approve the referral of all future contracts with asset managers to the Fund's legal advisers for scrutiny, in order to help manage the risk associated with investment manager insolvency.	Pension Board Recommendation

5.	NEW ADMISSION BODY - KIER FSL	PIC5- 2017
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The Committee was advised that Kier Facilities Services Ltd had become a Pension Fund employer following the transfer of the Schools Cleaning Service (Brecon and Llandrindod) from Powys County Council.

RESOLVED	Reason for Decision:
To note the admittance of Kier Facilities Services Ltd to the Powys Pension Fund.	As per report.

6.	NEW RESOLUTION BODY - MACHYNLLETH TOWN COUNCIL	PIC6- 2017
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The Committee was advised that Machynlleth Town Council had become a Pension Fund employer following the passing of a statutory resolution by the Town Council on 19 December 2016.

RESOLVED	Reason for Decision:
To note the admittance of Machynlleth Town Council to the Powys Pension Fund.	As per report

The Pension Fund Manager advised that several smaller employers would be admitted to the Fund in due course.

The following item was taken next.

7.	PENSIONS BOARD MINUTES	PIC7- 2017
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The Committee received the minutes of the meeting of the Powys Pensions Board held on 6 January, 2017, which were circulated at the meeting.

The Chair of the Board advised that it was satisfied with the actuarial process. The Committee noted that the Board would consider cyber security in the future, as this was an issue which was on the Pension Regulator's agenda for 2017.

8.	REVIEW OF COMMUNICATIONS STRATEGY STATEMENT	PIC8- 2017
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The Committee noted that as required under Regulation 61 of the Local Government Pension Scheme Regulations 2013 [SI 2013 No. 2356] administering authorities had to prepare and regularly review a written statement setting out details of communications strategy. The Committee considered the revised Communications Strategy Statement and noted that reference had been made to the Pension Board and the strategy in respect of Additional Voluntary Contributions [AVCs].

RESOLVED	Reason for Decision:
To approve the revised Communications Strategy Statement.	Statutory requirement

9.	WELSH LGPS FUNDS - COMPARATIVE DATA	PIC9- 2017
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The Committee received and noted the Welsh LGPS funding ratios and the incidence off ill health retirements.

RESOLVED	Reason for Decision:
To note the funding ratio of each Welsh LGPS Funds and the incidence of ill health retirements.	As per the report.

10.	WALES POOL	PIC10- 2017
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The Committee received an update on the All Wales Investment Pool. It was noted that a:

- third party operator would develop a menu of investment opportunities from which Pensions Funds could select investments,
- joint governance committee would be established, with an elected member from each Pension Committee and
- Working Group, with two officers from each Pension Fund, would be established.

The Committee was advised that one authority would manage the Pool and it was planned that it would be a legal entity by April 2017 and operational by April 2018. The Strategic Director advised that a report would be considered by each authority and that the Monitoring Officer had advised that “purdah” would not have an impact on the councillors’ ability to make a decision on this issue.

11.	INVESTMENT STRATEGY STATEMENT	PIC11- 2017
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Richard Antrobus from Aon Hewitt advised the Committee of the minor changes to the document. It was noted that some further minor changes may be needed in respect of the reference to the Wales Pool.

RESOLVED	Reason for Decision:
1. That the Investment Strategy Statement be approved and 2. That it be delegated to the S151 Officer to agree any minor amendments to the Investment Strategy Statement.	As per the report.

12.	FUNDING STRATEGY STATEMENT	PIC12- 2017
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The Committee received the Funding Strategy Statement and noted the minor changes.

RESOLVED	Reason for Decision:
That the Funding Strategy Statement be approved.	As per the report.

In response to questions the Pension Fund Manager advised that the recent Supreme Court ruling regarding the right of a cohabiter to receive a widow's pension would have limited implications for the Fund. For actuarial purposes cohabiters had been assumed as married since April 2014. A review of deaths between April 2008 and April 2014 would be undertaken to see if any cases need to be revisited.

The Chair took the rest of the agenda as follows.

13.	STRATEGY HEALTHCHECK	PIC13- 2017
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The Committee considered further, the Strategy Healthcheck, which had been outlined at the previous meeting. The "Develop Stage" of the strategy healthcheck process had compared the current investment strategy with a number of alternative strategies. Simon Mayne from Aon Hewitt took the Committee through the strategy which proposed 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.

RESOLVED	Reason for Decision:
<ol style="list-style-type: none"> 1. To change the current asset allocation strategy from equity unhedged to 50% hedged and that 100% of the Schroders holding be invested in the currency hedged share class and 66% of the BlackRock passive equity portfolio benchmark be currency hedged 2. That the long-term investment strategy allocates 10% in favour of infrastructure investments 3. To carry out a full review of the Fund's hedge fund strategy, looking to restructure the allocation away from Hedge Fund of Funds and instead invest in single strategy managers and 4. That the new Committee, after the May 2017 election, implement the strategy after receiving appropriate training. 	As per the report.

14.	FORWARD LOOKING BUSINESS PLAN AND TRAINING PLAN	PIC14- 2017
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Richard Antrobus advised that as a result of the decisions made today the Committee would now move to the "Delivery Phase" of the business plan. This would be for the new Committee to consider, after receiving appropriate training.

The Committee noted that the replacement for WM would form part of the Pool arrangements and it was hoped that this would be completed before the end of the current financial year. The Investment Strategy Statement had been agreed at this meeting, subject to any minor changes being agreed by the S151 Officer and the Committee noted that a range of training was planned for the new Committee after the May 2017 elections.

Richard Antrobus advised that as GAM had moved from a buy rated to a qualified rated fund manager he asked the Committee to consider whether it wished to move the allocation from GAM to Goldman Sachs which was buy rated. The Committee was reminded that it had previously agreed that where fund managers changed in such a way the Committee had agreed that its policy should be to move funds to reduce the risk.

RESOLVED	Reason for Decision:
that as GAM had moved from a buy rated to a qualified rated fund manager the allocation to GAM should be moved to Goldman Sachs which was buy rated fund manager.	As per policy.

The Chair noted that a vacancy still existed for an employee representative on the Committee. The Pension Board Chair advised he would raise this at the next Board meeting and the Pension Fund Manager advised he would invite the Trade Unions to make an appointment to the Committee for May 2017.

15.	DECISION REVIEW	PIC15- 2017
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The Committee received the Decision Review document.

16.	EXEMPT ITEMS	PIC16- 2017
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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).

17.	ASSET UPDATE AND QUARTERLY INVESTMENT OUTLOOK	PIC17- 2017
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The Committee received the quarterly report for the period ended 31st December, 2016. The value of the Fund had grown by £18.7m. The Committee noted that the new fund managers were performing well. In response to a question Richard Antrobus agreed that details would be given in future reports of where funds had been moved around.

In response to questions Richard Antrobus advised that Aon Hewitt's research team was reviewing HarbourVest 8 and whether funds should be transferred.

RESOLVED	REASON FOR DECISION
1. That it be delegated to the Chair and Vice Chair to	In order that an appropriate investment decision is taken

<p>consider the outcome of the review in respect of HarbourVest and</p> <p>2. that if no Chair and Vice Chair is in post, it be further delegated to the S151 Officer to consider the outcome of the review.</p>	<p>even when Chair and Vice Chair may not be in position.</p>
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18.	UPDATE ON ASSET ALLOCATION VIEWS FOLLOWING ADVANCES IN BREXIT AND THE US ELECTION	PIC18- 2017
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The Committee received and noted the Asset allocation views following the Brexit vote and the US election.

19.	MEDIUM TERM ASSET ALLOCATION	PIC19- 2017
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The Committee received the Medium Term Asset Allocation [MTAA] update.

The Chair advised that this was the last Committee meeting prior to the Local Government election in May 2017. He advised that there would be a void between the election and the appointment of the new committee and therefore governance arrangements would need to be put in place to cover this period. The S151 Officer stated that he would discuss this with the Monitoring Officer and if appropriate a recommendation would be made to Council to delegate to the S151 Officer authority to make decisions regarding the Pension Fund until the new Chair and Vice Chair had been appointed and undertaken appropriate training. The Pension Board Chair advised he supported this position and would be happy to assist in any way regarding the level of training required by the Chair and Vice Chair.

David Powell, Strategic Director Resources on behalf of officers thanked the Chair, County Councillor Tony Thomas for his help, support and advice during his membership of the Committee. Gerard Moore, Chair of the Powys Pensions Board also offered the Chair thanks on behalf of the Pensions Board.

County Councillor A G Thomas (Chair)