

**MINUTES OF A MEETING OF THE PENSIONS AND INVESTMENT COMMITTEE
HELD AT COMMITTEE ROOM A - COUNTY HALL, LLANDRINDOD WELLS,
POWYS ON FRIDAY, 29 SEPTEMBER 2017**

PRESENT

County Councillor P E Lewis (Chair)

County Councillors T J Van-Rees, E A Jones and JG Morris
Mr M Weale, co-opted member

Strategic Director Resources, Pension Fund Manager, Pension Administration
Manager and Financial Reporting & Policy Accountant.

Gerard Moore, Chair of the Powys Pensions Board

Sion Cole and Simon Mayne Aon Hewitt

1.	APOLOGIES
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Apologies for absence were received from County Councillors DW Meredith and A W Davies who was on other Council business.

2.	DECLARATIONS OF INTEREST
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Members of the Committee [excluding the Chair] declared interests as members of the Local Government Pension Scheme [LGPS]. These are personal interests only, but are not a prejudicial interest in accordance with Paragraph 12(b)(iv) of the Members' Code of Conduct 2016. County Councillor T Van-Rees also declared a personal interest as he was in receipt of a Local Government Pension and advised that his son who is an officer of the Council was a member of the Local Government Pension Scheme.

3.	MINUTES
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The Chair was authorised to sign the minutes of the meeting held on 10 July, 2017 as a correct record.

4.	POWYS LOCAL PENSION BOARD
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The Committee received a presentation from Gerard Moore, Powys Pension Board Chair regarding the legislation establishing Boards, its role and relationship with the Pension and Investment Committee and issues it had considered and commented on to the Committee.

It was noted that The Pension Regulator [TPR] had fined London Borough of Barnet Pension Fund regarding governance and administrative aspects of its scheme. The learning points from this were:

- That when TPR contacted an organisation it was important to respond
- Where a Fund uses a third party to manage the Fund the Pension Authority does not absolve its responsibility for the Fund
- Accurate information from employers was important.

In response to questions the Pension Board Chair advised that it was good practice for the Pension Board to comment on audit reports prior to these being considered by the Audit Committee. The Board could also support the Audit Committee in looking into issues in more detail.

4.1. Pensions Board minutes

The Committee received the Pensions Board minutes of 14 July, 2017.

5. MARKETS IN FINANCIAL INSTRUMENTS DIRECTIVE II - OPTING UP

The Committee noted the report from the Strategic Director relating to the Markets in Financial Instruments Directive II – Opting Up. The Committee noted the process required to ensure the Pensions Fund operated at the required level from 3 January 2018.

The Committee was advised that the impact of the All Wales Pool on this status would need to be reviewed in due course.

Resolved	Reason for Decision
<ul style="list-style-type: none"> • To note the contents of the report. • To authorise a Legal Entity Identifier Registration • To authorise opting up to professional client status • To delegate authority to the Strategic Director of Resources to achieve professional client status by 3rd January 2018. 	To enable the Pension Fund's investment strategy to continue to be managed effectively.

6. DATA QUALITY TESTING PROCEDURE

The Committee received the Data Quality Testing Procedure in relation to scheme member data as required by the Pensions Regulator's Code of Practice 14 (published in 2015). It was noted that the Pension Board had considered the document and that this was a good example of its role in supporting the Committee.

Resolved	Reason for Decision
To approve the adoption of the Data Quality Testing Procedure.	Statutory guidance.

7. PENSION FUND ANNUAL REPORT 2016/17

The Committee received the Pension Fund Annual Report 2016/17. The Audit Committee had approved the Pension Fund accounts and the Wales Audit Office would sign off the accounts after the Committee had approved the Annual report.

RESOLVED	Reason for decision
That Pension and Investment Committee approves the 2016-17 Pension Fund Annual Report and that the Annual Report be published by the 1st December.	To ensure compliance with the Statutory Requirements.

8. GENERAL DATA PROTECTION REGULATIONS

The Committee received the report regarding the General Data Protection Regulations 2017. It was noted that these come into force on 25th May 2018 and apply to all EU member states. The UK Government had confirmed that even though the UK will leave the EU in 2019, these regulations will be enforceable in the UK from May 2018.

The Committee noted the actions required to be undertaken by the Pension Fund Officers in conjunction with the County Council's general data protection arrangements. A further report would be submitted to the Committee in Spring 2018 setting out the procedures adopted and actions taken in order to ensure compliance with these regulations.

Resolved	Reason for Decision
<ul style="list-style-type: none"> • To note the contents of the report. • To approve the actions proposed. 	Statutory obligation

9. WALES PENSION PARTNERSHIP POOLING UPDATE

The Strategic Director Resources reported that a number of operators had presented bids to an officer working group in late August. The Joint Governance Committee will appoint an operator to ensure that the Pool is operational from 1 April 2018.

In response to questions the Strategic Director Resources advised that even when the Pool is operational the Pension Fund would still be sovereign and the Pension and Investment Committee would still be required to develop its investment strategy and monitor performance.

10. FORWARD LOOKING BUSINESS PLAN

The Committee noted the Forward Looking Business Plan and the Training Plan.

11. DECISION REVIEW

The Committee noted the Decision Review report.

12. 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).

13. QUARTERLY INVESTMENT UPDATE - QUARTER 2

Simon Mayne, Aon reminded the Committee that the Quarterly Investment Updates looked at what the markets had done and where they are going and whether the Pension Fund needed to rebalance investments.

The Committee received the quarterly report for the period ended 30 June 2017. The Committee noted that the rating of managers was continuously monitored and that over Quarter 2 the returns were flat due to market fluctuations. In response to questions Simon Mayne advised that the fund had benefited from the US stock market's recent performance. Aon advised that for a Portfolio of this size the balance between passive and active equity was correct and that the way the passive equity portfolio was managed was under review.

In response to questions Aon advised that the Wales Pension Partnership Pooling should result in significant economies of scale in respect of fees.

14. MEDIUM TERM ASSET ALLOCATION [MTAA] UPDATE

The Committee was advised that the current MTTA mandate which had started on 1 March 2014 had returned 44.3% compared to the benchmark of 44.4% as at 30 June 2017. The current mandate has added £0.3m net of costs compared to the MTAA benchmark over the 40 month period to 30 June 2017.

14.1 Schroder

Aon advised that it considered that Schroder managers were not meeting their objectives and had not updated their processes in line with industry standards. Aon was downgrading the manager to qualified. As a result, in line with the Committee's previous decision to only use Buy rated managers, Aon was recommending to the Committee that the funds be moved from Schrodgers to Blackrock which provides passive equity management.

RESOLVED	Reason for decision
that the funds be moved from Schrodgers to Blackrock which provides passive equity management.	To ensure the Pension Fund is managed by Buy rated managers.

15. HEDGE FUND OF FUNDS MANDATE

The Committee received Hedge Fund training.

Mr M Weale left the meeting.

16.	PRIVATE EQUITY
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The Committee received a presentation from HarbourVest.

It was noted that the next meeting would be held on 15 December, 2017.

**County Councillor PE Lewis
Chair**