

**MINUTES OF A MEETING OF THE PENSIONS AND INVESTMENT COMMITTEE
HELD AT COUNTY HALL, LLANDRINDOD WELLS
ON WEDNESDAY 30TH SEPTEMBER 2015**

PRESENT: County Councillor AG Thomas (Chair)

County Councillors EA Jones and GP Vaughan

In attendance:

Gerard Moore, Chair of Powys Pensions Board
Rachel Pinder and Richard Antrobus of Aon Hewitts.

Steve Offa Assistant Finance Business Partner/Technical Accountancy Assistant,
Joe Rollin Pensions Manager

1.	APOLOGIES	PIC31 – 2015
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Apologies for absence were received from County Councillors PJ Ashton, TG Turner and Councillor AMC Weale who were on other Council business and from the Strategic Director Resources.

2.	MINUTES	PIC32 – 2015
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The Chairman was authorised to sign the minutes of the meeting held on 16th July 2015 as a correct record.

3.	DECLARATIONS OF INTEREST	PIC33 – 2015
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All members present declared interests as members of the Local Government Pension Scheme.

4.	APPROVAL OF PROCEDURE FOR REPORTING BREACHES OF THE LAW TO THE PENSIONS REGULATOR	PIC34 – 2015
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The Committee considered the procedure for reporting breaches of the law to the Pensions Regulator. The Pensions Manager confirmed that there were no issues of late payments of employer contributions at the moment.

RESOLVED	Reason for Decision
That the PCC Procedure for Reporting Breaches of the Law to the Pensions Regulator be approved.	Statutory guidance requirement.

5.	COMMUNICATIONS STRATEGY STATEMENT	PIC35 – 2015
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The Committee considered the Communications Policy Statement for the Fund.

RESOLVED	Reason for Decision
To approve the Communications Policy Statement.	Statutory Requirement.

6.	REVIEW OF PENSION FUND GOVERNANCE POLICY & COMPLIANCE STATEMENT	PIC36 – 2015
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The Committee considered the Governance and Compliance Statement for the Pension Fund. With regards to the Scheme of Delegation, it was confirmed that delegation of functions to the Section 151 Officer was in consultation with the Chair and Vice Chair of the Committee.

RESOLVED	Reason for Decision
To approve the Governance Policy and Compliance Statement subject to an amendment to paragraph 2.1 confirming that delegation of functions to the Section 151 Officer was in consultation with the Chair and Vice Chair of the Committee.	Statutory Requirement.

7.	PENSION FUND WORK PROGRAMME	PIC37 – 2015
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The Committee considered the Fund's work programme for the period to 31st March 2018. It was agreed that it would be more cost effective to organise joint training for the Committee and the Pensions Board.

RESOLVED	Reason for Decision
That the work programme for the period to 31st March 2018 be noted.	Good practice

8.	INVESTMENT MANAGERS INTERNAL CONTROLS	PIC38 – 2015
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The Committee was advised that the Pension Fund auditors had undertaken a review of Assurance reports on the internal controls of the organisations it invests with.

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

9.	PASSIVE GLOBAL EQUITY – ALL WALES JOINT PROCUREMENT	PIC39 – 2015
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The Society of Welsh Treasurers were recommending the appointment of a single passive investment management with the other Welsh Pension Funds. The Committee was advised that joint procurement of could save in the region of £120,000 to £160,000 per annum.

RESOLVED	Reason for Decision
To approve the participation of the Powys Pension Fund in the All Wales joint procurement exercise in respect of a pooled passive investment mandate.	As per report.

10.	MINUTES OF THE POWYS PENSIONS BOARD	PIC40 – 2015
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The Committee received the minutes of the Powys Pensions Board meeting held on 31st July. With respect to minute 5a), the Committee's view was that it was good practice for non-voting members of the Board to declare interests if required. The Committee noted the Board's concern over the significant outperformance of the passive equity manager and whether they were taking any undue risks. Rachel Pinder confirmed that Aon Hewitt were satisfied that they were not taking undue risk.

11.	PENSIONS BOARD – RECOMMENDED AMENDMENTS TO QUARTERLY INVESTMENT UPDATE	PIC41 – 2015
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The Committee considered the recommendations of the Pensions Board that individual manager performance should be shown against the benchmark and not against manager objective, and that, where possible, the impact of individual manager performance should be shown against the impact of the strategic asset allocation.

RESOLVED	Reason for Decision
To approve the recommendations of the Pensions Board.	As per report.

12.	PENSIONS BOARD – AMENDMENTS TO TERMS OF REFERENCE	PIC42 – 2015
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The Committee considered the proposed amendments to the Pensions Board's terms of reference.

RESOLVED	Reason for Decision
To approve the proposed amendments to paragraphs 15, 38 and 48 of the	As per report.

Pensions Board's Terms of Reference.	
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13.	GENERAL UPDATE	PIC42 – 2015
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The Committee was advised that the Fund had entered the Hermes Property Fund. The Pensions Manager also advised that a payment had been made to the Greater Manchester Pensions Fund who had taken on responsibility for the Probation Service Pension Fund in respect of former Powys Probation staff.

Members of the Committee were asked to complete their training needs assessments by 31st October.

14.	EXEMPT ITEMS	PIC43 – 2015
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RESOLVED to exclude the public for the following items 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).

15.	QUARTERLY INVESTMENT REPORT	PIC44 – 2015
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Rachel Pinder gave the Committee an update on market conditions since June.

The Committee was advised that the downturn in equity markets over the last quarter had seen the value of the Fund fall from £511.958m on 31 March to £495.91m on 30 June. Some of the underperformance was due to funds being underweight in the USA. The Fund also remained underweight in Bonds due to low yields.

The Committee remained concerned at the underperformance of a number of the managers and agreed that this needed to be addressed before the next scheduled meeting.

16.	MEDIUM TERM ASSET ALLOCATION UPDATE	PIC45 – 2015
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The Committee was advised that the Fund had outperformed the benchmark by 0.5% in the last quarter. The MTAA had added £1.84m in value since the start of the current mandate on 1 March 2014.

The Chair of the Pensions Board asked about the investment in real assets such as infrastructure projects like ports, roads and airports as a way of diversifying the Fund and bringing in a regular, reliable cashflow. It was agreed to put this on the agenda for the next regular meeting.

The Committee considered Aon Hewitt's proposals for the governance of investment managers with a qualified rating. It was agreed that this needed to be considered together with the performance of underperforming managers when the Section 151 Officer was available. It was therefore agreed to hold a special meeting of the Committee on the afternoon of the Council meeting on 21st October.

AG THOMAS
CHAIR