

**MINUTES OF A MEETING OF THE PENSIONS AND INVESTMENT COMMITTEE  
HELD AT COMMITTEE ROOM A - COUNTY HALL, LLANDRINDOD WELLS,  
POWYS ON FRIDAY, 4 OCTOBER 2019**

**PRESENT**

County Councillor P E Lewis (Chair)

County Councillors E A Jones and D H Williams  
Mr G Moore, Chair Powys Pension Board  
Mr M Weale, co-opted member

In attendance: Head of Finance, Pension Fund Manager and Financial Reporting & Policy Accountant.

Aon representatives – Simon Mayne and George Feane and Jennifer O’Neil [via Skype] for Items 16 and Lucinda Downing and Kenneth Ettles [via Skype] for Items 17.

<b>1.</b>	<b>APOLOGIES</b>
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Apologies for absence were received from County Councillors JG Morris, T J Van-Rees and County Councillor A W Davies was on other Council business.

<b>2.</b>	<b>DECLARATIONS OF INTEREST</b>
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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.

<b>3.</b>	<b>MINUTES</b>
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The Chair was authorised to sign the minutes of the Pensions & Investment Committee meeting held on 1 July, 2019 as a correct record.

<b>4.</b>	<b>PENSIONS BOARD MINUTES</b>
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The Committee considered the Pension Board Chair’s report, together with the minutes of the Board meeting on 10 July, 2019 and the draft minutes of the meeting held on 11 September, 2019.

The Committee considered the recommendations from the Board.

<b>RESOLVED</b>	<b>Reason for decision</b>
<p><b>That the Committee at the next meeting considers the following:</b></p> <p><b>a) increasing the membership of the Powys Pension Board (currently at the minimum allowed of two scheme member representatives and two scheme employer representatives) by one from each cohort and</b></p> <p><b>b) the appointment duration of</b></p>	<p><b>To consider increasing the resilience of the Board.</b></p>

<b>each appointment should be staggered to ensure the continuity of knowledge and experience.</b>	
<b>that a risk should be added to the Risk Register in respect of on-going compliance with MIFID II.</b>	<b>To consider the financial implications of being assessed as non-compliant in respect of the MIFID II.</b>
<b>that a risk be added to the Risk Register regarding the need to ensure that the Committee considers all relevant issues including climate change risk when developing both its Responsible Investment Policy and its Investment Strategy Statement.</b>	<b>To ensure that Climate Change risks to investments are considered by the Committee.</b>

The Committee noted the assurances gained by the Board and the Board Chair congratulated officers for again completing and making available the Annual Benefits Statements to scheme members within the required timescale.

The Committee noted that an internal audit would commence in mid-October and that the report would be available by the end of the year.

#### **5. NEW ADMISSION BODY - SHAW HEALTHCARE (GROUP) LTD**

The Committee was advised that Shaw healthcare (Group) Limited had become a Pension Fund employer following the transfer of the BUPA Care Homes staff.

<b>RESOLVED</b>	<b>Reason for Decision:</b>
<b>To note the admittance of Shaw healthcare (Group) Limited to the Powys Pension Fund.</b>	<b>As per report</b>

#### **6. GLOBAL EQUITY TRANSITION**

The Committee noted the report regarding the investment of the Funds active global equity allocation into the Wales PP Global Growth Fund.

<b>RESOLVED</b>	<b>Reason for Decision:</b>
<b>That the Committee notes the report.</b>	<b>For information.</b>

#### **7. PENSION FUND ANNUAL REPORT 2018/19**

The Committee considered the 2018-19 Pension Fund Annual Report and noted that it would be published on the Pension Fund website. The Pension Board Chair indicated that the report was a good reference document for new Committee members.

<b>RESOLVED</b>	<b>Reason for decision</b>
<b>that the 2018-19 Pension Fund</b>	<b>To ensure compliance with the</b>

<b>Annual Report be approved.</b>	<b>Statutory requirements.</b>
<b>that the Annual Report be published by the 1st December 2019.</b>	

<b>8.</b>	<b>ADMINISTRATION AND LOCAL GOVERNMENT PENSION SCHEME [LGPS] UPDATE</b>
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The Committee received the report which provided an update on Local Government Pension Scheme [LGPS] and administration matters, together with any potential impacts of these on the Powys Pension Fund. The Committee noted the explanation regarding the data quality testing.

<b>RESOLVED</b>	<b>Reason for decision</b>
<b>To note the report.</b>	<b>As per report.</b>

<b>9.</b>	<b>GOVERNANCE UPDATE</b>
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The Committee noted the report.

<b>RESOLVED</b>	<b>Reason for decision</b>
<b>To note the report.</b>	<b>As per report.</b>

<b>10.</b>	<b>TRAINING - VALUATION - PENSION BOARD CHAIR</b>
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The Pension Board Chair provided a training presentation on the Triennial Valuation.

The Committee noted the role of the Pension Board in respect of the Triennial Valuation. The need for good governance in respect of the dual roles and responsibilities of the Pensions and Investment Committee members in respect of the Pension Fund and the Council's overall budget and the potential conflicts between these was noted.

<b>11.</b>	<b>WALES PENSION PARTNERSHIP UPDATE</b>
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The Committee received the report regarding the Wales Pension Partnership [WPP].

The Pension Board Chair welcomed the improved engagement between the WPP and the Boards.

<b>RESOLVED</b>	<b>Reason for decision</b>
<b>To note the content of the report.</b>	<b>For information.</b>

<b>12.</b>	<b>WALES PENSION PARTNERSHIP - LINK AND RUSSELL INVESTMENTS UPDATE</b>
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The Committee received a presentation from Eamonn Gough, Senior Relationship Manager, Link Asset Services regarding its role as Operator for the WPP.

The Committee noted the work completed to date and the roles and responsibilities of the Operator and also the Investment Manager & Advisor [Russell]. In response to questions the Committee was advised that Link has a contractual relationship with the WPP and reports to the Officer Working Group and Joint Governance Committee.

<b>13.</b>	<b>DECISION REVIEW</b>
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The Committee noted the Decision Review report.

<b>14.</b>	<b>FORWARD LOOKING BUSINESS PLAN</b>
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The Committee noted the Forward Looking Business Plan.

<b>15.</b>	<b>EXEMPT ITEM</b>
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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).**

<b>16.</b>	<b>RESPONSIBLE INVESTMENT</b>
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Aon presented the report on Responsible Investment [RI] Policy Development. The draft had been developed as a result of the Committee completing two anonymous surveys and being involved in a series of discussions regarding the desired approach to RI. Account was also taken of the ongoing dialogue with the WPP regarding the approach taken at Pool level.

The Committee discussed the options for seeking Scheme members' views on the Policy and engagement with members. In response to questions it was noted that the Stewardship Code was currently being revised and there could be significant changes to this. The draft RI policy did not refer to this but the new Code would be considered when published.

<b>RESOLVED</b>	<b>Reason for decision</b>
<b>That the Committee consider the Responsible Investment [RI] Policy at its next meeting.</b>	<b>To support the development of a RI policy.</b>

<b>17.</b>	<b>EQUITY RISK MANAGEMENT</b>
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Aon presented a report regarding Equity protection. The Committee considered a review of equity markets and the equity protection since implementation and investment market outlook. Members considered whether the equity protection should continue or cease and the timing of any decision would need to be considered.

<b>RESOLVED</b>	<b>Reason for decision</b>
<b>That the Committee consider a further report on Equity Protection at its next meeting.</b>	<b>To consider whether to continue with the current Equity Protection.</b>

**18. COMPETITION & MARKETS AUTHORITY ORDER**

The Committee noted that the Competition & Markets Authority [CMA] introduced new duties for trustees including Investment Committees of LGPS. One of the new duties is that trustees should set objectives for its Investment Consultant and monitor these. The Committee noted the example objectives provided by Aon. The Pension Board Chair advised that he was aware that another fund had developed such objectives and would share the paperwork relating to these with the Pension Fund Manager.

<b>RESOLVED</b>	<b>Reason for decision</b>
<b>To develop objectives for its Investment Consultant.</b>	<b>To comply with Competition &amp; Markets Authority [CMA] orders.</b>

**19. INVESTMENT STRATEGY REVIEW**

The Committee received and noted the report from Aon regarding the Investment Strategy Review.

<b>RESOLVED</b>	<b>Reason for decision</b>
<b>that Investment Strategy Review be considered further at the next meeting.</b>	<b>To ensure the Investment Strategy</b>

**20. MEDIUM TERM ASSET ALLOCATION (MTAA) – UPDATE TO 30 JUNE 2019**

The Committee received the final MTAA report as agreed at the last meeting. The Committee noted that the Fund had more recently been managed in a defensive way and risks had not materialised. Performance had been relatively good compared to the benchmark.

**21. QUARTERLY MONITORING REPORT**

The Committee received the Quarterly Monitoring report for the period to 30 June 2019. The Committee noted the Manager Ratings and the Investment Outlook.

**County Councillor P E Lewis  
Chair**