

**MINUTES OF A MEETING OF THE PENSIONS AND INVESTMENT COMMITTEE  
HELD AT COMMITTEE ROOM A - COUNTY HALL, LLANDRINDOD WELLS,  
POWYS ON MONDAY, 11 JULY 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, the Financial Reporting &  
Policy Accountant.

<b>1.</b>	<b>INVESTMENT CONSULTANTS SELECTION INTERVIEWS</b>	<b>PIC25- 2016</b>
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The Committee interviewed for the position of the Powys Pension Fund investment consultant.

**RESOLVED unanimously to appoint Aon Hewitt as the investment consultant for the Powys Pension Fund for a period of 5 years.**

<b>2.</b>	<b>APOLOGIES</b>	<b>PIC26- 2016</b>
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Apologies for absence were received from County Councillor T Turner and from County Councillor GP Vaughan for the first item on the agenda.

<b>3.</b>	<b>DECLARATIONS OF INTEREST</b>	<b>PIC27- 2016</b>
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The Committee members present declared interests as members of the Local Government Pension Scheme.

<b>4.</b>	<b>MINUTES</b>	<b>PIC28- 2016</b>
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The Chair was authorised to sign the minutes of the meetings held on 11<sup>th</sup> February and 11<sup>th</sup> May 2016 as correct records.

The Pension Fund Manager confirmed that the staff side representative had resigned from the Committee and that he had written to the Trade Union side to request that they nominate a member to serve on the Committee.

<b>5.</b>	<b>AMENDMENT OF RISK REGISTER</b>	<b>PIC29- 2016</b>
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The Powys Pensions Board had recommended that two additional risks be included in the Risk Register:

- The insolvency of an investment manager (in the light of the Lehmann Bros. situation)

- Participation in the Government's LGPS asset pooling initiative.

<b>RESOLVED</b>	<b>Reason for Decision:</b>
<ol style="list-style-type: none"> <li>1. To approve the inclusion of PEN030 (risks associated with the possible insolvency of an investment manager investing Pension Fund assets.</li> <li>2. To approve the inclusion of PEN031 (risks associated with the Pension Fund's participation in the Wales Pool).</li> </ol>	As per report.

<b>6.</b>	<b>REVIEW OF ADMINISTRATION STRATEGY</b>	<b>PIC30- 2016</b>
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Committee considered the Administration Strategy Statement setting out details of the Pension Fund's administrative processes in relation to the Local Government Pension Scheme.

<b>RESOLVED</b>	<b>Reason for Decision:</b>
To approve the Administration Strategy Statement.	Statutory requirement

<b>7.</b>	<b>EXEMPT ITEMS</b>	<b>PIC32- 2016</b>
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**RESOLVED** to exclude the public for the following 5 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).

<b>8.</b>	<b>AON HEWITT QUARTERLY MONITORING REPORT</b>	<b>PIC33- 2016</b>
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Aon Hewitt presented the report for the period ending 31<sup>st</sup> March 2016 and tabled the update for the period ended 30<sup>th</sup> June 2016. The Committee was advised that much of the £25.4m increase in the value of the Fund between 31<sup>st</sup> March and 30<sup>th</sup> June was due to the fall in the value of Sterling.

Aon Hewitt explained the buy, sell and qualified rating system used in the executive summary. They explained that the classification for illiquid holdings was different because these were longer term commitments.

<b>9.</b>	<b>UPDATE ON THE MARKETS FROM AON HEWITT</b>	<b>PIC31- 2016</b>
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The Committee received an update from Aon Hewitt on the markets since the Brexit vote. Members were advised that the best performing sectors were very defensive utility stocks that paid dividends.

<b>10.</b>	<b>QUARTERLY MTAA REPORT</b>	<b>PIC34- 2016</b>
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The Committee received the quarterly Medium Term Asset Allocation report.

<b>11.</b>	<b>ANNUAL MTAA REPORT</b>	<b>PIC35- 2016</b>
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The Committee received the annual Medium Term Asset Allocation report.

<b>12.</b>	<b>INVESTMENT STRATEGY HEALTHCHECK</b>	<b>PIC36- 2016</b>
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Aon Hewitt outlined the process for carrying out a strategy health check in conjunction with the actuarial valuation of the Fund. In August Aon Hewitt would circulate a questionnaire to the Committee and officers to gather information on investment beliefs and work through these at development sessions in September and December.

County Councillor WT Jones left the meeting at 14.45 to go to another meeting.

<b>13.</b>	<b>CEM INVESTMENT COSTS REPORT</b>	<b>PIC37- 2016</b>
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The Committee received the CEM report commissioned by the eight Welsh LGPS Funds to collect and analyse data in respect of the investment costs and returns for each of the Funds to inform the process of developing a Welsh investment pool.

<b>RESOLVED</b>	<b>Reason for Decision:</b>
<b>To note the contents of the report.</b>	<b>As per report</b>

<b>14.</b>	<b>WALES POOL</b>	<b>PIC38- 2016</b>
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The Strategic Director Resources reported on the progress being made towards the creation of a joint Wales investment pool. The Government was considering the proposal and governance issues were now being discussed. It was likely that a Committee made up of the Chairs of the eight Welsh pension funds would be formed to oversee the Wales Pool.

<b>15.</b>	<b>APPOINTMENT OF BLACKROCK</b>	<b>PIC39- 2016</b>
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The Committee was advised that following a joint procurement exercise in partnership with Aon Hewitt, the 8 Welsh LGPS Pension Funds selected BlackRock to manage a £2.8B pooled index investment mandate, covering developed and emerging market equities, fixed income and smart beta indices. Collective savings are expected to be up to £1.3M per annum with the saving on fees for the Powys Pension Fund savings estimated at between £150k and £200k per annum.

<b>RESOLVED</b>	<b>Reason for Decision:</b>
<b>To note the contents of the report.</b>	<b>As per report</b>

<b>16.</b>	<b>DISINVESTMENT FROM PERMAL</b>	<b>PIC40- 2016</b>
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The Committee was advised that disinvestment from Permal (formerly Fauchier Partners) was completed on 31<sup>st</sup> May 2016 and the proceeds were added to the Fund's hedge fund mandate with GSAM, pending completion of the review of the Fund's wider hedge fund portfolio.

<b>RESOLVED</b>	<b>Reason for Decision:</b>
<b>To note the contents of the report.</b>	<b>As per report</b>

<b>17.</b>	<b>AUDIT REPORT</b>	<b>PIC41- 2016</b>
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The Committee received the Internal Audit report into the management of the Pension Fund and noted the findings that internal controls were in place and operating effectively. Any weaknesses identified relate only to issues of good practice which could improve the efficiency and effectiveness of the system or process. Risks against the achievement of objectives are well managed.

<b>18.</b>	<b>DRAFT LGPS AMENDMENT REGULATIONS 2016</b>	<b>PIC42- 2016</b>
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The Committee noted the draft response to the Department for Communities and Local Government's consultation on the Draft Local Government Pension Scheme (Amendment) Regulations 2016.

<b>RESOLVED</b>	<b>Reason for Decision:</b>
<b>To approve the response.</b>	<b>As per report</b>

<b>19.</b>	<b>MENCAP</b>	<b>PIC43- 2016</b>
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The Committee was advised that the last active member of the Local Government Pension Scheme employed by Mencap had retired and therefore. Mencap was no longer an employer participating in the Pension Fund.

<b>RESOLVED</b>	<b>Reason for Decision:</b>
<b>To note the contents of the report.</b>	<b>As per report</b>

<b>20.</b>	<b>BUDGET 2016</b>	<b>PIC44- 2016</b>
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The Committee received details of measures announced by the Chancellor of the Exchequer in the 2016 budget affecting pension schemes.

<b>RESOLVED</b>	<b>Reason for Decision:</b>
<b>To note the contents of the report.</b>	<b>As per report</b>

<b>21.</b>	<b>POWYS PENSION BOARD MINUTES</b>	<b>PIC45- 2016</b>
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The Committee received the minutes of the Powys Pension Board meeting held on 4th March 2016.

<b>22.</b>	<b>CORRESPONDENCE - LGA CIRCULAR 299</b>	<b>PIC46- 2016</b>
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The Committee received LGA Circular 299.

**County Councillor A G Thomas (Chair)**