

Pwyllgor Pensiynau a Buddsoddi

Man Cyfarfod
**Siambwr y Cyngor - Neuadd y Sir,
Llandrindod, Powys**

Dyddiad y Cyfarfod
Dydd Llun, 28 Ionawr 2019

Amser y Cyfarfod
10.00 am



Neuadd Y Sir
Llandrindod
Powys
LD1 5LG

I gael rhagor o wybodaeth cysylltwch â
Carol Johnson
01597 826206
carol.johnson@powys.gov.uk

22/01/2019

Mae croeso i'r rhai sy'n cymryd rhan ddefnyddio'r Gymraeg. Os hoffech chi siarad Cymraeg yn y cyfarfod, gofynnwn i chi roi gwybod i ni erbyn hanner dydd ddau ddiwrnod cyn y cyfarfod

AGENDA

1.	YMDDIHEURIADAU
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Derbyn ymddiheuriadau am absenoldeb.

2.	DATGANIADAU O DDIDDORDEB
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Derbyn unrhyw ddatganiadau o ddiddordeb gan Aelodau yn ymwneud ag eitemau i'w hystyried ar yr Agenda.

3.	COFNODION
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Awdurdodi'r Cadeirydd i lofnodi cofnodion y cyfarfod diwethaf a gynhaliwyd ar 13 Rhagfyr, 2018 fel cofnod cywir. Awdurdodi'r Cadeirydd i gydarwyddo cofnodion y Cyd Bwyllgor Archwilio a'r Pwyllgor Pensiynau a Buddsoddi a gynhalilwyd ar 6 Medi, 2018 fel cofnod cywir.

(Tudalennau 1 - 8)

4.	COFNODION Y BWRDD PENSIYNAU
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Derbyn nodiadau adborth Bwrdd Pensiynau Powys o'r cyfarfod a gynhaliwyd ar 30 Tachwedd, 2018 ac ystyried yr argymhellion. Nodi cofnodion drafft Bwrdd Pensiynau Powys a gynhaliwyd ar 30 Tachwedd, 2018.

(Tudalennau 9 - 18)

5.	EITEM EITHRIEDIG
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Mae'r Swyddog Monitro wedi penderfynu bod yr eitemau canlynol yn destun categori 3 y Rheolau Trefn Mynediad at Wybodaeth. Ei farn o ran prawf lles y cyhoedd (wedi ystyried darpariaethau Rheol 14.8, Rheolau Mynediad at Wybodaeth y Cyngor), oedd y byddai gwneud y wybodaeth hon yn gyhoeddus yn datgelu gwybodaeth ynglyn â materion ariannol neu fusnes unrhyw unigolyn penodol (gan gynnwys yr awdurdod yn cadw'r wybodaeth honno). Yn ei farn ef mae'r ffactorau hyn yn fwy pwysig na diddordeb y cyhoedd wrth ddatgelu'r wybodaeth. Gofynnir i Aelodau ystyried y ffactorau hyn wrth benderfynu ar brawf lles y cyhoedd, a dylent benderfynu hyn wrth iddynt ystyried eithrio'r cyhoedd o'r rhan hon o'r cyfarfod.

6.	PARTNERIAETH PENSIWN CYMRU [WPP] DIWEDDARIAD AR Y PONTIO ECIWTI BYDOL
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Nodi'r adroddiad diweddarau.

(Tudalennau 19 - 20)

7.	DIWEDDARIAD AR YR ECIWTI BYDOL - AON
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Ystyried yr adroddiad diweddarau gan Aon.

(To Follow)

8.	AMDDIFFYN ECIWTI - AON
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Ystyried adroddiad gan Aon.

(To Follow)

**MINUTES OF A MEETING OF THE PENSIONS AND INVESTMENT COMMITTEE
HELD AT COMMITTEE ROOM A - COUNTY HALL, LLANDRINDOD WELLS,
POWYS ON THURSDAY, 13 DECEMBER 2018**

PRESENT

County Councillor P E Lewis (Chair)

County Councillors E A Jones, J G Morris, T J Van-Rees, D H Williams and
A W Davies

Mr M Weale, Co-opted Member

Head of Financial Services, Pension Fund Manager and Financial Reporting & Policy
Accountant.

Aon representatives - Simon Mayne, George Feane, Becky Durran and Sam Osborne
and Lucinda Downing [via Skype] for Item 13 and Kenneth Ettles [via Skype] for Item
14.

1.	APOLOGIES
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Apologies were received from Mr Gerard Moore, Chair Powys Pension Fund.

2.	DECLARATIONS OF INTEREST
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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.

3.	MINUTES
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The Chair was authorised to sign the minutes of the meeting held on 19 October,
2018 as a correct record. The Committee noted that the Pension Fund Annual
Report 2017/18 had been published on the Fund's website -
www.powyspensionfund.org - by 1 December, 2018.

4.	PENSIONS BOARD MINUTES
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The Committee received the Board minutes for 21 September, 2018 having
previously received a verbal report from the Chair at the last Committee meeting.

5.	AON ACTUARIAL UPDATE
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The Committee received the Actuarial update. The Committee noted that at the
2016 valuation the funding ratio was 80% [Total Assets/Total Liabilities%]. The
Government Actuaries Department [GAD] had undertaken a Section 13 Review
of Local Government Pension Schemes Valuations. No issues had been
identified in respect of the Powys Pension Fund.

The Committee noted the changes to the fund as at 30 September, 2018 and
that asset returns were 16% better than expected. It was noted that a range of
other issues impact on the Fund's performance including:-

Cost management process – the outcome of the Scheme Advisory Board [SAB] and Treasury Cost Control reviews could have an impact on the costs of the scheme and would need to be built into the Council's budget.

Longevity – standardised mortality rate information indicated that the trend for 2011-2017 was down but flattening out.

The 2019 valuation will take place on 31 March 2019 and there were no certainties as to whether the current position would prevail at this time.

6. HEDGE FUND UPDATE

The Committee noted the current position regarding the investment into the four Hedge Fund Managers. The Committee was advised that the required information had now been received from Stone Milliner Macro Fund and Man Alternative Risk Premis SP Fund and investments would be made at the next trading opportunities for each Fund. It was noted that each Fund Manager brought different skills to the investment portfolio.

RESOLVED	Reason for decision
To note the content of the report.	For information

7. WALES PENSION PARTNERSHIP [WPP] UPDATE

The Pension Fund Manager updated the Committee on the WPP. The transition to Global Equities was planned to be completed early in 2019. WPP was now working on the next set of Sub Funds and an update on progress would be provided to the Joint Governance Committee at the end of January 2019. The next set of Sub Funds would be made available once work had been completed.

It was noted that Carmarthenshire, the host authority, had now made an appointment which it was envisaged would allow for an improvement in communications with the Funds in the Partnership.

8. PENSIONS & INVESTMENT COMMITTEE MEMBER TRAINING

The Committee considered the report regarding Member training.

RESOLVED	Reason for decision
That the Committee complete an up to date training needs analysis form in order to assess training requirements.	To assess the training requirements of Committee Members, with a view to creating an individual training programme.

Members commented on the excellent value of the Local Government Association [LGA] training and that some members were disappointed by the recent training provided by LA Forum due to the last minute change to the Agenda. The Pension Fund Manager agreed to feed views back to the training providers.

9.	FORWARD LOOKING BUSINESS PLAN
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The Committee received the Forward Looking Business Plan and noted that information regarding cyber crime and security would be considered at a future meeting.

10.	EXEMPT ITEM
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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).

11.	PORTFOLIO EVALUATION - INTRODUCTION AND PRESENTATION
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The Committee received a presentation from Portfolio Evaluation Ltd. regarding the Investment Performance review as at 30 September, 2018.

County Councillor A Davies left the meeting.

12.	SECURITIES LENDING
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The Chair welcomed Aon to the meeting, who provided some information and training on securities lending.

The Committee noted that a more detailed report on this issue would be provided to the next Committee meeting.

13.	MARKETS AND BREXIT
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Aon provided the Committee with an overview of markets and the impact of various Brexit options.

In respect of markets the following issues were noted:

- US markets were flat
- Equity markets were less likely to fall
- Economic growth in US was strong and although the Chinese economy was slowing it was unlikely that it and other economies would go into recession, as inflation was under control.

Councillor T Van-Rees left the meeting.

The following item was taken next.

14.	EQUITY PROTECTION
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Aon advised that it was considered that equity markets had entered a transitional period which could result in an equity market downturn. As a result, officers had asked Aon to consider a range of equity protection strategies. Aon explained the various options available which could mitigate equity risk. The

Committee would need to agree clear objectives for its use of equity protection and consider the level of risk it considered the Fund could bear.

RESOLVED	Reason for decision
That in principle the Committee agrees to further consider equity protection.	To enable Aon and officers to undertake further work on equity protection options.

County Councillor A Davies returned to the meeting.

15. COST TRANSPARENCY

The Committee noted the report.

16. RESPONSIBLE INVESTMENT

The Committee members had completed a survey regarding Responsible Investment and received the summary of survey results.

RESOLVED	Reason for decision
That the Committee consider the results and next steps for consideration at the next meeting.	To enable the Committee to consider Responsible Investment issues further.

17. MEDIUM TERM ASSET ALLOCATION (MTAA) UPDATE – QUARTERLY UPDATE TO 30 SEPTEMBER 2018

The Committee noted the Quarter 3 Medium Term Asset Allocation [MTAA] report to 30 September, 2018.

18. QUARTERLY MONITORING REPORT Q3 2018
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The Committee noted the Quarterly Monitoring report.

County Councillor P E Lewis (Chair)

MINUTES OF A JOINT MEETING OF THE AUDIT COMMITTEE AND PENSIONS AND INVESTMENT COMMITTEE HELD AT COUNCIL CHAMBER - COUNTY HALL, LLANDRINDOD WELLS, POWYS ON THURSDAY, 6 SEPTEMBER 2018

PRESENT

County Councillors JG Morris (Chairman) M Barnes, Mr J Brautigam, J Charlton, L V Corfield, M J Jones, K Laurie-Parry, K Lewis, P E Lewis, WD Powell, T J Van-Rees and A Williams

Cabinet Portfolio Holders In Attendance: County Councillor A W Davies

Officers: David Powell, Deputy Chief Executive, Stephen Caple, Deputy Head of Financial Services and Dan Paley, Financial Reporting and Policy Accountant

1.	APOLOGIES
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Apologies for absence were received from County Councillors

2.	DECLARATIONS OF INTEREST
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There were no declarations of interest.

3.	DISCLOSURE OF PARTY WHIPS
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There were no disclosures of party whips.

4.	DISCUSSION WITH THE ACTUARY
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The Joint Meeting received a presentation on the process of a Pension Fund Triennial Actuarial Valuation.

Discussion:

- It is a collaborative process. Quarterly updates are provided by the Actuary. There are initial discussions regarding assumptions and calculations once data has been received.
- The last Valuation was completed on 31 March 2016. New Employer contribution rates took effect from 1 April 2017. The next Valuation will take place on 31 March 2019 and Employer contribution rates will take effect from 1 April 2020 and apply for three years.
- The process is a requirement under the Pension Scheme Regulations
- One of the preferred outcomes of a valuation is to maintain stable Employer contribution rates
- Each Employer within the Fund has a separate contribution rate calculated by the Actuary following a valuation.
- There had been an increase in contribution rates in 2016. A fall in the expected future return on assets led to an increase in contribution rates.

- There had been concerns that the Authority seemed to be constantly trying to catch up with the deficit. Contributions, which appeared to remain static at £6M.
- Deficit contributions can be expressed differently but have always risen in line with expected pay inflation
- The deficit remains the same but assets and liabilities are increasing.
- The recovery period in for Powys County Council in 2013 was 25 years, in 2016 was 22 years
- The Actuary has some flexibility to adjust the recovery period but would not want to see it extended
- In years when good returns are received, these can be used to offset poor years
- There is some discussion regarding contribution rates to enable pressures on the Council to be balanced – it is essential to take a long term view. The Actuary would only sign off the Valuation if they were comfortable with the content and the resulting contribution rates payable
- The Chair of Audit asked for an outline of the process within the Council – the Pension Fund has separate status to Powys County Council but the Section 151 Officer still has a significant role in balancing the requirements of the Fund and duties to current and future pensioners with affordability. This falls outside political debate. Details are contained within budget papers.
- The Chair of the Pensions Board reminded the meeting that there were other employers within the Fund.
- The Actuary agreed that there was now more oversight than there had been previously. Considerations are similar but the weighting has been altered. Regulations had also been changed.
- The Discount Rate had fallen leading to an increase in the contribution rate. At the last Valuation, a discount rate of 4.4% had been used – if the Fund were to be valued today, what rate would be used? The Actuary estimated that this could be between 4 and 4.2%.
- There have been good returns on assets during the period. It is unlikely that this excellent performance can be sustained due to the nature of investment cycles.
- It was also noted that quantitative easing had supported equity and property prices. The Vice Chair of Audit Committee remained concerned that the discount rate might fall to 4% leading to an increase in liabilities.
- The Actuary reported that when assets increased the discount rate generally fell and vice versa and so there should be some stability
- The Actuary was asked if the contributions between employee and employer could be varied – there is no local discretion to vary the rates and employee rates are defined by the regulations
- Members were concerned regarding the effects of Brexit – it was acknowledged that there was more uncertainty than usual but that there may be more clarity by the time work commences on the next Valuation in March 2019
- There are 25 employers within the Fund of which Powys County Council was the largest – all were treated separately as part of the Valuation
- New pooling arrangements had come into place in April 2018 and the Fund was now one of 8 in the Wales Pension Partnership. The Chair of the Pensions and Investment Committee is also Vice Chairman of the

Joint Governance Committee which oversees the governance of the Wales Pension Partnership (WPP)

- The Powys Fund is one of the smallest in the WPP at £624M but hopes to see the benefits of economies of scale in fee reduction and investment returns
- It was noted that there was a high take-up of the pension scheme by Powys employees. The scheme is publicised periodically. New employees are contractually enrolled and must elect to opt out. Any employee not in the scheme is automatically enrolled every 3 years. A 50/50 option was also available.
- Ethical investments had recently been discussed in the press. A pressure body had been agreed by the WLGA. Members asked what weighting was given to ethical investments – the priority for the scheme is return for members although the WPP is taking the issue on board. There is a requirement for a policy statement on ethical and social investments and this is a matter for the Council and its investment advisors. The Section 151 Officer advised Members that the Investment Strategy underpinned decisions. The Powys Pension Fund is also a member of the Local Authority Pension Fund Forum (LAPFF) which also offers advice.
- The Chair of the Pensions Board explained the regulation which requires an explicit explanation for investment decisions and where non-financial decisions are taken. He also cautioned Members on the terminology used.
- If the eight Funds within the WPP had differing views, the WPP would have to form a general consensus. Although Powys had the smallest Fund it has an equal voice within the partnership.
- Will downsizing the work force increase the employer's contribution? A decreasing workforce will lead to a decreasing payroll. The Actuary informed the Committee that the deficit was attributed to pensions already being paid. Current contributors are not paying the pensions of previous employees. However, pensioned employees are living for longer and this will be a factor in the valuation.

The two Committees welcomed the opportunity for the discussion.

County Councillor JG Morris (Chair)

Mae'r dudalen hon wedi'i gadael yn wag yn fwriadol

POWYS PENSIONS AND INVESTMENTS COMMITTEE 28 JANUARY 2019**FEEDBACK FROM PENSION BOARD MEETING 30 NOVEMBER 2018****Purpose of the Report**

This report provides an executive summary of the meeting of the Powys Pension Board on 30 November 2018 to enable the Pensions and Investments Committee to learn of and consider any recommendations from, assurances gained and concerns of the Powys Local Pension Board, and any other relevant information. This is consistent with the two primary roles of Local Pension Boards, namely:

- to assist the scheme manager to secure compliance with scheme regulations, other legislation and the requirements of the Pensions Regulator (TPR), and
- to ensure the effective and efficient governance and administration of the Scheme.

Recommendation

The Pensions and Investments Committee is requested to accept the proposals from the Local Pension Board held on 30 November 2018.

Outcomes from Powys Pension Board Meeting on 30 November 2018**1. Recommendations**

1.1 That the Committee agree that joint training in preparation for the 2019 Triennial Valuation be arranged for both Committee and Board.

- Justification: mindful of both the different roles of the Committee and the Board, and of the changes of membership since the Triennial Valuation 2016, joint training is considered essential.

1.2 That the Committee agree that joint training be provided to Committee and Board regarding cost transparency relative to investment management costs.

- Justification: there are increasing requirements to disclose such costs, in which scheme members are expressing more interest.

2. Assurances Gained by the Board

2.1 That the Powys Pension Fund (PPF) submitted all necessary queries to HMRC in respect of the reconciliation of contracting out/ Guaranteed Minimum Pension by the due date.

- 2.2 That PPF had received a clean external audit report in respect of the Pension Fund Annual Report and Accounts 2017/2018.
- 2.3 That the PPF pensions team would imminently achieve full establishment to enable it to cope with the ever increasing demands and complexities of pensions administration.
- 2.4 That data submitted to the Pensions Regulator as part of its Scheme Annual Return 2018 had indicated high levels of accuracy for common data and scheme specific data. A data improvement plan is in place to address any shortfalls.
- 2.5 That no concerns regarding the assumptions behind the PPF's Funding Strategy Statement and triennial Valuation 2016 had been expressed by the Government Actuaries Department (GAD) in its review under Section 13 of the Public Service Pensions Act 2013.
- 2.6 That the Board agreed with an officers' recommendation that a recorded breach of the law was not of material significance to the Pensions Regulator (TPR) and therefore not reportable.
- 2.7 That the Board was assured that cyber security is being added to the Risk Register and that appropriate training would be provided for both the Board and the Committee.

3. Concerns Expressed by the Board

- 3.1 Partly due to staff turnover, the Board's review of the TPR Code of Practice 14 is behind target but a phased section by section review is built into the work programme during 2019.
- 3.2 The Board is aware of a national issue which may ultimately lead to reporting a breach of the law to the Pensions Regulator should it be deemed to be of material significance to TPR. This relates to a technical issue regarding certain historic refund of contributions which have a deadline of April 2019 for completion.
- 3.3 The Chair advised that some Boards had raised concerns on a range of issues regarding how the Wales Pensions Partnership [WPP] was working, including communication, development of a business plan, decision making process and the lack of written reports to the WPP meetings, to Pension Committees and to Boards. The Powys Board supported these concerns.

4. Other Items for Information

4.1 The Board Chair would arrange a one to one training session with the newly appointed scheme employer representative (for Powys County Council) on the Board.

4.2 The Board would be seeking assurances at its next meeting on cash flow forecasts and on the pensions administration software contract.

Gerard Moore

Independent Chair: Powys Pension Board

Mae'r dudalen hon wedi'i gadael yn wag yn fwriadol

**MINUTES OF A MEETING OF THE POWYS PENSIONS BOARD HELD AT HWB3 -
COUNTY HALL ON FRIDAY, 30 NOVEMBER 2018**

PRESENT

Gerard Moore, Chair
Wayne Thomas (Employers Representative)
Mick Hutchison (Member Representative)
John Byrne (Member Representative)
Chris Hurst (Secretary to the Board)

1. APOLOGIES

Apologies were received from Nigel Brinn, the newly appointed Employers representative.

2. DECLARATIONS OF INTEREST

The Chair advised he was an Associate in The Chartered Institute of Public Finance and Accountancy [CIPFA] and declared an interest if reference was made to CIPFA when discussing the Board's training. The Board agreed that this did not represent a conflict.

3. MINUTES OF THE BOARD

The minutes of the last meeting held on 21 September, 2018 were agreed as a correct record.

4. MATTERS ARISING

The Pension Regulator [TPR] Code 14 Compliance would be considered under Item 7 on the Agenda.

5. CHAIR'S ANNOUNCEMENTS

The Chair advised that Nigel Brinn had succeeded Geoff Petty as the Employer Representative. The Board asked that their best wishes be forwarded to Geoff and his family for Christmas.

The Chair reminded Members that they could ask for items to be added to the Agenda.

6. MINUTES OF PENSIONS AND INVESTMENT COMMITTEE

The Board received the Pensions and Investment Committee's minutes for 19 October 2018.

The following were noted in respect of items [numbers in brackets, relate to those in the Committee's minutes]:

- Pension Fund Annual report 2017/18 [8]- The Chair reminded the Board that the report was an important document and provided valuable information about the Fund. The Board gained assurances regarding a

- clean audit report and that the Annual Report had been published on the website prior to the required due date.
- Forward looking Business Plan [10] – it was noted that the Board’s Chair had committed to circulate press articles to the Committee on how other Funds were managing the actuarial valuation and diversification of funds.
 - Q2 MTAA Review – high level issues [13] – the Pension Fund Manager agreed to check how the information regarding the impact of Brexit could be shared. The impact of Brexit would depend on the type of funds held.

The Chair advised that with the development of the Wales Pension Partnership the Pensions and Investment Committee would be expected to move away from micro management (such as monitoring investment performance by individual asset managers) to concentrating on the bigger issues such as asset allocation, Investment Strategy Statement and Funding Strategy Statements etc.

The Pension Fund Manager advised that the Pension Fund Actuary would be attending the next Pensions and Investment Committee and it was agreed that the Pension Board Members could be invited to attend this presentation. The Board considered that joint training was a positive step.

The Board recommended that any tri-annual valuation training should also be joint training.

7.	REVIEW OF COMPLIANCE WITH TPR CODE 14
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The Chair noted that the Powys Pension Fund was behind other Funds in reviewing compliance but noted the work in progress. The Board was advised that TPR had not selected the Powys Pension Fund as one of those which it would visit.

The Pension Fund Manager advised that it was for the Pensions and Investment Committee and the Pension Board to review compliance.

The Board agreed to look at the Compliance document on a phased basis over the next three meetings:

- February meeting: Governance Scheme, Administration and Managing Risk
- June meeting: Resolving issues and Reporting breaches

The Board would initially look at the “red and amber” items but would also challenge the areas assessed as “green”, so seeking assurance that the evidence supports this level. The Chair advised that he does review the assessments undertaken by other Funds and can share the learning from these other experiences.

8.	PENSION SECTION REDESIGN / STAFFING UPDATE
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The Board received details of the new Pension Section structure which had been in place since the beginning of November, 2018. It was noted that eight of the nine staff in the Section were in new positions and therefore the proposed structure had been developed to support the new staff and training would be

provided. The Pension Fund Manager advised that the Section would be fully resourced from 1 January, 2019.

The Board was assured that a structure was now in place that can cope with the ever increasing demands and complexities of pension administration.

9. RECORDING BREACHES OF THE LAW

The Board noted the one breach in respect of late notification of deferred benefits. Although a breach, it is not considered material.

There was also discussion around how leavers with less than two years of payments into the Pension Fund and entitled to a refund of contributions could be treated, as the 5 year stipulation in the regulations is approaching in April 2019. The Regulations changed in April 2014 and stated that payments must be made within five years. The Fund would be able to demonstrate that it had tried to contact leavers, but if no responses had been received, there was a risk that failure to pay refunds within the 5 years would be a recordable breach. It was noted that this was an issue across all Funds and was an issue that had been raised nationally.

The Board agreed that the breach was recordable rather than reportable and that the Pension Fund Manager should liaise with the Pension Board Chair (and if appropriate the Committee Chair) regarding this issue over the next few months.

10. REVIEW OF RISK REGISTER [STANDING ITEMS]

The Board reviewed the Risk Register. The Pension Fund Manager agreed to change the Risk Owner and Portfolio Holder details to state the post title and relevant Portfolio rather than the named individuals.

The Board raised the following comments [the numbers shown are the Risk Reference numbers]:

- PEN033 – the software supplier was under review as the current contract ends on 31 March 2019. The Board commented that this was a big risk and needs to be on the Board's next agenda
- PEN006 – the loss of funds as a result of fraud or misappropriation was a topical issue due to a recent court case elsewhere in the UK. The Board noted the Pensions and Investment Committee role in managing funds.

The Board questioned the meaning of "C" and "False" and the Pension Fund Manager advised he would email the Board an explanation.

The Board agreed that:

- **PEN033 – the software supplier - a written update be provided at the next meeting regarding progress.**
- **PEN006 –the statement regarding Current Controls should refer to the role of the Pensions and Investment Committee and the delegation procedures, whereby delegated decisions are reported back to the Committee.**

11. PENSION BOARD DECLARATION OF INTEREST FORM

The Board noted the declaration of interest form used by Northumberland Pension Board.

A discussion was then had on the best way to proceed with a review of similar forms in use by Powys for the Committee and Board Members.

12. GAD SECTION 13 UPDATE

The Board received the report in respect of the Government Actuary's Department (GAD) review of Local Government Pension Scheme [LGPS] funds in England and Wales. It was noted that no areas of concern had been highlighted in respect of the Powys Pension Fund. However, GAD had recommended that all funds review their funding strategy statement and this work was ongoing within Powys Pension Fund.

The Board gained assurances that no areas of concern had been highlighted in respect of the Powys Pension Fund in the GAD review.

13. CYBER SECURITY - VERBAL UPDATE

The Pension Fund Manager advised that TPR was looking into this issue. The Pension Administration had received assurances from the software companies that they exceeded the Scottish requirements and assurances had been sought from other providers.

The Board noted that the Pension Fund Manager would provide a paper for a future meeting and gained assurances that cyber security would be appropriately recorded on the Risk Register. Joint training with the Pension and Investment Committee would also be arranged in early 2019.

14. WALES PENSION PARTNERSHIP - INVESTMENT POOLING UPDATE [STANDING ITEM]
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The Pension Fund Manager advised that an Officer Working Group of the Wales Pension Partnership [WPP] was meeting today. Work is continuing on the transition of equities into the to Global Equity sub-funds. Work is also ongoing in respect of tranche 2 of sub-funds and it is expected that these sub-funds would be launched as soon as possible in 2019.

The Chair advised that some Boards had raised concerns on a range of issues regarding how the WPP was working, including communication, development of a business plan, decision making process, the lack of written reports to the WPP meetings, to Pension Committees and to Boards.

The Board supported the suggestion that the Pension Board Chairs should write to the WPP Joint Governance Committee highlighting all the concerns.

15. ADMINISTRATION ACTIVITY REPORT [STANDING ITEM]

The Board received the Activity report for the period 1 July – 30 September 2018. The Pension Fund Manager agreed that the 50/50 details should be shown separately.

16. TPR SURVEY

It was noted that although completion of the survey was voluntary TPR noted the completion by Funds. The Pension Fund Manager and Pension Board Chair would complete the survey and the final version would be emailed to the Board and copied to the Committee Chair.

17. AUDIT REPORTS [STANDING ITEM] - NOTHING TO REPORT

The Pension Fund Manager advised that an audit report had not been signed off by the Internal Auditors and it was expected that another would commence in 2019.

The Board agreed that although the previous audit report had not been signed off, it would highlight any issues of which the Board should be aware, so should be examined if possible.

18. INTERNAL DISPUTE RESOLUTION PROCEDURE [IDRP] UPDATE [STANDING ITEM] - NOTHING TO REPORT

There were no issues to report.

19. CESSATION OF CONTRACTING OUT - UPDATE [STANDING ITEM]

The Pension Board Manager advised that the reconciliation process had been completed. Queries had been sent to HMRC by the due date and it had advised that it would respond to all queries by 31 March, 2019.

20. POWYS TPR ANNUAL RETURN - VERBAL UPDATE

The Board received a copy of this statutory return.

The Board congratulated the officers on the timely completion of the return and noted the details of the very satisfactory data scores, which provides assurances regarding the quality of the data.

21. BOARD MEMBER TRAINING PLAN AND BOARD MEMBER TRAINING NEEDS SELF-ASSESSMENT [STANDING ITEM]

The Board received the Member knowledge and training needs self-assessment form. It was noted that this would be completed by the Pensions and Investment Committee members and the Board. When the needs of the Members were known joint training could be provided.

The TPR Trustee Toolkit was noted and it was considered that this could be completed jointly by the Board members. A suitable timescale would be identified to initiate this exercise.

22. CONFIDENTIAL ITEMS

RESOLVED that the public be excluded for the following items of business otherwise there would be disclosure to them of information relating to the financial or business affairs of any particular person or organisation.

23. PENSION FUND CASH FLOW

The Board received the Cash flow statement for the period April 2018 – October 2018.

The Chair advised that the transparency of investment costs was an issue raised by the Scheme Advisory Board. In addition to base fees the details of all other associated costs should be known and would reveal additional investment costs.

The Board agreed that cost transparency should be added to the training programme.

The Board sought assurances regarding the cash flow forecasts. It was agreed that the Financial Reporting & Policy Accountant would attend the next meeting.

The Board resolved that the Work Programme should be updated to take account of the issues agreed at the meeting.

24. PENSION BOARD INSURANCE DOCUMENTATION
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The Board received the Pension Board insurance document.

The Board agreed to read the document and forward any queries or concerns to the Pension Fund Manager.

Meeting dates for 2019 would be emailed to the Board.

The Board agreed that the appointment of Board members and succession planning would be considered at the next meeting.

25. FUTURE BOARD MEETINGS

The Board noted the meeting dates:

4 February, 2019

6 June 2019

5 September, 2019

8 November, 2019

**Gerard Moore
Chair**

Document is Restricted

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