

**MINUTES OF A MEETING OF THE POWYS PENSIONS BOARD HELD AT ROOM
A17 - COUNTY HALL, LLANDRINDOD WELLS, POWYS ON FRIDAY, 21
SEPTEMBER 2018**

PRESENT

Gerard Moore, Independent Chair
Mick Hutchinson, Scheme Member Representative (GMB)
John Byrne, Scheme Member Representative (UNISON)
Wayne Thomas, Scheme Employer Representative
Chris Hurst, Secretary

1.	APOLOGIES
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None

2.	DECLARATIONS OF INTEREST
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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 complemented the work of the Pensions Board and that this did not represent a conflict.

3.	MINUTES OF THE BOARD
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The minutes of the last meeting held on 10 July 2018 were agreed as a correct record.

4.	MATTERS ARISING
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There were no matters arising that were not already included on the agenda.

5.	BOARD WORK PROGRAMME
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The Board considered the forward work programme and noted that the item on Cash Flows had been moved from January 2018 to November 2018. Understanding Liquidity would be considered at the November meeting.

A review of the Register of Interests would be included annually.

The Annual Training Plan would be considered at the November meeting.

6.	THE PENSION REGULATOR [TPR] CODE 14 COMPLIANCE
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This was discussed as Item 8.

7.	ANNUAL BENEFIT STATEMENTS
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Annual Benefit Statements had been issued to active, deferred and Councillor members by 31 August 2018. Data testing had been undertaken prior to the statements being issued.

Feedback is invited from members either from the letter accompanying the statement or the website.

Membership online has increased and statistics will be analysed.

The Board recorded their thanks to the Team for issuing statements on time.

8.	CHAIRMAN'S ANNOUNCEMENTS
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The Chair informed the Board that following a presentation from the Regulator, it was expected that the Board would examine the Register of Interests of both Board and Pension and Investment Committee Members. This will be an annual item unless there is a change of Membership.

The Local Authority Pension Fund Forum (LAPFF) has arranged an event for Local Government Pension Funds in Wales on 31 October 2018 in Cardiff regarding responsible investment and Powys Pension Fund are sending representatives to attend.

9.	MINUTES OF PENSIONS AND INVESTMENT COMMITTEE
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The Board received the Pensions and Investment Committee's minutes for 13 July 2018.

The Chair of the Board had presented an oral summary of the Board meeting held on 10 July 2018.

It was suggested that Board Members should fit in with the Committee's training programme where appropriate.

10.	TPR 2018 ANNUAL RETURN
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A date for submission is not yet available.

Data for 2018 will establish a baseline in data quality across the LGPS. The TPR will be expecting improvements annually rather than a specific baseline. This will be reviewed annually.

11.	REVIEW OF COMPLIANCE WITH TPR CODE 14
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The Compliance Analysis was a first draft. A version number and date would be included.

It was acknowledged that further work was needed and it would need to be cross referenced with the Data Improvement Plan. The Board were of the opinion that there could be a number of improvements made relatively easily.

The Board initially concentrated on the process rather than the content of the analysis. This would become a standing item for detailed review on each agenda.

12. RECORDING BREACHES OF THE LAW
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The Board had previously been advised that a breach of the law which had been recorded. It related to a backlog of 200 leavers that had not been processed within 2 months of them leaving. An interim leaving letter had been drafted, a copy of which would be considered by the Board at their next meeting. Measures have been put in place to ensure that this number does not increase outside expectations.

The Board discussed whether the breach was recordable or reportable and agreed that it was recordable rather than reportable, as it was not of material significance and an improvement plan had been identified. The Pensions and Investment Committee would be informed that this had been caused by higher priority work taking precedence and that the effect was minimal as there were no delays to payment of benefits. Overtime had been agreed to deal with the backlog.

The Board recommended that the breach was not material nor reportable.

13. FULL REVIEW OF RISK REGISTER [STANDING ITEMS]
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The Board raised the following comments [the numbers shown are the Risk Reference numbers]:

PEN008 Increased employer contributions and the risk of insolvency – the use of discretion to control liabilities but this was thought to be unwise. The level of discretion would be with the Secretary to the Board. Although Internal Audit could assist, it was thought that specialist advice would be sought from the Actuary. Covenants will need to be reviewed over the next few months. Controls are in place to protect the Fund. If an employer was to leave the Fund an exit valuation would be completed – under the new Regulations any surplus would be returned to the employer. Funding Strategy Statement will be updated to reflect this.

PEN010 In some larger pension funds there are sub strategies into lower risk investments for employers with weak covenants. The Powys Fund does not have such a sub strategy. If there was to be an

increase in contribution rates, recovery periods could be adjusted if this was justified.

PEN014 This risk reflects a potential lack of expertise at officer level – no formal succession planning is in place. However, governance was strong and a pragmatic approach could be taken

PEN015 An over reliance on key officers could be a risk. Investment expertise could be bought in and there is a strong network of support. Further training could be arranged through AON. The Pensions Manager has regular one to ones with the S151 Officer.

PEN019 Records of Member and Board training are kept. A short paper would be prepared for the Pensions and Investment Committee in this regard. Further consideration would be given to training after the event on 31 October 2018. In the meantime, the Chair would distribute slides regarding investment definitions.

The Board recommended that discussions with AON regarding specialised training on investments commence.

14. PENSION BOARD DECLARATION OF INTEREST FORM

The draft declaration of interest form would be circulated for Members' comments.

15. DRAFT DATA IMPROVEMENT PLAN

A first draft of a Data Improvement Plan had been circulated. The objectives and measures were noted. A data monitoring exercise had developed scores, reflecting 99.2% for common data and 75.9% for scheme specific data. Gaps or errors in data fields which imminently affected benefits would be given priority.

Employer's data was used and this set the terminology used in the Plan. However, the Pensions and Investment Committee would be asked whether this could be changed with the Employer.

Board Members were invited to consider the report in more detail and report back to the Secretary of the Board. It was suggested that an additional column could be included identifying the number of cases.

An annual report will be run and it was suggested that this should be run again before completing the Regulator's Scheme report, but acknowledging that resources for Pension Funds and feeder systems are limited.

The issue would be reconsidered at a future meeting.

16. GONE AWAY MEMBERS

Following a review of the member data, it was confirmed that an address tracing exercise would be undertaken to try and locate "Gone Away" members. It was confirmed that this was within GDPR regulations.

17.	POWYS PENSION BOARD TERMS OF REFERENCE
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It was considered that the Terms of Reference were still valid but should be reviewed in the light of pooling arrangements. It was noted that a Member's term of office could be extended beyond four years – it was agreed to ask the Pensions and Investment Committee for their view. The Terms of Reference should be reviewed every four years.

RESOLVED that the Board had formally considered the Terms of Reference and recommended that reference should be made to Pooling arrangements.

18.	WALES PENSION PARTNERSHIP - INVESTMENT POOLING UPDATE [STANDING ITEM]
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A Prospectus had been submitted to the FSA in June 2018 and approved in July 2018. The first tranche of assets, comprising global equity assets, will be transferred by the end of the year. It is expected that there will be a saving on fees and an increased return on assets.

A Joint Governance meeting is scheduled for 25 September 2018. The Board were concerned that the minutes of these meetings were not easily available. CIPFA guidance recommends that there is a requirement for Pools to consult with Pension Boards on governance but this has not yet happened.

19.	ADMINISTRATION ACTIVITY REPORT [STANDING ITEM]
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This has only been partially completed due to the close down of the annual accounts for the Council. It was the intention that a Finance Officer present the cash flow report to future meetings.

The number of active members has increased. The age range of 50/50s was mixed.

20.	AUDIT REPORTS [STANDING ITEM]
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There was nothing to report.

21.	INTERNAL DISPUTE RESOLUTION PROCEDURE [IDRP] UPDATE [STANDING ITEM]
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There was nothing to report.

22.	CESSATION OF CONTRACTING OUT - UPDATE [STANDING ITEM]
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Work was ongoing with the last date for queries to HMRC being October 2018. There is an expectation that all such queries from Powys will be submitted on time.

23. BOARD SCHEME EMPLOYER REPRESENTATIVE (PCC)

The matter of the current vacancy on the Board was in hand and discussions were ongoing with the S151 Officer.

24. BOARD MEMBER TRAINING [STANDING ITEM]
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The Board were of the opinion that the Training Needs Analysis was due for review. Training should be categorised by priority.

The Chair commended the Regulator's online toolkit to Members of the Board. It was suggested that at the next meeting the Board go through the toolkit as a training exercise.

RESOLVED that

- **the Training Needs Analysis be circulated for completion and return prior to consideration at the next meeting; and**
- **standing items be circulated to the Board prior to the next meeting to enable time at the end of the meeting for training purposes.**

25. TRAINING

It was suggested that the way in which training records were presented should be reviewed.

26. 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.

27. PENSION BOARD INSURANCE DOCUMENTATION
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RESOLVED that Members of the Board would consider the documentation and contact the Secretary with any comments.

28. HEDGE FUND MANAGER LEGAL REVIEW
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The Board noted with approval the referral of contracts to the Legal Adviser.

29.	FUTURE BOARD MEETINGS
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The next meeting would be held on 30 November 2018.

Dates for a meeting in mid-January would be identified and circulated.

Gerard Moore
Chair