

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

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 did not represent a conflict.

3.	MINUTES OF THE BOARD
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The minutes of the last meeting held on 21 September, 2018 were agreed as a correct record.

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

5.	CHAIR'S ANNOUNCEMENTS
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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
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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**