

## POWYS PENSIONS AND INVESTMENTS COMMITTEE 1 JULY 2019

### FEEDBACK FROM PENSION BOARD MEETING 3 APRIL 2019

#### Purpose of the Report

This report provides an executive summary of the meeting of the Powys Pension Board on 3 April 2019 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 3 April 2019.

#### **Outcomes from Powys Pension Board Meeting on 3 April 2019**

##### **1. Recommendations**

1.1 That the Pensions and Investments Committee (the Committee) accept the Board's and officers' pragmatic solution to the expectation of the Scheme Advisory Board (SAB) that Boards review the financial statements of the pension fund prior to their publication.

Background: this could be seen as a technical challenge to pension boards, who are able to bring in external specialists should the need arise. However, the Chair, Board and officers feel confident that they can achieve this objective in respect of the Annual Report and Accounts of Powys Pension Fund 2018/2019 without requiring external support by means of an exception report which covers areas of partial or non-compliance with the relevant guidance and codes of practice.

1.2 With the Scheme Advisory Board (SAB) expectations of increased prominence being given to the Pensions Administration function, the Board recommend that Committee Members become familiar with CIPFA's Guide to Administration in the LGPS.

Justification: both the SAB and the Pensions Regulator (TPR) are increasingly stressing the importance of scheme administration, and there are potential financial penalties for poor standards, and reputational risk.

1.3 That Powys adopts a log of new regulations together with an on-going commentary on their implementation and compliance.

Justification: this is an easy-to establish safeguard to monitor that all new legislation (and possibly guidance) has been fully implemented. This will help the Board in its role of assisting the scheme manager to secure compliance with scheme regulations, other legislation and the requirements of TPR, and this proposal is supported by officers.

## **2. Assurances Gained by the Board**

- 2.1 That cash flow management arrangements were sufficiently flexible to ensure that cash balances would be adequate to ensure that pensions, including lump sums, would be paid on time. Should assets need to be realised, the system provides sufficient notice to ensure any such realisation of investments would achieve full market value.
- 2.2 That work on the Guaranteed Minimum Pension – GMP (cessation of contracting out) reconciliation exercise continues to progress well. When appropriate, letters will be sent to affected staff.
- 2.3 With regard to the high risk exercise of updating the Document Imaging and Workflow Project Update, the Board gained assurances that one member of the Team is now dedicated to this particular role.
- 2.4 With regards to the Board’s previous recommendations regarding cyber security, the Board was assured that the Pension Fund had gained assurances from the two hosted systems. Appropriate training is to be provided for both the Committee and the Board. At the time of the meeting, assurances were still being sought from the internal Powys ICT Services.
- 2.5 In a closed part of the agenda, the Board agreed that a complaint under the Internal Dispute Resolution Procedure (IDRP) shown as a recorded breach of the law was not of material significance to TPR and therefore not reportable. The Board gained assurances from officers that achievement of full establishment for the Pensions Administration team significantly mitigates future risk of a recurrence.

## **3. Concerns Expressed by the Board**

- 3.1 The Board notes that completion of its own training records, needs assessments and delivery of any identified gaps in knowledge are a priority at the next series of meetings.
- 3.2 The Board is still awaiting the delivery of the last internal audit report on the Pension Fund.

## **4. Update on Concerns Previously Expressed by the Board**

- 4.1 The Board was mindful that its monitoring of compliance with TPR’s Code of Practice 14 has been behind target. However, by phasing its examination over the financial year, it feels confident that this on-going requirement is now in hand. At the April meeting, the Board reviewed specific areas of the Code and made a number of detailed recommendations and comments, including

improvements in the information contained on the Powys pensions website. It also agreed to review finding from the National Fraud Office as part of the Work Plan.

4.2 The Board had previously been aware of a national issue which may ultimately lead to reporting a breach of the law to TPR should it be deemed to be of material significance. The Board gained assurance that officer practitioners' group has proposed a way forward to the SAB to resolve the situation.

4.3 The Chair was pleased to report that, following the Board's previous concerns, communications between the Wales Pensions Partnership and Local Pensions Boards have now improved. He had been able to take this into account when responding to the MHCLG informal consultation on Investment Pooling Guidance.

## 5. Other Items for Information

5.1 The Board Chair has completed a one to one training session with the newly appointed scheme employer representative (for Powys County Council) on the Board. This procedure is now embedded and complies with the TPR's Code of Practice 14 requirements.

5.2 A survey of Local Pension Boards by the Scheme Advisory Board (SAB) is imminent, and will be completed by both the Administering Authority and the Board.

Gerard Moore

Independent Chair: Powys Pension Board