

**MINUTES OF A MEETING OF THE POWYS PENSIONS BOARD HELD AT ON
FRIDAY, 29 SEPTEMBER 2023**

PRESENT

Gerard Moore (Chair)
David Powell (Scheme Member Representative)
John Byrne (Scheme Member Representative)
Graham Evans (Employer Representative)
Chris Hurst (Pension Fund Manager, Secretary to the Board)

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| 1. APOLOGIES |
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Apologies were received from:
Nigel Brinn (Employer Representative)
Ian Jones (Scheme Member Representative)
Wayne Thomas (Employer Representative)

The Board thanked Nigel Brinn for his service to the Powys Pension Board due to him leaving the Council at the end of October.

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

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| 3. MINUTES OF THE BOARD |
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The minutes of the last meeting held on 12 June 2023 were agreed as a correct record.

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| 4. MATTERS ARISING |
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Matters arising points were covered in agenda items below.

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| 5. MINUTES OF PENSIONS AND INVESTMENT COMMITTEE |
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The Board noted the draft minutes of the Pensions and Investment Committee of 07 July 2023.

It was highlighted that the Committee:

Item 4 – carried out considerable discussion around risks concerning climate change and AON have provided helpful documentation.

The climate change risk would be added to the risk register by the Pension Fund Manager and would be circulated to the Board.

Item 6 – approved the Administration Strategy Statement.

Item 7 – more detail and transparency would be provided around the Overpayment Policy.

Reassurance was provided to the Board by the Pension Fund Manager regarding the Committees acknowledgement of cashflow risks, and papers will be presented to the Committee at the meeting next week.

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| 6. | DRAFT ANNUAL REPORT OF THE POWYS PENSION BOARD FOR 2022/2023 |
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The Board considered the draft Board Annual report 2022/2023 and noted it would be included in the Pension Fund's Annual report, which would be considered by the Pensions and Investment Committee on 29 November 2023 to enable the Annual accounts to be published by 01 December 2023.

It was commented that the report was very comprehensive and demonstrated the work of the Board, it was agreed that flexibility was needed for a successful work programme and online meetings have aided the progress.

The Pension Fund Manager thanked the Board for work carried out to strengthen the risk register and a thorough report would be provided to Committee.

The Board approved the draft Board Annual report.

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| 7. | THE PENSION REGULATOR [TPR] CODES OF PRACTICE |
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The Board reviewed the following sections and noted the following [numbers refer to the Compliance indicator]:

Publishing Information about the Schemes [92 – 98]

The Pension Fund Manager advised the Board that links had been updated to ensure sites were accessible to all members.

Providing Information to Members [188-240]

196 – notifications to members that have left the scheme within three months showed an amber status, correspondence takes place within three months but does not always provide deferred benefit amounts which is represented on the Breaches Register. It was explained to the Board that a loss of expertise had been experienced within the Pension Team but were reassured that steps were being taken to address issues and that the LGPS had also acknowledged wider issues.

It was agreed by the Board that item 196 would remain amber.

208 – a facility is used for 'gone away members' alongside a process used by the Pensions Team to locate individuals.

The Board agreed to keep item 208 as an amber status and for the Pension Fund Manager to provide more detail at the next meeting.

It was noted that refunds were not always paid within 5 years, which is recorded on the Breaches Register.

Reporting Breaches of the law [244-270]

All items in the section showed green, it was explained that the LGPS had a resolution process in addition to the Council two stage internal process as well as a Council Complaints and Compliments procedure.

The Board were reassured that the Council receive very few complaints and more information could be provided if requested.

8. OPERATIONAL AND ADMINISTRATION REPORT & UPDATE

The Board received the Operational and Administration report (June – August 2023).

The Pension Fund Manager updated the report to reflect the request from the Board to add the number of active participating employers (3.3).

In response to a comment the Pensions Fund Manager agreed to add trends to the report and to include any changes (period on period) due to the current financial climate including the number of members opting out of the scheme.

9. LEGISLATION AND GOVERNANCE UPDATE

The Board noted the Legislation and Governance Update.

The Pension Fund Manager highlighted:

2.Scheme Advisory Board Updates

2.2 – the total membership of the scheme had increased by 2.6%, with a positive cashflow which includes the investment return and noted that management charges have risen by 22.5% which was a significant increase, but the Powys scheme had benefited by being part of the WPP.

It was noted that the Scheme Advisory Board acknowledged the risks and work would be undertaken to review value for money for funds, however time restrictions for the collection and reporting of information would be an additional pressure on limited resources within the Pensions Team, any issues would be flagged up to the Committee.

2.3 – the annual report guidance would be reviewed in order to reduce duplication around reporting requirements.

2.5 – the valuation report showed improvements, with overall contribution rates falling due to an improvement in the funding level. With a slight increase to employee contribution rates from 6.5% to 6.6%.

3.LGPS Updates

3.1 - the Department for Levelling Up, Housing and Communities (DLUHC) consultation period would close on 02 October regarding pooling and levelling up, in which a response would be submitted by the Pension Fund Manager and shared with the Pension Board and Committee.

It was felt that the Welsh Pension Partnership had its own identity and beliefs, and consistency in responses would be key. The Chair explained that concerns have been raised around this issue and highlighted the dangers of merging pools.

3.2 - McCloud (Local Government Pension scheme amendment) would take effect from the 01 October 2023. The Pension Fund Manager answered a query and reassured the Board that the Pensions Team had grown by five members in preparation and was fully prepared for the implementation of the McCloud amendment. However, this would be regularly monitored to ensure the resource is sufficient.

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| 10. REVIEW OF RISK REGISTER |
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The Board noted the Risk Register.

The Pension Fund Manager commented that wording has been updated and the new climate change and responsible investment risk would be added to the Investment Pillar and circulated after the meeting.

INVEST0010 – it was asked if policies were being addressed due to recent market activity, the Pension Fund Manager explained that the Council rely heavily on advice from investment consultants and had received assurances from AON and would be able to provide more information after the Committee meeting next week when the strategy paper would be presented.

It was noted that mitigations were in place and the residual risk heat maps showed all risks being outside the catastrophic areas.

The Board recommended that the heat map title (summary of risk ratings) could include more detail (residual risk heat map), which the Pension Fund Manager will raise with the Powys Risk Team.

GOVERN002 – the Pension Fund Manager would request a forward cashflow forecast (12months – 3 years) from AON as requested by the Board in order for

GOVERN0015 – the Board were reassured that a process was in place to secure a new Chair of the Board for 2024.

Two Employer Representative posts would become vacant shortly, it was noted that filling positions was proving difficult, and every opportunity was being taken to highlight vacant positions.

INVEST001 / INVEST003 – taken from observations by the Committee the Chair felt that the two performance related risks could be brought together, further discussions would be held by the Board to determine if this would be deemed appropriate.

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| 11. WALES PENSION PARTNERSHIP - INVESTMENT POOLING UPDATE |
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The Board noted the Wales Pension Partnership (WPP) – Investment Pooling Update.

The Pension Fund Manager highlighted:
The Sustainable Active Equity Sub-Fund was launched at the end of June, which aligns with net zero ambitions and climate change responsible investment which all eight funds will make an allocation to.

Page73 – JGC Update - the Board received reassurance that the Pension Fund Manager had full confidence in the representation on the Officer Working Group and a three tier approval process was in place.

Page 84 – Q1 2023 review - It was confirmed that there were no liability driven investments in the WPP.

Page 91 – Q1 2023 Review – the Business Plan for 2022-23 would be produced by the WPP and timescales would be provided to the Board if requested.

Page 94 – It was noted for awareness that the total costs of the WPP were being recharged to the eight funds and deducted from the net asset plan.

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| 12. STANDING ITEMS WITH NO UPDATES REQUIRED |
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The Board noted the following in respect of standing items:

a. Breaches Register – a recordable breach was added to the register.
As a result of work carried out around employers a breach was identified around the statutory requirement of submitting contributions and returns to the fund within set timeframes in which the Pension Team continue to actively monitor and log each contribution. A separate breach was confirmed, breaches relating to automatic payment of refunds would remain in place and the breach recorded on the register until a change in legislation as payments had not been made relating to the late receipt of contributions.

The Board agreed that reliable and consistent information was in place and the breach would be added to the Breaches Register.

b. Audit Reports – no reports.

c. Board Communications Log – noted.

d. Internal Dispute Resolution Procedure [IDRP] – A company had approached the Council regarding an overseas transfer ten years ago which has been dealt with at stage one of the disputes resolution procedure.

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| 13. FUTURE BOARD MEETINGS |
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The Board noted the 2023 meeting date: 20 November - 10am.
It was hoped that the meeting would be held in County Hall, Llandrindod Wells.

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| 14. CONFIDENTIAL |
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RESOLVED that in accordance with Section 106 [8] Local Government Pension Scheme [LGPS] Regulations 2013 the Board goes into the confidential agenda with the public and press being excluded as some of the information may relate to financial or business affairs of a particular person or organisation.

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| 15. UPDATE BY CHAIR OF PENSIONS BOARD |
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The Chair announced:

- that a hybrid engagement meeting for Pension Board Chairs had proved constructive.
- the minutes from the 20 September meeting of the Joint Governance Committee had been released.
- an email had been sent to the 151 Officer and the Pension Fund Manager regarding risks associated with investment performance for consideration on how the Board may provide support including a specific training event. The Pension Fund Manager let the Board know that the WPP would be presenting an item around performance.
- the Cost Transparency Workshop held by the Scheme Advisory Board (SAB) would have implications on Pensions Teams and also identify training needs. The Pension Fund Manager added concerns around the manual process used by the SAB for data input and would need to ensure data is correct before used for benchmarking purposes. Concerns were raised by the Chair regarding available resources for monitoring and benchmarking purposes for each fund which vary according to the size of the fund and felt that smaller funds such as Powys could be squeezed.

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| 16. PERFORMANCE MEASUREMENT |
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The Board received the Performance Management Report (July and August 2023).

The Pension fund Manager presented Improvements within the report, however progress on developments of the reporting tools has been paused due to staff absence.

Discussions took place regarding the statutory legal and internal targets within the report and how they were set and achieved. The Board agreed that the report was both open and transparent.

It was suggested that one key column should be available to the Committee to highlight and link together the breaches register and the legal targets.

The report presented was part of a suite available to the Pension Fund Manager as a significant management tool to monitor and ensure that sufficient resource was available in the Pensions Team and noted that this system may benefit other services of the Council.

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| 17. EMPLOYER PERFORMANCES |
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The Board received the Employer Performance Report (April – July 2023).

The Pension Fund Manager thanked the Board and Committee for support and agreement in order to create and appoint to an employer specific role and have seen many benefits.

It was emphasised that all employers received support from the Pensions Team, and many were provided with an electronic system in order for data to submit to the Fund. The Board were reassured that processes were tested, recorded, and undertaken in a timely manner in accordance with regulations.

For employers that do not comply with legislation a robust formal process was in place which includes adding employers to the breaches register and ensuring the guidance within the Administration Strategy is followed accordingly.

It was suggested by the Board that the report could include confirmation and percentage payments made by employers to provide more clarity around breaches.

Gerard Moore (Chair)