

**MINUTES OF A MEETING OF THE POWYS PENSIONS BOARD HELD AT ON
FRIDAY, 9 FEBRUARY 2024**

PRESENT

Gerard Moore (Chair)

Chris Hurst (Pension Fund Manager, Secretary to the Board)

Ian Jones (Scheme Member Representative)

Graham Evans (Scheme Employer Representative)

Debby Jones - (Scheme Employer Representative)

1. APOLOGIES

Apologies were received from:

David Powell (Scheme Member Representative)

John Byrne (Scheme Member Representative)

Wayne Thomas (scheme Employer Representative)

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF THE BOARD

The minutes of the last meeting held on 20 November 2023 were agreed as a correct record.

4. MATTERS ARISING

The Chair highlighted and the Pension Fund Manager confirmed that:

- an investment performance internal meeting would be held.
- the Pensions Team were at full capacity as of the beginning of February, with a rigorous training programme underway.
- the Risk Management Policy had been published, with a focus to identify risks.
- Council information would be gathered for a fuller understanding of the use of Artificial Intelligence, the impacts would be considered to develop the next steps for the Pension Fund.

5. MINUTES OF PENSIONS AND INVESTMENT COMMITTEE

The Board noted the draft minutes of the Pensions and Investment Committee of 15 December 2023.

It was highlighted that:

- the Pension Fund Manager would ensure that the cash flow modelling carried out by the Actuary would be shared with the Board.
- the Scheme Annual Return had been submitted within the time frame after Committee's approval.

6. THE PENSION REGULATOR [TPR] CODES OF PRACTICE

The Board reviewed the following amber sections and noted the following [numbers refer to the Compliance indicator]:

The Board were made aware that the report would be updated accordingly to reflect changes of the transition from code of practice 14 to the new general code.

Managing Risks [104-120]

104 – updated to demonstrate that the impacts of internal controls were considered in business-as-usual operations as well as Board discussion.

105 – risk-based approaches and processes included regular rigorous deep dives for each pillar of the risk register.

114 /115 –the amber status demanded particular focus with work carried out with the Actuaries around internal controls.

It was suggested that the Work Programme could be timetabled in line with the next internal audit (date to be confirmed).

The Pension Fund Manager would share the latest Internal Audit Report (March 2023) with the Board.

Maintaining Contributions [147-169]

Minor changes had been made to reflect improved processes for managing contributions and employer performance.

7.	THE PENSION REGULATOR [TPR] NEW GENERAL CODE OF PRACTICE
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The Board noted the report. The Pension Fund Manager made the Board aware that the new general code of practice had been amalgamated with code of practice 14 and would take effect from the 27 March 2024, containing 5 sections with 51 modules.

The Chair added that two significant areas, IT and cyber security had been identified in the new general code and the Board fully supported the training programme and suggested an additional presentation from the Data Protection Team within the Council could also be considered.

The Board were reminded of its legal role to assist the Scheme Manager to gain compliance and that the Regulator had acknowledged that the Local Government Pension Scheme (LGPS) generally had a good standard of governance in place.

It was noted that the Scheme Advisory Board would review the new general code to determine what was mandatory and what regarded as good practice. Progress would be monitored and stressed that options were being explored to obtain the most effective tool kit.

A time scaled project plan would be needed with a completed gap analysis to focus on the transition and steps towards improvement e.g. additional training to be carried out for cyber security.

The Pension Fund Manager answered a query how policies and practices underwent a periodic review and would be included in the project plan.

Recommendations from the Board:

- I. **A time tabled plan to transition to the new general code of practice would be in place for the next Board meeting.**
- II. **Within six months the elements of the new general code of practice that apply to the LGPS would be identified and implemented.**

8. OPERATIONAL AND ADMINISTRATION REPORT & UPDATE
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The Board received the Operational and Administration report.

The Pension Fund Manager updated the Board that:

- the increase for November reflected the back dated pay awards in which contributions rose accordingly.
- 'payments less income line' had been added to the table at the Boards request.
- the 50/50 scheme figures remained low; information on the arrangement was provided to those members wishing to opt out of the main scheme as an alternative option.

A discussion around the cost of living crisis was held and explained that membership figures did not appear to have been greatly impacted, also Unison had not received a significant increase in contacts.

9. LEGISLATION AND GOVERNANCE UPDATE

The Board noted the Legislation and Governance Update.

The Pension Fund Manager highlighted:

2.0 Scheme Advisory Board

2.2 – The Department for Levelling Up, Housing and Communities (DLUHC) published the consultation responses on investment reforms.

Impacts listed on the report included:

- timescales to transfer assets and an approach of comply or explain would be required.
- concerns around Investment strategies and an expectation to allocate across asset classes which was already taking place.
- guidance, due in the summer would be circulated once received.

1.3 - The Board were made aware that although the Scheme Advisory Board's funding surplus statement did not currently affect the Powys fund, it may in the future. Some LGPS funding levels had improved at the last valuation which saw Individual employer funding levels increase above 100% and lead to a new position for the LGPS and it was felt a statement should be released.

3.0 LGPS updates

3.2 – The introduction of the McCloud remedy last year had doubled the workload of the Pension Team in certain scenarios, it was explained that resources were strained whilst the team were undertaking training to achieve the same level of understanding. Resource and process management options were being explored and a short-term measure had been introduced to free up staff time and would be reviewed in March 2024 to assess the next steps. A discussion took place to consider outsourcing processes to external parties who do not have training needs and would need Committee approval.

3.3 – New contribution bandings for information.

4.0 The Pension Regulator [TPR]

4.1 – Published results of the Governance and administration Survey.

4.2 – Cyber security guidance had been updated and published. The Chair added that The County Council's annual cyber security training examination was regarded as good practice.

5.0 Pensions Dashboards Programme [PDP]

It was expected that the dashboard would be introduced in late 2026 and that the Pension Team were preparing for the launch beginning with data cleansing.

10. REVIEW OF RISK REGISTER

The Board noted the:

- a. Governance Risk Register
- b. Administration Risk Register
- c. Investment Risk Register

A deep dive was carried out of the Governance Risk Register. It was noted that an automated reminder service was in place on the risk system and would be adjusted by the Pension Fund Manager to ensure that actions and controls were updated before each report was published.

GOVERN0002 – it was agreed that the scoring would remain, and the risk wording be expanded and more explicit.

The Board recommended that the risk wording would provide more clarity of paying members benefits in a timely manner for GOVERN002.

GOVERN0016 – the business continuity plan was updated in December 2023. The Pension Fund Manager would consider what risk and knock-on effect there would be to the Council if employers suffered the same risk and not able to provide information.

GOVERN0008 / GOVERN0009 – it was agreed the scoring was appropriate to the risk and the wording would be updated to reflect a mitigating factor with reference to Internal Audit and include the complexity of the scheme and how the McCloud remedy was having a substantial impact on the Pensions Team.

The Board recommended that the wording for GOVERN0008 and GOVERN0009 would reflect the complexity of the scheme and include reference to Internal Audit.

GOVERN0011 – a bi-lingual approach was in place with the website operating in both English and Welsh. Scoring agreed.

GOVERN0015 – the scoring reflected the Board appointment compliance risk and felt that the risk scoring was adequate.

A discussion was held regarding meeting attendance figures and technical issues incurred by some members; however, the hybrid option did ensure travel

time was reduced. It was agreed that the wording would include the expansion of the Board structure to provide increased resilience and help ensure a quorum.

The Board recommended that the wording for GOVERN0015 include the requirement that all meetings be quorate, and the control and actions were updated.

GOVERN0001 – monitoring and collation of data had improved in line with the provision of performance information.
Due to the new general code the Administration Strategy would be updated.

GOVERN0003 – as stressed above GOVERN0016 concerns were raised around the knock-on effect to the Council if employers were not able to provide the required information, the Pension Fund Manager would consider the wording for the risk.

GOVERN0004 – It was felt that reputational damage should be included in the wording of the risk.

The Board recommended that the wording was updated to include reputational damage to the Council for GOVERN004.

GOVERN0005 / GOVERN0007 – The Board agreed that the word ‘unacceptable’ was not appropriate.

The Board recommended that the wording was reconsidered for both GOVERN0005 / GOVERN0007.

Resolved:

- i. The Pension Fund Manager would update the Governance Pillar of the Risk Register and recirculate for comment before presenting to Committee.**
- ii. Future reports would include the scoring risk framework for reference.**

11. TRAINING NEEDS ANALYSIS

The Board noted the report. The Pension Fund Manager explained the annual report and how the training needs analysis was aligned with the CIPFA knowledge and skills framework.

The training needs analysis would be circulated to gain an accurate level of knowledge and for training to be planned.

The Pension Fund Manager would check that the Council Cyber Security training was available to all Board Members.

Additional training from the Wales Pension Partnership (WPP) would be made available to all Board Members on the 05 March.

Resolved – The Board agreed the recommendation on the report:

2.1 That the Board complete an updated training needs analysis form (to be provided by the Pension Fund Manager) in order to assess the training requirements of Pension Board Members, with a view to creating an appropriate training programme for the 2024/25 year.

12. WALES PENSION PARTNERSHIP [WPP] UPDATE

The Board noted the Wales Pension Partnership (WPP) update.

The Pension Fund Manager informed the Board that the quarterly update had not been received and would be made available as soon as possible.

A WPP operator rebranding exercise would take place in the near future due to the part purchase of Link Fund Solutions by the Waystone Group.

It was noted that the eight Fund Board Chairs in Wales conduct half yearly meetings which were found to be extremely helpful and the feedback from the Chairs meetings were taken into consideration by the Host Authority as appropriate.

The Chair expressed thanks for the report and found the links extremely helpful to navigate information easily.

13. STANDING ITEMS WITH NO UPDATES REQUIRED

The Board noted the following in respect of standing items:

- a. Breaches Register – no new additions – any late employer contributions were reported to the Committee if required.
- b. Audit Reports – as above.
- c. Board Communications Log – noted.
- d. Internal Dispute Resolution Procedure [IDRP] – a stage two appeal for an overseas transfer had been received for consideration.

14. FUTURE BOARD MEETINGS

The Board noted the 2024 meeting dates and the Chair's availability for the 22 September if required.

15. CONFIDENTIAL

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.

16. UPDATE BY CHAIR OF PENSIONS BOARD

The Chair would circulate a written summary to the Board.

17. PERFORMANCE MEASUREMENT

The Board received the Performance Management Report (October to December 2023), it demonstrated how key performance indicators were being developed, tracked, and reported for both statutory requirements and internal targets.

The Pension Fund Manager explained the reports gathered information from processes and how caseload details were monitored against set targets with progression to completion. Development work would continue to improve the heatmap and newly available dashboards to ensure a comprehensive picture was captured.

The Board noted and welcomed the progress in presenting and monitoring of key performance indicators covering case workloads completed and in progress. And noted the scrutiny role played by the Section 151 officer, Chief Executive and Portfolio Holder in the overview of the pension scheme.

The Board Recommended that additional columns could be added to the reporting table to indicate priority cases.

18. EMPLOYER PERFORMANCE

The Board received the Performance Management Report for quarter 2 (July to September 2023). The Pension Fund Manager informed the Board that the report reflects the previous quarter as full information had not been made available for quarter 3.

Assurance was provided to the Board that increased monitoring arrangements and training would continue to support employers that were not fulfilling requirements, and noted improvements had been made by other employers which were evident in the report.

The Board recommended that the Administration Strategy Statement be reviewed once the Pensions Regulator's General Code of Practice was embedded in March 2024.

County Councillor Moore (Chair)