

**MINUTES OF A MEETING OF THE POWYS PENSIONS BOARD HELD AT
COMMITTEE ROOM A - COUNTY HALL, LLANDRINDOD WELLS, POWYS ON
TUESDAY, 10 JULY 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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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.

3.	MINUTES OF THE BOARD
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The minutes of the last meeting held on 12 January 2018 were agreed as a correct record. However, it was noted that the attendance list had not been included and this would be completed prior to the Chair formally signing the Minutes.

4.	MATTERS ARISING
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4.1. Data Quality Testing Update

This was a key item and should be included on all agendas in the medium term.

As part of the Scheme Annual return for 2018, The Pension Regulator (TPR) requires scores to be submitted regarding Common Data and Scheme Specific Data. Common data has been scored at 93.4% but Scheme Specific Data at 75.9% due to reporting of transfer data. This was due to the way in which data fields had been completed and was easily resolvable. Both scores were probably above average. TPR would expect Common Data being scored above 90% and would need to see annual improvements.

Discussions with software providers would ensure there was a common base with consistency of terminology to ensure data was comparable across authorities.

Annual Benefits Statements are expected to be issued on time, with Powys being one of only five authorities to achieve the deadline each year since 2015.

The Board congratulated the Pension Fund Manager and his team on the work undertaken

RESOLVED	REASON
The Board noted the progress made	Monitoring of TPR requirements

4.2. Board Work Programme

The Board considered the forward work programme and agreed that the first year could now be removed from the document leaving 2018, 2019 and 2020.

It was suggested that an annual cash flow statement should be included as it was noted that there were currently more pensions being paid out than contributions coming in. The Fund was relying on investment income but the gap was widening and cash flow relating to scheme members was negative. It would also be useful to note the total value of payments out. A report would be provided at, or before, the next meeting detailing the current position.

RESOLVED	REASON
<p>The following items be added to the work programme for the next meeting:</p> <ul style="list-style-type: none"> • Cash flow statement • Communications strategy • Statement of Accounts • GAD • Governance 	
2017 be removed from the work programme	

4.3. iConnect Employer Interface

The Secretary informed the Board that the Fund had invested in 'middleware' to connect the payroll system with pensions administration system. Four employers, including Powys County Council, were now using the system and data was being submitted electronically. This represented over 95% of active scheme membership. Other employers are testing and progressing with the system. Across Wales, it is understood that several of the other Funds were also using i-connect.

The system was implemented in April 2018 and a number of benefits were already being realised which aided administration. The system also encrypted data and satisfied GDPR requirements. Scheme members were now able to access live pay data online. Additional controls were in place reducing vulnerability.

The Board were reassured by the improvements to the administration of the system.

4.4. TPR Code 14 Compliance re Register of Board Members' interests

A draft form had been circulated for consideration. The Board questioned the section regarding Dispensations and the Secretary agreed to investigate the need for this section.

Members suggested that the form should be signed annually and should also reflect that Liability Insurance has been acquired for Board members.

RESOLVED	REASON
The register of interest form should be agreed and signed at the next meeting.	To ensure interests are recorded and published

4.5. Scheme Member Communications update

The Board noted that starter packs had been updated. Forms were being redesigned.

The Board were pleased to note that recommendations previously made have been implemented.

4.6. Board Member Indemnity

A policy has been taken out with AON. Every Fund should have either indemnity or liability insurance although it was noted that not every eventuality could be covered.

RESOLVED	REASON
The indemnity insurance policy would be circulated to Board members for information.	To ensure Board members were fully informed.

5. CHAIR'S ANNOUNCEMENTS

The Chair had had an informal meeting with TPR and the Industry Liaison Officer.

The draft Statement of Accounts for 2017/18 had been sent for the Chair's observations and the Chair had suggested some amendments.

A CIPFA Barnet Waddington event for local pension board members only would be held in Cardiff on the afternoon of 10 October 2018. If there was sufficient demand, an event for officers would be held in the morning.

6. MINUTES OF PENSIONS AND INVESTMENT COMMITTEE

The Board received the Pensions and Investment Committee's minutes for 9 March 2018.

There was some concern by Board Members that there seemed a negative attitude towards the work of the Board by the Committee which could be due to a lack of understanding around the role of the Board. The Chair of the Board reassured the Board that the Chair of the Committee was comfortable with and valued the contribution made by the Board. Training events for both groups could enhance the relationship between the two groups.

The Chair was an observer at the Committee and noted that Committee was dependent upon advice provided by the Fund's investment advisor. Consideration should be given to whether an independent review by an independent investment advisor which would also be timely as the Fund moves to pooling arrangements. The Board would wish to see a robust process in place and that due diligence has been undertaken.

Under MiFID II, there is an ongoing responsibility for the Fund to notify investment managers if there had been a material change, including in the experience of the Committee Members. It was essential that expertise was at a sufficient level.

RESOLVED	REASON
The Chair would discuss the proposal for an independent review with the S151 Officer.	To ensure robust arrangements were in place with the move to pooling arrangements.

7. BOARD MEMBER TRAINING [STANDING ITEM]

7.1. TPR Training (Chair)

There had been limited training during the last financial year. Some training undertaken had been omitted from the list and this would be rectified.

The Pension Regulator's Toolkit was being updated and would be available soon. The Chair recommended this as a training exercise and Board members could complete this in modules as and when it was convenient to them.

Board members requested that they were given as much notice as possible of training events to ensure that they could be available.

Further suggestions were made that training could take place for an hour after each Board meeting or by webinar. Topics could be aimed at upcoming events, such as the triennial valuation. If possible, these sessions could be recorded and retained to build a library of training materials.

A fresh training needs analysis should also be completed. A training plan was in place for new Committee Members and a schedule would be established to which existing or new Board members could slot in where possible.

All Board members requested training on pooling arrangements.

As indicated below, the Pension Fund Manager and Chair gave a short training session on data quality and improvement plans

RESOLVED	REASON
The Board would continue to assess options for delivering training	Addressing training issues

7.2. Officer Training Topic (PFM) Data Improvement Plans/ Data Quality Testing

This was undertaken at the end of the formal Board meeting.

8. TPR 2018 ANNUAL RETURN

The Board sought assurance that the Annual Return was on schedule to be completed on time, together with the GMP reconciliation. The Secretary confirmed that both exercises were on target.

9. REVIEW OF COMPLIANCE WITH TPR CODE 14

The Secretary had now received a spreadsheet as a monitoring tool and would review it with a view to starting to populate it in respect of the full scope of the Code. The Board noted that this formally started the process.

RESOLVED	REASON
That the spreadsheet be populated and circulated before the next meeting for consideration.	To give Board members sufficient time to review the information provided before formal approval is sought at the next meeting

10. INVESTMENT STRATEGY STATEMENT
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Amendments to paragraphs 11 and 12 had been made following previous discussion with the Chair of the Board and others. This will now be considered by the Pensions and Investment Committee for inclusion in the Annual Report.

The next report will consider pooling arrangements as one of the main topics.

RESOLVED	REASON
The next Investment Strategy Statement would be considered in March 2019	Monitoring of Strategy

11. REVIEW OF RISK REGISTER [STANDING ITEMS]

The Board raised the following comments [the numbers shown are the Risk Reference numbers]:

The Register had been updated to reflect the change in the Management of the Section. Further amendments were required following the change of S151 Officer. Officers must be defined and identified within the Register.

PEN030 was defined as high risk – the insolvency of an Investment Manager investing Pension Fund assets. The Board questioned whether other Funds would also consider this to be a high risk as similar controls would be in place. Although the likelihood of this happening is low, the impact would be high. The residual risk was medium but, due to the layout of the document, this was not clear.

RESOLVED	REASON
The Risk Register to be amended to reflect the change in S151 Officer and reissued to Board members.	Clarity of responsibility
The Secretary to investigate other Funds' approach to quantifying the risk of insolvency of an investment manager	Consistency of approach with other Funds
All columns of the Register to be displayed on one sheet for ease of reading	

12. WALES PENSION PARTNERSHIP - INVESTMENT POOLING UPDATE
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A Joint Governance Committee comprising the Chairs of all Pension and Investment Committees has been established which will be supported by an officer group. The JGC has elected the Chair of Powys Pensions and Investment Committee to the position of Vice Chair of the Wales Pension Partnership (WPP).

The Prospectus was approved by JGC and submitted to the FCA for approval to allow the transition of funds to the Pool. It is expected that funds will be moved towards the end of the year. Global Equity Fund will be moved in the first tranche. Whilst this is ongoing, tranche 2 is being set up.

Board members expressed concern regarding a press release suggesting the new WPP might invest in the Swansea Lagoon. It was questioned whether there was due process in place to make such decisions at the present time. Whether this was considered as an investment option in the future would be subject to an appropriate process being in place and due diligence being carried out.

The Board emphasised that they would seek assurance that appropriate processes were in place to enable investment decisions of this nature to be taken at the Pool level.

13. RECORDING OF BREACHES OF THE LAW.
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The Board had expressed concern regarding the process for the recording of breaches. The Secretary confirmed that a Breaches Log had been established

and there was one item so far recorded. This concerns the requirement for leavers to be advised of their entitlements within two months of all known information being available. There were 200 deferred benefits to be processed but not all information is known. This is not just an issue for Powys Pension Fund. The Pensions Team have prioritised paying scheme members.

The reaction to the breach is that, to improve matters, an Interim Leaving letter will be issued stating that a refund or benefit statement will be provided.

The Board agreed that this was not considered to be a material breach and, therefore, not reportable to the Regulator. However, a process needs to be put in place which would clarify the circumstances in which the Pension Fund Manager would need to alert the Chair and Vice Chair of the Committee or the Board to any issues which merit urgent consideration of whether they might be regarded as of material significance to the Regulator and therefore reportable.

The Pension Fund Manager indicated that the late payment of employer and employee contributions was not a problem, but any such instances would be recorded.

The Board recognised that if KPIs were missed this could highlight a lack of resources.

The Chair will provide the Pension and Investment Committee with a summary of recommendations made and assurances gained from the meeting of the Board.

RESOLVED	REASON
The Board agreed that the breach notified was not considered material	
A process would be developed to clarify the circumstances in which the Chair and Vice Chair of the Committee, plus the Chair of the Board, were alerted to potentially reportable breaches.	To ensure robust governance.

14. AUDIT REPORTS [STANDING ITEM]
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The Board noted that there were no updates to consider.

15. ADMINISTRATION LEGISLATION UPDATE AND ACTIVITY REPORT (2018 LGPS AMENDMENT REGULATIONS)
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An amendment to regulations was effective from 15 May 2018 and all affected scheme members will be notified of material changes within three months. All scheme members should be routinely informed of changes to ensure the Authority is complying with requirements. The Secretary confirmed that there were no issues in complying with the new regulations.

Statistics for the period 1 January to 31 March 2018 had been circulated. It would be useful to have the previous period displayed for comparison purposes. Further information was required regarding the issue of untraceable deferred members to enable the Board to assess the scope and scale of the problem. Robust, documented processes need to be in place. Optant outs had increased and the Board questioned if the reasons for this were known.

RESOLVED	REASON
The LGA explanatory memo to the Amendment regulations would be circulated to Board Members	To keep the Board informed with current developments.

16. CESSATION OF CONTRACTING OUT - UPDATE [STANDING ITEM]
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The Secretary reported that details had been received from HMRC and that local decisions would be made on the basis of that information. There were few scheme members involved and the Secretary was comfortable with the level of progress made.

The Board discussed the process and agreed that the reconciliation and rectification of the Guaranteed Minimum Pension exercise was not in itself a breach. A report on the figures involved would be circulated for information. There had been limited involvement by Powys staff with the work having been undertaken by ITM.

17. INTERNAL DISPUTE RESOLUTION PROCEDURE [IDRP] UPDATE [STANDING ITEM]
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The Board noted that there was no cases to report.

18. GDPR ACTION PLAN UPDATE: POST IMPLEMENTATION REVIEW
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The Fund had appointed the Powys GDPR/Data Protection Officer and has adopted their procedures. A new Memorandum of Understanding for employers has been produced. All scheme members have been contacted and were asked to positively elect to continue.

Any issues outstanding will be reported to the next meeting.

RESOLVED	REASON
A statement of outstanding GDPR issues would be provided for the next meeting.	

19. BOARD SCHEME EMPLOYER REPRESENTATIVE (PCC)

The Board noted that discussions had taken place regarding possible replacements for the role of Employer Representative. Whilst no formal approach had been made it was anticipated that this would be progressed shortly. The Board also considered the more general issue of succession planning, and how to avoid a cliff-edge type of change of Board membership.

20. FUTURE BOARD MEETINGS

The Chair requested that the next meeting be moved from 23 November 2018 to 30 November 2018.

Dates for January 2019 were suggested as 14, 15, 16, 21, 22, 23 January 2019.

**Gerard Moore
Chair**