

Pensions and Investment Committee

Meeting Venue
By Teams

Meeting date
Thursday, 7 October 2021

Meeting time
10.00 am

For further information please contact
Carol Johnson
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County Hall
Llandrindod Wells
Powys
LD1 5LG

1 October 2021

Mae croeso i chi siarad yn Gymraeg neu yn Saesneg yn y cyfarfod.
Rhowch wybod pa iaith rydych am ei defnyddio erbyn hanner dydd, ddau ddiwrnod gwaith cyn y cyfarfod.
You are welcome to speak Welsh or English in the meeting.
Please inform us of which language you wish to use by noon, two working days before the meeting.

AGENDA

1.	EXEMPT ITEM
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The Monitoring Officer has determined that category 3 of the Access to Information Procedure Rules applies to the following items. His view on the public interest test (having taken account of the provisions of Rule 14.8 of the Council's Access to Information Rules) was that to make this information public would disclose information relating to the financial or business affairs of any particular person (including the authority holding that information). These factors in his view outweigh the public interest in disclosing this information.

Members are asked to consider these factors when determining the public interest test, which they must decide when considering excluding the public from this part of the meeting.

2.	BALLIE GIFFORD
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To receive a presentation from Baillie Gifford.
(Pages 5 - 20)

The live meeting will start at approx 10.30am

3.	APOLOGIES
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To receive apologies for absence.

4.	DECLARATIONS OF INTEREST
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To receive any declarations of interest from Members relating to items to be considered on the Agenda.

5.	MINUTES
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To authorise the Chair to sign the minutes of the last meeting held on 9 July 2021 as a correct record.

(Pages 21 - 26)

6.	PENSIONS BOARD MINUTES
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To receive for information the minutes of the Powys Pension Board meetings on 5 March 2021 and 8 July 2021. [Note a summary report of the meeting held on 5 March 2021 was presented by the Board Chair at the Committee meeting on 12 March 2021].

(Pages 27 - 38)

7.	GOVERNANCE AND ADMINISTRATION UPDATE
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To consider the report.

(Pages 39 - 54)

8.	WALES PENSION PARTNERSHIP [WPP] UPDATE
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To receive and consider the report regarding the WPP.

(Pages 55 - 68)

9.	EXEMPT ITEM
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The Monitoring Officer has determined that category 3 of the Access to Information Procedure Rules applies to the following items. His view on the public interest test (having taken account of the provisions of Rule 14.8 of the Council's Access to Information Rules) was that to make this information public would disclose information relating to the financial or business affairs of any particular person (including the authority holding that information). These factors in his view outweigh the public interest in disclosing this information.

Members are asked to consider these factors when determining the public interest test, which they must decide when considering excluding the public from this part of the meeting.

10.	DRAFT PENSION FUND ANNUAL REPORT 2020/21
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To note the content of the report.
(Pages 69 - 140)

11.	FUNDING UPDATE
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To consider the report from Aon.
(Pages 141 - 148)

12.	QUARTERLY MONITORING REPORT - Q2
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To consider the report from Aon.
(Pages 149 - 178)

13.	INTERIM INVESTMENT STRATEGY REVIEW
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To consider the report from Aon.
(Pages 179 - 204)

14.	RESPONSIBLE INVESTMENT
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To consider the report from Aon.
(To Follow)

15.	FORWARD LOOKING BUSINESS PLAN
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To consider the report from Aon.
(Pages 205 - 206)

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By virtue of paragraph(s) 14 of Part 1 of Schedule 12A of the Local Government Act 1972.

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**MINUTES OF A MEETING OF THE PENSIONS AND INVESTMENT COMMITTEE
HELD BY TEAMS ON FRIDAY, 9 JULY 2021**

PRESENT

County Councillor P E Lewis (Chair)

County Councillors E A Jones, JG Morris, D H Williams and A W Davies
Mr G Moore, Chair Powys Pension Board

In attendance: Head of Finance, Pension Fund Manager and Financial Reporting & Policy Accountant
Aon representatives – Becky Durrant, Rebecca Jones, Simon Mayne and George Feane

1.	APOLOGIES
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Apologies for absence were received from County Councillor T J Van-Rees and Martin Weale, co-opted member.

2.	DECLARATIONS OF INTEREST
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Members of the Committee declared interests as members of the Local Government Pensions Scheme. These are personal interests, not prejudicial interests in accordance with Paragraph 12(b) (iv) of the Members Code of Conduct 2016.

County Councillor P Lewis declared a prejudicial interest in item 16 – Allowances, as he was the Chair of the Committee.

3.	MINUTES
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The Chair was authorised to sign the minutes of the Pensions and Investment Committee meeting held on 13 March 2021 as a correct record.

4.	GOVERNANCE AND ADMINISTRATION UPDATE
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The Committee received the Governance and Administration update report.

The Pension Fund Manager highlighted the following:

- The Scheme Advisory Board's [SAB] online A-Z guide to Responsible Investment [RI].
- 2020 Local Government Pension Scheme [LGPS] Annual report – membership of the LGPS was growing and this was also being seen in the Powys Fund, which had resulted in extra resources being allocated to the Pension Administration Team. It was noted that although the report stated that assets were decreasing, it should be noted that this was as at 31 March 2020 when stock markets were struggling.
- McCloud – the Minister's statement and the work being undertaken in the Pensions Administration Team was noted.
- The Pensions Regulator [TPR] – the Climate Change Strategy would be circulated to the Committee.

The Committee noted that there were no new breaches and no additional risks. The Pension Fund Manager advised that the Pensions Board reviews both at its quarterly meetings and undertakes detailed reviews of the Risk Register. In response to questions, he advised that he receives a report on a quarterly basis of any risks which need to be reviewed and these are considered by the Board. Any significant issues would be brought to the Committee for consideration.

It was noted that as the Board had only met the previous day a report from the Chair was not available.

Resolved	Reason for decision
To note the update report and the Committee was assured that the breaches and Risk Register were reviewed on a quarterly basis by the Pensions Board and that any significant risks would be provided to the Committee for consideration.	To ensure that the Fund continues to focus on high standards of administration and governance.

5. WALES PENSION PARTNERSHIP [WPP] UPDATE

The Committee received the WPP report. The Pension Fund Manager advised that WPP's Responsible Investment sub-group, of which he is a member, is reviewing the Stewardship Code and Task force for Climate Financial Disclosures [TCFD] and how the Pool is to respond to this. The Committee noted the ongoing work in respect of the Scheme Member representative on the Joint Governance Committee [JGC].

The Committee received the 2021-24 WPP Business Plan and it was moved and duly seconded to approve the plan.

Resolved	Reason for decision
That the report be noted and that the 2021-24 WPP Business Plan be approved.	As per the report.

6. RESPONSIBLE INVESTMENT

The Pension Fund Manager advised the Committee that a questionnaire on Responsible Investment [RI] had been developed with Aon and would be circulated to the Committee. This would assess if and how the Committee's views on RI had changed over the past 12 months, as a result of the discussions on this issue over this period. The views would help inform the development of the strategy.

7. FUNDING STRATEGY STATEMENT

The Chair welcomed Becky Durran, Aon to the meeting and considered the draft Funding Strategy Statement. The Committee noted that the document would work alongside the Employer Policy, which was being considered later.

It was moved and duly seconded to approve the document.

Resolved	Reason for decision
That the Funding Strategy Statement be approved.	To ensure that the Fund continues to focus on high standards of administration and governance.

8. EXEMPT ITEM

RESOLVED to exclude the public for the following items of business on the grounds that there would be disclosure to them of exempt information under category 3 of The Local Authorities (Access to Information) (Variation) (Wales) Order 2007).

9. PERFORMANCE REPORTS

The Committee welcomed Simon Mayne and George Feane, Aon to the meeting. The Committee received the Quarterly Monitoring report to March 2021, the Quarterly Risk and Return Analysis report and the Local Authority Funds statistics 2020/21, which provided a comparison of performance with other peer group funds.

The Committee noted that as assets were being moved to the WPP and the Pool was monitoring the performance of these assets, it was appropriate to review the performance information received by the Committee. In addition, Aon considered that a review was also timely in preparation for the triannual valuation in 2022. Comment was made that any investment performance should be shown net of fees rather than gross of fees for consistency.

Aon advised that the fund had moved closer to the strategic allocation and performance had been achieved against the risks taken. It was noted that the strategy pursued had met the objectives to meet the funding requirements. The Committee would need to consider what it considered was the right strategy taking into account its views on volatility in the markets. It was noted that the equity protection had achieved its aims up to 31 March 2020. However, since then performance has been lower, but the Committee needed to take a long-term view.

Councillor J Morris left for another meeting.

Comment was made that as there was so much information it was important to have an Executive summary. In response to comments Aon agreed that at the next equity protection review a summary of the impact of the protection and the cost would be provided.

10. STRATEGY REVIEW

The Committee received the report regarding the interim Strategy Review. The Committee noted that many changes had occurred since the review in 2019, with the investment in the Pool, use of equity protection and the Committee's 10% aspirational allocation to infrastructure. A full review would be required after the next actuarial valuation on 31 March 2022. It was also noted that it is hoped that the WPP Private Markets sub-funds will be ready for investment in the next 12-

24 months and therefore the Committee's views on such investments need to be assessed.

Resolved	Reason for decision
That Aon undertake an interim Strategy review seeking the views and beliefs of the Committee.	To inform the interim review and the review following the 2022 valuation.

11. RESPONSIBLE INVESTMENT

The Chair welcomed Rebecca Jones, Aon to the meeting. The Committee considered the action plan in respect of the Taskforce for Climate Financial Disclosures [TCFD]. The Committee noted that TCFD looks at four pillars namely, governance, strategy, risk management and risk metrics.

The Committee was advised that the Climate Working Group would initially involve the Pension Fund Manager but it might be appropriate for the Chair to liaise with him on this.

Resolved	Reason for decision
That: <ul style="list-style-type: none"> i. the TCFD action plan be approved ii. an interim update is included in the 31 March 2022 annual report iii. a full TCFD report is completed for inclusion in the 31 March 2023 annual report iv. a "climate working group" to progress TCFD related work is established and v. the Responsible Investment beliefs gathered in 2019 is updated. 	To ensure the work relating to the TCFD can be progressed.

12. FORWARD LOOKING BUSINESS PLAN

The Committee received and noted the plan. Aon agreed to include details of regular items which would need to be considered each year.

13. EMPLOYER RISK ASSESSMENT

Becky Durran, Aon presented the report regarding the employers risk assessment. The Committee noted that where, due to insolvency, for example, an employer is unable to meet its liabilities in the Fund, the Local Government Pension Scheme Regulations 2013, states that any shortfall, which cannot be met by the employer (or bond / guarantor), the debt would fall on the remaining contributing employers in the Fund. CIPFA is increasingly focussing on this issue and there have been high profile insolvency cases such as Carillion.

The review was completed at the end of 2020 and some actions have been undertaken. The review was a high-level assessment of risk and the associated exposure to the fund, if the risk occurred. The Committee noted that there were no employers assessed as high risk and with a high exposure. Aon advised however, that the bonds were being reviewed to ensure they were at the appropriate level.

Resolved	Reason for decision
That the report be noted.	To review the employers risk.

14. EMPLOYER POLICY

The Committee considered the Employer Policy which had been developed to increase employers' understanding of what was expected of them in the Fund, the options available to them if they were to exit the Fund and also to reflect changes in regulations. The draft document had been circulated to employers for comment.

The policy would be published alongside the Funding Strategy Statement. It was moved and seconded to approve the policy.

Resolved	Reason for decision
That the Employer Policy be agreed and published on the website.	To ensure employers understand their roles within the Fund.

15. DRAFT PENSION FUND ANNUAL REPORT 2020/21

The Committee received the draft Annual report. The Pension Fund Manager asked that comments are emailed to him. It was noted that the draft Pension Board Chair's report had been updated. The Pension Fund Manager advised that to ensure the report was approved in time for its publication on 1 December 2021, an extra Committee may be required after the Wales Audit Office had completed the audit of the accounts and the Audit Committee had considered the accounts and report.

County Councillor P Lewis having declared a prejudicial interest left the meeting for the next item. Aon representatives also left the meeting.

County Councillor A Jones, Vice Chair took the Chair.

16. ALLOWANCES

The Committee received the report regarding Senior Responsibility Allowances.

The Committee considered the report and noted that chairs of pensions and investment committees in other councils receive allowances and these are funded from various sources.

The Pension Board Chair advised that there were risks for the Committee and Fund in not being able to attract an appropriate member with the required skills set and experience to undertake the role of chair.

It was moved and duly seconded that an amount equivalent to a senior responsibility allowance should be paid to the chair of the Pensions and Investment Committee and borne by the Pension Fund.

Recommendation to Council	Reason for decision
<p>i. That an amount equivalent to a senior responsibility allowance should be paid to the chair of the Pensions and Investment Committee and</p> <p>ii. that this should be borne by the Pension Fund.</p>	<p>To ensure that the remuneration of the Chair correctly reflects the level of responsibility placed on the role and is on parity with the rest of Wales.</p>

The Committee considered whether the allowance should be backdated to the date when payment previously ceased or whether it be backdated to the start of the current financial year. It was moved and duly seconded that the advice be sought from the Monitoring Officer regarding the legality of backdating the payment to the start of this financial year and that the above recommendation to Council is amended in light of this advice.

Resolved	Reason for decision
<p>That officers seek the advice of the Monitoring Officer regarding the legality of backdating the payment to the start of this financial year and that the above recommendation to Council is amended in light of this advice.</p>	<p>To ensure that the remuneration of the Chair correctly reflects the level of responsibility placed on the role and is on parity with the rest of Wales.</p>

County Councillor P E Lewis (Chair)

MINUTES OF A MEETING OF THE POWYS PENSIONS BOARD HELD BY TEAMS ON FRIDAY, 5 MARCH 2021

PRESENT

Gerard Moore (Chair)
Nigel Brinn (Employers Representative)
Wayne Thomas (Employers Representative)
John Byrne (Member Representative)
Mick Hutchison (Member Representative)

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

One member of the public

1.	APOLOGIES
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There were no apologies for absence.

2.	DECLARATIONS OF INTEREST
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The Chair advised he was an Associate of 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 does not represent a conflict of interest as the Pension Fund Manager is responsible for arranging training.

3.	MINUTES OF THE BOARD
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The minutes of the last meeting held on 9 November 2020 were agreed as a correct record, subject to it being noted that John Byrne, Scheme Member representative, was in attendance at this meeting.

4.	MATTERS ARISING
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There were no matters arising.

5.	CHAIR'S ANNOUNCEMENTS
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The Chair reported that:

- he had undertaken his annual meeting with the Section 151 Officer. He advised her that the Board would complete a self-assessment on its performance before his Term of Office ends. They had discussed the progress in the appointment of his successor, governance issues and he recognised the substantial progress in the Pensions and Investment Committee's knowledge and skills level,
- the Board's self-assessment of its own performance will be completed at its meeting in June. **The Board agreed to hold a one hour meeting to discuss the self-assessment prior to the meeting in June.**
- he attended a webinar on Good Governance, with Councillor Roger Phillips, Chair of the Scheme Advisory Board [SAB] and had forwarded a link to the recording to the Board. Councillor Phillips advised the Board that the proposed LGPS senior officer could be the S151 Officer, but it

would be better if it was another officer. In response to a question about the Board's role in implementing Good Governance the SAB Chair advised that the Board is a critical friend and is the first line of enforcement and the Board should be the sign off on governance. **The Board agreed to seek to support the Administering Authority in its planning to comply with the statutory guidance.**

- the survey of Local Pension Boards by the Scheme Advisory Board (SAB) is awaited.
- TPR's Public Service 2020 survey was completed by the due date by the Pension Fund Manager in consultation with the Chair and
- he would circulate his draft Board Annual Report for 2020/2021, for comment.

6. MINUTES OF PENSIONS AND INVESTMENT COMMITTEE

The Board received the Pensions and Investment Committee's minutes for 11 December 2020.

The Board noted the following:

Item 4 - Governance and Compliance Statement – this would be reviewed again as the SAB Good Governance Project has been completed and the MHCLG Guidance is expected to be out for consultation shortly.

7. REVIEW OF COMPLIANCE WITH TPR CODE 14

The Pension Fund Manager advised that the document had been updated in line with the comments at the previous meeting.

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

Governing your Scheme [38 – 60]

42 – the Pension Fund Manager advised that he was consolidating all the documentation into one resource library, with hyperlinks to the most up to date document. He agreed to amend the wording in the final column to indicate that the document library would also be available to the Pensions and Investment Committee.

48 – it was noted that the knowledge and skills analysis was an item on the Agenda and the document would be amended to reflect this.

51 – agreed that the wording in the final column would be amended to reflect the need for Boards to be in a position to challenge officers and the Pensions & Investment Committee and also be confident that such challenges will be properly dealt with and answered by officers or the Committee.

60 – the Pension Fund Manager agreed to explain, in the final column, how training logs and records are kept.

Conflicts of interest and representation [62 - 91]

The Pension Fund Manager advised that the Wales Pension Partnership (WPP) has a policy in place on this and that the Powys Fund should ensure any local policies also align. it was also a separate item on the Agenda. He advised he would consider the Chair's suggestion that joint session with the Pension and Investment Committee to consider this issue may be beneficial.

64 – the Pension Fund Manager agreed to review the wording in the final column.

The Pension Fund Manager advised that he would review whether membership of town or community councils should be declared or registered. He advised that this would be part of the review of conflicts of interest and representation once the guidance has been published.

Administration [124 – 146] – the Pension Fund Manager advised this section had been reviewed and updated.

Resolving issues [216 – 240]

222 – the Chair asked if other Welsh Pension funds have a two-stage internal IDR process and it was agreed to review this at the June meeting.

8.	OPERATIONAL AND ADMINISTRATION REPORT UPDATE
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The Board received and noted the Operational and Administration report. The Pension Fund Manager advised that the number of active members had increased. The Board noted that the Aggregation numbers were increasing and the Pension Fund Manager advised that due to LGPS now being a Career Average Revalued Earnings (CARE) scheme, this created a lot of work where individuals have multiple posts. The Chair highlighted the impact of such changes on the work of the Administration Team and the Board highlighted the need to adequately resource the Team.

In response a question from the Chair, the Pension Fund Manager agreed to review whether the four individuals “awaiting entry” on the two dates in the report were different.

The Pension Fund Manager advised that work was being undertaken on improving the reporting of Key Performance Indicators [KPIs]. He advised that future reports would provide information on performance against statutory and internal deadlines.

9.	CONFLICTS OF INTEREST
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The Pension Fund Manager advised that guidance on conflicts of interest was awaited from MHCLG in its Good Governance guidance. A draft policy would be produced for the Board’s consideration.

10.	REVIEW OF RISK REGISTER [STANDING ITEMS]
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The Board noted that no new risks had been identified. The Board noted or made the following comments [the numbers shown are the Risk Reference numbers]:

PEN003 – due to changes in LGPS regulations which introduced employer flexibilities a new Employers Policy was being developed. This would be separate to the Funding Strategy Statement. A cash flow meeting was scheduled with the actuaries, the S151 officer and finance officers. The Board asked that this be recorded in the register.

PEN006 - an internal audit review was expected in 2021 and consideration of the report would be added to the work programme.

PEN007 and PEN027 – the Board asked that the wording in each of these be reviewed.

PEN036 – the Pension Fund Manager updated the Board on the progress to appoint a new Chair and an appointment could be made prior to the meeting in June. The Board was assured of the progress made.

PEN012 – the Pension Fund Manager would include details of when the last data protection audit was completed and the next was scheduled.

PEN016 – the date of the current Communications policy and its review date would be included.

PEN019 – the role of the Pension Board was included in the induction to Committee members after the last election and should be included in future programmes. It was noted that this requirement would be cross referenced in the committee mandatory induction programme managed by Democratic Services.

PEN031 – the process for recording performance net of fees, as a result of pooling Pension Fund assets, would be added to the document.

In response to questions regarding increasing the membership to three scheme and employer representatives on the Board, the Pension Fund Manager advised that:

- no employer representative was forthcoming as a result of the discussion at the Employers meeting in December. He agreed to liaise with Nigel Brinn, Employer representative regarding this vacancy,
- information about the vacancy for a scheme member representative would be included with letters being sent to scheme members,
- the issue of recompense for representatives would be considered,
- he would liaise with the union representatives regarding the scheme member observer vacancy on the Pensions and Investment Committee and
- he would check on the term of office of scheme and employer representatives on the Board.

11.	WALES PENSION PARTNERSHIP [WPP] - INVESTMENT POOLING UPDATE [STANDING ITEM]
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The Board noted the update report. The Pension Fund Manager advised that a non-voting Scheme Member representative would be appointed to the Joint Governance Committee [JGC] from a Pension Board in Wales.

12.	NEW LEGISLATION AND GUIDANCE (STANDING ITEM)
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The Board received the report.

The Board noted that HM Treasury [HMT] had published the Exit Payment Cap Directions 2021, which disapply the regulations relating to Exit Payment Cap with immediate effect. It was noted that one individual was affected by this change and amendments would be made. In response to a question the Pension Fund Manager advised he would consider whether this should be recorded as a breach and advise the Board by email.

It was noted that the Business planning process was a key element in the Final Good Governance Report. The Pension Fund Manager advised that a report would be considered by the Board and Pensions & Investment Committee in due course regarding the resources required to ensure the Pension Administration Team could meet good governance requirements and the continuing complexities of the LGPS, such as the McCloud judgement.

In respect of the McCloud judgement the Pension Fund Manager advised that records for 30% of scheme members would require data input and recalculations of benefits.

In respect of Climate risk the Board noted that the Fund had approximately 1.8% invested in companies with ties to fossil fuels.

Nigel Brinn left to attend another meeting.

13.	BOARD MEMBER TRAINING [STANDING ITEM]
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The Board received the Powys Pension Fund's policy in relation to the knowledge and skills requirements of members of the Pensions & investment Committee and Board. The Training Needs Analysis would be emailed to Board members for them to complete and return to the Pension Fund Manager. It was noted that this would also be circulated to the Committee members.

14.	INTERNAL DISPUTE RESOLUTION PROCEDURE [IDRP] UPDATE [STANDING ITEM]
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The Pension Fund Manager advised that one appeal had been upheld at Stage 1.

15.	STANDING ITEMS WITH NO UPDATES REQUIRED
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The Pension Fund Manager reported on the following:

- Breaches Register - The Board noted there were no new recorded breaches of the law since the last meeting. The Pension Fund Manager advised he would review whether a recordable breach should be added as a result of the clash of legislation relating to the £95k cap and to entitlement to benefits.
- Cessation of contracting out – it was noted that progress on this was behind schedule. The Pension Fund Manager advised that this was an internal deadline rather than a statutory deadline. The revised schedule was that scheme members whose pensions would be affected would be notified in the summer and given two months notice if benefits were to decrease.
- Audit Reports – no update.
- Board Communications Log – noted.

16.	FUTURE BOARD MEETINGS
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The Board noted the following meeting dates in 2021 and that the meetings will be at 1400hrs:

14 June

13 September

22 November

Gerard Moore (Chair)

MINUTES OF A MEETING OF THE POWYS PENSIONS BOARD HELD BY TEAMS ON THURSDAY, 8 JULY 2021

PRESENT

Gerard Moore (Chair)

Nigel Brinn (Employers Representative)

John Byrne (Member Representative)

Wayne Thomas (Employers Representative)

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

1.	APOLOGIES
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Apologies for absence were received from Mick Hutchison (Member 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 does not represent a conflict of interest as the Pension Fund Manager is responsible for arranging training.

3.	MINUTES OF THE BOARD - 5 MARCH 2021
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The minutes of the last meeting held on 5 March 2021 were agreed as a correct record.

4.	MATTERS ARISING
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The Board noted that the meeting to complete the self-assessment had not taken place in June, as agreed at the previous meeting. The Chair advised that as it was likely he would continue in the role for a further year, the self-assessment would take place at a later date.

5.	MINUTES OF PENSIONS AND INVESTMENT COMMITTEE
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The Board noted the Pensions and Investment Committee's minutes for 12 March 2021.

The Chair advised that when the Board considered the self-assessment it would be important to comment on the formal relationship between the Board and the Committee. The Board noted the Committee's discussion regarding the Responsible Investment and Policy Review [Item 9] and that the Wales Pension Partnership [WPP] had produced a climate change policy and that this should be reflected in the Funds local policy. This was an important issue for the scheme members.

6.	REVIEW OF COMPLIANCE WITH TPR CODE 14
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The Pension Fund Manager advised that the document had been updated in line with the comments at the previous meeting.

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

Managing Risks [104 – 120]

114 – a high level review had been completed on employers' covenants and assessment of risks. Further assessment had been undertaken in respect of a number of employers. The Pensions & Investment Committee would consider a report at its meeting the next day and the report would then be circulated to the Board. The Pension Fund Manager advised that the aim was to reduce the risk to other employers in the fund should an employer cease to exist. The level of bonds in place would be reviewed to ensure they were at the appropriate level. The Pension Fund Manager advised that the review had been reflected in the Funding Strategy Statement and an employer policy had also been developed, which would be considered later on the agenda. In response to a question the Pension Fund Manager advised that if it was found that a bond should increase this would be negotiated with the employer and actuary. **The Board was assured and pleased with the progress being made.**

115 – the Investment Strategy was being reviewed. The Committee was considering the investments in the WPP and the Pensions Fund risk exposure and whether this was still appropriate. **The Board was reassured of the review of processes being undertaken.**

Maintaining contributions [147 – 169]

The Pensions Fund Manager advised that the Pensions Team was working through the year end process, making sure contributions were posted to members records and working with employers to ensure details were correct. **The Board was assured that the issuing of the Annual Benefits Statements to members was on target to be completed by 31 August 2021.**

Reporting breaches of law [244 – 270] – In response to questions the Pension Fund Manager advised that he would review the breaches policy to ensure that the fast-track reporting of breaches was clear. He also advised that it was timely to review the policy as a whole and report back to the Board.

In respect of the introduction of a Single Code by The Pension Regulator [TPR] the Chair advised that the consultation had now closed. It was noted that the Regulator was looking to bring together 15 codes into one. A fundamental issue which needed clarification was the definition of a governing body, as one would normally expect that to be the pensions committee but there are different views on this issue. The Board noted that the Scheme Advisory Board [SAB] was liaising with the Regulator to assist with this.

7.	OPERATIONAL AND ADMINISTRATION REPORT & UPDATE
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The Board received and noted the Operational and Administration report. The Pension Fund Manager advised that the trend in respect of the number of active members was for an increase.

The Pension Fund Manager in response to a question regarding the Status 8 – awaiting entry [starter not fully processed] figures advised he would check the data, to establish whether the four members were the same at 1 January 2021 and 31 March 2021 and email the Board and if they were, clarify the underlying issues.

The Pension Fund Manager advised the Board that extra resources had been allocated to the Pensions Section. This was as a result of a comprehensive business case which identified potential risks, of which lack of resource was one of them.

The 50/50 membership was noted and it was considered that this could be promoted to potential scheme members via the unions and HR department and at the employers conference. The Pensions Fund Manager advised that auto enrolment is undertaken at the relevant auto enrolment for each employer, as provided by the appropriate legislation and those members of the 50/50 arrangement are re-enrolled into the main scheme accordingly. He agreed to share a document regarding auto enrolment with the Board.

8.	REVIEW OF RISK REGISTER [STANDING ITEMS]
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The Pensions Fund Manager reported that no new risks had been identified.

The Board noted or made the following comments [the numbers shown are the Risk Reference numbers]:

PEN004 – periodic reviews are undertaken of the business continuity plan and a review had been completed in June 2021.

The Pension Fund Manager reported that the Task Force on Climate-Related Financial Disclosures [TCFD] guidance means a significant increase in the requirements on pension funds to report on climate-related financial risks. He advised that an action plan was being developed and it was noted the scale of the work involved. The Chair indicated that this may warrant a training event for the Board and Committee. **The Board recommended that TCFD should be added as a new risk.**

9.	WALES PENSION PARTNERSHIP - INVESTMENT POOLING UPDATE [STANDING ITEM]
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The Board noted the update report. The Pension Fund Manager advised that he was a member of the WPP's Responsible Investment Sub Group. The Pool's Business Plan had been approved and would need to be approved by all the Pool Fund members. The Committee was considering the Plan at its meeting the next day. The work to appoint a scheme member representative on the Joint Governance Committee [JGC] was ongoing.

It was noted that the Board Chairs have engagement meetings with WPP officers twice a year. At the last meeting they had a detailed discussion about the scheme member observer representative and some of the views from the Board Chairs have been taken into account.

10.	TRAINING - CYBER SECURITY AND DATA PROTECTION
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The Pension Fund Manager advised that the annual Cyber Security and Data Protection eLearning was mandatory in the Council. The Board Chair also undertakes this training, as he is an observer on the Pensions and Investment Committee. It was however, considered that the external employer representative on the Board should also complete this annual mandatory training. The Pension Fund Manager and Democratic Services Officer agreed to ensure that access to this training is set up. The Democratic Services Officer advised the Board that this requirement could also be added to the mandatory induction programme for the elections in 2020. **The Board agreed that Board members should complete the Council's annual mandatory Cyber Security and Data Protection training.**

11.	NEW LEGISLATION AND GUIDANCE (STANDING ITEM)
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The Board noted that the Scheme Advisory Board [SAB] had produced a Responsible Investment A to Z guide explaining the terminology used within pensions industry. It was noted that the Local Government Pension Scheme Regulations 2013 enabled Boards to continue to hold virtual meetings. Comment was made that virtual meetings may be more appealing in attracting new Board members.

Nigel Brinn left to attend another meeting.

12.	CESSATION OF CONTRACTING OUT - UPDATE [STANDING ITEM]
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The Pension Fund Manager advised that a revised project plan had been developed and he was confident that the project would be completed by the 31 January 2022. The Chair felt the Board could review the draft letters to scheme members. **The Board agreed to review the draft letters to scheme members regarding cessation of contracting out.**

13.	STANDING ITEMS WITH NO UPDATES REQUIRED
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The Board noted the following:

Breaches – there were no new recorded breaches, but it was noted that 52 members up to the 31 May 2021 have been identified as having frozen refunds. The Pension Fund Manager advised that addresses were being traced on an ongoing basis and some members had been contacted through this work. The Board noted the progress.

The Chair advised that CIPFA had given a presentation on 29 June and one of the pensions funds involved had decided to open bank accounts into which it would pay frozen funds, so discharging their liability. The Pension Fund Manager advised this had previously been discussed at the National LGPS Technical Group, who advised that the best course of action was to retain the refunds within the Pension Funds. **The Board confirmed that it was satisfied that frozen funds should remain within the Fund to ensure openness and transparency and that work is ongoing to contact scheme members with frozen funds.**

The Board noted that an internal audit was expected before the end of the calendar year.

The Chair referred to Internal Dispute Resolution Procedure [IDRP] advising that the original terms of reference following guidance from the centre implied a role for boards in IDRP. It was noted that when the terms of reference are reviewed the reference to the Board in respect of IDRP is amended to clarify that the Board has no decision making role in the IDRP process but does have a role in reviewing the process and identifying any lessons learnt.

14. FUTURE BOARD MEETINGS

The Board noted the dates of the next meetings – 13 September 2021 and 22 November 2021. It was hoped that new Board members would be appointed by the next meeting.

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. PENSION BOARD CHAIR ANNOUNCEMENTS AND UPDATE

The Chair advised that as the procurement process to appoint a new Chair had been unsuccessful, it was likely that he would continue for a further 12 months.

The SAB has indicated that it's local pension board survey will be included in its work programme again.

The Chair's draft annual report had been circulated and he asked the members to email him or the Pension Fund Manager comments or additions. It was noted that the annual report would form part of the Powys Pension Fund Annual Report for 2020-2021. **The Board agreed that comments on the Chair's draft annual report be forwarded to the Pension Fund Manager by the end of July 2021.**

17. PENSION BOARD SELF-ASSESSMENT

In respect of the Board's self-assessment the Chair referred to the process to be followed and he suggested holding a specific virtual meeting to discuss those areas which are subjective. It was hoped the two new Board members would be appointed in time to enable them to join this meeting. The Chair and Pension Fund Manager would draft the responses in respect of the factual aspects of the self-assessment and the draft would be circulated in advance of the meeting. The Chair hoped that the final draft self-assessment would be available for approval by the Board at its meeting in September.

The Chair advised that the self-assessment would be considered against the expectations of a range of organisations including TPR and SAB and against the internal expectations of the Administering Authority, including the Board's Terms of Reference and any policies which refer to the Board. The self-assessment

may also highlight issues which the Board should consider and which could be added to its work programme.

The Board agreed to hold a specific virtual meeting to discuss those areas of the self-assessment which are subjective and from which outcomes can be agreed.

18.	FUTURE ADMINISTRATION UPDATES
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The Board noted the report and that a new reporting system would enable it to receive administration performance data, to enable it to have an overview of performance and consider trends.

19.	EMPLOYER POLICY
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The Pension Fund Manager advised that the Employer Policy would help employers understand how the mechanics of the Fund worked, what happens when they exit and the options when they exit. The Policy works alongside the Funding Strategy Statement. Consultation had been undertaken with employers and no comments had been received. The Board noted the Policy would be considered by the Committee the next day.

The following was raised by a Board member:

The issue of succession planning and the recompense for membership of the Board was discussed. **The Board agreed to include these issues in the work plan and a report be made to the Pensions and Investment Committee in due course.**

Gerard Moore (Chair)

CYNGOR SIR POWYS COUNTY COUNCIL**Pensions and Investment Committee
7th October 2021****REPORT BY: Head of Finance****SUBJECT: Governance and Administration Update**

REPORT FOR: Information and Decision

1 Introduction

- 1.1 This report has been produced to provide Committee with an update on the LGPS governance and administration matters and the potential impact of these on the Powys Pension Fund.
- 1.2 It is provided in addition to and supplements, where appropriate, the executive summary presented by the Powys Pension Board Chair and will provide updates on:
- Scheme Advisory Board (SAB) and the Local Government Association (LGA)
 - The Pension Regulator (TPR)
 - Update on the Fund's risk register
 - Updates on the Fund's breaches register

2. Key points for information**2.1 SAB no longer collecting death data**

The SAB for England and Wales has stopped collecting data from administering authorities, with effect from April 2021 onwards.

SAB collected pensioner death data from February 2020 to March 2021 to help understand the impact of COVID-19 on the LGPS. SAB has published a summary of the data on their [Covid-19 Mortality](#) page on the Board's website

2.2 SAB responds to HMT consultation on the cost control mechanism

The Scheme Advisory Board (England and Wales) has responded to HMT's Public service pensions: cost control mechanism consultation. In the response SAB states that:

- the SAB operates a separate cost management process that already functions as an ‘economic check’
- including only reformed scheme costs will be difficult to achieve in the LGPS because the underpin relates to the legacy scheme but will increase the reformed scheme benefits of some members
- widening the corridor to 3 per cent would mean that scheme changes would be more significant if there is a breach
- the SCAPE discount rate as an economic measure is not appropriate for the LGPS and that a measure that takes into account actual discount rates in operation would be more appropriate.

3. Other Updates

3.1 Pensions dashboards update

The latest developments with regards to Pensions Dashboards Programme are published on the Pensions Dashboard [website](#).

Some of the recent announcements and publications include:

- [seven major data providers signed up for initial testing phase](#)
- Pensions dashboards [blogs](#) covering early connection and how pensions dashboards fit into the wider MaPS vision of improving understanding and outcomes.

4. The Pensions Regulator (TPR)

4.1 Automatic enrolment detailed guidance

Since the last meeting and the subsequent information on automatic enrolment that was shared, TPR have updated the [Automatic enrolment guidance](#). The guidance has been updated to remove:

- out of date content relating to an employer's staging date
- the effect on the qualifying person exception as a result of the changes to the cross-border pension requirements following the UK's exit from the EU.

4.2 Climate-risk reporting guidance consultation

On 5 July 2021, TPR launched a consultation on climate-risk reporting guidance. The guidance is aimed at pension schemes who will be required to meet the new climate-risk reporting regulations.

The guidance describes what schemes need to do and report on to comply. Though the regulations do not apply to the LGPS, the guidance says that:

“decision makers at Local Government Pension Schemes, may wish to follow this guidance to improve the governance and resilience of their schemes in relation to climate change.”

4.3 Governance and Administration Survey 2020–21 results

On 1st July 2021, TPR published the [results from the Public Service Pension Scheme Governance and Administration Survey 2020-21](#).

The survey found little change since 2019 for the key processes that TPR monitors as key indicators of performance. Two-thirds of LGPS administering authorities who responded to the survey had all six processes in place. The six key processes are:

- have a documented policy to manage board members' conflicts of interest
- have access to the knowledge, understanding and skills needed to properly run the scheme
- have documented procedures for assessing and managing risk
- have processes to monitor records for accuracy and completeness
- have a process for resolving contribution payment issues
- have procedures to identify, assess and report breaches of the law

The results also show improvements in risk management processes, cyber controls and the proportion of members receiving their annual benefit statement on time.

4.4 TPR issue interim response to new code of practice consultation

The Pensions Regulator (TPR) has published an [interim response](#) to the new code of practice consultation. TPR has issued the interim response to allow time to consider these responses and to incorporate code content arising from the Pension Schemes Act 2021 in the new code.

4.5 Scheme return

TPR is sending out scheme return notices to managers of public service pension schemes in September. This has now been received and the return will be completed and returned in early November.

5 Risk Register

5.1 The latest Risk register is enclosed for Committee's review.

5.2 The Local Pension Board scrutinised the risk register at the meeting of the 24th September 2021 and recommended that the comments in the "Further Actions/Controls" column were updated for the following risks:

PEN020, PEN021, PEN022, PEN023, PEN024, PEN025, PEN027, PEN028.

5.3 The Board have also recommended that new risks be added to the risk register in respect of:

- an increase in potential flight risk of staff linked to increased remote working

- that appropriate scrutiny is placed any procurement exercises that the fund undertakes. These have been added as risks PEN038 and 039 for consideration accordingly.

6 Breaches Register

6.1 Section 70 of the Pension Act 2004 sets out the legal duty to report breaches of the law. In the Pensions Regulator Code of Practice no 14, published in April 2015, paragraphs 241 to 275 provides guidance on reporting these breaches.

Under the policy, breaches of the law are required to reported to the Pensions Regulator where there is a reasonable cause to believe that:

- a legal duty which is relevant to the administration of the scheme has not been, or is not being, complied with
- the failure to comply is likely to be of material significance to the regulator in the exercise of any of its functions.

6.2 The latest version of the breaches register is attached, for information.

No new recordable or reportable breaches have been added since the last meeting. There has been a small increase in the number of unpaid frozen refunds. Work is continuing on actively locating these members and some payments have now been made.

7 Recommendation

7.1 To note the contents of this report.

Recommendation:		Reason for Recommendation:	
To note the content and update the risk register as per the report.		As per the report and acknowledgement of new identified risks.	
Person(s) To Action Decision:	Pension Fund Manager		
Date By When Decision To Be Actioned:			
Relevant Policy (ies):	N/A		
Within Policy:	N/A	Within Budget:	N/A
Contact Officer Name:	Tel:	Fax:	Email:
Chris Hurst	01597 827640	01597 826290	churst@powys.gov.uk

Relevant Portfolio Member(s):	Councillor Aled Davies
Relevant Local Member(s):	

Risk Register

Reporting Level	Risk Reference	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk			Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk			Notes
							P	I	Risk Rating					P	I	Risk Rating	
	PEN001	01/11/2015		Pensions Administration	Failure to pay pensions and lump sums on time	Financial difficulty for the scheme member concerned, reputational risk to the Pension Fund, and additional cost to the employer where interest is payable as a result of late payment.	M	L	Low	Maintenance and update of Altair and Trent systems, sufficient staff resources and training. Quality assurance processes in place to check work done.	Pension Fund Manager	A Davies	Review of process as part of the ongoing review of pensions administration processes following the implementation of the 2014 Scheme.	M	L	Low	
	PEN002	01/11/2015		Finance	Failure to collect and account for pension contributions being paid over to the Fund on time by Fund employers.	Adverse audit opinion, potential delays to Fund employer FRS17/IAS19 reporting; and potential delay to production of annual report and accounts.	L	M	Low	Contributions received monitored on a monthly basis by Fund accounting staff.	Section 151 Officer	A Davies	Requirement that each end of scheme year, Fund employers certify that they have paid over contributions at the correct rates and on time.	L	M	Low	
Page 43	PEN003	01/10/2019		Finance	Insufficient Fund cashflow to meet liabilities as they fall due.	Immediate injections of cash from Fund employers would be required where Fund assets cannot be liquidated quickly. For now the Fund is cashflow positive but will not remain so for much longer, therefore requiring the use of investment income to subsidise the payment of pension benefits rather than being reinvested as now.	H	M	Medium	Funding strategy statement. Will this year (2020) commission Fund actuary to undertake a Fund cashflow forecast based on Fund maturity	Section 151 Officer	A Davies	Following completion of the fund actuary's cashflow forecast, review strategic asset allocation to ensure that cashflow remains positive (on a targeted and monitored basis) whilst at the same time ensuring that the Fund is not forced to liquidate assets on an unplanned basis.	M	M	Medium	
	PEN004	01/11/2015		Pensions Administration	Inability to deliver service as a result of loss of pensions administration system, or any other system used in the provision of service (eg. pensioner payroll). Failure of any system used by the service as a result of a breach of cyber security.	Immediate injections of cash from Fund employers would be required where Fund assets cannot be liquidated quickly. For now the Fund is cashflow positive but will not remain so for much longer, therefore requiring the use of investment income to subsidise the payment of pension benefits rather than being reinvested as now.	L	L	Low	Business Continuity Plan for the Pensions administration service. Assurances received from all systems providers in relation to their current resilience to the threat of a failure in cyber security.	Pension Fund Manager	A Davies	Keep Business Continuity Plan under review. Periodic review by the Pension Board of provider assurances in respect of cyber security.	L	L	Low	
	PEN005	01/11/2015		Pension Fund	Inability to deliver service as a result of the loss of key personnel	Failure to provide service at all, or at an acceptable level	L	M	Low	Business Continuity Plan in place for the pensions administration service	Pension Fund Manager	A Davies	Keep Business Continuity Plan under review	L	M	Low	
	PEN006	01/11/2015		Pension Fund	Loss of funds through fraud or misappropriation	Financial loss to the Fund	L	M	Low	Internal and External Audit regularly test that appropriate controls are in place and are working effectively. Due diligence is carried out whenever a new investment manager is appointed.	Pension Fund Manager	A Davies	None	L	M	Low	

Risk Register

Reporting Level	Risk Reference	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk			Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk			Notes
							P	I	Risk Rating					P	I	Risk Rating	
	PEN007	01/01/2015	FSS	Pension Fund	Significant rise in employer contribution rates for Fund employers with strong covenants, as consequence of increases in liabilities.	Employer contribution rates rise to unacceptable levels, putting upward pressure on Council Tax rates and the ability of Powys County Council to continue to deliver services to its communities.	L	M	Low	Employers have Discretionary Powers Policies that help to control liabilities. In reality, little can actually be done in mitigation due to the fact that liabilities are largely determined by bond yields that are outside of the Fund's control.	Pension Fund Manager	A Davies	Investigate further liability mitigations such as ill health strain insurance; developing guidance to assist employers to manage liability increases derived from their actions or inactions; and, work closely with the Fund actuary to determine appropriate valuation assumptions and deficit recovery strategies.	L	M	Low	
	PEN008	01/01/2015	FSS	Pension Fund	Significant rises in employer contribution rates for Fund employers with weak covenants as a consequence of increases in liabilities.	Employer contribution rates rise to unsustainable levels that cause employers to become insolvent	L	H	Medium	Employers have Discretionary Powers Policies that help to control liabilities. In reality, little can actually be done in mitigation due to the fact that liabilities are largely determined by bond yields that are outside of the Fund's control.	Pension Fund Manager	A Davies	In process of developing risk sharing arrangements to enable employers with weak covenants to attain a degree of certainty over the level of employer contribution rates.	L	M	Low	
	PEN009	01/01/2015	FSS	Pension Fund	Significant rises in employer contribution rates for employers with strong covenants as a result of poor/negative investment returns.	Employer contribution rates rise to unacceptable levels that result in Powys County Council and other Employers being unable to provide appropriate services for its communities.	L	M	Low	Use expert specialist consultants to help set and monitor investment strategy and investment manager performance and selection. Quarterly investment performance reports presented to Pension Fund	Pension Fund Manager	A Davies	Continual monitoring of performance; review of asset allocation strategy, including consideration of alternative asset classes and non-market led assets.	L	M	Low	
	PEN010	01/01/2015	FSS	Pension Fund	Significant rises in employer contribution rates for employers with weak covenants as a result of poor/negative investment returns.	Employer contribution rates rise to unsustainable levels that result in employers with weak covenants becoming insolvent.	L	H	Medium	Use expert specialist consultants to help set and monitor investment strategy and investment manager performance and selection. Quarterly investment performance reports presented to Pension Fund	Pension Fund Manager	A Davies	Continual monitoring of performance; review of asset allocation strategy, including consideration of alternative asset classes and non-market led assets.	L	M	Low	
	PEN011 / 034 JCAD	01/01/2015	FSS	Pension Fund	Failure to comply with LGPS and other statutory regulations.	Payment of incorrect pension benefits; provision of incorrect benefit estimates; failure to comply with governance standards; failure to meet HMRC tax requirements. Resulting in: loss of customer satisfaction / confidence; IDRPs and Ombudsman appeals; TPR fines for non-compliance. Reputational Risk	H	L	Medium	Rigorous checking and authorisation procedures in respect of pension benefit calculations and payments; and, regular review of governance compliance policy. Staff training and development.	Pension Fund Manager	A Davies	Closer partnership working with employer payrolls to facilitate accurate data receipts; increased compliance oversight provided by Local Pensions Board.	M	L	Low	

Risk Register

Reporting Level	Risk Reference	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk			Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk			Notes
							P	I	Risk Rating					P	I	Risk Rating	
	PEN012	25/01/2016		Pensions Administration	Failure to hold scheme member's personal data securely.	Poor data quality; compromised data; fines	L	M	Low	Compliance with Powys County Council Data Protection and ICT policies, including reference to remote/home working as appropriate.	Pension Fund Manager	A Davies	Data protection audit in conjunction with TPR data quality standards to be undertaken regularly.	L	M	Low	
	PEN013	01/04/2015	TPR	Pension Fund	Failure to maintain and hold up to date and accurate pension records.	Payment of incorrect pension benefits; late payment of benefits; assessment of incorrect liability values. Resulting in loss of customer confidence and satisfaction; IDRPs and Ombudsman appeals; and, incorrect assessment of employer contribution rates.	M	M	Medium	Pensions team work with employer payrolls to ensure data quality; data validation checks undertaken by team at each year end; validation checks carried out at each actuarial valuation (triennially) by the Fund actuary. Staff training and development.	Pension Fund Manager	A Davies	Additional data validation and quality checks to be implemented as required by the TPR code of practice.	L	M	Low	
Page 45	PEN014	25/01/2016	CIPFA	Pension Fund	Lack of expertise of Pension Fund Officers and Head of Service	Poor decision making in relation to principal functions of the Pension Fund, particularly in relation to investments.	L	H	Medium	Officers ensure that they receive appropriate training and are required to keep up to date with developments in pensions matters, as part of their periodic Individual Performance Reviews and by attending relevant conferences and seminars, by reading and through discussions with consultants and peers.	Pension Fund Manager	A Davies	Formalised Officer training via individual training plans based on the CIPFA 'Knowledge and Skills' framework, as is the the procedure for members of both Pensions & Investment Committee and the Pensions Board.	L	M	Low	
	PEN015	25/01/2016	CIPFA	Pension Fund	Over-reliance on key Officers	When senior Officers leave or are on long term sickness, large knowledge gaps remain.	M	H	Medium	In the short term, knowledge gaps can be filled by using our external colleagues from other Welsh Funds and buying in assistance from consultants.	Pension Fund Manager	A Davies	Formalise succession planning by including in Officer individual training plans for less senior Officers.	M	L	Low	
	PEN016	25/01/2016		Pensions Administration	Failure to communicate effectively with stakeholders.	Scheme members unaware of their rights under the LGPS and make poor decisions in relation to pension rights. Employers unaware of the scheme regulations, the procedures and their responsibilities, resulting in poor or inappropriate decision-making and may adversely effect the flow of pensions data to the Pension Fund.	L	M	Low	the Pensions Support Manager is tasked with responsibilities in relation to scheme and Fund communications, as part of their Job Description. In addition, the Fund has a clear communications policy as well as a regularly updated website.	Pension Fund Manager	A Davies	No further action proposed.	L	M	Low	

Risk Register

Reporting Level	Risk Reference	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk			Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk			Notes
							P	I	Risk Rating					P	I	Risk Rating	
	PEN017	26/01/2016		Pensions Administration	Failure to provide the pensions service in accordance with principles of equality.	Some stakeholders may be unable to access the service fully or at all. In the worst case scenario, this could result in court action against the Fund.	M	M	Medium	The Fund maintains a Welsh Language register in respect of scheme members and employers.	Pension Fund Manager	A Davies	To utilise technology to enable access to service and information for stakeholders with disabilities, other language needs etc.	L	M	Low	
	PEN018	01/01/2015	FSS	Pension Fund	Failure to collect payments due from ceasing employers with no active members.	Failure to collect cessation payments from ceasing employers results in relevant liabilities being funded by the Powys Pension Fund and the active employers.	L	M	Low	The Fund undertakes periodic reviews of the strength of employer covenants. For existing employers, the Fund requires that a guarantor, bond or 'risk sharing agreement' is in place. For all new employers, the Fund insists on either a guarantor or a bond being in place.	Pension Fund Manager	A Davies	No further action planned.	L	M	Low	
Page 46	PEN019	25/01/2016	SAB	Pension Fund	Lack of expertise of members of Pensions & Investment Committee	Poor decision making in relation to all aspects of the Fund, particularly those in relation to investment.	M	H	Medium	The Fund adopts the CIPFA Knowledge and Skills Framework to inform its training plans for members of Pensions & Investment Committee (and the Pension Board).	Pension Fund Manager	A Davies	Rollout of individual training plans for all members. After each County Council election, specific training events are put on for new members elected to Pensions & Investment Committee.	L	H	Medium	
	PEN020	01/01/2015	FSS	Pension Fund	Pension Fund assets fail to deliver returns in line with the anticipated returns underpinning the valuation of liabilities over the long-term.	Increased employer contribution rates.	L	M	Low	Only anticipate long-term returns on a relatively prudent basis to reduce the risk of under-performance. Also monitors and analyses progress every three years for each employer. In addition, the Fund receives quarterly funding updates to help monitor the position.	Pension Fund Manager	A Davies	Ensure that the current controls are regularly followed.	L	M	Low	
	PEN021	01/01/2015	FSS	Pension Fund	Inappropriate long-term investment strategy.	Failure to meet funding objectives.	L	H	Medium	Use of a Fund specific benchmark, as recommended by the Fund's investment consultant.	Pension Fund Manager	A Davies	Regular review of investment strategy to ensure it remains appropriate	L	H	Medium	
	PEN022	01/01/2015	FSS	Pension Fund	Active investment manager under-performance relative to the benchmark.	Failure to meet funding objectives.	L	M	Low	Short-term (quarterly) investment monitoring analyses market performance and active managers relative to their index benchmark.	Pension Fund Manager	A Davies	Challenge Advisers where required for further detail as required, so that appropriate decisions can be taken as required	L	M	Low	

Risk Register

Reporting Level	Risk Reference	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk			Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk			Notes
							P	I	Risk Rating					P	I	Risk Rating	
	PEN023	01/01/2015	FSS	Pension Fund	To permit deficits to be eliminated over a recovery period rather than immediately, introduces the risk that action to restore solvency is insufficient between successive measurements.	Increased employer deficit recovery payments.	L	M	Low	It is the practice to discuss every such situation with the Pension Fund actuary, for each individual employer. Moreover deficit recovery periods are generally restricted to no more than 25 years, or 40 years in very exceptional circumstances. Reviewed during triennial valuation	Pension Fund Manager	A Davies	Review the recovery period at every valuation with the Fund Actuary	L	M	Low	
	PEN024	01/01/2015	FSS	Pension Fund	Permitting contribution rate changes to be introduced by annual steps rather than immediately, introduces a risk that action to restore solvency is insufficient between successive measurements.	Increased employer contribution rates.	L	M	Low	Each individual employer situation is discussed with the Pension Fund actuary, with stepping restricted to three years, or 6 years, in very exceptional circumstances. Reviewed during triennial valuations.	Pension Fund Manager	A Davies	Discuss with Fund Actuary as required	L	M	Low	
	PEN025	01/01/2016	FSS	Pension Fund	Pensioners living longer and, changing retirement patterns.	Increased employer contribution rates.	L	M	Low	Mortality assumptions are set with some allowance for future increases in life expectancy. The Fund actuary investigates these matters at each valuation or more frequently where appropriate. If significant demographic changes were to occur between valuations, the Pension Fund will advise employers accordingly and notify them of the likely impact on their contribution rates, reviewing bond values, as required.	Pension Fund Manager	A Davies	Work with the actuary ahead of the valuation where required to assess demographic changes.	L	M	Low	
	PEN026	01/01/2016	FSS	Pension Fund	Deteriorating patterns of ill health or other early retirements.	Increase in employer contribution rates and deficit recovery payments.	L	M	Low	Employers are required to pay the capital costs of early retirements (pension strain), upfront for all cases. Ill health retirements and costs are monitored against Fund allowances.	Pension Fund Manager	A Davies	No further action proposed.	L	M	Low	

Risk Register

Reporting Level	Risk Reference	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk			Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk			Notes
							P	I	Risk Rating					P	I	Risk Rating	
	PEN027 / PEN 035 on JCAD	01/01/2015	FSS	Pension Fund	Fall in the returns on Government bonds.	Increase to the value placed on Fund liabilities.	M	M	Medium	Allowing for a risk-based approach should limit the impact of short-term changes in returns on Government bonds. Some investment in bonds also helps to mitigate this risk. Monitoring (quarterly) helps to give an early warning of significant	Pension Fund Manager	A Davies	Review Strategy as required.	M	M	Medium	
	PEN028	01/01/2015	FSS	Pension Fund	Pay and price inflation significantly more than anticipated.	Increased employer contribution rates and deficit recovery payments.	M	M	Medium	Employers 'pay' for their own salary awards and are reminded of the geared effect on salary-linked pension liabilities. Particularly where bias towards longer serving employees may be considered.	Pension Fund Manager	A Davies	Provide Training to employers as required	M	M	Medium	
	PEN029	26/01/2016	SAB	Pensions Administration	Failure to reconcile all relevant active, deferred and pensioner member GMP records against the data held by DWP in respect of the cessation of contracting out.	Increase in Fund liabilities; increased employer contribution rates and deficit recovery payments; and, payment of incorrect pension benefits.	M	M	Medium	Reconciliation Complete. Work on Rectification due to be complete by the end of 2020	Pension Fund Manager	A Davies	Appoint external partners to a) identify scale of work required; b) bank 'quick wins' - both now completed. Complete project by end of 2020.	M	L	Low	

Risk Register

Reporting Level	Risk Reference	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk			Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk			Notes
							P	I	Risk Rating					P	I	Risk Rating	
Page 49	PEN030	04/03/2016	LPB	Pension Fund	Insolvency of an investment manager investing Pension Fund assets.	A reduction in the capital value of the Fund; a loss of liquidity as creditors agree on distribution of assets; the costs of legal representation; and, reputational damage.	M	C	High	Diversification of investment managers; adherence to the limits for individual investment mandates as set out in the LGPS investment regulations; regular meetings with investment managers undertaken by the Fund's investment consultant; Statement on Standards for Attestation Engagements No. 16 internal controls are monitored on an annual basis; due diligence by investment consultants to ensure that custodians are used by each investment manager; equity investment mandates are invested in pooled funds; and, only well respected and researched investment managers are selected in the first place. De Dilligence carried out by Wales Pension Partnership and its advisers.	Section 151 Officer	A Davies	Increased investment manager diversification may be further facilitated by pooling via the Wales Pension Partnership. As agreed by P & I Committee on 9th February 2017, when entering into new contractual arrangements with investment managers, contract documentation is to be referred to the Fund's legal advisers for review and appropriate due diligence.	L	C	Medium	
	PEN031	04/03/2016	LPB	Pension Fund	Pooling of Pension Fund assets with other LGPS Pension Funds.	Investment of Fund Officer and Committee time and other resource with unknown outcomes; front loaded costs before potential savings are realised; potential loss of local accountabilities; and, the loss of the primacy of the Fund and its strategic needs.	M	M	Medium	Due diligence on all pooling proposals; full transparency of all pool proposals and costs; full participation of the Pension Fund in all pooling development.	Pension Fund Manager	A Davies	Pooling vehicles to be structured so that each participating Fund has full representation in the pool; the pool structure enables full strategic decisions to be retained by each individual Fund; and. economies of scale (based on experience to date) indicate that savings will be made by the Fund that will exceed initial costs.	L	M	Low	

Risk Register

Reporting Level	Risk Reference	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk			Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk			Notes
							P	I	Risk Rating					P	I	Risk Rating	
	PEN032	10/03/2017	LPB	Pension Fund	An admitted body ceasing to exist with insufficient funding or level of a bond available to meet all its Fund liabilities.	Unfunded pension liabilities being orphaned without sufficient funding/guarantees in place, resulting on increased liabilities falling on other Fund employers.	M	L	Low	To seek funding guarantees wherever possible, from other Scheme employers or outside bodies. To require, in all cases, a bond or other form of security to protect the Fund in the case of unexpected cessation and insolvency. Ensuring that admitted bodies are fully aware of their obligations and responsibilities to the Pension Fund and the benefits of their employees.	Pension Fund Manager	A Davies	Regular review of admitted body covenants and financial health.	M	L	Low	
	PEN034/036 on JCAD	01/10/2019	LPB	Pension Fund	MIFID II ongoing compliance	Financial implications of not being treated as an institutional investor	H	H	High	Regular Review of MIFID Status	Pension Fund Manager	A Davies		M	M	Medium	
Page 50	PEN035 / 037 on JCAD	29/03/2020	LPB	Pension Fund	Pension Fund Personnel and/or key suppliers are unable to work due to extreme weather, fire, epidemics	Inability to deliver administration services or investment of the Fund. Impact of welfare of Pensions Section Staff.	H	H	High	Business Continuity Plan, assesment of Pensioner Payroll services. Electronic implementation of paperwork.	Pension Fund Manager	A Davies		M	M	Medium	#REF!
	PEN036	14/09/2020	LPB	Pension Fund	Appointment of new Pension Board Chair in Summer 2021 and additional Scheme Member/Employer representative	Non compliance with Public Services Pension Act. Challenge and scrutiny of the Pensions Regulator. Reduced standards of governance	H	H	High	Procurement and Appointment exercises required. Work with Commercial Services Team to proceed accordingly	Pension Fund Manager	A Davies	Position currently secured until Summer 2022.	M	M	Medium	
	PEN037	14/09/2020	LPB	Pension Fund	Cessation of Pensions Administration Software Contracts	Failure to meet legislative requirements and administer the LGPS to scheme members. Risk of intervention by the Pensions Regulator, legal challenges, reputational risk	H	H	High	Rigorous procurement exercises required at the appropriate time to identify most suitable software provider. Work with Commercial Services Team to identify.	Pension Fund Manager	A Davies		M	M	Medium	
	PEN038	24/09/2021	LPB	Pension Fund	Flight Risk of Staff Members. Ability to work remotely means opportunites are more readily available	Loss of experienced and well trained staff. Additional demands placed on remaining staff to administer scheme.	M	H	Medium	Recent restructure (2021) to identify flight risks and ensure staff are appropriately trained and remunerated	Pension Fund Manager	A Davies	Review periodically.	M	M	Medium	

Risk Register

Reporting Level	Risk Reference	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk			Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk			Notes
							P	I	Risk Rating					P	I	Risk Rating	
	PEN039	24/09/2021	LPB	Pension Fund	Procurement of Fund contracts	Inappropriate appointments of third parties to assist the fund resulting in reduced service quality and potential investment/governance/administration problems	M	H	High	Appropriate scrutiny and involvement of the right individuals during procurement exercises. Work with the Council's Commercial Services team accordingly	Pension Fund Manager	A Davies	Ensure appropriate scrutiny is applied to procurement exercises accordingly.	M	M	Medium	

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Breach No	YEAR	Breach Type	Nature of Breach	Breach Description	Action	Material Significance (Y/N)	P & I Committee Notified	Pension Board Notified	TPR Notified	RAG Status
1	2018/19	Administration	Late Notification of deferred Benefits	Disclosure Regulations state that any deferred leaver should be notified of their deferred benefit options within two months of the fund receiving complete leaver information from the employer. Due to the backlog of casework in the fund these deadlines have not been met for a number of historic deferred members. Cause: The backlog has occurred through the introduction of the new LGPS and the increased complexity around administration (aggregations, final salary links etc). An increase in the numbers of deferred pensioners who have left employment through reorganisations in recent months has also had an impact. Effect: although a breach, it is not considered material, as the information is not critical when making future decisions. Where a deferred member reaches retirement age their calculation will be completed at that point. This is a national issue for most funds across the LGPS.	New letter produced and issued to leavers upon notification of leaving, stating their entitlements upon leaving membership of the LGPS (i.e. under 2 years = refund, over 2 years = Deferred)	N	N	Y	N	
2	2018/19	Administration	Automatic payment of refund after 5 years for post 2014 leavers	Members have been contacted requesting bank details in order to pay refunds, however, no reply has been received from the scheme members. 60 members to 31.08.21	The National Technical Group has recommended to the SAB that the regulations in respect of refunds is amended and reflects the position prior to April 2014.	N	Y	Y	N	

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CYNGOR SIR POWYS COUNTY COUNCIL**Pensions and Investment Committee
7th October 2021****REPORT BY: Head of Finance****SUBJECT: Wales Pension Partnership Update**

REPORT FOR: Information and decision

1 Introduction

- 1.1 This report aims to provide Committee with an update on the work undertaken on behalf of the Wales Pension Partnership (WPP), with regard to pooling investments in Wales.
- 1.2 The last Joint Governance Committee (JGC) meeting was held virtually on the 22nd of September 2021 and a link to the agenda is available here:
<https://democracy.carmarthenshire.gov.wales/ieListDocuments.aspx?CategoryId=234&Mid=4461&Ver=4>
- 1.3 The Next JGC meeting is scheduled to take place on the 1st of December 2021.
- 1.4 The Pension Fund Manager and Financial Reporting & Policy Accountant continue to assist the Host Authority (Carmarthenshire County Council) and the WPP adviser, Hymans Robertson, with their respective roles, as well as representing the interests of the Powys Pension Fund on the Officer Working Group (OWG).

2 Summary of progress and ongoing work

- 2.1 Work has been continuing on, but not exclusively, the following items:
- Election of a Chair of the JGC
 - 2020/21 Annual Return
 - WPP Allocator Advisor

2.2 Election of a Chair

It was unanimously resolved that Councillor Clive Lloyd (Swansea Pension Fund) be appointed Chair of the Joint Governance Committee for the forthcoming calendar year.

2.3 2020/21 Annual Return

The Annual Return has been produced and audited by Audit Wales. It can be viewed here:

wpp-annual-return-final-english.pdf (walespensionpartnership.org)

The Host Authority had also prepared a full Statement of Accounts for the Wales Pension Partnership for 2020/21. The Statement was not a statutory requirement and would not be audited. It has been prepared for information purposes only, to support the information included in the Annual Report.

2.4 Policy Update

The JGC have received a report on updated [Conflicts of Interest](#) and [Risk](#) Policies.

2.5 WPP Allocator Advisor

The JGC unanimously resolved that bidder 1, as detailed in the report on the matter, be appointed as the preferred bidder for the Wales Pension Partnership Allocator Advisor, subject to the terms detailed within the associated report.

3 Inter Authority Agreement Amendment

The WPP Inter-Authority Agreement (IAA) has been reviewed by the WPP Officer Working Group and WPP's legal advisers Burges Salmon to enable:

- A co-opted scheme member representative on the JGC.
- The appointment of an Allocator for Private Markets.
- Various other minor changes or updates since the WPP was established.

Changes to the IAA require unanimous agreement from all eight of the Constituent Authorities within the WPP and an Addendum to allow for the above changes is attached. The Committee is asked to recommend the Addendum to Powys County Council for approval at the next meeting of the County Council.

4 Recommendation

4.1 To note the contents of this report.

Recommendation:	Reason for Recommendation:
------------------------	-----------------------------------

<ul style="list-style-type: none"> To note contents of the report and recommend that the addendum to the IAA be approved at the next meeting of the Council. 	As per the report.		
Person(s) To Action Decision:	Pension Fund Manager		
Date By When Decision To Be Actioned:			
Relevant Policy (ies):	N/A		
Within Policy:	N/A	Within Budget:	N/A
Contact Officer Name:	Tel:	Fax:	Email:
Chris Hurst	01597 827640	01597 826290	churst@powys.gov.uk

Relevant Portfolio Member(s):	Councillor Aled Davies
Relevant Local Member(s):	

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Amendment to the Inter-Authority Agreement between

Carmarthenshire County Council	(1)
City & County of Swansea Council	(2)
City of Cardiff Council	(3)
Flintshire County Council	(4)
Gwynedd Council	(5)
Powys County Council	(6)
Rhondda Cynon Taff County Borough Council	(7)
Torfaen County Borough Council	(8)

Made on

2021

By

- (1) **CARMARTHENSHIRE COUNTY COUNCIL** of County Hall, Carmarthen, Carmarthenshire, SA31 1JP
- (2) **CITY & COUNTY OF SWANSEA COUNCIL** of The Guildhall, Swansea, SA1 4PE
- (3) **THE COUNTY COUNCIL OF THE CITY AND COUNTY OF CARDIFF** of County Hall, Atlantic Wharf, Cardiff, CF10 4UW
- (4) **FLINTSHIRE COUNTY COUNCIL** of County Hall, Mold, Flintshire, CH7 6NA.
- (5) **GWYNEDD COUNCIL** of Shirehall Street, Caernarfon, Gwynedd LL55 1SH
- (6) **POWYS COUNTY COUNCIL** of County Hall, Llandrindod Wells, Powys, LD1 5LG
- (7) **RHONDDA CYNON TAFF COUNTY BOROUGH COUNCIL** of The Pavilions, Clydach Vale, Tonypany, CF40 2XX
- (8) **TORFAEN COUNTY BOROUGH COUNCIL** of Civic Centre Pontypool Torfaen NP46YB

(together referred to as the “**Constituent Authorities**” and individually as a “**Constituent Authority**”)

1 BACKGROUND

- 1.1 The Constituent Authorities are all councils responsible for the administration of local government within their areas as set out in the Local Government Act 1972. The Department for Communities and Local Government in its letter dated 23 November 2016 confirmed that the Constituent Authorities have been granted permission for each Constituent Authority to continue to collaborate with every other Constituent Authority to form a pool of assets in respect of each of their respective funds under the LGPS.
- 1.2 The Constituent Authorities entered into the Agreement to create a formal joint committee pursuant to section 101 and section 102 of the Local Government Act 1972 by Deed dated 26 June 2017. The Agreement in clause 34 allows for amendment of its terms provided that the amendment is made in writing and is signed on behalf of all the Constituent Authorities by duly authorised representatives.
- 1.3 This Amendment is made under clause 34 in order to amend the Agreement to:
 - (a) allow the participation of a co-opted member in the Joint Governance Committee; and
 - (b) allow for a number of changes which support the development and effectiveness of the pooling collaboration.

AGREED TERMS

2 INTERPRETATION

- 2.1 In this Amendment terms shall have the same meaning as set out in the Agreement where:
 - (a) **Agreement** means the deed titled Inter-Authority Agreement made between the Constituent Authorities on 26 June 2017.
 - (b) **Amendment** means this document amending the terms of the Agreement.

3 COMMENCEMENT

This Amendment shall take effect on [] 2021. For the avoidance of doubt, this Amendment is only effective when each Constituent Authority has signed it in accordance with clause 34 of the Agreement.

4 AMENDMENT OF THE AGREEMENT

The Agreement is amended as set out in Schedule 1 to this Amendment.

5 SEVERANCE

5.1 If any provision or part-provision of the Agreement or this Amendment is or becomes invalid, illegal or unenforceable, it shall be modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision or part-provision shall be deemed deleted. Any modification to or deletion of a provision or part-provision under this clause shall not affect the validity and enforceability of the rest of this Agreement.

5.2 If one Constituent Authority gives notice to the other Constituent Authorities of the possibility that any provision or part-provision of this Agreement is invalid, illegal or unenforceable, the Constituent Authorities shall negotiate in good faith to amend such provision so that, as amended, it is legal, valid and enforceable, and, to the greatest extent possible, achieves the intended result of the original provision.

6 COUNTERPARTS

This Amendment may be executed in any number of counterparts by the Constituent Authorities, all of which taken together, shall constitute one and the same agreement, and any Constituent Authority (including any duly authorised representative of a Constituent Authority) may execute this Amendment by executing a counterpart.

Schedule 1

Amendments to the Agreement

The following amendments are made to the Agreement:

1 CLAUSE 1 INTERPRETATION

1.1 In clause 1, the following definition is inserted at the start of the list of definitions:

Allocator means the, one or more, allocator for [private market] asset classes who will facilitate the preferred investment structure and select sub-managers, underlying funds and/or direct investments for the purposes of the Pooling Collaboration appointed by the Joint Governance Committee.

1.2 In clause 1, following the definition of “Constituent Authorities”, the following definitions are inserted:

Contact List means the document circulated periodically by the Host Authority setting out relevant contact details for each of the Constituent Authorities.

Co-opted Member means a person, nominated by a Constituent Authority or the Pension Board of a Constituent Authority, and appointed as a Co-opted Member of the Joint Governance Committee by the Members; who is not an elected member of a Constituent Authority but is a Pension Member Representative of a Constituent Authority.

1.3 In clause 1 (and throughout the document thereafter, but including the contents pages), the definition “Host Council” is changed to “**Host Authority**” but retains its meaning throughout the document, being:

Host Authority means the Constituent Authority appointed in accordance with clause 7 and whose duties are described within that clause.

1.4 In clause 1, the definition of Member is delete and replaced by the following definition:

Member means each of the elected members of the Constituent Authorities nominated to be Members of the Joint Governance Committee in accordance with clause 3.3(a).

1.5 In clause 1, following the definition of “Pension Board”, the following definition is inserted:

Pension Member Representative means a person appointed to a Pension Board as a member representative further to regulation 107(2)(b) of the Local Government Pension Scheme Regulations 2013.

2 CLAUSE 3

2.1 Clause 3.3 is delete and replaced by the following:

3.3 The membership of the Joint Governance Committee shall be:

(a) one elected member nominated by each of the Constituent Authorities, provided that the nominated person is an elected member of that Constituent Authority and a member of that Constituent Authority’s pensions committee (or equivalent body) for the purposes of the Local Government Pension Scheme Regulations 2013; and

(b) one Co-opted Member appointed by decision of the Members (or a sub-group of the Members where such a sub-group is formed to consider the candidates), and which Co-opted Member shall be selected from a pool of candidates nominated by each of the Constituent Authorities or their Pension Boards.

2.2 Clause 3.4 is delete and replaced by the following:

- 3.4 For the purposes of clause 3.3, each Constituent Authority may appoint a named deputy for each Member, which deputy must be an elected member of the same Constituent Authority and the same Constituent Authority's pension committee (or equivalent body) for the purposes of the Local Government Pension Scheme Regulations 2013 as the Member for whom they are acting as deputy; and

3.4 A In the case of the Co-opted Member, a deputy shall be appointed by decision of the Members (or a sub-group of the Members where such a sub-group is formed to consider the candidates), and which deputy for the Co-opted Member shall be selected from a pool of candidates nominated by each of the Constituent Authorities or their Pension Boards.

- 2.3 A new clause 3.8 as follows is inserted:

- 3.8 The Co-opted Member shall be invited to and is expected, where possible, to attend all training provided to Members under clause 3.7.

3 CLAUSE 31

- 3.1 Clause 31.1 is amended by deleting the words "Schedule 1" and replacing them with "the Contact List".

4 SCHEDULE 1

- 4.1 In Schedule 1, the content of the schedule is held delete and replaced by the following:

As of [date], the Host Authority maintains a list of the relevant contact details for each of the Constituent Authorities. This will be issued periodically by the Host Authority to the Constituent Authorities and is also available on request.

5 SCHEDULE 2

- 5.1 In Schedule 2, new items are added to the numbered list as follows:

12. Nomination of a Co-opted Member to the Joint Governance Committee (except where that role is carried out by a Pension Board, in which case it is reserved to that Pension Board) .

13. Approval of changes to the terms of reference of the Joint Governance Committee as set out in Schedule 4.

6 SCHEDULE 4

- 6.1 In Schedule 4 Joint Governance Committee – Terms of Reference the bullet points are replaced with numbering.

- 6.2 In Schedule 4, item 8 is held delete and replaced by the following:

8. From time to time reviewing policies in respect of environmental, social and governance matters and where appropriate make recommendations to the Constituent Authorities as to any changes deemed necessary.

- 6.3 In Schedule 4, item 13 is held delete and replaced by the following:

13. Monitoring the implementation and effectiveness of the policies described in Schedule 5 and initiating reviews of these where required.

- 6.4 In Schedule 4, item 19 is held delete and replaced by the following:

19. Agreeing criteria for the evaluation of bids or tenders for any procurement of the Operator (including for the avoidance of doubt, a replacement Operator) to be put forward for the approval of the Constituent Authorities.

6.5 In Schedule 4, new items are inserted as follows:

20. Any reference in this schedule to the Joint Governance Committee taking any action including agreeing, approving or making recommendations, shall be determined subject to the voting provisions set out in Schedule 6.
21. Approval of an appointment of an Allocator following a recommendation by the OWG, reviewing the performance of an Allocator(s), and reporting on the performance of the Allocator(s) to the Constituent Authorities.
22. Approval of the termination of the appointment of an Allocator following a recommendation by the OWG.

7 SCHEDULE 5

7.1 In Schedule 5, the existing wording is held delete and replaced by the following:

The Joint Governance Committee, with the support of the OWG, will formulate, review and revise on an ongoing basis policies and procedures as deemed appropriate to support robust and effective governance arrangements for the Pooling Collaboration, including the following (which for the avoidance of doubt, is non-exhaustive):

- (a) Responsible Investment Policy
- (b) Climate Risk Policy
- (c) Voting Policy
- (d) Training Policy & Plans
- (e) Communication Policy
- (f) Governance Decision Matrix
- (g) Risk Policy and Risk Register
- (h) Conflict of Interest and Procedure Policy
- (i) Rebalancing and Alteration Policy
- (j) Responsibilities Matrix
- (k) Complaints Policy
- (l) Whistleblowing Policy
- (m) Breaches and Errors Policy
- (n) Business Continuity Plan

8 SCHEDULE 6

8.1 Paragraph 1 of Schedule 6 is held delete and replaced by the following:

1 MEMBERSHIP

1.1. The membership of the Joint Governance Committee shall consist of one Member per Constituent Authority and one Co-opted Member.

1.2 No substitutes other than deputies shall be allowed.

8.2 A new section 1A, ROLE OF THE CO-OPTED MEMBER, is inserted following section 1 of schedule 6 as follows:

1A ROLE OF THE CO-OPTED MEMBER

1A.1 The primary role of the Co-opted Member is to provide scheme member representation on the Joint Governance Committee.

1A.2 The Co-opted Member is entitled to attend all meetings of the Joint Governance Committee, including exempt items, to be provided with copies of all papers, and to speak on any item during meetings of the Joint Governance Committee.

1A.3 The Co-opted Member may ask the Chair to include any matter on the agenda which they consider should be discussed by the Joint Governance Committee.

8.3 Clause 2.3 is amended in the first line by insertion of the words 'executive summaries of following 'agendas',

8.4 Clause 2.4 is held delete and replaced by the following:

2.4 The Joint Governance Committee may decide to allow remote participation in meetings via video-conference or any similar medium having regard to any applicable guidance issued from time to time by the Welsh Government. Any Member or Co-opted Member attending by video-conference shall be held to be in attendance at the meeting for the purposes of this Schedule.

8.5 Paragraph 2.5 of Schedule 6 is held delete and replaced by the following:

2.5 A meeting of the Joint Governance Committee may be called by a proper officer of the Host Authority on the request of the Chair. Members and the Co-opted Member must declare any conflict of interest in respect of any business being conducted at the meeting which would likely to be regarded to prejudice the exercise of a person's function as a participant in the meeting.

8.6 Paragraph 2.6 of Schedule 6 is held delete and replaced by the following:

2.6 The Chair is responsible for the running of meetings. The Chair shall invite Members and the Co-opted Member expressing a desire to speak in turn. All discussion and debate shall be held through the Chair and the Chair may draw a discussion to a vote at any time where they consider that every Member and the Co-opted Member has been given a fair opportunity to speak.

8.7 Sub-paragraph 2.9(a) of Schedule 6 is held delete and replaced by the following:

Where any item to be discussed forms exempt information, the Chair shall move that the public and press are excluded from the meeting for the duration of the discussion and voting on that item. The Co-opted Member is entitled to remain in the meeting and shall not be excluded. Motions to exclude the press and public do not require to be seconded and shall be determined by simple majority vote of the Members present.

8.8 Paragraph 6.2 of Schedule 6 is held delete and replaced by the following:

6.2 A Member or the Co-opted Member may raise a point of order at any time. The Chair will hear them immediately. A point of order may only relate to an alleged breach of the provisions of this Schedule, or the law or other competent authority. The Member or Co-opted Member must indicate the provision or law or regulation and the way in which he/she considers it has been broken. The ruling of the Chair on the matter will be final. The Chair may take advice on the point of order from the appropriate officer.

8.9 Section 7 of Schedule 6 is held delete and replaced by the following:

7 VOTING

7.1 The Chair shall seek consensus wherever possible however where a vote is required the provisions of this section shall apply.

- 7.2 Each Member present will have one vote and voting will be by means of a show of hands or such other method as the Chair may decide is appropriate in the circumstances, including a roll call. The Co-opted Member may not vote. In the event of a tied vote, the Chair shall have a second or casting vote.
 - 7.3 All decisions will be determined by simple majority of Members present.
 - 7.4 In the event that a vote is taken, the voting positions and any abstentions of Members will be recorded in the minutes.
- 8.10 Paragraph 8.1 of Schedule 6 is held delete and replaced by the following:
- 8.1 The Joint Governance Committee shall form such sub-committees and working groups as it considers expedient to performing its function. The Joint Governance Committee shall at the time of forming sub-committees or working groups set out the remit of the sub-committees or working groups, what the sub-committees or working groups are required to deliver and the timescale for that delivery.. The Co-opted Member may be a member of any sub-committee or working group.

Paragraph 8.4 of Schedule 6 is held delete and replaced by the following:

- 8.4 Working groups may invite any person who is not a Member or Co-opted Member to join the group in order to assist in carrying out its function.

9 SCHEDULE 8

- 9.1 In Schedule 8, letters a-o are replaced with numbers 1-17.
- 9.2 In Schedule 8, the following items are inserted after item 14 (with semi-colons and full stops updated accordingly):
 - 15. establishing sub-groups and/or working groups of the OWG if the OWG consider such sub-group or working group would assist the effectiveness of the OWG to progress a particular project or workstream;
 - 16. reviewing, formulating or evaluating governance arrangements and policies for the Pooling Collaboration (including for the avoidance of doubt the policies and procedures described in Schedule 5);
 - 18. managing the procurement process for the procurement of an Allocator, or the replacement of an Allocator, including determining the criteria for the evaluation of bids or tenders;
 - 19. monitoring and reviewing the performance of the Allocator(s) in meeting relevant objectives, service levels and key performance targets.

IN WITNESS whereof the parties have executed this Agreement on the date and year first above written.

THE COMMON SEAL of)
 Carmarthenshire County Council)
 was affixed hereto in the)
 presence of:-)
 Authorised Officer

THE COMMON SEAL of)
Council of the City and County of Swansea)
was affixed hereto in the)
presence of:-)
Authorised Officer

THE COMMON SEAL of)
County Council of the City and County of Cardiff)
was affixed hereto in the)
presence of:-)
Authorised Officer

THE COMMON SEAL of)
Flintshire County Council)
was affixed hereto in the)
presence of:-)
Chair / Legal Services Manager / Chief Officer Governance

THE COMMON SEAL of)
Gwynedd County Council)
was affixed hereto in the)
presence of:-)
Authorised Officer

THE COMMON SEAL of)
Powys County Council)
was affixed hereto in the)
presence of:-)

Authorised Officer

THE COMMON SEAL of)
Rhondda Cynon Taf County Borough Council)
was affixed hereto in the)
presence of:-)

Authorised Officer

THE COMMON SEAL of)
Torfaen County Borough Council)
was affixed hereto in the)
presence of:-)

Authorised Officer

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