

**MINUTES OF A MEETING OF THE PENSIONS AND INVESTMENT COMMITTEE  
HELD AT ON FRIDAY, 22 MARCH 2024**

PRESENT County Councillors

C Kenyon-Wade

D A Thomas

E A Jones

P E Lewis

A Kennerley

Trish Fretten (Employer Representative)

Gerard Moore (Independent Chair, Powys Pension Board)

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

Jane Thomas (Section 151 Officer)

Dan Paley (Financial Reporting & Policy Accountant)

Craig Flynn (Deputy Head of Finance-Strategic Finance)

Aon representatives:

Kenneth Ettles

Emma Perrin

<b>1.</b>	<b>APOLOGIES</b>
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Apologies were received from: D H Williams

<b>2.</b>	<b>DECLARATIONS OF INTEREST</b>
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C Kenyon-Wade, E A Jones, A Kennerley, and P E Lewis 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.

<b>3.</b>	<b>MINUTES</b>
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The Chair was authorised to sign the minutes of the Pensions and Investment Committee meetings held on 15 December 2023 as a correct record.

<b>4.</b>	<b>PENSIONS BOARD MINUTES</b>
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The Committee noted the Pension Board draft Minutes from 09 February 2024. And a verbal update was provided by the Pension Fund Manager:

- A deep dive had taken place for the Governance Pillar of the risk register.
- The meeting focused and discussions held around the Pension Regulators new codes of practice.

<b>5.</b>	<b>ADMINISTRATION AND GOVERNANCE REPORT</b>
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The Committee reviewed the Update. The Pension Fund Manager highlighted the following:

2. Scheme Advisory Board (SAB) Updates

2.2 - the Department of Levelling Up had published responses to the investment reforms (pooling) consultation. Challenges identified included fund scale and concerns made that the Welsh Pension Partnership would be of sufficient size to meet government expectations.

2.3 - a national statement had been released by the Scheme Advisory Board guiding those funds in the position of funding surpluses following the 2022 Valuation results.

### 3. Local Government Pension Scheme (LGPS) Updates

3.1-noted that a new minister for the Local Government Pension Scheme had been appointed.

3.2 -the Pension Team had received guidance around the McCloud legislation which was introduced in October 2023 and cases would now be processed, further guidance was expected shortly.

### 4. Pension Regulator

4.1-Governance and Administration Survey 2022-23 results had been published by the Pensions Regulator.

4.2/4.3 – The new Pension Regulator General Code of Practice would be introduced on 27 March 2024, which replaces the Code of Practice 14. It was stressed that the general code of practice contained a strong focus on training and cyber security, amongst other requirements.

4.2- The Regulator acknowledged that not all funds would be fully compliant with the new code at launch, but expected a plan be put in place to meet requirements and progress monitored (further details in agenda item 6).

### 5. Pensions Dashboards

Ongoing work within the Pensions Team would ensure that data was prepared for the Pensions Dashboard going live, which would be a single site for pension savers to be able to access all their pension savings via one portal website

### 6. Risk Registers

The Pension Board undertook a deep dive into the Governance Pillar with only minor adjustments made. The Board identified a significant risk within GOVERN0003 (related to a single person expertise) and recommended the scoring be increased. The Board recognised a competitive demanding market for staff and felt the risk needed to reflect a revised risk rating.

A discussion took place on how the risk could be mitigated which included ensuring sufficient resources were available and a robust staffing structure was in place. Assurance was provided to the Committee that ongoing work was being undertaken to review resources and that a Business Continuity Plan and Workforce Plan were available, the Committee would be kept informed of changes.

### 7. Pensions Section Update

In relation to GOVERN0003, it was stressed that a significant impact had been made to the Pensions Administration Team since the introduction of the McCloud legislation in October 2023 and that processes had been swiftly amended and resources reallocated to accommodate the demand to manage the workload and would be monitored closely.

### 8. Breaches Register

No new breaches had been added.

Employer performance continued to be monitored to ensure the timely submission of contributions along with providing communications to achieve expected standards.

It was moved and duly seconded to note the report and approve the amendments to the Governance Risk Register.

**Resolved:** The amended Governance Risk Register be approved.

<b>6. TRAINING NEEDS ANALYSIS</b>
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The Pension Fund Manager explained that training was a priority within the new code of practice and that a full training plan had to be in place for Officers, Board and Committee members.

1.3-clarified the expected requirements the fund had placed on Committee members which was held within the constitution and governance compliance statement.

The training needs analysis would be circulated to the Committee shortly.

The training log would be shared with the Committee to provide an update on training achievements. Benefits of online training were shared which enabled many more events to be attended which were found to provide beneficial continuous learning.

It was moved and duly seconded to note the report and complete the training needs analysis form.

**Resolved:** The Training Needs Analysis Form be completed.

<b>7. GOVERNANCE AND COMPLIANCE</b>
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The Pension Fund Manager presented the Governance and Compliance Statement, grammatic minor changes had been made and approval was sought.

It was moved and duly seconded to note the report and to approve the updated Governance and Compliance Statement.

**Resolved:** The updated Governance and Compliance Statement be approved.

<b>8. WALES PENSION PARTNERSHIP [WPP] UPDATE</b>
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The Committee received the update, the Pension Fund Manager informed the Committee and highlighted:

1.2 – The Joint Governance Committee meeting was held in the Powys County Council Offices on the 13 March 2024.

2.3 – The WPP Business Plan 2022-2027 was approved by the Joint Governance Committee, however due to the structural interaction between the constituent authorities, each local Committee were also required to authorise the Plan.

2.6 - The WPP had recently published the first All Wales Climate Report which provided a roadmap from 2019 – 2022 a positive step demonstrating the journey so far towards net zero.

A uniform net zero target had not been set by the WPP due to the eight funds having different commitment goals.

It was moved and duly seconded to note the report and approve the WPP 2024-27 Business Plan.

**Resolved:** The WPP 2024-27 Business Plan be approved.

<b>9.</b>	<b>RESPONSIBLE INVESTMENT</b>
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A joint report had been provided by both the Pension Fund Manager and AON. The sub group had been established in order to free up Committee meeting time and to provide a platform for more in-depth discussion. It was stressed that the sub group was not decision making and all suggestions and proposals would be made formally to the Committee. The first meeting had been held successfully and actions agreed.

Kenneth Ettles an AON representative provided a summary of the meeting which included a recap of the journey so far since 2018 and how it had significantly evolved with a Responsible Investment Policy first published in 2019 and a more recent focus on a taskforce on climate-related financial disclosures (TCFD) which was a formal legislative requirement. The main aims agreed were to update the responsible investment policy document for the next meeting and to focus on completing the taskforce on climate-related financial disclosures which covered four pillars:

1. climate
2. strategy towards climate related risks
3. risk and analysis
4. metrics and targets.

Ongoing actions included developing a structured training programme, and to agree on an approach towards net zero for the Powys Fund.

More clarity was provided around the ongoing climate related risk project action and the TCFD framework which set out three sub pillars within the strategy pillar. 2a required funds to describe climate related risks and opportunities that have been identified over the short medium and long term.

2b required funds to describe the impact of climate related risks and opportunities on the organisation business strategy and financial planning.

2c required a description of the resilience of the organisations strategy (pension fund strategy taking into account of climate related changes) which had been completed.

It was agreed to circulate the modelling for interrogation and also an update of how other funds across Wales had developed commitments and targets towards net zero.

It was moved and duly seconded to note the update.

**Resolved:** The Responsible Investment Update be noted.

The modelling data and Welsh Pension Funds net zero information be shared with Committee.

<b>10.</b>	<b>EXEMPT ITEM</b>
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**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).

<b>11. STRATEGY IMPLEMENTATION</b>
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Kenneth Ettles and Emma Perrin AON representatives provided a summary to the Committee on work and decisions undertaken over 2023 and progress on the implementation.

A recap was given of the main changes over the last year and ongoing changes to the infrastructure strategy and agreed actions which would continue at pace.

Adjustments to the fixed income portfolio were described to the Committee and an update on the implementation provided by Aon. It was noted that overall the Implementation of changes were successful on behalf of the Powys Fund.

The Pension Fund Manager expressed gratitude to AON for their support in recent strategy implementation processes, which have been resource intensive.

It was explained that the guest speakers at the Joint Governance Committee meeting were of huge benefit and Welsh investment opportunities would be shared with Committee members if possible.

It was moved and duly seconded to note the update.

**Resolved:** The Strategy Implementation update be noted.

<b>12. PERFORMANCE MONITORING</b>
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The Committee received a presentation from Emma Perrin a representative from AON. The purpose of the presentation was to provide the Committee with an update of the quarterly monitoring report and the fund performance.

Assurance was given of an overall positive performance with an improvement in the funding level. The presentation provided clarity around current commitments that had been made in line with the strategy which was recently revised.

Interest rates were expected to be kept high for an extended period of time and it would be some time before the UK would receive significant cuts.

A breakdown of the actual fund performance showed a promising investment return and data evidenced that the Fund was in line with benchmarking levels.

Additional information was being gathered for greater insight and further commentary with an audit trail would be provided within presentations for clarity and future reflection as suggested by Committee.

It was moved and duly seconded to note the report.

**Resolved:** The Aon presentation Performance Monitoring be noted.

<b>13. WPP OPERATOR PROCUREMENT</b>
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The Pension Fund Manager provided detailed background on the procurement exercise undertaken by the WPP and that a robust, formal procurement exercise had been undertaken. A discussion took place on the process.

It was moved and duly seconded to note the report and to appoint the preferred bidder for the new Wales Pension Partnership Operator contract.

**Resolved:** The preferred bidder for the new Wales Pension Partnership Operator contract be approved.

<b>14. PENSION FUND PROCUREMENT</b>
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The Pension Fund Manager explained that significant pieces of work had been undertaken with the Council's Commercial Services team, using the National LGPS Procurement Frameworks on two procurement exercises for the Fund.

The process required input from Council officers on evaluation panels and the formal processes were overseen by the Council's Commercial Services team.

Questions and discussions were raised around the process, and the Committee agreed that sufficient information had been provided for approval.

Thanks were expressed to the Pensions Team on behalf of the Pension Fund for the substantial work undertaken.

It was moved and duly seconded to note the report and appoint the preferred supplier as the provider of the Actuarial Services to the Fund.

**Resolved:** The preferred supplier as the provider of the Actuarial Services to the Fund be approved.

<b>15. BUSINESS PLAN</b>
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The Pension Fund Manager explained that the document was the start of a journey and would be developed to be more comprehensive in its next iterations. It was highlighted that objectives and challenges of the Pension Fund were set out in the depth and that last year's document had been updated to align with current legislation changes and Pension Fund requirements.

Detailed content discussions took place to provide more clarity, understanding and how an overall plan could be developed to incorporate other documents (including an Integrated Business Plan and Workforce Strategy) in order for duplication to be eliminated. A suggestion was made and agreed that important changes would be prioritised in a way that progress would be monitored over time to present achievements against targets and outstanding items considered for reprioritization.

It was moved and duly seconded to note the report and approve the publication the Pension Business Plan 2024/25.

**Resolved:** The publication of the Pension Business Plan 2024/25 be approved.  
**County Councillor P E Lewis (Chair)**