

POWYS PENSIONS BOARD

Held at County Hall, Llandrindod Wells

on 6th January 2017

PRESENT:

Gerard Moore (Chair)

John Byrne and Mick Hutchison (Member Representatives)

Geoff Petty and Wayne Thomas (Employers Representatives)

Joe Rollin (Secretary to the Board)

Chris Hurst, Pension Administration Manager and Dan Paley Financial Reporting and Policy Accountant

Chris Archer, Aon Consulting and Mark Birks, Client Manager Prudential

		Action
1.	Apologies None.	
2.	Declarations of Interest None.	
3.	Actuarial Valuation Results Chris Archer from Aon Consulting presented the Actuarial Valuation results. He advised that the Fund was maturing with the number of active members falling. The funding ratio had risen from 79% at the 2013 valuation to 80%. The deficit was £128.4m. A higher level of risk had been agreed with the County Council; a 73% probability of funding success compared with 75% for the 2013 valuation. The Board noted that this would put the Fund in the 4 th quartile but was assured to note that Council had agreed a shorter recovery period from 25 to 22 years. The Board also noted that the Council would be putting in an additional £750k p.a. for the next 6 years, increasing the Council's contribution rate to 26.6%. The Council was required to sign off the report and approve the contribution rate by 31 st March 2017. Mr Archer confirmed that he was satisfied with the accuracy and timeliness of the data supplied by the Council and he also confirmed that Aon's guidelines would not allow them to accept assumptions that were too optimistic. He advised that the 73% risk	

	<p>level was comparable with that of other funds.</p> <p>The Board welcomed and were assured by the report.</p>	
4.	<p>AVC Presentation</p> <p>Mark Birks, the Client Manager of Prudential, gave a presentation on the AVC service provided by Prudential. Prudential had been the AVC provider to the Council since 2012 with over a 100 active payers in the Powys Fund. They were also the AVC provider to 73 of the 99 local government pension funds. Prudential held an annual roadshow for Powys staff, which the Board was welcome to attend.</p> <p>The Chair reminded colleagues of the Board's responsibility to ensure that there were good governance arrangements in place including a duty of care to ensure fund members were aware of the options open to them. The Board recognised the different roles of the Pension Fund and Employers, and discussed whether more should be done to advise staff of the availability of AVCs and whilst agreeing that staff should be made aware, there was a danger to the employer actively encouraging staff to take on AVCs in the event of a sub-fund failing. The Board agreed that any communications to staff must stress that members must seek their own independent financial advice. Officers were asked to consider whether it was appropriate for the Council to communicate the availability of AVCs.</p>	Secretary
5.	<p>Minutes</p> <p>The minutes of the last meeting held on 11th November 2016 were agreed as a correct record.</p>	
6.	<p>Matters Arising</p> <p><u>Process for the Agreement of Actuarial Valuation Assumptions</u> The Secretary confirmed that there was no specific delegation to the Section 151 Officer to sign off on the Actuarial Valuation but that was covered by the general delegation of duties to the S151 Officer.</p> <p>The Chair noted that the Pensions and Investment Committee had agreed that there should be reference to the duty to ensure compliance with Public Service Pensions Act in the section on functions delegated to the Section 151 Officer.</p> <p><u>Indemnity Insurance for Pension Board Members</u> The Secretary advised that he had discussed this with his peers from other pension funds and that there was no consistent approach being taken but none had insurance in place for Pension Board members. He also advised that Aon Hewitt had said that</p>	

	<p>they could offer insurance cover. Another option would be for the Council to offer indemnity to Board members, which the Secretary would pursue. This item would remain on the agenda until resolved.</p> <p><u>Risk Register – Security of Fund Assets</u> Following the last meeting the Secretary had sought and received an assurance from the Fund’s legal advisers, Burgess Salmon, that they had the capacity to review contracts for the appointment of new investment managers. The Fund would automatically refer contracts to them. The Secretary would circulate the assurance from Burgess Salmon to the Board by email.</p>	Secretary
7.	<p>Board Work Programme</p> <p>The Internal Audit report on the Pension Scheme administration had been delayed but was about to begin and should be completed in time for reporting to the next meeting.</p>	
8.	<p>Draft Minutes of Pensions and Investment Committee held 16th December 2016</p> <p>Received. The Secretary confirmed that the actuarial certificate would be signed off by the first Pensions and Investment Committee after March.</p> <p>The Chair advised that he had met the Section 151 Officer after the meeting who confirmed that the cost of actuarial advice for transferring staff would be included in the 2017/18 budget. They had also discussed succession planning for the Committee after the elections and a joint meeting of the Board and the Committee had been suggested.</p> <p>The role of the Board had been included in the Investment Strategy Statement and the Clerk was asked to check if it should be referenced in the Council’s Constitution.</p>	Clerk
9.	<p>Pension Fund Cash flow Report</p> <p>The Financial Reporting and Policy Accountant circulated a paper showing the cash flow summary for the Fund in 2016/17. He explained that when there was an urgent need for liquid assets Blackrock would be contacted and would disinvest stock. The Board asked whether there was an obligation on the Fund to reimburse pensioners for costs incurred in the event of a systems failure. Officers did not believe that there was anything in pensions regulations.</p> <p>RECOMMENDED that officers look into the issue to provide an</p>	

	<p>assurance that there are processes in place to protect scheme members in the event of a systems failure.</p> <p>The Board felt that it would be useful for the Pensions and Investment Committee to have sight of the cash flow figures when it was reappointed after the local government elections.</p>	Secretary
10.	<p>Risk Register</p> <p>The Board agreed to look at the red and amber indicators at the next meeting.</p>	
11.	<p>Wales Pool – Investment Pooling Update</p> <p>The Board was advised that the Minister for Local Government had given the go ahead for the establishment of a Wales Pool for investment. The Joint Chairs of Welsh Pension Funds would be meeting the following week to consider a draft inter authority agreement. Each of the Funds would sign off the agreement with the Powys Pensions and Investment Committee due to do so at the meeting on 9th February. The Board was also advised that the procurement exercise for the asset pool manager was about to begin.</p>	
12.	<p>Review of Governance Compliance Statement re Pooling</p> <p>Officers would review the Governance Statement and bring back recommended changes to the Pensions and Investment Committee.</p>	
13.	<p>Audit Reports</p> <p>None</p>	
14.	<p>Cessation of Contracting Out</p> <p>The Board received an update. As of 25 November 2016 66% of discrepancies had been resolved, 19.7% were being investigated with the remainder still to be looked at. Officers were still confident that the process would be completed by the end of February. The Board was advised that HMRC had capacity issues dealing with queries with a 6 month turnaround on dealing with queries. If queries were unresolved no cost was expected to fall on employers. The Board noted that the process remained on course to be completed on time.</p>	
15.	<p>Board Member Training</p>	

	It was agreed to move training up the agenda for the next meeting.	
16.	Next Meeting 10 th March. It was agreed to move the October meeting to the 20 th .	

Gerard Moore
Chair