

**MINUTES OF A MEETING OF THE POWYS PENSIONS BOARD HELD AT  
COMMITTEE ROOM B - COUNTY HALL, LLANDRINDOD WELLS, POWYS ON  
FRIDAY, 12 JANUARY 2018**

PRESENT

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| <b>1.</b> | <b>APOLOGIES</b> |
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Apologies were received from John Byrne [Member Representative] as he was on other business.

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| <b>2.</b> | <b>DECLARATIONS OF INTEREST</b> |
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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.

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| <b>3.</b> | <b>MINUTES OF THE BOARD</b> |
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The minutes of the last meeting held on 20 October, 2017 were agreed as a correct record.

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| <b>4.</b> | <b>MATTERS ARISING</b> |
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4.1. Item 4a) - TPR Annual Return [verbal report]

The Board noted that following the last meeting it had been noted that the submission had not referred to the Pension Funds Auditors. The submission had been amended accordingly.

4.2. Item 4c) - Board Work Programme

The Board noted that the Work Programme had been updated to take into account the comments made at the previous meeting. The triennial valuation would be added to the Programme and training session would be added to the Board training programme. The Board Members advised that they were happy with receiving emails from the Chair on issues in between Board meetings.

It was noted that at a training event in Cardiff a member of the Pensions & Investment Committee had questioned the role and value of Pension Boards. The Chair commented that there was a statutory requirement to establish a Board. It was noted that the role of the Board was complimentary to the

Committee and the Board was there to support and help the Committee to manage risk and reputational risk.

| <b>RESOLVED</b>  | <b>Reason for decision</b>  |
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| <p>1. An invitation should be forwarded to the Pensions &amp; Investment Committee members reminding them that they could attend Powys Pensions Board meetings as observers.</p> <p>2. To provide joint training between the Powys Pension Board and the Pensions &amp; Investment Committee.</p> <p>3. That the Board Chair would have an informal discussion with the Pensions &amp; Investment Committee Chair regarding the views expressed by the Committee member.</p> | <p>1. To develop links between the Powys Pension Board and Pensions &amp; Investment Committee.</p> <p>2. To support the development of the understanding of the respective roles of the Pensions &amp; Investment Committee and the Powys Pension Board.</p> |

4.3. Item 8 - MIFID 2 Opting up Update [verbal report]

The Secretary advised that all but one asset manager had confirmed that the Fund met the required criteria to operate at the Opting Up level. Aberdeen Standard had confirmed by email but a letter had not yet been received. Pending the receipt of this letter the process had been completed in the required timescale. The Secretary advised he would follow this up with Aberdeen Standard.

4.4. Item 9 - TPR Code 14 Compliance re register of Board Members' Interests

The Board considered the Declaration of interest form.

| <b>RESOLVED</b>   | <b>Reason for decision</b>                             |
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| <p>That the Board members complete and return the forms and that the information be published on the Board's website.</p> | <p>To ensure interests are recorded and published.</p> |

4.5. Item 12 - Legal status of Pooled Funds [verbal report]

The Secretary advised that the legal status of pooled funds had been discussed with colleagues in other Funds and also with the Monitoring Officer. He advised that the Inter Authority Agreement makes clear the ownership of assets remains with each individual Pension Fund Authority.

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| <b>5. CHAIRMAN'S ANNOUNCEMENTS</b> |
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The Chair advised a half day event for Pension Board members was scheduled for 8 March, 2018 in Cardiff and a meeting for officers would take place in Wolverhampton on 28 February, 2018. The Secretary advised the latter would be a good meeting for his successor to attend.

The Chair advised that he was meeting the new Interim Section 151 Officer after the Board meeting.

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| <b>6. MINUTES OF PENSIONS AND INVESTMENT COMMITTEE</b> |
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The Board received the Pensions and Investment Committee's minutes for 17 November, 2017 and the draft minutes for the meeting held on 15 December, 2017.

In respect of the minutes of the meeting on 15 December the following were noted:

- Item 9 – Quarterly investment update – it was noted that some funds showed investments gross of fees and it was important that comparisons were made on the same basis.
- Item 15 – Stock lending – the issue of fees had been raised by the Board previously. For transparency the level of fees should be split.
- Item 16 – Infrastructure – the Secretary advised that Aon Hewitt had informed the Committee that it was investigating how the Fund could get exposure to infrastructure investments via a pooled fund.

The Chair advised he would provide future P & I Committees with a brief summary report of the business of each Board meeting as a frontispiece to Board minutes.

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| <b>7. BOARD MEMBER TRAINING [STANDING ITEM]</b> |
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The Board received the Training Plan for 2018/19. The Secretary advised that a log is kept of the training completed by the Board and where members arrange training themselves they should advise the Secretary so that their training log is complete. The need for accredited training for Board members was raised and the Secretary advised he would raise this with the Local Government Association [LGA] and CIPFA. The Welsh Local Government Association [WLGA] now had a Training Manager and he would raise the issue of accreditation with this individual.

The Chair advised he was writing a Guide for Pension Board members which would be published by CIPFA. He was due to complete this by the end of January, 2018 and would share this with the LGA.

As agreed earlier in the meeting, joint training with the Pensions & Investment Committee would be developed. The Board noted that the TPR and Ombudsman training session was provisionally scheduled for the March Pensions & Investment Committee. The Board was advised that a minimum of six training sessions would be provided but members would not have to attend all. It was noted that some discussions at meetings could also be classed as training. Members were advised that training was available online and they were encouraged to access this. The Boards asked that an on-line database of Fund Scheme documents would support their development and role.

The Secretary advised that the development of the training programme dates would be passed to his successor. It was noted that the Secretary was waiting the return of one Training Needs Analysis form.

| <b>RESOLVED</b>  | <b>Reason for decision</b>   |
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| <p><b>1. The Pension Administration Manager would check the access requirements to enable members to access online training.</b></p> <p><b>2. An on-line database of Fund Scheme documents would be developed detailing when last reviewed and review dates.</b></p> | <p><b>1. To enable members to use a variety of training resources.</b></p> <p><b>2. To support the ongoing development of Board Members.</b></p> |

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| <b>8.</b> | <b>SF3 RETURN</b> |
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The Board received the SF3 Local Government Pension Scheme Funds returns for 2015-16 and 2016-17 which are sent to the Department for Communities and Local Government [DCLG]. It was noted that the information provides the DCLG with an overview of Schemes across the country.

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| <b>9.</b> | <b>REVIEW OF COMPLIANCE WITH THE PENSION REGULATOR [TPR] CODE 14</b> |
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The Secretary advised that there was nothing to report to the Board as the work had not been completed as it had been a challenge to meet the timescales. The Board noted that the areas classified as “red” would be reviewed first to identify actions to be taken to address issues. The Secretary advised that this work would form part of the planned handover to his successor.

The Board noted the above but hoped that the Secretary could review two areas and share this with the Board by email for the Board to formalise the outcomes at its meeting in June. If this was completed the Board could refer to this in its annual report.

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| <b>10. BOARD KEY PERFORMANCE INDICATORS</b> |
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The Board received the Secretary's paper on the draft Key Performance Indicators [KPIs].

It was considered that it would be useful to compare the Board's performance with other Boards.

| <b>RESOLVED</b>   | <b>Reason for decision</b>                |
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| <b>To reword KPI PB03a and PB03b to reflect the discussions at the meeting [as detailed in Item 7].</b> | <b>To reflect the views of the Board.</b> |

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| <b>11. REVIEW OF RISK REGISTER [STANDING ITEMS]</b> |
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The Secretary advised there was nothing to report. The Chair questioned if the Risk Register had been updated to reflect the appointment of an Interim Section 151 Officer. The Secretary advised that he would check this but thought this may be covered in the general risk regarding changes in key personnel.

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| <b>12. WALES PENSION PARTNERSHIP - INVESTMENT POOLING UPDATE [STANDING ITEM]</b> |
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The Secretary reported that the procurement exercise for the appointment of an operator for the Wales Pensions Partnership [WPP] had been completed and Link Fund Solutions had been appointed. The latter had already had a preliminary meeting with the Partnership.

The Secretary confirmed that all the funds had formalised their contractual relationship with Link Fund Solutions. The latter would now have meetings with each Fund to develop relationships and inform discussions at the WPP. Running alongside this, Link Fund Solutions was applying to the Financial Conduct Authority [FCA] for authorisation of the collective scheme and to become a proper Registered Authority to pool assets. The DCLG was content with this process and noted that the FCA would process the application as quickly as possible.

It was assumed that the transition of assets would begin as soon as possible after 1 April, 2018. Initially the operator would replicate the current funds' investments but over time these would change. Carmarthenshire County Council was the host authority and had appointed an additional member of staff, funded by the eight authorities. The Joint Officers Working Group will consider representation on the Joint Governance Committee by trade unions, the WLGA and independent advisers and make recommends to the Joint Governance Committee.

The Secretary advised that all Joint Governance Committee meetings will be webcast via Carmarthenshire County Council's website. Link Fund Solutions will at some stage make a presentation to the Pensions & Investment Committee.

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| <b>13. ESG AND INVESTMENT REGULATIONS GUIDANCE</b> |
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The Board received the Chair's report on the Pensions & Investment Committees' processes for complying with the guidance on formulating its Investment Strategy Statement, in particular in relation to Regulation 7 (2) (e).

The Board noted the recent national debate about the investments by public service Pensions Funds in fossil fuels. The Secretary advised that a Motion had been placed on the next council Agenda, regarding this issue. He advised that although the Council could not mandate the Pensions and Investment Committee to take action, the Committee would consider the issue at its next meeting. A debate by the Committee would also inform the Fund when involved in similar discussions at the Wales Pension Partnership and with Link Fund Solutions.

| <b>RESOLVED</b>   | <b>Reason for decision</b>   |
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| <b>The Board noted the content of the Investment Strategy Statement in respect of Regulation 7 (2) (e).</b> | <b>To provide focus on ESG matters in relation to Pension Fund investment.</b> |

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| <b>14. RECORDING BREACHES OF THE LAW</b> |
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The Chair advised that he would share the information recorded by another Pensions Fund and that he considered that at some stage the criteria should be reviewed. The Secretary advised that although no breaches had been recorded he was aware that there were some low risk breaches. The Secretary advised that this issue would be included in the handover to his successor, to consider whether this was a priority.

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| <b>15. AUDIT REPORTS [STANDING ITEM]</b> |
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The Board noted that the draft was not yet available. It was agreed that the Work Programme would be adjusted for this item to be added to the June meeting.

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| <b>16. ADMINISTRATION ACTIVITY REPORT [STANDING ITEM]</b> |
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The Board received the report regarding the membership and Pensions Administration financial statistics for the period 1 October to 31 December 2017. The report was noted.

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| <b>17. CESSATION OF CONTRACTING OUT - UPDATE [STANDING ITEM]</b> |
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The Pensions Administration Manager advised that it was planned that the process would be completed by the end of the summer. This was ahead of the national deadline of 31 December 2018 and so buffers had been built into the process.

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| <b>18. INTERNAL DISPUTE RESOLUTION PROCEDURE [IDRP] UPDATE [STANDING ITEM]</b> |
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The Board noted that there was nothing to report.

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| <b>19. SCHEME MEMBER COMMUNICATIONS</b> |
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The Board agreed that any comments on the forms, used by the scheme for members, should be forwarded to officers. This would support the ongoing improvements in scheme member communications.

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| <b>20. GDPR ACTION PLAN UPDATE</b> |
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The Pension Administration Manager advised that a meeting had been arranged with the Data Protection Officer to discuss the New General Data Protection Regulation (GDPR) to consider what personal information is kept and also how this is kept. The Board noted that the All Wales Group Working Party was designing communications information to forward to scheme members.

It was agreed that information on the outcome of these discussions would be emailed to the Board, as the next Board meeting was not until after the deadline for GDPR compliance.

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| <b>21. BOARD SCHEME EMPLOYER REPRESENTATIVE [PCC]</b> |
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The Board received an update on how Geoff Petty, Employer Representative was since his accident, which took place the week following the last meeting. The Board commended Geoff for his work and with regret noted that he would be unable to continue in his role.

The Board agreed that a letter should be sent to his wife, acknowledging Geoff's contribution to the Board.

The Secretary advised that he had spoken to the Acting Chief Executive regarding a replacement and a number of individuals had been mentioned and these needed to be pursued and discussed with the Chair.

The Chair noted that this was the last meeting for Joe Rollin, Secretary who was to retire before the next meeting. The Board thanked him for his advice and guidance and wished him the very best for his retirement.

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| <b>22. FUTURE BOARD MEETINGS</b> |
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The Board noted the following:

7 June, 2018

6 September, 2018

23 November, 2018