

**MINUTES OF A MEETING OF THE POWYS PENSIONS BOARD HELD AT
COMMITTEE ROOM A - COUNTY HALL, LLANDRINDOD WELLS, POWYS ON
WEDNESDAY, 11 SEPTEMBER 2019**

PRESENT

Gerard Moore, Independent Chair

Nigel Brinn (Employers Representative)

Wayne Thomas (Employers Representative)

Nick Hutchnson (Member Representative)

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

1. APOLOGIES

Apologies were received from John Byrne [Member Representative]. It was noted that Nigel Brinn [Employers Representative] would be arriving late, due to other Council business.

2. DECLARATIONS OF INTEREST

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 accepted that this did not constitute a conflict of interests.

3. MINUTES OF THE BOARD

The minutes of the last meeting held on 10 July, 2019 were agreed as a correct record. The Chair advised that an Executive Summary, for this meeting, would be included in the next Pensions & Investment Committee agenda.

4. MATTERS ARISING

There were no matters arising.

5. CHAIR'S ANNOUNCEMENTS

- a) SAB [Scheme Advisory Board] survey - the Chair advised that the survey was due for circulation soon.

The Board agreed that it would submit a collective response to the survey. A response would be drafted by the Chair and Pension Fund Manager and circulated to the Board for comment.

The Chair advised that the SAB may be considering the number of scheme member and employer representatives on Boards. Rather than the minimum membership requirement of two plus two, consideration was being given to three plus three, which would make the Boards more resilient. It was noted that appointment dates could be staggered to ensure continuity of knowledge and experience.

The Board agreed to recommend to the Administering Authority that the membership of the Board should

- i) be increased from two scheme members plus two employer representatives to three plus three of each to ensure the resilience of the Board and**
- ii) that the appointments of each should be staggered to ensure the continuity of knowledge and experience.**

b) The Chair advised that at the July SAB meeting it had been reported to the latter that the Pension Regulator [TPR] had recently fined a Local Authority Pension Fund for not advising the relevant scheme members its employer had not paid over its contributions. It transpired that no fine had been levied. SAB had met with TPR and advised that such course of action was not required, as Local Government Pension Scheme [LGPS] pensions funds are guaranteed in the event of the demise of an employer.

6. MINUTES OF PENSIONS AND INVESTMENT COMMITTEE
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The Board noted the minutes of the Pensions & Investment Committee held on 21 June, 2019 and the draft minutes of the meeting held on 1 July, 2019.

7. REVIEW OF COMPLIANCE WITH TPR CODE 14

Following a red, amber and green analysis, the Board noted that there were no red indicators. The Board reviewed the following sections and made the following comments [numbers refer to the Compliance indicator]:

Conflicts of interest and representation [62 - 91]

70 & 73 – the Board noted the procedures and documentation in place to comply with these. **The Board was therefore assured that the Authority complied with the Code and agreed that these should change to green.**

76 & 77 – The Board noted the potential conflict of interest of Pension & Investment Committee Members, where they had to act in the interest of the Pension Fund and also their roles as Councillors who need to manage the Council's budget. The Pension Fund Manager advised that further work would be done for the next Board meeting.

84 & 91 - the Pension Fund Manager advised that these were to be reviewed.

The Board noted that 81 had changed up to amber and 82 and 83 were now green.

Managing Risks

114 – the Board noted that an exercise on strength of employer's covenants would be undertaken as part of the current valuation.

115 - the Board considered that this should change up to amber as the Investment Strategy Statement was currently under review and the MIFID II [The Markets in Financial Instruments Directive II] needed to be taken into account.

Nigel Brinn arrived at the meeting.

116 – the Board noted that an Audit would be undertaken in October 2019. The Board recommended that a date for the receipt of the Audit report should be requested due to the delay in receipt of the previous report.

Maintaining contributions

147 to 171 – the Board noted the procedures and documentation in place to comply with these. **The Board was therefore assured that the Authority complied with the Code and agreed that these were now green.**

8. BREACHES REGISTER

The Board received the report regarding the two breaches and that there were no new breaches, since the last meeting.

The Board agreed that the two breaches were correctly deemed as recordable only.

9. REVIEW OF RISK REGISTER AND CONSIDERATION OF ANY NEW RISKS [STANDING ITEMS]

The Pension Fund Manager advised that the Register had been updated taking into account the comments at the last meeting. He indicated that no new risks had been added.

The following was considered [the numbers shown are the Risk Reference numbers]:

PEN 003 – the Pension Fund Manager advised that as the valuation was currently underway it would be an appropriate time to review the cash flow after this was completed.

PEN 007/008/009/010 – it was noted that these were related to the covenant review and conflicts of interest, with further work planned.

PEN014 – the Chair advised that he was discussing this with the Pension Fund Manager.

PEN030 – the Pension Fund Manager advised that he would establish the procedure for appointment of asset managers at the Wales Pension Partnership level, to ascertain whether there was evidence to justify reducing the inherent risk [red] to a residual risk of amber [medium].

PEN033 – the Pension Fund Manager updated the Board on the progress on the Transfer of Workflow and Imaging Systems and advised that an update report would be made to the next meeting.

The Board agreed to recommend that a risk should be added in respect of ongoing compliance with MIFID.

10. TRIENNIAL VALUATION

The Chair updated the Board on the Triennial valuation process, explaining the role of the Board in this exercise.

11. RESPONSIBLE INVESTMENT

The Board noted the report regarding Responsible Investment for the Powys Pension Fund.

The Board considered the issues of responsible investment and the fiduciary responsibilities placed on the Pension and Investment Committee. It was noted that officers would look at how to keep Councillors informed of the progress being made on this issue.

The Board agreed that it should seek assurances that the Pension and Investment Committee has considered all issues including climate change when developing both its Responsible Investment Policy and its Investment Strategy Statement.

Nigel Brinn left the meeting for other Council business.

12. WALES PENSION PARTNERSHIP - INVESTMENT POOLING UPDATE [STANDING ITEM]
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The Board noted the report regarding the Wales Pension Partnership [WPP]. The Pension Fund Manager advised that investment performance work was ongoing. It is hoped that the WPP website would go “live” as soon as possible after the Joint Governance Committee meeting on 20 September, 2019. The Board noted that the WPP’s communications had improved.

13. 2019 ANNUAL BENEFIT STATEMENT EXERCISE

The Pension Fund Manager advised that the Annual Benefits Statements had been completed within the required timescales. The Board thanked the officers involved, for their work and for maintaining their 100% achievement in this area of work.

14. ADMINISTRATION ACTIVITY REPORT [STANDING ITEM]

The Board noted the report which showed a snapshot of fund activity. The Board noted that the number of scheme members had increased. The Board was mindful that the Fund was cash flow negative on a month by month basis, with the benefits paid out exceeding the inflows from scheme member and scheme employer contributions and investment income.

15. CESSATION OF CONTRACTING OUT - UPDATE [STANDING ITEM]
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The Pension Fund Manager advised the Board that revised timescales had been received from third parties and that the project would be completed by May/June 2020. Although this was a delay to the original timescale, it was important that the work is completed correctly. The testing of “live” data would take place toward the end of 2019. It was noted that several funds that had appointed third parties to complete this project, causing delays when working towards similar timescales.

16. NEW LEGISLATION AND GUIDANCE (STANDING ITEM)

Officers apologised for not adding this document to the agenda. The report would be circulated to the Board.

Post meeting note –

The report was circulated to the Board on 12 September, 2019. The Board noted and understood these changes and gained assurance that they will be implemented appropriately.

17. BOARD COMMUNICATIONS LOG (STANDING ITEM)

The Board noted the list of communications issued to it between meetings. As part of its obligations for appropriate knowledge and skills, the Board studies such information.

18. AUDIT REPORTS [STANDING ITEM]

As previously advised the internal Audit would take place in mid-October.

19. INTERNAL DISPUTE RESOLUTION PROCEDURE [IDRP] UPDATE [STANDING ITEM]

The Board noted that there were no on-going or new disputes.

20. BOARD MEMBER TRAINING [STANDING ITEM]

The Board would undertake training on cyber security.

21. CONFIDENTIAL ITEM

RESOLVED that the public be excluded for the following items of business otherwise there would be disclosure to them of information relating to the financial or business affairs of any particular person or organisation.

22. CYBER SECURITY TRAINING

The Board was taken through Cyber security training.

The Pension Fund Manager advised that as a result of the training, he was drafting a Fund Incident response procedure, which would complement the Council's ICT procedures, already in place.

The Board moved back into public session.

23. FUTURE BOARD MEETINGS

The Board noted the meeting dates:
8 November, 2019

2020

13 February

22 May

14 September

9 November

Gerard Moore
Chair