

**MINUTES OF A MEETING OF THE POWYS PENSIONS BOARD HELD AT
COMMITTEE ROOM A - COUNTY HALL, LLANDRINDOD WELLS, POWYS ON
TUESDAY, 26 NOVEMBER 2019**

PRESENT

Gerard Moore (Chair)

Nigel Brinn (Employers Representative)

John Byrne (Member Representative)

Mick Hutchison (Member Representative)

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

1. APOLOGIES

Apologies for absence were received from Wayne Thomas [Employer Representative].

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 11 September, 2019 were agreed as a correct record.

4. MATTERS ARISING

The Board noted that the Scheme Advisory Board [SAB] Pension Board survey had not yet been circulated but The Pension Regulator [TPR] survey had been received.

The Chair advised that the Pension and Investment Committee had considered a report at its meeting on 22 November, regarding increasing the Board Membership to three employer and three scheme representatives. The Committee asked that a further report providing details of the extra costs associated with increasing the membership be considered at the next appropriate meeting. It was noted the Committee was being asked to make a recommendation to Council.

5. CHAIR'S ANNOUNCEMENTS

The Chair reported the following:

- a) Training – the Cohort Review stressed that mandatory training was key to good governance. Board members were encouraged to complete The Pension Regulator [TPR] Toolkit.
 - (i) Mick Hutchinson had attended the Chartered Institute Public Finance and Accountancy [CIPFA] Barnett Waddingham training

- (ii) Triennial Valuation – all Board members had completed this training. The Board was satisfied with the quality and timeliness of the data submitted to the actuary for the triennial valuation.

It was noted that the 2020 Stewardship Code had been published and this would be distributed to the Board.

- b) TPR public service pension schemes governance and administration survey – The Board Chair and Pension Fund Manager had independently completed the survey and had then discussed their draft responses. The combined response had been emailed to the Board for comment and it had confirmed that it was satisfied with the response. The Board noted the following comments on some questions in the survey:
- cyber security question - breaches and attacks were different issues and questions on each should be included, rather than the current question covering both issues.
 - the number of fund employers submitting information electronically – a question regarding the percentage of scheme members' information shared electronically should be asked instead. In smaller Funds, such as the Powys Fund, there are only a small number of fund employers and if there is one change it would disproportionately affect the former figure.

6. MINUTES OF PENSIONS AND INVESTMENT COMMITTEE
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The Board received the Pensions and Investment Committee's minutes for the meeting held on 4 October, 2019.

The Board noted the following:

- Pension Fund Annual report 2018/19 – this had been published on the Pension Fund website
- Training on Triennial valuation – the Pension Fund Manager would review how this training would be provided to the two Pension & Investment Committee members who were not at the meeting
- Responsible Investment – the Stewardship Code had now been published.

In response to a question the Pension Fund Manager advised that the Pension Scheme Member Observer on the Pension & Investment Committee was still vacant.

The Board agreed that the Pension Scheme Member Observer vacancy on the Pension & Investment Committee should be highlighted to the Pension and Investment Committee.

7. REVIEW OF COMPLIANCE WITH TPR CODE 14

Following reviews at previous meetings the Pension Fund Manager advised that the report had been updated and the date on which sections had been reviewed were included in the report.

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

Governing your Scheme [38-60]

The Board noted that the training of Board members, including training at meetings had been calculated as 10 hours each.

The Board agreed:

- **that an extra meeting would be held in the New Year to consider the Cohort Review and also undertake training based on TPR Toolkit**
- **the Pension Fund Manager would circulate the Training Needs self-assessment to Board Members for completion by the end of January 2020 and a 10 month training programme would be developed from the responses.**

Conflicts of interest and representation [62-91]

76 & 77 – potential conflicts of interest were considered – The Code of Practice 14 refers only to Pension Boards and not to Committees. The Board has agreed that the Chair's wider involvement in providing training for pension board members and support officers is complementary, and helpful to the Powys Board. Training provision for Board members is arranged and agreed by the Board Secretary, hence there is no conflict of interest. Regarding the selection of a Powys officer to the designated position on the Board, the Administering Authority ensures that the guidance in the Code of Practice is adhered to when making the appointment. Finally, all interests are disclosed at each meeting, but it is recommended that Board members sign a formal declaration of interest on an annual basis. The Board also noted the Chair's comments on the significant governance improvements implicit in the SAB Phase II consultation on Good Governance which is primarily focussed on the relationship between Pensions Committees and Administering Authorities.

81 – 84 – the Pension Fund Manager advised that completion of the Toolkit module relating to this would support the completion of this section.

Publishing information about schemes [92-98]

It was noted that the Pension Board website showed the Board minutes but not the agendas. The Pension Fund Manager would rectify this.

Managing risks [104-120]

114 – The Board noted that work had commenced regarding employers' covenants. The Chair advised he would refer to this at the forthcoming Employers meeting at which he is speaking.

115 – it was noted that the Regulator was increasingly taking an interest in whether assets were safe. The Chair advised he would look into how other Funds addressed this.

116 – the Board noted the current internal Audit review. The Pension Fund Manager advised he would clarify the internal process for considering the report.

Administration [124-146]

140 – see agenda item 11

Providing information to Members [188-210]

196 – the Pension Fund Manager advised that this was still amber due to the issues regarding deferred benefits and explained the process undertaken regarding these. **The Board agreed that an explanation of the immediate communication and notification and information provided to scheme members in respect of deferred benefits should be included in the right-hand column for this item.**

208 – it was noted that the tracing exercise would be undertaken in early 2020.

The Board noted that the Regulator was to combine all its 15 codes into one and Local Government Pension Funds had raised concerns regarding this.

8.	BREACHES REGISTER
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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]
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The Pension Fund Manager advised that the Register had been updated taking into account the comments at the last meeting and the new risk identified in respect of the ongoing compliance with MIFID.

The Board raised the following comments [the numbers shown are the Risk Reference numbers]:

PEN003 – the Section 151 Officer would also be asked to complete the Training Needs self-assessment.

PEN30 – in response to questions the Board noted that Link Asset Services, the Operator for the Wales Pension Partnership [WPP] had discussed its internal governance arrangements with the Pension and Investment Committee at its meeting 4 October, 2019.

The Board agree to recommend that the Pension Fund Manager reviews the information provided by Link to the Pensions and Investment Committee and reflect the assurances gained in the Risk Register.

10.	THE PENSION REGULATOR [TPR] UPDATED GUIDANCE AND RESOURCES
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The Board noted the report regarding guidance in respect of Avoiding Pension Scams and Cyber Security Principles for Pension Schemes. The Pension Fund Manager advised that TPR guidance had been adopted into the Schemes' administrative processes, as applicable. The Pension Fund Manager advised that this information would also be circulated to the Pension and Investment Committee. The Board noted that a Cyber Resilience Action Plan was under development and the draft would be considered by the Board in due course.

The Chair indicated that he would refer to these issues in his presentation to the forthcoming Employers meeting.

11. DOCUMENT IMAGING AND WORKFLOW PROJECT UPDATE

The Board received the report regarding the Workflow and Document Imaging Transition. The Board noted that 80% of the workflow processes have been created/replicated in the new system. The Pension Fund Manager reported he was confident that the transition would be completed by 1 February, 2020. He advised that 90% of documents had been transferred and that officers were processing the remainder to ensure these were indexed.

The Board was therefore assured that the following will be completed by 31 January 2020 deadline:

- i. Complete set up of remaining workflow processes and test, prior to release.**
- ii. Test load of documents into Altair.**
- iii. Complete/transition of the outstanding or incomplete processes from existing workflow system.**
- iv. Extract any existing workflow information for reporting and retention purposes.**

The Board noted that the manual indexing of documents that are not automatically mapped, due to a change in pay number for example, may not be completed by the deadline. This would not affect payments to scheme members or loss of information but would result in extra administrative work.

12. TPR GOVERNANCE AND ADMINISTRATION RISKS IN PUBLIC SERVICE PENSION SCHEMES
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The Board had previously agreed to have an extra meeting to consider the LGPS Cohort Review.

13. WALES PENSION PARTNERSHIP - INVESTMENT POOLING UPDATE [STANDING ITEM]
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The Board noted the Wales Pension Partnership [WPP] update. The Pension Fund Manager advised that the WPP had agreed a Responsible Investment Policy, which was available on the WPP's website. The following work is ongoing:

- The transition of Fixed Income asset class should be transferred early in 2020
- Further work on other asset classes
- Communications and raising the profile of the Pool
- Developing a belief document for the Pool.

The Chair reported that half yearly meetings between the Pool and Pension Board Chairs would be held. The WPP's Joint Governance Committee was considering whether to have two Board Chairs as "sounding boards" for the Pool, regarding processes and relationships.

14. ADMINISTRATION ACTIVITY REPORT [STANDING ITEM]

The Board noted the report which showed a snapshot of fund activity. The Board noted that the overall number of scheme members had increased.

15. CESSATION OF CONTRACTING OUT - UPDATE [STANDING ITEM]

The Board noted the update report and that the process was now at Stage 3 as explained in the report.

The Pension Fund Manager advised that a policy on over and underpayments is being produced and will be presented to Board in due course.

The Board noted that the Fund was following Local Government Association [LGA] guidance regarding overpayments.

16. NEW LEGISLATION AND GUIDANCE (STANDING ITEM)

The Pension Fund Manager advised that the LGA had recently published new guidance relating to internal administration. The Scheme Advisory Board [SAB] Phase 2 Good Guidance Review had been emailed to the Board.

17. BOARD COMMUNICATIONS LOG (STANDING ITEM)

The Communications Log was noted.

18. AUDIT REPORTS [STANDING ITEM]

The Board noted that an internal audit was currently underway. The Pension Fund Manager advised he would clarify the internal process for considering the report.

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

The Pension Fund Manager advised that since the publication of the Agenda an issue had been raised, under this procedure, regarding the transfer of funds requested by a scheme member.

20. FUTURE BOARD MEETINGS

The Board noted the following meeting dates in 2020:

13 February
22 May
14 September
9 November

It was noted that an extra meeting would be added early in the New Year.