

**MINUTES OF A MEETING OF THE POWYS PENSIONS BOARD HELD AT BY
TEAMS ON FRIDAY, 22 MAY 2020**

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

There were no apologies for absence.

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 agreed that this did not represent a conflict of interests.

3. MINUTES

The minutes of the last meeting held on 26 March 2020 were agreed as a correct record subject to the correct spelling of Thursday at the top of the minutes.

4. MATTERS ARISING

The Board noted the following:

- the Scheme Advisory Board [SAB] survey was postponed,
- the Council was still considering the request to increase the Board Membership to three employer and three scheme representatives and work was ongoing,
- as the PLSA Pensions conference had been cancelled it had been replaced by daily webinar sessions. The Chair advised that he would collate information from the sessions he attended and this would be shared with the Board at future meetings
- the Overpayment Policy would be considered by the Pensions and Investment Committee on 26 June 2020.

5. CHAIR'S ANNOUNCEMENTS

The Chair advised that the SAB had shifted its priorities in light of the current pandemic and the Good Governance Project had slowed down. The project would initially assess governance internally and then externally next year. The Chair advised that the Project would help the Board to focus on weak links.

6. MINUTES OF PENSIONS AND INVESTMENT COMMITTEE
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The Board received the Pensions and Investment Committee's minutes for 13 February 2020.

In response to questions the Pensions Fund Manager advised that IT Department was revising the Council's Cyber security policy. The Pension Fund's cyber security policy would reflect this revised policy.

The Chair thanked the IT department for facilitating the online meetings.

The Board noted that the Discretionary Powers Policy was an important component of the governance framework. The Pension Fund Manager advised that all employers in the Fund had been asked to review their discretionary employer policies.

7.	THE PENSION REGULATOR REVIEW OF GOVERNANCE AND ADMINISTRATION RISKS IN PUBLIC SERVICE PENSION SCHEMES
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The Board noted the report regarding the Pensions Regulator (TPR) review of a cohort of 10 LGPS Funds from around the UK in respect of scheme managers' approaches to a number of key risks. The Board noted the key findings, good practice and the suggestions regarding improvements.

The Pension Fund Manager highlighted the following in respect to the Administering Authority:

Record keeping

- Data quality improvement plan – the Administering Authority has a plan in place, which is monitored every year. An annual data extract is undertaken with the pension administration software providers and the next extract will take place later in the month.
- Administration Strategy – the Strategy had been rewritten. Consultation had taken place with the employers and the Strategy would be considered by the next Pensions and Investment Committee. The Chair advised that under the Good Governance Project there was a recommendation that MHCLG make it a legal requirement.

Internal Controls

- Risk Register – documentation is in place and the Board and the Pensions and Investment Committee regularly review the Risk Register.
- Internal controls and processes – documentation was now being kept to record any decisions regarding internal processes and the reasons for these decisions. This would ensure that if questions were asked about a decision in the future the relevant information would be available and there would be less reliance on officer's knowledge level.
- Reviewing processes – reviewing the workflow and improving processes is a daily process by all of the administration team.

Administrators – the Board noted that these issues were not applicable for the Pension Fund as it is not a third-party provider. The Pension Fund Manager advised that the contract with its administration provider was due for renewal in 2023, but the contract allowed for an extension. The Chair advised this was mission critical dimension to the Board's work in helping to guarantee to ensure the continued payments to scheme members.

Member Communications

- Information for scheme members – when information is created or amended, it is reviewed by the senior staff within the section.
- Member survey – conducting a survey is being considered.
- Website traffic – use of website traffic has not grown over past 12 – 18 months but the number of pages looked at on each visit has increased. Officers are currently looking at what members do when they are on the website for example using the facilities to update their personal information or calculating pensions. The Chair advised that the recent PLSA sessions had emphasised the importance of Fund websites. He asked the employee representatives if they could encourage their members to utilise the website. The Pension Fund Manager agreed to send the portal address to the Union representatives, to enable them to do this.

Internal Dispute Resolution Procedure [IDRP]

IDRP – a procedure has been produced and is on the Fund website. The document also contains information on the appeals process. The Chair raised an issue about the advantages of an external review, which could be provided by other Pension Funds. The Pension Fund Manager advised that he would consider this.

Pension Boards

- Training opportunities – training opportunities are highlighted to Board members. Currently more webinar training was available and the Pension Fund Manager advised he would forward such links to the Board.
- Training needs assessment – the Pension Fund Manager would forward this to members and for this a Board and/or individual programme will be developed.

Employers and contributions

- Employer covenant and position – discussed this with the Fund actuary regarding the approaches taken by other funds and work will continue on this.
- Receipt of employer contributions – currently the procedure is under review and the desire is to move all employers to an automated system.

Cyber security

- Cyber security policy – as advised working with ICT to develop the policy.
- Security testing – the software provider has assured the Scheme Manager that it undertakes regular penetration testing. The Pension Fund Manager advised he would provide an update report regarding testing from the ICT Department and the software provider at the next meeting.
- Custodian review – this needs to be undertaken.

Internal Fraud and False Controls

Processes and procedures – further work is required in this area.

RESOLVED	Reason for decision
The Board noted the report and agreed that an Action Log be produced.	To ensure that further work is noted and monitored by the Board.

8.	UPDATES MADE WITH REGARDS TO COMPLIANCE OF THE TPR CODE OF PRACTICE 14
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The Pension Fund Manager advised that the Register had been updated in line with the comments at the previous meeting. The Board reviewed the following sections and made the following comments and noted the following [numbers refer to the Compliance indicator]:

Governing your Scheme [38-60]

40 – 41 – a revised Training needs assessment would be sent out to the Board members

48 – 57 – this would be amended to record that the assessment would be carried out and the target date was June 2020

56 – target not met and update June.

Conflicts of interest and representation [62-91]

84 – update timescales to October 2020. The Pension Fund Manager advised that he had looked at good practice across Wales and was producing a document for consideration.

Managing risks [104-120]

115 – the Pension Fund Manager agreed to reflect on whether the Code of Practice reflects the recent triennial valuation.

Administration [124-146]

136 – the Board was assured that the document is on the website and data improvement continues.

Providing information to Members [188-210]

196 – it was noted that although compliant this is shown as amber rather than green. Pension Fund Manager acknowledged the fact they are not providing information on deferred benefits within the statutory timescale in each instance. This is reflected in the breaches report. Consequently, it is considered that this should remain amber and this reason be added to the document. This issue is not specific to the Powys Fund and is recognised as a challenge nationally.

208 - The Pension Fund Manager advised that the Pensions Team had been working with the Council's Income and Awards team on tracing a number of "Gone Away" members. The review was now delayed due to the Income and Awards Team's focus being on payments relating to the pandemic. The Pension Fund Manager advised that he would liaise with colleagues in the latter, regarding a revised timescale for the completion of this work.

9.	OPERATIONAL REPORT & UPDATE
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The Pension Fund Manager provided an update to the Board on the measures that had been taken by the Pensions Section during the Covid-19 pandemic. The Board recognised the professionalism and flexibility of the LGPS and the Pensions team in continuing to deliver the Pensions service to members and

employers during the pandemic. With regards to cash flow the Fund was in a sound position. The Pensions Fund Manager also advised that there had not been a spike in the number of retirements on 31st March leading to pay outs of lump sums and a cut in dividends.

10. TERMS OF REFERENCE

The Pension Fund Manager reported that the Council's Monitoring Officer had made two minor comments on the draft terms of reference that had been addressed so they would now go to the Pensions and Investment Committee on 26 June for consideration. With no indication of when the full Council would be able to meet again there would be an issue over getting the Terms of Reference approved by Council.

11. ANNUAL REPORT - DRAFT CHAIRMAN'S STATEMENT

The Chair asked that the Board email him with any comments on his annual report.

12. REVIEW OF RISK REGISTER AND CONSIDERATION OF ANY NEW RISKS

The Chair noted that most of the new risks had arisen with the coronavirus pandemic and associated change of working practices.

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

PEN003 The Chair suggested that the Residual Risk column should be amber rather than green as the control action was not yet complete.

PEN007/008 The Chair suggested that the wording should be changed to reflect that actuarial calculations of liabilities were moving away from bond yields.

PEN012 Make reference to increased risk to data security due to home working.

PEN023/024 Check if wording needs to change as a result of the triennial valuation 2019

PEN030 The Pension Fund Manager confirmed that the further actions and control column could be updated to reflect the controls that pool operators have in place.

PEN035 Had been added to reflect the pandemic. The Chair suggested that the welfare of staff should be included, noting the mitigating actions that had been taken as set out in the operational report.

13. DOCUMENT IMAGING AND WORKFLOW PROJECT - VERBAL UPDATE
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The Pension Fund Manager reported that the project had been completed.

**Recommended to the Pensions and Investment Committee
that this be removed from the Risk Register.**

14.	WALES PENSION PARTNERSHIP - INVESTMENT POOLING UPDATE [STANDING ITEM]
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The Chair reported that the engagement meeting for Board chairs had been cancelled due to the pandemic. He would be interested to see the Wales Audit Office report Risk Management Override of Controls from a governance viewpoint. He asked how well the host authority was resourced and the Pensions Fund Manager advised that this question would be better directed to the WPP. The business plan would be considered at the next meeting of the Pensions and Investment Committee. The Pensions Fund Manager also advised that the fixed income sub fund launch was expected in the next few months.

15.	ADMINISTRATION REPORT [STANDING ITEM]
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The Pensions Fund Manager was asked to provide the split between refunds and transfers out for future meetings. He advised that no employers had asked for deferral of contribution income. The Chair reported that the regulator had advised that administering authorities advise them in advance if they were likely to be late in providing annual benefits statements with their plan for recovery. The Pension Fund Manager advised that a number of employers had not yet provided data for March but that this was not related to the pandemic.

Nigel Brinn left the meeting, at which point the meeting became inquorate.

16.	NEW LEGISLATION AND GUIDANCE (STANDING ITEM)
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The Chair thanked the Pension Fund Manager for providing a comprehensive update of new legislation and he encouraged the Board to study the changes as part of their training.

17.	BOARD COMMUNICATIONS LOG (STANDING ITEM)
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The Board received the communications log and the Chair asked colleagues to keep abreast of issues.

18.	STANDING ITEMS WITH NO UPDATES
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The Pensions Fund Manager advised that there were no breaches and that a stage 2 IDRPs had been completed. He also reported that HMRC had issued a press notice advising that some of the Guaranteed Minimum Pension [GMP] information they had provided had been inaccurate resulting in delays and additional costs but he still hoped to be able to complete cessation of contracting out by the end of 2020.

19.	FUTURE BOARD MEETINGS
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The Chair suggested the Board consider whether they should have more regular and shorter meetings on specific topics rather than longer quarterly meetings in the current circumstances.

Gerard Moore [Chair]