

## MINUTES OF A MEETING OF THE POWYS PENSIONS BOARD HELD BY TEAMS ON THURSDAY, 8 JULY 2021

### PRESENT

Gerard Moore (Chair)

Nigel Brinn (Employers Representative)

John Byrne (Member Representative)

Wayne Thomas (Employers Representative)

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

<b>1.</b>	<b>APOLOGIES</b>
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Apologies for absence were received from Mick Hutchison (Member Representative).

<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. The Board agreed that this does not represent a conflict of interest as the Pension Fund Manager is responsible for arranging training.

<b>3.</b>	<b>MINUTES OF THE BOARD - 5 MARCH 2021</b>
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The minutes of the last meeting held on 5 March 2021 were agreed as a correct record.

<b>4.</b>	<b>MATTERS ARISING</b>
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The Board noted that the meeting to complete the self-assessment had not taken place in June, as agreed at the previous meeting. The Chair advised that as it was likely he would continue in the role for a further year, the self-assessment would take place at a later date.

<b>5.</b>	<b>MINUTES OF PENSIONS AND INVESTMENT COMMITTEE</b>
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The Board noted the Pensions and Investment Committee's minutes for 12 March 2021.

The Chair advised that when the Board considered the self-assessment it would be important to comment on the formal relationship between the Board and the Committee. The Board noted the Committee's discussion regarding the Responsible Investment and Policy Review [Item 9] and that the Wales Pension Partnership [WPP] had produced a climate change policy and that this should be reflected in the Funds local policy. This was an important issue for the scheme members.

<b>6.</b>	<b>REVIEW OF COMPLIANCE WITH TPR CODE 14</b>
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The Pension Fund Manager advised that the document had been updated in line with the comments at the previous meeting.

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

### **Managing Risks [104 – 120]**

114 – a high level review had been completed on employers' covenants and assessment of risks. Further assessment had been undertaken in respect of a number of employers. The Pensions & Investment Committee would consider a report at its meeting the next day and the report would then be circulated to the Board. The Pension Fund Manager advised that the aim was to reduce the risk to other employers in the fund should an employer cease to exist. The level of bonds in place would be reviewed to ensure they were at the appropriate level. The Pension Fund Manager advised that the review had been reflected in the Funding Strategy Statement and an employer policy had also been developed, which would be considered later on the agenda. In response to a question the Pension Fund Manager advised that if it was found that a bond should increase this would be negotiated with the employer and actuary. **The Board was assured and pleased with the progress being made.**

115 – the Investment Strategy was being reviewed. The Committee was considering the investments in the WPP and the Pensions Fund risk exposure and whether this was still appropriate. **The Board was reassured of the review of processes being undertaken.**

### **Maintaining contributions [147 – 169]**

The Pensions Fund Manager advised that the Pensions Team was working through the year end process, making sure contributions were posted to members records and working with employers to ensure details were correct. **The Board was assured that the issuing of the Annual Benefits Statements to members was on target to be completed by 31 August 2021.**

**Reporting breaches of law [244 – 270]** – In response to questions the Pension Fund Manager advised that he would review the breaches policy to ensure that the fast-track reporting of breaches was clear. He also advised that it was timely to review the policy as a whole and report back to the Board.

In respect of the introduction of a Single Code by The Pension Regulator [TPR] the Chair advised that the consultation had now closed. It was noted that the Regulator was looking to bring together 15 codes into one. A fundamental issue which needed clarification was the definition of a governing body, as one would normally expect that to be the pensions committee but there are different views on this issue. The Board noted that the Scheme Advisory Board [SAB] was liaising with the Regulator to assist with this.

## **7. OPERATIONAL AND ADMINISTRATION REPORT & UPDATE**

The Board received and noted the Operational and Administration report. The Pension Fund Manager advised that the trend in respect of the number of active members was for an increase.

The Pension Fund Manager in response to a question regarding the Status 8 – awaiting entry [starter not fully processed] figures advised he would check the data, to establish whether the four members were the same at 1 January 2021 and 31 March 2021 and email the Board and if they were, clarify the underlying issues.

The Pension Fund Manager advised the Board that extra resources had been allocated to the Pensions Section. This was as a result of a comprehensive business case which identified potential risks, of which lack of resource was one of them.

The 50/50 membership was noted and it was considered that this could be promoted to potential scheme members via the unions and HR department and at the employers conference. The Pensions Fund Manager advised that auto enrolment is undertaken at the relevant auto enrolment for each employer, as provided by the appropriate legislation and those members of the 50/50 arrangement are re-enrolled into the main scheme accordingly. He agreed to share a document regarding auto enrolment with the Board.

<b>8.</b>	<b>REVIEW OF RISK REGISTER [STANDING ITEMS]</b>
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The Pensions Fund Manager reported that no new risks had been identified.

The Board noted or made the following comments [the numbers shown are the Risk Reference numbers]:

**PEN004** – periodic reviews are undertaken of the business continuity plan and a review had been completed in June 2021.

The Pension Fund Manager reported that the Task Force on Climate-Related Financial Disclosures [TCFD] guidance means a significant increase in the requirements on pension funds to report on climate-related financial risks. He advised that an action plan was being developed and it was noted the scale of the work involved. The Chair indicated that this may warrant a training event for the Board and Committee. **The Board recommended that TCFD should be added as a new risk.**

<b>9.</b>	<b>WALES PENSION PARTNERSHIP - INVESTMENT POOLING UPDATE [STANDING ITEM]</b>
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The Board noted the update report. The Pension Fund Manager advised that he was a member of the WPP's Responsible Investment Sub Group. The Pool's Business Plan had been approved and would need to be approved by all the Pool Fund members. The Committee was considering the Plan at its meeting the next day. The work to appoint a scheme member representative on the Joint Governance Committee [JGC] was ongoing.

It was noted that the Board Chairs have engagement meetings with WPP officers twice a year. At the last meeting they had a detailed discussion about the scheme member observer representative and some of the views from the Board Chairs have been taken into account.

<b>10.</b>	<b>TRAINING - CYBER SECURITY AND DATA PROTECTION</b>
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The Pension Fund Manager advised that the annual Cyber Security and Data Protection eLearning was mandatory in the Council. The Board Chair also undertakes this training, as he is an observer on the Pensions and Investment Committee. It was however, considered that the external employer representative on the Board should also complete this annual mandatory training. The Pension Fund Manager and Democratic Services Officer agreed to ensure that access to this training is set up. The Democratic Services Officer advised the Board that this requirement could also be added to the mandatory induction programme for the elections in 2020. **The Board agreed that Board members should complete the Council's annual mandatory Cyber Security and Data Protection training.**

<b>11.</b>	<b>NEW LEGISLATION AND GUIDANCE (STANDING ITEM)</b>
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The Board noted that the Scheme Advisory Board [SAB] had produced a Responsible Investment A to Z guide explaining the terminology used within pensions industry. It was noted that the Local Government Pension Scheme Regulations 2013 enabled Boards to continue to hold virtual meetings. Comment was made that virtual meetings may be more appealing in attracting new Board members.

Nigel Brinn left to attend another meeting.

<b>12.</b>	<b>CESSATION OF CONTRACTING OUT - UPDATE [STANDING ITEM]</b>
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The Pension Fund Manager advised that a revised project plan had been developed and he was confident that the project would be completed by the 31 January 2022. The Chair felt the Board could review the draft letters to scheme members. **The Board agreed to review the draft letters to scheme members regarding cessation of contracting out.**

<b>13.</b>	<b>STANDING ITEMS WITH NO UPDATES REQUIRED</b>
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The Board noted the following:

**Breaches** – there were no new recorded breaches, but it was noted that 52 members up to the 31 May 2021 have been identified as having frozen refunds. The Pension Fund Manager advised that addresses were being traced on an ongoing basis and some members had been contacted through this work. The Board noted the progress.

The Chair advised that CIPFA had given a presentation on 29 June and one of the pensions funds involved had decided to open bank accounts into which it would pay frozen funds, so discharging their liability. The Pension Fund Manager advised this had previously been discussed at the National LGPS Technical Group, who advised that the best course of action was to retain the refunds within the Pension Funds. **The Board confirmed that it was satisfied that frozen funds should remain within the Fund to ensure openness and transparency and that work is ongoing to contact scheme members with frozen funds.**

The Board noted that an internal audit was expected before the end of the calendar year.

The Chair referred to Internal Dispute Resolution Procedure [IDRP] advising that the original terms of reference following guidance from the centre implied a role for boards in IDRP. It was noted that when the terms of reference are reviewed the reference to the Board in respect of IDRP is amended to clarify that the Board has no decision making role in the IDRP process but does have a role in reviewing the process and identifying any lessons learnt.

#### 14. FUTURE BOARD MEETINGS

The Board noted the dates of the next meetings – 13 September 2021 and 22 November 2021. It was hoped that new Board members would be appointed by the next meeting.

#### 15. CONFIDENTIAL

**RESOLVED that in accordance with Section 106 [8] Local Government Pension Scheme [LGPS] Regulations 2013 the Board goes into the confidential agenda with the public and press being excluded as some of the information may relate to financial or business affairs of a particular person or organisation.**

#### 16. PENSION BOARD CHAIR ANNOUNCEMENTS AND UPDATE

The Chair advised that as the procurement process to appoint a new Chair had been unsuccessful, it was likely that he would continue for a further 12 months.

The SAB has indicated that it's local pension board survey will be included in its work programme again.

The Chair's draft annual report had been circulated and he asked the members to email him or the Pension Fund Manager comments or additions. It was noted that the annual report would form part of the Powys Pension Fund Annual Report for 2020-2021. **The Board agreed that comments on the Chair's draft annual report be forwarded to the Pension Fund Manager by the end of July 2021.**

#### 17. PENSION BOARD SELF-ASSESSMENT

In respect of the Board's self-assessment the Chair referred to the process to be followed and he suggested holding a specific virtual meeting to discuss those areas which are subjective. It was hoped the two new Board members would be appointed in time to enable them to join this meeting. The Chair and Pension Fund Manager would draft the responses in respect of the factual aspects of the self-assessment and the draft would be circulated in advance of the meeting. The Chair hoped that the final draft self-assessment would be available for approval by the Board at its meeting in September.

The Chair advised that the self-assessment would be considered against the expectations of a range of organisations including TPR and SAB and against the internal expectations of the Administering Authority, including the Board's Terms of Reference and any policies which refer to the Board. The self-assessment

may also highlight issues which the Board should consider and which could be added to its work programme.

**The Board agreed to hold a specific virtual meeting to discuss those areas of the self-assessment which are subjective and from which outcomes can be agreed.**

<b>18.</b>	<b>FUTURE ADMINISTRATION UPDATES</b>
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The Board noted the report and that a new reporting system would enable it to receive administration performance data, to enable it to have an overview of performance and consider trends.

<b>19.</b>	<b>EMPLOYER POLICY</b>
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The Pension Fund Manager advised that the Employer Policy would help employers understand how the mechanics of the Fund worked, what happens when they exit and the options when they exit. The Policy works alongside the Funding Strategy Statement. Consultation had been undertaken with employers and no comments had been received. The Board noted the Policy would be considered by the Committee the next day.

**The following was raised by a Board member:**

The issue of succession planning and the recompense for membership of the Board was discussed. **The Board agreed to include these issues in the work plan and a report be made to the Pensions and Investment Committee in due course.**

**Gerard Moore (Chair)**