

## **MINUTES OF A MEETING OF THE POWYS PENSIONS BOARD HELD AT BY TEAMS ON FRIDAY, 24 SEPTEMBER 2021**

### **PRESENT**

Gerard Moore (Chair)

John Byrne (Scheme Member Representative)

Wayne Thomas (Employer 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 (Scheme Member Representative) and Nigel Brinn [Employer 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 - 8 JULY 2021</b>
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The minutes of the last meeting held on 8 July 2021 were agreed as a correct record.

<b>4.</b>	<b>MATTERS ARISING</b>
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The Board noted the following:

- The self-assessment would take place when all Board members were in attendance and it was hoped that the new Board members would be in post, so that this would assist them in learning about the role of the Board.
- Reporting breaches of the law [244 -270] - the policy would be reviewed at the next Board meeting.
- The Internal Audit report – the Pension Fund Manager advised that he would establish whether this report was still scheduled to be received by the end of the calendar year.

<b>5.</b>	<b>MINUTES OF PENSIONS AND INVESTMENT COMMITTEE</b>
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The Board received the Pensions and Investment Committee's minutes for 9 July 2021.

The Board noted the following:

- Item 4 - The Chair advised that the Scheme Advisory Board's [SAB] A-Z Guide to Responsible Investment was a good "live" document and recommended it to the Board members, to support them in their overview role. He also advised that The Pension Regulator [TPR] had produced a Climate Change Strategy, which again would be useful to Board members in raising their awareness of this issue.

- Items 6 and 11 - Responsible Investment [RI] - the Board's involvement in this was that it should have an understanding of the process being followed by the Pensions & Investment Committee and that it is assured that the process is appropriate. The Pension Fund Manager advised that the Powys Climate Working Group would now be established as additional resources had been allocated to the Pension Fund Team. He advised that work on RI was however, being undertaken, prior to the Group being set up.
- Item 13 - **The Board noted and was assured that the actuaries had presented a report on the Employer risk assessment and these were continually being reviewed.**
- Item 16 - the Pension Fund Manager advised that the issue related to responsibilities for the position of the Chair of the Pensions & Investment Committee had been considered at the Council meeting the previous day and it had been agreed that an amount equivalent to the Senior Responsibility Allowance should be paid to the Chair of the Pensions and Investment Committee to reflect the responsibilities of the role.

<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]:

**Publishing information about schemes [92-98]**

95 – the Chair advised that the information on the Pension Fund website was complete and correct. However, he noted that the Board members are referred to as independent members on the Council's committee website. **The Board asked that this information be corrected.**

**Providing information to Members [188-210]**

196 – communication with leavers is not always within the required timescale. Due to staffing resources, work is prioritised to focus on processing leavers who might have an immediate entitlement to benefits rather than a member whose benefits are not due for many years. The Pension Fund Manager advised that with the new staff in post this issue would be addressed. **The Board agreed that it should be recorded in the right-hand column that this was currently recorded as a breach [not reportable] and that resolutions are in hand via the additional staffing resources being put in place.**

200 & 201 – in response to a question the Pension Fund Manager advised to the best of his knowledge the procedures were being followed as no concerns were being raised. However, he agreed to check this process. He advised that one of the new posts would concentrate on employer specific processes.

205 – the exercise was part of the workplan for the new staff.

208 – **the Board agreed that the wording in the right-hand column should reflect the current position regarding the processes in place to trace members identified as “Gone Away”.**

**Resolving issues [216-240]**

228 – the completion of each stage of the two-stage dispute resolution process, should take no more than four months. The Pension Fund Manager agreed to

share the document regarding the resolution process, which is on the website, with the Board.

**240 – the Board was assured that the Pension Fund Manager could demonstrate to the regulator the process for reviewing applications.**

The Board noted that there was no news on the publication of a single code by the Pension Regulator [TPR].

<b>7.</b>	<b>OPERATIONAL AND ADMINISTRATION REPORT</b>
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The Board received and noted the Operational and Administration report.

The Pension Fund Manager advised that as a result of the questions at the last meeting about the Status 8 – awaiting entry numbers - he had checked the details. A training issue had been highlighted, which had now been addressed. The Board noted that no Status 8 were showing on this report.

In response to questions regarding preparations for the triennial valuation the Pension Fund Manager advised that currently, there were no bulk transfers and only one admission agreement was being processed. In addition, he advised that discussions were already taking place with the actuaries regarding the information they required for the valuation. Information on demographics was being provided and a data cleansing exercise was underway to ensure that potential issues could be identified and addressed. **The Board was assured that work was already underway in preparation for the triennial valuation in 2022.**

The Chair asked if the communication with the Fund was sufficient when new admissions were being considered. The Pension Fund Manager advised that communication had improved and the Pension Team was now involved in HR employment and procurement panels when transfers of staff into and from the Council were being considered. The Chair suggested that a summary figure of “Net Contributions from Members” be shown at the end of the monthly financial details.

<b>8.</b>	<b>REVIEW OF RISK REGISTER AND CONSIDERATION OF ANY NEW RISKS</b>
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The Pension Fund Manager advised that as some risks had been identified some time ago, he would review these in greater detail in due course.

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

**PEN021 – the Board agreed that a comment should be added that the residual risk cannot go away because of its nature. Following this, the Board agreed that where it is stated that “No further action planned” in the column “Proposed further actions / controls” an explanation is given.**

**PEN030 – the Board agreed that under “Proposed further actions / controls” a statement should be made that this is being further facilitated to reflect the progress being made.**

**PEN036 – this would be updated to indicate that the Chair was continuing for a further 12 months.**

PEN037 – it would be noted that the Board would receive training on procurement. The Pension Fund Manager agreed to prepare a report for the next meeting. **The Board recommended that the following process should be added to the register – that when appropriate the Board would review procurement exercises to ensure that processes and procedures, involving the Board and Committee at the appropriate time, had been followed outside of the commercial services procedures.**

The Chair advised that he considered that there was a risk of being unable to appoint or not appointing a suitably experienced chair of the Pensions & Investment Committee. The risk could be managed but he felt this should be added to the register. **The Board recommended that the risk of being unable to appoint or not appointing a suitably experienced chair of the Pensions & Investment Committee should be added to the register.**

The Pension Fund Manager also advised that there may also be a need for training of councillors to fully understand the role of the Pensions & Investment Committee, especially due to the scale of resources managed by the Committee. It was noted that such training would be required for councillors after the elections in 2022. **The Board asked that this be considered by officers and that Board members be invited to any such training for councillors.**

The Chair also noted that the Audit Committee and Pensions Board had common values, from the scrutiny viewpoint and there may be opportunities for cross observation and understanding. He indicated he would have discussions with the Audit Committee Chair.

<b>9.</b>	<b>WALES PENSION PARTNERSHIP - INVESTMENT POOLING UPDATE [STANDING ITEM]</b>
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The Board received the report.

The Pension Fund Manager advised that Powys, through officers, is represented on various subgroups established by the Pool, which includes the Private Market subgroup and Responsible Investment subgroup. The Chair indicated it was difficult for the Board to define its role relative to the WPP. He suggested that within the Board's self-assessment exercise this issue might be considered. The Chair suggested that specific Board meetings could concentrate on investment topics.

The Pension Fund Manager advised that in respect of the scheme member representative on the Joint Governance Committee [JGC], the inter authority agreement had been updated and each Council would consider this over the next few months. The Chair said it was a positive move for the JGC to have a scheme member representative and look forward to this adding value.

The Board noted that the JGC had appointed a specific advisor regarding the remaining asset classes.

<b>10.</b>	<b>NEW LEGISLATION AND GUIDANCE (STANDING ITEM)</b>
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The Board noted the report and the following:

- in respect of automatic enrolment, TPR had published updated guidance. The annual scheme return is expected from TPR in the next few weeks
- the TPR consultation on climate risk did not specifically apply to Local Government Pension Scheme [LGPS] but states that LGPS may wish to follow this guidance
- the Chair had attended a Pensions and Lifetime Savings Association [PLSA] event on cost transparency and he agreed to share a summary of this with the Board and suggested it might also be a future agenda item. The Pension Fund Manager advised that The Pension Regulator's [TPR] Governance and Administration survey for 2020 - 2021 had been published and shows improvements in risk management process. The Chair asked where Powys was in relation to TPR's six key processes and the Pension Fund Manager agreed to provide this information and would highlight any areas which the Board would need to review.

<b>11.</b>	<b>CESSATION OF CONTRACTING OUT - UPDATE</b>
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The Pension Fund Manager advised that the final test cases had been received and the process was on track for completion in the January or February pay run. He advised he would share the template letters to scheme members, with the Board, to review.

<b>12.</b>	<b>STANDING ITEMS WITH NO UPDATES REQUIRED</b>
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The Board noted the following in respect of standing items:

- a. Breaches register - there were no new recordable or reported breaches. However, the number of frozen funds had increased to 60 members as at 31 August, 2021, but the Board noted that this was a national issue for LGPS. The LGPS Technical Group had agreed that these should be recorded but not reportable breaches.

The Chair indicated that as the numbers increased in time it may become a fundamental issue and then may need to be listed as a recordable breach. In response to questions the Pension Fund Manager advised that unpaid funds remained within the pension fund pot rather than being transferred to another account.

The Communications Log was noted. The Chair advised that he had recently attended a fraud seminar. This was being repeated and he considered it was a good seminar and suggested that other Board members should watch, if they were able to.

<b>13.</b>	<b>VALUATION</b>
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The Pension Fund Manager advised that work with the actuaries was being undertaken, as advised under agenda Item 7.

The Chair asked that his paper produced in 2019 regarding the role of the Board in the triennial evaluation be recirculated to Board members and sent to new Board members.

14.	<b>FUTURE BOARD MEETINGS</b>
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The Board noted the meeting date for 2021 and the provisional dates for 2022.

15.	<b>CONFIDENTIAL ITEMS</b>
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**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.	<b>PENSION BOARD CHAIR UPDATE</b>
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The Chair referred again to the Risk Register and suggested that the retention of staff should be added to this because the new way of working from home would enable staff to be more able to move jobs. **The Board recommended that the retention of staff should be added to the risk register.**

17.	<b>PROCUREMENT PROCESSES AND TRAINING</b>
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The Pension Fund Manager advised that as contracts come to an end, the Board and Committee would receive training on the processes undertaken in addition to the commercial procurement process. He advised he would share the procurement documentation with the Board and Committee to review accordingly. It was noted that this overview process was a fundamental role of the Board.

18.	<b>WORKFLOW UPDATE</b>
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The Board received the Workflow report for the period 01/04/2021 to 30/06/2021. The Board noted that this management tool would show peaks and troughs of work and identify performance issues which may need investigation.

**The Board was pleased to note that the annual benefits statements had, once again, been sent out within the required timescale.** The Board asked the Pension Fund Manager to thank the Pension Team for achieving such important deadlines once again despite the challenging working conditions.

The Board noted the importance of the potential uses of this management tool and would provide information to facilitate the role of the Board in scrutinising the efficient and cost effective administration of the scheme. The Chair commented that the tool and the additional staff resource were two very significant steps in responding to the changes in the LGPS.

19.	<b>INTERNAL DISPUTE RESOLUTION PROCEDURE [IDRP] UPDATE [STANDING ITEM]</b>
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The Pension Fund Manager advised that one complaint had now been referred from Stage 1 to Stage 2. He advised this related to the LGPS and pensions legislation impacting on potential flexibilities for members.

<b>20.</b>	<b>PENSION BOARD SELF-ASSESSMENT UPDATE</b>
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The Chair advised that the self-assessment would be undertaken when the new members had been appointed.

It was suggested that, if time is available after an agenda has been completed, training on specific issues could be provided to the Board, so utilising the time in members' diaries. The Chair asked that Board members provide details of training topics to add to the plan.

**Gerard Moore (Chair)**