

**MINUTES OF A MEETING OF THE POWYS PENSIONS BOARD HELD AT ON
MONDAY, 20 NOVEMBER 2023**

PRESENT

Gerard Moore (Chair)
David Powell (Scheme Member Representative)
Ian Jones (Scheme Member Representative)
Graham Evans (Scheme Employer Representative)
Debby Jones - (Scheme Employer Representative)
Chris Hurst (Pension Fund Manager, Secretary to the Board)
Jane Thomas – (section 151 Officer)

GUEST

Cllr Roger Phillips – (Chair of the Local Government Pension Scheme Advisory Board England and Wales)

1. APOLOGIES

Apologies were received from:
Wayne Thomas (scheme Employer Representative)
John Byrne (Scheme Member Representative)

The Board welcomed the new Employer Representative Debby Jones and guest speaker Cllr Roger Phillips.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF THE BOARD

The minutes of the last meeting held on 29 September 2023 were agreed as a correct record.

4. MATTERS ARISING

Cllr Phillips provided an overview of the Local Government Pension Scheme Advisory Board (SAB) and highlighted that:

A comprehensive range of people provided representation to the SAB.

Sub committees and additional committees had been formed including the responsible investment and compliance committee to tackle practical work issues.

Recent cost transparency workshops had taken place to work through best value with regards to investment fees.

The SAB work closely and monitor government legislation for which a new local government minister had recently been appointed. It was expressed that a number of regulations were awaited, significantly climate compliance and good governance.

It was felt that the eight pooled funds in Wales were working well and that collaboration to achieve better value for money on investment and different forms of investment were key.

Cllr Phillips replied to a question around the chancellors indication that pension funds should become a source of funding for investment for the UK economy and expressed that pooling could benefit from investments but only if they provided proper returns.

Item 6 – the Board had approved the Annual Pension Board Report 2022-2023 which would be incorporated into the Annual Report of the Powys Pension Fund and presented for approval to the Committee on 29 November 2023.

5. MINUTES OF PENSIONS AND INVESTMENT COMMITTEE
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The Board noted the draft minutes of the Pensions and Investment Committee of 06 October 2023.

It was highlighted that the Committee:

Item 4 – received the SAB summary for full understanding of the scale and complexity of the local Government Pension fund (LGPS).

2.3 – would receive the Annual Report on 29 November 2023.

3.1 – were informed that a strong messaged response had been submitted as part of a consultation to the Department of Levelling up.

3.2 – were assured by the Section 151 officer that administrative resource reviews would be carried out with benchmarking, in order to ensure the McCloud regulations were fully carried out.

6.1- received the changes to the risk register including the new risk on climate change.

7.2 – received information in regard to late submissions of employer contributions, covered in Items 7 and 17 below.

-was provided with the Cash Flow Report which was recommended by the Board.

-had approved the establishment of a Responsible Investment Subgroup.

The section 151 Officer provided an update to the Board and explained that a separate Board meeting would be held to focus on investment performance. Discussions were taking place with advisors for working groups to be established to improve the oversight of performance.

6. THE PENSION REGULATOR [TPR] CODES OF PRACTICE

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

Governing your Scheme [38-60]

40- 41 – a heat map scoring process was used to review completed training needs analysis to identify training needs, and all training opportunities were made available to the Committee and Board. It was agreed for the status to remain amber.

42 – Work was ongoing to build an online resource library and had begun by collating a series of training videos. The Pension Fund Manager was asked to consider publicity for the library when available.

46-53-57 – were linked to the items above and due to their relationship, it was agreed that an amber status be continued.

Conflicts of Interest and Representation [62-91]

It was noted that a formal Conflict of Interest Policy was approved by Committee in 2022 which had been adopted and shared with the newly appointed Board member.

91 – A vacant role for a Scheme Employer Representative was due to be filled shortly, and one role had been appointed.

7. OPERATIONAL AND ADMINISTRATION REPORT & UPDATE

The Board received the Operational and Administration report.

The Pension Fund Manager updated the Board that:

Updated figures would be circulated as soon as available, delays had incurred due to audit work being undertaken.

A query was replied to around cash flow modelling, and completed work with the Actuary would be shared with the Board.

It was stressed that the table did not include investment returns and the Pension Fund Manager would ensure that additional narrative would be added to the report.

The comparison in scheme membership (page 52) between 01 July and 30 September showed an increase which the tables also reflected the five key statuses and the impact on resources highlighted.

It was explained that the Pensions Team of fourteen would be back to full complement in the coming weeks following recruitment and absence. Pension qualifications were being progressed or had been gained by the Pensions Team, however it was recognised that training time did impact productivity.

The Board noted the importance of a fully trained team and how effectiveness and focus of priorities impacted performance when not at full capacity.

The Chair noted that the LGPS and SAB were focusing on a pensions qualification specifically for the LGPS which would help to attract and retain staff.

8. LEGISLATION AND GOVERNANCE UPDATE

The Board noted the Legislation and Governance Update.

The Pension Fund Manager highlighted:

2.0 Scheme Advisory Board

2.3 a knowledge and skills survey was launched for Committee and Board members to complete.

3.0 LGPS updates

3.1 – the Board noted a decrease of 8% in retirements compared with 2021/22 from the report.

3.2 –in preparation of the introduction of the McCloud regulations 01 October 2023 the team had been gathering information from employers. Impacts had been experienced by the team on processes performed for scheme leavers and retirements and the Board would be kept up to date with developments.

3.3 – the report showed replies received by the Local Government Association in response to abolishing the lifetime allowance and explained the difficulties in making any changes clear for members understanding.

A recent survey carried out by the Pensions Section with Council staff reflected that staff understood that the local government pension scheme was very good, but did not understand fully how it worked, which was a key focus and challenge for communications, the Pension Fund Manager explained how the All Wales Communication Group were able to provide support and demonstrated collaboration across Wales.

4.2 – link provided to the results of the independent review of the Pensions Regulator TPR.

5.0 - a high level data review had been carried out in preparation for the introduction of the dashboard and work was ongoing.

9. RISK MANAGEMENT POLICY

The Board considered the draft policy.

The Pension Fund Manager explained that the draft Risk Management Policy demonstrated best practice and provided clarity around the processes conducted before a risk was published, and how it was aligned to the risk register and Council policy.

The policy was broken down into four levels, each possible risk was seriously considered, and a robust scoring process completed. The Board carries out routine deep dives with recommendations being presented to the Committee.

The Board were assured that risks were not in the high risk areas of the heat map and felt that the document demonstrated clarity and requested that the Committee were made fully aware of the scoring process to gain full understanding of the risk register.

The Chair had previously written to the Group Leaders to retain Committee membership if possible due to training and expertise held by members.

Recommendations from the Board.

titles to be amended to provide clarity on the risk register pillars.

to reference the retention of Committee membership.

to emphasise elected and board member training.

to define a process to identify what risks could be significant to the Council and other Employers.

the Pension Fund Manager would recirculate the document once updated.

10. REVIEW OF RISK REGISTER

The Board noted the Risk Register.

The Pension Fund Manager made the Board aware that the format of the report had been improved to provide more detail of the latest update and commented that a new risk INVEST0012 around climate change had been added. The deep dives carried out by the Board had helped to consolidate risks, and the next cycle

would begin at the next quarterly meeting and an overview provided at the fourth meeting of the year.

Artificial Intelligence was raised as a possible potential risk for software providers, the Pension Fund Manager explained that considerations had been taken by the Council. It was further suggested that the risk may fall towards investment fund decision making and more understanding how investment managers were using artificial intelligence would be looked into.

11. DATA QUALITY TESTING

The Board noted the report.

The Pension Fund Manager explained that the report and data quality testing was a requirement of the Pensions Regulator in which data was tested against set criteria and provided on an annual basis with updates to be provided in January 2024 which would also feed into the Data Improvement Plan.

The regulator required the data to be tested against common (all pensions schemes) and scheme specific (LGPS) criteria.

The overall percentage of tests passed for Powys' common data was 98.5% (98.3% in 2022 and 97.7% in 2021).

It was explained that the address bar showed 97.48% within the graph, due to boxes within address fields being held in an incorrect format, and over 90% of data was received by the service electronically each month.

It was noted that data quality had improved within the team and that more data was managed due to scheme membership growth.

The overall percentage of tests passed for Powys' scheme specific data was 93.37% (91.95% in 2022 and 91.87% in 2021).

The members benefits bar 85.6% reflected how records were held historically for staff internal transfers with multiple roles, assurance was given to the Board that all records were checked at the time of the scheme member retiring or leaving. Comments had been received from the Actuaries that data quality had been of a good standard.

The Pension Fund Manager answered a query around the need for a data cleansing exercise and explained that resource and prioritisation was an issue, and the focus was on those leaving the scheme and receiving the correct benefits at the correct time. Data fields were corrected as soon as identified.

12. WALES PENSION PARTNERSHIP UPDATE

The Board noted the Wales Pension Partnership (WPP) update.

The Pension Fund Manager highlighted:

2.1 –The Wales Pension Partnership (WPP) annual report had been published for 2022-2023.

Attendance at WPP meetings impacted on staff time but benefits gained in administrative governance policies, investments, and opportunities to different asset classes which could not otherwise be accessed.

A query was answered that both the operator contract/procurement process and the Stewardship code report (page 109) had both been completed and deadlines were met.

The Pension Fund Manager would let the WPP know that the Powys Pensions Board expressed gratitude and were firmly reassured with ongoing progress made and deadlines were being achieved.

13. STANDING ITEMS WITH NO UPDATES REQUIRED
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The Board noted the following in respect of standing items and suggested the wording be re-considered as breaches would need to be reported at each meeting.

a. Breaches Register – a recordable breach around the statutory requirement of the submission of employer contributions and returns to the fund within set timeframes was added previously and the Pensions Investment Committee have been informed.

It was agreed that the Administration Strategy Statement would be reviewed once the Code of Practice 14 had been replaced by the General Code.

b. Audit Reports – An internal report was published in March 2023 and findings were of a low priority and caused no concern. Work had progressed with Welsh Audit to finalise the Council and Pension Fund accounts in order for the Annual Report to be approved at the Pension and Investment Committee on the 29 November 2023.

The Pension Fund Manager was awaiting a response from Internal Audit for confirmation of the internal audit programme for the coming year.

c. Board Communications Log – noted.

d. Internal Dispute Resolution Procedure [IDRP] – A stage two dispute in relation to a transfer has been received for reconsideration.

14. FUTURE BOARD MEETINGS

The Board noted the 2024 meeting dates.

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. UPDATE BY CHAIR OF PENSIONS BOARD
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The Chair provided a written update to the Board prior to the meeting which gave feedback from a recent training event for Board members.

Research was being undertaken by the LGPS to develop a clearer career path and the possible introduction of a pensions qualification.

It was discussed that a Cost Transparency and Climate Risk reporting template would be developed by the SAB and LGPS which would greatly assist smaller funds.

17. PERFORMANCE MEASUREMENT

The Board received the Performance Management Report (July to September 2023).

The Pension Fund Manager explained that work was ongoing with the new reporting system which interrogates databases to provide reports, an improved report was presented to Board, and noted that progress on developments had slowed due to staff absence and other prioritisation.

A bulk exercise to update the 'gone away' records would be carried out, and different approaches and providers would be investigated further.

The Board were reassured that a proposal for consideration to carry out and manage the overseas proof of life checking process on behalf of the Pension Fund had been received.

It was emphasised that the reports were an important part of the Pension Board responsibility and felt that the format could be made more user-friendly by providing more visual feedback.

Discussions took place in regard to the key performance indicators set internally against the statutory legal targets within the report and how they were achieved including the growth and the movement of membership and classification.

90% of all monthly electronic data was provided by the Council, however it was noted that due to scheme complexities manual checks were required.

Resolved: The Board were pleased with progress and felt that improvements to presentation would help with further understanding and security.

18. EMPLOYER PERFORMANCE

The Board received the Performance Management Report (July to September 2023).

The Pension Fund Manager would provide an update to its 09 February 2024 meeting in relation to the employers that do not comply with legislation, it was emphasised that the guidance within the Administration Strategy was being followed and further steps if needed would be presented to Board. The Board recommended that the Administration Strategy be reviewed once the Pensions Regulator's General Code of Practice was issued. The aim would be to achieve consistency between the requirements of General Code, the Administration Strategy, and the on-going working relationships and procedures with scheme employers.

Independent Chair Moore (Chair)