

## POWYS PENSIONS BOARD

Held at County Hall, Llandrindod Wells

on 15<sup>th</sup> July 2016

PRESENT:

Gerard Moore (Chair)

John Byrne and Mick Hutchison (Member Representatives)

Geoff Petty and Wayne Thomas (Employers Representatives)

Joe Rollin (Secretary to the Board)

Richard Antrobus (Aon Hewitt) for item 5.

		Action
1.	<b>Apologies</b>  None.	
2.	<b>Declarations of Interest</b>  None.	
3.	<b>Minutes</b>  The minutes of the last meeting held on 4 <sup>th</sup> March 2016 were agreed as a correct record.	
4.	<b>Confidential Matters</b>  <b>Resolved to exclude the public for item 11 below on the grounds that there would be disclosure to them of exempt information of a commercially sensitive nature.</b>	
5.	<b>Presentation by Aon Hewitt on Investment Manager Performance Targets</b>  Richard Antrobus from Aon Hewitt explained the changes made to the quarterly reports following suggestions made by the Board with the introduction of a buy, sell and qualified rating system in the executive summary. He explained that the classification for illiquid holdings was different because these were longer term commitments.	

	<p>He also advised that WM would no longer be providing benchmarking data. PIRC had taken on key staff from WM and were offering the service. They currently acted as administrators for the Local Government Pension Fund Forum.</p> <p>The Board asked about the strategic allocations and was advised that the Medium Term Asset Allocation set out how allocations affected performance. Aon Hewitt advised the Committee when positions got out of line. The Board considered that it would be helpful if asset allocation was included in the executive summary and for the quarterly report to show how much performance was attributable to manager performance and how much to asset allocation.</p> <p>The Board asked about management fees and transaction costs. Aon Hewitt had a unit looking at due diligence and fees. In order to meet the requirements of best practice and transparency the Board</p> <p><b>Recommended that the Pensions and Investment Committee receive details of total expense ratios on a manager by manager basis every quarter.</b></p> <p>The Board also considered that the Committee needed to be aware of the extent to which performance was due to fluctuations in currency as opposed to manager performance.</p> <p>The Secretary was asked about indemnity for Board members against fines by the Pensions Regulator. James Goudie QC had given a legal opinion that the Board was not a committee of the Council and therefore not covered by the Council's insurance. The Board asked the Secretary to speak to the Council's insurers and to forward a copy of the legal opinion to the Board. The Board also asked for this to be a standing item on the agenda until resolved.</p>	<p><b>Secretary to arrange with Aon Hewitt</b></p> <p><b>Secretary</b></p>
<p><b>6.</b></p>	<p><b>Board Report 2015/16</b></p> <p>The Board received and agreed the annual report for 2015/16.</p>	
<p><b>7.</b></p>	<p><b>Board Work Programme</b></p> <p>The Chair advised he was waiting for imminent guidance from the Pensions Regulator which would inform what areas the Board should be looking at as its priority areas for 2016/17.</p> <p>Other items for inclusion in the work programme were:</p> <ul style="list-style-type: none"> <li>• Administration of the Fund eg receipt of contributions from employers.</li> <li>• Internal Audit reports – Secretary to speak to Internal Audit to see if there any reports due this year.</li> </ul>	<p><b>Secretary</b></p>

	<ul style="list-style-type: none"> <li>• Pension Fund Accounts – item for next agenda</li> <li>• Key Performance Indicators</li> <li>• Risk Register – red items</li> <li>• List of Recordable Incidents – standing item on the agenda.</li> <li>• GMP reconciliation</li> <li>• Creation of a Welsh Pool and the role of Pension Boards.</li> </ul> <p>On this last point the Secretary advised that the Welsh Authorities’ submission was under consideration by the UK Government. It was likely that the Welsh Pool would be administered by a joint committee of the Chairs of the eight Welsh pension funds but there was no indication at this stage of what role there would be for Pension Boards.</p> <p>In relation to the exercise undertaken by the Government Actuary’s Department under s.13 of the Public Service Pensions Act 2013 as a ‘dry-run’ for next year’s real exercise, the Secretary advised that the purpose of the exercise had been to identify any undue risks associated with actuarial assumptions adopted for the Fund. The Powys Fund had been rated green in every category against an RAG risk assessment. (RAG assessments score risks against coloured flags ie red, amber and green).</p>	
<p><b>8.</b></p>	<p><b>Draft Pensions and Investment Committee Minutes</b></p> <p>The minutes for the meeting held on 11<sup>th</sup> July had not yet been drafted.</p>	
<p><b>9.</b></p>	<p><b>Investment Consultant Appointment</b></p> <p>The Secretary advised that Aon Hewitt had been appointed as investment consultants to the Powys Fund for a further 5 years.</p> <p>The Chair reported that he had met the Council’s Section 151 Officer and had discussed with him the possibility of the Board and Committee holding an occasional joint meeting. One prior to the 2017 council elections could be timely. He had also suggested the Board could undertake reviews on behalf of the Committee following the local government elections in 2017 when there was a risk that experienced committee members may not return. The S151 Officer would emphasise to group leaders the importance of continuity on the committee following the elections.</p> <p>The Board received a paper confirming that none of the six consultants appointed to the National LGPS Framework received a commission from investment managers in relation to their roles as consultants to LGPS Funds.</p>	

10.	<p><b>Risk Register</b></p> <p>The Board asked that reference to legal agreements with investment managers be included as a control measure. The Board agreed to look at a recent agreement in respect of the custody of assets.</p>	<p><b>Secretary – item for next meeting</b></p>
11.	<p><b>Audit Reports</b></p> <p>The Board received the Internal Audit report into the management of the Pension Fund and noted the findings that “internal controls were in place and operating effectively. Any weaknesses identified relate only to issues of good practice which could improve the efficiency and effectiveness of the system or process. Risks against the achievement of objectives are well managed.”</p> <p>The Board noted that the report had referred to training and the Secretary advised that there was some succession planning to mitigate the risk of key personnel leaving.</p>	
12.	<p><b>Cessation of Contracting Out</b></p> <p>The Secretary gave an update. The comparison of DWP data had been completed and now the mismatches were being analysed to see which needed to be investigated and which could be accepted. The Council had engaged the services of a specialist pension system data analyst firm to work with the Pensions team on this and it was anticipated that this would take around 6 months.</p> <p>Phase 3 would be the rectification of individual cases. Only a very small number of mismatches affected the sums due to individuals to any great extent. Any costs arising would fall to the Council as employer or as appropriate to other employers within the Fund.</p>	
13.	<p><b>Board Member Training</b></p> <p>Item for next agenda.</p>	
14.	<p><b>Next Meeting</b></p> <p>14<sup>th</sup> October 2016.</p>	

Gerard Moore  
Chair