

## POWYS PENSIONS BOARD

Held at County Hall, Llandrindod Wells

on 27<sup>th</sup> November 2015

PRESENT:

Gerard Moore (Chair)

Mick Hutchison (Member Representative)

Geoff Petty and Wayne Thomas (Employers Representatives)

Joe Rollin (Secretary to the Board)

Dan Paley (Financial Reporting & Policy Accountant)

		Action
1.	<b>Apologies</b>  None received.	
2.	<b>Declarations of Interest</b>  Those who were members of the Local Government Pension Scheme declared an interest.	
3.	<b>Minutes</b>  The minutes of the last meeting held on 31 <sup>st</sup> July 2015 were agreed as a correct record subject to the correction of errors under item 4, deletion of the word "agreed" in the third paragraph and item 8 deletion of the word "questioning" in the first paragraph.	
4.	<b>Matters Arising</b>	
a)	<b>Terms of Reference of Powys Pension Board</b>  The Board was advised that the Pensions and Investment Committee had approved the amendments to the Terms of Reference that the Board had requested.  <b>Resolved that the amendments to Powys Pension Board are noted that the Chairman is authorised to sign the document.</b>	<b>Chair</b>

b)	<p><b>Annual Report &amp; Accounts 2013/14</b></p> <p>The Board received details of the Direct Administration Fees that had been asked for at the last meeting. The Board noted the increase in actuarial fees due to the outsourcing of County Council services and questioned whether this expense should be borne by the Pension Fund when it was the Council that was outsourcing services. The Secretary was asked to raise this with the Council's Strategic Director – Resources.</p>	<b>Secretary</b>
c)	<p><b>FSS (Actuarial Valuation)</b></p> <p>Dealt with under item 8 below.</p>	
d)	<p><b>Governance Compliance Statement</b></p> <p>Dealt with under item 9 below.</p>	
e)	<p><b>Scheme Communications Strategy</b></p> <p>Dealt with under item 10 below.</p>	
f)	<p><b>Quarterly Investment Update</b></p> <p>The Board was pleased to note that the Pensions and Investment Committee had accepted its recommendation on the presentation of investment performance data and that Aon Hewitt had incorporated this information in their last report to the Committee.</p>	
g)	<p><b>Board Work Programme</b></p> <p>Dealt with under item 15 below.</p>	
5.	<p><b>Confidential Matters</b></p> <p><b>Resolved to exclude the public for item 6 below on the grounds that there would be disclosure to them of exempt information of a commercially sensitive nature.</b></p>	
6.	<p><b>Quarterly Investment Update</b></p> <p>The Board received the Aon Hewitt report on the performance of fund managers for the quarter ended 30 June 2015. Members welcomed the new format used in the report showing the allocation of funds between managers.</p>	

	<p>Members asked about the Aon Hewitt fee structure and the Aon Hewitt discount referred to in the appendix to the report. The Secretary was asked check with Aon Hewitt the basis on which the discount was arrived at as the Board felt that without this information there may be a perception of a lack of transparency. Members felt that it would be useful to see how these fees compared with other pension funds and the Chairman advised that the Scheme Advisory Body was a useful source for this information.</p> <p>Members noted that most of the Fund's managers were missing their targets even while matching or outperforming the benchmark which may mean that the targets were not being set correctly. The Secretary was asked to raise this with Aon Hewitt.</p> <p>The Chairman suggested that it would be useful for members of the Pensions and Investment Committee to have training on stock lending so that they understood the risks and rewards and he asked the Secretary to raise this with the Wales pension fund managers group to see if training could be organised nationally. Alternatively, the Chairman offered to undertake the training for Powys members.</p>	<p><b>Secretary</b></p> <p><b>Secretary</b></p> <p><b>Secretary</b></p>
<p><b>7.</b></p>	<p><b>Powys Pension Fund Annual Report &amp; Accounts 2014/15</b></p> <p>The Board received the Pension Fund accounts for 2014/15 and noted the increasing gap between the number of active scheme members and pensioners and deferred members.</p> <p>The Chair recommended that the Council review its Compliance Statement and consider including more detail, particularly in relation to Performance Assessment.</p> <p>The Secretary advised that the Investment Strategy Statement would replace both the Compliance Statement and the Statement of Investment Principles in 2016 and that this would give an opportunity to look the wording.</p> <p>The Chairman sought and was given reassurance that the Council and the Pension Fund had segregated bank accounts. He suggested that comment on page 26 "The Council has immediate access to its pension Fund cash holdings" needed to be reworded to reflect this.</p>	<p><b>Financial Reporting &amp; Policy Accountant</b></p> <p><b>Financial Reporting &amp; Policy Accountant</b></p>

<p><b>8.</b></p>	<p><b>Actuarial Valuation 2016</b></p> <p>The Secretary advised that the timetable for the 2016 actuarial valuation had been agreed with the Actuary. The initial results were expected in time for the Fund employers meeting in November 2016 and the final report by 31 December 2016. The Secretary would keep the Board updated.</p> <p>The Secretary confirmed the arrangements for Council staff being transferred under TUPE and advised that they were written to at the time of transfer and informed of their right to join the pension scheme if they were not already members.</p>	
<p><b>9.</b></p>	<p><b>Governance Compliance Statement</b></p> <p>The Board was advised that the Governance Compliance Statement had been approved by the Pensions and Investment Committee on 30 September. The Clerk was asked to check whether this had to be approved by the Council.</p> <p>The Chairman noted that Appendix A included a reference to the annual business plan being approved. The Secretary advised that there wasn't one and he was asked to consult with the Section 151 Officer to see if this reference should therefore be deleted.</p>	<p><b>Clerk – it is confirmed that the Committee has full delegated authority to approve.</b></p> <p><b>Secretary</b></p>
<p><b>10.</b></p>	<p><b>Scheme Members Communications Strategy</b></p> <p>The Board was advised that the Communications Strategy Statement had been approved by the Pensions and Investment Committee on 30 September.</p>	
<p><b>11.</b></p>	<p><b>Commentary on Board Creation Compliance</b></p> <p>The Chairman advised that he had sought advice from the LGPS Scheme Advisory Board that there was nothing to prevent membership of more than one Pension Board and it had been confirmed that this was the case.</p> <p>The Board noted that its establishment was in accordance with the statutory requirements.</p>	

12.	<p><b>Procedure for Reporting Breaches of the Law to the Pensions Regulator</b></p> <p>The procedure had been adopted by the Pensions and Investment Committee on 30 September.</p> <p>The Chairman noted that there was no system in place for recording breaches that were not significant enough to report to the Regulator and it was agreed that the Secretary would establish one.</p>	<b>Secretary</b>
13.	<p><b>Investment Manager Internal Controls</b></p> <p>The Board was advised that the annual review of assurance reports on the internal controls of organisations it invests with had been carried out. Nine of the Fund Managers reports were unqualified while another two included minor qualifications relating to controls not operating effectively for periods covered by the reports.</p>	
14.	<p><b>Internal Audit Report</b></p> <p>The Committee received the report of the County Council's Internal Auditor on the Pension Scheme and the action plan that had been agreed in response.</p>	
15.	<p><b>Board Work Programme</b></p> <p>It was agreed to defer this to the next meeting.</p>	
16.	<p><b>Cessation of contracting out: Update</b></p> <p>The Secretary advised that the initial matching exercise for pensioners and deferred members with HMRC had found 75% of data mismatched. The figures for active members was likely to be the same. Given the scale of mismatches the Council was unlikely to be able to undertake the exercise in-house and would therefore look to contract out with either public or private funds.</p>	
17.	<p><b>Board Member Training</b></p> <p>There was one training needs assessment outstanding from the Board and one for the Pensions and Investment Committee.</p>	

	The Board indicated their preference for in-house training events, preferably held in Llandrindod Wells.	
<b>18.</b>	<b>Date of Next Meeting</b>  It was agreed to go ahead with the next meeting on 22 <sup>nd</sup> January. Geoff Petty advised that he may have a work commitment on that day and would have to send his apologies.	

Gerard Moore  
Chair