

Powys Pensions Board

Meeting Venue
By Teams

Meeting Date
Friday, 28 October 2022

Meeting Time
10.00 am

For further information please contact
Carol Johnson
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County Hall
Llandrindod Wells
Powys
LD1 5LG

24 October 2022

AGENDA

1.	APOLOGIES
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To receive apologies for absence.

2.	DECLARATIONS OF INTEREST
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To receive any declarations of interest.

3.	MINUTES OF THE BOARD
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To authorise the Chair to sign the minutes of the previous meetings of the Board held on 27 June and 6 September 2022 as correct records.

(Pages 5 - 14)

4.	MATTERS ARISING
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a) Verbal update from the Chair.

5.	MINUTES OF PENSIONS AND INVESTMENT COMMITTEE
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Minutes of Pensions and Investment Committee held on 15 July 2022.

(Pages 15 - 20)

6.	REVIEW OF COMPLIANCE WITH TPR CODE 14
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Updates made with regards to compliance of the TPR Code of Practice 14.

(Pages 21 - 36)

7.	OPERATIONAL AND ADMINISTRATION REPORT & UPDATE
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To receive the report.

(Pages 37 - 38)

8.	LEGISLATION AND GOVERNANCE UPDATE
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To note the report.

(Pages 39 - 44)

9.	REVIEW OF RISK REGISTER
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To review the Risk Register and consider any new risks.

(Pages 45 - 66)

10.	COMMUNICATIONS STRATEGY STATEMENT
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To note the Communications Strategy Statement.

(Pages 67 - 76)

11.	DATA IMPROVEMENT PLAN
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To note the Data Improvement Plan.

(Pages 77 - 84)

12.	DATA QUALITY TESTING 2022
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To note the report.

(Pages 85 - 88)

13.	DRAFT BOARD REPORT FOR PENSION FUND ANNUAL REPORT
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To consider the Draft Pension Board Annual Report.

(Pages 89 - 98)

14.	STANDING ITEMS WITH NO UPDATES REQUIRED
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- a. Breaches Register
- b. Audit Reports
- c. Board Communications Log
- d. Internal Dispute Resolution Procedure [IDRP]

(Pages 99 - 102)

15.	CONFIDENTIAL
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The Board needs to consider in accordance with Section 106 [8] Local Government Pension Scheme [LGPS] Regulations 2013 whether it 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 UPDATE
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To receive a verbal update.

17.	WALES PENSION PARTNERSHIP - INVESTMENT POOLING UPDATE [STANDING ITEM]
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To note the report.

(Pages 103 - 104)

18.	GMP RECONCILIATION
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To note the report.

(Pages 105 - 108)

19.	FUTURE BOARD MEETINGS
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2022

21 November – 2pm

2023

10 February – 10am

12 June – 2pm

11 September – 2pm

20 November - 10am

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**MINUTES OF A MEETING OF THE POWYS PENSIONS BOARD HELD AT BY
TEAMS ON MONDAY, 27 JUNE 2022**

PRESENT

Gerard Moore (Chair)

John Byrne (Scheme Member Representative)

Nigel Brinn (Employer Representative)

Wayne Thomas (Employer Representative)

In attendance

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

1.	APOLOGIES
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Apologies were received from Graham Evans (Employer Representative) and David Powell (Scheme Member Representative).

2.	DECLARATIONS OF INTEREST
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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.

The Chair also advised that as the item on Additional Voluntary Contributions [AVC] was for information only, anyone who was making such contributions did not need to declare an interest.

3.	MINUTES OF THE BOARD
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The minutes of the last meeting held on 1 March 2022 were agreed as a correct record.

4.	MATTERS ARISING
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The Chair advised that The Pension Regulator [TPR] had advised it intends to place the legislation, in respect of the Singular Modular Code, before Parliament before the summer recess on 21 July 2022. The Pension Fund Manager would circulate any information produced by TPR once this had been done.

5.	MINUTES OF PENSIONS AND INVESTMENT COMMITTEE
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The Board received the Pensions and Investment Committee's draft minutes for 11 March 2022 and 17 June 2022.

Draft minutes 11 March 2022

- Comment was made that the Council's net zero target in respect of investments in fossil fuels for the Pension Scheme had to be meaningful and measurable. The ability to meet this target may be affected by the current situation in Ukraine. The Pension Fund Manager advised that the Council may form a view on such issues. However, the Pensions &

- Investment Committee was independent of the Council and was continuing to consider this issue and would set appropriate targets.
- Investment Strategy Statement [ISS] – it was noted that the Committee had asked that the relationship between the County Council and the Pensions and Investment Committee be formalised in the ISS. The Pension Fund Manager advised that the relationship had also been referred to in the Governance and Compliance Statement which was published on the website.
 - The Board noted the Governance arrangements which had been put in place during the election period.

Draft minutes 17 June 2022

- The Board noted the reappointment of the previous Committee Chair and Vice Chair. The Board Chair advised that he had formally approached the Group Leaders stating that continuity of membership was important for the Committee and that he hoped that if the previous post holders were re-elected they would be re-appointed to the Committee.

The Pension Fund Manager advised that recruitment to the scheme member and employer co-opted vacancies on the Committee was under way.

6. TPR [THE PENSION REGULATOR] CODES OF PRACTICE

The Board reviewed the following sections of Code of Practice 14 and noted the following [numbers refer to the Compliance indicator]:

Managing Risks [104 – 120]

114 – as part of the triennial valuation the actuary was reviewing the employer covenants. The Board were concerned about the impact of inflation on certain types of employers.

115 - once the implications of the Single Code are known, the Board will review in depth the internal controls within the “Managing Risks” section.

116 – an internal audit was expected during 2022. The Pension Fund Manager advised in response to a question that he would consider how the internal audit report is jointly considered by the Pensions & Investment Committee and Board.

Maintaining Contributions [147 – 169]

The Pension Fund Manager advised that it was ultimately the intention that the payment of contributions would be automated where possible, technology permitting.

Reporting breaches of the law [244 – 270]

The Breaches Register is considered by the Board at each meeting and the policy and log are reviewed regularly.

The Board agreed that it would undertake a “deep dive” review of a specific area and this would be included in the work programme during the next 12 months.

7. OPERATIONAL AND ADMINISTRATION REPORT & UPDATE

The Board received and noted the Operational and Administration report.

In response to a question the Pension Fund Manager advised that the increase in Income was as a result of the back payment of the pay award. The Board noted that the Key Performance indicators report would be incorporated into the Operational and Administration report when officers were satisfied that the data in the former was accurate.

8.	NEW LEGISLATION AND GOVERNANCE UPDATE
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The Board received the New legislation and Governance update report.

The Board noted that the Department for Levelling Up, Housing and Communities (DLUHC) had published the Levelling Up White Paper. The Welsh Pension Partnership [WPP] was developing plans for the investment in local infrastructure in the UK and the Pension Fund would consider this asset class when available. The Board considered that this asset class would not only benefit the Fund but also society.

The Pension Fund Manager advised that the changes to the normal minimum pension age [from 55 to 57 from 6 April 2028] brought in by The Finance Act 2022 does not need to be communicated to members as the Local Government Pension Scheme [LGPS] regulations on when benefits are payable had not changed, however it would be considered good practice to provide some information. When these rules are aligned with the normal minimum pension age information will be sent to members as a requirement under the LGPS regulations.

LGPS Investments in Russia – the DLUHC letter to Pension Funds was noted. The WPP and the Pension Fund had agreed early on to disinvest in Russian held investments as soon as practically possible.

DLUHC letter on McCloud remedy – it was noted that the Fund had discussed how this would be addressed in the 2022 triennial valuation with the Actuary.

Letter from Prudential on administration delays for the LGPS – in response to a question regarding whether any delay in the Prudential's annual benefits statements, should the Fund be recording this as a breach, the Pension Fund Manager advised he thought the company had considered that. He advised that if they had not it would be considered by the Pension Fund.

Pensions Dashboard – the Pension Fund Manager advised that the Data Improvement Plan was already in place. Data is cleansed on an ongoing basis rather than just at year end. The level of interaction with the ecosystem is as yet unknown and further information is expected soon.

Annual Benefits Statement – the Pension Fund Manager advised that work for the Annual Benefits Statement was on schedule to be completed by the deadline of 31 August 2022. The Board noted that approx. 60% of active members and approx. 45% of deferred members were using the Pension Portal.

Valuation – the ongoing data cleansing had reduced the risk of issues at one point in the year. The Board acknowledged that the ongoing data cleansing

process is an example of risk management, making the team less vulnerable to staff absences at crucial times of the year.

9. GOOD GOVERNANCE UPDATE

The Board received the report.

The Board Chair advised that it had been stated by TPR that being a member of the LGPS is not in itself a conflict of interest for Committee members. It was noted that for transparency, Committee members declare such membership at meetings. The Pension Fund Manager advised similar procedures are in place across Wales, although it may be location dependant.

The following comments were made on the Draft Conflicts of Interest Policy:

- the Policy also applies to the independent Board Chair
- details of any conflicts would be kept on a register for the Pension Fund
- the order in which references are made to the law should be altered, so that the law relating to the Pensions & Investment Committee are given first
- references to the National Assembly Wales should be changed to the Welsh Government.
- where required rules relating to scheme members should be clarified
- potential and actual conflicts need to be clarified.

The Pension Fund Manager asked that any further comments should be sent to him.

10. RISK REGISTER UPDATE

The Board received the Risk Register, but members agreed that the document was difficult to read online and properly scrutinise.

The Board agreed to defer consideration of the Risk Register to an extra meeting, when paper copies of the information would be sent to the Board and that this meeting would also consider the draft annual Board report.

11. STANDING ITEMS WITH NO UPDATES REQUIRED

The Board noted the following in respect of standing items:

- a. Breaches Register – there were no new breaches recorded for other reasons.
- b. Audit Reports – a report would be considered when available
- c. Board Communications Log - noted
- d. Internal Dispute Resolution Procedure [IDRP] – no new or ongoing cases.

12. 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.

13. PENSION BOARD CHAIR UPDATE

The Chair advised that Councillor Roger Philips, Chair of the Scheme Advisory Board [SAB] would attend the Board meeting on 19 September 2022. The Board Chair advised that this meeting would ideally be held in County Hall and he hoped all members could attend in person or via a hybrid meeting. The SAB 2021 annual report would be included on this agenda.

Nigel Brinn, Employer Representative left the meeting for Council business.

14.	WALES PENSION PARTNERSHIP - INVESTMENT POOLING UPDATE [STANDING ITEM]
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The Board received the report regarding the Wales Pension Partnership [WPP].

The Board noted that:

- the WPP had become a signatory to the UK Stewardship Code.
- the Private Market infrastructure investments would hopefully be available by the end of 2022
- the Business Plan would be considered by the Pensions & Investment Committee on 15 July 2022.

The Board Chair commented that the WPP Business Plan was a very transparent document and assurances could be gained from this. For a future document, reference should be made to the fact that a scheme member observer now attended the Joint Governance Committee meetings.

15.	RESPONSIBLE INVESTMENT
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The Board received the report on Responsible Investment and the work undertaken by the Fund since 2019. The Responsible Investment Policy was published in 2019 and is being reviewed and will be updated and published in due course. The WPP has become a signatory to the UK Stewardship Code and the Fund is considering the process involved to become a signatory. The Fund has a small exposure to fossil fuels and its policy is to engage with these companies to encourage positive change. Divesting is an option when changes are not made, or progress is not as expected.

John Byrne, Scheme Member representative left the meeting. As a result the meeting became inquorate.

16.	BUSINESS PLAN
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The following comments were made on the draft [numbers relate to the specific section]:

- 1.2 – the funding level should be included
- 1.3 – the information about the overall size of the LGPS needs to be consistent with the details in the SAB report
- 4 – the acronym CARE should be explained. Data quality is monitored by TPR on an annual basis.
- 5 – reference to the 2022 triennial valuation will be added if appropriate
- 6 – reference should be made to the role of the Pension Board
- 7 – regular meetings are held between the Pension Fund Manager and the S151 officer.

The draft would be updated and considered at the next Committee meeting.

17.	WORKFLOW UPDATE
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The Board received the work in progress Workflow report. Performance during the quarter for all processes was 89.3% against a desired target of 100%. However, this reflected the impact of the administration team training new staff. The Pension Fund Manager advised that work was continuing to develop and check the reporting system and once he was satisfied that the information was robust, the workflow report would be included on the public agenda. The Board welcomed this progress.

Gerard Moore (Chair)

MINUTES OF A MEETING OF THE POWYS PENSIONS BOARD HELD AT BY TEAMS ON TUESDAY, 6 SEPTEMBER 2022

PRESENT

Gerard Moore (Chair)

Graham Evans (Employers Representative)

David Powell (Member Representative)

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

1.	APOLOGIES
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Apologies for absence were received from John Byrne [Scheme Member representative] and Nigel Brinn [Employer Representative].

2.	DECLARATIONS OF INTEREST
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There were no declarations of interest.

The Chair advised he had completed his training role with the Chartered Institute of Public Finance and Accountancy [CIPFA] and therefore would not need to make any declarations if reference was made to CIPFA when discussing the Board's training.

3.	REVIEW OF RISK REGISTER [STANDING ITEMS]
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The Chair advised that the extra Board meeting had been organised to enable the Board to consider the Risk Register as it was unable to do so at the meeting on 27 July 2022.

The Pension Fund Manager advised that the details in the previous Risk Register had been transferred to the Powys Risk Register system and was presented to the Board in this new format for the first time. The Board agreed that the format was easier to read than the format previously used.

It was noted that the Risk Register had been split into three categories:

- Administration
- Governance and
- Investments

The Administration Risk Register was considered. The Board noted the following or made the following comments [the numbers shown are the Risk Reference numbers]:

Admin0001 – the Powys payroll system is used for the payment of pensions and internal audit and Wales Audit undertake audits on this system. These audit reports are available to the Pension Fund Manager and meetings are held regularly with the Payroll Team to discuss any issues. The Pension Fund Manager advised service level agreements are being reviewed. It was noted that there are backup systems to the payroll system and there had never been a time when the payroll backup system had to be utilised.

Admin0002 – the loss of pension and other systems would be critical. The Board noted the mitigations but considered that the inherent and residual risk

should be the same as Admin0001. **The Board recommended that the inherent and residual risk should be 6 and 2 respectively.**

Admin0003 - the Pension Fund Manager advised that data quality testing has been undertaken on an annual basis. However, more frequent data quality testing can now take place and at least two tests will be undertaken each year and this will be reflected in the Data Improvement Plan. Data quality is currently high, with common data at 98% and scheme specific data at 92%. Due to the multiple parties involved in the provision of data, it was considered that the inherent risk should be increased. **The Board recommended that the inherent risk should be 8.**

Admin0004 – After discussion the Board recommended that **Admin0003 and Admin0004 should be kept as separate risks, as they related to risks associated with employers and scheme members respectively.** The Pension Fund Manager advised that generic newsletters were issued but further work was required to develop communication targeted at specific groups of scheme members. He agreed to send the website link to the newsletters to the Board.

Admin0005 – the Board noted that the Communications Policy was currently being reviewed. **The Board agreed to consider the revised draft Communications Policy and newsletters.**

Admin0006 – reference to the Funding Strategy Statement would be added to the Controls and Actions information. The Board noted that as a result of the risk sharing agreement within the Fund risks are higher. **In light of this higher risk the Board recommended that the inherent and residual risk should be 6 and 4 respectively.**

Admin0007 – The Pension Fund Manager advised that the risks associated with smaller employers, such as town and community councils, are pooled together. **The Board recommended that reference to this should be made in the Controls and Actions information.** Comment was also made that if the number of employees reduced, due to budgetary constraints on the employer, this would have an adverse impact on the fund. The Pension Fund Manager noted this and advised he would consider which section of the Risk Register in which this should be reflected.

Admin0008 – the Pension Fund Manager advised that the Cessation of contracting out Project should be completed by the end of the year, at which point the risk would be removed from the Register.

Admin0009 – the high inherent risk was noted.

Admin0010 – the Pension Fund Manager advised that the residual risk was set at 4 as the checking exercise on the existence of overseas pensioners had not yet been completed.

The Board recommended the inherent and residual risk scores stated in the document other than those referred to above. The Pension Fund Manager advised he would review and update the detail in the Latest Risk Review column prior to the Register being considered by the Pensions and Investment Committee.

The Board considered that the “deep dive” of this section of the Risk Register was an important exercise. **The Board agreed that two further short meetings should be arranged to allow it to complete a “deep dive” of the Governance and Investments sections of the Risk Register and then annual “deep dives” would be undertaken. The Board agreed that at each**

quarterly Board meeting it would also consider whether any new risks should be added to the Risk Register.

Gerard Moore (Chair)

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**MINUTES OF A MEETING OF THE PENSIONS AND INVESTMENT COMMITTEE
HELD AT BY ZOOM ON FRIDAY, 15 JULY 2022**

PRESENT

County Councillor P E Lewis (Chair)

County Councillors E A Jones, A Kennerley, C Kenyon-Wade, D H Williams,
D A Thomas and Moore

1.	APOLOGIES
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There were no apologies for absence.

2.	DECLARATIONS OF INTEREST
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Councillors A Jones, A Kennerley, P Lewis and H Williams declared interests as members of the Local Government Pensions Scheme. These are personal interests, not prejudicial interests in accordance with Paragraph 12(b) (iv) of the Members Code of Conduct 2016.

3.	MINUTES
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The Chair was authorised to sign the minutes of the Pensions and Investment Committees meeting held on 11 March 2022 and 17 June 2022 as correct records.

Councillor C Kenyon-Wade joined the meeting.

4.	PENSIONS BOARD MINUTES
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The Committee received the Board Chair's report and draft minutes of the Board meeting held on 27 June 2022.

The Board Chair advised that as this was the first Committee meeting since the May election he had provided information in his report on the role of the Board. The Committee noted that the Board's recommendations on the Funds Business Plan and the draft Conflicts Policy had been incorporated into these documents which were on the agenda. He advised that the Board was unable to review the Risk Register and a further meeting was to be arranged to do this. The Chair advised that the Chair of the Scheme Advisory Board would be attending the September Board meeting.

Resolved that the report be noted.

5.	ADMINISTRATION AND GOVERNANCE UPDATE
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The Committee received the Administration and Governance report.

The Pension Fund Manager highlighted various issues. In respect of the Risk Register he advised that the risks were now divided into three areas, Administration, Governance and Investment. No new risks had been added since the last meeting. As advised by the Board Chair, the Risk Register would be reviewed by the Board and then presented to the Committee. In response to

a question about the number of risks identified as amber, the Pension Fund Manager that this was due to their potential impact. He advised that the Board would consider the classification of the risks when it reviewed the Register.

The Pension Fund Manager agreed that an explanation would be provided in the Risk Register regarding the scoring system used.

Resolved that the report be noted.

6.	GOOD GOVERNANCE PROJECT UPDATE
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The Committee received the report.

The Pension Fund Manager advised that the Scheme Advisory Board's (SAB) review of Good Governance had resulted in a Phase 3 report and action plan. Although many recommendations require further guidance, the Fund has identified the following which can be considered by the Fund prior to any further legislation, namely the development of a Conflicts of Interest Policy, a Knowledge and Skills assessment framework and a Business Plan. These items are considered on the agenda.

In response to a question the Pension Fund Manager advised that third party providers used by the Fund are asked to state how their systems are tested in respect of cyber security.

The Committee considered the Conflict of Interest Policy. The Pension Fund Manager advised that the information would be held by him and the information would be reviewed annually with the policy being reviewed every three years.

Resolved that

- 1. The report is noted and**
- 2. that the Conflicts of Interest policy is approved.**

7.	KNOWLEDGE AND SKILLS FRAMEWORK INCLUDING MEMBER TRAINING
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The Committee received the report.

Resolved that

the Committee complete an up-to-date training needs analysis form in order to assess training requirements.

8.	WALES PENSION PARTNERSHIP [WPP] UPDATE
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The Committee received the update report on the Wales Pension Partnership [WPP]. The Committee noted that the WPP is now a signatory to the UK Stewardship Code.

The Committee considered the WPP's Business Plan, which each of the eight Constituent Authorities had to approve. The Pension Fund Manager advised that the Plan was for three years but would be reviewed annually.

Resolved that

1. the report is noted and
2. the Wales Pension Partnership 2022 – 2025 Business Plan is approved.

9.	EXEMPT ITEM
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RESOLVED to exclude the public for the following items of business on the grounds that there would be disclosure to them of exempt information under category 3 of The Local Authorities (Access to Information) (Variation) (Wales) Order 2007).

10.	PENSION FUND BUSINESS PLAN
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The Committee considered the draft Pension Fund Business Plan 2022/23.

The Pension Fund Manager referred the Committee to the Mission Statement and Objectives. The following comments were made:

- the Mission Statement and Objectives should state the position of the Fund at present in respect of investment approaches towards fossil fuels and climate change etc and how it wishes to progress on such issues.
- Reference should be made to the Wellbeing of Future Generations Act.
- Digital Transformation should be optimised rather than maximised, to reflect the fact that some scheme members may prefer to receive hard copies of information
- Links to where the reader of the Plan can find more detailed information should be included.

Resolved

To approve the Draft Business Plan, as recommended in the Scheme Advisory Board Good Governance Project and future Plans take into account the comments made as detailed above.

The Committee took the Asset Allocation views July 2022 item next.

11.	ASSET ALLOCATION VIEWS JULY 2022
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The Chair welcomed Koray Yesildag and Kenneth Ettles, Aon to the meeting.

Aon provided an overview of the key issues in the third Quarter namely whether inflation was peaking, the risk of recession and the risk of changes in interest rates. It was noted that no asset class performs well over all of these risks but diversification can improve a portfolios resilience.

The Committee noted that currently the strategic level of equity protection is set at 50%. Due to the concerns in the market over the next 12 to 18 months Aon recommended that this level of protection should increase to between 65% to 70%. In addition, the credit risk should also be reduced by disinvesting £30m in Multi Asset Credit sub-funds in favour of Absolute Return Bonds, as the latter were less sensitive to market changes.

Aon advised in response to a question that the protection currently in place had protected the Fund in 2022.

Resolved

- 1. That in principle the strategic level of equity protection is increased from 50% to 70% and**
 - i. that Aon provides further information for the consideration of the Committee and**
 - ii. that it be delegated to the Chair and Vice Chair in consultation with the S151 Officer to finalise the change, taking into account the views of the Committee.**

- 2. That the exposure to Multi Asset Credit sub-funds is reduced by £30m in favour of Absolute Return Bonds.**

12.	WALES PENSION PARTNERSHIP [WPP] SUB-FUNDS LATEST VIEWS
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The Chair welcomed George Feane, Aon to the meeting. The Committee considered the report on the new Wales Pension Partnership [WPP] sub-funds.

The Committee noted that the benchmark for Infrastructure/Private Debt in the Powys Pension Fund's Strategic Asset allocation was 10% and currently no funds are invested in these asset classes. The WPP had now made available three "open-ended" Infrastructure funds in which the Fund could invest. It was also noted that the WPP had launched an emerging Markets Equity sub-fund in late 2021, a Sustainable Equity sub-fund was expected to be launched at the end of the year and further information on the closed-end Infrastructure and Private Debt funds would be available towards the end of the year.

The Committee noted that by investing via the WPP the Fund benefited from the reduced costs of buying. Aon advised it could provide further information to the Committee on the WPP's three "open-ended" Infrastructure funds to enable it to consider these new funds.

Resolved

- 1. That Aon provides further information on the WPP's three "open-ended" Infrastructure funds to enable the Committee to consider these new funds and a further meeting is held to enable the Committee to consider the level of investment and**
- 2. that the Fund's entire equity portfolio is evaluated to consider the extent to which the new WPP sub-funds should be incorporated into the Fund's equity allocation.**

County Councillor A Jones left the meeting.

13.	RESPONSIBLE INVESTMENT/FOSSIL FUEL EXPOSURE
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The Committee received Aon's report on the Review of fossil fuel exposure. The Committee noted that the Fund's exposure to fossil fuels was 2.04% of Fund value [£16.6m] as at 31 March 2022.

The Committee noted the information on the Fund's exposure to fossil fuels. This information would help the Committee to understand the Fund's exposure

as it changes over time. The Committee was reminded that work was continuing in respect of the Taskforce for Climate-related Financial Disclosures (TCFD). Aon advised that a further report would be provided at the next meeting.

Resolved that the Committee note the report.

County Councillor H Williams left the meeting.

14.	PERFORMANCE
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The Chair welcomed Benjamin Bryant, Aon to the meeting.

The Committee noted the annualised return of 8.3% since the last actuarial valuation compared with a median projected return of 5.1%.

Resolved that the report be noted.

County Councillor P E Lewis (Chair)

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PENSION REGULATOR CODE OF PRACTICE 14 - COMPLIANCE ANALYSIS

Powys Pension Fund

Action Required

Current Position

Publishing Information about Schemes

Sep-22

92	<p>The scheme manager for a public service scheme must publish information about the pension board for the scheme(s) and keep that information up-to-date.</p>		<p>Available on website. Ongoing review of Uploaded documents to ensure relevance</p>
93	<p>The information must include: who the members of the pension board are representation on the board of members of the scheme(s), and the matters falling within the pension board’s responsibility.</p>		<p>Board membership and terms of reference available on website. Also links to meetings and agenda documents.</p>
94	<p>Scheme members will want to know that their scheme is being efficiently and effectively managed. Public service pension schemes should have a properly constituted, trained and competent pension board, which is responsible for assisting the scheme manager to comply with the scheme regulations and other legislation relating to the governance and administration of the scheme and requirements imposed by the regulator.</p>		<p>Powy Pension Board terms of reference provides the detail</p>
95	<p>Scheme managers must publish the information required about the pension board and keep that information up-to-date. This will ensure that scheme members can easily access information about who the pension board members are, how pension scheme members are represented on the pension board and the responsibilities of the board as a whole.</p>		<p>Available on website</p>
96	<p>When publishing information about the identity of pension board members, the representation of scheme members and matters for which the board is responsible, schemes should also publish useful related information about the pension board such as: the employment and job title (where relevant) and any other relevant position held by each board member the pension board appointment process who each pension board member represents the full terms of reference for the pension board, including details of how it will operate, and any specific roles and responsibilities of individual pension board members.</p>		<p>Discussed at Pension Board and happy to leave in current state, no reason to change.</p>

97	Schemes should also consider publishing information about pension board business, for example board papers, agendas and minutes of meetings (redacted to the extent that they contain confidential information and/or data covered by the Data Protection Act 1998). They should consider any requests for additional information to be published, to encourage scheme member engagement and promote a culture of transparency.		Available on Council Website
98	Scheme managers must ensure that information published about the pension board is kept up-to-date. Schemes should have policies and processes to monitor all published data on an ongoing basis to ensure it is accurate and complete.		Minutes regularly uploaded and documentation reviewed.
Providing information to Members			
188	Scheme regulations must require scheme managers to provide an annual benefit information statement to each active member of a DB scheme established under the 2013 Act or new public body scheme. The statement must include a description of the benefits earned by a member in respect of their pensionable service.		Procedures in place. Digital distribution and paper to those that have requested
189	The first statement must be provided no later than 17 months after the scheme regulations establishing the scheme come into force. Subsequent statements must be provided at least annually after that date.		
190	Statements must also comply with HM Treasury directions in terms of any other information which must be included and the manner in which they must be provided to members.		Annual Review exercise on All Wales basis
191	Managers of a scheme must also provide a benefit statement following a request by an active, deferred or pension credit member of a DB scheme if the information has not been provided to that member in the previous 12 months before that request.		Acknowledged
192	These benefit statements must include information about the amount of benefits by reference to a particular date and how they are calculated. The full details depend on the type of member making the request.		Compliant
193	The information must be given as soon as practicable but no more than two months after the date the request is made.		Procedures in place to ensure timescales adhered to.

Sep-22

196	<p>Under the Disclosure Regulations 2013, managers of a scheme must provide other information to members and others in certain circumstances (for example, on request). The Regulations set out the information which must be given, the timescales for providing such information and the methods that may be used. Not all information must be provided in respect of all public service pension schemes (there are some exemptions for specified public service schemes or according to the type of benefit offered), but information which scheme managers may need to provide includes:</p> <ul style="list-style-type: none"> • basic scheme information • information about the scheme that has materially altered • information about the constitution of the scheme • annual report (this requirement will generally not apply to unfunded DB public service pension schemes and DB schemes for local government workers) information about funding principles, actuarial valuations and payment schedules (these requirements will generally not apply to unfunded DB public service pension schemes and DB schemes for local government workers) • information about transfer credits • information about lifestyling (this requirement will not apply in respect of DB benefits in public service pension schemes) • information about accessing benefits, and • information about benefits in payment. 		Compliant. Misc regs require notification to members within timescales. Amber to reflect difficulties in notifying all deferred members of actual benefits within timescales. Interim letter issued to advise of benefit entitlement whilst actual benefits calculated. Noted as recordable breach (not reportable).
197	The detail of the information that must be provided to scheme members and others and any exemptions are set out in the Disclosure Regulations 2013. Managers must provide the required information, along with confirmation that members may request further information and the postal and email addresses to which a person should send those requests and enquiries.		In place
198	Managers of a scheme must ensure that scheme members and others are given information in accordance with the Disclosure Regulations 2013, unless they are an 'excluded person' (as defined above).		Acknowledged

199	<p>The Disclosure Regulations 2013 make provision for scheme members and others to receive information that is relevant to their pension rights and entitlements under the scheme. The categories of people who are entitled to receive information vary according to the different types of information, and there are exemptions where information has already been provided in a specified period. The detail of who is entitled to any particular type of information is set out in the Disclosure Regulations 2013 but may include any of the following ('a relevant person'):</p> <ul style="list-style-type: none"> • active members • deferred members • pensioner members • prospective members • spouses or civil partners of members or prospective members • other beneficiaries, and • recognised trade unions. 		
200	<p>Managers must disclose certain basic information about the scheme and the benefits it provides to a prospective member (if practicable to do so) or a new member. Where the manager has received jobholder information for the member or prospective member they must provide the information within a month of the jobholder information being received. Where they have not received jobholder information, they must provide the information within two months of the date the person became an active member of the scheme.</p>		procedures in place. Compliant.
201	<p>Managers must also provide information on request to a relevant person within two months of the request being made, except where the same information was provided to the same person or trade union in the 12 month before the request.</p>		Compliant. Procedures in place in workflow system.

203	<p>Generally, schemes may choose how they provide information to scheme members, including by post, electronically (by email or by making it available on a website) or by any other means permitted by the law. For benefit statements issued under the 2013 Act, HM Treasury directions may specify how the information must be provided. Where schemes wish to provide information required under the Disclosure Regulations 2013 by electronic means there are important steps and safeguards that must first be met. These include:</p> <ul style="list-style-type: none"> • scheme members and beneficiaries being provided with the option to opt out of receiving information electronically by giving written notice to the scheme • managers being satisfied that the electronic communications have been designed: <ul style="list-style-type: none"> – so that the person will be able to access and either store or print the relevant information and – taking into account the requirements of disabled people • ensuring that members and beneficiaries who were members or beneficiaries of the public service pension scheme on 1 December 2010 (where the scheme had not provided information electronically prior to that date) has been sent a written notice (other than via email or website), informing them that: <ul style="list-style-type: none"> – it is proposed to provide information electronically in the future and – scheme members and beneficiaries may opt out of receiving information electronically by sending written notice. 		<p>Exercise carried out and majority of scheme documentation delivered electronically, except to those who have opted out of e-communications. Workplan in place to increase targetted communications to those members who have not engaged as frequently as hoped but also age appropriate targetted communications (near retirement, mid-career etc)</p>
204	<p>Where schemes make information or a document available on a website for the first time, they must give notice (other than via a website) to the recipient. They must ensure that the notice includes:</p> <ul style="list-style-type: none"> • a statement advising that the information is available on the website • the website address • details of where on the website the information or document can be read, and • an explanation of how the information or document may be read on the website. 		<p>Compliant</p>

205	<p>When any subsequent information is made available on a website, managers of a scheme must give a notice (other than via a website) to recipients informing them that the information is available on the website. This notice will not be required where:</p> <ul style="list-style-type: none"> • at least two documents have been given to the recipient by hand or sent to the recipient's last known postal address • each of those letters asks the recipient to give their electronic (email) address to the scheme and informs the recipient of their right to request (in writing) that information or documents are not to be provided electronically • a third letter has been given to the recipient by hand or sent to the recipient's last known postal address and includes a statement that further information will be available to read on the website and that no further notifications will be sent to the recipient and • the managers of the scheme do not know the recipient's email address and have not received a written request that information or documents are not to be provided to the recipient electronically. 		Exercise carried out and majority of scheme documentation delivered electronically, except to those who have opted out of e-communications
206	<p>In some cases, the Disclosure Regulations 2013 specify that information must be made available by one of the following methods:</p> <ul style="list-style-type: none"> • available to view free of charge, at a place that is reasonable having regard to the request • published on a website (in which case the procedure to be followed before making information available on a website does not apply, except that the person or trade union must be notified of certain details) • given for a charge that does not exceed the expense incurred in preparing, posting and packing the information, or • publicly available elsewhere. 		Compliant
207	<p>Schemes should design and deliver communications to scheme members in a way that ensures they are able to engage with their pension provision. Information should be clear and simple to understand as well as being accurate and easily accessible. It is important that members are able to understand their pension arrangements and make informed decisions where required.</p>		Ongoing Exercise to establish preferred member method of delivery on an individual member basis (eg preferred language)
208	<p>Schemes should attempt to make contact with their scheme members and, where contact is not possible, schemes should carry out a tracing exercise to locate the member and ensure that their member data are up-to-date.</p>		Numbers of "Gone Away" members identified. New facility being used to check small numbers of members as required. Ongoing exercise
209	<p>Where a person has made a request for information, schemes should acknowledge receipt if they are unable to provide the information at that stage. Schemes may encounter situations where the time period for providing information takes longer than expected. In these circumstances, schemes should notify the person and let them know when they are likely to receive the information. Scheme managers and managers (where different) must provide information in accordance with the time periods specified in the 2013 Act and Disclosure Regulations 2013.</p>		Compliant with appropriate processes in place
210	<p>To promote transparency, schemes should make information readily available at all times to ensure that prospective and existing members are able to access information when they require it.</p>		Website, Intranet, bilingual (work continuing)

Resolving Issues

Sep-22

Page 27

216	Dispute resolution arrangements may require people with an interest in the scheme to first refer matters in dispute to a 'specified person' in order for that person to consider and give their decision on those matters. The specified person's decision may then be confirmed or replaced by the decision taken by the scheme manager after reconsideration of the matters.		Pensions Decision - Pensions Administration Manager. Employer decision - HR Manager
217	Scheme managers and specified persons (if used as part of a scheme's procedure) must take the decision required on the matters in dispute within a reasonable period of receiving the application. They must notify the applicant of the decision within a reasonable period of having taken it.		IDRP information made available to Specified Person
218	Internal dispute resolution procedures must state the manner in which an application for the resolution of a pension dispute is to be made, the particulars which must be included in such an application and the manner in which any decisions required in relation to such an application are to be reached and given. The procedure must specify a reasonable period within which applications must be made by certain people.		Detail in Letter.
219	Scheme managers must provide information about the scheme's dispute resolution procedure as well as information about The Pensions Advisory Service (TPAS) and the Pensions Ombudsman to certain people at certain stages.		Included in letters
220	Scheme members expect their pension scheme to be managed effectively. Where a person with an interest in the scheme is not satisfied with any matter relating to the scheme (for example a decision which affects them), they have the right to ask for that matter to be reviewed.		Included in letters
222	Schemes can operate a two-stage procedure with a 'specified person' undertaking the first-stage decision. Alternatively, they may adopt a single-stage procedure if they consider that is more appropriate for their scheme.		Two-stage adopted. Stage 1 - Pensions Administration Manager. Stage 2 - Pension Fund Manager. Similar practice for most Welsh LGPS Funds.
223	With the exception of certain matters outlined below, the law does not prescribe the detail of the dispute resolution procedure. Schemes should decide on this and ensure it is fit for purpose.		Noted.

224	<p>Schemes may choose to specify time limits within which the following people must apply for a dispute to be resolved, following notification to them:</p> <ul style="list-style-type: none"> • scheme members • widows, widowers, surviving civil partners or surviving dependants of deceased scheme members • surviving non-dependant beneficiaries of deceased scheme members, and • prospective scheme members. 		Within 6 months of being notified of decision
225	<p>If schemes decide to specify time limits, they should publish and make those time limits readily available to ensure that those with an interest in the scheme are aware that they must submit an application within a prescribed time limit.</p>		Within 6 months of being notified of decision
226	<p>Scheme managers must ensure their scheme's procedure specifies a reasonable period within which applications by the following people must be made:</p> <ul style="list-style-type: none"> • a person who has ceased to be within the categories in paragraph 224 above • a person who claims that they were a person within the categories in paragraph 224 above and has ceased to be such a person, and the dispute relates to whether they are such a person. 		Noted.
227	<p>A reasonable period would be six months beginning immediately after the date on which the person ceased to be, or claims they ceased to be, a person with an interest in the scheme. However, schemes have the flexibility to exercise their judgement and take an application outside a specified time period, if appropriate.</p>		6 months applied
228	<p>Managers and specified persons (where applicable) must decide the matter in dispute within a reasonable period of receiving the application. A reasonable period is within four months of receiving the application. In the case of a two-stage dispute resolution procedure, the reasonable period applies to each stage separately. Where a dispute is referred to scheme managers for a second-stage decision, the reasonable period begins when the managers receive the referral. However, there may be cases where it will be possible to process an application sooner than the reasonable time given. Where this is the case, there should not be a delay in taking the decision.</p>		Matter to be acted upon quickly but within 4 months
229	<p>There may be exceptional circumstances of a particular dispute which may prevent the process being completed within the reasonable time period stated above. For instance, where the dispute involves unusually complex and labour-intensive calculations or research, or delays occur that are outside the control of the scheme manager (or specified person), or because they need to obtain independent evidence.</p>		Noted.

230	The regulator recognises that the circumstances of each dispute are different and decision times may vary. Schemes should be satisfied that the time taken to reach a decision is appropriate to the situation and be able to demonstrate this, if necessary.		Procedure is documented and evidenced
231	Applicants must be notified of the decision made by a scheme manager and specified person (where applicable) within a reasonable time period after the decision has been made ¹²³ . Schemes should usually notify applicants of the decision no later than 15 working days after the decision has been made. However, there may be cases where it is possible to notify an applicant sooner than the reasonable time given. Where this is the case, there should not be a delay in notifying them of the decision.		Procedures in place to notify
232	Applicants must be notified of the decision made by a scheme manager and specified person (where applicable) within a reasonable time period after the decision has been made ¹²³ . Schemes should usually notify applicants of the decision no later than 15 working days after the decision has been made. However, there may be cases where it is possible to notify an applicant sooner than the reasonable time given. Where this is the case, there should not be a delay in notifying them of the decision.		Procedures in place to notify
233	Scheme regulations or other documents recording policy about the administration of the scheme should specify internal dispute resolution arrangements. Schemes should focus on educating and raising awareness of their internal dispute resolution arrangements and ensuring that they are implemented.		Included in correspondence.
234	Schemes should ensure that the effectiveness of the arrangements is assessed regularly and be satisfied that those following the process are complying with the requirements set, which includes effective decision making. This is particularly important where the arrangements require employers participating in the pension scheme to carry out duties as part of the process, for example where schemes have implemented the two-stage procedure and employers are acting as the specified person for the first stage		Guidance provided to Employers and individuals where appropriate
235	Schemes should confirm and communicate their arrangements to members, for example, in the joining booklet. Schemes should make their arrangements accessible to potential applicants, for example by publishing them on a scheme website.		Information readily available. Compliments and Complaints policy produced and published.
236	<p>Scheme managers must provide the following information about the procedure and processes the scheme has in place for the internal resolution of disputes to certain people in certain circumstances¹²⁴:</p> <ul style="list-style-type: none"> • prospective members, if it is practicable to do so • any scheme members who have not already been given the information • certain relevant people who request the information and who have not been given that information in the previous 12 months, and • members or prospective members when schemes receive jobholder information, or when a jobholder becomes an active member, in connection with automatic enrolment. 		Information available.

237	Scheme managers must also provide the postal or email address and job title of the person to contact in order to make use of the internal dispute arrangements.		Included in correspondence
238	In addition, scheme managers must provide information about TPAS and the Pensions Ombudsman at certain stages ¹²⁵ . Upon receiving an application for the resolution of a pension dispute, scheme managers (or the specified person) must make the applicant aware as soon as reasonably practicable that TPAS is available to assist members and beneficiaries of the scheme and provide contact details for TPAS. When notifying the applicant of the decision, scheme managers must also inform the applicant that the Pensions Ombudsman is available to investigate and determine complaints or disputes of fact or law relating to a public service pension scheme and provide the Pension Ombudsman's contact details.		Included in correspondence
239	Schemes can decide what information they need from applicants to reach a decision on a disputed matter and how applications should be submitted. Schemes should ensure they make the following information available to applicants: <ul style="list-style-type: none"> • the procedure and processes to apply for a dispute to be resolved • the information that an applicant must include • the process by which any decisions are reached, and • an acknowledgement once an application has been received. 		Information available.
240	When reviewing an application, scheme managers and specified persons (where relevant) should ensure that they have all the appropriate information to make an informed decision. They should request further information if required. Scheme managers and specified persons should be satisfied that the times taken to reach a decision and notify the applicant are appropriate to the situation and that they have taken the necessary action to meet the reasonable time periods. Scheme managers should be able to demonstrate this to the regulator if required.		Noted.
Reporting Breaches of the Law			
244	Schemes should be satisfied that those responsible for reporting breaches are made aware of the legal requirements and this guidance. Schemes should provide training for scheme managers and pension board members. All others under the statutory duty to report should ensure they have a sufficient level of knowledge and understanding to fulfil that duty. This means having sufficient familiarity with the legal requirements and procedures and processes for reporting.		Reporting Breaches Policy produced and available on Fund website

245	<p>Identifying and assessing a breach of the law is important in reducing risk and providing an early warning of possible malpractice in public service pension schemes. Those people with a responsibility to report breaches, including scheme managers and pension board members, should establish and operate appropriate and effective procedures to ensure that they are able to meet their legal obligations. Procedures should enable people to raise concerns and facilitate the objective consideration of those matters. It is important that procedures allow reporters to decide within an appropriate timescale whether they must report a breach. Reporters should not rely on waiting for others to report.</p>		<p>Reporting Breaches Policy produced and available on Fund website. Traffic light system included for determining seriousness</p>
246	<p>Procedures should include the following features:</p> <ul style="list-style-type: none"> • a process for obtaining clarification of the law around the suspected breach where needed • a process for clarifying the facts around the suspected breach where they are not known • a process for consideration of the material significance of the breach by taking into account its cause, effect, the reaction to it, and its wider implications, including (where appropriate) dialogue with the scheme manager or pension board • a clear process for referral to the appropriate level of seniority at which decisions can be made on whether to report to the regulator • an established procedure for dealing with difficult cases • a timeframe for the procedure to take place that is appropriate to the breach and allows the report to be made as soon as reasonably practicable • a system to record breaches even if they are not reported to the regulator (the record of past breaches may be relevant in deciding whether to report future breaches, for example it may reveal a systemic issue), and • a process for identifying promptly any breaches that are so serious they must always be reported. 		<p>Reporting Breaches Policy produced and available on Fund website. Traffic light system included for determining seriousness. Breaches Log kept and updated regularly.</p>
247	<p>Breaches can occur in relation to a wide variety of the tasks normally associated with the administrative function of a scheme such as keeping records, internal controls, calculating benefits and, for funded pension schemes, making investment or investment-related decisions.</p>		<p>Noted. Statement of fact/process.</p>
248	<p>Having 'reasonable cause' to believe that a breach has occurred means more than merely having a suspicion that cannot be substantiated.</p>		<p>Noted. Statement of fact/process.</p>
249	<p>Reporters should ensure that where a breach is suspected, they carry out checks to establish whether or not a breach has in fact occurred. For example, a member of a funded pension scheme may allege that there has been a misappropriation of scheme assets where they have seen in the annual accounts that the scheme's assets have fallen. However, the real reason for the apparent loss in value of scheme assets may be due to the behaviour of the stock market over the period. This would mean that there is not reasonable cause to believe that a breach has occurred.</p>		<p>Noted. Statement of fact/process.</p>

250	Where the reporter does not know the facts or events around the suspected breach, it will usually be appropriate to check with the pension board or scheme manager or with others who are in a position to confirm what has happened. It would not be appropriate to check in cases of theft, suspected fraud or other serious offences where discussions might alert those implicated or impede the actions of the police or a regulatory authority. Under these circumstances the reporter should alert the regulator without delay.		Noted. Statement of fact/process.
251	If the reporter is unclear about the relevant legal provision, they should clarify their understanding of the law to the extent necessary to form a view.		Noted. Statement of fact/process.
252	In establishing whether there is reasonable cause to believe that a breach has occurred, it is not necessary for a reporter to gather all the evidence which the regulator may require before taking legal action. A delay in reporting may exacerbate or increase the risk of the breach.		Noted. Statement of fact/process.
253	In deciding whether a breach is likely to be of 'material significance' to the regulator. It would be advisable for those with a statutory duty to report to consider the: <ul style="list-style-type: none"> • cause of the breach • effect of the breach • reaction to the breach, and • wider implications of the breach. 		Detailed in Breaches Policy
254	When deciding whether to report, those responsible should consider these points together. Reporters should take into account expert or professional advice, where appropriate, when deciding whether the breach is likely to be of material significance to the regulator.		Noted. Statement of fact/process.
255	The breach is likely to be of material significance to the regulator where it was caused by: <ul style="list-style-type: none"> • dishonesty • poor governance or administration • slow or inappropriate decision making practices • incomplete or inaccurate advice, or • acting (or failing to act) in deliberate contravention of the law. 		Detailed in Breaches Policy

256	When deciding whether a breach is of material significance, those responsible should consider other reported and unreported breaches of which they are aware. However, historical information should be considered with care, particularly if changes have been made to address previously identified problems.		Noted. Statement of fact/process.
257	A breach will not normally be materially significant if it has arisen from an isolated incident, for example resulting from teething problems with a new system or procedure, or from an unusual or unpredictable combination of circumstances. But in such a situation, it is also important to consider other aspects of the breach such as the effect it has had and to be aware that persistent isolated breaches could be indicative of wider scheme issues.		Noted. Statement of fact/process.
258	<p>Reporters need to consider the effects of any breach, but with the regulator's role in relation to public service pension schemes and its statutory objectives in mind, the following matters in particular should be considered likely to be of material significance to the regulator:</p> <ul style="list-style-type: none"> • pension board members not having the appropriate degree of knowledge and understanding, which may result in pension boards not fulfilling their roles, the scheme not being properly governed and administered and/or scheme managers breaching other legal requirements • pension board members having a conflict of interest, which may result in them being prejudiced in the way that they carry out their role, ineffective governance and administration of the scheme and/or scheme managers breaching legal requirements • adequate internal controls not being established and operated, which may lead to schemes not being run in accordance with their scheme regulations and other legal requirements, risks not being properly identified and managed and/or the right money not being paid to or by the scheme at the right time • accurate information about benefits and scheme administration not being provided to scheme members and others, which may result in members not being able to effectively plan or make decisions about their retirement • appropriate records not being maintained, which may result in member benefits being calculated incorrectly and/or not being paid to the right person at the right time • pension board members misappropriating any assets of the scheme or being likely to do so, which may result in scheme assets not being safeguarded, and • any other breach which may result in the scheme being poorly governed, managed or administered. 		Noted. Statement of fact/process.
259	Reporters need to take care to consider the effects of the breach, including any other breaches occurring as a result of the initial breach and the effects of those resulting breaches.		Noted. Statement of fact/process.
260	Where prompt and effective action is taken to investigate and correct the breach and its causes and, where appropriate, notify any affected members, the regulator will not normally consider this to be materially significant.		Noted. Statement of fact/process.

261	Where prompt and effective action is taken to investigate and correct the breach and its causes and, where appropriate, notify any affected members, the regulator will not normally consider this to be materially significant.		Noted. Statement of fact/process.
262	Reporters should consider the wider implications of a breach when they assess which breaches are likely to be materially significant to the regulator. For example, a breach is likely to be of material significance where the fact that the breach has occurred makes it appear more likely that other breaches will emerge in the future. This may be due to the scheme manager or pension board members having a lack of appropriate knowledge and understanding to fulfil their responsibilities or where other pension schemes may be affected. For instance, public service pension schemes administered by the same organisation may be detrimentally affected where a system failure has caused the breach to occur.		Noted. Statement of fact/process.
263	Reports must be submitted in writing and can be sent by post or electronically, including by email or by fax. Wherever possible reporters should use the standard format available via the Exchange online service on the regulator's website.		Noted. Statement of fact/process.
264	The report should be dated and include as a minimum: <ul style="list-style-type: none"> • full name of the scheme • description of the breach or breaches • any relevant dates • name of the employer or scheme manager (where known) • name, position and contact details of the reporter, and • role of the reporter in relation to the scheme. 		Noted. Statement of fact/process.
265	Additional information that would help the regulator includes: <ul style="list-style-type: none"> • the reason the breach is thought to be of material significance to the regulator • the address of the scheme • the contact details of the scheme manager (if different to the scheme address) • the pension scheme's registry number (if available), and • whether the concern has been reported before. 		Noted. Statement of fact/process.
266	Reporters should mark urgent reports as such and draw attention to matters they consider particularly serious. They can precede a written report with a telephone call, if appropriate.		Noted. Statement of fact/process.

268	The regulator will acknowledge all reports within five working days of receipt, however it will not generally keep a reporter informed of the steps taken in response to a report of a breach as there are restrictions on the information it can disclose.		Noted. Statement of fact/process.
269	The reporter should provide further information or reports of further breaches if this may help the regulator to exercise its functions. The regulator may make contact to request further information.		Noted. Statement of fact/process.
270	Breaches should be reported as soon as reasonably practicable, which will depend on the circumstances. In particular, the time taken should reflect the seriousness of the suspected breach.		Detailed in Breaches Policy

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CYNGOR SIR POWYS COUNTY COUNCIL

Pension Board
28th October 2022

REPORT BY: Board Secretary

SUBJECT: Administration Update

REPORT FOR: Information

1. Introduction

- 1.1 Further to the information provided at the previous Pension Board meeting, this report contains the membership and Pensions Administration financial statistics for the period 1st April 2022 to 30th June 2022.
- 1.2 Since the last report, the Pensions Administration Team have completed their recruitment exercise and the Pensions Section is now fully resourced. A period of training has commenced with the new staff drawing upon existing resource within the Section, which will provide a challenge in the short term whilst this training is delivered. The Section is also making use of professional training courses provided by outside bodies.

2. Pensions Administration Financial Statistics - Income & Expenditure

2.1

<u>Payments</u>	<u>April</u>	<u>May</u>	<u>June</u>
Pensions	2,083,488	2,119,556	2,101,986
Lump Sum	385,789	534,299	157,380
Transfers Out	141,335	42,239	1,082
Death Grants	-	80,076	77,194
Total Payments	2,610,612	2,776,170	2,337,641
<u>Income</u>			
Employee Contributions	(485,265)	(447,136)	(488,026)
Employer Contributions	(1,703,451)	(1,578,685)	(1,715,666)
Transfers In	(73,445)	(284,169)	(6,203)
Total Income	(2,262,161)	(2,309,989)	(2,209,896)

3. Pensions Administration membership statistics

- 3.1 The table below contains the detail of the movements of the scheme membership between the different statuses (Active member to a pensioner or deferred status for example) in the reporting quarter.

The column on the left shows the totals per status at the start of the period. The middle section shows the movements, which leaves the totals per status at the end of the period in the right-hand column.

Key:

Status

- 1 Active Member**
- 2 Undecided leaver (Deferred not yet processed)**
- 3 Exit (Refund, Transfer Out)**
- 4 Deferred member**
- 5 Pensioner member**
- 6 Dependant Member**
- 7 Death**
- 8 Awaiting Entry (Starter not fully processed)**
- 9 Frozen Refund**
- 10 Optant Out**
- T Third Tier Cessation**
- Z Aggregations**

Status	Description	Total 1	Total 2
1	Active	5890	5623
2	Undecided Leaver	859	1072
3	Leaver - No Liability	14026	14085
4	Deferred Pensioner	6566	6538
5	Pensioner	4553	4577
6	Widow/Dependant	640	646
7	Death/Cess Liability	3886	3916
9	Frozen Refund	582	629
O	Opt-Out	1346	1362
Z	Aggregation	2566	2799
		-----	-----
		40914	41247
		-----	-----

3.2 50/50 Scheme Membership

Active 19
Deferred 9

CYNGOR SIR POWYS COUNTY COUNCIL**Powys Pension Board
28th October 2022****REPORT BY: Board Secretary****SUBJECT: Legislation and Guidance Update**

REPORT FOR: Information

1. Summary

Since the last Pension Board meeting, the LGA have published Bulletins 225, 226, 227 and 228, which contain important updates for administering authorities and scheme employers. It also provides a general update for all LGPS stakeholders.

This report provides the Board with an update on any new legislative changes and guidance that has been issued recently, including the above.

2. LGPS Updates**2.1 Statutory Guidance on special severance payments issued by Department for Levelling Up Housing and Communities (DLUHC)**

On 12 May 2022, DLUHC published statutory guidance on special severance payments. Best Value authorities in England (not applicable to Wales) must have regard to the guidance in circumstances in which it may be appropriate to make special severance payments. The guidance also covers approval, disclosure and reporting requirements.

The guidance confirms that:

- strain cost related to the early payment of LGPS benefits under regulation 30(6) or (7) (flexible retirement, redundancy or efficiency retirement over age 55) does not constitute a special severance payment
- strain cost of awarding additional pension under regulation 31 of the LGPS Regulations 2013 may constitute a special severance payment, depending on the terms of the individual's contract

2.2 Local Government Association (LGA) new version of guides published

The LGA have published updated versions of the following guides, which are being reviewed and considered by the Pensions Section:

- Employee brief guide
- Councillor full guide
- Update for councillors in England
- Introductory leaflet for councillors in Wales
- Retirement planning guide
- Annual allowance factsheet for members
- HR guide
- LTA factsheet
- Payroll Guide

2.3 FAQ's on the cost of living crisis available on LGPS member website

A frequently asked questions (FAQs) section on the cost of living crisis has been added to the LGPS member website.

The FAQs cover:

- Where can I find help with money troubles?
- Can I reduce or stop my pension contributions?
- Could pension scams increase?
- Is there any help for pensioners on lower incomes?

These are available on the Frequently asked questions page of www.lgpsmember.org.

2.4 SF3 2021/22

On 1 July 2022, DLUHC published the SF3 form and guidance for 2021/22.

The documents set out the information that administering authorities must provide by Friday 16 September 2022.

DLUHC uses the information collected to provide a benchmark on the administration and fund management. The information is also used in compiling the National Accounts and to show the role of the LGPS in the economy.

This return was completed on time by the Powys Pension Fund.

2.5 Stronger Nudge

The LGA have published a technical guide on the new stronger nudge to pensions guidance requirements, which includes a 'getting guidance' insert document. The document is provided to insert with relevant AVC letters. It is the LGA's view that doing so will meet the legal requirement to refer members to guidance where it applies. The document also

includes a Pension Wise declaration form for the member to confirm if they have received guidance or are opting out of guidance.

The Administration team will be in the process of updating procedures and documentation to include the insert where required.

2.6 Cost Cap Results Published

On 29 June 2022, the Government Actuary's Department published the results of the first cost cap valuation for LGPS (England and Wales) and LGPS (Scotland).

The cost cap was introduced by the Public Service Pensions Act 2013 which requires the setting of an employer cost cap rate against which changes in the cost are to be measured. If the cost changes and falls outside a two per cent corridor above or below the rate, then action must be taken to bring the cost back to the rate.

The results of the first valuations show that the cost has remained within the two per cent corridor for both schemes. This means no changes to benefits or member contributions are needed.

The employer cost cap rate for LGPS (England and Wales) is 14.6 per cent. The results for the valuation as at 31 March 2016 show that the cost is 1.2 per cent below the cost cap rate.

3. Pensions Dashboards

Work continues on the [Pension Dashboards Programme](#) and it is expected that the LGPS will have to interact with the ecosystem between October 2023 and April 2024.

It is not yet clear what resource and financial implications this will have for the Fund, but data will have to be accurate to ensure that the experience for the member is useful.

There will be a reliance on the administration software providers to help facilitate this project, so we wait to see what that will mean in practical terms for the Powys Fund.

It is imperative that data security is appropriately tested and that a digital ID is secure, since once logged in, a member will have access to pensions data from multiple sources increasing the potential for pension scams and other cyber risks.

Staging deadline

The staging deadline for the LGPS and other public service pension schemes will be deferred from 30 April 2024 to 30 September 2024. Schemes will be expected to meet the required standards (connection, security and technical) by 30 September 2024. They must also, by that

date, be able to respond to find requests, complete matching and provide administrative and signpost data on request.

4. The Pensions Regulator (TPR)

4.1 Pension Dashboards

To help pension schemes get ready for the pension dashboards, TPR has published [Pensions dashboards: initial guidance](#) which is based on the draft regulations recently consulted on by DWP.

The guidance outlines scheme managers' legal duties and includes a checklist to help schemes manage their progress. TPR has confirmed they will update and add more detail to the guidance later this year.

The updated guidance will reflect the final regulations and the technical standards being developed by the Money and Pensions Service (MaPS).

4.2 Guide to Reporting Pension Scams

On 15 June 2022, TPR published '[Guide to reporting pension scams](#)'.

The guide looks at:

- why concerns about a scam should be reported
- what should be reported
- when a report should be made
- who a report should be made to
- what happens once a report has been submitted.

Guidance will be updated accordingly to reflect the above.

4.3 Corporate Plan for 2022 to 2024

TPR published its [corporate plan 2022 to 2024](#). The plan sets out TPR's priorities for the next two years. TPR will continue to:

- call on schemes to take its pledge to combat pension scams
- work closely with the Department for Work and Pensions and the Financial Conduct Authority (FCA) on a future consultation for a Value for Money Framework
- assess how smaller defined contribution schemes offer value for money
- help schemes become dashboard ready
- develop its organisational capability with the creation of a Digital, Data and Technology directorate
- launch its second consultation on a new defined benefit funding code this autumn, with the code operational from September 2023.

4.4 Annual report and Accounts

On 14 July 2022 TPR published its [Annual Report and Accounts](#) for 2021/22.

4.5 Joint Statement on Transfer Regulations

On 5 July 2022, TPR and the DWP issued a [joint statement](#) on the Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021.

The statement responds to concerns expressed about how the regulations are being applied. In particular, where overseas investments or small-scale incentives feature in the transfer. The concern is that the regulations are causing low-risk transfers to be blocked or delayed. The statement reminds pension schemes that it was not intended for the regulations to capture transfers that previously caused no concern.

The DWP will consider the concerns when it next reviews the regulations.

To also address the concerns, TPR has updated its [guidance](#) on the regulations. The guidance now confirms that the regulations do not prevent schemes making a non- statutory transfer where the regulations prohibit a statutory transfer. For example, where a red flag is present but the pension scam risk is low. Non-statutory transfers are transfers where the member is not entitled to the transfer under the Pension Schemes Act 1993. The pension scheme may for example rely on their scheme rules to pay it. In the LGPS, administering authorities may only pay transfers where the member is entitled to it under the Act. There is an exception to this where the member left before April 1998 with no entitlement to deferred benefits.

5. Valuation

Work is also progressing on the triennial valuation. Officers of the Fund have met with the actuary regularly to discuss appropriate assumptions, data and a timeline.

Data was submitted to the Actuary and time and initial results are expected soon.

The actuary will then produce a valuation report and the Rates and Adjustments Certificate, as required under the LGPS regulations by 31 March 2023 with the new contribution rates taking effect from 1 April 2023.

6. Recommendation

Board are asked to note the contents of this report.

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CYNGOR SIR POWYS COUNTY COUNCIL**Powys Pension Board
28th October 2022****REPORT BY: Board Secretary****SUBJECT: Risk Register**

REPORT FOR: Information

1. Summary

At the meeting of the 27th of June, Board decided to defer the review of the risk register and it is presented again in an updated format for Board's consideration.

The Administration pillar of the risk register was considered at a meeting on the 6th of September 2022 and is included today to reflect the recommendations that Board made at that meeting.

2. Risk Register**2.1** Board may recall some recent discussions on the Risk Register, in that it has grown over time as the number of identifiable risks increase.

Work has been undertaken which has consolidated the risks into three separate categories, with the appropriate risks listed in each of those categories:

- Administration
- Governance
- Investment

It is felt that this will make the risk register easier to review and monitor as is attached as an appendix to this report for your review.

3. Recommendation

Board are asked to note the contents of this report and the updated format of the risk register.

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Admin Risk Register report

DATE :

Summary of Risks Ratings

Almost Certain	0	0	0	0	0
Likely	0	0	0	0	0
Possible	0	0	0	0	0
Unlikely	1	7	1	0	0
Rare	0	1	0	0	0
Unassigned 0	Insignificant	Minor	Moderate	Major	Catastrophic

Red Risks Total:

Risk Register	Risk Title	Net Risk Level	Risk Owner
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New Risks Total:

Risk Register	Risk Title	Net Risk Level	Risk Owner	Created Date
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Changing Risks Total: 3

Risk Register	Risk Title	Net Risk Level	Change	Risk Owner
Administration Risk	Failure to pay pensions and lump sums on time	4	2	Chris Hurst
Administration Risk	Pensioners living longer and, changing retirement patterns.	4	2	Chris Hurst
Administration Risk	Inability to deliver service as a result of loss of pensions administration system, or any other system used in the provision of service (eg. pensioner payroll). Failure of any system used by the service as a result of a breach of cyber security.	2	1	Chris Hurst

Detail

Administration Risk

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
ADMIN0001	Failure to pay pensions and lump sums on time	Financial difficulty for the scheme member concerned, reputational risk to the Pension Fund, and additional cost to the employer where interest is payable as a result of late payment.	Cllr David Thomas Chris Hurst	8	4	13/05/2020	Review Summary: Reviewed 13.05.2020
01/12/2016				ADMIN	ADMIN	18/12/2020	Review Summary: Updated text to reflect constant and ongoing reviews

Controls and Actions			Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> Maintenance and update of Altair and Trent systems, sufficient staff resources and training. Quality assurance processes Maintenance and update of Pension Administration and Trent systems, sufficient staff resources and training. Quality assurance processes in place to check work done. Continuing Review of processes and procedures Ongoing review of process as part of continuous pensions administration workflow assessment 			Control In Place			
			Control In Place			

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
ADMIN0002	Inability to deliver service as a result of loss of pensions administration system, or any other system used in the provision of service (eg. pensioner payroll). Failure of any system used by the service as a result of a breach of cyber security.	Failure to provide service. Immediate injections of cash from Fund employers would be required where Fund assets cannot be liquidated quickly. For now the Fund is cashflow positive but will not remain so for much longer, therefore requiring the use of investment income to subsidise the payment of pension benefits rather than being reinvested as now.	Cllr David Thomas Chris Hurst	8	2	13/05/2020	Review Summary: Regular assurances received from providers.
04/10/2016				ADMIN	ADMIN	18/12/2020	Review Summary: Regular assurances received from providers.

Controls and Actions			Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> business continuity planning and systems providers assurance Business Continuity Plan for the Pensions administration service. Assurances received from all systems providers in relation to their current resilience to the threat of a failure in cyber security. Business Continuity Plan under review. Periodic review by the Pension Board of provider assurances in respect of cyber security 			Control In Place			
			Control In Place			

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
ADMIN0003	Failure to hold scheme member's personal data securely.	Poor data quality; compromised data; fines	Cllr David Thomas Chris Hurst	8	4	08/09/2020	Review Summary: Data Quality Testing carried out May/June 2020. Cleansing work ongoing.
12/06/2017				ADMIN	ADMIN	21/12/2020	Review Summary: Annual data cleansing exercise, plus regular cleansing throughout the year

Controls and Actions			Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> Data protection audit in conjunction with TPR data quality standards to be undertaken 			Control In Place			

Detail

Administration Risk

- Compliance with Powys County Council Data Protection and ICT policies .
- Compliance with Powys County Council Data Protection and ICT policies .

Action In Progress 30/09/2022 08/09/2020
21/12/2020

Review Summary: Data Quality Testing carried out May/June 2020. Cleansing work ongoing.
Review Summary: Annual Data Quality testing

Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
ADMIN0004 29/08/2017	Failure to maintain and hold up to date and accurate pension records and potential impact on scheme members and employers.	Payment of incorrect pension benefits; late payment of benefits; assessment of incorrect liability values. Resulting in loss of customer confidence and satisfaction; IDRPs and Ombudsman appeals; and, incorrect assessment of employer contribution rates.	Cllr David Thomas Chris Hurst	9 ADMIN	6 ADMIN	08/09/2020 21/12/2020	Review Summary: Payment of benefits processes checked at payment time Review Summary: Payment of benefits processes checked at payment time

Controls and Actions			Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> • Pensions team work with employer payrolls to ensure data quality; data validation checks undertaken & training • Pensions team work with employer payrolls to ensure data quality; data validation checks undertaken by team at each year end; validation checks carried out at each actuarial valuation (triennially) by the Fund actuary. Staff training and development. • Additional data validation and quality checks to be implemented as required by the TPR code of practice. 			Control In Place			
			Control In Place			

Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
ADMIN0005 25/01/2016	Failure to communicate effectively with stakeholders.	Scheme members unaware of their rights under the LGPS and make poor decisions in relation to pension rights. Employers unaware of the scheme regulations, the procedures and their responsibilities, resulting in poor or inappropriate decision-making and may adversely effect the flow of pensions data to the Pension Fund.	Cllr David Thomas Chris Hurst	6 ADMIN	4 ADMIN	08/09/2020 21/12/2020	Review Summary: Ongoing development of employer and scheme member communications and methods of delivery Review Summary: Continuing development of employer and scheme member communications and methods of delivery

Controls and Actions			Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> • communications policy the Pensions Support Manager is tasked with responsibilities in relation to scheme and Fund communications, as part of their Job Description. In addition, the Fund has a clear communications policy as well as a regularly updated website. 			Control In Place			

Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
ADMIN0006 30/01/2017	Pensioners living longer and, changing retirement patterns.	Increased employer contribution rates.	Cllr David Thomas Chris Hurst	6 ADMIN	4 ADMIN	08/09/2020 21/12/2020	Review Summary: Ongoing Review Summary: Ongoing

Administration Risk

Controls and Actions			Status	Review Date	Latest Control	Reviews	
<ul style="list-style-type: none"> The Fund actuary investigates these matters at each valuation or more frequently where appropriate. Mortality assumptions are set with some allowance for future increases in life expectancy. The Fund actuary investigates these matters at each valuation or more frequently where appropriate. If significant demographic changes were to occur between valuations, the Pension Fund will advise employers accordingly and notify them of the likely impact on their contribution rates, reviewing bond values, as required. <p>The Fund produces a Funding Strategy Statement which considers long term funding.</p>			Control In Place				
Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
ADMIN0007 30/01/2017	Deteriorating patterns of ill health or other early retirements.	Increase in employer contribution rates and deficit recovery payments.	<i>Cllr David Thomas</i> Chris Hurst	6 ADMIN	2 ADMIN	08/09/2020 21/12/2020	Review Summary: Regular monitoring ongoing Review Summary: Regular monitoring ongoing
Controls and Actions			Status	Review Date	Latest Control	Reviews	
<ul style="list-style-type: none"> Employers are required to pay the capital costs of early retirements (pension strain), upfront for all cases. Employers are required to pay the capital costs of early retirements (pension strain), upfront for all cases. Ill health retirements and costs are monitored against Fund allowances. <p>Certain Employers pooled together to share experience and help manage contribution rates (as per the Funding Strategy Statement)</p>			Action In Progress	01/11/2022	08/09/2020 21/12/2020	Review Summary: Regular monitoring ongoing Review Summary: Regular monitoring ongoing	
Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
ADMIN0008 02/01/2017	Failure to reconcile all relevant active, deferred and pensioner member GMP records against the data held by DWP in respect of the cessation of contracting out.	Increase in Fund liabilities; increased employer contribution rates and deficit recovery payments; and, payment of incorrect pension benefits.	<i>Cllr David Thomas</i> Chris Hurst	6 ADMIN	4 ADMIN	08/09/2020 21/12/2020	Review Summary: GMP Reconciliation work ongoing (Sept 2020) Review Summary: GMP Reconciliation work ongoing (Dec 2020)
Controls and Actions			Status	Review Date	Latest Control	Reviews	
<ul style="list-style-type: none"> Reconciliation Complete. Work on Rectification continuing Reconciliation Complete. Work on Rectification continuing Appoint external partners to identify scale of work and help with whole exercise Appoint external partners to identify scale of work and help with whole exercise 			Control In Place Control In Place				
Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
ADMIN0009 09/10/2020	Cessation of Service Contract for Pensions Administration System	Failure to meet legislative requirements and administer the LGPS. Risk of intervention by the Pensions Regulator, legal challenges, reputational risk.	<i>Cllr David Thomas</i> Chris Hurst	10 ADMIN	4 ADMIN	01/11/2021	Review Summary: Acknowledged - will follow appropriate procurement process closer to the time
Controls and Actions			Status	Review Date	Latest Control	Reviews	
<ul style="list-style-type: none"> Monitor Contract Position Work with the Administering Authority Commercial Services to conduct an appropriate procurement exercise at the appropriate time 			Control In Place				

Detail

Administration Risk

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
ADMIN0010	Payments to overseas pensions.	Payments continuing to potentially deceased pensioners	Cllr David Thomas Jane Thomas	4 ADMIN	4 ADMIN	04/05/2022	Review Summary: Existence Exercise planned for 2022/23 year
Controls and Actions				Status	Review Date	Latest Control Reviews	
<ul style="list-style-type: none"> Conduct Existence Check Carry out an overseas existence check 				Control In Place			

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Risk Register report

DATE :

Summary of Risks Ratings

Almost Certain	0	0	0	0	0
Likely	0	0	0	0	0
Possible	0	3	0	0	0
Unlikely	0	6	3	0	0
Rare	0	3	0	0	0
Unassigned 1	Insignificant	Minor	Moderate	Major	Catastrophic

Red Risks Total:

Risk Register	Risk Title	Net Risk Level	Risk Owner
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New Risks Total:

Risk Register	Risk Title	Net Risk Level	Risk Owner	Created Date
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Changing Risks Total:

Risk Register	Risk Title	Net Risk Level	Change	Risk Owner
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Detail

Governance Risk

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0001 02/12/2019	Failure to collect and account for pension contributions being paid over to the Fund on time by Fund employers.	Adverse audit opinion, potential delays to Fund employer financial reporting; and potential delay to production of annual report and accounts.	Cllr David Thomas Chris Hurst	6 GOVERN	4 GOVERN	13/05/2020	Review Summary: Process refined recently and ongoing monitoring in place.
						08/09/2020	Review Summary: Ongoing
							Contribution return monitored by Finance Staff (in conjunction with Pensions Admin Manager)

Controls and Actions

- Contributions received monitored on a monthly basis by Fund accounting staff .
- Contributions received monitored on a monthly basis by Fund accounting staff .
- Requirement that each end of scheme year, Fund employers certify they have paid over contributions at the correct rates and time
- Requirement that each end of scheme year, Fund employers certify that they have paid over contributions at the correct rates and on time.

Status	Review Date	Latest Control	Reviews
Control In Place			
Control In Place			

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0002 03/10/2020	Insufficient Fund cashflow to meet liabilities as they fall due.	Immediate injections of cash from Fund employers would be required where Fund assets cannot be liquidated quickly. For now the Fund is cashflow positive but will not remain so for much longer, therefore requiring the use of investment income to subsidise the payment of pension benefits rather than being reinvested as now.	Cllr David Thomas Chris Hurst	9 GOVERN	6 GOVERN	01/11/2021	Review Summary: Cashflow Review conducted in Summer 0f 2021
						13/05/2020	Review Summary: Asset Allocation review completed end of 2020 and Funding Strategy Statement updated following completion of triennial valuation

Controls and Actions

- cashflow forecast in place
- Funding strategy statement in place
- review strategic asset allocation to keep positive cashflow
- Strategic asset allocation review completed to ensure that cashflow remains positive (on a targeted and monitored basis) whilst at the same time ensuring that the Fund is not forced to liquidate assets on an unplanned basis.

Status	Review Date	Latest Control	Reviews
Control In Place			
Control In Place			

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0003 27/09/2016	Inability to deliver service as a result of the loss of key personnel	Failure to provide service at all, or at an acceptable level	Cllr David Thomas Chris Hurst	6 GOVERN	4 GOVERN	05/07/2021	Review Summary: BCP Updated June 2021
						13/05/2020	Review Summary: Regularly review BCP

Controls and Actions

- Keep Business Continuity Plan under review
- Business Continuity Plan in place for the pensions administration service
- Assurances received from all systems providers in relation to their current resilience to the threat of a failure in cyber security.

Status	Review Date	Latest Control	Reviews
Control In Place			
Action In Progress	01/04/2023	13/05/2020	Review Summary: Regularly review BCP
		08/09/2020	Review Summary: BCP reviewed 07.09.2020

Detail

Governance Risk

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0004 08/11/2016	Loss of funds through fraud or misappropriation	Financial loss to the Fund	Cllr David Thomas Chris Hurst	6 GOVERN	2 GOVERN	05/07/2021 13/05/2020	Review Summary: No change Review Summary: Regular audit review and due diligence/legal review carried out at each managerial appointment. As the WPP establishes more sub funds, they will appoint the managers

Controls and Actions	Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> audit and control tests, due diligence done when new manager appointed Internal and External Audit regularly test that appropriate controls are in place and are working effectively. Due diligence is carried out whenever a new investment manager is appointed. 	Control In Place			

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0005 04/09/2017	Significant rise in employer contribution rates for Fund employers with strong covenants, as consequence of increases in liabilities.	Employer contribution rates rise to unacceptable levels, putting upward pressure on Council Tax rates and the ability of Powys County Council to continue to deliver services to its communities.	Cllr David Thomas Chris Hurst	6 GOVERN	2 GOVERN	13/05/2020 08/09/2020	Review Summary: Regular Covenant Assessments Review Summary: Covenant Assessment due to commence imminently (Sept/Oct 2020)

Controls and Actions	Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> Employers have Discretionary Powers Policies that help to control liabilities Employers have Discretionary Powers Policies that help to control liabilities. In reality, little can actually be done in mitigation due to the fact that liabilities are largely determined by bond yields that are outside of the Fund's control. insurance options investigated Investigate further liability mitigations such as ill health strain insurance; developing guidance to assist employers to manage liability increases derived from their actions or inactions; and, work closely with the Fund actuary to determine appropriate valuation assumptions and deficit recovery strategies. 	Action In Progress	04/11/2022	13/05/2020 08/09/2020	Review Summary: Regular Covenant Assessments Review Summary: Covenant assessments due to commence Q3 20/21
	Action In Progress	30/11/2022	30/08/2022	Review Summary: Appropriate ill health assumptions made for 2022 valuation. Can consider the other factors as part of valuation work.
			13/05/2020	Review Summary: Regular Covenant Assessments

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0006 04/10/2016	Significant rises in employer contribution rates for Fund employers with weak covenants as a consequence of increases in liabilities.	Employer contribution rates rise to unsustainable levels that cause employers to become insolvent	Cllr David Thomas Chris Hurst	8 GOVERN	4 GOVERN	13/05/2020 08/09/2020	Review Summary: Regular Covenant Assessments Review Summary: Covenant assessment due to start Q3 20/21

Controls and Actions	Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> In process of developing risk sharing arrangements to enable employers with weak covenants to attain a degree of certainty Employers have Discretionary Powers Policies that help to control liabilities. In reality, little can actually be done in mitigation due to the fact that liabilities are largely determined by bond yields that are outside of the Fund's control. In process of developing risk sharing arrangements to enable employers with weak covenants to attain a degree of certainty over the level of employer contribution rates. 	Action In Progress	08/10/2022	13/05/2020 08/09/2020	Review Summary: Review Risk Sharing Agreement/Approach Review Summary: Work ongoing (Sept 2020)

Page 55

Detail

Governance Risk

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0007	Significant rises in employer contribution rates for employers with strong covenants as a result of poor/negative investment returns.	Employer contribution rates rise to unacceptable levels that result in Powys County Council being unable to provide appropriate services for its communities.	Cllr David Thomas Chris Hurst	6 GOVERN	2 GOVERN	08/09/2020	Review Summary: Ongoing
04/09/2017						18/12/2020	Review Summary: Ongoing Dec 2020

Controls and Actions	Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> Use expert specialist consultants to help set and monitor investment strategy and investment manager performance and selection. Use expert specialist consultants to help set and monitor investment strategy and investment manager performance and selection. Quarterly investment performance reports presented to Pension Fund. Continual monitoring of performance; review of asset allocation strategy, including consideration of alternative asset classes Continual monitoring of performance; review of asset allocation strategy, including consideration of alternative asset classes and non-market led assets. 	Control In Place			
	Action In Progress	04/11/2022	08/09/2020	Review Summary: Continuing and reviewed at each Committee meeting
			18/12/2020	Review Summary: Continuing and reviewed at each Committee meeting

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0008	Failure to comply with LGPS and other statutory regulations.	Payment of incorrect pension benefits; provision of incorrect benefit estimates; failure to comply with governance standards; failure to meet HMRC tax requirements. Resulting in: loss of customer satisfaction / confidence; IDRPs and Ombudsman appeals; TPR fines for non-compliance.	Cllr David Thomas Chris Hurst	8 GOVERN	6 GOVERN	08/09/2020	Review Summary: Processes checked and efficiencies ongoing
11/10/2017						18/12/2020	Review Summary: Continuing and reviewed at each Committee meeting

Controls and Actions	Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> rigorous checking/authorisation procedures for pension benefit calculations and payments, review governance policy; Rand, regular review of governance compliance policy. Staff training and development. Closer partnership working with employer payrolls to facilitate accurate data receipts; Closer partnership working with employer payrolls to facilitate accurate data receipts; increased compliance oversight provided by newly established Pensions Board. 	Action Completed			
	Control In Place			

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0009	Lack of expertise of Pension Fund Officers and Senior Officers	Poor decision making in relation to principal functions of the Pension Fund, particularly in relation to investments.	Cllr David Thomas Chris Hurst	8 GOVERN	4 GOVERN	08/09/2020	Review Summary: Regular training attended and provided by LGPS professionals
25/01/2016						21/12/2020	Review Summary: Regular training attended and provided by LGPS professionals



Controls and Actions	Status	Review Date	Latest Control	Reviews

Governance Risk

- training and performance reviews, conferences, seminars to upskill and develop knowledge Officers ensure that they receive appropriate training and are required to keep up to date with developments in pensions matters, as part of their periodic Individual Performance Reviews and by attending relevant conferences and seminars, by reading and through discussions with consultants and peers.
- Training plans based on the CIPFA 'Knowledge and Skills' framework, as is the the procedure for members of both PIC & PB Formalised Officer training via individual training plans based on the CIPFA 'Knowledge and Skills' framework, as is the the procedure for members of both Pensions & Investment Committee and the Pensions Board.

Control In Place

Control In Place

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0010	Over-reliance on key Officers	When senior Officers leave or are absent due to long term sickness, large knowledge gaps remain.	<i>Cllr David Thomas</i> Chris Hurst	 GOVERN	 GOVERN	08/09/2020	Review Summary: Reflected in BCP
25/01/2016						21/12/2020	Review Summary: Reflected in BCP

Controls and Actions

- In the short term, knowledge gaps can be filled by using our external colleagues from other Welsh Funds and buying in assistance
- In the short term, knowledge gaps can be filled by using our external colleagues from other Welsh Funds and buying in assistance from consultants.
- Formalise succession planning by including in Officer individual training plans for less senior Officers.

Status
Action In ProgressReview Date
11/01/2023Latest Control
08/09/2020Reviews
21/12/2020

Review Summary: Reflected in BCP

Review Summary: Reflected in BCP

Action In Progress



11/01/2023

08/09/2020

21/12/2020

Review Summary: Reflected in BCP

Review Summary: Reflected in BCP

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0011	Failure to provide the pensions service in accordance with principles of equality.	Some stakeholders may be unable to access the service fully or at all. In the worst case scenario, this could result in court action against the Fund.	<i>Cllr David Thomas</i> Chris Hurst	 GOVERN	 GOVERN	08/09/2020	Review Summary: Operate LGPS in accordance with the Regulations
26/01/2016						21/12/2020	Review Summary: Operate LGPS in accordance with the Regulations

Controls and Actions

- The Fund maintains a Welsh Language register in respect of scheme members and employers . The Fund maintains a Welsh Language register in respect of scheme members and employers .
- To utilise technology to enable access to service and information for stakeholders with disabilities , other language needs etc.
- To utilise technology to enable access to service and information for stakeholders with disabilities , other language needs etc.



Status
Control In Place

Control In Place

Review Date

Latest Control

Reviews

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0012	Failure to collect payments due from ceasing employers with no active members.	Failure to collect cessation payments from ceasing employers results in relevant liabilities being funded by the Powys Pension Fund and the active employers.	<i>Cllr David Thomas</i> Chris Hurst	 GOVERN	 GOVERN	08/09/2020	Review Summary: Ensure data provided to Actuary in a timely manner
25/01/2016						21/12/2020	Review Summary: Covenant review ongoing Dec 2020

Controls and Actions

Status

Review Date

Latest Control

Reviews

Governance Risk

- employer covenants, guarantor bonds, risk sharing agreements

The Fund undertakes periodic reviews of the strength of employer covenants. For existing employers, the Fund requires that a guarantor, bond or 'risk sharing agreement' is in place. For all new employers, the Fund insists on either a guarantor or a bond being in place.

Control In Place

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0013	Lack of expertise of members of Pensions & Investment Committee	Poor decision making in relation to all aspects of the Fund, particularly those in relation to investment.	Cllr David Thomas Chris Hurst	9	6	08/09/2020	Review Summary: Annual training Needs Assessments conducted
25/01/2016				GOVERN	GOVERN	21/12/2020	Review Summary: Training encouraged and more access to online training in 2020

Controls and Actions

- Knowledge & Skills Framework in place

Knowledge & Skills Framework in place and published. Annual Training Needs Analysis carried out and training made available to Committee and Board regularly (provided by Fund, WPP and 3rd parties)

Status: Control In Place
Review Date: Latest Control Reviews

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0014	An admitted body ceasing to exist with insufficient funding or level of a bond available to meet all its Fund liabilities.	Unfunded pension liabilities being orphaned without sufficient funding/guarantees in place, resulting on increased liabilities falling on other Fund employers.	Cllr David Thomas Chris Hurst	6	4	08/09/2020	Review Summary: Covenant Assessments starting Q3 2020
01/11/2017				GOVERN	GOVERN	21/12/2020	Review Summary: Covenant Assessments continuing Q4 2020

Controls and Actions

- To seek funding guarantees wherever possible, from other Scheme employers or outside bodies
- To seek funding guarantees wherever possible, from other Scheme employers or outside bodies. To require, in all cases, a bond or other form of security to protect the Fund in the case of unexpected cessation and insolvency. Ensuring that admitted bodies are fully aware of their obligations and responsibilities to the Pension Fund and the benefits of their employees.
- Regular review of admitted body covenants and financial health.
- Regular review of admitted body covenants and financial health.

Status: Control In Place
Review Date: 08/10/2022
Latest Control Reviews: 08/09/2020, 21/12/2020
Reviews: Review Summary: Covenant Assessments commencing Q3 2020, Review Summary: Review commenced with actuary Dec 2020

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0015	Appointment of new Pension Board Chair and membership of the Local Pension Board	Non compliance with Public Services Pension Act. Challenge and scrutiny from the Pensions Regulator. Reduced quality of governance.	Cllr David Thomas Chris Hurst	12	6	07/06/2021	Review Summary: No appointment made following recruitment exercise. Work ongoing to secure a Chair as soon as possible
09/10/2020				GOVERN	GOVERN	10/02/2021	Review Summary: Working with Commercial Services February 2021 and ready to go to Sell2Wales to advertise

Controls and Actions

- Pension Board Terms of Reference stipulate membership periods

Pension Board Terms of Reference stipulate membership periods and work with Pension Board members and administering authority to ensure appropriate recruitment processes are in place.

Status: Control In Place
Review Date: Latest Control Reviews

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				

Governance Risk

GOVERN0016 29/03/2020	Pension Fund Personnel and/or key suppliers are unable to work due to extreme weather, fire, epidemics	Inability to deliver administration services or investment of the Fund. Impact of welfare of Pensions Section Staff.	<i>Cllr David Thomas</i> Chris Hurst	9	6	26/03/2021 01/11/2021	Review Summary: Regularly reviewed Review Summary: Regularly reviewed
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Controls and Actions			Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> Business Continuity Plan Business Continuity Plan, assessment of Pensioner Payroll services. Electronic implementation of paperwork.			Control In Place			

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Risk Register report

DATE :

Summary of Risks Ratings

Almost Certain	0	0	0	0	0
Likely	0	0	0	0	0
Possible	0	0	0	0	0
Unlikely	2	6	3	0	0
Rare	0	0	0	0	0
Unassigned 0	Insignificant	Minor	Moderate	Major	Catastrophic

Red Risks Total:

Risk Register	Risk Title	Net Risk Level	Risk Owner
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New Risks Total:

Risk Register	Risk Title	Net Risk Level	Risk Owner	Created Date
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Changing Risks Total:

Risk Register	Risk Title	Net Risk Level	Change	Risk Owner
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Detail

Investment Risk

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
INVEST0001	Pension Fund assets fail to deliver returns in line with the anticipated returns underpinning the valuation of liabilities over the long-term.	Increased employer contribution rates.	Cllr David Thomas Chris Hurst	6	4	08/09/2020	Review Summary: Regular investment performance reviews. Investigate protection strategies as/when/if required
25/01/2016				INVEST	INVEST	21/12/2020	Review Summary: Regular investment performance reviews. Investigate protection strategies as/when/if required
Controls and Actions				Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> anticipate long-term returns on a relatively prudent basis to reduce the risk of under-performance. Only anticipate long-term returns on a relatively prudent basis to reduce the risk of under-performance. Also monitors and analyses progress every three years for each employer. In addition, the Fund receives quarterly funding updates to help monitor the position. 				Control In Place			

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
INVEST0002	Inappropriate long-term investment strategy.	Failure to meet funding objectives.	Cllr David Thomas Chris Hurst	8	4	08/09/2020	Review Summary: New ISS operated for 2020. regularly reviewed as Fund/WPP develops
25/01/2016				INVEST	INVEST	21/12/2020	Review Summary: Review regularly depending on conditions and WPP sub fund availability
Controls and Actions				Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> Use of a Fund specific benchmark, as recommended by the Fund's investment consultant. Use of a Fund specific benchmark, as recommended by the Fund's investment consultant. 				Control In Place			

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
INVEST0003	Active investment manager under-performance relative to the benchmark.	Failure to meet funding objectives.	Cllr David Thomas Chris Hurst	4	2	08/09/2020	Review Summary: Regularly reviewed with Investment Consultant and Manager changes made as required
25/01/2016				INVEST	INVEST	21/12/2020	Review Summary: Regularly reviewed with Investment Consultant and Manager changes made as required
Controls and Actions				Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> Short-term (quarterly) investment monitoring analyses market performance and active managers relative to their index benchmark. Short-term (quarterly) investment monitoring analyses market performance and active managers relative to their index benchmark. 				Control In Place			

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
INVEST0004	To permit deficits to be eliminated over a recovery period rather than immediately, introduces the risk that action to restore solvency is insufficient between successive measurements.	Increased employer deficit recovery payments.	Cllr David Thomas Chris Hurst	4	2	08/09/2020	Review Summary: As detailed in Funding Strategy Statement
29/01/2018				INVEST	INVEST	21/12/2020	Review Summary: As detailed in Funding Strategy Statement
Controls and Actions				Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> discuss every such situation with the Pension Fund actuary, for each individual employer. It is the practice to discuss every such situation with the Pension Fund actuary, for each individual employer. Moreover deficit recovery periods are generally restricted to no more than 25 years, or 40 years in very exceptional circumstances. 				Control In Place			

Detail							
Investment Risk							
Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
INVEST0005	Permitting contribution rate changes to be introduced by annual steps rather than immediately, introduces a risk that action to restore solvency is insufficient between successive measurements.	Increased employer contribution rates.	Cllr David Thomas Chris Hurst	6	4	08/09/2020	Review Summary: Decisions taken in accordance with advice from Fund Actuary
25/01/2016				INVEST	INVEST	21/12/2020	Review Summary: Decisions taken in accordance with advice from Fund Actuary
Controls and Actions				Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> Each individual employer situation is discussed with the Pension Fund actuary, with stepping restricted to three years, or 6 yea Each individual employer situation is discussed with the Pension Fund actuary, with stepping restricted to three years, or 6 years, in very exceptional circumstances. 				Control In Place			
Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
INVEST0006	Pay and price inflation significantly more than anticipated.	Increased employer contribution rates and deficit recovery payments.	Cllr David Thomas Chris Hurst	9	4	08/09/2020	Review Summary: Review and discuss with Actuary at valuation
30/01/2017				INVEST	INVEST	21/12/2020	Review Summary: Review and discuss with Actuary at valuation
Controls and Actions				Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> Employers 'pay' for their own salary awards and are reminded of the geared effect on salary-linked pension liabilities Employers 'pay' for their own salary awards and are reminded of the geared effect on salary-linked pension liabilities. Particularly where bias towards longer serving employees may be considered. 				Action Completed			
Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
INVEST0007	Insolvency of an investment manager investing Pension Fund assets.	A reduction in the capital value of the Fund; a loss of liquidity as creditors agree on distribution of assets; the costs of legal representation; and, reputational damage.	Cllr David Thomas Chris Hurst	9	6	08/09/2020	Review Summary: Ongoing
03/03/2016				INVEST	INVEST	21/12/2020	Review Summary: Ongoing
Controls and Actions				Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> diversification of investment managers, limits for individual investments mandates Diversification of investment managers; adherence to the limits for individual investment mandates as set out in the LGPS investment regulations; regular meetings with investment managers undertaken by the Fund's investment consultant; Statement on Standards for Attestation Engagements No. 16 internal controls are monitored on an annual basis; due diligence by investment consultants to ensure that custodians are used by each investment manager; equity investment mandates are invested in pooled funds; and, only well respected and researched investment managers are selected in the first place. Increased investment manager diversification may be further facilitated by pooling via the Wales Pool that is currently under de Increased investment manager diversification may be further facilitated by pooling via the Wales Pool that is currently under development. As agreed by P & I Committee on 9th February 2017, when entering into new contractual arrangements with investment managers, contract documentation is to be referred to the Fund's legal advisers for review and appropriate due diligence. 				Control In Place			
				Control In Place			

Detail

Investment Risk

Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
INVEST0008 30/03/2017	Pooling of Pension Fund assets with other LGPS Pension Funds.	Investment of Fund Officer and Committee time and other resource with unknown outcomes; front loaded costs before potential savings are realised; potential loss of local accountabilities; and, the loss of the primacy of the Fund and its strategic needs.	Cllr David Thomas Chris Hurst	9 INVEST	6 INVEST	08/09/2020 21/12/2020	Review Summary: Ongoing Review Summary: Ongoing

Controls and Actions	Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> Due diligence on all pooling proposals; full transparency of all pool proposals and costs; full participation of Pension Fund Due diligence on all pooling proposals; full transparency of all pool proposals and costs; full participation of the Pension Fund in all pooling development. Pooling vehicle to be structured so that each participating Fund has full representation the pool Pooling vehicle to be structured so that each participating Fund has full representation in the pool; the pool structure enables full strategic decisions to be retained by each individual Fund; and, economies of scale (based on experience to date) indicate that savings will be made by the Fund that will exceed initial costs. 	Control In Place			
	Control In Place			

Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
INVEST0009 01/10/2019	MIFID II ongoing compliance	Financial implications of not being treated as an institutional investor	Cllr David Thomas Chris Hurst	12 INVEST	6 INVEST	11/07/2022 05/07/2021	Review Summary: Current process continues, but updated as required when new manager appointed or training needs identified. Review Summary: Regularly reviewed and updated on adoption of a new Investment Manager

Controls and Actions	Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> Regular Review of MIFID Status Regular Review of MIFID Status 	Control In Place			

Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
INVEST0010 01/01/2015	Fall in the returns on Government bonds.	Increase to the value placed on Fund liabilities.	Cllr David Thomas Chris Hurst	9 INVEST	4 INVEST	11/07/2022 05/07/2021	Review Summary: Regularly monitored by Consultant for each meeting Review Summary: Discussed with Investment Consultants as required

Controls and Actions	Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> Allowing for a risk-based approach should limit the impact of short-term changes in returns on Government bonds Allowing for a risk-based approach should limit the impact of short-term changes in returns on Government bonds. Some investment in bonds also helps to mitigate this risk. Monitoring (quarterly) helps to give an early warning of significant changes. 	Control In Place			

Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
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Investment Risk

INVEST0011	Increased risk on Fund Employers.	Potential Failure of Participating Employer or unsustainable Employer Contributions	Unassigned Jane Thomas	4	4	04/05/2022	Review Summary: Employer Risk Assessment to be conducting as part of valuation work in 2022-23
				INVEST	INVEST		

Controls and Actions				Status	Review Date	Latest Control	Reviews
• Regular Review of Employer Covenants with Fund Actuary Work with the Fund Actuary to review employer covenants on a regular basis . being conducted as part of the 2022 Valuation Work				Control In Place			

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CYNGOR SIR POWYS COUNTY COUNCIL

Powys Pension Board
28th October 2022

REPORT BY: Board Secretary

SUBJECT: Review of Communications Strategy Statement

REPORT FOR: Information and Consideration

- 1 Regulation 61 of the Local Government Pension Scheme Regulations 2013 [SI 2013 No. 2356] requires administering authorities to prepare and regularly review a written statement setting out details of communications strategy.
- 2 The strategy has been reviewed and amended to ensure it remains relevant and appropriate. The amendments are minor to correct grammatical errors and reflect some updated practices since the last review in 2020.
3. This is being presented to Board for information since it was approved by the Pensions and Investment Committee at their meeting on the 7th of October.

4. **Recommendation**

Board are asked to note the Communication Strategy Statement.

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Powys

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COMMUNICATIONS STRATEGY
STATEMENT

September 2022

1. Introduction

- 1.1 Regulation 61 of the Local Government Pension Scheme 2013 (as amended) [SI 2013 No. 2356] requires an administering authority to prepare, publish and maintain a statement that sets out strategy for communication and promotion of the Local Government Pension Scheme (LGPS).
- 1.2 The Statement is required to include details of policy for communicating with Scheme members and their representatives; prospective Scheme members; and Scheme employers.
- 1.3 In particular, the Statement must set out policy on the provision of information and publicity about the LGPS to scheme members, their representatives and scheme employers; the format, frequency and method of distributing such information or publicity; and the promotion of the Scheme to prospective members and their employers.
- 1.4 The Statement must be reviewed and published following any material change relevant to the policy, however it is reviewed periodically as a matter of course.
- 1.5 An effective communications strategy is vital for any organisation that strives to provide a high quality and consistent service to its customers. The complexity of pensions in general and the LGPS in particular, places communications at the heart of a high-quality service provision.
- 1.6 There are six distinct groups with whom Powys Pension Fund needs to communicate:
 - Pension Fund Trustees and local Pension Board Members
 - Scheme Members
 - Prospective Scheme Members
 - Scheme Employers
 - Pension Fund Officers and Staff
 - Other Stakeholders
- 1.7 Set out in this Statement are the mechanisms which are used to communicate with each of these groups, together with a strategy for widening and improving communications and to promote the Scheme amongst non-members.

2. Principles Underpinning this Strategy

- 2.1 The drivers for that underpin this strategy are:
- a) to inform and educate stakeholders and interested parties about the Powys Pension Fund and the Local Government Pension Scheme in an open and transparent manner;
 - b) to better facilitate accountability;
 - c) to promote the engagement of scheme members and employers.
- 2.2 Wherever possible, the Pension Fund seeks to make its communications as open and as accessible as are needed by stakeholders. This includes:
- a) the provision of information through the medium of Welsh;
 - b) the provision of information in other languages if required;
 - c) where possible, providing communications in alternative forms for example in large print, via audio etc.
 - d) the increasing use of social media and internet-based delivery methods.
- 2.3 In the context of the LGPS, deciding on when to communicate is largely determined by the statutory requirements imposed upon the Pension Fund. The Pension Fund aims to provide communications to stakeholders within statutory timelines and, for non-statutory information, as and when required.

3. Pension Fund Trustees and local Pension Board Members

- 3.1 The Trustees of Powys Pension Fund (the members of the Pensions & Investment Committee - six Powys County Council Elected Members plus two non-voting members representing other participating Scheme employers and Scheme members) and local Pension Board Members (an independent Chair, three Scheme employer representatives and three Scheme member representatives) receive information, primarily in the form of written reports and email correspondence, that cover governance, investment, actuarial, accounting/financial and administration issues. Committee and Board members also attend conferences and seminars on the LGPS.
- 3.2 Completion of appropriate training for Pension Fund Trustees is essential and is a mandatory requirement for local Pension Board Members. Ongoing knowledge development and training is to be provided via Pension Fund Officers and advisers, together with many opportunities provided by industry professional events. Full details are set out in the Knowledge & Skills Framework Policy.

4. Scheme Members

- 4.1 Newsletters – are sent out to all active and pensioner members covering LGPS and related issues, as and when required.
- 4.2 Annual Benefit Statements – issued annually to all active and deferred members (including members of the LGPS for Councillors) electronically and posted to those scheme members (where a current home address is held) who have opted out of electronic communications.
- 4.3 Scheme Literature – A range of Scheme literature and information covering many aspects of the LGPS is produced by Powys Pension Fund and is provided on the Fund's website and supplied direct to employers and Scheme members, as required.
- 4.4 Additional Voluntary Contributions (AVCs) – Regular promotional mailshots are sent to active members in partnership with the Fund's AVC providers.
- 4.5 Pay Advices – Powys Pension Fund issues pay advices to all its Fund pensioners twice per year, or more often where pay amounts vary from month-to-month.
- 4.6 Pensions Increases – all Fund pensioners are advised of their annual pension increase via a personalised letter sent electronically (and posted to those who have requested paper correspondence) in April each year.
- 4.7 Correspondence – the Pension Fund utilises both surface mail, email and online delivery via the member portal to send and receive correspondence with Scheme members.
- 4.8 Telephone/Online – much of the Pension Fund's communication with individual Scheme members is conducted by telephone. This includes face to face calls via Microsoft Teams.
- 4.9 Pensions Clinics – The Pension Fund provides a periodic clinic service where Scheme members have the opportunity to discuss their individual pension issues on a face-to-face basis or digitally via Microsoft Teams.
- 4.10 Welsh Language – wherever possible the Pension Fund provides access to Scheme documents in the medium of Welsh.
- 4.11 [Website](http://www.powypensionfund.org) - a full range of Pension Fund and LGPS information is available via the Pension Fund's dedicated bespoke website at www.powypensionfund.org.

- 4.12 [My Powys Pension](#) – an online system that is available to all active and deferred Scheme members. It enables members to read electronic communications; interact with their pension records; log changes to basic data (eg changes to address etc.); and perform pension benefit forecasts.

5. Prospective Scheme Members

- 5.1 Scheme Guide – All prospective Scheme members are provided with Scheme information on being appointed to their employments.
- 5.2 [Website](#) - a full range of Pension Fund and LGPS information is available via the Pension Fund's dedicated bespoke website at www.powypensionfund.org.
- 5.3 Pensions Clinics – The Pension Fund provides a periodic clinic service where prospective Scheme members have the opportunity to discuss their individual pension issues on a face-to-face basis in person, or online via Microsoft Teams.

6. Scheme Employers

- 6.1 Employers' Guide – An Employers' Guide is issued to each employer to assist them in the administration associated with participation in the Scheme.
- 6.2 Ill Health Retirements – The Pension Fund has made available to all participating employers access to the Pension Fund's approved Occupational Health Physician for the purposes associated with ill health benefits.
- 6.3 Employer Meetings and Reports – Periodic Employer meetings are held at least annually. Typically these are used to communicate a variety of Pension Fund matters of specific interest to employers, such as the results of triennial valuations. These will be delivered face to face, where possible, or online via Microsoft Teams to better enable those Employers who are unable to attend on the day to dial in electronically.

In addition, the Fund makes available the Pension Fund's Annual Report & Accounts, Investment Strategy Statement, Funding Strategy Statement, Governance Policy & Compliance Statement, Employer Policy and many other documents via the Fund's website.

- 6.4 Technical Updates – These are sent to employers from time to time to advise them of significant changes to the Scheme and associated legislation.
- 6.5 [Website](http://www.powyspensionfund.org) - a full range of Pension Fund and LGPS information is available via the Pension Fund’s dedicated bespoke website at www.powyspensionfund.org.
- 6.6 Technical updates for employers are provided in the form of a quarterly communication, which include, in addition to Scheme changes, matters of national debate and interest on the future development of pensions in general and the LGPS in particular.

7. Pension Fund Officers and Staff

- 7.1 Team Meetings – The Pensions Section meets quarterly where team members consider procedural issues; plan work and developments for the coming quarter and beyond; and, at which the team is kept abreast of Scheme developments and changes. During extended periods of homeworking, team catch up meetings take place every 10 days.
- 7.2 Technical Information – Bulletins and Circulars issued by the Local Government Association together with guidance and consultation documents from the Department for Levelling Up Housing and Communities (DLUHC) are available to all Pension Fund Officers and Staff for information. In addition, periodic in-house procedural guidance, procedure notes and technical explanations are provided, as required.
- 7.3 Intranet and Internet – All staff have been enabled to use the corporate network in order to access both the Powys Intranet and the internet.
- 7.4 E-mails – All staff have access to email facilities.
- 7.5 Senior Management – The Senior management within the Pensions Section maintain an “open-door” policy and attempt to be available to all staff at all times.

8. Other Stakeholders

- 8.1 All Wales Pension Officer Group – Pension Officers from the 8 administering authorities in Wales meet regularly in order to ensure uniform interpretation of the LGPS and other associated regulations. The group's views are passed up to the national level via the Local Government Pensions Committee's Technical Group Meetings (an arm of the Local Government Association) that are held quarterly.
- 8.2 All Wales Communications Group – Pensions Officers from the 8 administering authorities in Wales meet periodically in order to devise, develop and promote the use of common Scheme literature.
- 8.3 Wales Pension Partnership – Pension Officers and the Investment Committee Chairs of the 8 administering authorities in Wales meet regularly in connection with pooling investments within Wales. Pension Boards are kept up to date on developments and engage bi-annually via the Chairs of the Pension Boards.

In addition, there are several sub-groups made up of officers from each administering authority that provide information to the Officer Working Group

- 8.4 CLASS Group – As a user of the Aquila Heywood Altair Pensions Administration System, the Pension Fund is a member of the local authority CLASS Group and attends both regional user groups and national meetings.
- 8.5 National Fraud Initiative – The Pension Fund has participated in the National Fraud Initiative since 1998 and continues to do so. This has helped to avoid the overpayment of pension benefits to both deceased and re-employed pensioners.
- 8.6 Taxpayers and the General Public – all the principal Pension Fund documents including the Annual Report & Accounts, Actuarial Valuation Reports, Statement of Investment Principles, Funding Strategy Statement, Governance Policy & Compliance Statement and this Statement, are available to the public via the Pension Fund's website at www.powyspensionfund.org or on request.

9. Contacts

- 9.1 Any questions, queries or observations on this Statement or on matters relating to the investment or governance of the Powys Pension Fund, should be addressed to:

Mr C Hurst
Pension Fund Manager
Powys County Council
County Hall
Llandrindod Wells
Powys LD1 5LG

Tel: 01597 827640

Email: chris.hurst@powys.gov.uk

- 9.2 Questions or queries concerning membership, benefits or information in respect of the Local Government Pension Scheme, should be directed to:

Mrs M Price
Pensions Administration Manager
Powys County Council
County Hall
Llandrindod Wells
Powys LD1 5LG

Tel: 01597 827642

Email: megan.price@powys.gov.uk

- 9.3 All other enquiries should be addressed to:

The Pensions Section
Powys County Council
County Hall
Llandrindod Wells
Powys LD1 5LG

Email: pensions@powys.gov.uk

CYNGOR SIR POWYS COUNTY COUNCIL**Powys Pension Board
28th October 2022****REPORT BY: Board Secretary****SUBJECT: Review of Data Improvement Plan**

REPORT FOR: Decision

1 Introduction

- 1.1 In 2015, the Pensions Regulator (TPR) assumed responsibility for Public Sector Pension Schemes. Prior to this, in June 2010, TPR issued guidance on the approach that they consider to be good practice for measuring the presence of member data. Specific targets were set for inclusion in the 2018 TPR Annual report for data that TPR deemed as 'common'. Since then the Powys Pension Fund has submitted its data quality results annually to TPR and has seen an improvement in the quality of its data against these benchmarks.
- 1.2 The Fund published a formal Data Improvement Plan in October 2018 and this is the formal review and update of that policy.

2 Background

- 2.1 In March 2018 Powys Pension Fund commissioned a complete a review of the administration system's common pension data in line with the guidance notes set down by TPR. The Fund then published a formal data improvement plan in October 2018.
- 2.2 Since then and as part of continued efforts to focus on high quality data, the Fund has carried out data cleansing exercises annually during year-end exercises and during the triennial valuation. These exercises check data provided by employers and data held on scheme member records.
- 2.3 In addition, the Powys Pension Fund continues to move towards the monthly reconciliation of data from employers and currently, 43% of participating employers submit data monthly in an electronic format, which accounts for approximately 95% of active member data.

3 Conclusion

- 3.1 This is being presented to Board for information since it was approved by the Pensions and Investment Committee at their meeting on the 7th of October.



Powys

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Data Improvement Plan

Reviewed September 2022

1. Introduction

- 1.1 In 2015, the Pensions Regulator (TPR) assumed responsibility for Public Sector Pension Schemes. Prior to this, in June 2010, TPR issued guidance on the approach that they consider to be good practice for measuring the presence of member data. Specific targets were set for inclusion in the 2018 TPR report for data that TPR deemed as 'common'.
- 1.2 In March 2018 Powys Pension Fund commissioned a complete review of the administration system's common pension data in line with the guidance notes set down by TPR. This exercise is conducted annually as part of the TPR Annual Return, but the Fund now has the option of increasing this frequency to ensure regular monitoring.
- 1.3 The Fund has carried out data cleansing exercises and checks periodically in the past as part of year-end exercises and triennial valuations. These exercises checked data provided by employers and data held on Scheme Member records.
- 1.4 In continuing efforts to improve the quality of its data, Powys Pension Fund is moving towards receiving 100% of its employer data monthly in an electronic format, with currently over 90% of active Scheme Member data now collected on a monthly basis direct from Employer payroll systems via the i-Connect facility. Currently 43% of the Fund employers submit data electronically monthly.

2. Benchmark and Aims

- 2.1 TPR have set targets of 100% accuracy for data created after June 2010 and 95% accuracy for data created beforehand.
- 2.2 This Data Improvement Plan aims to address the data issues that are identified during the data review exercises. It will set out the steps that the Fund will take to tackle the issues and improve the quality of the data that it holds in a continuous basis, with a view to achieving the highest quality of data possible.

3. Objectives and Measures

- 1) **To ensure accuracy in the quality of data held on scheme member records in order to facilitate accurate and timely payment of pension benefits.**

This will be achieved and measured through continuous reviews of data quality testing, through audit testing and checking against published service standards.

2) **To improve compliance with The Pensions Regulators (TPR) Code of Practice 14.**

This will be achieved and measured by a continuous review against the Code and improvement of scores in the TPR Compliance Monitoring Document.

3) **To decrease the number of ‘gone away’ addresses held for Scheme Members**

This will be achieved by undertaking periodic member tracing exercises.

4) **To ensure high quality data for valuation purposes and, therefore, increasing accuracy in valuation results with consideration given towards setting accurate employer contribution rates through accurate assessment of Fund assets and liabilities.**

This will be achieved through pre-valuation data cleansing exercises carried out with the Pension Fund Actuary and ongoing data quality testing via the administration system.

4. Scope and Prioritising

The data quality reviews already undertaken, measured the data on the administration system against the two types of data categories that TPR require:

- Common Data
- Scheme Specific Data

The Common Data items are specific in the Pensions Regulators guidance and pension scheme data must be measured against:

Common Data item	Membership type tested
NI number	All members
Name	All members
Sex and Date of Birth	All members
Date Commenced and NRD	All members
Status	All members
Status and invalid data view	All members
Address	All members
Status and valid data view	All members

The data items tested for both Common and Scheme Specific Data are as follows:

Common Data item	Membership type tested
NI number	All members
Name	All members
Sex and Date of Birth	All members
Date Commenced and NRD	All members
Status	All members
Status and invalid data view	All members
Address	All members
Status and valid data view	All members

5. Data Correction Plan

Focus on data which has the greatest impact on member benefits will be prioritised, to ensure that correct benefits are being paid to scheme members.

Breakdown of activities for improvement - Common data

Data Category	Milestone	Priority
National Insurance (NI) Number	Obtain correct NI numbers for the members with temporary numbers or those in the incorrect format	Medium
National Insurance (NI) Number	Investigate as a priority the cases with blank NI numbers	High
Name	Obtain Forenames and Initials as required	Low
Sex and Date of Birth (DOB)	Obtain sex and DOB as required	Medium
Date commenced and Normal Retirement Date	Investigate the cases with a blank date joined fund as this could affect benefits	High
Status and invalid data view	Invalid data should be removed where necessary or the member status corrected where appropriate. These cases should be treated as a high priority as the presence of the data may affect benefits	High
Address	Current addresses should be sought and uploaded for the members that failed this category	Medium
Status and valid data view	Members with missing data views that hold their entitlement should be investigated as a high priority and either their status corrected or the correct data recorded	High

Breakdown of activities for improvement - Scheme specific data

Data Category	Recommendation	Suggested Priority
Member Benefits	Investigate incomplete Transfer In and AVC data with the very highest priority as benefits may be incorrect	Very high
	Correct deferred benefit cases prior to running deferred annual benefit statements	High
	Investigate defects in pension benefits	Very high
	Investigate the Dependant Pension cases with small pensions	High
	Investigate cases with an incorrect Pensions Increase Date	Very high
Other Member Data	Investigate cases with an unexplained date of leaving present	Low
	Investigate members with incorrect Employer Details	Low
	Investigate final salary pay issues prior to running annual benefit statements	High
	Investigate cases with missing contributions prior to running annual benefit statements	High
	Investigate cases where date of leaving is blank or incorrect	High
Career Average Revalued Earnings (CARE) Data	Investigate all data issues in this category by status prior to issuing annual benefit statements for that status. Pensioners should be investigated as soon as possible to ensure correct benefits are in payment	High
	CARE data should be requested where missing	Very high
HMRC	Investigate cases highlighted with incorrect Benefit Crystallisation Event (BCE) data	Low
	Investigate cases with missing death grant data	Low
	Investigate cases with missing Annual Allowance data, particularly the scheme pays cases.	High
Contracting Out	Review and update Guaranteed Minimum Pension (GMP) values in conjunction with the GMP Reconciliation process	Medium
	Obtain and upload GMP figures for the members with missing data as a high priority	High

	Investigate cases with incorrect date of contacting out and NI contributions	Medium
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6 Contacts

Any questions, queries or observations on this Statement or, on matters relating to the investment or governance of the Powys Pension Fund, should be addressed to:

Mr C Hurst
Pension Fund Manager
Powys County Council
County Hall
Llandrindod Wells
Powys LD1 5LG

Tel: 01597 827640

Email: chris.hurst@powys.gov.uk

Questions or queries concerning membership, benefits or information in respect of the Local Government Pension Scheme, should be directed to:

Mrs M Price
Pensions Administration Manager
Powys County Council
County Hall
Llandrindod Wells
Powys LD1 5LG

Tel: 01597 827642

Email: megan.price@powys.gov.uk

All other enquiries should be addressed to:

The Pensions Section
Powys County Council
County Hall
Llandrindod Wells
Powys LD1 5LG

Email: pensions@powys.gov.uk

CYNGOR SIR POWYS COUNTY COUNCIL**Powys Pension Board
28th October 2022****REPORT BY: Board Secretary****SUBJECT: Data Quality Testing 2022**

REPORT FOR: Information

1 Introduction

- 1.1 In 2015, the Pensions Regulator (TPR) assumed responsibility for Public Sector Pension Schemes. Prior to this, in June 2010, TPR issued guidance on the approach that they consider to be good practice for measuring the presence of member data.

The Fund produced a Data Quality testing and monitoring procedure document in May 2017, with a formal Data Improvement Plan published in October 2018.

This was reviewed in 2020 and again in September 2022. This updated plan is presented as another item on the agenda.

2 Background

- 2.1 In May 2017, the Fund produced an initial data quality testing and monitoring procedure with specific reference to the testing and ongoing monitoring of data quality. This was in advance of the requirement to report in The Pension Regulator (TPR) Annual Return, where scores against specific scheme Common Data and Scheme Specific Data are reported and are now also considered within the Data Improvement Plan.

3. Data Quality Testing – Common Data**3.1 Benchmark**

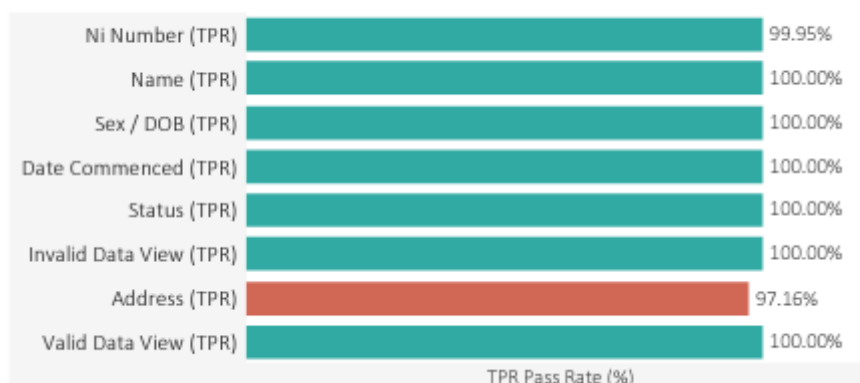
TPR have set targets of 100% accuracy for data created after June 2010 and 95% accuracy for data created beforehand.

Summary of 2022 Common Data results

The chart below indicates performance for each data category against the TPR benchmarks. The results presented herein are generated from data extracted from the Live Altair service in September 2022 for all

tests and used a new reporting tool available to the Fund. The overall percentage of tests passed for Powys' common data is 98.3% (97.7% in 2021).

TPR Pass Rate % by Test Category



- 3.2 7 of the eight categories met the highest benchmark of greater than 98%. The lowest scoring category concerned member addresses, which returned a score of 97.16%.

This score is impacted on address formatting anomalies where, for example, an address is complete, but a post code sits on address line 4, rather than in the post code field.

The general quality of the common data tested at Powys is of a high standard.

4. Data Quality Testing – Scheme Specific Data

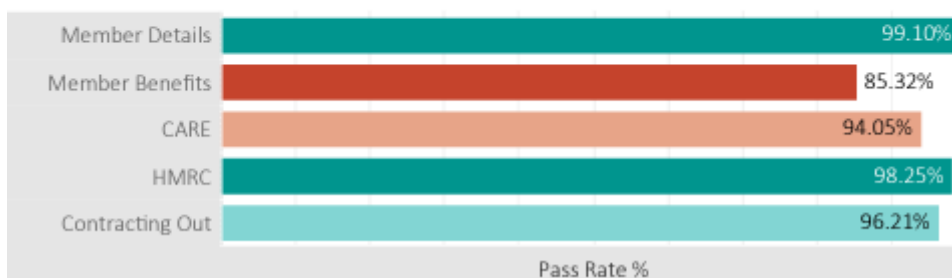
4.1 Benchmark

The graph below indicates performance for each data category against the TPR benchmarks. The results presented herein are generated from data extracted from the Live Altair service in September 2022 for all tests and used a new reporting tool available to the Fund. The overall percentage of tests passed for Powys' scheme specific data is 91.95% (91.87% in 2021).

Grand Total | TPR Pass Rate %



Grand Total | TPR Pass Rate % by Test Category



Work has started on investigating the reasons for the Member Benefits score of 85.32%, but initial indications suggest that it is in relation to a historic way of recording internal aggregations of records, which has no impact on member benefits. A data cleansing exercise will be carried out to update these data fields over time.

5. TPR Annual Return and Data Improvement Plan

- 5.1** The above scores will be reported to TPR as part of the Annual return in November.

The data improvement plan places a priority on improving those areas of data that can directly impact a scheme member's pension benefits. This plan was approved at the Committee meeting on the 7th of October 2022.

6. Recommendation

- 6.1** To note the contents of this report.

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CYNGOR SIR POWYS COUNTY COUNCIL**Powys Pension Board
28th October 2022****REPORT BY: Board Secretary****SUBJECT: Pension Board Annual Report**

REPORT FOR: Approval

1. Annual Report

Within the Pension Fund Annual Report, the Board produces a Pension Board Annual Report, which is presented for Board's consideration and approval.

3. Recommendation

Board are asked to consider the content of the draft annual report statement and approve if content.

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Draft Annual Report of Powys LGPS Pension Board for 2021/2022

1 Constitution, Representation and Attendance

1.1 The Powys County Council Local Government Pension Schem (LGPS) Local Pension Board (“the Board”) was constituted under the Public Service Pensions Act 2013. As such, the Board is not a Committee of the Council.

1.2 It held its first meeting on 31 July 2015. From inception it consisted of two representatives of the Scheme employers, and two representatives of the Scheme members, all of whom are voting members. There is also a non-voting independent Chair. In September 2020, Powys County Council approved the addition of two extra Board members, one each from scheme employers and from scheme members, who were appointed during 2021/2022.

1.3 The Board met on five occasions during the year on the following dates: 8 July, 24 September, 15 December 2021, 14 February and 1 March 2022. The meeting of 14 February was inquorate. All meetings were held virtually.

	8.7.21	24.9.21	15.12.21	14.2.22	1.3.22
Gerard Moore: Independent Chair	√	√	√	√	√
John Byrne: Scheme Member representative	√	√	√	√	x
Mick Hutchinson: Scheme Member representative	x	x	x	x	x
David Powell: Scheme Member representative	n/a	n/a	x	√	√
Wayne Thomas: Scheme Employer representative	√	√	x	x	x
Nigel Brinn: Scheme Employer representative	√	x	x	x	√
Graham Evans: Scheme Employer representative	n/a	n/a	√	x	√

1.4 Board meetings are open to the public, other than when considering exempt items.

1.5 To facilitate the operation of the Board, the Chair is invited as an observer to meetings of the Powys County Council Pensions and Investment Committee (“the Committee”).

1.6 Where possible opportunities are taken to arrange succession planning.

2 Functions and Operation of the Board

2.1 The two primary functions of a Local Pension Board (LPB) are to assist the Administering Authority to:

- ensure effective and efficient governance and administration of the LGPS;
- ensure compliance with relevant laws and regulations.

2.2 It therefore has a monitor/assist/review/scrutinize purpose, and is not a decision-making body. It could be seen as being a critical but supportive friend. It sets its

own agenda, and can be selective and probe particular topics in more depth than the Committee, which has a wider range of statutory responsibilities. As such, the general approach of the Board is to seek assurances with evidence from the Fund and external bodies, that the Fund is meeting its objectives, producing its required statements, managing its risks, etc. so as to achieve the overall objectives as set out in paragraph 2.1 above. It can and does commission its own reports, and where appropriate, makes recommendations to the Committee and to officers.

- 2.3 In so doing, the Board is helping manage the reputational risk of both the Fund and the Administering Authority. The LGPS in England and Wales has both the Department of Levelling Up, Housing and Communities (DLUHC) and the Pensions Regulator (TPR) as its regulators. The Administering Authority, and in extreme circumstances Board members, can be fined by TPR, who also has other powers available, including producing Regulatory Intervention Reports. No such reports from TPR have been issued to the Powys Pension Fund.
- 2.4 The Board is supported by the Board Secretary and has benefited from the presence of the s151 Officer at some of its meetings. [The url for current Terms of Reference is shown in paragraph 7.1.](#)
- 2.5 In 2021/2022 the direct costs of operating the Board, covering travel and training expenses relating to Board members and the fees and expenses of the Independent Chair amounted to £XXX. These costs do not include any indirect costs relating to officer time nor any apportioned costs for the use of the Council's premises, systems or services recharged to the Fund by the Council. There was a specific budget of £XXX. Board members are covered by indemnity insurance.

3 Detailed Work of the Board

3.1 Overview

- 3.1.1. This is the seventh Annual Report produced by the Board. Since their inception, Local Pension Boards have become increasingly visible and pro-active, as had been anticipated by both TPR and the Scheme Advisory Board (SAB).
- 3.1.2. Boards are in a continuous state of evolution. There is increasing dialogue between Board members between formal meetings, especially between the Board Chair and the Board Secretary, including updates of bulletins from TPR, SAB, DLUHC, Local Government Association (LGA) and other relevant sources.
- 3.1.3 There are efficient communication links between the Board and the Committee, as the Board Chair now produces and formally presents to the Committee an Executive Summary from each Board meeting showing any specific recommendations made by the Board, what assurances it has gained on behalf of the Committee, and any other matters considered to be relevant. I believe the Triangle of Trust between Committee, Officers and Board is firmly established. It is pleasing that governance and administration, which are the primary focus of the Board, now feature more prominently on the agenda of the Committee.
- 3.1.4. As indicated above, the main elements of the work programme of the Board are governance, and oversight of the pensions administration function, which is run by an in-house team. As most of this team had for some time experienced a

significant element of working from home, the majority of the risks and revised procedures associated with home working due to the pandemic had already been identified, mitigated and managed.

- 3.1.5 Amongst other objectives, the Board endeavours to help manage the reputational risk of the Fund. Such a focus seeks assurances that the Fund is complying with its responsibilities and obligations. The Board reviews the quarterly administration performance reports, and requests greater detail where necessary. Where appropriate, these reviews are extended to ensure that all scheme employers are similarly complying, as their complete, accurate, timely and secure supply of data is critical. As Chair, I attend the annual meeting with scheme employers. Increasingly, data flows from employers are becoming electronic, so data quality is expected to further improve. Provision of quality data prevents a chain reaction of poor key performance indicators, breaches of the law, inaccurate payment of pensions, inaccurate employer contribution rates and inappropriate investment decisions. With these objectives in mind, the Board previews draft policies, statements and procedures, primarily from the viewpoints of process, consistency and communications, and makes appropriate recommendations. During 2021/22 the Board helped shape the Compliments and Complaints Policy, for approval by the Committee.

3.2 Risk management

A separate Risk Register, formatted to be consistent with that of the County Council, is produced for the Pension Fund. The detailed assessment of the likelihood of each risk occurring, and its impact, has been judged in the light of the existence of the Board as an additional scrutiny resource. An oversight review of the Risk Register, and consideration of any new risks, is a standing item at the quarterly Board meetings. The Risk Register is being streamlined to help better manage related areas of risk. During the year, the Board made various recommendations regarding the Risk Register. These included adding staff recruitment and retention, including staff training policies, as an additional risk. With anticipated legislation regarding responsible investment, the Board recommended that potential non-compliance with the guidance under the Task Force for Climate Related Financial Disclosures (TCFD) be added as a risk. The Board also reviewed the contracts register.

3.3 The Pensions Regulator (TPR)

- 3.3.1 The Pensions Regulator monitors the LGPS on an ongoing basis and has, for example, highlighted delays across LGPS Funds in producing Annual Benefit Statements (ABS's). The Board was pleased to note that Powys Pension Fund once again produced its ABS's by the due date but nevertheless continues to seek assurances that the next set will once again be delivered on time.

- 3.3.2 The Board, together with the Board Secretary, during the year conducts a phased review of the Fund against the standards and expectations as reflected in TPR's Code of Practice 14 (COP 14), which is specifically for public services pension schemes. Using a "red, amber, green" approach the Board identifies areas in which the Fund can make improvements. When examining improvements that have been achieved, the Board seeks assurance that the evidence supports the revised assessment levels. It is expected that TPR's Single Modular Code, to replace COP 14, will be implemented later in 2022, and the transition will represent a significant challenge for officers and the Board.

3.3.3 The Board monitors TPR's annual review of its priorities, and studies its guidance, intervention reports and the reasons behind any action it takes. TPR pays particular attention to data protection and cyber security. Like officers, elected and co-opted Members, the Board members also complete the Council's annual examination in these areas, which is seen as good practice.

3.3.4 The Board continues to be mindful of TPR's Scheme Annual Return, which is a statutory, factual document to be returned within a set deadline, with which Powys complied. TPR will be measuring and seeking annual improvements in data quality. Using 2018/2019 data as a baseline, the return shows percentages for completeness and accuracy of "common data" and "scheme specific data". The most recent submission from Powys indicates figures of 98% for common data and 92% for scheme specific data. It is important to note that the Fund depends on timely submission of accurate data from all employers. Whilst data quality for Powys is at a high level, nevertheless a Data Improvement Plan remains in place, which the Board continues to monitor as a key part of its Work Programme.

3.4 Reporting and Recording Breaches

The Board, and all associated with the Fund, other than individual scheme members, have a responsibility to report significant breaches of law to TPR. The Board reviews any breaches of the law as a quarterly standing item. During 2021/2022 none of the recorded breaches were deemed to be of material significance to the TPR, hence no breaches were formally reported via the Administering Authority. A fast-track reporting system is in place for reporting breaches (those of material significance to TPR) in a timely manner. Recorded breaches included several cases of non-payment of "frozen refunds", for which the Fund does not have all necessary information to enable payments to be made.

3.5 Scheme Advisory Board (SAB)

3.5.1. The Board monitors the focus and priorities of the SAB, takes them into account in setting its Work Programme, and also receives minutes of SAB meetings. Increasingly the SAB is issuing guidance and recommending good practice to pension funds. The SAB produces an Annual Report encompassing data for all LGPS Funds in England and Wales, which is made available to Board members.

3.5.2. The SAB commissions periodic surveys of local pension boards. A new survey is expected imminently.

3.6 Government Actuaries Department (GAD)

3.6.1 The Board was pleased that no areas of concern were expressed by GAD in its Section 13 review of the assumptions within the Triennial Valuation 2019.

3.7 Review of Investment Issues

Whilst the vast majority of the Board's work programme focuses on administration and governance issues, investment issues are not ignored.

- 3.7.1 As expected under the relevant Investment Regulations, the Board continues to monitor the on-going consideration and development of an appropriate strategy for responsible investment, as reflected in the Fund's Investment Strategy Statement.
- 3.7.2. The Board continues to receive updates on progress by the Wales Pensions Partnership on the pooling of assets. The Chairs of each Pension Committee make up the Joint Management Committee of WPP, which also meets quarterly. Hence the demands on each Committee Chair have significantly increased.
- 3.7.3 The eight Chairs of the Wales Pension Boards participate in half yearly engagement meetings with the host authority and external providers. WPP has successfully applied for approval under the Stewardship Code 2020 (the Powys Fund is now considering its plans for its individual application). The relationship between the responsible investment policy of the Wales Pool compared with that of Powys is monitored. The Board was pleased that a scheme member observer has been appointed the WPP Joint Committee.
- 3.7.4 The Board keeps a watchful eye on on-going compliance with MiFID II, particularly should there be any changes of key staff with investment expertise, or in membership of the Committee, which is responsible for decisions on assets of some £xxxm, consisting of multiple and increasingly complex and diverse asset classes. Consequently there are significant training requirements for all Committee Members, which include training on understanding and monitoring liabilities. From a risk viewpoint, it is important that, where possible, the most appropriate appointments are made to the Committee, including the Chair.
- 3.7.5 The Board receives reports on cash flow predictions. These help the Board gain assurances that pensions and lump sums will be paid on time, and that cash management arrangements are sufficiently flexible both to avoid any forced fire-sale of assets and to have cash available when called up by the investment managers.

3.8 Scheme documents

- 3.8.1 The Board examines the range of scheme documents expected to be in place, and with which Board members are expected to be conversant. All relevant documents are listed and easily accessible on the Fund's website.
- 3.8.2 The Board pays regard to those standard letters and documents which are sent to scheme members and has made recommendations regarding their content. Particular focus is given to the ever-present dangers of pension scams.

3.9 Engagement with s151 Officer

As Board Chair, I hold an annual discussion with Powys County Council's Section 151 Officer. Appropriate assurances have been given to the Committee regarding the appropriate resourcing of the Pensions Team in the light of the additional administrative burdens arising from the multitude of actual and anticipated legislative changes and guidance.

4. **Ensuring Compliance with Regulatory Deadlines.**

- 4.1 An increasing component of the Board's agenda is ensuring compliance with regulatory deadlines, some of which represent an annual requirement, whilst others relate to the effective dates of new legislation and regulations. In all cases timely progress reports are received, with the Board considering whether any recommendations are needed to help ensure that deadlines are met.
- 4.2 Annual requirements include producing Annual Benefit Statements for active members, Pension Savings Statements, the submission of the Scheme Annual Return to the TPR and publication of the Pension Fund Annual Report and Accounts. Notwithstanding the practical difficulties caused by the pandemic, the Fund complied with the relevant deadlines, and followed guidance issued by TPR regarding work priorities.

5. Training

- 5.1 Each Board member must be conversant with the details of the Scheme, which translates as having a good working knowledge. On appointment, a new Board member receives one to one training with the Board Chair.
- 5.2 The training policy for Board members is based on an individual training needs analysis and is therefore being individually tailored. This allows use of both the CIPFA Framework and TPR Toolkit. Board members are informed of external training opportunities such as CIPFA Pensions Network events and the annual LGA/LGPS Trustees Conference, and are encouraged to attend at least two such seminars or conferences each year.
- 5.3 Board members are invited to internal training events provided for Committee members which are often targeted to specific issues or asset classes.
- 5.4 A communications log is maintained of all relevant guidance and regulatory documents received and distributed to Board members, to ensure that their knowledge and skills are kept up to date, and to monitor the Fund's compliance with the associated changes.
- 5.5 Further, easily available training opportunities were presented via the availability of webinars during UK lockdown, and subsequently. This was particularly true of the excellent investment training courses provided on-line by the Wales Pensions Partnership and made available for Board members to participate.
- 5.6 As Independent Chair, I attend many industry events, and am able to share some of the learning outcomes with Board members, thus adding informal training to the range of opportunities available to the Board. I personally undertook a substantial amount of Continuing Professional Development during the year.

6. Workplan

- 6.1 The work plan for 2022/2023 will include the following activity areas:
- Pension Fund Annual Report and Accounts
 - administration, including Key Performance Indicators, the Data Improvement Plan and, potentially, Value for Money studies
 - audit and risk management, including the Risk Register
 - a self-assessment by the Pension Board of its own performance

- governance; including conflicts of interest, recording and, if appropriate, reporting breaches, and compliance with TPR's Code of Practice 14 and its proposed successor, the Single Modular Code of Practice.
- preparation for implementing the DLUHC guidance on the Good Governance Project
- training, to include the Triennial Valuation March 2022 and the Wales Pooling Partnership (WPP)
- investments, including on-going developments at WPP and implications for Administering Authorities
- overview progress on responsible investments and the Stewardship Code
- monitoring external deadlines such as issuing Annual Benefit Statements
- member communications
- on-going reviews of cyber security, GDPR and managing the threats from pension scams
- participating in and learning from relevant surveys, e.g. of SAB and TPR.
- a review of the Forward-Looking Business Plan

6.2 The above represents a challenging list. There is flexibility to allow for any additional reviews and developments. The experience gained through holding virtual meetings opens up the possibility of arranging additional short but focussed on-line meetings to supplement the scheduled quarterly meetings, should business so require.

7. Public accountability

7.1 As well as being open to the public, the agendas, minutes and the Board's Terms of Reference are available on the Authority's website at the following address:

<https://www.powyspensionfund.org/powys-pension-fund/about-us/forms-and-publications/>

Thanks.

I wish to thank my fellow Board members, who have volunteered their time and energies in their roles. Thanks are also expressed to the Board Secretary, the Chair of the Pensions and Investments Committee, the s151 Officer, and in particular the Cabinet Manager for Legal, Scrutiny and Democratic Services and team, plus the Council's IT staff, for their timely and effective support during these challenging times. Finally I pay tribute to the Pensions Administration Team for their sterling determination to ensure benefits were paid accurately and in a timely way, notwithstanding the difficulties presented.



Gerard Moore
Independent Chair
Powys County Council LGPS Local Pension Board

20 June 2022

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Breach No	YEAR	Breach Type	Nature of Breach	Breach Description	Action	Material Significance (Y/N)	P & I Committee Notified	Pension Board Notified	TPR Notified	RAG Status
1	2018/19	Administration	Late Notification of deferred Benefits	Disclosure Regulations state that any deferred leaver should be notified of their deferred benefit options within two months of the fund receiving complete leaver information from the employer. Due to the backlog of casework in the fund these deadlines have not been met for a number of historic deferred members. Cause: The backlog has occurred through the introduction of the new LGPS and the increased complexity around administration (aggregations, final salary links etc). An increase in the numbers of deferred pensioners who have left employment through reorganisations in recent months has also had an impact. Effect: although a breach, it is not considered material, as the information is not critical when making future decisions. Where a deferred member reaches retirement age their calculation will be completed at that point. This is a national issue for most funds across the LGPS.	New letter produced and issued to leavers upon notification of leaving, stating their entitlements upon leaving membership of the LGPS (i.e. under 2 years = refund, over 2 years = Deferred)	N	N	Y	N	
2	2018/19	Administration	Automatic payment of refund after 5 years for post 2014 leavers	Members have been contacted requesting bank details in order to pay refunds, however, no reply has been received from the scheme members.	The National Technical Group has recommended to the SAB that the regulations in respect of refunds is amended and reflects the position prior to April 2014.	N	Y	Y	N	

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CYNGOR SIR POWYS COUNTY COUNCIL

Pension Board
28th October 2022

REPORT BY: Board Secretary

SUBJECT: Powys Pension Board Communications Log

REPORT FOR: Information

1. **Introduction**

- 1.1 This report lists the communications issued to the Board in between the official meetings, for information and discussion as required.

2. **Communications Log**

2.1

<u>Communication</u>	<u>Date Sent</u>
TPR July Round Up Email	28.07.22
TPR August Round Up Email	26.08.22
Training Email	01.09.22
Various training emails	

3. **Recommendation**

Note communications issued.

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