

Powys Pensions Board

Meeting Venue
Zoom

Meeting Date
Friday, 9 February 2024

Meeting Time
10.00 am

For further information please contact

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County Hall
Llandrindod Wells
Powys
LD1 5LG
05.02.2024

Mae croeso i chi siarad yn Gymraeg neu yn Saesneg yn y cyfarfod. Rhowch wybod pa iaith rydych am ei defnyddio erbyn hanner dydd, ddau ddiwrnod gwaith cyn y cyfarfod.

You are welcome to speak Welsh or English in the meeting. Please inform us of which language you wish to use by noon, two working days before the meeting.

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 meeting of the Board held on 20 November 2023 as a correct record.

(Pages 5 - 12)

4.	MATTERS ARISING
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Verbal update from the Chair.

5.	MINUTES OF PENSIONS AND INVESTMENT COMMITTEE
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To note the draft minutes of the Pensions and Investment Committee held on 15 December 2023.

(Pages 13 - 20)

6.	THE PENSION REGULATOR [TPR] CODES OF PRACTICE
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Updates made with regards to compliance with the TPR Code of Practice 14.
(Pages 21 - 26)

7.	THE PENSION REGULATOR [TPR] NEW GENERAL CODE OF PRACTICE
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To note the report.
(Pages 27 - 28)

8.	OPERATIONAL AND ADMINISTRATION REPORT & UPDATE
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To receive the Administration Update.
(Pages 29 - 30)

9.	LEGISLATION AND GOVERNANCE UPDATE
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To note the Legislation and Governance Report.
(Pages 31 - 36)

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

- a. Governance Risk Register
- b. Administration Risk Register
- c. Investment Risk Register

(Pages 37 - 50)

11.	TRAINING NEEDS ANALYSIS
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To note the report and complete the Training Needs Analysis form.
(Pages 51 - 52)

12.	WALES PENSION PARTNERSHIP [WPP] UPDATE
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To receive the WPP update.
(Pages 53 - 54)

13.	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 55 - 58)

14.	FUTURE BOARD MEETINGS
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22 May – 10.00am
04 September – 11.00am
18 November – 10.00am

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.	UPDATE BY CHAIR OF PENSIONS BOARD
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A verbal update from the Chair.

17.	PERFORMANCE MEASUREMENT
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To receive the performance reports.

(Pages 59 - 72)

18.	EMPLOYER PERFORMANCE
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To note the report.

(Pages 73 - 74)

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

PRESENT

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

GUEST

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

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

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

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

3.	MINUTES OF THE BOARD
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The minutes of the last meeting held on 29 September 2023 were agreed as a correct record.

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

A comprehensive range of people provided representation to the SAB.

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

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

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

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

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

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

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

It was highlighted that the Committee:

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

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

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

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

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

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

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

-had approved the establishment of a Responsible Investment Subgroup.

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

6. THE PENSION REGULATOR [TPR] CODES OF PRACTICE

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

Governing your Scheme [38-60]

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

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

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

Conflicts of Interest and Representation [62-91]

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

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

7. OPERATIONAL AND ADMINISTRATION REPORT & UPDATE

The Board received the Operational and Administration report.

The Pension Fund Manager updated the Board that:

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

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

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

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

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

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

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

8. LEGISLATION AND GOVERNANCE UPDATE

The Board noted the Legislation and Governance Update.

The Pension Fund Manager highlighted:

2.0 Scheme Advisory Board

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

3.0 LGPS updates

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

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

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

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

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

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

9. RISK MANAGEMENT POLICY

The Board considered the draft policy.

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

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

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

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

Recommendations from the Board.

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

to reference the retention of Committee membership.

to emphasise elected and board member training.

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

the Pension Fund Manager would recirculate the document once updated.

10. REVIEW OF RISK REGISTER

The Board noted the Risk Register.

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

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

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

11. DATA QUALITY TESTING

The Board noted the report.

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

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

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

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

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

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

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

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

12. WALES PENSION PARTNERSHIP UPDATE

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

The Pension Fund Manager highlighted:

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

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

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

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

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

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

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

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

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

c. Board Communications Log – noted.

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

14. FUTURE BOARD MEETINGS

The Board noted the 2024 meeting dates.

15. CONFIDENTIAL

RESOLVED that in accordance with Section 106 [8] Local Government Pension Scheme [LGPS] Regulations 2013 the Board goes into the confidential agenda with the public and press being excluded as some of the information may relate to financial or business affairs of a particular person or organisation.

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

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

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

17. PERFORMANCE MEASUREMENT

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

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

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

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

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

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

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

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

18. EMPLOYER PERFORMANCE

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

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

Independent Chair Moore (Chair)

MINUTES OF A MEETING OF THE PENSIONS AND INVESTMENT COMMITTEE HELD AT ON FRIDAY, 15 DECEMBER 2023

PRESENT

County Councillor P E Lewis (Chair)

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

Apologies for absence were received from County Councillors A Kennerley

1. APOLOGIES

Apologies were received from: Cllr A Kennerley.

2. DECLARATIONS OF INTEREST

C Kenyon-Wade, D H Williams, E A Jones, and P E Lewis 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

The Chair was authorised to sign the minutes of the Pensions and Investment Committee meetings held on 06 October and 29 November 2023 as a correct record.

4. PENSION BOARD MINUTES

The Committee noted the Pension Board Minutes from 20 November 2023. And a verbal update was provided by the Chair of the Board:

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- The Chair of the Scheme Advisory Board attended the last meeting of the Powys Pension Board and stressed that pooling could benefit from investments in the UK economy, but only if they provided proper returns.
- Items suggested and discussed by the Board had been incorporated into the Risk Management Policy (Item 6 below).
- The recommendation in Item 13 of the draft Board minutes, that the Administration Strategy Statement would be reviewed once the Pension Regulators general code of practices were in operation, which was expected to be in April 2024.

5.	ADMINISTRATION AND GOVERNANCE REPORT
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The Committee reviewed the Update. The Pension Fund Manager highlighted the following:

2. Scheme Advisory Board (SAB) Updates

2.2 A Government pooling consultation response was provided by the Scheme Advisory Board, the Wales Pension Partnership WPP and Powys Pension Fund, and support full transparency within reporting in which documents would be shared.

The Scheme Advisory Board were fully in support of comments made however a caution was given that work would fall to officers and investment colleagues.

2.3 thanks were given to all those that had completed the skills and knowledge survey.

2.4 Scheme Advisory Board website information.

3. Local Government Pension Scheme (LGPS) Updates

3.1 Department for Levelling up, Housing and Communities report had been published and noted that the overall market value of the LGPS fund had fallen with a decrease of 1.9% in 2023 with an 8% decrease in retirements compared with 2021/22.

3.2 the McCloud remedy had been in place since 01 October 2023, which applied additional checks to be conducted to adhere to legislation and ensure correct payments were made. Resource impacts were being monitored and expected to be significant, however technology tools and system processes were being implemented to alleviate some of the pressure.

3.3 Concerns were raised regarding the communication around the abolishment of the lifetime allowance to all members, due to the scheme's complexity.

4. Pension Regulator

4.2 findings had been published regarding the independent review carried out by the Department of Work and Pensions on the Pensions Regulator (TPR).

4.3 a formal request has been received from the Pension Regulator (TPR) for the annual scheme return to be submitted by the end of January 2024.

5. a data check has been carried out by the Pension Team in preparation of the Pension Dashboard going live.

6. Risk Register 7. Breaches Register

No new risks or breaches were reported.

The latest risk to be added was around climate and nature, and they cycle of deep dives would begin in February 2024.

A query was answered around training for members, the Pensions Fund Manager encouraged all to attend and noted that the WPP constructed training plans in conjunction with officer discussion.

Inhouse training was considered through presentations and information provided in meetings and could be extended if necessary and noted that through the good governance project carried out by the SAB training logs may be published.

A discussion was held around the high-level technical training recently received from WPP, and some Committee members felt that more background was needed for better understanding.

It was moved and duly seconded to note the report and approve the risk register.

Resolved: The Administration and Governance Update be noted.

6.	RISK MANAGEMENT POLICY
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The Committee considered the report and draft policy, the Pension Fund Manager explained that the report provided more detail around the cycle practice for producing and managing the risk register.

As mentioned earlier in the meeting training would be a key focus to ensure that all involved had the skills and knowledge to fully participate.

Page 7 - The 'Key Risk to the Effective Delivery This Policy' section was discussed and queried if the document should contain risks, the Pension Fund Manager would consider the wording and the placement of the section and recirculate the document.

It was moved and duly seconded to note the report and approve the Risk Management Policy.

Resolved: The Risk Management Policy be approved with recommendation.

Recommendation:

- I. For the Pension Fund Manager to adjust the placement of the wording on Page 7 - The 'Key Risk to the Effective Delivery This Policy' and move to the Report. Once completed the document would be recirculated.
- II. Approve the Risk Management Policy to support the risk register and demonstrate best practice in the management of risk within the LGPS.

7.	DATA QUALITY TESTING 2023
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The Committee noted the Data Quality Testing Report for 2023. The Pension Fund Manager explained that each October data quality tests were undertaken with benchmarking checks against Pension Regulators. Comments had been received from the Actuary that data quality had been of a good standard.

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

The overall percentage of tests passed for Powys' common data was 98.5% (98.3% in 2022 and 97.7% in 2021). The data showed a gradual increase, which reflects members movements. A discussion took place around the address data bar which showed 97.48% within the graph, which was fully dependant data fields being completed in the correct format.

The overall percentage of tests passed for Powys' scheme specific data was 93.37% (91.95% in 2022 and 91.87% in 2021). The Committee were reassured that the Members Benefits bar showing 85.67% in the graph did not reflect what members were being paid but how historical records for internal aggregations were held and part of an internal data recording exercise. The Pension Fund Manager stressed that records could potentially be reconciled through a bulk exercise, otherwise they would be corrected over time.

It was moved and duly seconded to note the report.

Resolved: The Data Quality Testing Report be noted.

8.	WALES PENSION PARTNERSHIP [WPP] UPDATE
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The Committee received the update, the Pension Fund Manager informed the Committee that there were no additional packs available as the papers from the Joint Governance Committee on the 13 December had not been published.

1.2 provided a link to the published 2022/23 WPP Report.

1.3 reinforced that the WPP provided regular quarterly training, with links available in the report.

It was moved and duly seconded to note the report.

Resolved: The WPP Update Report be noted.

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.	ACTUARIAL UPDATE
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The Committee reviewed the report from Becky Durran a representative from the actuarial team at AON which provided a summary recap and an update of the funding position for the latest quarter as at 30 September 2023 for the Powys fund.

Changes and variations in asset classes were explained since the 2022 valuation and the impacts affecting the funding position. A forecast was presented to the Committee with details in regard to asset and liability levels as the next valuation will be 2025.

It was moved and duly seconded to note the report.

Resolved: The Actuarial Update report be noted.

11. ACTIVE DIVERSIFIERS PRESENTATION

The Committee received a presentation from Guy Saintfiet a representative from AON. The purpose of the presentation provided the Committee with background information on the aims of the fund, which was actively managed and diversifies sources of return within the overall asset portfolio to manage risk and offer a different stream of return. It was explained how it fits into the overall strategy that was previously approved by the Committee with a guide to the governance and investment objectives. The portfolio construction that drives the performance of the fund was illustrated in graph form since the inception of fund two years ago. As an active fund the cost controls were shown with models available and how value was added for the fund.

It was moved and duly seconded to note the reports.

Resolved: The Aon presentation on Active Diversifiers be noted.

12. CARBON EXPOSURE ANALYSIS

The Committee considered the Carbon Exposure Analysis Paper from AON representative Kenneth Ettles. The purpose of the paper was to share data on carbon emissions, and greenhouse gas exposure on the fund. It was noted that the scope of data and the collection process was evolving and not all data could be provided in the presentation to the Committee.

Discussions took place around the importance and significance of carbon emissions and that all funding options should be explored and was suggested that the Fund has a discussion with the WPP on their proposed approach with regards to reducing carbon exposure within the WPP sub funds

The Pension Fund Manager added that a responsible investment subgroup for the Powys Fund would be established in the new year and the WPP plan would hopefully be available for discussion.

It was moved and duly seconded to approve the paper and approve the next steps.

Resolved: The Carbon Exposure Analysis Paper from AON be noted.

13. QUARTERLY MONITORING REPORT

The Committee considered the Quarterly Monitoring Report presented by Emma Perrin a representative from AON.

The Pension Fund Manager explained that a transition was underway to a new performance management company, therefore the report presented was ~~only~~ a

work in progress. An extra meeting would be held in the new year to discuss performance in depth.

The presentation provided analysis of how the fund, asset classes and markets performed during quarter three. The agreed strategy updates from the last meeting had not been included as implementation changes to the strategy were being worked through in terms of individual managers and the structure of some portfolios, with an investment outlook showing all the elements considered regarding the fund.

It was moved and duly seconded to approve the report.

Resolved: The Quarterly Monitoring Report be noted.

14. EQUITY PROTECTION

The Committee considered the Equity Report presented by Kenneth Ettles a representative from AON which provided an update and summary of actions previously been agreed by the Committee on both short term and long-term equity protection. AON had been working with the Pension Fund Manager and Team to implement additional protection for three years.

Discussions took place around the different asset classes and the elements within infrastructure investment assets and the income generated over a longer-term investment.

It was moved and duly seconded to approve the Equity Protection Report.

Resolved: The Equity Protection Report be noted.

15. EQUITY IMPLEMENTATION

The Committee reviewed the report presented by Emma Perrin a representative from AON which provided an update on the implementation of the equity restructure in 2023.

Previous advice delivered by AON remained appropriate following the equity review last year. Steps were being taken to carry out the actions approved by the Committee to commit to a phased approach to a sustainable fund.

A recommendation was presented to the Committee in response to the equity protection in item 14.

It was moved and duly seconded to approve the Equity Protection Report and approve the recommendation.

Resolved: The Aon Equity Implementation Report be noted, and recommendation approved.

County Councillor P E Lewis (Chair)

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Managing Risks

Feb-24

104	Good internal controls are an important characteristic of a well-run scheme and one of the main components of the scheme manager's role in securing the effective governance and administration of the scheme. Internal controls can help protect pension schemes from adverse risks, which could be detrimental to the scheme and members if they are not mitigated.		Discussed at each Board meeting and regularly reviewed as part of business as usual operations	Updated Text
105	Scheme managers must establish and operate internal controls. These should address significant risks which are likely to have a material impact on the scheme. Scheme managers should employ a risk-based approach and ensure that sufficient time and attention is spent on identifying, evaluating and managing risks and developing and monitoring appropriate controls. They should seek advice, as necessary.		Discussed at each Board meeting and included in risk register, which is regularly reviewed including an annual "deep dive"	Updated Text
106	Before implementing an internal controls framework, schemes should carry out a risk assessment. They should begin by: setting the objectives of the scheme determining the various functions and activities carried out in the running of the scheme, and identifying the main risks associated with those objectives, functions and activities.		Discussed at each Board meeting and considered on risk register.	
107	An effective risk assessment process will help schemes to identify a wide range of internal and external risks, which are critical to the scheme and members. When identifying risks, schemes should refer to relevant sources of information, such as records of internal disputes and legislative breaches, the register of interests, internal and external audit reports and service contracts.		Discussed at each Board meeting and regularly reviewed as part of business as usual operations	Updated Text
108	Once schemes have identified risks, they should record them in a risk register and review them regularly. Schemes should keep appropriate records to help scheme managers demonstrate steps they have taken to comply, if necessary, with legal requirements.		Discussed at each Board meeting and included in risk register	
109	Not all risks will have the same potential impact on scheme operations and members or the same likelihood of materialising. Schemes should consider both these areas when determining the order of priority for managing risks and focus on those areas where the impact and likelihood of a risk materialising is high.		Discussed at each Board meeting and included within risk register reviews	
110	Many pension schemes will already have adequate internal controls in place, some of which may apply to a variety of the functions of the administering authority. Schemes should review their existing arrangements and procedures to determine whether they can prevent and detect errors in scheme operations and help mitigate pension scheme-related risks. For example, schemes could obtain assurance about their existing controls through direct testing or by obtaining reports on controls. Any such review should be appropriate to the outcome of the risk evaluation.		Discussed at each Board meeting and regularly reviewed as part of business as usual operations	
111	Schemes should consider what internal controls are appropriate to mitigate the main risks they have identified and how best to monitor them. For example, the scheme manager(s) for a funded scheme should establish and operate internal controls that regularly assess the effectiveness of investment-related decision making. Scheme managers for all pension schemes should establish and operate internal controls that regularly assess the effectiveness of data management and record-keeping.		Discussed at each Board meeting and considered on risk register.	
113	Risk assessment is a continual process and should take account of a changing environment and new and emerging risks, including significant changes in or affecting the scheme and employers who participate in the scheme.		Discussed at each Board meeting and during regular risk register reviews	
114	For example, where relevant, schemes should put in place systems and processes for making an objective assessment of the strength of an employer's covenant (which should include analysis of their financial position, prospects and ability to pay the necessary employer contributions).		In Place - Work with Fund actuary to assess as required.	

115	<p>An effective risk assessment process will provide a mechanism to detect weaknesses at an early stage. Schemes should periodically review the adequacy of internal controls in:</p> <p>mitigating risks</p> <p>supporting longer-term strategic aims, for example relating to investments</p> <p>identifying success (or otherwise) in achieving agreed objectives, and</p> <p>providing a framework against which compliance with the scheme regulations and legislation can be monitored.</p>		Discussed at Board meeting accordingly. Risk Register regularly reviewed and investment strategy monitored and reviewed regularly.
116	<p>Internal or external audits and/or quality assurance processes should ensure that adequate internal controls are in place and being operated effectively. Reviews should take place when substantial changes take place, such as changes to pension scheme personnel, implementation of new administration systems or processes, or where a control has been found to be inadequate.</p>		Annual Wales Audit Office reviews. Internal Audit of Administration took place in early 2023 and results presented identified no major issues.
119	<p>The legal requirements relating to internal controls apply equally where schemes outsource services connected with the running of the scheme. Providers should be required to demonstrate that they will have adequate internal controls in their tenders for delivering services. The requirements should be incorporated in the terms of engagement and contract between the scheme and service provider. Outsourced services may include, for example, the maintenance of records and data, calculation of benefits and investment management services. Where services are outsourced, scheme managers should be satisfied that internal controls associated with those services are adequate and effective.</p>		Annual Assurances from providers sought.
120	<p>An increasing number of service providers are obtaining independent assurance reports to help demonstrate their ability to deliver quality administration services. Schemes should ask their service providers to demonstrate that they have adequate internal controls relating to the services they provide. It is vital that schemes ensure they receive sufficient assurance from service providers. For example, the information from providers should be sufficiently detailed and comprehensive and the service level agreements should cover all services that are outsourced. Schemes should also consider including provisions in contracts for outsourced services requiring compliance with appropriate standards. This should help to ensure effective administration.</p>		Annual Assurances from providers sought.
Maintaining Contributions			
147	<p>Employer contributions must be paid to the scheme in accordance with any requirements in the scheme regulations. Where employer contributions are not paid on or before the date they are due under the scheme and the scheme manager has reasonable cause to believe that the failure is likely to be of material significance to the regulator in the exercise of any of its functions, the scheme manager must give a written report of the matter to the regulator as soon as reasonably practicable.</p>		Breaches Log and procedure in place. Ongoing risk requiring monitoring. Stricter monitoring in place and performance now reported to Board at each meeting.
148	<p>Where employee contributions are deducted from a member's pay, the amount deducted must be paid to the managers of the scheme at the latest by the 19th day of the month following the deduction, or by the 22nd day if paid electronically (the 'prescribed period'), or earlier if required by scheme regulations. References to 'days' means all days. References to 'working days' do not include Saturdays, Sundays or Bank Holidays.</p>		Breaches Log and procedure in place. Ongoing risk requiring monitoring. Stricter monitoring in place and performance now reported to Board at each meeting.

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149	Where employee contributions are not paid within the prescribed period, if the scheme manager has reasonable cause to believe that the failure is likely to be of material significance to the regulator in the exercise of any of its functions, they must give notice of the failure to the regulator and the member within a reasonable period after the end of the prescribed period. Where there is a failure to pay employee contributions on an earlier date in accordance with scheme regulations, schemes should also consider their statutory duty under section 70 of the Pensions Act 2004 to assess and if necessary report breaches of the law. For more information about reporting breaches of the law, see this section of the code.		Breaches Log and procedure in place. Ongoing risk requiring monitoring. Stricter monitoring in place and performance now reported to Board at each meeting.
150	As part of the requirement to establish and operate adequate internal controls, scheme managers should ensure that there are effective procedures and processes in place to identify payment failures that are – and are not – of material significance to the regulator. A ‘payment failure’ is where contribution payments are not paid to the scheme by the due date(s), or within the prescribed period and a ‘materially significant payment failure’ refers to a payment failure which is likely to be of material significance to the regulator in the exercise of its functions.		Breaches Log and procedure in place. Ongoing risk requiring monitoring. Stricter monitoring in place and performance now reported to Board at each meeting.
151	Schemes should monitor pension contributions, resolve payment issues and report payment failures, as appropriate, so that the scheme is administered and managed in accordance with the scheme regulations and other legal requirements.		Breaches Log and procedure in place. Ongoing risk requiring monitoring. Stricter monitoring in place and performance now reported to Board at each meeting.
152	Adequate procedures and processes are likely to involve: developing a record to monitor the payment of contributions monitoring the payment of contributions managing overdue contributions, and reporting materially significant payment failures.		In place.
153	These procedures and processes should help scheme managers to meet their statutory duty to report materially significant payment failures to the regulator, as well as ensuring the effective management of scheme contributions and payment of the right pension.		Breaches Log and Policy in place
155	Public service pension schemes which meet these exemptions should nonetheless develop a record for monitoring the payment of contributions to the scheme (a contribution monitoring record, which must reflect any requirements in scheme regulations where relevant). Schemes should prepare the contributions monitoring record in consultation with employees.		Procedure in place and has been developed throughout 2023. More stringent reporting to Board & Committee.
156	A contributions monitoring record will enable schemes to check whether contributions have been paid on time and in full, and, if they have not, provide a trigger for escalation for schemes to investigate the payment failure and consideration of whether scheme managers need to report to the regulator and, where relevant, members.		Procedure in place, but looking to develop using software for reconciliation and monitoring to help. This is dependant on the software providers developments.

Updated
TextUpdated
Text

157	<p>A contributions monitoring record should include the following information:</p> <ul style="list-style-type: none"> • contribution rates • the date(s) on or before which employer contributions are to be paid to the scheme • the date by when, or period within which, the employee contributions are to be paid to the scheme • the rate or amount of interest payable where the payment of contributions is late. 		Noted. Statement of fact/process.	
158	The date when employer contributions must be paid is the date on or before which they are due under the scheme in accordance with the scheme regulations (or other scheme documentation). Schemes should assess the timing of payments against the date specified.		Noted. Statement of fact/process.	
159	While there is a legal requirement for employee contributions to be paid to the scheme by the 19th day of the month following deduction, or by the 22nd day if paid electronically, this does not override any earlier time periods required by the scheme regulations. There are special rules for the first deduction of contributions on automatic enrolment under the Pensions Act 2008.		Noted. Statement of fact/process.	
160	A contributions monitoring record should help schemes to identify any employers who are not paying contributions on time and/or in full, support schemes to ensure that contributions are paid and employers to develop and implement new processes, as appropriate. The contributions monitoring record should provide schemes with information to maintain records of money received and will be useful for schemes to ensure that their member records are kept up-to-date.		Procedure in place and has been developed throughout 2023. More stringent reporting to Board & Committee.	Updated Text
161	Schemes should monitor contributions on an ongoing basis for all the membership categories within the scheme. Schemes should regularly check payments due against the contributions monitoring record.		Procedure in place, but looking to develop using software for reconciliation and monitoring to help. This is dependant on the software providers developments.	Updated Text
162	Schemes should apply a risk-based and proportionate approach to help identify employers and situations which present a higher risk of payment failures occurring and which are likely to be of material significance and require the scheme manager to intervene.		Procedure in place, but looking to develop using software for reconciliation and monitoring to help. This is dependant on the software providers developments.	Updated Text
163	Schemes should be aware of what is to be paid in accordance with the contributions monitoring record or other scheme documentation, which may be used by the pension scheme. Schemes should also have a process in place to identify where payments are late or have been underpaid, overpaid or not paid at all.		Procedure in place, but looking to develop using software for reconciliation and monitoring to help. This is dependant on the software providers developments.	Updated Text
165	Schemes should have adequate internal controls in place to monitor the sharing of payment information between the employer, pension scheme and member. Where the necessary payment information is not automatically available or provided by employers, schemes should request the additional information they need. Schemes may not need to obtain payment information as a matter of course, only where it is required for effective monitoring.		Procedure in place within the Finance Section but looking to develop by using software	

166	Scheme managers must record and retain information on transactions, including any employer and employee contributions received and payments of pensions and benefits, which will support them in their administration and monitoring responsibilities.		Procedure in place within the Finance Section
167	Where the administration of scheme contributions is outsourced to a service provider, schemes should ensure that there is a process in place to obtain regular information on the payment of contributions to the scheme and a clear procedure in place to enable them to identify and resolve payment failures which may occur.		Procedures and policy in place
168	<p>When schemes identify or are notified of a problem, they should assess whether a payment failure has occurred before taking steps to resolve and, if necessary, report it. During their assessment, schemes should take into account:</p> <ul style="list-style-type: none"> • legitimate agreed payments made directly by an employer for scheme purposes, ie where the scheme has agreed that a contributions payment can be made late due to exceptional circumstances • legitimate agreed payment arrangements made between an employee and employer, ie where the employer has agreed that a contribution payment can be made late due to exceptional circumstances • contributions paid directly to a pension provider, scheme administrator or investment manager • any AVCs included with an employer's overall payment. 		Procedures and policy in place
169	<p>Where schemes identify a payment failure, they should follow a process to resolve issues quickly. This should normally involve the following steps:</p> <ol style="list-style-type: none"> a. Investigate any apparent employer failure to pay contributions in accordance with the contributions monitoring record or legal requirements. b. Contact the employer promptly to alert them to the payment failure and to seek to resolve the overdue payment. c. Discuss it further with the employer as soon as practicable to find out the cause and circumstances of the payment failure. d. Ask the employer to resolve the payment failure and take steps to avoid a recurrence in the future. 		Breaches Log and procedure in place.

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CYNGOR SIR POWYS COUNTY COUNCIL

Powys Pension Board
9th February 2024

REPORT BY: Board Secretary

SUBJECT: The Pension Regulator General Code of Practice

 REPORT FOR: Information

1. General Code of Practice

On 10 January 2024, the Pensions Regulator (TPR) responded to the 2021 [consultation](#) on the new code of practice. On the consultation webpage you can also find a link to the [final version of the General Code of Practice](#) ('the Code') which has been laid in Parliament. It is expected to come into force on 27 March 2024. It replaces Code of Practice 14 for public service pension schemes and brings together ten previous TPR Codes into one code.

- 1.1** The code contains new governance requirements and sets out TPR's expectations of how occupational pension schemes should be managed and the policies, practices and procedures that should be in place.

It sets out what schemes need to do in order to comply with the new legal requirement to establish and operate an effective system of governance (ESOG), including internal controls, proportionate to the size, nature, scale and complexity of the activities of the scheme.

TPR's research on governance and administration shows that the LGPS already has high standards of governance in place. The Code provides an opportunity for funds to review current practices, but also presents challenges during what is already a challenging and busy time for the LGPS.

There remain some areas where clarity is required on which parts of the Code apply to the LGPS, what these mean for administering authorities and how they should be applied in practice. The SAB and LGA will produce new or update existing guidance to help authorities with their responsibilities.

- 1.2** The Fund is in a good position with regards to the existing code, which is reviewed at every Board meeting, but we are currently undertaking a

gap analysis to establish any areas that may need further development because of the new expectations.

The Regulator understands that schemes are likely to not be fully compliant by the 27th of March 2024, however it will expect all trustees to be taking action to understand where they are not compliant and to be putting a plan in place to address this. Work is ongoing with this.

2. Recommendation

Board are asked to note the contents of this report.

CYNGOR SIR POWYS COUNTY COUNCIL

Pension Board
9th February 2024

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 October 2023 to 31st December 2023.

2. Pensions Administration Financial Statistics - Income & Expenditure

<u>Payments</u>	<u>October</u>	<u>November</u>	<u>December</u>
Pensions	2,501,892	2,412,595	2,415,806
Lump Sum	507,196	532,136	506,454
Transfers Out	52,059	39,311	240,387
Death Grants	90,624	6,733	910
Total Payments	3,151,770	2,990,776	3,163,557
Total Income	(2,736,478)	(4,008,997)	(2,695,272)
Payments less Income	415,292	(1,018,221)	468,286

2.1

3. Pensions Administration membership statistics

- 3.1 The charts below provide a high-level overview of the scheme membership profile changes from 1st October to 31st December 2023.

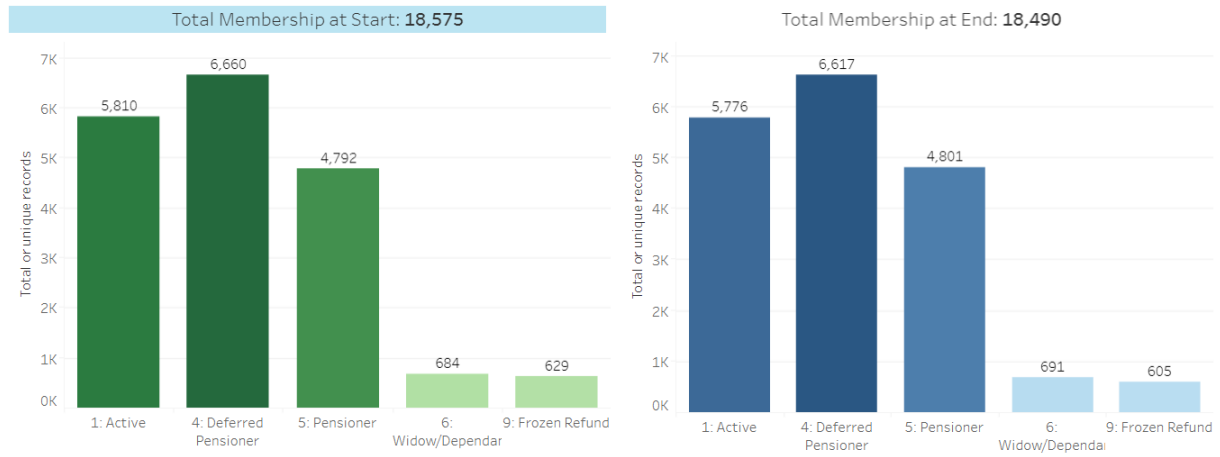
Start Date

01/10/2023

End Date

31/12/2023

Comparison



Key:

Status

- 1. Active
- 4. Deferred
- 5. Pensioner
- 6. Dependant Pensioner
- 9. Frozen Refund

3.2 50/50 Scheme Membership

Active	12
Deferred	9

3.3 Number of Active Participating Employers: 22

CYNGOR SIR POWYS COUNTY COUNCIL**Powys Pension Board
9th February 2024****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 244, 245 and 246, which contain important updates for administering authorities and scheme employers. It also provides a general update for all LGPS stakeholders.

They have also produced some new McCloud and Pension dashboard information for administering authorities to use, as required.

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

2. Scheme Advisory Board (SAB) Updates

2.1 This section provides an update on the Scheme Advisory Board (SAB) notifications within the above bulletins.

2.2 DLUHC publishes response on investment reforms

On 22 November 2023, the Department for Levelling Up, Housing and Communities (DLUHC) published its [response](#) to the consultation on investment reforms.

Whilst the response largely adopts the proposals within the original consultation, the government will now implement ways to accelerate and expand pooling with a view to increase investment in levelling up and private equity. It will aim to do this by:

- setting out in revised investment strategy statement (ISS) guidance where funds should transfer all assets to their pool by 31 March 2025. Funds should also set out which assets are pooled, under pool

management and not pooled and the rationale, value for money and date for review if not pooled.

- issuing revised pooling guidance to set out a preferred model of pooling including delegation of manager selection and strategy implementation.
- implementing a requirement in guidance for administering authorities to set a training policy for pensions committee members and to report against the policy.
- issuing revised guidance on annual reports to include:
 - a standard asset allocation and the proportion of assets pooled
 - a comparison between actual and strategic asset allocation
 - net savings from pooling
 - net returns for each asset class against their chosen benchmark.
- making changes to LGPS official statistics to include a standard asset allocation and the proportion of assets pooled and the net savings of pooling
- amending regulations to require funds to set a plan to invest up to 5 per cent of assets in levelling up the UK and to report annually on progress against the plan
- issuing revised ISS guidance to require funds to consider investments to meet the Government's ambition of a 10 per cent allocation to private equity.

2.3 SAB issues statement on surpluses

On 20 December 2023, the SAB [issued a statement](#) on funding surpluses.

Key points:

- Funding levels across the LGPS increased at the 2022 valuation and subsequent market movements have led to some funds experiencing further improvements
- LGPS regulations emphasise the desirability of stability in primary contributions for employers
- Funds should carefully consider their approach to employer-specific investment and funding strategies and take professional advice as needed.
- Clear communication with employers about the impact (or lack of impact) of funding improvements is key – as well as the potential longevity of those improvements
- Funds should have a clear rationale and be able to explain their approach to setting secondary contributions and how employers' covenant positions have been recognised
- Employer flexibilities regulations, statutory guidance and the SAB's guide are clear on the circumstances in which mid-cycle reviews of employer contributions are appropriate

The Fund has an [Employer Policy](#), which addresses much of the above, but we will review to ensure it remains appropriate.

2.4 Website

The SAB [website](#) provides more information on the Board's work and meeting agendas/papers.

3. LGPS Updates

3.1 New Minister for LGPS

On 13th of November 2023, the LGPS had a new minister appointed (Simon Hoare MP), who takes responsibility for the scheme.

3.2 McCloud

Update on Transfers

Certain cases have been on hold since the LGPS regulations were amended to implement the McCloud remedy from 1 October 2023. The publication of the Individual Incoming & Outgoing Transfers guidance means that administering authorities have the information needed to process certain transfers.

It is understood that conversations with software suppliers about system updates to reflect the new calculations are ongoing. We will need to consider running manual calculations in urgent cases to ensure any statutory deadlines are met.

The LGA are currently investigating the possibility of producing a spreadsheet administering authorities can use to calculate the McCloud element of non-Club transfer values.

There are also some outstanding queries outstanding regarding deferred refunds, so we await further guidance on this.

McCloud technical guide for administrators

On 15 November 2023, the LGA emailed administering authorities letting them know they have published the first instalment of the McCloud technical guide for administrators.

The guide explains how the underpin protection works in the LGPS after the changes made because of the McCloud case.

The LGA are releasing the guide in instalments due to the breadth and complexity of the McCloud remedy project and because there is outstanding guidance needed in some areas. The first instalment includes an overview, which pension accounts qualify for underpin protection, as well as how to perform provisional and final underpin calculations.

3.3 2024/25 employee contribution bands

The table below sets out the new employee contribution bands applicable from 1st April 2024. These are calculated by increasing the 2023/24 employee contribution bands by the September 2023 CPI figure of 6.7 percent and then rounding down the result to the nearest £100.

Band	Actual pensionable pay for an employment	Main section contribution rate for that employment	50/50 section contribution rate for that employment
1	Up to £17,600	5.50%	2.75%
2	£17,601 to £27,600	5.80%	2.90%
3	£27,601 to £44,900	6.50%	3.25%
4	£44,901 to £56,800	6.80%	3.40%
5	£56,801 to £79,700	8.50%	4.25%
6	£79,701 to £112,900	9.90%	4.95%
7	£112,901 to £133,100	10.50%	5.25%
8	£133,101 to £199,700	11.40%	5.70%
9	£199,701 or more	12.50%	6.25%

4. The Pensions Regulator (TPR)

4.1 Governance and administration Survey 2022-23 results

TPR published the results of its [survey on governance and administration practices](#) among public service pension schemes on 27 November 2023.

The survey was carried out online from January to March 2023 and received responses from 191 of 204 public service pension schemes, of which the Powys Pension Fund was one.

The survey covered topics such as risk management, annual benefits statements, breaches of the law and dashboards. It also asked LGPS administering authorities about actions in relation to climate related risks and opportunities.

4.2 Cyber security guidance

The Pensions Regulator (TPR) has revised its [cyber security guidance](#).

The guidance helps trustees and pension scheme managers meet their duties to assess the risk, ensure controls are in place, and respond to incidents.

For the first time, the guidance asks pension schemes to report any significant cyber-related incidents to TPR on a voluntary basis as soon as is reasonably practicable. This will help TPR build a better picture of the cyber risk facing the industry and its members.

There is a significant focus on cyber security within the TPR General Code of Practice, which the Fund is in the process of reviewing.

5. Pensions Dashboards Programme (PDP)

On 1 November 2023, PDP published its [November](#) newsletter.

The newsletter also includes links to:

- PDP's eighth progress update report
- common questions on dashboards
- the Pensions Regulator's blog on preparing for dashboards

Blog on recent queries

On 30 November 2023, the PDP published a [blog](#) covering the following recent queries they have received:

- When do PDP expect to publish dashboard standards?
- What are the different types of testing?
- When will the dashboards available point be?

PASA dashboard guidance

The Pensions Administrations Standards Association (PASA) has published Pensions Dashboards Connection Ready [Guidance](#) and a ['Call to Action'](#).

The guidance explains what being 'connection ready' means and what a typical scheme plan could look like. It covers five main areas: governance, matching, value data, technology and administration. For each area, it describes the key activities, how to do them, why they matter and how to show that they have been done.

The Call to Action lists the top five actions that schemes need to take now to prepare for dashboards.

PASA will release further supporting materials in the next few months, such as practical tips for certain connection ready activities, checklist of key actions and outlines of connection ready decisions.

6. Recommendation

Board are asked to note the contents of this report.

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Governance Risk Register Jan 2024

Governance Risk			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
GOVERN0002	Insufficient Fund cashflow to meet liabilities as they fall due. Potential Reputational Risk. Latest Review: 05/05/2023 Cashflow work to take place in Spring/Summer 2023.	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.	<i>Cllr David Thomas</i> Chris Hurst	9	6	<ul style="list-style-type: none"> 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. 	Control In Place	
GOVERN0016	Pension Fund Personnel and/or key suppliers are unable to work due to extreme weather, fire, epidemics Latest Review: 10/01/2024 Business Continuity Plan updated in December 2023	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	<ul style="list-style-type: none"> Business Continuity Plan Business Continuity Plan, assessment of Pensioner Payroll services. Electronic implementation of paperwork. 	Control In Place	
GOVERN0008	Failure to comply with LGPS and other statutory regulations. Potential Reputational Risk. Latest Review: 03/07/2023 Processes regularly reviewed and updated as required	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.	<i>Cllr David Thomas</i> Chris Hurst	8	6	<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 well established Pensions Board. 	Action Completed	
GOVERN0009	Lack of expertise of Pension Fund Officers and expertise of members of the Pensions & Investment Committee Latest Review: 10/01/2024 Training needs assessments conducted and plans put in place accordingly. next review due in April 2024.	Poor decision making in relation to principal functions of the Pension Fund, particularly in relation to investments.	<i>Cllr David Thomas</i> Chris Hurst	8	6	<ul style="list-style-type: none"> 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. 	Control In Place	

Governance Risk			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
						<ul style="list-style-type: none"> 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. 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) 	Control In Place	
GOVERN0011	Failure to provide the pensions service in accordance with principles of equality. <u>Latest Review:</u> 10/01/2024 Public documents published bilingually and Welsh speakers available in the Pensions team.	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	9	4	<ul style="list-style-type: none"> 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. 	Control In Place	
GOVERN0015	Appointment of new Pension Board Chair and membership of the Local Pension Board <u>Latest Review:</u> 01/03/2023 Chair Continuing in position.	Non compliance with Public Services Pension Act. Challenge and scrutiny from the Pensions Regulator. Reduced quality of governance.	<i>Cllr David Thomas</i> Chris Hurst	12	4	<ul style="list-style-type: none"> 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. 	Control In Place	
GOVERN0001	Failure to collect and account for pension contributions being paid over to the Fund on time by Fund employers. Potential Reputational Risk. <u>Latest Review:</u> 01/02/2024 Performance collated monthly and reported back to Employers via newsletters quarterly and Pensions Committee/Board at each meeting. Regular communications to Employers on the subject and further guidance training provided as/when required.	Adverse audit opinion, potential delays to Fund employer financial reporting; and potential delay to production of annual report and accounts.	<i>Cllr David Thomas</i> Chris Hurst	6	4	<ul style="list-style-type: none"> 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. regular Communications to Employers to remind them of their responsibilities. production of the Employer Policy to help Employers. 	Control In Place	

Governance Risk			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
GOVERN0003	Inability to deliver service as a result of the loss or over reliance of key personnel. <u>Latest Review:</u> 05/05/2023 Consideration given towards succession planning and knowledge sharing. The recent restructure was designed with that in mind, so need to ensure implementation	Failure to provide service at all, or at an acceptable level	<i>Cllr David Thomas</i> Chris Hurst	6	4	<ul style="list-style-type: none"> 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. 07/12/2023 <i>Business Continuity Plan Updated in Dec 2023</i> Keep Business Continuity Plan under review Knowledge Gaps In the short term, knowledge gaps can be filled by using our external colleagues from other Welsh Funds and buying in assistance. In the longer term, ensure succession plans are in place and appropriate. 	Action In Progress	07/03/2024
GOVERN0012	Failure to collect payments due from ceasing employers with no active members. <u>Latest Review:</u> 13/07/2023 Monitoring continuing	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	6	4	<ul style="list-style-type: none"> 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	
GOVERN0014	An admitted body ceasing to exist with insufficient funding or level of a bond available to meet all its Fund liabilities. <u>Latest Review:</u> 15/01/2024 Monitoring continues. Work with Actuary to carry out a review.	Unfunded pension liabilities being orphaned without sufficient funding/guarantees in place, resulting on increased liabilities falling on other Fund employers.	<i>Cllr David Thomas</i> Chris Hurst	6	4	<ul style="list-style-type: none"> Regular review of admitted body covenants and financial health. Regular review of admitted body covenants and financial health. 07/12/2023 <i>Work to be picked up with Fund Actuary in 2024.</i> 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. 	Action In Progress	07/03/2024
GOVERN0006	Significant rises in employer contribution rates for Fund employers with weak covenants as a consequence of increases in liabilities. <u>Latest Review:</u> 11/10/2023 Work to progress in 2023 using valuation data.	Employer contribution rates rise to unsustainable levels that cause employers to become insolvent	<i>Cllr David Thomas</i> Chris Hurst	8	4			

Governance Risk			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
						<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 <p>Consider risk sharing arrangements to enable employers with weak covenants to attain a degree of certainty over the level of employer contribution rates. control.</p> <p>15/01/2024 Ongoing and regularly reviewed.</p>	Action In Progress	20/01/2024
GOVERN0004	Loss of funds through fraud or misappropriation Latest Review: 10/01/2024 Risk Management Policy introduced in January 2024, and procedures remain in place.	Financial loss to the Fund	Cllr David Thomas Chris Hurst	6	2	<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	
GOVERN0005	Significant rise in employer contribution rates for Fund employers with strong covenants, as consequence of increases in liabilities. Latest Review: 10/01/2024 Regular Funding updates provided by actuary, so situation regularly monitored	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	2	<ul style="list-style-type: none"> 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. <p>05/05/2023 2022 Valuation Completed and deficit recovery period reduced</p> <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. <p>07/12/2023 Employer Policies and Discretions will be covered at the Employer Meetings in February 2024</p>	Action In Progress	05/05/2024
GOVERN0007	Significant rises in employer contribution rates for employers with strong covenants as a result of poor/negative investment returns. Latest Review: 10/01/2024 Regular Funding updates and discussions held with Actuary.	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	2	<ul style="list-style-type: none"> 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. <p>16/10/2023 Deeper dive into performance monitoring to take place in next few months</p>	Action In Progress	16/04/2024

Governance Risk			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
						<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. 	Control In Place	

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Administration Risk Register

Administration Risk			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
ADMIN0004	Failure to maintain and hold up to date and accurate pension records and potential impact on scheme members and employers. Latest Review: 01/02/2024 Data Improvement Plan maintained and regularly updated. Constant data cleansing taking place an ongoing.	Payment of incorrect pension benefits; late payment of benefits; assessment of incorrect liability values. Resulting in loss of customer confidence and satisfaction; IDRP and Ombudsman appeals; and, incorrect assessment of employer contribution rates.	<i>Cllr David Thomas</i> Chris Hurst	9	6	<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	
ADMIN0010	Payments to overseas pensions. Latest Review: 17/07/2023 Existence Exercise planned for 2023	Payments continuing to potentially deceased pensioners	<i>Cllr David Thomas</i> Jane Thomas	4	4	<ul style="list-style-type: none"> Conduct Existence Check Carry out an overseas existence check 	Control In Place	
ADMIN0009	Cessation of Service Contract for Pensions Administration System Latest Review: 10/01/2024 Procurement exercise undertaken and Contract awarded in November 2023.	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	4	<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	
ADMIN0005	Failure to communicate effectively with stakeholders. Latest Review: 03/07/2023 Communications regularly reviewed and amended to reflect changing legislation/landscape. Updated Welsh website now available.	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.	<i>Cllr David Thomas</i> Chris Hurst	6	4	<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	
ADMIN0006	Pensioners living longer and, changing retirement patterns. Latest Review: 01/02/2024 Considered during valuation process by actuary	Increased employer contribution rates.	<i>Cllr David Thomas</i> Chris Hurst	6	4			

Administration Risk			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
						<p>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> <p>The Fund produces a Funding Strategy Statement which considers long term funding.</p>	Control In Place	
ADMIN0001	Failure to pay pensions and lump sums on time Latest Review: 01/02/2024 No current change to process. Constantly reviewed for efficiencies and improvements	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	<p>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.</p> <p>Continuing Review of processes and procedures Ongoing review of process as part of continuous pensions administration workflow assessment</p>	Control In Place	
ADMIN0003	Failure to hold scheme member's personal data securely. Latest Review: 27/09/2023 Data improvement plan in place and data quality testing imminent.	Poor data quality; compromised data; fines	Cllr David Thomas Chris Hurst	8	4	<p>Compliance with Powys County Council Data Protection and ICT policies. Compliance with Powys County Council Data Protection and ICT policies.</p> <p>07/12/2023 Initial pension dashboards data testing done and data quality is very good. Some gone away addresses identified, so a process to investigate those is underway. TPR Data Quality Testing conducted and scores are positive. Board and Committee notified in Nov/De</p> <p>Data protection audit in conjunction with TPR data quality standards to be undertaken</p>	Action In Progress	07/03/2024
ADMIN0007	Deteriorating patterns of ill health or other early retirements. Latest Review: 01/02/2024 Considered by Actuary during latest valuations	Increase in employer contribution rates and deficit recovery payments.	Cllr David Thomas Chris Hurst	6	2	<p>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> <p>Certain Employers pooled together to share experience and help manage contribution rates (as per the Funding Strategy Statement)</p>	Action In Progress	16/10/2024

Administration Risk			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
						16/10/2023	Considered at actuarial valuation and changes considered in accordance with actuarial recommendations	
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. <u>Latest Review:</u> 13/07/2023 Cashflow work to be completed in 2023. reassurances received from Pensions administration software provider	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	<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

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Investment Risk Register

Investment Risk			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
INVEST0007	<p>Insolvency of an investment manager investing Pension Fund assets.</p> <p>Latest Review: 10/01/2024</p> <p>Specific performance review meeting taking place in early 2024 where this will be discussed and considered.</p>	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	<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. <p>Managers closely monitored at the Pool Level. Any issues would be fast tracked in line with the process in place at the WPP.</p> <ul style="list-style-type: none"> Increased investment manager diversification facilitated via the Wales Pension Partnership Increased investment manager diversification facilitated via the Wales Pension Partnership. 	Control In Place	
INVEST0008	<p>Pooling of Pension Fund assets with other LGPS Pension Funds.</p> <p>Latest Review: 04/05/2023</p> <p>Risk updated following Pension Board meeting on the 3rd of May 2022</p>	Investment of Fund Officer and Committee time. Front loaded costs before potential savings are realised on a per-sub fund basis; Transition Risk and costs.	Cllr David Thomas Chris Hurst	9	6	<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 by Pool oversight Adviser, Investment Consultants and Legal Advisers; full transparency of all pool proposals and costs with local input from each of the investing funds advisers; full participation of the Pension Fund in all pooling development. <p>Regular Officer meetings via working groups; Quarterly Joint Governance Committee meetings; 6 monthly meetings with the Board Chairs to ensure good governance.</p> <p>Regular Training provided to Committee and Board Members by the Pool.</p>	Control In Place	

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Investment Risk			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
						<ul style="list-style-type: none"> Pooling vehicle to be structured so that each participating Fund has full representation the pool Each participating Fund has full representation in the pool at officer and Committee level; the pool structure enables full strategic decisions to be retained by each individual Fund; 	Control In Place	
INVEST0009	MIFID II ongoing compliance to ensure retention of Institutional Investor Status Latest Review: 15/01/2024 Current process continues, but updated as required when new manager appointed or training needs identified.	Financial implications of not being treated as an institutional investor. Restricted Investment opportunities and diversification. Reputational Risk	<i>Cllr David Thomas</i> Chris Hurst	12	6	<ul style="list-style-type: none"> Regular Review of MIFID Status Regular Review of MIFID Status by Investment Managers. Training provided (and logged) to decision makers (Pensions and Investment Committee). Good Governance project expected to increase governance around this risk. 	Control In Place	
INVEST0012	The Fund fails to adequately account for climate change, climate risk and Environmental, Social and Governance (ESG) factors. Latest Review:	Financial loss to assets held within the Fund and potential for stranded assets. Failure to achieve desired investment returns leading to a fall in funding level and increased Employer contribution rates. Environmental and ecological impact on scheme members.	<i>Cllr David Thomas</i> Chris Hurst	8	6	<ul style="list-style-type: none"> Mitigations <ul style="list-style-type: none"> Development of suitable Climate Change, Climate Risk and ESG reporting metrics via the WPP Appointment of a proxy voting and engagement provider, who engages with managers and companies on how they manage Climate Change, Climate Risk and ESG factors at the WPP Publication of a local Responsible Investment policy and Climate Risk Policy (WPP) Constant engagement and challenging of Managers on how they account for Climate Risk/ Change and ESG factors Annual Climate Change, Climate Risk or ESG related training event on the WPP Training Plan Quarterly climate risk reporting via the WPP Annual stewardship code reporting at the WPP 	Control In Place	
INVEST0001	Pension Fund assets fail to deliver returns in line with the anticipated returns underpinning the valuation of liabilities over the long-term. Latest Review: 13/07/2023 Reviewed at Committee meetings and performance challenges made to advisers where required.	Increased employer contribution rates.	<i>Cllr David Thomas</i> Chris Hurst	9	4	<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. At the 2022 Valuation, prudence was increased further by a reduction to the deficit recovery period and an increase in the probability of funding success. 	Control In Place	

Investment Risk			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
INVEST0006	Pay and price inflation significantly more than anticipated. Latest Review: 13/07/2023 Considered during valuation and shorter term allowances for high inflation included (inflation expected to come down in the short to mid-term)	Increased employer contribution rates and deficit recovery payments.	<i>Cllr David Thomas</i> Chris Hurst	9	4	<ul style="list-style-type: none"> Employers responsible for salary awards and are reminded of 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. <p>Actuary is able to consider inflation within their methodology when in a high inflation environment (such as during the 2022 valuation)</p>	Action Completed	
INVEST0010	Fall in the returns on Government bonds. Latest Review: 15/01/2024 Regularly monitored by Consultant for each meeting. Performance meeting scheduled in April 2024.	Increase to the value placed on Fund liabilities.	<i>Cllr David Thomas</i> Chris Hurst	9	4	<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	
INVEST0005	Permitting contribution rate changes to be introduced by annual steps (down as well as up) rather than immediately, introduces a risk that action to restore solvency is insufficient between successive measurements. Latest Review: 11/10/2022 Work with actuary as required	Instability in employer contribution rates.	<i>Cllr David Thomas</i> Chris Hurst	6	4	<ul style="list-style-type: none"> Each individual employer situation is discussed with the Pension Fund actuary, with stepping restricted as appropriate 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	
INVEST0002	Inappropriate long-term investment strategy. Latest Review: 04/05/2023 Local and regular monitoring of strategy to ensure it remains appropriate. Review conducted as a result of the 2022 Valuation outcome and adjustments made as required.	Failure to meet funding objectives.	<i>Cllr David Thomas</i> Chris Hurst	8	4	<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. Strategy regularly reviewed and adjusted following the outcome of valuations. 	Control In Place	
INVEST0003	Active investment manager under-performance relative to the benchmark. This includes active management within the Wales Pension Partnership. Latest Review: 03/07/2023 Quarterly review carried out by Fund and WPP performance reported to each JGC.	Failure to meet funding objectives.	<i>Cllr David Thomas</i> Chris Hurst	4	2	<ul style="list-style-type: none"> Regular investment monitoring analyses market performance and active managers relative to their index benchmark. Regular investment monitoring analyses performance of active managers relative to their index benchmark at the Pool level and locally with the Pensions and Investment Committee. <p>Regular Performance Updates presented by the WPP to officers where Managers present and detail latest performance. Regular reports to the WPP Joint Governance Committee and also local Pensions and Investment Committee.</p>	Control In Place	

Investment Risk			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
INVEST0004	<p>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.</p> <p>Latest Review: 13/07/2023 Recovery period reduced due to improved funding levels</p>	Increased employer deficit recovery payments.	Cllr David Thomas Chris Hurst	4	2	<ul style="list-style-type: none"> • Consider 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. <p>At the 2022 Valuation the recovery period was reduced at the whole of Fund level to increase prudence and reduce the risk.</p>	Control In Place	

CYNGOR SIR POWYS COUNTY COUNCIL**Pension Board
9th February 2024****REPORT BY: Board Secretary****SUBJECT: Training Needs Analysis**

REPORT FOR: Action

1. Introduction

- 1.1 Board will be aware that the Fund adopts the Knowledge and Skills Framework, as set out in the CIPFA Code of Practice for Pensions.
- 1.2 That framework places a requirement to undertake continual development on general pension and LGPS specific issues and the Fund carries out an annual assessment of the Board's knowledge and skills to achieve this.
- 1.3 This will involve each Board Member undergoing a personal training and development analysis, receiving a personal training programme if required and, a requirement to demonstrate that Board members are completing training programmes (this may be for example, by attending appropriate training and development events).
- 1.4 The Pension Regulator's General Code of Practice expects those involved with running a pension scheme to have knowledge and understanding on:
 - Pensions law and associated legislation
 - The Scheme
 - Scheme Funding and Investments
 - Risk Management
 - Scheme Administration and Service Providers
 - Scheme Communications

2. Recommendation

- 2.1 That the Board complete an updated training needs analysis form (to be provided by the Pension Fund Manager) in order to assess the training requirements of Pension Board Members, with a view to creating an appropriate training programme for the 2024/25 year.

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CYNGOR SIR POWYS COUNTY COUNCIL

Pension Board
9th February 2024

REPORT BY: Board Secretary

SUBJECT: Wales Pension Partnership Update

REPORT FOR: Information

1. Introduction

- 1.1 This report has been produced as a covering report to support the quarterly update provided by the Wales Pension Partnership (WPP), with regards to pooling investments in Wales.
- 1.2 The last Joint Governance Committee (JGC) meeting was held as an online meeting on the 13th of December 2023. The minutes of that JGC meeting are available [here](#).
- 1.3 The JGC meeting scheduled for the 13th of March 2024 will be a Hybrid meeting held online and at the Powys Council offices.

2. Pooling investments in Wales

- 2.1 the WPP has published the annual report for 2022/23 and is available for viewing [here](#).
- 2.2 The latest Quarterly updates are not yet available and will be circulated accordingly once they have been provided by the WPP.

3. Recommendation

Note the content of this report.

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CYNGOR SIR POWYS COUNTY COUNCIL

Pension Board
9th November 2024

REPORT BY: Board Secretary

SUBJECT: Standing Items Update Report

 REPORT FOR: Information

1. Introduction

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

2. Communications Log**2.1**

<u>Communication</u>	<u>Date Sent</u>
TPR November Round Up	14.12.23
TPR December Round Up	14.12.23
TPR January Round Up	02.02.24

3. Breaches Register

- 3.1 Section 70 of the Pension Act 2004 sets out the legal duty to report breaches of the law. In the Pensions Regulator Code of Practice no 14, published in April 2015, paragraphs 241 to 275 provides guidance on reporting these breaches.

Under the policy, breaches of the law are required to reported to the Pensions Regulator where there is a reasonable cause to believe that:

- a legal duty which is relevant to the administration of the scheme has not been, or is not being, complied with
- the failure to comply is likely to be of material significance to the regulator in the exercise of any of its functions.

- 3.2 The latest version of the breaches register is attached, for information.

4. Recommendation

Note the contents of the report and attachments.

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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. Regulations require submission of contributions from employers within statutory timescales. A thorough review of the process has identified two employers who have failed to meet this statutory requirement on more than one occasion.	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	
3	2023/24	Administration	Late receipt of Contributions from Employers	Regulations require submission of contributions from employers within statutory timescales. A thorough review of the process has identified two employers who have failed to meet this statutory requirement on more than one occasion.	Employers written to and process followed as per the published Administration Strategy Statement	N	Y	Y	N	

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