

Powys Pensions Board

Meeting Venue

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County Hall
Llandrindod Wells
Powys
LD1 5LG

Meeting Date

Thursday, 26 March 2020

Meeting Time

1.00 pm

For further information please contact
Chris Hurst
chris.hurst@powys.gov.uk

20 March, 2020

AGENDA

1.	APOLOGIES
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To receive apologies for absence.

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

3.	MINUTES OF THE BOARD
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To authorise the Chair to sign the minutes of the previous meeting of the Board held on 26 November, 2020 as a correct record.

(Pages 5 - 10)

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

5.	CHAIR'S ANNOUNCEMENTS
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- a) Good Governance
 - i) Local Government Association [LGA] Conference

6.	MINUTES OF PENSIONS AND INVESTMENT COMMITTEE
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Minutes of Pensions and Investment Committee held on 12 December 2019.
(Pages 11 - 16)

7.	REVIEW OF COMPLIANCE WITH TPR CODE 14
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To consider the action plan.
(Pages 17 - 42)

8.	BREACHES REGISTER
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(Pages 43 - 44)

9.	REVIEW OF RISK REGISTER AND CONSIDERATION OF ANY NEW RISKS [STANDING ITEMS]
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(Pages 45 - 52)

10.	DOCUMENTING IMAGING AND WORKFLOW PROJECT UPDATE
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(Pages 53 - 54)

11.	WALES PENSION PARTNERSHIP - INVESTMENT POOLING UPDATE [STANDING ITEM]
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(Pages 55 - 56)

12.	ADMINISTRATION ACTIVITY REPORT [STANDING ITEM]
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(Pages 57 - 58)

13.	CESSATION OF CONTRACTING OUT - VERBAL UPDATE [STANDING ITEM]
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14.	NEW LEGISLATION AND GUIDANCE (STANDING ITEM)
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(Pages 59 - 60)

15.	BOARD COMMUNICATIONS LOG (STANDING ITEM)
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(Pages 61 - 62)

16.	AUDIT REPORTS [STANDING ITEM]
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17.	INTERNAL DISPUTE RESOLUTION PROCEDURE [IDRP] UPDATE [STANDING ITEM]
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18.	ADMINISTRATION STRATEGY 2020 - DRAFT
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(Pages 63 - 80)

19.	OVERPAYMENT POLICY DRAFT
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(Pages 81 - 92)

20.	CONFIDENTIAL
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The Board needs to consider whether making the following items public would disclose information relating to the financial or business affairs of any particular person or organisation when considering excluding the public from this part of the meeting.

21.	AUDIT REPORT
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(Pages 93 - 104)

22.	FUTURE BOARD MEETINGS
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2020

22 May

14 September

9 November

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**MINUTES OF A MEETING OF THE POWYS PENSIONS BOARD HELD AT
COMMITTEE ROOM A - COUNTY HALL, LLANDRINDOD WELLS, POWYS ON
TUESDAY, 26 NOVEMBER 2019**

PRESENT

Gerard Moore (Chair)

Nigel Brinn (Employers Representative)

John Byrne (Member Representative)

Mick Hutchison (Member Representative)

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

1. APOLOGIES

Apologies for absence were received from Wayne Thomas [Employer Representative].

2. DECLARATIONS OF INTEREST

The Chair advised he was an Associate in The Chartered Institute of Public Finance and Accountancy [CIPFA] and declared an interest if reference was made to CIPFA when discussing the Board's training. The Board accepted that this did not constitute a conflict of interests.

3. MINUTES OF THE BOARD

The minutes of the last meeting held on 11 September, 2019 were agreed as a correct record.

4. MATTERS ARISING

The Board noted that the Scheme Advisory Board [SAB] Pension Board survey had not yet been circulated but The Pension Regulator [TPR] survey had been received.

The Chair advised that the Pension and Investment Committee had considered a report at its meeting on 22 November, regarding increasing the Board Membership to three employer and three scheme representatives. The Committee asked that a further report providing details of the extra costs associated with increasing the membership be considered at the next appropriate meeting. It was noted the Committee was being asked to make a recommendation to Council.

5. CHAIR'S ANNOUNCEMENTS

The Chair reported the following:

- a) Training – the Cohort Review stressed that mandatory training was key to good governance. Board members were encouraged to complete The Pension Regulator [TPR] Toolkit.
 - (i) Mick Hutchinson had attended the Chartered Institute Public Finance and Accountancy [CIPFA] Barnett Waddingham training

- (ii) Triennial Valuation – all Board members had completed this training. The Board was satisfied with the quality and timeliness of the data submitted to the actuary for the triennial valuation.

It was noted that the 2020 Stewardship Code had been published and this would be distributed to the Board.

- b) TPR public service pension schemes governance and administration survey – The Board Chair and Pension Fund Manager had independently completed the survey and had then discussed their draft responses. The combined response had been emailed to the Board for comment and it had confirmed that it was satisfied with the response. The Board noted the following comments on some questions in the survey:
- cyber security question - breaches and attacks were different issues and questions on each should be included, rather than the current question covering both issues.
 - the number of fund employers submitting information electronically – a question regarding the percentage of scheme members' information shared electronically should be asked instead. In smaller Funds, such as the Powys Fund, there are only a small number of fund employers and if there is one change it would disproportionately affect the former figure.

6. MINUTES OF PENSIONS AND INVESTMENT COMMITTEE
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The Board received the Pensions and Investment Committee's minutes for the meeting held on 4 October, 2019.

The Board noted the following:

- Pension Fund Annual report 2018/19 – this had been published on the Pension Fund website
- Training on Triennial valuation – the Pension Fund Manager would review how this training would be provided to the two Pension & Investment Committee members who were not at the meeting
- Responsible Investment – the Stewardship Code had now been published.

In response to a question the Pension Fund Manager advised that the Pension Scheme Member Observer on the Pension & Investment Committee was still vacant.

The Board agreed that the Pension Scheme Member Observer vacancy on the Pension & Investment Committee should be highlighted to the Pension and Investment Committee.

7. REVIEW OF COMPLIANCE WITH TPR CODE 14

Following reviews at previous meetings the Pension Fund Manager advised that the report had been updated and the date on which sections had been reviewed were included in the report.

The Board reviewed the following sections and made the following comments [numbers refer to the Compliance indicator]:

Governing your Scheme [38-60]

The Board noted that the training of Board members, including training at meetings had been calculated as 10 hours each.

The Board agreed:

- **that an extra meeting would be held in the New Year to consider the Cohort Review and also undertake training based on TPR Toolkit**
- **the Pension Fund Manager would circulate the Training Needs self-assessment to Board Members for completion by the end of January 2020 and a 10 month training programme would be developed from the responses.**

Conflicts of interest and representation [62-91]

76 & 77 – potential conflicts of interest were considered – The Code of Practice 14 refers only to Pension Boards and not to Committees. The Board has agreed that the Chair's wider involvement in providing training for pension board members and support officers is complementary, and helpful to the Powys Board. Training provision for Board members is arranged and agreed by the Board Secretary, hence there is no conflict of interest. Regarding the selection of a Powys officer to the designated position on the Board, the Administering Authority ensures that the guidance in the Code of Practice is adhered to when making the appointment. Finally, all interests are disclosed at each meeting, but it is recommended that Board members sign a formal declaration of interest on an annual basis. The Board also noted the Chair's comments on the significant governance improvements implicit in the SAB Phase II consultation on Good Governance which is primarily focussed on the relationship between Pensions Committees and Administering Authorities.

81 – 84 – the Pension Fund Manager advised that completion of the Toolkit module relating to this would support the completion of this section.

Publishing information about schemes [92-98]

It was noted that the Pension Board website showed the Board minutes but not the agendas. The Pension Fund Manager would rectify this.

Managing risks [104-120]

114 – The Board noted that work had commenced regarding employers' covenants. The Chair advised he would refer to this at the forthcoming Employers meeting at which he is speaking.

115 – it was noted that the Regulator was increasingly taking an interest in whether assets were safe. The Chair advised he would look into how other Funds addressed this.

116 – the Board noted the current internal Audit review. The Pension Fund Manager advised he would clarify the internal process for considering the report.

Administration [124-146]

140 – see agenda item 11

Providing information to Members [188-210]

196 – the Pension Fund Manager advised that this was still amber due to the issues regarding deferred benefits and explained the process undertaken regarding these. **The Board agreed that an explanation of the immediate communication and notification and information provided to scheme members in respect of deferred benefits should be included in the right-hand column for this item.**

208 – it was noted that the tracing exercise would be undertaken in early 2020.

The Board noted that the Regulator was to combine all its 15 codes into one and Local Government Pension Funds had raised concerns regarding this.

8.	BREACHES REGISTER
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The Board received the report regarding the two breaches and that there were no new breaches, since the last meeting.

The Board agreed that the two breaches were correctly deemed as recordable only.

9.	REVIEW OF RISK REGISTER AND CONSIDERATION OF ANY NEW RISKS [STANDING ITEMS]
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The Pension Fund Manager advised that the Register had been updated taking into account the comments at the last meeting and the new risk identified in respect of the ongoing compliance with MIFID.

The Board raised the following comments [the numbers shown are the Risk Reference numbers]:

PEN003 – the Section 151 Officer would also be asked to complete the Training Needs self-assessment.

PEN30 – in response to questions the Board noted that Link Asset Services, the Operator for the Wales Pension Partnership [WPP] had discussed its internal governance arrangements with the Pension and Investment Committee at its meeting 4 October, 2019.

The Board agree to recommend that the Pension Fund Manager reviews the information provided by Link to the Pensions and Investment Committee and reflect the assurances gained in the Risk Register.

10.	THE PENSION REGULATOR [TPR] UPDATED GUIDANCE AND RESOURCES
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The Board noted the report regarding guidance in respect of Avoiding Pension Scams and Cyber Security Principles for Pension Schemes. The Pension Fund Manager advised that TPR guidance had been adopted into the Schemes' administrative processes, as applicable. The Pension Fund Manager advised that this information would also be circulated to the Pension and Investment Committee. The Board noted that a Cyber Resilience Action Plan was under development and the draft would be considered by the Board in due course.

The Chair indicated that he would refer to these issues in his presentation to the forthcoming Employers meeting.

11. DOCUMENT IMAGING AND WORKFLOW PROJECT UPDATE

The Board received the report regarding the Workflow and Document Imaging Transition. The Board noted that 80% of the workflow processes have been created/replicated in the new system. The Pension Fund Manager reported he was confident that the transition would be completed by 1 February, 2020. He advised that 90% of documents had been transferred and that officers were processing the remainder to ensure these were indexed.

The Board was therefore assured that the following will be completed by 31 January 2020 deadline:

- i. Complete set up of remaining workflow processes and test, prior to release.**
- ii. Test load of documents into Altair.**
- iii. Complete/transition of the outstanding or incomplete processes from existing workflow system.**
- iv. Extract any existing workflow information for reporting and retention purposes.**

The Board noted that the manual indexing of documents that are not automatically mapped, due to a change in pay number for example, may not be completed by the deadline. This would not affect payments to scheme members or loss of information but would result in extra administrative work.

12. TPR GOVERNANCE AND ADMINISTRATION RISKS IN PUBLIC SERVICE PENSION SCHEMES
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The Board had previously agreed to have an extra meeting to consider the LGPS Cohort Review.

13. WALES PENSION PARTNERSHIP - INVESTMENT POOLING UPDATE [STANDING ITEM]
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The Board noted the Wales Pension Partnership [WPP] update. The Pension Fund Manager advised that the WPP had agreed a Responsible Investment Policy, which was available on the WPP's website. The following work is ongoing:

- The transition of Fixed Income asset class should be transferred early in 2020
- Further work on other asset classes
- Communications and raising the profile of the Pool
- Developing a belief document for the Pool.

The Chair reported that half yearly meetings between the Pool and Pension Board Chairs would be held. The WPP's Joint Governance Committee was considering whether to have two Board Chairs as "sounding boards" for the Pool, regarding processes and relationships.

14. ADMINISTRATION ACTIVITY REPORT [STANDING ITEM]

The Board noted the report which showed a snapshot of fund activity. The Board noted that the overall number of scheme members had increased.

15. CESSATION OF CONTRACTING OUT - UPDATE [STANDING ITEM]

The Board noted the update report and that the process was now at Stage 3 as explained in the report.

The Pension Fund Manager advised that a policy on over and underpayments is being produced and will be presented to Board in due course.

The Board noted that the Fund was following Local Government Association [LGA] guidance regarding overpayments.

16. NEW LEGISLATION AND GUIDANCE (STANDING ITEM)

The Pension Fund Manager advised that the LGA had recently published new guidance relating to internal administration. The Scheme Advisory Board [SAB] Phase 2 Good Guidance Review had been emailed to the Board.

17. BOARD COMMUNICATIONS LOG (STANDING ITEM)

The Communications Log was noted.

18. AUDIT REPORTS [STANDING ITEM]

The Board noted that an internal audit was currently underway. The Pension Fund Manager advised he would clarify the internal process for considering the report.

19. INTERNAL DISPUTE RESOLUTION PROCEDURE [IDRP] UPDATE [STANDING ITEM]

The Pension Fund Manager advised that since the publication of the Agenda an issue had been raised, under this procedure, regarding the transfer of funds requested by a scheme member.

20. FUTURE BOARD MEETINGS

The Board noted the following meeting dates in 2020:

13 February
22 May
14 September
9 November

It was noted that an extra meeting would be added early in the New Year.

**MINUTES OF A MEETING OF THE PENSIONS AND INVESTMENT COMMITTEE
HELD AT COMMITTEE ROOM A - COUNTY HALL, LLANDRINDOD WELLS,
POWYS ON THURSDAY, 12 DECEMBER 2019**

PRESENT

County Councillor P E Lewis (Chair)

County Councillors E A Jones, JG Morris, D H Williams and A W Davies
Mr G Moore, Chair Powys Pension Board
Mr M Weale, co-opted member

In attendance: Head of Finance and Pension Fund Manager
Aon representatives – George Feane, Rachel Pinder, Becky Durran and Sam
Ogborne and Richard Antrobus via skype

1.	APOLOGIES
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Apologies were received from County Councillor T Van-Rees.

2.	DECLARATIONS OF INTEREST
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Members of the Committee declared interests as members of the Local Government Pensions Scheme. These are personal interests, not prejudicial interests in accordance with Paragraph 12(b) (iv) of the Members Code of Conduct 2016.

3.	MINUTES
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The Chair was authorised to sign the minutes of the Pensions and Investment Committee meeting held on 22 November, 2019 as a correct record.

4.	ADMINISTRATION AND LOCAL GOVERNMENT PENSION SCHEME [LGPS] UPDATE
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The Committee received the report from the Head of Finance.

RESOLVED	Reason for decision
That the Committee notes the report.	As per the report.

5.	GOVERNANCE UPDATE
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The Committee received the report from the Head of Finance.

The Committee noted the Scheme Advisory Board [SAB] Good Governance Project and that it is proposed that Administering Authorities must undergo a biennial independent governance review and produce an action plan to address any issues identified. In response to questions the Pension Fund Manager advised that he would circulate the Training Needs Analysis [TNA] survey again, for the Committee to complete. The TNA would identify any training gaps, for individual Committee members or the Committee as a whole.

The Pension Fund Manager highlighted to the Committee that the SAB was recommending that Administering Authorities should “give proper consideration to pay and recruitment policies in order to meet the needs of the pension fund; not simply applying general council staffing policies such as recruitment freezes.” The Head of Finance assured the Committee that although a review of Financial Services was currently underway, a percentage cut to the Pension Administration Section budget was not being applied. The review was however, considering the administrative processes to ensure that there is resilience in the Team.

The Committee noted that the SAB and The Pension Regulator [TPR] were promoting good Governance as an issue for Committees to consider. The TPR had reviewed Governance and administration risks in 10 Local Government Schemes [LGPS]. Good practice was evidenced but key areas for improvement were highlighted and the Pension Fund Manager advised that these would be reviewed in the Powys Pension Fund.

RESOLVED	Reason for decision
That the Committee notes the report.	As per the report.

6. AMENDMENT OF RISK REGISTER

The Committee received the report from the Head of Finance and noted that the Powys Pension Board had reviewed the Risk Register and also recommended that a potential risk in respect of the ongoing compliance with MIFID II be added. He advised that if the Committee was content with the inclusion of this potential risk, the wording should refer to the Fund being an institutional investor rather than a retail investor, as stated in the report. The Committee noted that the Risk Register formed part of the Council’s Corporate Risk Register which was also monitored by the Audit Committee.

RESOLVED	Reason for decision
That the risk PEN034 [ongoing compliance with MIFIDII be added to the Risk Register, subject to the potential consequence of the risk being amended to read as follows: Financial implications of not being treated as an institutional investor.	As per the report.

7. ACTUARIAL VALUATION UPDATE

Becky Durran and Sam Ogborne, Aon presented the Actuarial Valuation as at 31 March, 2019. The Committee noted that the valuation was a snapshot of the Fund undertaken every three years and considered its assets and liabilities, making assumptions about the future. Each employer would receive its own valuation based on its membership and the valuation set the employers contributions for the next three years.

The valuation had shown that the probability of funding success had increased from 73% in 2016 to 77% in 2019. The Committee noted the McCloud/Sargeant judgement and that Funds should consider their approach to the uncertainty

relating to this when setting the employers contributions from 2020. The Actuaries recommended that the prudent approach was that most employers' contributions should also increase by 1.1% to reflect this uncertainty.

The Committee noted that assets and liabilities had increased, but due to the performance of the fund the deficit had decreased. In addition the funding ratio had improved from 80% in 2016 to 93% in 2019 and the time period in which the Fund would be fully funded had decreased from 22 to 16 years.

RESOLVED	Reason for decision
That the Committee notes the Actuarial Valuation update.	As per report.

8. WALES PENSION PARTNERSHIP [WPP] UPDATE

The Committee received the report from the Head of Finance. The Pension Fund Manager advised that BlackRock had been appointed as the transition advisor and manager to transfer the fixed income mandates into the WPP. The Committee noted that interviews had taken place for an oversight advisor for the on-going monitoring and further development of the WPP and the Committee would be advised of the appointment in due course.

RESOLVED	Reason for decision
That the report be noted.	For information.

9. RESPONSIBLE INVESTMENT POLICY

The Committee received the Responsible Investment Policy which had been considered at the previous meeting. The Pension Fund Manager advised that the document had been amended as a result of discussions at the last meeting. The Pension Fund Manager proposed that the Policy be approved and published with an amended version including some revised wording being subject to approval by the Chair and Vice Chair to following review by the Monitoring Officer.

RESOLVED	Reason for decision
that the Responsible Investment Policy be approved in its current form and an amended version be delegated to the Chair and Vice Chair to agree, following any revised wording by the Monitoring Officer.	To agree the Responsible Investment Policy.

10. FORWARD LOOKING BUSINESS PLAN

The Committee noted the Forward Looking Business Plan.

Aon advised that there was a need to replace Stone Milliner Discretionary Macro Fund due to the Fund being closed. It was noted that Graham Capital Management had been selected as a like for like replacement. In response to questions regarding due diligence, Aon advised that Graham Capital Management had passed all due diligence tests, it had a long track record and

was buy-rated. The Committee noted that £12m would be transferred into cash and some of this fund could be transferred into the WPP fixed income mandates, rather than keeping all in cash, prior to the approval of the investment in the Graham Capital Management Fund.

The Pension Fund Manager recommended that the Committee:

- i. notes Aon's recommendation regarding the investment in the Graham Capital Management Fund and
- ii. Aon's report regarding Graham Capital Management Fund be circulated to the Committee for consideration and comments be forwarded to the Pension Fund Manager within three days of the email and if no objections
- iii. it be delegated to the Chair and Vice Chair to agree to transferring the investment to Graham Capital Management Fund.

RESOLVED	Reason for decision
i. notes Aon's recommendation regarding the investment in the Graham Capital Management Fund and ii. Aon's report regarding Graham Capital Management Fund be circulated to the Committee for consideration and comments be forwarded to the Pension Fund Manager within three days of the email and if no objections iii. it be delegated to the Chair and Vice Chair to agree to transferring the investment to Graham Capital Management Fund.	To ensure the investment of assets.

11. EXEMPT ITEM

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).

12. EQUITY PROTECTION

The Committee received the report regarding the Equity Protection, which confirmed the decision taken at the last meeting. In response to questions Aon advised that when considering the protection due to expire in March 2020, the Australian markets would be considered at this time.

RESOLVED	Reason for decision
That the Committee notes the report.	To ensure the Equity protection strategy continues to protect the Fund against market downturns.

13. INVESTMENT STRATEGY REVIEW

The Committee received the Investment Strategy Review. The Committee noted that the asset allocations had changed and noted the revised proposed allocation to the WPP Fixed Income sub-funds.

RESOLVED	Reason for decision
That the report be noted. To approve the Investment Strategy Review and proposed allocations to the WPP Absolute Return Bonds, Multi Asset Credit and Global Credit Fixed Income sub-funds.	As per report. To ensure that the risk/return profile of the fund meets requirements and that the transition of assets into the WPP Fixed Income sub-funds can be actioned accordingly.

14. QUARTERLY MONITORING REPORT

The Committee received the Quarter 3 monitoring report to 30 September, 2019. The Committee noted that the total asset value had increased by £15m over the period and that the Performance details would be circulated to the Committee. Aon advised that the Fund would consider the investment in Global property if the WPP did so.

RESOLVED	Reason for decision
That the Quarter 3 monitoring report be noted and a revised version circulated once performance monitoring information is available.	As per the report.

The Pension Fund Manager advised that as agreed at the previous meeting objectives for the Fund's Investment Consultant had been developed in conjunction with the Pension Board Chair. Aon had confirmed that the proposed objectives were acceptable. The Pension Fund Manager indicated that after each Committee meeting he would select the relevant questions relating to the issues on agenda and then email these to the Committee asking the members to consider and score Aon on these. The Members scores would then be collated and the results discussed with Aon.

County Councillor P E Lewis (Chair)

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PENSION REGULATOR CODE OF PRACTICE 14 - COMPLIANCE ANALYSIS

Powys Pension Fund

		Action Required	Current Position
22	Scheme manager - each public service pension scheme has one or more persons responsible for managing or administering the scheme. Public service pension schemes can have different persons acting as scheme manager for different parts of the pension scheme. For the locally administered schemes, the scheme managers may be the local administering authorities or a person representing an authority or police force.		<i>The Administering Authority is designated scheme manager under the regulations.</i>
23	Pension board – the scheme manager (or each scheme manager) for a scheme has a pension board with responsibility for assisting the scheme manager to comply with the scheme regulations and other legislation relating to the governance and administration of the scheme and any requirements imposed by the regulator. The pension board must also assist the scheme manager with such other matters as the scheme regulations may specify. It will be for scheme regulations and the scheme manager to determine precisely what the pension board’s role, responsibilities and duties entail.		<i>A Local Pension Board has been established and operates under a prescribed Terms of Reference. The Board was established on</i>
Governing your Scheme			
38	Schemes should establish and maintain policies and arrangements for acquiring and retaining knowledge and understanding to support their pension board members. Schemes should designate a person to take responsibility for ensuring that a framework is developed and implemented.		Training Log kep. Maintened by Secretary to the Board
39	However, it is the responsibility of individual pension board members to ensure that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the pension board.		Carry out an up to date skills and knowledge analysis. Ongoing Feb 2019
40	Pension board members must be conversant with their scheme rules , which are primarily found in the scheme regulations, and documented administration policies currently in force for their pension scheme. Being ‘conversant’ means having a working knowledge of the scheme regulations and policies, so that pension board members can use them effectively when carrying out their duties.		Analyse results of Training needa assessment
41	They must also have knowledge and understanding of the law relating to pensions (and any other matters prescribed in legislation) to the degree appropriate for them to be able to carry out their role, responsibilities and duties.		Analyse results of Training needs assessment

Dec-19

42	<p>In terms of documented administration policies, specific documents recording policy about administration will vary from scheme to scheme. However, the following are examples of administration policies which the regulator considers to be particularly pertinent and would expect to be documented where relevant to a pension scheme, and with which pension board members must therefore be conversant where applicable. This list is not exhaustive and other documented policies may fall into this category:</p> <p>any scheme-approved policies relating to: conflicts of interest and the register of interests record-keeping internal dispute resolution reporting breaches the appointment of pension board members maintaining contributions to the scheme risk assessments/management and risk register policies for the scheme</p> <p>scheme booklets, announcements and other key member and employer communications, which describe scheme policies and procedures</p> <p>the roles, responsibilities and duties of the scheme manager, pension board and individual pension board members</p> <p>In terms of reference, structure and operational policies of the pension board and/or any sub-committee</p> <p>statements of policy about the exercise of discretionary functions, statements of policy about communications with members and scheme employers the pension administration strategy, or equivalent, and</p> <p>any admission body (or equivalent) policies.</p>		Available. Ongoing.
43	<p>For pension board members of funded pension schemes, documents which record policy about the administration of the scheme will include those relating to funding and investment matters. For example, where relevant they must be conversant with the statement of investment principles and the funding strategy statement.</p>		Available on website
44	<p>Pension board members must also be conversant with any other documented policies relating to the administration of the scheme. For example, where applicable, they must be conversant with policies relating to:</p> <p>the contribution rate or amount (or the range/variability where there is no one single rate or amount) payable by employers participating in the scheme</p> <p>statements of assurance (for example, assurance reports from administrators)</p>		
45	<p>Where DC or DC AVC options are offered, pension board members should also be familiar with the requirements for the payment of member contributions to the providers, the principles relating to the operation of those arrangements, the choice of investments to be offered to members, the provider's investment and fund performance report and the payment schedule for such arrangements.</p>		AVC Training has been carried out. New AVC Risk documentation introduced.
46	<p>Schemes should prepare and keep an updated list of the documents with which they consider pension board members need to be conversant. This will enable them to effectively carry out their role. They should make sure that both the list and the documents are available in accessible formats.</p>		

47	The roles, responsibilities and duties of pension boards and their individual members will vary between pension schemes. Matters for which the pension board is responsible will be set out in scheme regulations. Clear guidance on the roles, responsibilities and duties of pension boards and the members of those boards should be set out in scheme documentation.		
48	Schemes should assist individual pension board members to determine the degree of knowledge and understanding that is sufficient for them to effectively carry out their role, responsibilities and duties as a pension board member.		Carry out Training needs questionnaire. Done Feb 2019
49	Pension board members must have a working knowledge of their scheme regulations and documented administration policies . They should understand their scheme regulations and policies in enough detail to know where they are relevant to an issue and where a particular provision or policy may apply.		Regular Training reviews in place
50	Pension board members must have knowledge and understanding of the law relating to pensions (and any other prescribed matters) sufficient for them to exercise the functions of their role. Pension board members should be aware of the range and extent of the law relating to pensions which applies to their scheme, and have sufficient understanding of the content and effect of that law to recognise when and how it impacts on their responsibilities and duties.		Regular Training reviews in place
51	Pension board members should be able to identify and where relevant challenge any failure to comply with: the scheme regulations other legislation relating to the governance and administration of the scheme any requirements imposed by the regulator, or any failure to meet the standards and expectations set out in any relevant codes of practice issued by the regulator.		Noted
52	Pension board members' breadth of knowledge and understanding should be sufficient to allow them to understand fully and challenge any information or advice they are given. They should understand how that information or advice impacts on any issue or decision relevant to their responsibilities and duties.		Regular Training reviews in place
53	Pension board members of funded pension schemes should ensure that they have the appropriate degree of knowledge and understanding of funding and investment matters relating to their scheme to enable them to effectively carry out their role. This includes having a working knowledge of provisions in their scheme regulations and administration policies that relate to funding and investment, as well as knowledge and understanding of relevant law relating to pensions.		Training Needs Self Assessment carried out feb 2019
54	All board members should attain appropriate knowledge so that they are able to understand the relevant law in relation to their scheme and role. The degree of knowledge and understanding required of pension board members may vary according to the role of the board member, as well as the expertise of the board member. For example, a board member who is also a pensions law expert (for instance, as a result of their day job) should have a greater level of knowledge than that considered appropriate for board members without this background.		Training Needs Self Assessment carried out feb 2019
55	Pension board members should invest sufficient time in their learning and development alongside their other responsibilities and duties. Schemes should provide pension board members with the relevant training and support that they require. Training is an important part of the individual's role and will help to ensure that they have the necessary knowledge and understanding to effectively meet their legal obligations.		Training Needs Self Assessment carried out feb 2019
56	Newly appointed pension board members should be aware that their responsibilities and duties as a pension board member begin from the date they take up their post. Therefore, they should immediately start to familiarise themselves with the scheme regulations, documents recording policy about the administration		Training Needs Self Assessment carried out feb 2019

57	Pension board members should undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses. They should use a personalised training plan to document and address these promptly.		Training Needs Self Assessment carried out feb 2019
58	Learning programmes should be flexible , allowing pension board members to update particular areas of learning where required and to acquire new areas of knowledge in the event of any change. For example, pension board members who take on new responsibilities will need to ensure that they gain appropriate knowledge and understanding relevant to carrying out those new responsibilities.		
59	The regulator will provide an e-learning programme to help meet the needs of pension board members, whether or not they have access to other learning. If schemes choose alternative learning programmes they should be confident that those programmes: cover the type and degree of knowledge and understanding required reflect the legal requirements, and are delivered within an appropriate timescale.		Group Training during 2019
60	Schemes should keep appropriate records of the learning activities of individual pension board members and the board as a whole . This will help pension board members to demonstrate steps they have taken to comply with legal requirements and how they have mitigated risks associated with knowledge gaps. A good external learning programme will maintain records of the learning activities of individuals on the programme or of group activities, if these have taken place.		records kept
Conflicts of Interest and Representation			
62	In relation to the pension board, scheme regulations must include provision requiring the scheme manager to be satisfied: that a person to be appointed as a member of the pension board does not have a conflict of interest and from time to time, that none of the members of the pension board has a conflict of interest.		COI declared at every Board meeting
63	Scheme regulations must require each member or proposed member of a pension board to provide the scheme manager with such information as the scheme manager reasonably requires for the purposes of meeting the requirements referred to above.		COI declared at every Board meeting
64	Scheme regulations must include provision requiring the pension board to include employer representatives and member representatives in equal numbers.		Equal numbers appointed and each Board meeting is quorate

70	Some, if not all, of the 'Seven principles of public life' (formerly known as the 'Nolan principles') will already apply to people carrying out roles in public service pension schemes, for example through the Ministerial code, Civil Service code or other codes of conduct. These principles should be applied to all pension board members in the exercise of their functions as they require the highest standards of conduct. Schemes should incorporate the principles into any codes of conduct (and across their policies and processes) and other internal standards for pension boards.		
73	Scheme regulations will set out matters for which the pension board is responsible. Schemes should set out clear guidance on the roles, responsibilities and duties of pension boards and the members of those boards in scheme documentation. This should cover , for example, whether they have responsibility for administering or monitoring the administration of the scheme; developing, delivering or overseeing compliance with requirements for governance and/or administration policies; and taking or scrutinising decisions relating to governance and/or administration. Regardless of their remit, potential conflicts of interest affecting pension board members need to be identified, monitored and managed effectively.		Chairman meets with new members to provide guidance and explanation of expectations
74	Schemes should consider potential conflicts of interest in relation to the full scope of roles, responsibilities and duties of pension board members. It is recommended that all those involved in the management or administration of public service pension schemes take professional legal advice when considering issues to do with conflicts of interest.		
76	Schemes should ensure that there is an agreed and documented conflicts policy and procedure, which includes identifying, monitoring and managing potential conflicts of interest. They should keep this under regular review. Policies and procedures should include examples of scenarios giving rise to conflicts of interest, how a conflict might arise specifically in relation to a pension board member and the process that pension board members and scheme managers should follow to address a situation where board members are subject to a potential or actual conflict of interest.		
77	Broadly, schemes should consider potential conflicts of interest in three stages: identifying monitoring, and managing.		
78	Schemes should cultivate a culture of openness and transparency. They should recognise the need for continual consideration of potential conflicts. Disclosure of interests which have the potential to become conflicts of interest should not be ignored. Pension board members should have a clear understanding of their role and the circumstances in which they may find themselves in a position of conflict of interest. They should know how to manage potential conflicts.		COI declared at every Board meeting
79	Pension board members , and people who are proposed to be appointed to a pension board, must provide scheme managers with information that they reasonably require to be satisfied that pension board members and proposed members do not have a conflict of interest.		
80	Schemes should ensure that pension board members are appointed under procedures that require them to disclose any interests, including other responsibilities, which could become conflicts of interest and which may adversely affect their suitability for the role, before they are appointed.		Identified at interview/appointment

81	All terms of engagement, for example appointment letters, should include a clause requiring disclosure of all interests, including any other responsibilities, which have the potential to become conflicts of interest, as soon as they arise. All interests disclosed should be recorded. See the section of this code on 'Monitoring potential conflicts'.		
82	Schemes should take time to consider what important matters or decisions are likely to be considered during, for example, the year ahead and identify and consider any potential or actual conflicts of interest that may arise in the future. Pension board members should be notified as soon as practically possible and mitigations should be put in place to prevent these conflicts from materialising.		Would be identified in the workplan
83	As part of their risk assessment process, schemes should identify, evaluate and manage dual interests which have the potential to become conflicts of interest and pose a risk to the scheme and possibly members, if they are not mitigated. Schemes should evaluate the nature of any dual interests and assess the likely consequences were a conflict of interest to materialise.		Would be identified in the workplan
84	A register of interests should provide a simple and effective means of recording and monitoring dual interests and responsibilities. Schemes should also capture decisions about how to manage potential conflicts of interest in their risk registers or elsewhere. The register of interests and other relevant documents should be circulated to the pension board for ongoing review and published, for example on a scheme's website.		Work ongoing Oct 2019
85	Conflicts of interest should be included as an opening agenda item at board meetings and revisited during the meeting, where necessary. This provides an opportunity for those present to declare any interests, including other responsibilities, which have the potential to become conflicts of interest , and to minute discussions about how they will be managed to prevent an actual conflict arising.		COI declared at every Board meeting
86	Schemes should establish and operate procedures which ensure that pension boards are not compromised by potentially conflicted members. They should consider and determine the roles and responsibilities of pension boards and individual board members carefully to ensure that conflicts of interest do not arise, nor are perceived to have arisen.		
90	While scheme regulations must require pension boards to have an equal number of employer and member representatives, there is flexibility to design arrangements which best suit each scheme.		Equal numbers appointed and each Board meeting is quorate

91	Arrangements should be designed with regard to the principles of proportionality, fairness and transparency, and with the aim of ensuring that a pension board has the right balance of skills, experience and representation (for example, of membership categories and categories of employers participating in the scheme). Those responsible for appointing members to a pension board should also consider the mix of skills and experience needed on the pension board in order for the board to operate effectively in light of its particular role, responsibilities and duties.		On-going traing needs analysis and training required
Publishing Information about Schemes			
92	The scheme manager for a public service scheme must publish information about the pension board for the scheme(s) and keep that information up-to-date.		Available on website
93	The information must include: who the members of the pension board are representation on the board of members of the scheme(s), and the matters falling within the pension board’s responsibility.		See above
94	Scheme members will want to know that their scheme is being efficiently and effectively managed. Public service pension schemes should have a properly constituted , trained and competent pension board, which is responsible for assisting the scheme manager to comply with the scheme regulations and other legislation relating to the governance and administration of the scheme and requirements imposed by the regulator.		Powy Pension Board terms of reference provides the detail
95	Scheme managers must publish the information required about the pension board and keep that information up-to-date. This will ensure that scheme members can easily access information about who the pension board members are, how pension scheme members are represented on the pension board and the responsibilities of the board as a whole.		Available on website

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96	<p>When publishing information about the identity of pension board members, the representation of scheme members and matters for which the board is responsible, schemes should also publish useful related information about the pension board such as:</p> <p>the employment and job title (where relevant) and any other relevant position held by each board member</p> <p>the pension board appointment process</p> <p>who each pension board member represents</p> <p>the full terms of reference for the pension board, including details of how it will operate, and</p> <p>any specific roles and responsibilities of individual pension board members.</p>		Discussed at Pension Board and happy to leave in current state.
97	<p>Schemes should also consider publishing information about pension board business, for example board papers, agendas and minutes of meetings (redacted to the extent that they contain confidential information and/or data covered by the Data Protection Act 1998). They should consider any requests for additional information to be published, to encourage scheme member engagement and promote a culture of transparency.</p>		Link to Corporate website where agendas and reports are held
98	<p>Scheme managers must ensure that information published about the pension board is kept up-to-date. Schemes should have policies and processes to monitor all published data on an ongoing basis to ensure it is accurate and complete.</p>		Minutes regularly uploaded and documentation reviewed.
Managing Risks			
104	<p>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.</p>		Discussed at each Board meeting
105	<p>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.</p>		Discussed at each Board meeting

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
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
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
109	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
110	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
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
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
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 - exercise to be undertaken to co-ordinate with Funding Strategy Statement review and Valuation
115	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: mitigating risks supporting longer-term strategic aims, for example relating to investments identifying success (or otherwise) in achieving agreed objectives, and providing a framework against which compliance with the scheme regulations and legislation can be monitored.		Investment Strategy Statement was currently under review and the MIFID II [The Markets in Financial Instruments Directive II] needed to be taken into account.

116	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.		Audit Commenced Oct 2019. Results Expected December 2019
119	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.		
120	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.		
Administration			
124	Failure to maintain complete and accurate records and put in place effective internal controls to achieve this can affect the ability of schemes to carry out basic functions. Poor record-keeping can result in schemes failing to pay benefits in accordance with scheme regulations, processing incorrect transactions and ultimately paying members incorrect benefits. For funded schemes, it may lead to schemes managing investment risks ineffectively. There is also the potential for the maladministration of members' contributions and failure to identify any misappropriation of assets. Schemes should be able to demonstrate to the regulator, where required, that they keep accurate, up-to-date and enduring records to be able to govern and administer their pension scheme efficiently.		Data Quality testing Undertaken in 2018 and due in May 2019
125	Scheme managers must establish and operate adequate internal controls, which should include processes and systems to support record-keeping requirements and ensure that they are effective at all times.		Monthly and annual data checking exercise
126	Scheme managers must ensure that member data across all membership categories specified in the Record Keeping Regulations is complete and accurate. Member data should be subject to regular data evaluation.		Monthly and annual data checking exercise

127	Scheme managers must keep specific member data, which will enable them to uniquely identify a scheme member and calculate benefits correctly. This is particularly important with the establishment of career average revalued earnings (CARE) schemes. Scheme managers must be able to provide members with accurate information regarding their pension benefits (accrued benefits to date and their future projected entitlements) in accordance with legislative requirements, as well as pay the right benefits to the right person (including all beneficiaries) at the right time.		Final Salary and CARE data held in Admin system accordingly
128	Schemes should require participating employers to provide them with timely and accurate data in order for the scheme manager to be able to fulfil their legal obligations. Schemes should seek to ensure that processes are established by employers which enable the transmission of complete and accurate data from the outset. Processes will vary from employer to employer, depending on factors such as employee turnover, pay periods, number of employees who are members and the timing and number of payroll processing systems.		Finance check monthly. Annual letter of compliance issued to employers.
129	Schemes should seek to ensure that employers understand the main events which require information about members to be passed from the employer to the scheme and/or another employer, such as when an employee: joins or leaves the scheme changes their rate of contributions changes their name, address or salary changes their member status, and transfers employment between scheme employers.		Guidance and training provided at time of Admission into Fund. Iconnect allows electronic input and updating.
130	Schemes should ensure that appropriate procedures and timescales are in place for scheme employers to provide updated information when member data changes, for checking scheme data against employer data and for receiving information which may affect the profile of the scheme. If an employer fails to act according to the procedures set out above, meaning that they and/or scheme managers may not be complying with legal requirements, those under a statutory duty to report breaches of the law to the regulator under section 70 of the Pensions Act 2004 should assess whether there has been a relevant breach and take action as necessary.		Guidance and training provided at time of Admission into Fund
131	Schemes should be able to trace the flow of funds into and out of the scheme and reconcile these against expected contributions and scheme costs. In doing so, they will have clear oversight of the core scheme transactions and should be able to mitigate risks swiftly.		Finance Section carry out checks
132	Scheme managers must keep records of transactions made to and from the scheme and any amount due to the scheme which has been written off. They should be able to demonstrate that they do so.		Audit trails available in Admin system and quarterly reconciliation with Finance.
133	Scheme managers must keep records of pension board meetings including any decisions made. Schemes should also keep records of key discussions, which may include topics such as compliance with policies relating to administration of the scheme.		Available in Minutes and held on fund website

134	Scheme managers must also keep records relating to any decision taken by members of the pension board other than at a pension board meeting, or taken by a committee/sub-committee, which has not been ratified by the pension board. The records must include the date, time and place of the decision and the names of board members participating in that decision. This will ensure that there is a clear and transparent audit trail of the decisions made in relation to the scheme.		Available in Minutes
135	Schemes should retain records for as long as they are needed. It is likely that data will need to be held for long periods of time and schemes will need to retain some records for a member even after that individual has retired, ensuring that pension benefits can be properly administered over the lifetime of the member and their beneficiaries. Schemes should have in place adequate systems and processes to enable the retention of records for the necessary time periods.		Currently 15 years following GDPR review.
136	Schemes should have policies and processes that monitor data on an ongoing basis to ensure it is accurate and complete, regardless of the volume of scheme transactions. This should be in relation to all membership categories, including pensioner member data where queries may arise once the pension is being paid.		Data Improvement Plan in place on fund website
137	Schemes should adopt a proportionate and risk-based approach to monitoring, based on any known or historical issues that may have occurred in relation to the scheme's administration. This is particularly important for the effective administration of CARE pension schemes, which requires schemes to hold significantly more data than needed for final salary schemes.		Monthly and annual data monitor and cleanse processes in place.
138	Schemes should continually review their data and carry out a data review exercise at least annually. This should include an assessment of the accuracy and completeness of the member information data held. Schemes should decide the frequency and nature of the review in light of factors such as the level of data quality, any issues identified and key scheme events.		Data Quality Testing and Improvement Plan in place
140	Where there has been a change of administrator or the administration system/platform, schemes should review and cleanse data records and satisfy themselves that all data are complete and accurate.		Ongoing April 2019
141	Where schemes identify poor quality or missing data, they should put a data improvement plan in place to address these issues. The plan should have specific data improvement measures which schemes can monitor and a defined end date within a reasonable timeframe when the scheme will have complete and accurate data.		Data Quality testing and Improvement Plan, but monitored Annually
142	Schemes should ensure that member records are reconciled with information held by the employer, for example postal address or electronic address (email address) changes and new starters. Schemes should also ensure that the numbers of scheme members is as expected based on the number of leavers and joiners since the last reconciliation. Schemes should be able to determine those members who are approaching retirement, those who are active members and those who are deferred members.		Monthly/Annual Reconciliation
143	Schemes must ensure that processes that are created to manage scheme member data meet the requirements of the Data Protection Act 1998 and the data protection principles.		reviewed under GDPR May 2018

144	<p>Schemes should understand:</p> <ul style="list-style-type: none"> • their obligations as data controllers and who the data processors are in relation to the scheme • the difference between personal data and sensitive personal data (as defined in the Data Protection Act 1998) • how data are held and how they should respond to data requests from different parties • the systems which need to be in place to store, move and destroy data, and • how data protection affects member communications. 		reviewed under GDPR May 2018
146	Where applicable, schemes should be able to demonstrate that they keep records in accordance with these and any other relevant legal requirements. Schemes should read the relevant legislation and any guidance in conjunction with this code where applicable.		reviewed under GDPR May 2018
Maintaining Contributions			
147	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.		Breaches Log and procedure in place. Ongoing risk requiring monitoring
148	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.		Breaches Log and procedure in place. Ongoing risk requiring monitoring
149	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.
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 Policy in place
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
152	Adequate procedures and processes are likely to involve: <ul style="list-style-type: none"> developing a record to monitor the payment of contributions monitoring the payment of contributions managing overdue contributions, and reporting materially significant payment failures. 		
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.		
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.		
157	A contributions monitoring record should include the following information: <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. 		
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.		
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.		
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.		
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.		
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
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"> Investigate any apparent employer failure to pay contributions in accordance with the contributions monitoring record or legal requirements. Contact the employer promptly to alert them to the payment failure and to seek to resolve the overdue payment. Discuss it further with the employer as soon as practicable to find out the cause and circumstances of the payment failure. Ask the employer to resolve the payment failure and take steps to avoid a recurrence in the future. 		Breaches Log and procedure in place.
Providing information to Members			
188	Scheme regulations must require scheme managers to provide an annual benefit information statement to each active member of a DB scheme established under the 2013 Act or new public body scheme. The statement must include a description of the benefits earned by a member in respect of their pensionable service.		Procedures in place
189	The first statement must be provided no later than 17 months after the scheme regulations establishing the scheme come into force. Subsequent statements must be provided at least annually after that date.		Procedures in place
190	Statements must also comply with HM Treasury directions in terms of any other information which must be included and the manner in which they must be provided to members.		Annual Review exercise on All Wales basis
191	Managers of a scheme must also provide a benefit statement following a request by an active, deferred or pension credit member of a DB scheme if the information has not been provided to that member in the previous 12 months before that request.		Procedures in place
192	These benefit statements must include information about the amount of benefits by reference to a particular date and how they are calculated. The full details depend on the type of member making the request.		Compliant
193	The information must be given as soon as practicable but no more than two months after the date the request is made.		Procedures in place

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

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

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

205	<p>When any subsequent information is made available on a website, managers of a scheme must give a notice (other than via a website) to recipients informing them that the information is available on the website. This notice will not be required where:</p> <ul style="list-style-type: none"> • at least two documents have been given to the recipient by hand or sent to the recipient's last known postal address • each of those letters asks the recipient to give their electronic (email) address to the scheme and informs the recipient of their right to request (in writing) that information or documents are not to be provided electronically • a third letter has been given to the recipient by hand or sent to the recipient's last known postal address and includes a statement that further information will be available to read on the website and that no further notifications will be sent to the recipient and • the managers of the scheme do not know the recipient's email address and have not received a written request that information or documents are not to be provided to the recipient electronically. 		Exercise carried out and majority of scheme documentation delivered electronically, except to those who have opted out of e-communications
206	<p>In some cases, the Disclosure Regulations 2013 specify that information must be made available by one of the following methods:</p> <ul style="list-style-type: none"> • available to view free of charge, at a place that is reasonable having regard to the request • published on a website (in which case the procedure to be followed before making information available on a website does not apply, except that the person or trade union must be notified of certain details) • given for a charge that does not exceed the expense incurred in preparing, posting and packing the information, or • publicly available elsewhere. 		Compliant
207	<p>Schemes should design and deliver communications to scheme members in a way that ensures they are able to engage with their pension provision. Information should be clear and simple to understand as well as being accurate and easily accessible. It is important that members are able to understand their pension arrangements and make informed decisions where required.</p>		Ongoing Exercise
208	<p>Schemes should attempt to make contact with their scheme members and, where contact is not possible, schemes should carry out a tracing exercise to locate the member and ensure that their member data are up-to-date.</p>		Numbers of "Gone Away" members identified. Address tracing exercise to be undertaken mid 2019
209	<p>Where a person has made a request for information, schemes should acknowledge receipt if they are unable to provide the information at that stage. Schemes may encounter situations where the time period for providing information takes longer than expected. In these circumstances, schemes should notify the person and let them know when they are likely to receive the information. Scheme managers and managers (where different) must provide information in accordance with the time periods specified in the 2013 Act and Disclosure Regulations 2013.</p>		Compliant
210	<p>To promote transparency, schemes should make information readily available at all times to ensure that prospective and existing members are able to access information when they require it.</p>		Website, Intranet

216	Dispute resolution arrangements may require people with an interest in the scheme to first refer matters in dispute to a 'specified person' in order for that person to consider and give their decision on those matters. The specified person's decision may then be confirmed or replaced by the decision taken by the scheme manager after reconsideration of the matters.		Pensions Decision - Pensions Administration Manager. Employer decision - HR Manager
217	Scheme managers and specified persons (if used as part of a scheme's procedure) must take the decision required on the matters in dispute within a reasonable period of receiving the application. They must notify the applicant of the decision within a reasonable period of having taken it.		IDRP information made available to Specified Person
218	Internal dispute resolution procedures must state the manner in which an application for the resolution of a pension dispute is to be made, the particulars which must be included in such an application and the manner in which any decisions required in relation to such an application are to be reached and given. The procedure must specify a reasonable period within which applications must be made by certain people.		Detail in Letter.
219	Scheme managers must provide information about the scheme's dispute resolution procedure as well as information about The Pensions Advisory Service (TPAS) and the Pensions Ombudsman to certain people at certain stages.		Included in letters
220	Scheme members expect their pension scheme to be managed effectively. Where a person with an interest in the scheme is not satisfied with any matter relating to the scheme (for example a decision which affects them), they have the right to ask for that matter to be reviewed.		Included in letters
222	Schemes can operate a two-stage procedure with a 'specified person' undertaking the first-stage decision. Alternatively, they may adopt a single-stage procedure if they consider that is more appropriate for their scheme.		Two-stage adopted. Stage 1 - Pensions Administration Manager. Stage 2 - Pension Fund Manager
223	With the exception of certain matters outlined below, the law does not prescribe the detail of the dispute resolution procedure. Schemes should decide on this and ensure it is fit for purpose.		Noted.
224	Schemes may choose to specify time limits within which the following people must apply for a dispute to be resolved, following notification to them: <ul style="list-style-type: none"> • scheme members • widows, widowers, surviving civil partners or surviving dependants of deceased scheme members • surviving non-dependant beneficiaries of deceased scheme members, and • prospective scheme members. 		Within 6 months of being notified of decision

225	If schemes decide to specify time limits, they should publish and make those time limits readily available to ensure that those with an interest in the scheme are aware that they must submit an application within a prescribed time limit.		Within 6 months of being notified of decision
226	<p>Scheme managers must ensure their scheme's procedure specifies a reasonable period within which applications by the following people must be made:</p> <ul style="list-style-type: none"> • a person who has ceased to be within the categories in paragraph 224 above • a person who claims that they were a person within the categories in paragraph 224 above and has ceased to be such a person, and the dispute relates to whether they are such a person. 		Noted.
227	A reasonable period would be six months beginning immediately after the date on which the person ceased to be, or claims they ceased to be, a person with an interest in the scheme. However, schemes have the flexibility to exercise their judgement and take an application outside a specified time period, if appropriate.		6 months applied
228	Managers and specified persons (where applicable) must decide the matter in dispute within a reasonable period of receiving the application. A reasonable period is within four months of receiving the application. In the case of a two-stage dispute resolution procedure, the reasonable period applies to each stage separately. Where a dispute is referred to scheme managers for a second-stage decision, the reasonable period begins when the managers receive the referral. However, there may be cases where it will be possible to process an application sooner than the reasonable time given. Where this is the case, there should not be a delay in taking the decision.		Matter to be acted upon quickly but within 4 months
229	There may be exceptional circumstances of a particular dispute which may prevent the process being completed within the reasonable time period stated above. For instance, where the dispute involves unusually complex and labour-intensive calculations or research, or delays occur that are outside the control of the scheme manager (or specified person), or because they need to obtain independent evidence.		Noted.
230	The regulator recognises that the circumstances of each dispute are different and decision times may vary. Schemes should be satisfied that the time taken to reach a decision is appropriate to the situation and be able to demonstrate this, if necessary.		Procedure is documented and evidenced
231	Applicants must be notified of the decision made by a scheme manager and specified person (where applicable) within a reasonable time period after the decision has been made ¹²³ . Schemes should usually notify applicants of the decision no later than 15 working days after the decision has been made. However, there may be cases where it is possible to notify an applicant sooner than the reasonable time given. Where this is the case, there should not be a delay in notifying them of the decision.		Procedures in place to notify
232	Applicants must be notified of the decision made by a scheme manager and specified person (where applicable) within a reasonable time period after the decision has been made ¹²³ . Schemes should usually notify applicants of the decision no later than 15 working days after the decision has been made. However, there may be cases where it is possible to notify an applicant sooner than the reasonable time given. Where this is the case, there should not be a delay in notifying them of the decision.		Procedures in place to notify

233	Scheme regulations or other documents recording policy about the administration of the scheme should specify internal dispute resolution arrangements. Schemes should focus on educating and raising awareness of their internal dispute resolution arrangements and ensuring that they are implemented.		Included in correspondence.
234	Schemes should ensure that the effectiveness of the arrangements is assessed regularly and be satisfied that those following the process are complying with the requirements set, which includes effective decision making. This is particularly important where the arrangements require employers participating in the pension scheme to carry out duties as part of the process, for example where schemes have implemented the two-stage procedure and employers are acting as the specified person for the first stage		Guidance provided to Employers and individuals where appropriate
235	Schemes should confirm and communicate their arrangements to members, for example, in the joining booklet. Schemes should make their arrangements accessible to potential applicants, for example by publishing them on a scheme website.		Information readily available
236	<p>Scheme managers must provide the following information about the procedure and processes the scheme has in place for the internal resolution of disputes to certain people in certain circumstances¹²⁴:</p> <ul style="list-style-type: none"> • prospective members, if it is practicable to do so • any scheme members who have not already been given the information • certain relevant people who request the information and who have not been given that information in the previous 12 months, and • members or prospective members when schemes receive jobholder information, or when a jobholder becomes an active member, in connection with automatic enrolment. 		Information available.
237	Scheme managers must also provide the postal or email address and job title of the person to contact in order to make use of the internal dispute arrangements.		Included in correspondence
238	In addition, scheme managers must provide information about TPAS and the Pensions Ombudsman at certain stages ¹²⁵ . Upon receiving an application for the resolution of a pension dispute, scheme managers (or the specified person) must make the applicant aware as soon as reasonably practicable that TPAS is available to assist members and beneficiaries of the scheme and provide contact details for TPAS. When notifying the applicant of the decision, scheme managers must also inform the applicant that the Pensions Ombudsman is available to investigate and determine complaints or disputes of fact or law relating to a public service pension scheme and provide the Pension Ombudsman's contact details.		Included in correspondence

239	<p>Schemes can decide what information they need from applicants to reach a decision on a disputed matter and how applications should be submitted. Schemes should ensure they make the following information available to applicants:</p> <ul style="list-style-type: none"> • the procedure and processes to apply for a dispute to be resolved • the information that an applicant must include • the process by which any decisions are reached, and • an acknowledgement once an application has been received. 		Information available.
240	<p>When reviewing an application, scheme managers and specified persons (where relevant) should ensure that they have all the appropriate information to make an informed decision. They should request further information if required. Scheme managers and specified persons should be satisfied that the times taken to reach a decision and notify the applicant are appropriate to the situation and that they have taken the necessary action to meet the reasonable time periods. Scheme managers should be able to demonstrate this to the regulator if required.</p>		Noted.
Reporting Breaches of the Law			
244	<p>Schemes should be satisfied that those responsible for reporting breaches are made aware of the legal requirements and this guidance. Schemes should provide training for scheme managers and pension board members. All others under the statutory duty to report should ensure they have a sufficient level of knowledge and understanding to fulfil that duty. This means having sufficient familiarity with the legal requirements and procedures and processes for reporting.</p>		Reporting Breaches Policy produced and available on Fund website
245	<p>Identifying and assessing a breach of the law is important in reducing risk and providing an early warning of possible malpractice in public service pension schemes. Those people with a responsibility to report breaches, including scheme managers and pension board members, should establish and operate appropriate and effective procedures to ensure that they are able to meet their legal obligations. Procedures should enable people to raise concerns and facilitate the objective consideration of those matters. It is important that procedures allow reporters to decide within an appropriate timescale whether they must report a breach. Reporters should not rely on waiting for others to report.</p>		Reporting Breaches Policy produced and available on Fund website. Traffic light system included for determining seriousness

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246	<p>Procedures should include the following features:</p> <ul style="list-style-type: none"> • a process for obtaining clarification of the law around the suspected breach where needed • a process for clarifying the facts around the suspected breach where they are not known • a process for consideration of the material significance of the breach by taking into account its cause, effect, the reaction to it, and its wider implications, including (where appropriate) dialogue with the scheme manager or pension board • a clear process for referral to the appropriate level of seniority at which decisions can be made on whether to report to the regulator • an established procedure for dealing with difficult cases • a timeframe for the procedure to take place that is appropriate to the breach and allows the report to be made as soon as reasonably practicable • a system to record breaches even if they are not reported to the regulator (the record of past breaches may be relevant in deciding whether to report future breaches, for example it may reveal a systemic issue), and • a process for identifying promptly any breaches that are so serious they must always be reported. 		Reporting Breaches Policy produced and available on Fund website. Traffic light system included for determining seriousness. Breaches Log kept and updated regularly.
253	<p>In deciding whether a breach is likely to be of ‘material significance’ to the regulator. It would be advisable for those with a statutory duty to report to consider the:</p> <ul style="list-style-type: none"> • cause of the breach • effect of the breach • reaction to the breach, and • wider implications of the breach. 		Detailed in Breaches Policy
255	<p>The breach is likely to be of material significance to the regulator where it was caused by:</p> <ul style="list-style-type: none"> • dishonesty • poor governance or administration • slow or inappropriate decision making practices • incomplete or inaccurate advice, or • acting (or failing to act) in deliberate contravention of the law. 		Detailed in Breaches Policy

270	Breaches should be reported as soon as reasonably practicable, which will depend on the circumstances. In particular, the time taken should reflect the seriousness of the suspected breach.		Detailed in Breaches Policy
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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 c200 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. 12 members to 31.01.20	The National Technical Group has recommended to the SAB that the regulations in respect of refunds is amended and reflects the position prior to April 2014.	N	Y	Y	N	

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Risk Register

Reporting Level	Risk Reference	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk			Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk			Notes
							P	I	Risk Rating					P	I	Risk Rating	
	PEN001	01/11/2015		Pensions Administration	Failure to pay pensions and lump sums on time	Financial difficulty for the scheme member concerned, reputational risk to the Pension Fund, and additional cost to the employer where interest is payable as a result of late payment.	M	L	Low	Maintenance and update of Altair and Trent systems, sufficient staff resources and training. Quality assurance processes in place to check work done.	Pension Fund Manager	A Davies	Review of process as part of the ongoing review of pensions administration processes following the implementation of the 2014 Scheme.	M	L	Low	
	PEN002	01/11/2015		Finance	Failure to collect and account for pension contributions being paid over to the Fund on time by Fund employers.	Adverse audit opinion, potential delays to Fund employer FRS17/IAS19 reporting; and potential delay to production of annual report and accounts	L	M	Low	Contributions received monitored on a monthly basis by Fund accounting staff.	Section 151 Officer	A Davies	Requirement that each end of scheme year, Fund employers certify that they have paid over contributions at the correct rates and on time.	L	M	Low	
Page 45	PEN003	01/10/2019		Finance	Insufficient Fund cashflow to meet liabilities as they fall due.	Immediate injections of cash from Fund employers would be required where Fund assets cannot be liquidated quickly. For now the Fund is cashflow positive but will not remain so for much longer, therefore requiring the use of investment income to subsidise the payment of pension benefits rather than being reinvested as now.	H	M	Medium	Funding strategy statement. Will this year (2019) commission Fund actuary to undertake a Fund cashflow forecast based on Fund maturity	Section 151 Officer	A Davies	Following completion of the fund actuary's cashflow forecast, review strategic asset allocation 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.	M	L	Low	6
	PEN004	01/11/2015		Pensions Administration	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.	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	L	L	Low	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.	Pension Fund Manager	A Davies	Keep Business Continuity Plan under review. Periodic review by the Pension Board of provider assurances in respect of cyber security.	L	L	Low	
	PEN005	01/11/2015		Pension Fund	Inability to deliver service as a result of the loss of key personnel	Failure to provide service at all, or at an acceptable level	L	M	Low	Business Continuity Plan in place for the pensions administration service	Pension Fund Manager	A Davies	Keep Business Continuity Plan under review	L	M	Low	
	PEN006	01/11/2015		Pension Fund	Loss of funds through fraud or misappropriation	Financial loss to the Fund	L	M	Low	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.	Pension Fund Manager	A Davies	None	L	M	Low	

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							P	I	Risk Rating					P	I	Risk Rating	
	PEN007	01/01/2015	FSS	Pension Fund	Significant rise in employer contribution rates for Fund employers with strong covenants, as consequence of increases in liabilities.	Employer contribution rates rise to unacceptable levels, putting upward pressure on Council Tax rates and the ability of Powys County Council to continue to deliver services to its communities.	L	M	Low	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.	Pension Fund Manager	A Davies	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.	L	M	Low	
	PEN008	01/01/2015	FSS	Pension Fund	Significant rises in employer contribution rates for Fund employers with weak covenants as a consequence of increases in liabilities.	Employer contribution rates rise to unsustainable levels that cause employers to become insolvent	L	H	Medium	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.	Pension Fund Manager	A Davies	In process of developing risk sharing arrangements to enable employers with weak covenants to attain a degree of certainty over the level of employer contribution rates.	L	M	Low	
	PEN009	01/01/2015	FSS	Pension Fund	Significant rises in employer contribution rates for employers with strong covenants as a result of poor/negative investment returns.	Employer contribution rates rise to unacceptable levels that result in Powys County Council being unable to provide appropriate services for its communities.	L	M	Low	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	Pension Fund Manager	A Davies	Continual monitoring of performance; review of asset allocation strategy, including consideration of alternative asset classes and non-market led assets.	L	M	Low	
	PEN010	01/01/2015	FSS	Pension Fund	Significant rises in employer contribution rates for employers with weak covenants as a result of poor/negative investment returns.	Employer contribution rates rise to unsustainable levels that result in employers with weak covenants becoming insolvent.	L	H	Medium	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	Pension Fund Manager	A Davies	Continual monitoring of performance; review of asset allocation strategy, including consideration of alternative asset classes and non-market led assets.	L	M	Low	
	PEN011	01/01/2015	FSS	Pension Fund	Failure to comply with LGPS and other statutory regulations.	Payment of incorrect pension benefits; provision of incorrect benefit estimates; failure to comply with governance standards; failure to meet HMRC tax requirements. Resulting in: loss of customer satisfaction / confidence; IDRPs and Ombudsman appeals; TPR fines for non-compliance.	H	L	Medium	Rigorous checking and authorisation procedures in respect of pension benefit calculations and payments; and, regular review of governance compliance policy. Staff training and development.	Pension Fund Manager	A Davies	Closer partnership working with employer payrolls to facilitate accurate data receipts; increased compliance oversight provided by Local Pensions Board.	M	L	Low	

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Reporting Level	Risk Reference	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk			Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk			Notes
							P	I	Risk Rating					P	I	Risk Rating	
	PEN012	25/01/2016		Pensions Administration	Failure to hold scheme member's personal data securely.	Poor data quality; compromised data; fines	L	M	Low	Compliance with Powys County Council Data Protection and ICT policies.	Pension Fund Manager	A Davies	Data protection audit in conjunction with TPR data quality standards to be undertaken	L	M	Low	
	PEN013	01/04/2015	TPR	Pension Fund	Failure to maintain and hold up to date and accurate pension records.	Payment of incorrect pension benefits; late payment of benefits; assessment of incorrect liability values. Resulting in loss of customer confidence and satisfaction; IDRPs and Ombudsman appeals; and, incorrect assessment of employer contribution rates.	M	M	Medium	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.	Pension Fund Manager	A Davies	Additional data validation and quality checks to be implemented as required by the TPR code of practice.	L	M	Low	
Page 47	PEN014	25/01/2016	CIPFA	Pension Fund	Lack of expertise of Pension Fund Officers and Head of Service	Poor decision making in relation to principal functions of the Pension Fund, particularly in relation to investments.	L	H	Medium	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.	Pension Fund Manager	A Davies	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.	L	M	Low	
	PEN015	25/01/2016	CIPFA	Pension Fund	Over-reliance on key Officers	When senior Officers leave or are on long term sickness, large knowledge gaps remain.	M	H	Medium	In the short term, knowledge gaps can be filled by using our external colleagues from other Welsh Funds and buying in assistance from consultants.	Pension Fund Manager	A Davies	Formalise succession planning by including in Officer individual training plans for less senior Officers.	M	L	Low	
	PEN016	25/01/2016		Pensions Administration	Failure to communicate effectively with stakeholders.	Scheme members unaware of their rights under the LGPS and make poor decisions in relation to pension rights. Employers unaware of the scheme regulations, the procedures and their responsibilities, resulting in poor or inappropriate decision-making and may adversely effect the flow of pensions data to the Pension Fund.	L	M	Low	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.	Pension Fund Manager	A Davies	No further action proposed.	L	M	Low	

Risk Register

Reporting Level	Risk Reference	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk			Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk			Notes
							P	I	Risk Rating					P	I	Risk Rating	
	PEN017	26/01/2016		Pensions Administration	Failure to provide the pensions service in accordance with principles of equality.	Some stakeholders may be unable to access the service fully or at all. In the worst case scenario, this could result in court action against the Fund.	M	M	Medium	The Fund maintains a Welsh Language register in respect of scheme members and employers.	Pension Fund Manager	A Davies	To utilise technology to enable access to service and information for stakeholders with disabilities, other language needs etc.	L	M	Low	
	PEN018	01/01/2015	FSS	Pension Fund	Failure to collect payments due from ceasing employers with no active members.	Failure to collect cessation payments from ceasing employers results in relevant liabilities being funded by the Powys Pension Fund and the active employers.	L	M	Low	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.	Pension Fund Manager	A Davies	No further action planned.	L	M	Low	
Page 48	PEN019	25/01/2016	SAB	Pension Fund	Lack of expertise of members of Pensions & Investment Committee	Poor decision making in relation to all aspects of the Fund, particularly those in relation to investment.	M	H	Medium	The Fund adopts the CIPFA Knowledge and Skills Framework to inform its training plans for members of Pensions & Investment Committee (and the Pension Board).	Pension Fund Manager	A Davies	Rollout of individual training plans for all members. After each County Council election, specific training events are put on for new members elected to Pensions & Investment Committee.	L	H	Medium	
	PEN020	01/01/2015	FSS	Pension Fund	Pension Fund assets fail to deliver returns in line with the anticipated returns underpinning the valuation of liabilities over the long-term.	Increased employer contribution rates.	L	M	Low	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.	Pension Fund Manager	A Davies	No further action planned.	L	M	Low	
	PEN021	01/01/2015	FSS	Pension Fund	Inappropriate long-term investment strategy.	Failure to meet funding objectives.	L	H	Medium	Use of a Fund specific benchmark, as recommended by the Fund's investment consultant.	Pension Fund Manager	A Davies	Nothing further planned	L	H	Medium	
	PEN022	01/01/2015	FSS	Pension Fund	Active investment manager under-performance relative to the benchmark.	Failure to meet funding objectives.	L	M	Low	Short-term (quarterly) investment monitoring analyses market performance and active managers relative to their index benchmark.	Pension Fund Manager	A Davies	Nothing further planned	L	M	Low	

Risk Register

Reporting Level	Risk Reference	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk			Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk			Notes
							P	I	Risk Rating					P	I	Risk Rating	
	PEN023	01/01/2015	FSS	Pension Fund	To permit deficits to be eliminated over a recovery period rather than immediately, introduces the risk that action to restore solvency is insufficient between successive measurements.	Increased employer deficit recovery payments.	L	M	Low	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.	Pension Fund Manager	A Davies	No further action planned.	L	M	Low	
	PEN024	01/01/2015	FSS	Pension Fund	Permitting contribution rate changes to be introduced by annual steps rather than immediately, introduces a risk that action to restore solvency is insufficient between successive measurements.	Increased employer contribution rates.	L	M	Low	Each individual employer situation is discussed with the Pension Fund actuary, with stepping restricted to three years, or 6 years, in very exceptional circumstances.	Pension Fund Manager	A Davies	No further action proposed.	L	M	Low	
Page 49	PEN025	01/01/2016	FSS	Pension Fund	Pensioners living longer and, changing retirement patterns.	Increased employer contribution rates.	L	M	Low	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.	Pension Fund Manager	A Davies	No further action proposed.	L	M	Low	
	PEN026	01/01/2016	FSS	Pension Fund	Deteriorating patterns of ill health or other early retirements.	Increase in employer contribution rates and deficit recovery payments.	L	M	Low	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.	Pension Fund Manager	A Davies	No further action proposed.	L	M	Low	

Risk Register

Reporting Level	Risk Reference	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk			Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk			Notes
							P	I	Risk Rating					P	I	Risk Rating	
	PEN027	01/01/2015	FSS	Pension Fund	Fall in the returns on Government bonds.	Increase to the value placed on Fund liabilities.	M	M	Medium	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	Pension Fund Manager	A Davies	No further action proposed.	M	M	Medium	
	PEN028	01/01/2015	FSS	Pension Fund	Pay and price inflation significantly more than anticipated.	Increased employer contribution rates and deficit recovery payments.	M	M	Medium	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.	Pension Fund Manager	A Davies	No further action proposed.	M	M	Medium	
	PEN029	26/01/2016	SAB	Pensions Administration	Failure to reconcile all relevant active, deferred and pensioner member GMP records against the data held by DWP in respect of the cessation of contracting out.	Increase in Fund liabilities; increased employer contribution rates and deficit recovery payments; and, payment of incorrect pension benefits.	M	M	Medium	Reconciliation Complete. Work on Rectification due to be complete by June 2020	Pension Fund Manager	A Davies	Appoint external partners to a) identify scale of work required; b) bank 'quick wins' - both now completed. Complete reconciliations by July 2020.	M	L	Low	

Risk Register

Reporting Level	Risk Reference	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk			Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk			Notes
							P	I	Risk Rating					P	I	Risk Rating	
Page 51	PEN030	04/03/2016	LPB	Pension Fund	Insolvency of an investment manager investing Pension Fund assets.	A reduction in the capital value of the Fund; a loss of liquidity as creditors agree on distribution of assets; the costs of legal representation; and, reputational damage.	M	C	High	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.	Section 151 Officer	A Davies	Increased investment manager diversification may be further facilitated by pooling via the Wales Pension Partnership. As agreed by P & I Committee on 9th February 2017, when entering into new contractual arrangements with investment managers, contract documentation is to be referred to the Fund's legal advisers for review and appropriate due diligence.	L	C	Medium	
	PEN031	04/03/2016	LPB	Pension Fund	Pooling of Pension Fund assets with other LGPS Pension Funds.	Investment of Fund Officer and Committee time and other resource with unknown outcomes; front loaded costs before potential savings are realised; potential loss of local accountabilities; and, the loss of the primacy of the Fund and its strategic needs.	M	M	Medium	Due diligence on all pooling proposals; full transparency of all pool proposals and costs; full participation of the Pension Fund in all pooling development.	Pension Fund Manager	A Davies	Pooling vehicles to be structured so that each participating Fund has full representation in the pool; the pool structure enables full strategic decisions to be retained by each individual Fund; and, economies of scale (based on experience to date) indicate that savings will be made by the Fund that will exceed initial costs.	L	M	Low	

Risk Register

Reporting Level	Risk Reference	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk			Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk			Notes
							P	I	Risk Rating					P	I	Risk Rating	
	PEN032	10/03/2017	LPB	Pension Fund	An admitted body ceasing to exist with insufficient funding or level of a bond available to meet all its Fund liabilities.	Unfunded pension liabilities being orphaned without sufficient funding/guarantees in place, resulting on increased liabilities falling on other Fund employers.	M	L	Low	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.	Pension Fund Manager	A Davies	Regular review of admitted body covenants and financial health.	M	L	Low	
	PEN033	30/11/2018	LPB	Pension Fund	Transfer of Workflow and Imaging System	Unable to deliver the Admisitration Service of the LGPS	H	H	High	Due diligence on migration exercise	Pension Fund Manager	A Davies	Constant monitoring until project completed (31st January 2020)	M	M	Medium	
	PEN034	01/10/2019	LPB	Pension Fund	MIFID II ongoing compliance	Financial implications of not being treated as an institutional investor	H	H	High	Regular Review of MIFID Status	Pension Fund Manager	A Davies		M	M	Medium	

CYNGOR SIR POWYS COUNTY COUNCIL

Pension Board
13th February 2020

REPORT BY: Pension Fund Manager

SUBJECT: Workflow and Document Imaging Transition Update

REPORT FOR: Information

1. **Introduction**

1.1 Further to risk PEN033 identified on the Fund's risk register and the report presented to Board dated the 26th of November 2019, this report has been prepared to provide an update on the progress of the transfer of the Pensions Administration Workflow and Document Imaging system into the existing pensions administration software, due to be completed by 31st January 2020.

2. **Current Position**

2.1 Work has completed and all of the member and Employer images have been migrated from the Civica system and reconciled into the Altair system, meaning that pensions administration can now be conducted within one piece of software, rather than relying on two, as has been the case since 2006.

2.2 Existing outstanding processes within the Civica workflow system have been extracted to excel and work is continuing on migrating the processes into the Altair system where appropriate (there has been some duplication in both systems whilst they have been running in parallel).

3. **Remaining Work**

3.1 Complete/transition of the outstanding or incomplete processes from existing workflow system into the Altair system.

4. **Recommendation**

Board to note the report.

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CYNGOR SIR POWYS COUNTY COUNCIL

Pension Board
13th February 2020

REPORT BY: Board Secretary

SUBJECT: Wales Pension Partnership Update

REPORT FOR: Information

1. Introduction

- 1.1 This report has been produced to provide Board with an update on the work undertaken on behalf of the Wales Pension Partnership (WPP) with pooling investments in Wales.
- 1.2 The last Joint Governance Committee (JGC) meeting was held in Carmarthenshire County Council on the 9th of December 2019 and a link to the agenda is available here:
<http://democracy.carmarthenshire.gov.wales/ieListDocuments.aspx?CId=234&MId=3030&Ver=4>
- 1.3 The Next JGC meeting is due to take place on the 12th of March 2020 and is being held at Powys County Council.

2. Pooling investments in Wales

- 2.1 As part of the WPP's training plan, which recognises the need for the appropriate levels of knowledge and understanding for those individuals with duties in respect of pooling, the WPP is arranging a training day held at Powys County Council on the 21st of February 2020 and is open to Committee and Board members of the participating Welsh LGPS Funds.
- 2.2 Communications Plan. A communications plan has been drawn up to determine the target audiences of communications from the WPP and who is responsible for delivering these communications.

A version of the report on the Communications plan that was presented to the JGC at the meeting in December 2019 can be seen here:

<http://democracy.carmarthenshire.gov.wales/documents/s37169/Report.pdf>

- 2.3 Governance matrix. The creation of a governance matrix is included in the 2019/20 WPP workplan.

The Governance matrix is a document that provides an overview of the WPP's governance structure, outlining key decisions and actions that are carried out by the WPP and articulates which internal bodies are responsible for approving, reviewing, formulating, recommending, advising, monitoring, adhere to and implementing these actions and decisions.

A version of the Governance Matrix that was presented to the JGC at the meeting in December 2019 can be seen here:

<http://democracy.carmarthenshire.gov.wales/documents/s37173/Report.pdf>

- 2.4 Sub-Fund Launch update. Work is continuing on the launch of the Fixed Income sub-funds with Blackrock having been appointed as the Transition Manager for the exercise. It is expected that the transition will happen during quarter 1 (April to June) of 2020.

3. Recommendation

Note the content of this report.

CYNGOR SIR POWYS COUNTY COUNCIL

Pension Board
13th February 2020

REPORT BY: Pension Fund Manager

SUBJECT: Membership and Financial Statistics for the period 1st
October to 31st December 2019

REPORT FOR: Information

1. Introduction

- 1.1 Further to the information provided at the November 2019 Pension Board meeting, this report contains the membership and Pensions Administration financial statistics for the period 1st October to 31st December 2019.

2. Pensions Administration Financial Statistics - Income & Expenditure

2.1

<u>Payments</u>	<u>October</u>	<u>November</u>	<u>December</u>
Pensions	1,996,348	1,982,603	1,970,313
Lump Sum	577,781	151,342	286,604
Transfers Out	217,396	98,266	193,815
Death Grants	154,273	27,283	18,034
Total Payments	2,945,798	2,259,494	2,468,765
<u>Income</u>			
Employee Contributions	(420,832)	(418,087)	(421,447)
Employer Contributions	(1,275,344)	(1,272,737)	(1,275,774)
Transfers In	(113,798)	(43,931)	(5,374)
Total Income	(1,809,974)	(1,734,755)	(1,702,596)

3. Pensions Administration membership statistics

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

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

Key:

Status

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

Old Status	In Force at 01/10/2019	New Status													Other Locn.	Other St.	Total Off	Total On	In Force at 31/12/2019
		1	2	3	4	5	6	7	8	9	O	T	Z						
1	5823		149	3	5	4		3		17	15		242				438	310	5695
2	779	62			6	5											74	149	854
3	13005									1								52	13057
4	6121	1		24		21		1									47	11	6085
5	4179			6				28									34	30	4175
6	648							7									7	13	654
7	3518			1													1	39	3556
8	11																		11
9	588	2		15													17	18	589
O	1192	1															1	19	1210
T	2																		2
Z	881																	242	1123
Other Locn.																			
Other St.																			
Blank		244		3			13					4							
Total	36747	310	149	52	11	30	13	39		18	19		242				619	883	37011

3.2 50/50 Scheme Membership

Active 19
 Deferred 5
 Frozen Refund 1

CYNGOR SIR POWYS COUNTY COUNCIL

Powys Pension Board
13th February 2020

REPORT BY: Board Secretary

SUBJECT: New Legislation and Guidance

REPORT FOR: Information

1. **Summary**

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

2. **Key points for information**

- 2.1 **McCloud.** SAB have updated the McCloud page of their website to reflect the latest developments. It is understood based on information provided by the LGA that the LGPS will be treated separately from the rest of the public sector in respect of the McCloud remedy.

It is expected that decisions will be made centrally on who is in scope, how long any final salary protection will last, what protection extends to survivor benefits or transfer values and the requirement for retrospection. It is likely that the remedy will involve the extension of the current underpin to members who are not currently in scope of protection. A full history of part time hours and service breaks after 31 March 2014 is needed to work out a member's 'notional' final salary membership to apply the underpin.

The volume and complexity of additional work that implementing a remedy will likely have an extremely large impact on administration teams.

- 2.2 **The Local Government Pension Scheme (Amendment) Regulations 2019 [SI2019/1449]** These regulations are effective from 31 December 2019. They amend the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 by introducing benefits payable under the earlier regulations to surviving opposite sex civil partners.

The Civil Partnership (Opposite sex Couples) Regulations 2019 [SI 2019/1458] allow opposite sex couples to give notice of a proposed civil partnership from 2 December 2019.

2.3 The Local Government Association has produced/updated the following administrative resources for practitioners and scheme members:

Aggregation guide v1.9 - Significant format changes including the addition of a table summarising the aggregation rules.

Survivor membership guide v2.0 - Clarifying amendments and a minor technical change. The guide will be updated in early 2020 to reflect the introduction of opposite sex civil partnerships.

Pensions Made Simple member videos - Are now available to view on www.lgpsmember.org. 7 videos for scheme members covering topics such as annual and lifetime allowance, death benefits and how a pension works.

Retirement planning guide - Published On 28 January 2020, a new guide for members planning their retirement. The purpose of the guide is to help members approaching retirement understand their options, the process and the timescales involved.

2.4 **Scheme Advisory Board update - 6 November 2019** - Good Governance project–Phase II report published. The report makes recommendations for new standards of governance and administration and proposes how performance can be measured against those standards and assessed independently.

Phase III of the project will now start, defining key performance indicators and drafting statutory guidance on governance compliance statements.

McCloud –the Board agreed that a small working group should be established to work with MHCLG, GAD and other stakeholders to develop proposals for the scheme’s remedy arrangements and consider the cost of those proposals.

Responsible Investment guidance – the Board approved the committee’s recommendations and draft guidance has been published for consultation. Part II of the guidance will offer practical help on the integration of ESG policies in investment strategies

3. **Recommendation**

Board are asked to note the contents of this report.

CYNGOR SIR POWYS COUNTY COUNCIL

Pension Board
13th February 2020

REPORT BY: Board Secretary

SUBJECT: Powys Pension Board Communications Log

REPORT FOR: Information

1. Introduction

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

2. Communications Log**2.1****Communication****Date Sent**

SAB Good Governance Report Phase 2	25.11.19
Pension Managers Conference summary	26.11.19
UK Stewardship Code 2020	27.11.19
WPP Joint Governance Committee Agenda link	29.11.19
WPP RI Policy Press Release	06.12.19
TPR December Newsletter	20.12.19
CIPFA Barnett Waddingham Spring Seminars	20.12.19
WPP Training Event	03.02.20

3. Recommendation

Note communications issued.

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Powys

LOCAL GOVERNMENT PENSION SCHEME

ADMINISTRATION STRATEGY STATEMENT

CYNGOR SIR *POWYS* COUNTY COUNCIL

Reviewed February 2020

Administration Strategy Statement

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Annex 1 Legislative Framework for Administration Strategy

Annex 2 Performance Standards

INTRODUCTION

Regulation 59 of the Local Government Pension Scheme Regulations 2013 enables Pension Fund Administering Authorities to introduce an Administration Strategy (“the Strategy”) for the purpose of improving the administrative processes within their LGPS Funds. These regulations are quite specific regarding the disclosure of information and performance statistics as part of this process but provide less guidance in terms of strategy.

The Powys County Council Pension Fund (“the Fund”) has therefore developed this Strategy which recognises that both employing bodies participating in the Fund (“Employers”) and the Fund have a joint role in the delivery of an efficient service and that any overall improvements can only be achieved in partnership. This Strategy recognises the many administrative challenges faced by the Fund and Employers and contains proposals to streamline processes and improve the services to members of the LGPS, Employers and other stakeholders.

1. AIMS

The aim of this Strategy is to move towards a seamless pension service, employing appropriate technology and best practice which both significantly improves the quality of information overall and the speed with which it is processed to provide better information for and a more efficient service to members of the LGPS, Employers and other stakeholders.

2. LEGISLATIVE FRAMEWORK

The Fund and its Employers must have regard to this Strategy when carrying out their LGPS functions. This Strategy is made in accordance with Regulation 59 of the Local Government Pension Scheme Regulations 2013 [SI. 2013 No. 2356] which enables administering authorities such as Powys County Council to prepare Pension Administration Strategy Statements following consultation with relevant Employers, to facilitate best practices and efficient customer service in respect of the following:

- the establishment of levels of performance which the administering authority and its Employers are expected to achieve in carrying out their Scheme functions
- ensuring the Fund and its Employers comply with statutory requirements in respect of those functions
- improving the communication between the administering authority and the Employers of information relating to those functions.

The Strategy can also set out circumstances in which the Fund may consider giving written notice to any of its Employers under regulation 70 for additional costs on account of that Employer’s unsatisfactory performance in carrying out its Scheme functions.

Levels of performance achieved must be included within the Fund's Annual Report along with other matters arising from the Strategy that are considered appropriate. All relevant regulations are set out fully in Annex 1.

3. KEY OBJECTIVES

The key objectives of this Strategy are to ensure that:

- The Fund and Employers are aware of and understand their respective roles and responsibilities under the LGPS Regulations and in the delivery of administrative functions
- Communication processes are in place to enable both the Fund and Employers to proactively and responsively engage with each other and relevant LGPS stakeholders
- Accurate records are maintained for the purpose of calculating pension entitlements and Employer liabilities, ensuring all information and data is communicated accurately, timely and in a secure manner
- The Fund and Employers have appropriate skills and that training is in place to deliver a high quality service and effectively contribute to the changing pensions agenda
- Standards are set and monitored for the delivery of specified activities in accordance with regulatory requirements and recognised best practice
- Potential risks to the Fund and Employers, in particular compliance risk, leading to financial penalties arising from poor administration, are identified, mitigated and monitored
- Effective governance arrangements are established for the monitoring and improvement of this Strategy
- Administrative services are delivered in a cost effective and efficient manner utilising appropriate technologies and best practice, in order to maintain costs at appropriate levels.

4. ACHIEVING THE OBJECTIVES

There are currently (February 2020) 25 Employers participating in the Fund with active members. These Employers differ in size, structure and capability which represents a logistical challenge to the management of information, processes and services within the Fund. It is clear that because of these differences a "one-size fits all" approach would be unlikely to deliver workable solutions; however standard ways of operating applicable to different employer groups would bring benefits. It is also clear that the number of Employers will continue to grow as will the demands for accurate information, to improve liability management at both the local and national level.

The Pensions Regulator has set national standards for the quality of pensions data held by pension schemes in both the private and public sectors. These standards require that pension data is 100% accurate, 100% of the time.

There are four key elements necessary to achieving the Fund's administrative objectives:

- A Communications Strategy that:
 - (i) seeks to ensure pension Scheme members have accessible and timely information on all aspects of their pension benefits; and, informs and enables decisions in respect of those benefits
 - (ii) seeks to enable Scheme Employers to make effective decisions in the management of risks and liabilities as well as facilitating engagement in the wider pensions debate
- Investment in skills and knowledge development both within the Fund and as appropriate with Scheme Employers to ensure efficient administration and active engagement in the issues facing the LGPS in the future
- The effective use of technologies for accessing, storing and disseminating information between the Fund and Scheme Employers in a seamless and secure way. The Fund currently implements a secure data exchange facility with employers (iConnect) and receives over 90% of data in an electronic format. Work is continuing to increase this further as more Employers are using the facility.
- Set performance standards which support the effective working of the Fund and Scheme Employers towards a higher standard of service and continuous improvement

(a) Communications

Since 2005 the Fund has been required to produce a Communications Strategy Statement. The intention of the legislation is to ensure that LGPS Funds have effective communication processes in place for all LGPS stakeholders. To this end, the Fund's Communications Strategy is already well developed.

However, the introduction of significant Scheme design changes in April 2008 and April 2014 added layers of complexity to the LGPS benefit structure. These changes have given rise to a greater demand for information and engagement, from both Scheme members and Scheme Employers.

The following priorities for communication have been identified to complement the range of activities already in place;

- To develop secure web-based facilities to enable controlled access to information and data, sending and receiving data, providing greater self-service for Scheme Employers
- To further improve the content and timeliness of web-based information to raise the awareness of Scheme members and Scheme Employers on LGPS and wider pensions issues
- To continue to organise and develop an appropriate meetings structure to support the effective engagement of Scheme Employers in ongoing and emerging issues.
- To ensure the effectiveness of distributing the pensions message across the broad spectrum of stakeholders
- To maintain the level of investment in the full range of communication materials to ensure maximum stakeholder awareness, coverage and engagement
- To use feedback to identify areas for improvement.

The Communications Strategy Statement is available on the Fund's website www.powyspensionfund.org.

(b) Training

The Fund has always endeavoured to keep stakeholders informed of new developments providing training courses and workshops for Scheme Employers and the Fund's staff alike when new Regulations are implemented or are under consideration.

It is widely anticipated that there will continue to be periodic change to the LGPS and pensions in general over the coming years which will have wide-ranging implications for Scheme members, Scheme Employers and Fund staff administering the Scheme. With this in mind, it is important that both Scheme Employers and the Fund ensure that their staff have the appropriate skills and knowledge to support any changes, starting with a sound foundation of existing regulations and administrative processes.

Notwithstanding future change, there is an existing need to improve the quality of Scheme member data and the administrative processes by which information is received from some Scheme Employers.

The aims of the training strategy are therefore:

- to maintain a high standard of customer service for Scheme members and Scheme Employers
- to ensure that relevant staff within each Scheme Employer have appropriate knowledge and skills to effectively discharge administrative processes
- to ensure that Scheme Employers are fully aware of the risks involved in poor administration and maintenance of Scheme member pension records
- to support the implementation of new technologies within the Fund enabling greater self-service flexibilities for Scheme Employers and to help streamline administration processes
- to continually develop the technical skills and competencies of the Fund's staff
- to identify and develop a staff development and succession strategy for the Fund to ensure the future management and professionalism of Fund administration
- to ensure that members of both the Pensions & Investment Committee and the Pensions Board receive adequate training to properly discharge their responsibilities, in relation to the Fund.

To achieve these training aims, the Fund will:

- Organize workshops and forums for Scheme Employers to debate new issues as they emerge
- Continue to invest in specific technical training and professional development for Fund staff, trustees and Board members

This training strategy will ensure that both the Fund and Scheme Employers have a common understanding of their obligations under the LGPS, and that administrative processes are designed to maximize efficiency and to effectively manage risk.

(c) Embracing technology

The Fund launched its' pensions website in summer of 2012 (www.powyspensionfund.org). This was followed in summer 2014 by 'My Powys Pension', an online self-service facility available to all active, deferred and pensioner Scheme members. This is currently in the process of being updated to better meet the ways that scheme members interact with the internet and the Fund.

The Fund also implements a secure electronic data interface with Employers (iConnect) and receives 90% of its data for active members monthly, in an electronic format.

(d) Performance

The development of an Administration Strategy carries with it a legislative requirement to set performance standards and publish both the targets and achievement against those targets. The purpose of doing so is to secure continuous improvement of the administration function. Annex 2 details the performance measures and proposed targets which will be monitored and reported to the Council's Pensions & Investment Committee. It should be noted that many of these targets are set to ensure compliance with statutory benchmarks.

In addition, it is anticipated that Service Level Agreements ("SLAs") will be agreed with principal Scheme Employers during 2020/21 to set and monitor performance at the local level and will include all the targets for both the Fund and the Scheme Employer. The aggregated performance will be reported to the Council's Pensions & Investment Committee on an annual basis.

Role of the Pensions & Investment Committee

The Council's Pensions & Investment Committee is representative of all the Scheme Employers in the Powys Pension Fund (reflecting best practice) and as such has a duty to ensure that the management and administration of the Fund is carried out efficiently, cost effectively and in compliance with statutory obligations. The Committee's roles and responsibilities are set out in the Fund's Governance Compliance Statement which is available on request (on the Powys pension Fund website www.powyspensionfund.org).

5. OVERSIGHT OF COMPLIANCE AND QUALITY

Ensuring compliance is the responsibility of the administering authority and the employers in the Fund. The administering authority has a range of internal controls in place to assist with ensuring compliance and which are articulated in the Fund's risk register. However, there are ways in which they are subject to elements of scrutiny or oversight:

Audit

The Fund is subject to a regular annual audit of its processes and internal controls. The administering authority, the Fund and the employers are expected to fully comply with any reasonable requests for information from both internal and approved external auditors. Any subsequent recommendations made will be considered by the Pensions and Investment Committee, and where appropriate duly implemented (following discussions with employers where necessary).

Local Pension Board (LPB), the national Scheme Advisory Board (SAB) or the Pensions Regulator

The Public Service Pensions Act 2013 introduced greater oversight through these entities. As a result, the LPB of the Powys Pension Fund was established from 1 April 2015. In addition, the Pensions Regulator's remit was extended to include the public sector and a national Scheme Advisory Board was created. The administering authority and the employers are expected to fully comply with any guidance produced by the SAB and the Pensions Regulator. Any recommendations made from these entities will be considered by Powys County Council, in its role as administering authority, and where appropriate, duly implemented following discussions with employers where necessary.

CIPFA

The Chartered Institute of Public Finance and Accountancy (CIPFA), is the professional body for people involved in public finance, which includes local authorities such as Powys County Council. periodically CIPFA issues guidance (which is sometimes statutory) and information to promote sound public financial management and good governance. There are several sets of guidance that apply to the administration of LGPS Funds including information to be included in Funds' Annual Report and Accounts, and advice on risk management and internal controls.

6. IMPROVING EMPLOYER PERFORMANCE (where necessary)

This Administration Strategy has been developed with good partnership working between the administering authority and the Fund's employers in mind. However, it is recognised there may be circumstances where employers are unable to meet the required standards expected of them.

In this instance, The Pensions Administration Manger will seek, at the earliest opportunity, to work closely with employer in identifying any areas of poor performance or potential misunderstanding, then provide opportunities for necessary training and development and, where required, put in place appropriate processes to improve the level of service delivery in the future.

With these processes in place, it is not expected that these problems will continue however, where persistent and ongoing failure occurs and no improvement is demonstrated by an employer, and/or unwillingness is shown by the employer to resolve the identified issue, the procedure below outlines the steps that will be taken in dealing with the situation in the first instance:

1. A formal written notice to the person nominated by the employer as their key point of contact, setting out the area(s) of poor performance will be issued.
2. A meeting will be arranged with the employer to discuss the area(s) of poor performance, how they can be addressed, the timescales in which they will be addressed and how this improvement plan will be monitored.
3. A written record of what was agreed at the meeting will be issued to the person nominated by the employer, outlining to how the area(s) of poor performance will be addressed and the timescales in which they will be addressed.
4. A copy of this communication will be sent to:
 - The Pension Fund Manager
 - An appropriate senior officer at the employer.

The improvement plan will be monitored and written updates at agreed periods, will be provided to the person nominated by the employer, with copies being provided to the Pension Fund Manager and an appropriate senior officer at that employer.

Where the improvement plan is not being delivered to the standards and/or timescales agreed, matters will be escalated and a decision on the next steps that should be taken. This may include (but is not limited to):

- Meetings with alternative senior officers at the employer
- Escalation to the Pensions and Investment Committee and/or Pension Board, including as part of the Fund's Procedure for Recording and Reporting Breaches of the Law
- Reporting to The Pensions Regulator or Scheme Advisory Board, as part of the Fund's Procedure for Recording and Reporting Breaches of the Law.

Circumstances where the Administering Authority may levy costs associated with the Employers poor performance

The Fund will work closely with all employers to assist them in understanding all their statutory requirements, whether they are specifically referenced in the LGPS Regulations, in overriding legislation, or in this Administration Strategy Statement. The Fund will work with each employer to ensure that overall quality and timeliness is continually improved.

The 2013 LGPS Regulations (Annex 1 of this document) provide that an administering authority may recover from an employer, any additional costs associated with the administration of the scheme, incurred as a result of the unsatisfactory level of performance of that employer.

Where an administering authority wishes to recover any such additional costs they must give written notice stating:

- The reasons in their opinion that the employer's level of performance contributed to the additional cost.
- The amount the administering authority has determined the employer should pay.
- The basis on which this amount was calculated.
- The provisions of the Administration Strategy Statement relevant to the decision to give notice.

The administering authority will generally not recharge to an employer any additional costs incurred by the Fund in the administration of the LGPS as a direct result of such unsatisfactory performance. However, in instances where the performance of the employer results in:

- fines being levied against the administering authority by the Pensions Regulator, Pensions Ombudsman or other regulatory body, an amount no greater than the amount of that fine will be recharged to that employer.
- the improvement plan as outlined in the previous section of this statement is not being adhered to, the Pensions and Investment Committee may determine that any other additional costs will be recharged. In these circumstances, the Pensions and Investment Committee will determine the amount to be recharged and how this is to be calculated. The employer in question will be provided with a copy of that report and will be entitled to attend the Pensions and Investment Committee when this matter is being considered.

7. IMPLEMENTATION AND REVIEW

This Strategy sets out the key objectives of all the major areas of pension administration within the Fund and takes effect from 1st April 2020. Prior to implementation, Scheme Employers have been invited to comment on this Strategy.

This Strategy will be subject to a full review every 2 years. When the Strategy is reviewed, further consultation with Scheme Employers will be considered where appropriate.

Annex 1

Legislative Framework for this Statement

Regulation 59 of The Local Government Pension Scheme Regulations 2013

Pension Administration Strategy

59 (1) An administering authority may prepare a written statement of the authority's policies in relation to such of the matters mentioned in paragraph (2) as it considers appropriate ("its pension administration strategy") and, where it does so, paragraphs (3) to (7) apply.

(2) The matters are-

- (a), procedures for liaison and communication with Scheme employers in relation to which it is the administering authority ("its Scheme employers");
- (b), the establishment of levels of performance which the administering authority and its Scheme employers are expected to achieve in carrying out their Scheme functions by-
 - (i), the setting of performance targets,
 - (ii), the making of agreements about levels of performance and associated matters, or
 - (iii), such other means as the administering authority considers appropriate;
- (c), procedures which aim to secure that the administering authority and its Scheme employers comply with statutory requirements in respect of those functions and with any agreement about levels of performance;
- (d), procedures for improving the communication by the administering authority and its Scheme employers to each other of information relating to those functions;
- (e), the circumstances in which the administering authority may consider giving written notice to any of its Scheme employers under regulation 70 (additional costs arising from Scheme employer's level of performance) on account of that employer's unsatisfactory performance in carrying out its Scheme functions when measured against levels of performance established under sub-paragraph (b);
- (f), the publication by the administering authority of annual reports dealing with-
 - (i), the extent to which that authority and its Scheme employers have achieved the levels of performance established under sub-paragraph (b), and
 - (ii), such other matters arising from its pension administration strategy as it considers appropriate; and
- (g), such other matters as appear to the administering authority after consulting its Scheme employers and such other persons as it considers appropriate, to be suitable for inclusion in that strategy.

(3) An administering authority must-

(a), keep its pension administration strategy under review; and

(b), make such revisions as are appropriate following a material change in its policies in relation to any of the matters contained in the strategy.

(4) In preparing or reviewing and making revisions to its pension administration strategy, an administering authority must consult its Scheme employers and such other persons as it considers appropriate.

(5) An administering authority must publish-

(a), its pension administration strategy; and

(b), where revisions are made to it, the strategy as revised.

(6) Where an administering authority publishes its pension administration strategy, or that strategy as revised, it must send a copy of it to each of its Scheme employers and to the Secretary of State as soon as is reasonably practicable.

(7) An administering authority and its Scheme employers must have regard to the pension administration strategy when carrying out their functions under these Regulations.

(8) In this regulation references to the functions of an administering authority include, where applicable, its functions as a Scheme employer.

Pension fund annual report

57 (1) An administering authority must, in relation to each year beginning on 1st April 2014 and each subsequent year, prepare a document ("the pension fund annual report") which contains—

- a report about the management and financial performance during the year of the pension fund;
- a report explaining the investment policy of the pension fund and a review of the fund's investment performance during the year;
- a report explaining the arrangements for the administration of the pension fund;
- a statement by the actuary who carried out the most recent valuation of the assets and liabilities of the pension fund of the level of funding disclosed by the valuation;
- the current version of the pension fund's governance compliance statement;

- the fund account and net asset statement together with supporting notes and disclosures;
- an annual report dealing with the extent to which the administering authority and Scheme employers have achieved any levels of performance as set out in the pension administration strategy;
- such other matters arising from the pension administration strategy as the fund considers appropriate;
- the current version of the funding strategy statement;
- the current version of the statement of investment principles;
- the current version of the communications strategy;
- any other material that the fund considers appropriate.

(2) The annual report is to be completed and published on or before 1st December following the end of the scheme year.

(3) In the preparation and publication of the annual report the fund must have regard to guidance issued by the Secretary of State.

Additional costs arising from Scheme employer's level of performance

70 (1) This regulation applies where, in the opinion of an administering authority, it has incurred additional costs which should be recovered from a Scheme employer because of that employer's level of performance in carrying out its functions under these Regulations.

(2) The administering authority may give written notice to the Scheme employer stating—

- (a) the administering authority's reasons for forming the opinion mentioned in paragraph (1);
- (b) the amount the authority has determined the Scheme employer should pay in respect of those costs and the basis on which the specified amount is calculated and;
- (c) where the administering authority has prepared a pension administration strategy, the provisions of the strategy which are relevant to the decision to give the notice and to the matters in sub-paragraph (a) and (b).

Statements of policy about exercise of discretionary functions

60 (1) A Scheme employer must prepare a written statement of its policy in relation to the exercise of its functions under regulations-

- (a), 16(2)(e) and 16(4)(d) (funding of additional pension);

- (b), 30(6) (flexible retirement);
- (c), 30(8) (waiving of actuarial reduction); and
- (d), 31 (award of additional pension),

and an administering authority must prepare such a statement in relation to the exercise of its functions under regulation 30(8) in cases where a former employer has ceased to be a Scheme employer.

(2) Each Scheme employer must send a copy of its statement to each relevant administering authority before 1st July 2014 and must publish its statement.

(3) A body required to prepare a statement under paragraph (1) must—
(a) keep its statement under review; and

(b) make such revisions as are appropriate following a change in its policy.

(4) Before the expiry of a month beginning with the date any such revisions are made, each Scheme employer must send a copy of its revised statement to each relevant administering authority, and must publish its statement as revised.

(5) In preparing, or reviewing and making revisions to its statement, a body required to prepare a statement under paragraph (1) must have regard to the extent to which the exercise of the functions mentioned in paragraph (1) in accordance with its policy could lead to a serious loss of confidence in the public service.

(6) In this regulation, a relevant administering authority, in relation to an employing authority, is any authority which is an appropriate administering authority for that employer's employees.

Statements of policy concerning communications with members and Scheme employers

61 (1) An administering authority must prepare, maintain and publish a written statement setting out its policy concerning communications with members; representatives of members; prospective members; and Scheme employers.

(2) In particular the statement must set out its policy on the provision of information and publicity about the Scheme to members, representatives of members, and Scheme employers; the format, frequency and method of distributing such information or publicity; and the promotion of the Scheme to prospective members and their employers.

(3) The statement must be revised and published by the administering authority following a material change in their policy on any of the matters referred to in paragraph (2).

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Annex 2

Performance Standards –

Process		Legal requirement (from notification)	Overall Target	PPF Administration Target
Joiners	Send notification of joining the LGPS to scheme member	2 months from date of joining (assuming notification received from the employer), or within 1 month of receiving jobholder information where the individual is being automatically enrolled / re-enrolled	46 working days from date of joining (i.e.2 months)	Within 1 month from receipt of all information
Leavers	To inform members who leave the scheme before retirement age of their rights and options	As soon as practicable and no more than 2 months from date of initial notification (from employer or from scheme member)	46 working days from date of leaving	Within 2 months statutory period from receipt of all information
Page 79 Death	Calculate and notify dependant(s) of amount of death benefits	As soon as possible but in any event no more than 2 months to beneficiary from date of becoming aware of death, or from a date of request by a third party (e.g.personal representative)	25 working days from date of death	10 working days from receipt of all information
Transfer In	Obtain transfer details for transfer in, calculate and provide quotation to member	2 months from date of request	46 working days from date of request	20 working days from receipt of all information
Transfer Out	Provide details of transfer value for transfer out, on request	3 months from date of request (CETV estimate) or within a reasonable period (cash transfer sum)	46 working days from date of request	20 working days from receipt of all information
Retirement	Notification of amount of retirement benefits	1 month from date of retirement if on or after Normal Pension Age 2 months from date of retirement if before Normal Pension Age	23 working days from date of retirement	20 working days from receipt of all information
Estimates	Providing quotations on request for retirements	As soon as is practicable, but no more than 2 months from date of request unless there has already been a request in the last 12 months	46 working days from date of request	15 working days from receipt of all information

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POWYS

CRONFA BENSIWN
POWYS
PENSION FUND

Overpayment of Pension Policy

Drafted March 2020
Approved #####

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1. Introduction

1.1 This is the Overpayment of Pension Policy for the Powys Pension Fund, which is managed by Powys County Council (the Administering Authority).

1.2 Overpayments of pension can occur for a variety of reasons. It is important that the Fund has a clear policy on how overpayments of pension are managed once they are identified.

1.3 The Powys Pension Fund recognises the need to take a pro-active approach to identifying potential fraudulent activity and overpayments.

2. Policy Objectives

2.1 The policy objectives aim to ensure the Fund:

- Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.
- Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers.
- Ensures benefits are paid to and income collected from, the right people at the right time in the right amount;
- Identifies errors and corrects them as soon as possible;
- Rectifies overpayments with the cooperation of the individual;
- Encourages individuals to take an active role in checking payslips/payments for obvious errors; and
- Avoids the Internal Dispute Resolution Procedure (IDRP), where possible, by managing the process effectively.

3. Purpose of the Policy

3.1 The policy is designed to provide assurance to the Fund's stakeholders that:

- all overpayments are treated in a fair and equitable manner;

- the Fund seeks to recover overpayments that have occurred but acknowledges that there may be legal reasons and/or other circumstances which mean that an overpayment may not, in practice, be able to be recovered (in whole or in part); and
- has steps in place to prevent and also investigate potential fraudulent activity.

4. Effective Dates and Reviews

- 4.1 This policy was first approved by the Pensions and Investment Committee on **26 June 2020** and was effective from **1 April 2020**.
- 4.2 This policy will be reviewed annually, and if necessary, more frequently to ensure it remains accurate and relevant.

5. Scope

- 5.1 The policy applies to:
- All members and former members which, in this policy, includes survivor and pension credit members of the Powys Pension Fund who have received one or more payments from that Fund;
 - Executors of the Estates of deceased Powys Pension Fund members
 - Beneficiaries of Powys Pension Fund members where those beneficiaries have received one or more payments from that Fund
 - Administrators of the scheme

6. Managing overpayments of pension on the death of a scheme member

- 6.1 Understandably, notification of a death of a pensioner member of the scheme does not always happen immediately and as such it is not always possible to stop payment of the pension after a point in the payroll month and so an overpayment can occur.
- 6.2 Should an overpayment of pension occur as a result of the death of a scheme member, the Fund will generally seek to recover overpayments that are greater than £100 (gross) in value unless there are legal reasons and/or other circumstances which mean that the overpayment may not, in practice, be able to be recovered (in whole or in part). A value of £100 or less in the instance of the death of a scheme member has been deemed by the Fund as uneconomical to pursue. In such circumstances, the

Fund's approach will be that the sum written off is treated as a liability against the scheme member's former employer.

6.3 All correspondence regarding an overpayment will be handled sensitively in the initial stages due to the circumstances surrounding how the overpayment has occurred.

6.4 An invoice will be raised by the Fund to recover an overpayment which is greater than £100 upon the death of a scheme member.

7. Managing overpayments of children's pensions failing to cease at the appropriate time

7.1 An eligible child as defined by the LGPS Regulations 2013, is entitled to receive a pension until such a time as their circumstances change and they are no longer eligible to receive a pension from the Fund.

7.2 In these cases the individual in receipt of the pension is responsible for informing the Pensions Section of a change in circumstances to ensure the pension is ceased at the appropriate time, failure to do so would result in an overpayment.

7.3 Should an overpayment of pension occur as a result of late notification of change of circumstances, the Fund will generally seek to recover overpayments that are greater than £100 (gross) in value unless there are legal reasons and/or other circumstances which mean that the overpayment may not, in practice, be able to be recovered (in whole or in part). A value of £100 or less has been deemed by the Fund as uneconomical to pursue. In such circumstances, the Fund's approach will be that the sum written off is treated as a liability against the scheme member's former employer.

7.4 An invoice will be raised by the Fund to recover the overpayment which is greater than £100 as a result of the late notification of the change in circumstances. The invoice will be sent to the individual whose bank account the child's pension was being paid into.

8. Managing overpayments of pension following incorrect information supplied by the employer in respect of the scheme member

8.1 Should an overpayment of pension occur as a result of inaccurate information provided by the scheme member's employer on retirement, the Fund will generally seek to recover monies that are greater than £100 in value unless there are legal reasons and/or other circumstances which mean that the overpayment may not, in practice, be able to be recovered (in whole or in part). A value of £100 (gross) or less has been deemed by the Fund uneconomical to pursue due to the administrative time involved.

8.2 Overpayments that are greater than £100 in value will be recovered through the scheme member's ongoing pension as this allows for the appropriate adjustment for tax. The pension will be reduced to the correct level for the next available monthly pension payment after a 6 week notice period. The scheme member will be notified in writing of the error and the course of action to be taken.

8.3 Where there is no ongoing pension from which to deduct the overpaid amount, an invoice will be arranged by the Fund to recover the overpayment which is greater than £100 in value.

9. Managing overpayments of pension as a result of the incorrect rate of pension paid by the Fund and the member can be said to be reasonably aware of the overpayment.

9.1 There are several reasons why a pension could be paid at an incorrect higher rate. The most common reasons are detailed in the table below, but it should be noted that this is not an exhaustive list.

	Type of overpayment	How overpayment has occurred
1	Administration error upon creation of payroll record	Incorrect (overstated) rate of pension input on creation of payroll record but member informed in writing of the correct rate of pension to be paid.
2	Re-employment where abatement affects rate of pension due	Re-employment not notified and within the terms of the Administering Authority policy on the exercise of their discretion relating to abatement, the member's annual pension should have been reduced or suspended due to the level of earnings in the new employment. Identified through NFI exercise or other means.
3	Entitlement to pension ceasing	Non notification that a child's pension is no longer payable as the child aged 18 or above is no longer in full time education or vocational training.
4	Entitlement to current rate of pension ceasing	A Pension Sharing Order or Earmarking Order being received after the implementation date meaning that the pension has been overpaid since that implementation date.
5	Failure to action an alteration to the payroll record/reduction in pension	Failing to implement the change from the higher short-term dependents pension to the lower long term rate.

6	Failure to action an alteration to the payroll record/reduction in pension	Failing to implement a reduction to a pension as a result of National Insurance Modification order at State Pension Age
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- 9.2 If the scheme member has been notified of the correct rate of pension in writing and is receiving a higher amount, it can be said that the member can reasonably be aware that they are being overpaid as the scheme member has been notified of the correct rate in writing.
- 9.3 The Fund will therefore generally seek to recover monies that are greater than £100 gross in value unless there are legal reasons and/or other circumstances which mean that the overpayment may not, in practice, be able to be recovered (in whole or in part). A value of £100 or less has been deemed by the Fund as uneconomical to pursue due to the administrative time involved.
- 9.4 The amount will be recovered from the scheme member's ongoing pension as this allows for the appropriate adjustment for tax. The pension will also be reduced to the correct level for the next available monthly pension payment after a 6 week notice period. and will be notified in writing of the error and the course of action to be taken.
- 9.5 Where there is no ongoing pension from which to deduct the overpaid amount, an invoice will be arranged by the Fund to recover the overpayment which is greater than £100 in value.
- 10. Managing overpayments of pension following an incorrect rate of pension being paid by the Fund and it can be said that the member cannot have known of the overpayment**
- 10.1 The table below illustrates how an overpayment of a member's pension can occur without the member being aware. It should be noted that the table below is not an exhaustive list;

	Type of overpayment	How overpayment has occurred
1	Administration error upon calculation <u>and</u> notification of benefit entitlement (includes dependants' pensions)	incorrect (overstated) rate of pension put into payment and member informed in writing of the incorrect rate of pension to be paid.
2	Incorrect level of Guaranteed Minimum Pension (GMP) being paid	New information from HMRC leads to a revised rate of GMP to be used which, due to the different way cost of living increases are applied to GMP and the excess over GMP, means that, overall, a

		lower level of pensions increase should have been paid. Includes notification resulting as part of the cessation of contracting out and subsequent GMP reconciliation exercise (see note 11.3 below)
3	Pensions Increase	Pensions Increase inaccurately applied to the elements of a pension in payment.

10.2 In these circumstances the Fund will generally seek to recover monies that are greater than £100 gross in value unless there are legal reasons and/or other circumstances which mean that the overpayment may not, in practice, be able to be recovered (in whole or in part). A value of £100 or less has been deemed by the Fund as uneconomical to pursue due to the administrative time involved.

10.3 The amount will be recovered from the scheme member's ongoing pension as this allows for the appropriate adjustment for tax. The pension will also be reduced to the correct level

10.4 Where there is no ongoing pension from which to deduct the overpaid amount, an invoice will be arranged by the Fund to recover the overpayment which is greater than £100 in value.

11. Discretion to write off overpayments

11.1 For all scenarios mentioned above, Officers have the ability to exercise discretion in the event of legal reasons and/or exceptional circumstances and to ensure no individual is unfairly treated. If the pursuing recovery of an overpayment was to cause significant distress and/or if there are legal reasons as to why the overpayment may not be recovered (in whole or in part) this would be taken into account as would the cost effectiveness of recovery. All applications made to write off of an overpayment will be investigated on a case by case basis and final decision will be made by the appropriate officer listed in section 15 dependent upon the amount potentially being written off.

11.2 The Powys Pension Fund has discretion to write off any amount under £250.00 in line with HM Revenue and Customs authorised payments limits and the analysis of the cost effectiveness of pursuing the claim conducted by the Fund.

11.3 Where an overpayment has occurred as a result of the GMP reconciliation exercise completed in 2020, then the Fund is following the national suggested approach of not recovering any overpayment, but correcting future pension payments.

12. Recovery

- 12.1 The Limitation Act 1980 states that “*An action founded on simple contract shall not be brought after the expiration of six years from the date on which the cause of action accrued*”. However, section 32(1) of the Act effectively ‘postpones’ the date by which an administering authority may make a claim to recover monies in certain circumstances. It states “*the period of limitation shall not begin to run until the plaintiff has discovered the fraud, concealment or mistake (as the case may be) or could with reasonable diligence have discovered it*”. The potential effect of section 32(1) in relation to any overpayment and its recovery will be considered on a case-by-case basis.
- 12.2 Therefore, the Fund will generally seek to recover overpayments that have been discovered within the last 6 years, with the relevant postponement applied if applicable in line with the Limitation Act, unless there are legal reasons and/or other circumstances which mean that the overpayment may not, in practice, be able to be recovered (in whole or in part).
- 12.3 It should be borne in mind that where the Fund seeks to recover overpayments, there may be challenges proposed as to why the overpayment should not be recovered (in whole or in part). These will need to be considered on a case-by-case basis and, if successful, may affect the ability of the Fund to recover the overpayment (in whole or in part).

13. Overpayment recovery period

- 13.1 The Fund will allow a pension overpayment to be recovered over the same amount of time as the overpayment occurred. For example, if overpayments were made for a 3 month period, the recovery period to repay the overpayment will be 3 months. In the event that reasonable arguments are advanced that the recovery period should be extended, the Fund can at its discretion allow an extension based on the individual’s circumstances; such an extension would generally not exceed a further 50% of the period in which the overpayment occurred with scope for this period to be extended based on the scheme member’s circumstances.

14. Claims of inability to repay overpayment

- 14.1 In cases where it is claimed that an overpayment cannot be repaid officers of the Fund will enter into discussions with the scheme member/next of kin and an analysis of the cost effectiveness of pursuing the overpayment will be undertaken on a case-by-case basis. For large overpayments, where appropriate, the Fund will seek legal advice. This approach will reduce the number of Internal Dispute Resolution Procedures applications and referrals to the Pensions Ombudsman. For any cases that do reach the

Pensions Ombudsman, Powys Pension Fund would have demonstrated engagement and negotiation with the complainant.

15. Authority to write off overpayments

15.1 The Fund will apply the following levels of authority when writing off overpayments:

Total Gross Value of overpayment */**	Authority to write off overpayment
No more than £100.00 on any overpayment type	Automatic write off
Up to no more than £500	Pension Fund Manager
Up to no more than £1000	Head of Finance/Section 151 Officer
Over £1000	Portfolio Holder for Finance

* The value of overpayment occurring within the last 6 years or appropriate period if postponement has been applied.

** Subject to a full evidence based report produced by Officers of the Fund

16. Reporting to the HM Revenue and Customs and effects on the Fund and individual

16.1 Administering authorities are obliged to correct any error they discover within a reasonable period of time. To do otherwise would render payments unauthorised under Section 14 of the Registered Pension Scheme (Authorised Payments) Regulations 2009. The HM Revenue and Customs have a clear steer with regards to timing, in so much that "*When a scheme discovers an overpayment it immediately becomes unauthorised and is subject to an unauthorised tax charge*".

16.2 Regulation 13 says that a payment made in error will be an unauthorised payment if the:

- Payment was genuinely intended to represent the pension payable to the person;
- Administering authority believed the recipient was entitled to the payment and;
- Administering authority believed the recipient was entitled to the amount of pension that was paid in error.

16.3 In addition to the above, there is a further exemption where the overpayment is a 'genuine error' and the aggregate overpayment (paid after 5th April 2006) is less than £250. In such circumstances, if the overpayment is not recovered it remains an unauthorised payment but it

does not have to be reported to HM Revenue and Customs and HM Revenue and Customs will not seek to collect tax charges on it.

16.4 The Finance Act 2004 also sets out a list of the payments which a registered pension scheme is authorised to make to members. Payments which do not fall within the list will become unauthorised payments and could result in up to three tax charges applying: 1) an authorised payments charge on the recipient of the payment; 2) an unauthorised payments surcharge on that recipient; and 3) a scheme sanction charge on the scheme.

16.5 Payments made in the period between notifying the member of an overpayment and the point at which the correction to the right level of pension is made will be regarded under the above legislation as an unauthorised payment. If the total amount of pension paid at the incorrect rate from point of notification to date of reduction to the correct rate is greater than £250 (gross) it would be subject to tax charges 1) and 3) and possibly 2 as set out in section 16.4.

17. Prevention of overpayments

17.1 The Fund regularly reviews its processes in order to minimise the risk of overpayments occurring.

17.2 The National Fraud Initiative is conducted every two years; it compares files of pensioners with the Department for Work and Pensions database of the deceased and highlights matches for investigation. Powys Pension Fund actively participates in this initiative.

17.3 Powys Pension Fund routinely participates in overseas life existence checks to ensure only legitimate pensions are being paid and to reduce the likelihood of fraudulent activity.

17.4 A report is run periodically on the pension administration system to identify individuals in receipt of a child's pension, further investigations are then carried to ensure they are still entitled to receive a pension.

17.5 Powys Pension Fund includes reminders in its correspondence that the Fund must be advised of changes in circumstances or the death of a scheme member. The Fund also investigates any returned pensioner payslips, correspondence and pension payments returned by banks and building societies, to ensure the welfare of the scheme member and to protect payment of the Fund's money.

17.6 Fund officers have a robust system in place for identifying changes to the payroll that need to be processed for a particular payroll month. The process incorporates payroll deadlines and ensures changes are made in

a correct and timely manner. This would be in circumstances such as a change from a short term dependant's pension to a long term pension.

18. Contacts

- 18.1 Any questions, queries or observations on this document should be addressed to:

The Pension Administration Manager or Pension Fund Manager
Powys County Council
County Hall
Llandrindod Wells
Powys
LD1 5LG
Tel: 01597 826343 email: pensions@powys.gov.uk

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By virtue of paragraph(s) 14 of Part 1 of Schedule 12A of the Local Government Act 1972.

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