

Powys Pensions Board

Meeting Venue
By Teams

Meeting Date
Wednesday, 30 September 2020

Meeting Time
10.00 am

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

24 September 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 meeting held on 22 May 2020 as a correct record.

(Pages 5 - 12)

4.	MATTERS ARISING
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5.	CHAIR'S ANNOUNCEMENTS
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6.	TERMS OF REFERENCE
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To receive a verbal update.

7.	MINUTES OF PENSIONS AND INVESTMENT COMMITTEE
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Minutes of Pensions and Investment Committee held on 26 June, 2020.
(Pages 13 - 18)

8.	DATA QUALITY TESTING 2020
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To note the report.
(Pages 19 - 24)

9.	REVIEW OF COMPLIANCE WITH TPR CODE 14
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To receive updates with regards to compliance of the TPR Code of Practice 14.
(Pages 25 - 50)

10.	OPERATIONAL AND ADMINISTRATION REPORT & UPDATE
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To note the report.
(Pages 51 - 52)

11.	ANNUAL REPORT - DRAFT CHAIRMAN'S STATEMENT
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To receive the draft report.
(Pages 53 - 60)

12.	REVIEW OF RISK REGISTER AND CONSIDERATION OF ANY NEW RISKS
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To review the report and consider any new risks.
(Pages 61 - 68)

13.	WALES PENSION PARTNERSHIP - INVESTMENT POOLING UPDATE [STANDING ITEM]
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To note the report.
(Pages 69 - 70)

14.	NEW LEGISLATION AND GUIDANCE (STANDING ITEM)
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To note the report.
(Pages 71 - 76)

15.	BOARD COMMUNICATIONS LOG (STANDING ITEM)
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To note the Communications Log.
(Pages 77 - 78)

16.	BOARD MEMBER TRAINING [STANDING ITEM]
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17.	STANDING ITEMS WITH NO UPDATES REQUIRED
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Breaches Register
Cessation of contracting out
Audit Reports
Internal Dispute Resolution Procedure [IDRP]

18.	FUTURE BOARD MEETINGS
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2020

9 November

2021 – provisional dates subject to Board approval [meetings at 2.00 p.m.]

15 February

14 June

13 September

22 November

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**MINUTES OF A MEETING OF THE POWYS PENSIONS BOARD HELD AT BY
TEAMS ON FRIDAY, 22 MAY 2020**

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
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There were no apologies for absence.

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

3.	MINUTES
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The minutes of the last meeting held on 26 March 2020 were agreed as a correct record subject to the correct spelling of Thursday at the top of the minutes.

4.	MATTERS ARISING
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The Board noted the following:

- the Scheme Advisory Board [SAB] survey was postponed,
- the Council was still considering the request to increase the Board Membership to three employer and three scheme representatives and work was ongoing,
- as the PLSA Pensions conference had been cancelled it had been replaced by daily webinar sessions. The Chair advised that he would collate information from the sessions he attended and this would be shared with the Board at future meetings
- the Overpayment Policy would be considered by the Pensions and Investment Committee on 26 June 2020.

5.	CHAIR'S ANNOUNCEMENTS
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The Chair advised that the SAB had shifted its priorities in light of the current pandemic and the Good Governance Project had slowed down. The project would initially assess governance internally and then externally next year. The Chair advised that the Project would help the Board to focus on weak links.

6.	MINUTES OF PENSIONS AND INVESTMENT COMMITTEE
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The Board received the Pensions and Investment Committee's minutes for 13 February 2020.

In response to questions the Pensions Fund Manager advised that IT Department was revising the Council's Cyber security policy. The Pension Fund's cyber security policy would reflect this revised policy.

The Chair thanked the IT department for facilitating the online meetings.

The Board noted that the Discretionary Powers Policy was an important component of the governance framework. The Pension Fund Manager advised that all employers in the Fund had been asked to review their discretionary employer policies.

7.	THE PENSION REGULATOR REVIEW OF GOVERNANCE AND ADMINISTRATION RISKS IN PUBLIC SERVICE PENSION SCHEMES
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The Board noted the report regarding the Pensions Regulator (TPR) review of a cohort of 10 LGPS Funds from around the UK in respect of scheme managers' approaches to a number of key risks. The Board noted the key findings, good practice and the suggestions regarding improvements.

The Pension Fund Manager highlighted the following in respect to the Administering Authority:

Record keeping

- Data quality improvement plan – the Administering Authority has a plan in place, which is monitored every year. An annual data extract is undertaken with the pension administration software providers and the next extract will take place later in the month.
- Administration Strategy – the Strategy had been rewritten. Consultation had taken place with the employers and the Strategy would be considered by the next Pensions and Investment Committee. The Chair advised that under the Good Governance Project there was a recommendation that MHCLG make it a legal requirement.

Internal Controls

- Risk Register – documentation is in place and the Board and the Pensions and Investment Committee regularly review the Risk Register.
- Internal controls and processes – documentation was now being kept to record any decisions regarding internal processes and the reasons for these decisions. This would ensure that if questions were asked about a decision in the future the relevant information would be available and there would be less reliance on officer's knowledge level.
- Reviewing processes – reviewing the workflow and improving processes is a daily process by all of the administration team.

Administrators – the Board noted that these issues were not applicable for the Pension Fund as it is not a third-party provider. The Pension Fund Manager advised that the contract with its administration provider was due for renewal in 2023, but the contract allowed for an extension. The Chair advised this was mission critical dimension to the Board's work in helping to guarantee to ensure the continued payments to scheme members.

Member Communications

- Information for scheme members – when information is created or amended, it is reviewed by the senior staff within the section.
- Member survey – conducting a survey is being considered.
- Website traffic – use of website traffic has not grown over past 12 – 18 months but the number of pages looked at on each visit has increased. Officers are currently looking at what members do when they are on the website for example using the facilities to update their personal information or calculating pensions. The Chair advised that the recent PLSA sessions had emphasised the importance of Fund websites. He asked the employee representatives if they could encourage their members to utilise the website. The Pension Fund Manager agreed to send the portal address to the Union representatives, to enable them to do this.

Internal Dispute Resolution Procedure [IDRP]

IDRP – a procedure has been produced and is on the Fund website. The document also contains information on the appeals process. The Chair raised an issue about the advantages of an external review, which could be provided by other Pension Funds. The Pension Fund Manager advised that he would consider this.

Pension Boards

- Training opportunities – training opportunities are highlighted to Board members. Currently more webinar training was available and the Pension Fund Manager advised he would forward such links to the Board.
- Training needs assessment – the Pension Fund Manager would forward this to members and for this a Board and/or individual programme will be developed.

Employers and contributions

- Employer covenant and position – discussed this with the Fund actuary regarding the approaches taken by other funds and work will continue on this.
- Receipt of employer contributions – currently the procedure is under review and the desire is to move all employers to an automated system.

Cyber security

- Cyber security policy – as advised working with ICT to develop the policy.
- Security testing – the software provider has assured the Scheme Manager that it undertakes regular penetration testing. The Pension Fund Manager advised he would provide an update report regarding testing from the ICT Department and the software provider at the next meeting.
- Custodian review – this needs to be undertaken.

Internal Fraud and False Controls

Processes and procedures – further work is required in this area.

RESOLVED	Reason for decision
The Board noted the report and agreed that an Action Log be produced.	To ensure that further work is noted and monitored by the Board.

8.	UPDATES MADE WITH REGARDS TO COMPLIANCE OF THE TPR CODE OF PRACTICE 14
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The Pension Fund Manager advised that the Register had been updated in line with the comments at the previous meeting. The Board reviewed the following sections and made the following comments and noted the following [numbers refer to the Compliance indicator]:

Governing your Scheme [38-60]

40 – 41 – a revised Training needs assessment would be sent out to the Board members

48 – 57 – this would be amended to record that the assessment would be carried out and the target date was June 2020

56 – target not met and update June.

Conflicts of interest and representation [62-91]

84 – update timescales to October 2020. The Pension Fund Manager advised that he had looked at good practice across Wales and was producing a document for consideration.

Managing risks [104-120]

115 – the Pension Fund Manager agreed to reflect on whether the Code of Practice reflects the recent triennial valuation.

Administration [124-146]

136 – the Board was assured that the document is on the website and data improvement continues.

Providing information to Members [188-210]

196 – it was noted that although compliant this is shown as amber rather than green. Pension Fund Manager acknowledged the fact they are not providing information on deferred benefits within the statutory timescale in each instance. This is reflected in the breaches report. Consequently, it is considered that this should remain amber and this reason be added to the document. This issue is not specific to the Powys Fund and is recognised as a challenge nationally.

208 - The Pension Fund Manager advised that the Pensions Team had been working with the Council's Income and Awards team on tracing a number of "Gone Away" members. The review was now delayed due to the Income and Awards Team's focus being on payments relating to the pandemic. The Pension Fund Manager advised that he would liaise with colleagues in the latter, regarding a revised timescale for the completion of this work.

9.	OPERATIONAL REPORT & UPDATE
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The Pension Fund Manager provided an update to the Board on the measures that had been taken by the Pensions Section during the Covid-19 pandemic. The Board recognised the professionalism and flexibility of the LGPS and the Pensions team in continuing to deliver the Pensions service to members and

employers during the pandemic. With regards to cash flow the Fund was in a sound position. The Pensions Fund Manager also advised that there had not been a spike in the number of retirements on 31st March leading to pay outs of lump sums and a cut in dividends.

10. TERMS OF REFERENCE

The Pension Fund Manager reported that the Council's Monitoring Officer had made two minor comments on the draft terms of reference that had been addressed so they would now go to the Pensions and Investment Committee on 26 June for consideration. With no indication of when the full Council would be able to meet again there would be an issue over getting the Terms of Reference approved by Council.

11. ANNUAL REPORT - DRAFT CHAIRMAN'S STATEMENT

The Chair asked that the Board email him with any comments on his annual report.

12. REVIEW OF RISK REGISTER AND CONSIDERATION OF ANY NEW RISKS

The Chair noted that most of the new risks had arisen with the coronavirus pandemic and associated change of working practices.

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

PEN003 The Chair suggested that the Residual Risk column should be amber rather than green as the control action was not yet complete.

PEN007/008 The Chair suggested that the wording should be changed to reflect that actuarial calculations of liabilities were moving away from bond yields.

PEN012 Make reference to increased risk to data security due to home working.

PEN023/024 Check if wording needs to change as a result of the triennial valuation 2019

PEN030 The Pension Fund Manager confirmed that the further actions and control column could be updated to reflect the controls that pool operators have in place.

PEN035 Had been added to reflect the pandemic. The Chair suggested that the welfare of staff should be included, noting the mitigating actions that had been taken as set out in the operational report.

13. DOCUMENT IMAGING AND WORKFLOW PROJECT - VERBAL UPDATE
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The Pension Fund Manager reported that the project had been completed.

**Recommended to the Pensions and Investment Committee
that this be removed from the Risk Register.**

14.	WALES PENSION PARTNERSHIP - INVESTMENT POOLING UPDATE [STANDING ITEM]
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The Chair reported that the engagement meeting for Board chairs had been cancelled due to the pandemic. He would be interested to see the Wales Audit Office report Risk Management Override of Controls from a governance viewpoint. He asked how well the host authority was resourced and the Pensions Fund Manager advised that this question would be better directed to the WPP. The business plan would be considered at the next meeting of the Pensions and Investment Committee. The Pensions Fund Manager also advised that the fixed income sub fund launch was expected in the next few months.

15.	ADMINISTRATION REPORT [STANDING ITEM]
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The Pensions Fund Manager was asked to provide the split between refunds and transfers out for future meetings. He advised that no employers had asked for deferral of contribution income. The Chair reported that the regulator had advised that administering authorities advise them in advance if they were likely to be late in providing annual benefits statements with their plan for recovery. The Pension Fund Manager advised that a number of employers had not yet provided data for March but that this was not related to the pandemic.

Nigel Brinn left the meeting, at which point the meeting became inquorate.

16.	NEW LEGISLATION AND GUIDANCE (STANDING ITEM)
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The Chair thanked the Pension Fund Manager for providing a comprehensive update of new legislation and he encouraged the Board to study the changes as part of their training.

17.	BOARD COMMUNICATIONS LOG (STANDING ITEM)
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The Board received the communications log and the Chair asked colleagues to keep abreast of issues.

18.	STANDING ITEMS WITH NO UPDATES
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The Pensions Fund Manager advised that there were no breaches and that a stage 2 IDRPs had been completed. He also reported that HMRC had issued a press notice advising that some of the Guaranteed Minimum Pension [GMP] information they had provided had been inaccurate resulting in delays and additional costs but he still hoped to be able to complete cessation of contracting out by the end of 2020.

19.	FUTURE BOARD MEETINGS
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The Chair suggested the Board consider whether they should have more regular and shorter meetings on specific topics rather than longer quarterly meetings in the current circumstances.

Gerard Moore [Chair]

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**MINUTES OF A MEETING OF THE PENSIONS AND INVESTMENT COMMITTEE
HELD AT BY TEAMS ON FRIDAY, 26 JUNE 2020**

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, Pension Fund Manager and Financial Reporting & Policy Accountant

Aon representatives – Simon Mayne and Rachel Pinder via skype

1.	APOLOGIES
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There were no apologies for absence.

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 13 March 2020 as a correct record.

4.	PENSIONS BOARD MINUTES
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The Committee received the minutes of the Pension Board meetings held on 26 March and 22 May 2020, both of which were held remotely.

In respect of the minutes for 26 March 2020, the Board Chair referred the Committee to Item 9 and the Board's recommendations regarding the Risk Register, which the Board hoped the Committee would endorse. The Pension Fund Manager advised that some of the recommended changes had been made to the Risk Register and this was an item on the Committee's Agenda.

In respect of the Board meeting on 22 May 2020 the Chair highlighted that the Board reviewed The Pension Regulator's [TPR] cohort review, which had 47 recommendations. The Board noted that there were no new breaches.

5.	GOVERNANCE AND ADMINISTRATION UPDATE
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The Committee received the report which provided an update on the Local Government Pension Scheme [LGPS] governance and administration matters and the potential impact of these on the Powys Pension Fund. The Committee noted that the Local Government Association [LGA], Scheme Advisory Board [SAB] and TPR had produced resources in respect of COVID-19.

The Committee noted the changes in the way the Pensions Team was undertaking its work, due to the closure of County Hall and the use of electronic contact with scheme members and the use of the on-line Pension Portal.

In respect of the McCloud/Sargent Supreme Court's decision regarding age discrimination, the Pension Fund Manager advised that the decision on the final remedy was still awaited. However, whatever remedy is agreed, will require a significant amount of work for all Pension Fund Administrators nationally in collating information and recalculating benefits back to 2014.

The Committee noted the 2019 LGPS annual scheme report. The Pension Fund Manager referred the Committee to the Risk Register which had been updated to reflect five changes recommended by the Pension Fund Board. He advised that work was being undertaken on the other recommendations from the Board and would be added to the Register for consideration at the next meeting. The Committee noted the Breaches Register and that no new recordable or reportable breaches had been added since the last meeting. The Committee noted that there had been a small increase in the number of unpaid frozen refunds and that work is continuing on actively locating these members.

In response to questions regarding the Risk Register the Pension Fund Manager advised that the Risk Register is being transferred to the Council's Risk Register system, which includes a review date. As the information is transferred and checked, review dates are being included. He advised he would add the review date into this current version. It was noted that the Board reviews the Risk Register at each meeting. The Head of Finance advised that a Corporate Risk Register in relation to COVID-19 included risks relating to the Pension Fund.

RESOLVED	Reason for decision
To note the update report and that review dates be added into the Risk Register and that the Register be circulated to the Committee for approval.	As per the report.

6. ADMINISTRATION STRATEGY

The Committee considered the Administration Strategy Statement. The Committee noted that the main changes related to the Fund's expectations of employers and also what the Scheme Members can expect from the Fund. The Pension Administration Managers and Pension Board had discussed the document and a six-week consultation with employers had been undertaken. It was noted that the later had not raised any concerns.

It was moved and duly seconded to approve the document.

RESOLVED	Reason for decision
That the Administration Strategy Statement be approved.	As per the report.

7. OVERPAYMENT POLICY

The Committee considered the Overpayment Policy. The Pension Fund Manager advised that the policy formalised the process and treatment of the various types of overpayments, which the Fund had been using for some time. He advised that overpayments do not happen very often but can occur when a scheme member has died and time lapses before the Pension Administration is notified.

The Pension Fund Manager advised that if the Committee approved the Policy it would become effective from 1 April 2020. The Committee noted the level of overpayments which would be written off and the responsible officer or Portfolio Holder with authority to agree these.

In response to questions regarding scheme members living abroad the Pension Fund Manager advised that 15 scheme members live abroad. The Pension Fund Manager confirmed that these individuals are contacted to prove their identity on an annual basis. If this is not done pension payments are suspended until this has been undertaken.

It was moved and duly seconded to approve the policy.

RESOLVED	Reason for decision
That the Overpayment Policy be approved and be effective from 1 April, 2020.	As per the report.

8. POWYS PENSIONS BOARD TERMS OF REFERENCE

The Committee considered the request to increase the Powys Pension Board membership from two each of Scheme Employer and Scheme Member Representatives, to three. In addition, the Committee noted that the Board's Terms of Reference had been reviewed. It was noted that the Terms of Reference are set by the Council as the administering authority and any amendments require the approval of Pensions & Investment Committee.

Increasing the membership on the Board would introduce more flexibility for the Council, due to the demands on Board member diaries and improve the resilience of the Board to ensure that meetings are quorate.

It was moved and duly seconded to recommend the proposed changes to the Powys Pension Board membership and Terms of reference to Council.

RECOMMENDATION TO COUNCIL	Reason for decision
That the membership of the Powys Pension Board increases to three Scheme Employer and three Scheme Member Representatives and that the revised Terms of Reference be approved.	As per report.

9.	WALES PENSION PARTNERSHIP [WPP] UPDATE
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The Committee received the update report regarding the Wales Pension Partnership [WPP]. The Committee noted that an Annual Update document has been produced by WPP.

The Pension Fund Manager highlighted that the WPP had produced a Business Plan and was seeking approval of this by all participating authorities. It was noted that the six-monthly Engagement Day with the Pension Board Chairs had been postponed.

The Committee noted that the launch of the fixed income sub-funds was expected in the near future. The Powys Pension Fund would be transferring between £160 - £170m into this and that as a result approx. £300m would then be invested within the WPP. It was also noted that the Powys Pension Fund also has passive investments pooled outside of the WPP with Blackrock. It was hoped that with these changes the benefits of pooling, such as savings in managers fees etc, will be realised by the Powys Pension Fund.

It was moved and duly seconded that the WPP Business Plan be approved.

RESOLVED	Reason for decision
That the WPP Business Plan be approved and that the report be noted.	As per report.

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

The Chair changed the order of the Agenda and took item 14 Updated Asset Values next.

11.	UPDATED ASSET VALUES
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The Committee noted the progress of the asset allocation to the new agreed strategy.

The Committee noted the equity protection had smoothed out the fluctuations in the market.

RESOLVED	Reason for decision
The Committee noted the report.	As per report.

12.	BAILLIE GIFFORD UPDATE
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The Chair welcomed Tim Gooding and Alicia Cowley from Ballie Gifford.

The Committee noted that the investment returns since the initial investment and over 12 months were 8% and 9% respectively, however investments were being made for the long term. Governance and sustainability are important issues when considering investments. Ballie Gifford advised that it engages with the companies in which it invests in respect of a range of governance issues such as their carbon footprint and how they address this, working conditions and tax issues.

13.	BLACKROCK LOW CARBON WORLD EQUITY TRACKER INVESTMENT REVIEW
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At the last meeting the Committee approved, in principle, a strategic asset allocation that includes a 3.5% allocation to the BlackRock ACS Low Carbon Equity Tracker Index Fund (sterling hedged) subject to further advice being received from AON. Such an investment would reduce the Fund's exposure to the financial risks associated with climate change and introduce the potential to gain from a transition to a low carbon economy.

Aon advised that BlackRock had indicated that the currency hedged version of the fund will not be available until Q3 or Q4 2020. As a result of this and that the costs of investing in the currency hedged share class was considered too high, Aon recommended that, in order to maintain the strategic currency hedge, a partial investment of 2% of the Powys Pension Fund allocation should be made into the standard share class [unhedged fund]. Aon advised that the tracking error compared to the benchmark was slightly higher than originally indicated but it was not concerned about this. The Committee noted that other Welsh Pension Funds had invested in this fund.

Aon advised that it would monitor the asset allocation and propose the investment of the remaining 1.5% at a future point to increase the investment up to the full 3.5% strategic allocation, whilst bearing in mind the strategic decision to currency hedge 50% of the foreign currency exposure.

It was moved and duly seconded to approve Aon's recommendation.

RESOLVED	Reason for decision
To approve an initial investment in the BlackRock ACS Low Carbon Equity Tracker Index Fund [unhedged fund] of 2% of the Powys Pension Fund allocation (c. £13m).	To reduce the exposure of the overall equity allocation to the financial risks associated with climate change and introduce the potential to gain from a transition to a low carbon economy and to reduce exposure to carbon whilst controlling the performance differential relative to a broad global equity index.

14.	QUARTERLY MONITORING REPORT
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The Committee received the Quarter 1 monitoring report to 31 March 2020.

The Committee noted the impact of the Equity Protection Strategy [EPS] on asset values. With the EPS the asset value had reduced by £43m but would

have reduced by £62m without protection. Aon advised that during Q2 there had been an upswing in markets and values have regained. The EPS was smoothing out the fluctuations in the markets.

During Q1 performance was negative but had improved in April and May. In response to a question Aon advised that the liquidity in the property markets had dried up and therefore funds had been suspended. However, investment in property was still considered as an important long-term investment but some property sections such as retail were struggling.

The Committee noted that the Graham investment was due to be launched on 1 July 2020.

RESOLVED	Reason for decision
That the Quarter 1 monitoring report be noted.	As per the report.

County Councillor P E Lewis (Chair)

CYNGOR SIR POWYS COUNTY COUNCIL**Powys Pension Board
30th September 2020****REPORT BY: Board Secretary****SUBJECT: Data Quality Testing 2020**

REPORT FOR: Information

1. Introduction

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

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

2. Background

- 2.1 In May 2017, the Fund produced a Data Quality testing and monitoring procedure with specific reference to the testing and ongoing monitoring data quality. This was in advance of the requirement to report in The Pension Regulator (TPR) Annual Return, scores against specific scheme Common Data and Scheme Specific Data, which is now incorporated into the Data Improvement Plan.

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

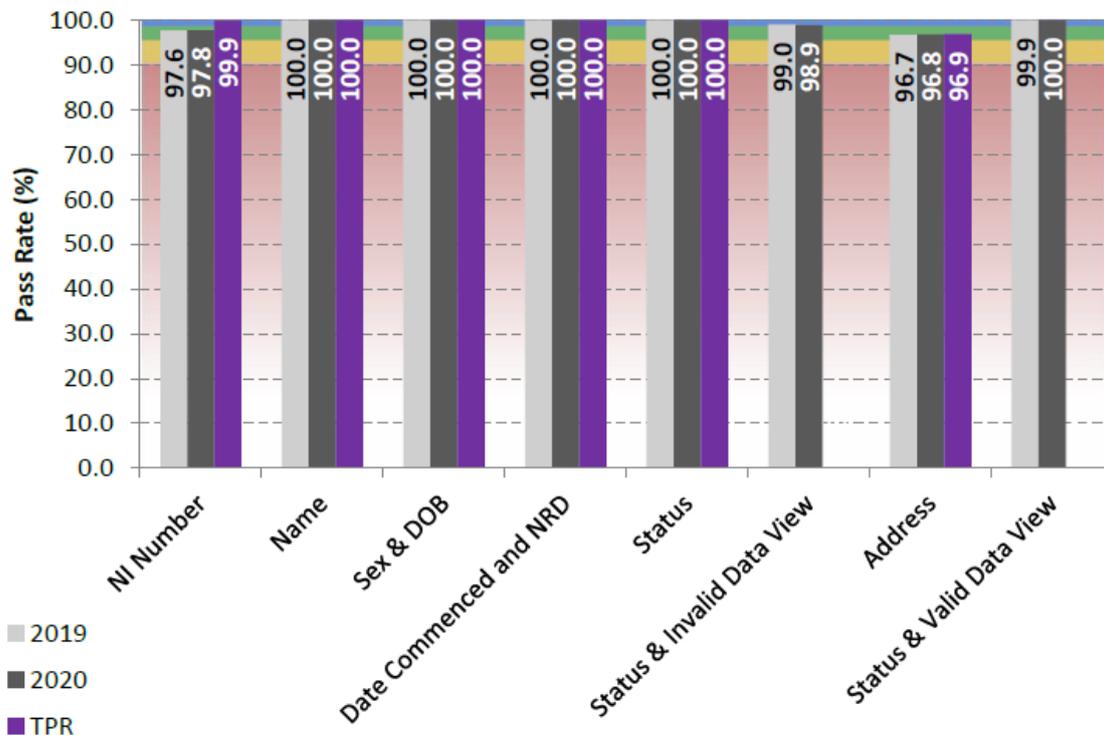
The benchmarks applied to the results presented in this report were agreed between Powys and Aquila Heywood. The categories and thresholds in respect of the common data are as follows:

Category	Pass Threshold
Blue	Pass rate \geq 98%
Green	95% \leq Pass rate $<$ 98%
Amber	90% \leq Pass rate $<$ 95%
Red	Pass rate $<$ 90%

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

Summary of 2020 Common Data results

The graph below indicates performance for each data category against the benchmarks together with the results from the 2019 tests. The results presented herein are generated from data extracted from the Live Altair service on 27th May 2020 for all tests. The 2019 tests were generated from data extracted on 16th May 2019. The overall percentage of tests passed for Powys' common data is 99.2% which is the same as the 2019 score of 99.2%. The 2020 tests were conducted on 37,540 member records, an increase of 1,874 on 2019.



- 3.2 Six of the eight categories met the highest benchmark of greater than 98% with three categories not recording a single failure. A further two categories has been rounded to 100% with a score of over 99.95%. The lowest scoring category concerned member Address that achieved a score of 96.8% which is an improvement on the 2019 score of 96.7%.

The general quality of the common data tested at Powys is of a **high standard**. Work is ongoing to trace members recorded as “gone away” to bring this category into the highest benchmark.

The percentage of member records without a single common data failure is 93.5%. This represents an increase of 0.2% on the 2019 score of 93.3%.

TPR Common Data Core Test Results

The percentage of member records that did not fail any of the tests deemed to be in the core list of TPR tests is **96.8%**. This is an increase from **93.3%** in 2019 and is the figure to be quoted on the scheme return to TPR.

4. Data Quality Testing – Scheme Specific Data

4.1 Benchmark

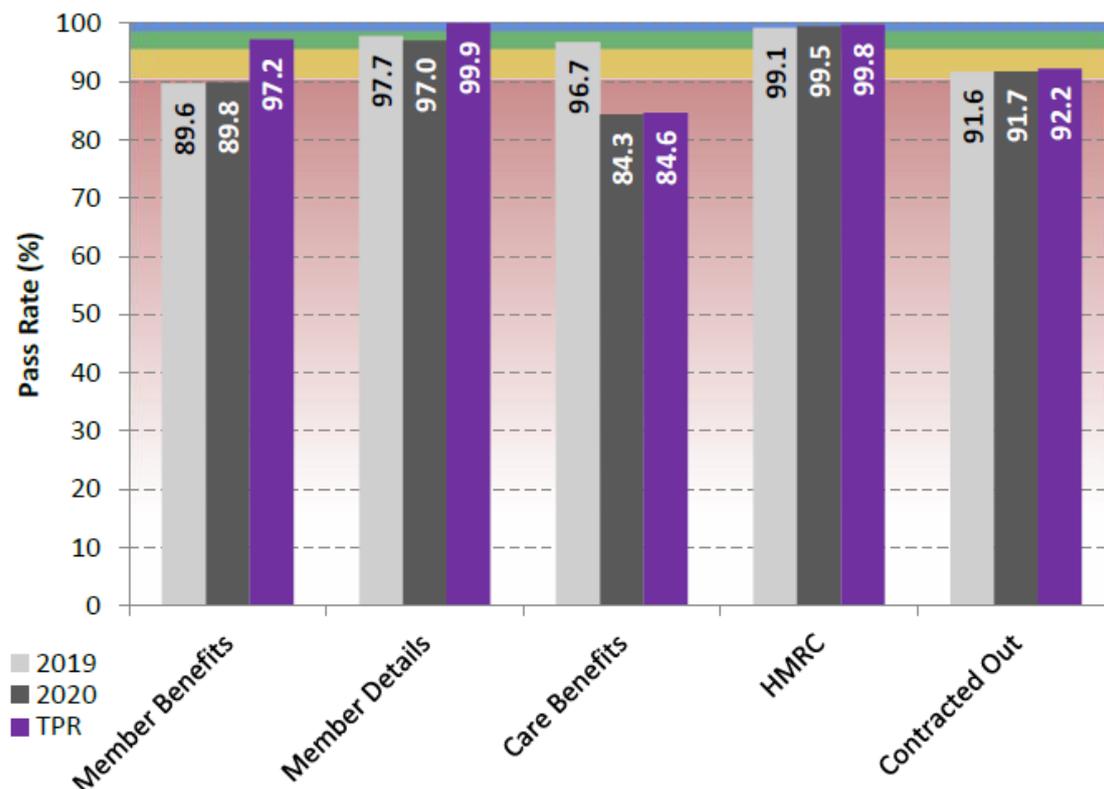
The benchmarks applied to the results presented in this report were agreed between Powys and Aquila Heywood. The categories and thresholds in respect of the scheme specific data, are as follows:

Category	Pass Threshold
Blue	Pass rate \geq 98%
Green	95% \leq Pass rate $<$ 98%
Amber	90% \leq Pass rate $<$ 95%
Red	Pass rate $<$ 90%

The graph below indicates Powys’ performance for each data category against the agreed scheme benchmarks together with the results from the 2019 tests. The results presented are generated from data extracted from the Live Altair service on 27th May 2020.

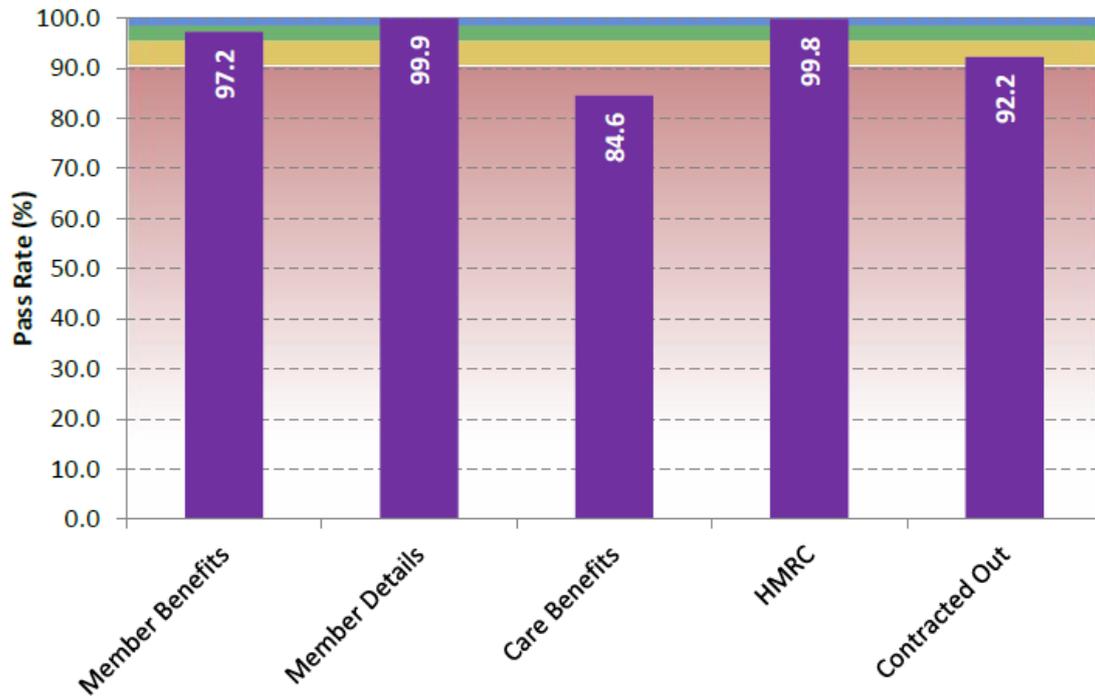
The 2019 tests were generated from data extracted on 16th May 2019. The overall percentage of tests passed for Powys' scheme-specific data is 94.9%, a decrease of 0.9% over the 2019 score of 95.8%. The percentage of member records without a single scheme-specific data failure is 76.4%. This represents a decrease of 7.9% over the 2019 score of 84.3%.

The total number of member records tested is 37,540, an increase of 1,874 records from the number tested in 2019.



However, the percentage of member records that did not fail any of the tests deemed to be in the core list of TPR tests is **91.6%** (compared to 84.3% in 2019 and 75.9% in 2018). This is the figure to be quoted on the scheme return to TPR and is an improvement of 7.3% over the 2019 result and 15.7% since the start of the exercise in 2018.

The results for each qualifying category are shown below:



5. TPR Annual Return and Data Improvement Plan

- 5.1 Whilst it is disappointing to see a decrease in the scores in some categories, it is important to remember that the data set that is being tested is increasing annually. There are also small numbers in certain categories and a change in respect of one or two members can have a significant impact on the scores.

The data improvement plan places a priority on improving those areas of data that can directly impact a scheme member's pension benefits. It is pleasing to see an improvement in the score for the "Member Benefits" data. However, the "Care Benefits" data set needs looking at as a priority.

6. Recommendation

- 6.1 The Board is asked to note the contents of this report.

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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

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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. Pension Board Teams set to be set up to hold all appropriate documents.
43	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.		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	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.		AVC Training has been carried out. New AVC Risk documentation introduced.
46	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.		

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 distributed March 2020. Each new board member received one to ne training with the Chair.

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.		Nolan's principles circulated to Board.
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'.		Work ongoing Mar 2020
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. Review Commencing Sept 2020
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.		March 2020. Board reviewed report completed in Feb 20 and made observations. Board received assurances on the findings.
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

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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	Schemes should understand: <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

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: 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.		Work ongoing to review and develop procedure
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.		Work ongoing to review and develop procedure

157	<p>A contributions monitoring record should include the following information:</p> <ul style="list-style-type: none"> • contribution rates • the date(s) on or before which employer contributions are to be paid to the scheme • the date by when, or period within which, the employee contributions are to be paid to the scheme • the rate or amount of interest payable where the payment of contributions is late. 		Work ongoing to review and develop procedure
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.		Work ongoing to review and develop procedure
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

Sep-20

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

270	Breaches should be reported as soon as reasonably practicable, which will depend on the circumstances. In particular, the time taken should reflect the seriousness of the suspected breach.		Detailed in Breaches Policy
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CYNGOR SIR POWYS COUNTY COUNCIL

Pension Board
30th September 2020

REPORT BY: Board Secretary

SUBJECT: Administration Activity Update

REPORT FOR: Information

1. Introduction

- 1.1 Further to the information provided at the February 2020 Pension Board meeting, this report contains the membership and Pensions Administration financial statistics for the period 1st April to 30th June 2020.

2. Pensions Administration Financial Statistics - Income & Expenditure

2.1

<u>Payments</u>	<u>B/f</u>	<u>April</u>	<u>May</u>	<u>June</u>
Pensions		1,990,870	2,067,087	2,039,974
Lump Sum		620,366	253,794	435,844
Transfers Out		3,490	-	227,946
Death Grants		3,117	70,490	82,493
Total Payments		2,617,843	2,391,371	2,786,256
<u>Income</u>				
Employee Contributions		(450,902)	(407,532)	(419,217)
Employer Contributions		(1,458,837)	(1,433,264)	(1,472,319)
Transfers In		(396,490)	(297,355)	(137,050)
Total Income		(2,306,230)	(2,138,151)	(2,028,585)

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

Status	Description	Recalculation Date 1	01/04/2020	Recalculation Date 2	30/06/2020
			Total 1		Total 2
1	Active		5648		5558
2	Undecided Leaver		869		923
3	Leaver - No Liability		13167		13223
4	Deferred Pensioner		6172		6111
5	Pensioner		4226		4255
6	Widow/Dependant		648		641
7	Death/Cess Liability		3601		3645
8	Awaiting Entry		4		4
9	Frozen Refund		604		595
O	Opt-Out		1236		1236
Z	Aggregation		1258		1445
			-----		-----
			37433		37636
			-----		-----

3.2 50/50 Scheme Membership

Active	20
Deferred	5
Frozen Refund	2

Draft Annual Report of Powys LGPS Pension Board for 2019/2020

1 Constitution, Representation and Attendance

- 1.1 The Powys County Council LGPS Local Pension Board (“the Board”) was constituted under the Public Service Pensions Act 2013. As such, the Board is not a Committee of the Council.
- 1.2 It held its first meeting on 31 July 2015. It consists of two representatives of the Scheme employers, and two representatives of the Scheme members, all of whom are voting members. There is also a non-voting independent Chair.
- 1.3 The Board met on five occasions during the year on the following dates: 3 April, 10 July, 11 September, 26 November 2019 and 26 March 2020. Each meeting was quorate, with the overall attendance level at 88%. The March meeting was held virtually, due to the Covid-19 virus.

	3.4.19	10.7.19	11.9.19	26.11.19	26.3.20
Gerard Moore: Independent Chair	√	√	√	√	√
John Byrne: Scheme Member representative	√	√	x	√	√
Mick Hutchinson: Scheme Member representative	√	√	√	√	√
Wayne Thomas: Scheme Employer representative	√	√	√	x	x
Nigel Brinn: Scheme Employer representative	√	√	√	√	√

- 1.4 Board meetings are open to the public, other than when considering exempt items.
- 1.5 To facilitate the operation of the Board, the Chair is invited as an observer to meetings of the Powys County Council Pensions and Investment Committee (“the Committee”).

2 Functions and Operation of the Board

- 2.1 The two primary functions of a Local Pension Board (LPB) are to assist the Administering Authority to:
- ensure effective and efficient governance and administration of the LGPS;
 - ensure compliance with relevant laws and regulations.
- 2.2 It therefore has a monitor/assist/review/scrutinize purpose, rather than being a decision-making body. It could be seen as being a critical but supportive friend. It sets its own agenda, and can be selective and probe particular topics in more depth than the Committee, which has a wider range of statutory responsibilities. As such, the general approach of the Board is to seek assurances with evidence from the Fund and external bodies, that it is meeting its objectives, producing its required statements, managing its risks, etc. so as to achieve the overall objectives as set out in paragraph 2.1 above. It can and does commission its

own reports, and where appropriate, makes recommendations to the Committee and to officers.

- 2.3 In so doing, the Board is helping manage the reputational risk of both the Fund and the Administering Authority. This is more critical now that the LGPS in England and Wales has both the Ministry of Housing, Communities and Local Government (MHCLG) and the Pensions Regulator (TPR) as its regulators. The Administering Authority, and in extreme circumstances Board members, can be fined by TPR, who also has other powers available.
- 2.4 The Board is supported by the Board Secretary and operates under Terms of Reference which were initially agreed by Powys County Council in January 2015 and reviewed following the September 2018 Board meeting. The url for current Terms of Reference is shown in paragraph 7.1. The Board has requested a change in its Terms of Reference, as detailed in paragraph 3.12.
- 2.5 In 2019/2020 the direct costs of operating the Board, covering travel and training expenses relating to Board members and the fees and expenses of the Independent Chair amounted to £XXX. These costs do not include any indirect costs relating to officer time nor any apportioned costs for the use of the Council's premises, systems or services recharged to the Fund by the Council. There was a specific budget of £XXX. Board members are covered by indemnity insurance. Mindful of delivering value for money, the Board endeavours to work in a cost-effective manner, as its costs are reflected in employer contribution rates.

3 Detailed Work of the Board

3.1 Overview

- 3.1.1. This is the fifth Annual Report produced by the Board. Since their inception, Local Pension Boards have become increasingly visible and pro-active, as was expected by both TPR and the Scheme Advisory Board (SAB).
- 3.1.2. As such, Boards are in a continuous state of evolution. This has manifested itself in a number of ways. There is an increasing dialogue between Board members between formal meetings. This is especially true between the Board Chair and the Board Secretary.
- 3.1.3 There are excellent communication links between the Board and the Committee, as the Board Chair now produces and formally presents to the Committee an Executive Summary from each Board meeting showing any specific recommendations made by the Board, what assurances it has gained on behalf of the Committee, and any other matters considered to be relevant.
- 3.1.4. The main elements of the work programme of the Board are governance, and oversight of the pensions administration function, which is run by an in-house team. A draft of the revised Governance Compliance Statement was previewed.
- 3.1.5 Amongst other objectives, the Board is endeavouring to help manage the reputational risk of the Fund. Such a focus seeks assurances that the Fund is complying with its responsibilities and obligations. Where appropriate, these reviews are extended to ensure that all scheme employers are similarly complying, as their complete, accurate, timely and secure supply of information

and data is critical. Provision of such quality data prevents a chain reaction of poor key performance indicators, breaches of the law, inaccurate payment of pensions, inaccurate employer contribution rates and inappropriate investment decisions. With these objectives in mind, the Board previewed a draft Pensions Administration Strategy, primarily from the viewpoints of process, procedures and communications, and made a number of recommendations. In addition, the Board Chair made a presentation at the annual meeting with scheme employers.

3.2 Risk management

A separate Risk Register is produced for the Pension Fund. The detailed assessment of the likelihood of each risk occurring and its impact have been judged in the light of the existence of the Board as an additional scrutiny resource. Review of the Risk Register and seeking out any new risks is a standing item at Board meetings. During the year, the Board made various recommendations regarding the Risk Register. These included adding compliance with MiFID II and Covid-19 and pandemics generally to the Register, as well as the temporary risks involved in the transition of documents and data to a new software system.

3.3 The Pensions Regulator (TPR)

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

3.3.2 The Board, together with the Board Secretary, during the year conducted a phased review of the Fund against the standards and expectations as reflected in TPR's Code of Practice 14. Using a "red, amber, green" approach the Board identified areas in which the Fund can make improvements. When examining improvements that have been achieved, the Board seeks assurance that the evidence supports the revised assessment levels.

3.3.3 The Board monitors TPR's annual review of its priorities, and studies its guidance, intervention reports and the reasons behind any fines it levies, and reflects these in agenda setting. Powys was not in the LGPS cohort of 10 Funds visited by TPR. Our local review of the TPR's report and recommendations was initially scheduled for a special meeting in March meeting, but will now be considered at the May 2020 meeting. A particular focus of TPR is cyber security, which has featured appropriately on Board agendas.

3.3.4 The Board continues to be mindful of TPR's Scheme Annual Return, which is an statutory, factual document to be returned within a set deadline, with which Powys complied. The return shows percentages for completeness and accuracy of "common data" and "scheme specific data". Using 2018/2019 data as a baseline, TPR will be measuring and seeking annual improvements in data quality. Whilst data quality for Powys is at a high level, nevertheless a Data Improvement Plan is in place, which the Board will continue to monitor as a key part of its Work Programme.

3.3.5 In addition to the statutory Scheme Annual Return, the Pensions Manager and Board Chair also completed the Regulator's voluntary annual survey, which is more subjective than the Annual Return. The Board made a number of recommendations that would improve the quality and consistency of responses.

3.4 Reporting and Recording Breaches

The Board, and all associated with the Fund, other than individual scheme members, have a responsibility to report significant breaches of law to TPR. The Board reviews any breaches of the law as a standing item on its agenda. During 2019/2020 none of the recorded breaches were deemed to be of material significance to the TPR, hence no breaches were formally reported via the Administering Authority. A fast track reporting system is in place for reporting breaches of material significance to TPR in a timely manner.

3.5 Scheme Advisory Board (SAB)

3.5.1. The Board monitors the focus and priorities of the SAB, takes them into account in setting its Work Programme, and also receives minutes of SAB meetings. Increasingly the SAB is issuing guidance to pension funds.

3.5.2. The SAB commissions periodic surveys of local pension boards. The survey scheduled for 2019/2020 was postponed.

3.6 Review of Investment Issues

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

3.6.1 As expected under the relevant Investment Regulations, the Board continues to monitor the on-going consideration and development of an appropriate strategy for responsible investment, as reflected in the Fund's Investment Strategy Statement. The revised UK Stewardship Code 2020 will be considered on a future agenda.

3.6.2. The Board continues to receive updates on progress by the Wales Pensions Partnership on pooling of assets. The eight Chairs of the Wales pension boards participate in half yearly engagement meetings with the host authority and external providers. The relationship between the responsible investment policy of the Wales Pool compared with that at each individual Fund is monitored.

3.6.3 The Board keeps a watchful eye on on-going compliance with MiFID II, particularly should there be any changes of key staff with investment expertise.

3.6.4 The Board receives reports on cash flow predictions, which help the Board gain assurances that pensions and lump sums will be paid on time, and that there is sufficient flexibility in its cash management arrangements that avoid any forced fire-sale of assets.

3.7 Scheme documents

3.7.1 The Board examines the range of scheme documents expected to be in place, and with which Board members are expected to be conversant. To facilitate that

requirement the Board recommended that all relevant documents are listed and easily accessible on the Fund's website.

- 3.7.2 The Board pays particular regard to those standard letters and documents which are sent to scheme members and has made recommendations regarding their content.

3.8 Triennial Valuation 2019

Completion of the Triennial Valuation, which sets the rates of employers' contributions for the next three years, was one of the key achievements of the Pensions and Investments Committee over the last financial year. The Board Chair presented a training event focussing on the role of the Board in this major exercise. This enabled the Board to gain assurances regarding the accuracy of the data provided to the Fund Actuary, the timeliness of the data submission, the management of employer risk, the level of prudence in the assumptions regarding the discount rate chosen and the manner in which the dual interests of Powys County Council as both Administering Authority and as a scheme employer were managed, in accordance with the principles of good governance.

3.9 Covid-19 and pandemics generally

The March Board meeting was held remotely on 26 March 2020, three days after the start of lockdown in the UK. As such there was little time for the Board to seek assurances on the wide-ranging changes necessary to ensure the safe and timely continuation of paying monthly pensions, lump sums, and to consider other administrative and governance issues. These will be examined at the first meeting in 2020/2021. The Board recommended that "pandemics" be added to the Risk Register, including the impact on scheme employers.

- 3.10 As Board Chair, I hold as a minimum an annual discussion with Powys County Council's Section 151 Officer. Appropriate assurances have been received regarding the regarding the appropriate resourcing of the Pensions Team.

3.11 Internal Audit report

At the March 2020 meeting, the Board, in closed session, previewed an internal report which focussed primarily on the pensions administration service. The Board noted the audit conclusions, which will next be considered by the Committee. The Board identified some other dimensions which might usefully be incorporated into future internal audit reports.

3.12 Membership of the Board

As indicated in paragraph 1.2, the current membership of the Board is two scheme member and two scheme employer representatives, plus an Independent Chair. Whilst this meets the legal requirements, I have been concerned that a number of meetings have had to be re-scheduled to ensure quoracy, and that the quality of outcomes would be increased by an additional two Board members. This would also increase resilience and, as board members come towards the end of their term of office, offer opportunities to arrange succession planning. The Board's recommendation at its meeting on 11 September 2019 is still awaiting approval from Powys County Council.

4. Ensuring Compliance with Regulatory Deadlines.

- 4.1 An increasing component of the Board's agenda is ensuring compliance with regulatory deadlines, some of which represent an annual requirement, whilst others relate to the effective dates of new legislation and regulations. In all cases timely progress reports are received with the Board considering whether any recommendations are needed to help ensure that deadlines are met.
- 4.2 Annual requirements include producing Annual Benefit Statements for active members, Pension Savings Statements, the submission of the Scheme Annual Return to the TPR and publication of the Pension Fund Annual Report and Accounts. The Fund complied with these deadlines.
- 4.3 The Fund complied with the specific deadline of 31 March 2020 for the certification of the employers' contribution rates by the Fund's Actuary resulting from the Triennial Valuation as at 31 March 2019.

5. Training

- 5.1 Each Board member must be conversant with the details of the Scheme, which translates as having a good working knowledge. On appointment, a new Board member receives one to one training with the Board Chair.
- 5.2 The training policy for Board members is based on an individual training needs analysis and is therefore being individually tailored. This allows use of both the CIPFA Framework and TPR Toolkit. Board members are informed of external training opportunities such as CIPFA Pensions Network events and the annual LGA/LGPS Trustees Conference, and are encouraged to attend at least two such seminars or conferences each year.
- 5.3 In addition Board members are invited to internal training events provided for Committee members which are often targeted to specific events. During 2019/2020, the topics covered included the Triennial Valuation 2019, cyber security and data protection, and responsible investment.
- 5.4 During the year the Board adopted a communications log of all relevant guidance and regulatory documents received, to enable Board members to keep their knowledge and skills up to date. An appropriate example is the CIPFA "Guide to Administration in the LGPS".
- 5.5 Further, and potentially more convenient training opportunities are being presented via a significant increase in the availability of webinars, due to the UK lockdown.
- 5.6 As Independent Chair, I attend many industry events, and am able to share some of the learning with Board members, thus adding informal training to the range of opportunities available to the Board.

6. Workplan

- 6.1 The work plan for 2020/2021 covers the following activity areas:

- Pension Fund Annual Report and Accounts
- administration, including Key Performance Indicators, the Data Improvement Plan and, potentially, Value for Money studies
- audit and risk management, including the Risk Register
- governance; including conflicts of interest, recording and if appropriate reporting breaches, and compliance with TPR's Code of Practice 14
- investments, including developments with the Wales Pooling Partnership: implications for Administering Authorities
- external deadlines
- training
- member communications
- on-going reviews of cyber security, GDPR and preventing pension scams
- participating in and learning from relevant surveys, e.g. of SAB and TPR.
- A preview of the Forward-Looking Business Plan

6.2 There is flexibility to allow for any additional reviews and developments.

7. Public accountability

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

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

The Chair of Powys County Council's LGPS Local Pension Board wishes to thank his fellow Board members who have volunteered their time and energies in their roles. Thanks are also expressed to the Board Secretary, the Chair of the Pensions and Investments Committee, the s151 Officer, the Cabinet Manager for Legal, Scrutiny and Democratic Services, and to other support officers.



Gerard Moore
Independent Chair
Powys County Council LGPS Local Pension Board

17 May 2020

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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	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	2	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	1	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	
	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	3	M	Medium	Funding strategy statement. Will this year (2020) 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	M	Medium	
	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	1	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	1	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	1	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	

Risk Register

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							P	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	1	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	1	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 and other Employers being unable to provide appropriate services for its communities.	L	1	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 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	1	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 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. Reputational Risk	H	3	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	

Risk Register

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							P	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	1	M	Low	Compliance with Powys County Council Data Protection and ICT policies, including reference to remote/home working as appropriate.	Pension Fund Manager	A Davies	Data protection audit in conjunction with TPR data quality standards to be undertaken regularly.	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	2	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 63	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	1	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	2	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	1	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	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	2	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	1	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 64	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	2	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	1	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	1	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	1	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

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							P	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	1	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. Reviewed during triennial valuation	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	1	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. Reviewed during triennial valuations.	Pension Fund Manager	A Davies	No further action proposed.	L	M	Low	
Page 65	PEN025	01/01/2016	FSS	Pension Fund	Pensioners living longer and, changing retirement patterns.	Increased employer contribution rates.	L	1	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	1	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

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							P	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	2	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 changes.	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	2	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	2	M	Medium	Reconciliation Complete. Work on Rectification due to be complete by the end of 2020	Pension Fund Manager	A Davies	Appoint external partners to a) identify scale of work required; b) bank 'quick wins' - both now completed. Complete project by end of 2020.	M	L	Low	

Risk Register

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							P	P	I	Risk Rating					P	I	Risk Rating	
	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	2	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. De Dilligence carried out by Wales Pension Partnership and its advisers.	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 diiligence.	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	2	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

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							P	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	2	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	
	PEN034	01/10/2019	LPB	Pension Fund	MIFID II ongoing compliance	Financial implications of not being treated as an institutional investor	H	3	H	High	Regular Review of MIFID Status	Pension Fund Manager	A Davies		M	M	Medium	
	PEN035	29/03/2020	LPB	Pension Fund	Pension Fund Personnel and/or key suppliers are unable to work due to extreme weather, fire, epidemics	Inability to deliver administration services or investment of the Fund. Impact of welfare of Pensions Section Staff.	H	3	H	High	Business Continuity Plan, assesment of Pensioner Payroll services. Electronic implementation of paperwork.	Pension Fund Manager	A Davies		M	M	Medium	#REF!

CYNGOR SIR POWYS COUNTY COUNCIL

Pension Board
30th September 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 virtually on the 11th of September 2020 and a link to the agenda is available here:
- <http://democracy.carmarthenshire.gov.wales/ieListDocuments.aspx?CId=234&MId=4662&Ver=4>
- 1.3 The Next JGC meeting is scheduled to take place on the 10th of December 2020 and will more than likely be held virtually.

2. Pooling investments in Wales

- 2.1 Work has been continuing on the following items:
- Governance;
 - Ongoing establishment;
 - Communications and reporting;
 - Training and meetings; and
- 2.2 Sub-Fund Launch update. Four Fixed Income sub-funds have now launched with the remaining Absolute Return Bond sub-fund due to launch on imminently.
- 2.3 Training. The WPP is holding training events on the 22nd, 29th and 6th of October which is open to Officers and members of both Committees and Pension Boards.

3. Recommendation

Note the content of this report.

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CYNGOR SIR POWYS COUNTY COUNCIL**Powys Pension Board
30th September 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 COVID-19.**

Welsh life assurance scheme. Further information is now available on the NHS and Social Care Coronavirus Life Assurance Scheme 2020 Wales. The scheme will cover front-line health and social care workers who provide treatment, care and other related services directly to those suffering from the disease. The Welsh Government will pay a lump sum of £60,000 in respect of the death of NHS and social care staff if Welsh Ministers conclude the person's death was caused by the virus. The lump sum will be paid in addition to any pension scheme death benefit that also becomes payable.

2.2 Easement to protected pension age rules.

The Government has announced that they were temporarily easing the protected pension age (PPA) rules because of the COVID-19 pandemic. On 2 June 2020, HMRC announced an extension to the easement up to 1 November 2020. On 25 June 2020, the Government amended the Finance Bill 2019-21 (which is currently going through Parliament) to give effect to the temporary easement. On the same day, they also published a tax information and impact note. The draft legislation suggests that the easement applies to any person with a protected pension age who returns to employment (which would otherwise have caused them to lose the protection) between 1 March 2020 and 1 November 2020 (inclusive) where the only or main reason was to help the employer respond to the COVID-19 pandemic. The information note suggests that this is most likely to apply to police officers, firefighters and other uniformed officers.

3. **Scheme Advisory Board update**

Summary of Supreme Court Judgment on LGPS boycotts On 29 April 2020, the Supreme Court handed down [its judgment](#) about whether the Government exceeded its powers when giving guidance directing funds not to pursue policies that are contrary to UK foreign or defence policy.

On 8 June 2020, the SAB published a [summary](#) of the case, which the Board's legal adviser assisted with drafting. The summary aims to clarify the impact of the judgment on administering authorities.

Cost Transparency Initiative launches additional tools.

A year ago, the Cost Transparency Initiative (CTI) published a framework of tools and guidance to help institutional investors better understand their investment costs. The CTI framework is a partnership initiative between the Pensions and Lifetime Savings Association, the Investment Association and the SAB. On 19 June 2020, the CTI launched [additional resources](#) and encouraged remaining schemes and asset managers to adopt the standards.

SAB statement on local pension board meeting cancellations.

It has come to the attention of the SAB that some administering authorities have cancelled meetings of their local pension boards during the COVID-19 emergency.

Having taken legal advice, the SAB is satisfied that:

- arranging a virtual meeting of a local pension board would facilitate the discharge of a local pension board's duty to conduct business during the emergency, and
- a local pension board therefore has the power to hold virtual meetings by virtue of regulation 106(8) of the LGPS Regulations 2013.

A local pension board's terms of reference may already allow virtual meetings. If they do not, the SAB recommends amending them to allow virtual meetings in emergency situations.

You can read the full SAB [statement](#) on virtual local pension board meetings on the SAB website <http://www.lgpsboard.org>.

McCloud data collection survey. On 8 July 2020, the LGA contacted all administering authorities in England, Wales and Scotland to ask them to complete a short survey about the working hours and service break data they have collected since 1 April 2014 (2015 in Scotland).

McCloud data collection.

Administering authorities that have not collected working hours and details of service breaks for all members since 1 April 2014 (2015 in Scotland and Northern Ireland) will need to collect historical data to implement the McCloud remedy for members in scope of protection.

The McCloud implementation group has produced a collection of documents to assist administering authorities with the process of collecting the historical data they will need to calculate the statutory underpin. The following new documents can be found on the www.lgpsregs.org website:

- guidance for administrators
- standard data collection template
- notes to accompany the standard data collection template
- key messages for employers
- Q&As for employers

The SAB recommends that the standard data collection template and notes are used by all administering authorities that need to collect historic data.

SAB summary of MHCLG McCloud remedy consultation.

On 16 July 2020, MHCLG published a consultation on [amendments to the statutory underpin](#). The amendments are designed to remove age discrimination from the LGPS. You can read a summary of the consultation proposals on the [McCloud page](#) of www.lgpsboard.org.

MHCLG consultation on amendments to the statutory underpin.

MHCLG has published a consultation on amendments to the statutory underpin. The consultation seeks views on proposed changes to the LGPS in England and Wales to remove the unlawful age discrimination identified in the McCloud judgment.

In summary, the consultation proposes that:

- members who were active in the 2008 Scheme on 31 March 2012 who joined the 2014 Scheme and do not have a disqualifying break will be covered by underpin protection
- members do not need to have an immediate entitlement to benefits when they leave the Scheme to qualify for underpin protection
- underpin protection will take account of early and late payment actuarial adjustments
- information about the impact of the underpin must be included in annual benefit statements.

Other proposals clarify how the underpin affects the calculation of survivor benefits, transfer values and trivial commutation payments.

The 12-week consultation will close on 8 October 2020.

SAB will be submitting a technical response to the MHCLG consultation. This will include representations to allow the LGPS regulations to be on the statute book ahead of those of the unfunded public service pension schemes, where the coming into force date is expected to be Spring 2022. LGPS

remedy regulations will not have to wait for changes in primary legislation so different timescales should be possible. Getting LGPS McCloud regulations in place sooner will give all parties more opportunity to put processes in place before they come into effect in 2022. The Board also agreed that work should commence on central guidance on how the regulations are to be applied and how individual cases of poor or missing member data should be handled.

Cost Cap

Unlike the HMT arrangement, there is no compulsion on SAB to include McCloud costs in their cost management arrangement. However, it was agreed that no decision should be taken until the HMT Direction on how McCloud costs are to be considered has been published. In principle, the SAB agreed that the LGPS cost cap arrangement should be un-paused in the same way as the HMT arrangement, but no action should be taken until more details are known.

95K Cap

Regulations for capping public sector exit payments were published on 21 July 2020. A technical response to the MHCLG consultation will be produced to ensure that the draft regulations accurately reflect the policy as set out in the consultation document.

Good Governance Project

Hymans Robertson have outlined the work the project team has undertaken during the COVID-19 emergency. Draft papers on how the recommendations set out in the Phase II report are to be implemented, will be completed by the end of September 2020. The Board will consider these drafts when it meets on the 2 November 2020. If approved, the Board will then consider the process and timing of implementation.

4. LGPS England and Wales Update

Actuarial valuation of the LGPS 2016 published

The Government Actuary's Department (GAD) is undertaking an [actuarial valuation of the LGPS as at 31 March 2016](#) as part of the cost control process. This work was on hold because of the changes to the scheme in response to the McCloud judgment. On 15 July 2020, the Government published a GAD report on the membership data that will be used to calculate the valuation results.

Employer cost cap process

Alongside the Public service pension schemes consultation, the Government made an announcement on the cost control mechanism that applies to all public service pension schemes. The announcement confirms that:

- the cost control mechanism pause will be lifted, and the cost control element of the 2016* valuations process will be completed
- the cost of addressing the discrimination identified in the McCloud judgment will be included in this process.

* it is assumed that the LGPS in Scotland will be included, even though the effective date of the valuation is 2017 under the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014.

GAD issued a Technical [bulletin](#) on public service pensions on 16 July 2020 which summarises:

- the introduction of transitional protections when public service pension schemes were reformed in 2015
- proposals to remove the age discrimination
- the differences between immediate choice and deferred choice
- technical issues that need to be considered when implementing the remedy
- tax implications that may result from members changing scheme
- lifting the pause in the cost control mechanism.

Review of employer contributions and flexibility on exit payments

On 26 August 2020, MHCLG published a second [partial response](#) to the Local valuation cycle and the management of employer risk consultation that was issued in May 2019.

The response confirms that the LGPS 2013 Regulations will be amended to allow greater flexibility on employer exit payments and the ability to review employer contributions between valuations. The LGPS (Amendment) (No.2) Regulations 2020 provide for the changes and were laid on 27 August 2020. They come into effect from 23 September 2020.

A further response will be made by MHCLG in relation to the other proposals in the consultation (changes to the local fund valuation cycle, interim valuations and the status of further education, sixth form college and higher education corporations in England and Wales) in due course.

5. The Pensions Regulator (TPR)

TPR updates COVID-19 guides

The Pensions Regulator (TPR) has given [guidance](#) to help pension schemes and their employers cope with the impact of COVID-19. The guidance contains various easements, most of which were set to remain until 30 June 2020, such as TPR taking a more flexible approach to what they expect schemes to report. On 16 June 2020, TPR published updated versions, alongside a [press release](#) summarising the changes.

Adapted version of transfer warning letter for LGPS now available

TPR's guidance on [communicating to members](#) during the COVID-19 pandemic includes a request for pension managers to issue a transfer warning letter to members applying for a cash equivalent transfer value (CETV) quote from a defined 12 benefits (DB) to a defined

contributions (DC) scheme. The original letter, jointly prepared by TPR, the Financial Conduct Authority (FCA) and the Money and Pension Advice Service (MaPS), contains references to the Pension Protection Fund and is not suitable for use by the LGPS. TPR has now supplied a version of the transfer warning letter suitable for public sector schemes. TPR has asked that the letter is issued to all members requesting a CETV quote to a DC scheme for the foreseeable future.

TPR publishes Annual Report and Accounts 2019/20

On 16 July 2020, TPR [published its Annual Report and Accounts](#) for 2019/20.

2019/20 Scheme return

The Pensions Regulator (tPR) has advised that the warmup email for the 2019/20 scheme return will be issued in the next few weeks.

6. Recommendation

Board are asked to note the contents of this report.

CYNGOR SIR POWYS COUNTY COUNCIL

Pension Board
30th September 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**

WPP Annual Update	05.06.20
TPR Email Update	23.06.20
TPR Email Update	02.07.20
TPR Email Update	12.08.20
TPR Email Update	27.08.20

3. **Recommendation**

Note communications issued.

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