

## Powys Pensions Board

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Meeting Venue  
**By Teams**

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Meeting Date  
**Monday, 9 November 2020**

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Meeting Time  
**10.00 am**

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For further information please contact  
**Carol Johnson**  
01597 826206  
carol.johnson@powys.gov.uk



County Hall  
Llandrindod Wells  
Powys  
LD1 5LG

3 November 2020

### AGENDA

<b>1.</b>	<b>APOLOGIES</b>
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To receive apologies for absence.

<b>2.</b>	<b>DECLARATIONS OF INTEREST</b>
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To receive any declarations of interest.

<b>3.</b>	<b>MINUTES OF THE BOARD</b>
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To authorise the Chair to sign the minutes of the previous meeting of the Board as a correct record.

(Pages 5 - 10)

<b>4.</b>	<b>MATTERS ARISING</b>
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<b>5.</b>	<b>CHAIR'S ANNOUNCEMENTS</b>
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<b>6.</b>	<b>MINUTES OF PENSIONS AND INVESTMENT COMMITTEE</b>
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Minutes of the Pensions and Investment Committee held on 9 October 2020.

(Pages 11 - 18)

<b>7.</b>	<b>REVIEW OF COMPLIANCE WITH TPR CODE 14</b>
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To receive updates with regards to compliance of the TPR Code of Practice 14.  
(Pages 19 - 44)

<b>8.</b>	<b>OPERATIONAL AND ADMINISTRATION REPORT &amp; UPDATE [STANDING ITEM]</b>
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To note the report.  
(Pages 45 - 46)

<b>9.</b>	<b>DATA IMPROVEMENT PLAN</b>
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To receive and comment on the draft Improvement Plan.  
(Pages 47 - 54)

<b>10.</b>	<b>COMMUNICATIONS POLICY</b>
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To receive and comment on the draft Communications Policy.  
(Pages 55 - 64)

<b>11.</b>	<b>GOVERNANCE AND COMPLIANCE STATEMENT</b>
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To receive and comment on the revised Governance and Compliance Statement.  
(Pages 65 - 80)

<b>12.</b>	<b>REVIEW OF RISK REGISTER AND CONSIDERATION OF ANY NEW RISKS [STANDING ITEMS]</b>
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To review the report and consider any new risks.  
(Pages 81 - 88)

<b>13.</b>	<b>WALES PENSION PARTNERSHIP - INVESTMENT POOLING UPDATE [STANDING ITEM]</b>
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To note the report.  
(Pages 89 - 90)

<b>14.</b>	<b>NEW LEGISLATION AND GUIDANCE (STANDING ITEM)</b>
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To note the report.  
(Pages 91 - 94)

<b>15.</b>	<b>BOARD MEMBER TRAINING [STANDING ITEM]</b>
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<b>16.</b>	<b>STANDING ITEMS WITH NO UPDATES</b>
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Breaches Register  
Cessation of contracting out  
Audit Reports  
Internal Dispute Resolution Procedure [IDRP]  
Board Communications Log  
(Pages 95 - 96)

<b>17.</b>	<b>FUTURE BOARD MEETINGS</b>
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**2021** [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 WEDNESDAY, 30 SEPTEMBER 2020**

**PRESENT**

Gerard Moore (Chair)

Nigel Brinn (Employers Representative)

Wayne Thomas (Employers Representative)

John Byrne (Member Representative)

Mick Hutchison (Member Representative)

**In attendance**

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

Jane Thomas Section 151 Officer

<b>1.</b>	<b>APOLOGIES</b>
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There were no apologies for absence.

<b>2.</b>	<b>DECLARATIONS OF INTEREST</b>
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The Chair advised he was an Associate in The Chartered Institute of Public Finance and Accountancy [CIPFA] and declared an interest if reference was made to CIPFA when discussing the Board's training. The Board agreed that this does not represent a conflict of interest as the Pension Fund Manager is responsible for arranging training.

<b>3.</b>	<b>MINUTES OF THE BOARD</b>
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The minutes of the last meeting held on 22 May 2020 were agreed as a correct record.

<b>4.</b>	<b>MATTERS ARISING</b>
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In respect of minute 7, the Chair indicated that progress on the Action Plan following the Board's initial review of the Pensions Regulator's LGPS Cohort Review would return for further Board scrutiny.

<b>5.</b>	<b>CHAIR'S ANNOUNCEMENTS</b>
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The Chair thanked officers for facilitating the online meetings.

He advised that Richard Lloyd-Bithell of CIPFA is observing this remote meeting. He also advised that receipt of the planned 2019 Scheme Advisory Board survey of Local Pension Board remains "imminent". The Chair produces a feedback report for each Board meeting for the Pensions and Investment Committee. The report, prepared for the meeting of the Committee on 9 October 2020, following the Board meeting on 22 May meeting was circulated to members, as will all future such reports.

**6. TERMS OF REFERENCE**

The Pension Fund Manager reported that the Council had agreed the changes to the Board’s Terms of Reference at its meeting on 24 September 2020. The Pension Fund Manager indicated that he would advise the Board of the process to be used to recruit the additional employee and employer representatives and keep them up to date on progress.

In response to a question regarding payments to Board members it was confirmed that the new members would be reimbursed expenses and training costs so would be covered in the same way as current members. The Chair advised that as the question of recompense for all Board members had been raised with the Pension Fund Manager due to the presence of the Terms of Reference (ToR) on the County Council’s agenda, the demands on a Board members time and how this is recompensed may be an issue for the Pensions and Investment Committee and the Administering Authority to consider when the ToR are next reviewed.

**7. MINUTES OF PENSIONS AND INVESTMENT COMMITTEE**

The Board received the draft Pensions and Investment Committee’s minutes for 26 June 2020 and noted under Minute 7 the Fund’s policy and processes on overpayments of benefits.

Wayne Thomas, employer representative joined the meeting.

**8. DATA QUALITY TESTING 2020**

The Board noted the report on the Data Quality testing for 2020. In response to a question the Pension Fund Manager advised that the benchmarks applied to the results were scheme specific agreed between Powys and Aquila Heywood.

<b>RESOLVED</b>	<b>Reason for decision</b>
<b>The Board noted the report and the assurances gained regarding data quality and noted the data improvement plan.</b>	<b>To note the data quality.</b>

**9. REVIEW OF COMPLIANCE WITH TPR CODE 14**

The Chair advised that The Pension Regulator’s [TPR] decision to consolidate all existing Codes of Practice into one code had been delayed due to the pandemic. It was noted that Code 14 relates specifically to public service schemes. The LGPS has concerns with this proposal and was continuing to express these to TPR, as many elements of the other Codes were not relevant to local government and some terminology used in corporate pension schemes had different meanings, interpretations and implications within the LGPS, with prime examples being “trustees”, “employer covenants” and “pension boards” themselves.

The Pension Fund Manager advised that the Code Monitor had been updated in line with the comments at the previous meeting. The Board reviewed the

following sections and noted the following [numbers refer to the Compliance indicator]:

**Managing risks** [104 –120] – updated from last meeting and no other changes.

**Maintaining contributions** [147-169]

155 – The Pension Fund is looking to take advantage of technology for employers when making payments into the Fund. Procedures for monitoring payments and reporting on late payments was being reviewed and developed. The Board strongly supported this initiative.

**Providing information to members** [188-210]

196 – in response to a question the Pension Fund Manager advised that this was amber as although scheme members received interim letters regarding deferred benefits within two months of leaving the scheme, details of actual benefits could not be provided in this time period. It was agreed that this explanation should be added to the righthand column of the Register.

208 – it was noted that the tracing exercise had been completed in mid 2020 and the Register would be amended to reflect this.

**Reporting breaches of the law** [244-270] – nothing to report.

The Chair agreed to move the agenda around to consider the following items next: Annual report – Draft Chairman’s Statement and Risk Register next.

<b>10.</b>	<b>ANNUAL REPORT - DRAFT CHAIRMAN'S STATEMENT</b>
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The Chair advised that the report of the Pension Board would form part of the Pension Fund’s Annual report for 2019/20. It was noted that the costs and budget of the Board are yet to be added into paragraph 2.5.

The Board commented that this was a clear and robust report.

<b>RESOLVED</b>	<b>Reason for decision</b>
<b>To endorse the Chairman’s draft annual report.</b>	<b>To ensure the report is available to add to the Pension Fund’s Annual report.</b>

<b>11.</b>	<b>REVIEW OF RISK REGISTER AND CONSIDERATION OF ANY NEW RISKS</b>
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The Pension Fund Manager advised that the Risk Register had been transferred into the Council’s Risk Register system. It was noted that the Register had been updated to reflect the comments raised at the last meeting.

The Chair raised a general comment regarding the issue of staff working from home and the related issues of GDPR and Cyber security. In response the Pension Fund Manager advised that the Pension Team had been working from home since 2006. The recent changes in working practices across the Council in response to the pandemic had not affected them in the same way. The Board noted that:

- GDPR and Cyber security training is mandatory for staff and the Pension Team is 100% compliant

- staff access the Council systems via VPN connection
- two thirds of active scheme members use the self service portal and correspondence with them is undertaken online. Where the Pension Fund Team need to print information, they use their own, Council provided printers
- new policies are added to the Net Consent System and staff have to read and confirm that they have done so, before being able to access systems.

The Board was assured that:

- i. the Pension Fund Team has completed the mandatory GDPR and Cyber Security training and this is updated on an annual basis
- ii. all Team members could recognise a breach if they inadvertently caused one and
- iii. all Team members know how to report a breach if they have caused or found one.

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

PEN30 – the Pension Fund Manager advised that he was not aware of any published controls in place by the Wales Pension Partnership [WPP] and agreed to report progress on this to the Board when received.

PEN034 - the Pension Fund Manager agreed to discuss an internal review of the MIFIDII, seen as good practice, with colleagues in Finance

PEN035 – the Business Continuity Plan had been reviewed due the pandemic and appropriate measures had been put in place. The Pension Fund Manager advised he would review with colleagues whether this would be reported to the Committee.

John Byrne left the meeting.

<b>12. OPERATIONAL AND ADMINISTRATION REPORT &amp; UPDATE</b>
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The Board noted the report. The Pension Fund Manager reported that work is being undertaken with the actuaries in respect of the cash flow. In response to questions the Board noted that processing of benefits was a major piece of work. It was noted that this was skilled work and the Pension Fund Manager advised that all members of the team had been trained to undertake this. The Fund Manager advised that an assessment had been completed on the workload as a result of the McCloud decision and it is estimated that approximately 30% of data will need to reviewed.

<b>13. WALES PENSION PARTNERSHIP - INVESTMENT POOLING UPDATE [STANDING ITEM]</b>
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The Board noted the report and that there was good progress on the pooling of assets. The Pension Fund Manager advised that the Climate Risk Policy had been published. He advised that he participated in the WPP's Responsible Investment Committee. The pooling of illiquid assets [investment in infrastructure and property] will take some time to progress due to the type of investment.

The Board noted the WPP training recently provided and scheduled. Those that had attended encouraged others to do so due to the quality of the training.

The Chair confirmed that he had viewed the archived recording of the open part of the meeting, but that Board members are excluded from observing the private part of the agenda.

<b>14. NEW LEGISLATION AND GUIDANCE (STANDING ITEM)</b>
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The Board received the report. The following was noted:

**Scheme Advisory Board [SAB] –**

McCloud – It was noted that the Fund would respond to the MHCLG consultation on amendments to the statutory underpin.

Good Governance Project – work is continuing on this and guidance is expected.

**LGPS –**

Review of employer contributions and flexibility on exit payments – the legislation has been changed and a policy is being developed.

£95K exit cap payments to staff leaving due to redundancy - the Chair questioned whether all of the regulations applied in Wales and the Pension Fund Manager agreed to check whether some of this was a devolved issue. The Pension Fund Manager confirmed that the early 2021 deadline for implementing the eventual solution would require urgent high level communication with scheme employers and with scheme members as any restructuring plans by employers across the implementation date would be affected and scheme members may have been assuming levels of redundancy payments which were suddenly overridden by the new legislation.

Nigel Brinn left the meeting.

<b>15. BOARD COMMUNICATIONS LOG (STANDING ITEM)</b>
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The Board noted the Communication Log and it was agreed that the monthly update from the Local Government Association would be added to this distribution.

<b>16. BOARD MEMBER TRAINING [STANDING ITEM]</b>
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The Pension Fund Manager agreed to review information received about training opportunities and send this to the Board as appropriate. The Chair had referred to the valuable training event on Responsible Investment in item 15 arranged by the Wales Pension Partnership. He confirmed the Pool Operator had engaged very fully and transparently with the plethora of highly relevant questions from the audience.

<b>17. STANDING ITEMS WITH NO UPDATES REQUIRED</b>
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The Board noted the following:

Breaches Register - the Pension Fund Manager confirmed that 38 members had frozen funds as of August 2020. It has been agreed that, due to the fact that the regulations prevent an acceptable and appropriate solution within the defined

timescale across the LGPS as a whole, Pension Funds do not report this as a breach. There were no new recorded breaches in since the last Board meeting. Contracting out - a reconciliation between payroll and administration systems had been undertaken and a data cleanse had been completed and the data was now being tested.

<b>18. FUTURE BOARD MEETINGS</b>
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The Board noted the meeting dates and the Chair advised that the next meeting on 9 November commencing at 1000hrs would need to conclude by 1215hrs at the latest.

The Board noted the meeting dates for 2021. The Chair advised that the meeting on 14 June 2021 would be his last scheduled meeting prior to the end of his term of office in July, when he would have completed six years in the role. He suggested that an appropriate timescale be identified to ensure that the Board maintained continuity of compliance with its legal requirements and with its Terms of Reference, which could perhaps be reviewed simultaneously. The Board acknowledged his exemplary chairmanship and contribution to the Board and also to the Pensions and Investment Committee.

The Chair thanked everyone for attending.

**Gerard Moore (Chair)**

## DRAFT MINUTES

**DRAFT MINUTES**

Meeting ID	5319
Committee	Pensions and Investment Committee
Date	09/10/2020
Attendees	<p>Lewis, Peter (Chair)</p> <p>Jones, Arwel (Vice-Chair)</p> <p>Morris, John (Committee Member)</p> <p>Van-Rees, Tim (Committee Member)</p> <p>Williams, Huw (Committee Member)</p> <p>Davies, Aled (Committee Member)</p> <p>Martin Weale, Co-optee (Co-Optee)</p> <p>Gerard Moore, Independent Chair Poyws Pension Board (Co-Optee)</p> <p>Steve Boyd (Officer)</p> <p>David Morris (Officer)</p> <p>Jane Thomas (Officer)</p> <p>Stephen Offa (Officer)</p> <p>Translation (Notify)</p> <p>Restricted Committee Access - DS Group (Monitor)</p> <p>Dan Paley (Officer)</p> <p>Chris Hurst (Officer)</p> <p>Press Email Group (Notify)</p> <p>Carol Johnson (Officer)</p>

Item ID	24456
Item Title	Apologies
Summary	Apologies for absence were received from County Councillor T Van-Rees who was on other council business.

Item ID	24457
Item Title	Declarations of interest
Summary	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.

Item ID	24458
Item Title	Minutes
Summary	The Chair was authorised to sign the minutes of the Pensions and Investment Committee meeting held on 26 June, 2020 as a correct record.

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Item ID	24459
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Item Title	Pensions Board minutes
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Summary	<p>The Committee noted the summary from the Powys Pension Board Chair of the Board meeting held on 22 May 2020 and noted the minutes of the meeting. The Chair highlighted the following recommendations:</p> <p>1.1.1 - that the Pensions Fund Manager consider whether the current procedures for managing and processing the Internal Disputes Resolution Procedure (IDRP) remain appropriate,</p> <p>1.1.2 – that as the contract with the administration software provider was due for renewal in 2023, the process for the renewal of the contract be included on the Risk Register,</p> <p>1.2 – that as the Document Imaging and Workflow project had been successfully completed this is removed from the Risk Register.</p> <p>In respect of assurances it was noted there were no new breaches of the law and no new internal dispute resolution procedure cases.</p> <p>The Chair highlighted the following recommendations from the Board meeting on 30 September 2020:</p> <p>1.1 - as will be referred to in the Pension Fund Managers report [Item 6] the impact of the recent legislation relating to the £95,000 cap on tax-free total of pensions and redundancy costs was highlighted. From a national perspective this will be a key priority for LGPS and will have an impact on key personnel in the Pension Team.</p> <p>1.2 - The Chair’s term of office ends in July 2021 and the Administering Authority needs to review the last six years, considers what it is looking for, for the future and agree the process for recruiting a new independent chair. The transition from the current chair to the new appointment should be added to the Risk Register.</p> <p>In respect of assurances the Chair highlighted its detailed probe into management and compliance by the Pensions Team with the General Data Protection Regulation (GDPR) and with evolving cyber security challenges with the Pensions Team working from home. It was noted that the Team had been homeworking for nearly 15 years and has long-established procedures, protocols, hardware, software and communications arrangements in place.</p>
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<b>RESOLVED</b>	<b>Reason for decision</b>
<b>To note the recommendations from the Powys Pension Board meetings on 22 May 2020 and 30 September 2020 and that they be actioned as appropriate.</b>	<b>To ensure good governance.</b>

Item ID	24468					
Item Title	Data Quality Testing 2020					
Summary	<p>The Committee noted the report and the detailed testing of data carried out over the past three years. The improvements in the common data and scheme specific data was noted. In response to a question the Pension Fund Manager advised that schemes are not benchmarked against each other but from general discussion with colleagues the scheme is at the top end of the higher scorers. The Pension Board Chair advised that the survey undertaken by The Pension Regulator [TPR] would provide comparative information.</p> <table border="1"> <tr> <td><b>RESOLVED</b></td> <td><b>Reason for decision</b></td> </tr> <tr> <td><b>To note the report.</b></td> <td><b>As per report.</b></td> </tr> </table>		<b>RESOLVED</b>	<b>Reason for decision</b>	<b>To note the report.</b>	<b>As per report.</b>
<b>RESOLVED</b>	<b>Reason for decision</b>					
<b>To note the report.</b>	<b>As per report.</b>					

Item ID	24469	
Item Title	Governance and Administration update	
Summary	<p>The Committee noted the report.</p> <p>The Pension Fund Manager referred the Committee to the Scheme Advisory Board's [SAB] statement that some administering authorities have cancelled meetings of their local pension boards during the COVID-19 emergency. As boards are established under different legislation to local authority committees, board meetings could be held virtually. It was noted that the Powys Pension Board had continued to meet on a virtual basis.</p> <p>Martin Weale, Independent Member joined the meeting.</p> <p>The Pension Fund Manager advised that an assessment had been completed on the workload as a result of the McCloud age discrimination case and it is estimated that approximately 30% of data will need to be reviewed. In response to a question the Pension Fund Manager advised that officers were looking at the options on how to respond to the increased workload to fulfil its obligations to implement the McCloud decision. A report would be presented to the Committee in due course. The Pension Board Chair advised that guidance was awaited from MHCLG as to what schemes should do if employers do not have the required data.</p> <p>In respect of the £95k exit cap payments to staff leaving due to redundancy, the Pension Fund Manager advised that this would become law soon. However, this is likely to come into effect before the LGPS regulations are amended. Further clarity is being sought on how to respond to such a situation during this interim period.</p> <p>The Pension Fund Manager advised that the changes to the Risk Register as recommended by the Pension Board would be made and the updated</p>	

	Register would be brought to the Committee at its next meeting.	
	<b>RESOLVED</b>	<b>Reason for decision</b>
	<b>The report as noted.</b>	<b>To ensure that the Fund continues to focus on high standards of governance.</b>
<p>In response to a question regarding the high-risk items on the Risk Register the Pension Fund Manager advised that there would always be high-risk items, but appropriate mitigations are identified to bring them to amber or green. It was noted that the Pension Board at each meeting undertakes a deep dive on aspects of the Risk Register.</p>		

Item ID	24462	
Item Title	Wales Pension Partnership [WPP] update	
Summary	<p>The Committee received the report on the WPP. The Chair advised that his term of office as the WPP Chair had come to an end. The Committee noted that 70% of the Fund's assets were now pooled. WPP had established a Responsible Investment sub-group and the Pension Fund Manager was a member of this. The WPP had also produced a Climate Risk Policy.</p> <p>The training provided by the WPP was noted and positive comments were made on its quality.</p>	
	<b>RESOLVED</b>	<b>Reason for decision</b>
	<b>That the report be noted.</b>	<b>As per the report.</b>

Item ID	24463	
Item Title	Exempt item	
Summary	<p><b>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).</b></p> <p>The Chair agreed to take the Hedge Fund Review next.</p>	

Item ID	24471	
Item Title	Hedge Fund Review	
Summary	<p>The Committee considered the Hedge Fund Review report from Aon. It was noted that the WPP does not yet have plans to launch a Hedge Fund or Liquid Alternatives Sub-Fund. The Committee was advised that two of the</p>	

	<p>four fund managers had been classed as non-buy and the Fund only holds “buy” rated managers. In light of the volatility in the market and the current economic environment due to COVID19, Aon advised that ideally a more diversified portfolio was appropriate. This will reduce the volatility of returns whilst continuing to target the required returns over the long term. However, this would result in additional governance overhead. Aon recommended a review, which would consider the above and also whether the delegation of the allocation to Hedge Funds by external managers was an option for managing a more diversified portfolio.</p> <p>The Committee was advised that if a detailed review was requested more details on costs of any changes would be provided.</p> <table border="1"> <thead> <tr> <th><b>RESOLVED</b></th> <th><b>Reason for decision</b></th> </tr> </thead> <tbody> <tr> <td><b>That the Hedge Fund Portfolio is reviewed and a more detailed report be considered by the Committee.</b></td> <td><b>To reduce the volatility of returns whilst continuing to target the required returns over the long term.</b></td> </tr> </tbody> </table> <p>The Chair returned to the Ballie Gifford presentation.</p>	<b>RESOLVED</b>	<b>Reason for decision</b>	<b>That the Hedge Fund Portfolio is reviewed and a more detailed report be considered by the Committee.</b>	<b>To reduce the volatility of returns whilst continuing to target the required returns over the long term.</b>
<b>RESOLVED</b>	<b>Reason for decision</b>				
<b>That the Hedge Fund Portfolio is reviewed and a more detailed report be considered by the Committee.</b>	<b>To reduce the volatility of returns whilst continuing to target the required returns over the long term.</b>				

Item ID	24470
Item Title	Baillie Gifford Presentation and Update
Summary	<p>The Chair welcomed Tim Gooding from Ballie Gifford.</p> <p>The Committee received a presentation regarding the Global Alpha Paris-Aligned. The Committee noted that Ballie Gifford engages with senior managers and boards in companies in which it invests, to engender change in developing low carbon emissions. Ballie Gifford advised that companies with a culture and attitude of management with a proactive approach to reduce emissions was important, as was the alignment of management pay to targets to reduce emissions.</p> <p>It was acknowledged that a balance was required between investing in companies with or striving towards low carbon emissions and the performance of investments. The Committee had a responsibility to ensure that its Funds performed well for its scheme members. The Committee noted that the presentation was being made to all members of the WPP.</p> <p>The Chair thanked Tim Gooding for his attendance.</p>

Item ID	24472
Item Title	Equity Risk Management
Summary	The Committee considered the report from Aon on Equity Risk Management.

	<p>Aon recommended that the Committee should consider whether to roll the protection cover next year, the level of protection and whether a framework for amending the protection should be developed, so that changes can be made in response to changes in the markets, rather than having to seek Committee approval each time a change is required. In response to questions Aon advised that the risks were the US election, COVID19, Brexit and UK markets. It was considered that the US election would cause some volatility in markets rather than changing long-term equity returns.</p>	
	<p><b>RESOLVED</b></p> <p><b>That Aon produces a report for Committee’s consideration on the following: whether to roll the protection cover next year, the level of protection and a framework to allow speedier decisions.</b></p>	<p><b>Reason for decision</b></p> <p><b>To ensure that continuing appropriate equity risk management structure is reviewed and appropriate governance process is considered to support speedier decisions.</b></p>

Item ID	24474	
Item Title	BlackRock Low Carbon World Equity	
Summary	<p>The Committee received the report from Aon regarding the initial 2% allocation (c. £14m) into the BlackRock Low Carbon World Equity. Funds will be transferred out of the BlackRock MSCI World Equity Index Fund (GBP Hedged) as the Fund is currently overweight to GBP Hedged Equities relative to the strategic benchmark.</p>	
	<p><b>RESOLVED</b></p> <p><b>That the report be noted and that the movement of funds to the BlackRock Low Carbon World Equity Index Fund be approved subject to the legal review being completed.</b></p>	<p><b>Reason for decision</b></p> <p><b>To bring the overall Fund closer to the strategic allocation.</b></p>

Item ID	24465	
Item Title	Quarterly Monitoring report	
Summary	<p>The Committee received the Quarterly Monitoring report to 30 June 2020. It was noted that the losses in Quarter 1 had been recovered partly due to the markets rebounding in Quarter 2 and also the equity protection. Aon advised that the US election was increasing volatility in markets but the COVID19 second waves was not yet having an impact on markets. However, the fiscal stimulus may affect markets in 2021. In respect of</p>	

Brexit, the markets expected a deal in November. The Committee agreed that Aon should share its papers on responsible investment and how this might apply to the Portfolio and how it applies to the WPP.

The impact of COVID19 on how to value properties was noted and that funds dealing in such assets had been suspended as the response to COVID19 would impact on the different type of properties in different ways. Aon agreed to produce a report on the exposure of the Fund in the different type of properties, such as larger shopping centres, student accommodation and office space.

<b>RESOLVED</b>	<b>Reason for decision</b>
<b>That the Quarter 2 monitoring report be noted.</b>	<b>As per the report.</b>

The Pension Fund Manager advised that Audit Wales had not been able to audit all pension fund annual reports due the impact of the pandemic on its workload. The Committee received assurance that the delay was not in relation to any issue with the Fund's draft report. To ensure that the Pension Fund Annual report was approved before December an extra Committee would be arranged.

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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>
<b>Governing your Scheme</b>			
38	Schemes <b>should</b> establish and maintain policies and arrangements for acquiring and retaining knowledge and understanding to support their pension board members. Schemes <b>should</b> 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 <b>must be conversant with their scheme rules</b> , 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 <b>must also have knowledge and understanding of the law</b> 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	<b>Schemes should prepare and keep an updated list of the documents with which they consider pension board members need to be conversant.</b> 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 <b>should assist individual pension board members</b> 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 <b>must have a working knowledge of their scheme regulations and documented administration policies</b> . They <b>should understand their scheme regulations and policies</b> 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 <b>must have knowledge and understanding of the law relating to pensions</b> (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 <b>should be able to identify and where relevant challenge any failure to comply with:</b> 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 <b>should be sufficient</b> to allow them to understand fully and challenge any information or advice they are given. They <b>should understand</b> 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 <b>should ensure that</b> 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 <b>should attain appropriate knowledge</b> 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) <b>should have a greater level of knowledge</b> than that considered appropriate for board members without this background.		Training Needs Self Assessment carried out feb 2019
55	Pension board members <b>should invest sufficient time in their learning and development</b> alongside their other responsibilities and duties. <b>Schemes should provide</b> 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 <b>board members should be aware</b> that their responsibilities and duties as a pension board member begin from the date they take up their post. Therefore, they <b>should immediately start to familiarise</b> 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 <b>should undertake a personal training needs analysis</b> and regularly review their skills, competencies and knowledge to identify gaps or weaknesses. They <b>should use a personalised training plan</b> to document and address these promptly.		Training Needs Self Assessment carried out feb 2019
58	Learning <b>programmes should be flexible</b> , 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 <b>should keep appropriate records of the learning activities of individual pension board members and the board as a whole</b> . 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
<b>Conflicts of Interest and Representation</b>			
62	In relation to the pension board, <b>scheme regulations must include provision</b> 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 <b>regulations must require</b> 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 <b>regulations must include provision</b> 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 <b>principles should be applied to all pension board members</b> in the exercise of their functions as they require the highest standards of conduct. <b>Schemes should incorporate the principles into</b> 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. <b>Schemes should set out</b> clear guidance on the roles, responsibilities and duties of pension boards and the members of those boards in scheme documentation. This <b>should cover</b> , 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	<b>Schemes should consider</b> 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	<b>Schemes should ensure</b> 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, <b>schemes should consider potential conflicts</b> of interest in three stages:  identifying  monitoring, and  managing.		
78	<b>Schemes should cultivate a culture of openness and transparency. They should recognise</b> 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 <b>board members should have a clear understanding of their role</b> 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	<b>Pension board members</b> , and people who are proposed to be appointed to a pension board, <b>must provide</b> scheme managers with <b>information</b> that they reasonably require to be satisfied that pension board members and proposed members do not have a conflict of interest.		
80	<b>Schemes should ensure</b> 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, <b>should include a clause requiring disclosure</b> 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	<b>Schemes should take time to consider</b> 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. <b>Pension board members should be notified as soon as practically possible and mitigations should be put in place</b> to prevent these conflicts from materialising.		Would be identified in the workplan
83	As part of their risk assessment process, <b>schemes should identify, evaluate and manage dual interests</b> which have the potential to become conflicts of interest and pose a risk to the scheme and possibly members, if they are not mitigated. <b>Schemes should evaluate</b> 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	<b>A register of interests should provide</b> a simple and effective means of recording and monitoring dual interests and responsibilities. <b>Schemes should also capture decisions</b> about how to manage potential conflicts of interest in their risk registers or elsewhere. The register of interests and other relevant <b>documents should be circulated</b> to the pension board for ongoing review and published, for example on a scheme's website.		Work ongoing Oct 2019
85	<b>Conflicts of interest should be included as an opening agenda item</b> 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 <b>have the potential to become conflicts of interest</b> , and to minute discussions about how they will be managed to prevent an actual conflict arising.		COI declared at every Board meeting
86	<b>Schemes should establish and operate procedures</b> which ensure that pension boards are not compromised by potentially conflicted members. They <b>should consider</b> 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 <b>must require pension boards to have an equal number</b> 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). <b>Those responsible for appointing members to a pension board should also consider the mix of skills</b> 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
<b>Publishing Information about Schemes</b>			
92	<b>The scheme manager for a public service scheme must publish information</b> about the pension board for the scheme(s) and <b>keep that information up-to-date.</b>		<a href="#">Available on website</a>
93	The information <b>must include:</b> 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 <b>schemes should have a properly constituted</b> , 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.		<a href="#">Powy Pension Board terms of reference provides the detail</a>
95	<b>Scheme managers must publish the information required about the pension board</b> 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.		<a href="#">Available on website</a>

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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, <b>schemes should also publish</b> 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 <b>should also consider publishing information</b> 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 <b>should consider any requests for additional information</b> 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><b>Scheme managers must ensure that information published about the pension board is kept up-to-date. Schemes should have policies</b> 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.
<b>Managing Risks</b>			
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><b>Scheme managers must establish and operate internal controls. These should address</b> significant risks which are likely to have a material impact on the scheme. Scheme managers <b>should employ a risk-based approach</b> and ensure that sufficient time and attention is spent on identifying, evaluating and managing risks and developing and monitoring appropriate controls. They <b>should seek advice, as necessary.</b></p>		Discussed at each Board meeting

106	Before implementing an internal controls framework, <b>schemes should carry out a risk assessment.</b> 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, <b>schemes should refer to relevant sources</b> 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 <b>should record them in a risk register and review them regularly. Schemes should keep appropriate records</b> to help scheme managers demonstrate steps they have taken to comply, if necessary, with legal requirements.		Discussed at each Board meeting
109	<b>should consider both these areas</b> 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. <b>Schemes should review their existing arrangements and procedures</b> 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. <b>Any such review should be appropriate to the outcome of the risk evaluation.</b>		Discussed at each Board meeting
111	<b>Schemes should consider what internal controls are appropriate to mitigate the main risks they have identified and how best to monitor them.</b> 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 <b>continual process and should take account of a changing environment</b> 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, <b>schemes should put in place systems and processes for making an objective assessment of the strength of an employer's covenant</b> (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. <b>Schemes should periodically review the adequacy of internal controls in:</b>  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	<b>Internal or external audits and/or quality assurance processes should ensure that adequate internal controls are in place and being operated effectively.</b> 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. <b>Providers should be required to demonstrate that they will have adequate internal controls in their tenders</b> for delivering services. <b>The requirements should be incorporated in the terms of engagement</b> 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, <b>scheme managers should be satisfied that internal controls associated with those services are adequate and effective.</b>		
120	An increasing number of service providers are obtaining independent assurance reports to help demonstrate their ability to deliver quality administration services. <b>Schemes should ask their service providers to demonstrate</b> that they have adequate internal controls relating to the services they provide. <b>It is vital that schemes ensure they receive sufficient assurance from service providers.</b> For example, the information from providers should be sufficiently detailed and comprehensive and the <b>service level agreements should cover all services that are outsourced.</b> <b>Schemes should also consider including provisions in contracts for outsourced services requiring compliance with appropriate standards.</b> This should help to ensure effective administration.		
<b>Administration</b>			
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. <b>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.</b>		Data Quality testing Undertaken in 2018 and due in May 2019
125	<b>Scheme managers must establish and operate adequate internal controls, which should include processes</b> and systems to support record-keeping requirements and ensure that they are effective at all times.		Monthly and annual data checking exercise
126	<b>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.</b>		Monthly and annual data checking exercise
127	<b>Scheme managers must keep specific member data, which will enable them to uniquely identify a scheme member and calculate benefits correctly.</b> This is particularly important with the establishment of career average revalued earnings (CARE) schemes. <b>Scheme managers must be able to provide members with accurate information regarding their pension benefits (accrued benefits to date and their future projected entitlements)</b> 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	<b>Schemes should require participating employers to provide them with timely and accurate data in order</b> for the scheme manager to be able to fulfil their legal obligations. <b>Schemes should seek to ensure that processes are established by employers</b> 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	<b>Schemes should seek to ensure that employers understand the main events</b> 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	<b>Schemes should ensure that appropriate procedures and timescales are in place for scheme employers to provide updated information when member data changes</b> , 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	<b>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.</b> In doing so, they will have clear oversight of the core scheme transactions and <b>should be able to mitigate risks swiftly.</b>		Finance Section carry out checks
132	Scheme managers <b>must keep records of transactions made to and from</b> the scheme and any amount due to the scheme which has been written off. They <b>should be able to demonstrate</b> that they do so.		Audit trails available in Admin system and quarterly reconciliation with Finance.
133	<b>Scheme managers must keep records of pension board meetings including any decisions made. Schemes should also keep records of key discussions</b> , which may include topics such as compliance with policies relating to administration of the scheme.		Available in Minutes and held on fund website
134	<b>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.</b>		Available in Minutes

135	<b>Schemes should retain records for as long as they are needed.</b> 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. <b>Schemes should have in place adequate systems and processes to enable the retention</b> of records for the necessary time periods.		Currently 15 years following GDPR review.
136	<b>Schemes should have policies and processes that monitor data on an ongoing basis to ensure it is accurate and complete,</b> regardless of the volume of scheme transactions. This <b>should be in relation to all membership categories</b> , including pensioner member data where queries may arise once the pension is being paid.		Data Improvement Plan in place on fund website
137	<b>Schemes should adopt a proportionate and risk-based approach to monitoring,</b> 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	<b>Schemes should continually review their data and carry out a data review exercise at least annually.</b> This <b>should include an assessment of the accuracy and completeness</b> 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, <b>schemes should review and cleanse data records and satisfy themselves</b> that all data are complete and accurate.		Ongoing April 2019
141	Where schemes <b>identify poor quality or missing data, they should put a data improvement plan in place</b> to address these issues. The plan <b>should have specific data improvement measures</b> 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	<b>Schemes should ensure that member records are reconciled with information held by the employer,</b> 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 <b>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.</b>		reviewed under GDPR May 2018
144	Schemes <b>should understand:</b> <ul style="list-style-type: none"> <li>• their obligations as data controllers and who the data processors are in relation to the scheme</li> <li>• the difference between personal data and sensitive personal data (as defined in the Data Protection Act 1998)</li> <li>• how data are held and how they should respond to data requests from different parties</li> <li>• the systems which need to be in place to store, move and destroy data, and</li> <li>• how data protection affects member communications.</li> </ul>		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	<b>Employer contributions must be paid to the scheme in accordance with any requirements in the scheme regulations.</b> 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	<b>at the latest by the 19th day of the month following the deduction, or by the 22nd day if paid electronically</b> (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	<b>failure is likely to be of material significance</b> to the regulator in the exercise of any of its functions, they <b>must give notice of the failure to the regulator</b> 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, <b>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.</b> 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, <b>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.</b> 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 <b>should monitor pension contributions, resolve payment issues and report payment failures, as appropriate,</b> 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 <b>should help scheme managers to meet their statutory duty to report materially significant payment failures to the regulator,</b> 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 <b>should nonetheless develop a record for monitoring the payment of contributions to the scheme</b> (a contribution monitoring record, which must reflect any requirements in scheme regulations where relevant). <b>Schemes should prepare the contributions monitoring record in consultation with employees.</b>		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 <b>contributions monitoring record should include the following information:</b></p> <ul style="list-style-type: none"> <li>• contribution rates</li> <li>• the date(s) on or before which employer contributions are to be paid to the scheme</li> <li>• the date by when, or period within which, the employee contributions are to be paid to the scheme</li> <li>• the rate or amount of interest payable where the payment of contributions is late.</li> </ul>		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 <b>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.</b>		
162	Schemes <b>should apply a risk-based and proportionate approach to help identify employers and situations which present a higher risk of payment failures</b> occurring and which are likely to be of material significance and require the scheme manager to intervene.		
163	Schemes <b>should be aware of what is to be paid in accordance with the contributions monitoring record</b> or other scheme documentation, which may be used by the pension scheme. Schemes <b>should also have a process in place to identify where payments are late or have been underpaid, overpaid or not paid at all.</b>		
165	Schemes <b>should have adequate internal controls in place to monitor the sharing of payment information between the employer, pension scheme and member.</b> Where the necessary payment information is not automatically available or provided by employers, <b>schemes should request the additional information</b> 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 <b>administration of scheme contributions is outsourced</b> to a service provider, <b>schemes should ensure that there is a process in place to obtain regular information on the payment of contributions to the scheme</b> and a <b>clear procedure in place</b> 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 <b>should assess whether a payment failure has occurred before taking steps to resolve and, if necessary, report it.</b> During their assessment, <b>schemes should take into account:</b></p> <ul style="list-style-type: none"> <li>• 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</li> <li>• 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</li> <li>• contributions paid directly to a pension provider, scheme administrator or investment manager</li> <li>• any AVCs included with an employer's overall payment.</li> </ul>		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"> <li>Investigate any apparent employer failure to pay contributions in accordance with the contributions monitoring record or legal requirements.</li> <li>Contact the employer promptly to alert them to the payment failure and to seek to resolve the overdue payment.</li> <li>Discuss it further with the employer as soon as practicable to find out the cause and circumstances of the payment failure.</li> <li>Ask the employer to resolve the payment failure and take steps to avoid a recurrence in the future.</li> </ol>		Breaches Log and procedure in place.
<b>Providing information to Members</b>			
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"> <li>• basic scheme information</li> <li>• information about the scheme that has materially altered</li> <li>• information about the constitution of the scheme</li> <li>• 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)</li> <li>• information about transfer credits</li> <li>• information about lifestyling (this requirement will not apply in respect of DB benefits in public service pension schemes)</li> <li>• information about accessing benefits, and</li> <li>• information about benefits in payment.</li> </ul>		Compliant. Misc regs require notification to members within timescales. Amber to reflect difficulties in notifying all deferred members of actual benefits within timescales. Interim letter issued to advise of benefit entitlement whilst actual benefits calculated
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"> <li>• active members</li> <li>• deferred members</li> <li>• pensioner members</li> <li>• prospective members</li> <li>• spouses or civil partners of members or prospective members</li> <li>• other beneficiaries, and</li> <li>• recognised trade unions.</li> </ul>		
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"> <li>• scheme members and beneficiaries being provided with the option to opt out of receiving information electronically by giving written notice to the scheme</li> <li>• managers being satisfied that the electronic communications have been designed: <ul style="list-style-type: none"> <li>– so that the person will be able to access and either store or print the relevant information and</li> <li>– taking into account the requirements of disabled people</li> <li>• 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"> <li>– it is proposed to provide information electronically in the future and</li> <li>– scheme members and beneficiaries may opt out of receiving information electronically by sending written notice.</li> </ul> </li> </ul> </li> </ul>		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"> <li>• a statement advising that the information is available on the website</li> <li>• the website address</li> <li>• details of where on the website the information or document can be read, and</li> <li>• an explanation of how the information or document may be read on the website.</li> </ul>		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"> <li>• at least two documents have been given to the recipient by hand or sent to the recipient's last known postal address</li> <li>• 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</li> <li>• 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</li> <li>• 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.</li> </ul>		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"> <li>• available to view free of charge, at a place that is reasonable having regard to the request</li> <li>• 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)</li> <li>• given for a charge that does not exceed the expense incurred in preparing, posting and packing the information, or</li> <li>• publicly available elsewhere.</li> </ul>		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 commenced Oct 2020
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"> <li>• scheme members</li> <li>• widows, widowers, surviving civil partners or surviving dependants of deceased scheme members</li> <li>• surviving non-dependant beneficiaries of deceased scheme members, and</li> <li>• prospective scheme members.</li> </ul>		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"> <li>• a person who has ceased to be within the categories in paragraph 224 above</li> <li>• 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.</li> </ul>		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 <sup>123</sup> . 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 <sup>123</sup> . 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 circumstances<sup>124</sup>:</p> <ul style="list-style-type: none"> <li>• prospective members, if it is practicable to do so</li> <li>• any scheme members who have not already been given the information</li> <li>• certain relevant people who request the information and who have not been given that information in the previous 12 months, and</li> <li>• members or prospective members when schemes receive jobholder information, or when a jobholder becomes an active member, in connection with automatic enrolment.</li> </ul>		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 <sup>125</sup> . 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"> <li>• the procedure and processes to apply for a dispute to be resolved</li> <li>• the information that an applicant must include</li> <li>• the process by which any decisions are reached, and</li> <li>• an acknowledgement once an application has been received.</li> </ul>		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.
<b>Reporting Breaches of the Law</b>			
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

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

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

Pension Board  
9<sup>th</sup> November 2020

REPORT BY: Board Secretary

SUBJECT: Administration Activity Update

REPORT FOR: Information

## 1. Introduction

- 1.1 Further to the information provided at the September 2020 Pension Board meeting, this report contains the membership and Pensions Administration financial statistics for the period 1<sup>st</sup> July to 30<sup>th</sup> September 2020.

## 2. Pensions Administration Financial Statistics - Income & Expenditure

### 2.1

<u>Payments</u>	<u>July</u>	<u>August</u>	<u>September</u>
Pensions	2,015,532	2,053,413	2,113,971
Lump Sum	199,230	264,306	410,256
Transfers Out	13,657	-	110,904
Death Grants	70,826	10,538	683
<b>Total Payments</b>	<b>2,299,245</b>	<b>2,328,257</b>	<b>2,635,815</b>
<u>Income</u>			
Employee Contributions	(420,052)	(398,443)	(466,210)
Employer Contributions	(1,477,039)	(1,520,519)	(1,576,059)
Transfers In	(21,468)	(439,125)	(35,801)
<b>Total Income</b>	<b>(1,918,559)</b>	<b>(2,358,086)</b>	<b>(2,078,070)</b>

## 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:

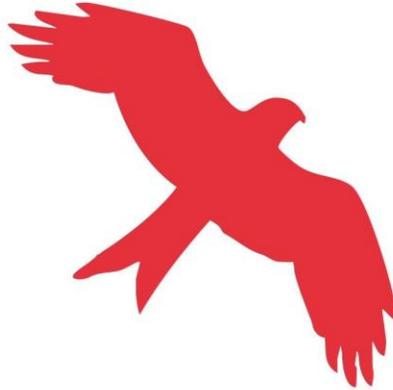
**Status**

- 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	Total 1	Total 2
1	Active	5590	5578
2	Undecided Leaver	859	967
3	Leaver - No Liability	13238	13325
4	Deferred Pensioner	6161	6112
5	Pensioner	4259	4303
6	Widow/Dependant	642	635
7	Death/Cess Liability	3647	3665
8	Awaiting Entry	4	4
9	Frozen Refund	589	580
O	Opt-Out	1235	1240
Z	Aggregation	1443	1542
		-----	-----
		37667	37951
		-----	-----

**3.2 50/50 Scheme Membership**

Active	20
Deferred	5
Frozen Refund	2



# POWYS

## CRONFA BENSIWN POWYS PENSION FUND

### Data Improvement Plan

Previous Publish Date October 2018  
Reviewed October 2020  
Published #####

## **1. Introduction**

- 1.1 In 2015, the Pensions Regulator (TPR) assumed responsibility for Public Sector Pension Schemes. Prior to this, in June 2010, TPR issued guidance on the approach that they consider to be good practice for measuring the presence of member data. Specific targets were set for inclusion in the 2018 TPR report for data that TPR deemed as 'common'.
- 1.2 In March 2018 Powys Pension Fund commissioned a complete a review of the administration system's common pension data in line with the guidance notes set down by TPR. This was followed up with a repeat exercise in 2019 and 2020.
- 1.3 The Fund has carried out data cleansing exercises and checks periodically in the past as part of year-end exercises and triennial valuations. These exercises checked data provided by employers and data held on scheme member records.
- 1.4 As part of continuing efforts to improve the quality of its data, Powys Pension Fund has started moving towards the monthly reconciliation of data from employers, with over 90% of active scheme member data now collect on a monthly basis direct from Employer payroll systems via the i-Connect facility.

## **2. Benchmark and Aims**

- 2.1 TPR have set targets of 100% accuracy for data created after June 2010 and 95% accuracy for data created beforehand. To provide focus on the key areas of common data to be addressed, each data category is measured against a benchmark of 95%.
- 2.2 This data improvement plan aims to address the data issues that are identified during the data review exercises. It will set out the steps that the Fund will take to tackle the issues and improve the quality of the data that it holds in a continuous basis, with a view to achieving the highest quality of data possible.

## **3. Objectives and Measures**

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

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

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

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

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

This will be achieved by undertaking periodic member tracing exercises.

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

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

**4. Scope and Prioritising**

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

- Common Data
- Scheme Specific Data

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

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

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

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

Scheme Specific data category	Scheme Specific Data item	Membership type tested
Member Benefits Data	Divorce Details	Status 1, 2, 4, 5 & T
	Transfer In Details 1	Status 1, 2, 4, 5 & T
	Transfer In Details 2	Status 1, 2, 4, 5 & T
	AVC Details	Status 1, 2, 4, 5 & T
	Total Original Deferred Benefit	Status 4
	Tranches Of Original Deferred Benefit	Status 4
	Total Gross Pension	Status 5 & T
	Tranches Of Pension	Status 5 & T
	Total Gross Dependant Pension	Status 6
	Tranches of Dependant	Status 6
Other Member Data	Date Of Leaving	Status 1, 2, 4, 5, 9 & T
	Date Joined Scheme	Status 1, 2, 4, 5, 9 & T
	Employer Details	Status 1, 2, 4, 5, 9 & T
	Salary (Final Salary members)	Status 1, 2, 4, 5, 9 & T
	Contributions	Status 1, 2, 4, 5, 9 & T
	Leavers	Status 4, 5, 9 & T
	Service	Status 1, 2, 4, 5, 9 & T
CARE Benefits	Care Data	Status 1, 2, 4, 5, 9 & T
	CARE Revaluation	N/A
HMRC	BCE* 2	Status 5 & T
	BCE* 5	Status 4 & T
	BCE* 6	Status 5 & T
	BCE* 7	Status 7
	BCE* 8	Status 3
	LTA* Charge Paid	Status 5 & T
	AA* Charge	Status 1
Contracted Out	Date Contracted Out	Status 1, 2, 4, 5 & T
	NI Contributions / Earnings History	Status 1, 2, 4, 5 & T
	Pre 88 GMP	Status 4, 5, & T
	Post 88 GMP	Status 4, 5, & T

\*BCE = Benefit Crystallisation Event

Status Key:

- 1 Active
- 2 Undecided Leaver
- 3 Leaver
- 4 Deferred
- 5 Pensioner
- 6 Dependant Pensioner
- 7 Death
- 8 Awaiting Entry
- 9 Frozen Refund
- T Third Tier Ceased pension

**5. Data Correction Plan**

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

Data cleansing for these records has already commenced as part of the Guaranteed Minimum Pension (GMP) Reconciliation project, but work is ongoing using the data cleansing results as a tool to focus on any problem areas.

**Breakdown of activities for improvement - Common data**

<b>Data Category</b>	<b>Milestone</b>	<b>Priority</b>	<b>How</b>
<b>NI Number</b>	Obtain correct NI numbers for the members with temporary numbers or those in the incorrect format	Low	Team to investigate
<b>NI Number</b>	Investigate as a priority the cases with blank NI numbers	High	Team to investigate
<b>Name</b>	Obtain Forenames and Initials of 3 members identified	Low	Team to investigate
<b>Sex and Date of Birth</b>	Obtain sex and DOB of 3 members identified	Low	Team to investigate
<b>Date commenced and NRD</b>	<ul style="list-style-type: none"><li>• Investigate the cases with a blank date joined fund as this could affect benefits</li><li>• Correct the date joined fund for the member affected</li></ul>	High	Team to investigate
<b>Status</b>	No issues found	n/a	n/a

<b>Status and invalid data view</b>	Invalid data should be removed where necessary or the member status corrected where appropriate. These cases should be treated as a high priority as the presence of the data may affect benefits	High	Team to investigate
<b>Address</b>	Current addresses should be sought and uploaded for the members that failed this category	Medium	Member tracing service to be procured
<b>Status and valid data view</b>	Although small in number, two members with missing data views that hold their entitlement should be investigated as a high priority and either their status corrected or the correct data recorded	High	Team to investigate

**Breakdown of activities for improvement -Scheme specific data**

<b>Data Category</b>	<b>Recommendation</b>	<b>Suggested Priority</b>	<b>How</b>
<b>Member Benefits</b>	Investigate incomplete Transfer In and AVC data with the very highest priority as benefits may be incorrect	Very high	Team to investigate
	Correct deferred benefit cases prior to running deferred annual benefit statements	High	Team to investigate
	Investigate defects in pension benefits	Very high	Team to investigate
	Investigate the Pension Dependant Pension cases with small pensions	High	Team to investigate
	Investigate cases with an incorrect Pensions Increase Date	Very high	Team to investigate
<b>Other Member Data</b>	Investigate the 12 cases with an unexplained date of leaving present	Low	Team to investigate

	Investigate the member with incorrect Employer Details	Low	Team to investigate
	Investigate final salary pay issues prior to running annual benefit statements	High	Team to investigate
	Investigate cases with missing contributions prior to running annual benefit statements	High	Team to investigate
	Investigate 9 cases where date of leaving is blank or incorrect	High	Team to investigate
	Investigate 21 cases potentially missing service history	Very high	Team to investigate
	Data for 2016/17 year should be requested where missing	Very high	Team to investigate
<b>CARE Data</b>	Investigate all data issues in this category by status prior to issuing annual benefit statements for that status. Pensioners should be investigated as soon as possible to ensure correct benefits are in payment	High	Team to investigate
	CARE data should be requested where missing	Very high	Team to investigate
<b>HMRC</b>	Investigate the cases highlighted with incorrect BCE data	Low	Team to investigate
	Investigate the cases with missing death grant data	Low	Team to investigate
	Investigate the cases with missing Annual Allowance data, particularly the scheme pays cases. This should be dealt with as soon as possible	High	Team to investigate
<b>Contracting Out</b>	Review and update GMP values in conjunction with the GMP Reconciliation process	Medium	Team to investigate

	Obtain and upload GMP figures for the members with missing data as a high priority	High	Team to investigate
	Investigate cases with incorrect date of contacting out and NI contributions	Medium	Team to investigate

## 6 Contacts

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

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

Tel: 01597 827640  
Email: [chris.hurst@powys.gov.uk](mailto:chris.hurst@powys.gov.uk)

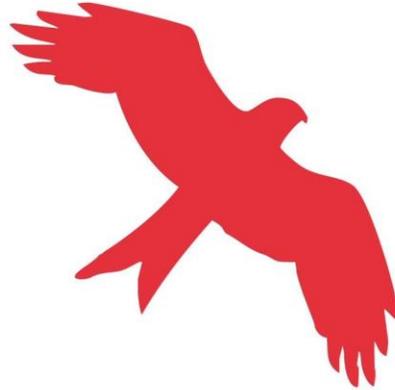
Questions or queries concerning membership, benefits or information in respect of the Local Government Pension Scheme, should be directed to:

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

Tel: 01597 827642  
Email: [megan.price@powys.gov.uk](mailto:megan.price@powys.gov.uk)

All other enquiries should be addressed to:

The Pensions Section  
Powys County Council  
County Hall  
Llandrindod Wells  
Powys LD1 5LG  
Email: [pensions@powys.gov.uk](mailto:pensions@powys.gov.uk)



# POWYS

## CRONFA BENSIWN POWYS PENSION FUND

### COMMUNICATIONS STRATEGY STATEMENT

Previous Publication Date October 2018  
Reviewed October 2020

## 1. Introduction

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

## **2. Principles Underpinning this Strategy**

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

## **3. Pension Fund Trustees and local Pension Board Members**

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

#### **4. Scheme Members**

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

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

## **5. Prospective Scheme Members**

- 5.1 Scheme Guide – All prospective Scheme members are provided with Scheme information on being appointed to their employments.
- 5.2 Website - a full range of Pension Fund and LGPS information is available via the Pension Fund's dedicated bespoke website at [www.powyspensionfund.org](http://www.powyspensionfund.org).
- 5.3 The Pension Fund's intention is to request formal notification of non-joiners from Scheme employers. The information will be used to market the Scheme with dedicated literature.
- 5.4 Pensions Clinics – The Pension Fund provides a periodic clinic service where prospective Scheme members have the opportunity to discuss their individual pension issues on a face-to-face basis.

## **6. Scheme Employers**

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

In addition, employers receive copies of the Pension Fund's Annual Report & Accounts, Statement Of Investment Principles, Funding Strategy Statement and Governance Policy & Compliance Statement.

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

## **7. Pension Fund Officers and Staff**

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

## **8. Other Stakeholders**

- 8.1 All Wales Pension Officers' Group – Pension Officers from the 8 administering authorities in Wales meet regularly in order to ensure uniform interpretation of the LGPS and other associated regulations. The group's views are passed up to the national level via the Local Government Pensions Committee's Technical Group Meetings (an arm of the Local Government Association) that are held quarterly.
- 8.2 All Wales Communications Group – Pensions Officers from the 8 administering authorities in Wales meet periodically in order to devise, develop and promote the use of common Scheme literature.
- 8.3 CLASS Group – As a user of the Aquila Heywood Altair Pensions Administration System, the Pension Fund is a member of the local authority CLASS Group and attends both regional user groups and national meetings.
- 8.4 National Fraud Initiative – The Pension Fund has participated in the National Fraud Initiative since 1998 and continues to do so. This has helped to avoid the overpayment of pension benefits to both deceased and re-employed pensioners.
- 8.5 Taxpayers and the General Public – all the principal Pension Fund documents including the Annual Report & Accounts, Actuarial Valuation Reports, Statement of Investment Principles, Funding Strategy Statement, Governance Policy & Compliance Statement and this Statement, are available to the public via the Pension Fund's website at [www.powyspensionfund.org](http://www.powyspensionfund.org) or on request.

## **9. Contacts**

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

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

Tel: 01597 827640

Email: [chris.hurst@powys.gov.uk](mailto:chris.hurst@powys.gov.uk)

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

Mrs M Price  
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Tel: 01597 827642

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9.3 All other enquiries should be addressed to:

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Email: [pensions@powys.gov.uk](mailto:pensions@powys.gov.uk)

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# POWYS

## CRONFA BENSIWN POWYS PENSION FUND

### GOVERNANCE POLICY AND COMPLIANCE STATEMENT

Reviewed July 2020  
Approved #####

# GOVERNANCE POLICY & COMPLIANCE STATEMENT

In accordance with the requirements of regulation 55 of the Local Government Pension Scheme Regulations 2013 (as amended), this document sets out details of the delegation, management, operation and governance of the Powys Pension Fund. In addition, the Pension Fund's governance arrangements are compared to the best practice guidance issued by Communities and Local Government on 21<sup>st</sup> July 2008 (see Appendix D).

## **1. Constitutional Arrangements.**

- 1.1 The Powys Pension Fund is a local government pension fund. The primary legal frameworks are the Superannuation Act 1972 and the Public Service Pensions Act 2013, with operational matters being set out in regulations made thereunder.
- 1.2 Powys County Council is the administering authority for the Powys Pension Fund. The governance arrangements of the County Council (including the Constitution, Financial Regulations and Contract Standing Orders) apply to the management of the Pension Fund. In addition, the administering authority is assisted by the Powys Pensions Board which was established under the Public Service Pensions Act 2013.

## **2. Scheme of Delegation.**

- 2.1 Powys County Council delegates its functions in relation to maintaining the Pension Fund to the Pensions & Investment Committee and the Section 151 Officer, in accordance with Appendices A and B to this Statement.
- 2.2 Day-to-day decisions in respect of the management of the Pension Fund and investment decisions that are required to be taken before the next Committee, are delegated to the Section 151 Officer, in consultation with the Chair and Vice Chair of Pensions & Investment Committee.
- 2.3.1 Powys County Council will appoint the voting members of the Pensions & Investment Committee. The Committee will consist of 6 voting members (1 of which will be the Portfolio Holder for Finance); 1 non-voting member representing Pension Fund employers (elected by those Pension Fund employers); and, 1 non-voting member representing pension scheme members (nominated by the recognised trade unions).
- 2.3.2 The Pensions & Investment Committee will meet quarterly with additional special meetings and training workshops arranged as necessary.

- 2.3.3 The Pensions & Investment Committee will be advised by the Council's Section 151 Officer, the Pension Fund's Investment Adviser (currently Aon Hewitt) and the Pension Fund's Actuary (currently Aon Hewitt).
- 2.3.4 Members of the Pensions & Investment Committee will be required to undertake training and demonstrate competency in accordance with the Knowledge & Skills Framework Policy (Appendix C).
- 2.3.5 The minutes of the Pensions & Investment Committee will be reported to the County Council.

### **3. Powys Pensions Board.**

- 3.1 Powys County Council established a local pension board on 21<sup>st</sup> January 2015 in accordance with the requirements of the Public Service Pensions Act 2013.
- 3.2 Powys County Council will appoint the independent chair of the Pensions Board. The Board will consist of 6 voting members in addition to the independent chair; 3 members representing Pension Fund employers (nominated by those Pension Fund employers); and 3 members representing pension scheme members (nominated by the recognised trade unions).
- 3.3 The Pensions Board will meet quarterly (either in advance or after each meeting of the Pensions & Investment Committee), with additional special meetings and training workshops as necessary. Pension Board meetings are open to the public.
- 3.4 The Pensions Board will be advised by the Section 151 Officer and any other Council Officers and professional Advisers and Consultants, as may be required.
- 3.5 Members of the Pensions Board will be required to undertake training and demonstrate competency in accordance with the Knowledge & Skills Framework Policy (Appendix C).
- 3.6 The minutes of the Pensions Board will be reported to the Pensions & Investment Committee and published on the Pension Fund's website. The Chair of the Board shall also produce an executive summary for the Pensions & Investment Committee at each Committee meeting.

#### **4. Consultation**

4.1 The Pensions & Investment Committee will engage with stakeholders (including Pension Fund employers and trade unions) through the following:

- An annual general meeting for the main stakeholders.
- A triennial meeting between Pension Fund employers and the actuary to discuss the results of the actuarial valuation.

#### **5. Review of this Statement**

5.1 In accordance with the requirements of regulation 55(2) of the Local Government Pension Scheme Regulations 2013 (as amended), this Statement will be reviewed and published by Powys Pension Fund following any material changes.

#### **6. Contacts**

6.1 Any questions, queries or observations on this Statement should be addressed to:

Chris Hurst  
Pension Fund Manager  
Powys County Council,  
County Hall,  
Llandrindod Wells,  
Powys  
LD1 5LG

6.2 Further information about the Powys Pension Fund and the Local Government Pension Scheme, can be found on the Fund's website: [www.powypensionfund.org](http://www.powypensionfund.org)

## Appendix A

### **Functions Delegated to Pensions & Investment Committee**

#### **Pension Administration Functions**

To appoint the Pension Fund's Actuary;

To receive the triennial actuarial valuation and such other valuations that may arise from time to time and set employers' contribution rates arising therefrom.

To monitor and review the overall arrangements for the administration of the Local Government Pension Scheme (LGPS).

To respond to consultations in respect of the LGPS.

To undertake the following functions of the LGPS:

- To act as Scheme Trustees in relation to the Powys County Council Additional Voluntary Contributions (AVC) Scheme
- To exercise the discretionary powers available to an administering authority under the provisions of the LGPS regulations
- To develop, publish and review policies as required by the LGPS regulations.

#### **Investment Functions**

To determine long-term investment policy.

To approve the Council's Investment Strategy Statement.

To review the Pension Fund's investment structure at least triennially, having regard to the Fund's liabilities and the advice of the Fund's Investment Adviser and the Section 151 Officer.

To appoint and dismiss investment managers, consultants and advisers.

To review investment performance at least once every 3 months.

To appoint the Fund's custodian for its assets and to periodically review custody arrangements.

To appoint the Performance Measurement Service for the Fund.

## **General**

To approve the annual business plan and budget

To receive the annual accounts of the Pension Fund and any external audit comments related thereto;

To approve the Pension Fund Annual Report.

To receive internal audit reports on Pension Fund matters.

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## **Appendix B**

### **Functions Delegated to Section 151 Officer**

#### **Pension Administration Functions**

To manage the administration of LGPS.

To undertake the following functions of the LGPS:

- Award of Death Grants in accordance with the Council's agreed policy.
- Ensure compliance with the Pensions Act 1995
- Ensure compliance with relevant Finance Acts, in particular the meeting of HMRC Reporting Requirements
- Ensure compliance with the Public Service Pensions Act 2013.
- Ensure compliance with the statutory requirements imposed by The Pensions Regulator.

#### **Investment Functions**

To undertake regular monitoring and reconciliation of investments and to report matters of significance to the Pensions & Investment Committee.

To undertake tendering exercises for Fund services and Investment Managers in accordance with the Council's overall governance arrangements and the Pensions & Investment Committee's instructions and to present the Committee with shortlists for appointment.

#### **General**

To produce the Fund's Annual Report & Accounts in accordance with proper practice.

To authorise, within limits, expenditure from the Fund.

To authorise cash or asset movements between the Council, the Fund, custodian and investment managers.

When necessary, the exercise of the Fund's voting rights by instruction to the investment managers and custodian, after consultation with the Chairman and

Vice-Chairman of the Pensions & Investment Committee. The Pensions & Investment Committee has delegated the use of the voting rights attached to its shareholdings to the investment managers but retains a right to exercise those rights on its own account in exceptional circumstances.

The Section 151 Officer may authorise Officers in their service to exercise, on their behalf, functions delegated to them. Any decisions taken under this authority shall remain the responsibility of the Section 151 Officer and must be taken in their name and they shall remain accountable and responsible for such decisions.

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## Appendix C

### Knowledge and Skills Framework Policy

#### 1 Introduction

- 1.1 This document sets out the policy of the Powys Pension Fund in relation to the knowledge and skills requirements that it places upon those serving as members of either:
- The Powys County Council Pensions & Investment Committee (being the principal decision-making and management body for the Powys Pension Fund), or
  - The Powys Pension Board
- 1.2 Commitment to this policy is an obligation placed upon those concerned as part of the discharge of their duties; as a matter of best practice and good governance.

#### 2 Knowledge and Skills Framework

- 2.1 The Powys Pension Fund has adopted the CIPFA Knowledge and Skills Framework, as set out in the Code of Practice on pensions, in partnership with the Pensions Regulator. The Framework provides a roadmap to the knowledge and skills that should be held by those involved in the management and governance of the Powys Pension Fund, who are not themselves pension professionals. Whilst the Regulator provides access to relevant study and training materials.
- 2.2 All relevant Members will be assessed against the criteria set out in the Framework, as soon as possible following their appointment. This will be done by the completion of a Member Training Needs Self-Assessment Form.
- 2.3 On completion of the self-assessment form, the Section 151 Officer will assess the Member against the Framework criteria and determined what training is required to be completed and within what time period.
- 2.4 In total there are 6 areas of knowledge and skills that CIPFA have identified as the core technical requirements:
- pensions legislative and governance context
  - pensions accounting and auditing standards
  - financial services procurement and relationship management
  - investment performance and risk management
  - financial markets and products knowledge
  - actuarial methods, statements and practices.

### **3 Meeting Knowledge and Skills Needs**

- 3.1 Identified knowledge and skills needs may be met by a variety of methods that will include, but are not restricted to:
- completion of specific modules in the e-Learning Public Service toolkit provided free online by the Pensions Regulator
  - attendance at external training events for pension trustees and/or board members
  - attendance at internal training events facilitated by Powys Pension Fund or Powys County Council
  - attendance at pension conferences, seminars and workshops that cover fund investment, scheme administration, fund governance, actuarial matters or other relevant areas.

### **4 Continuing Development**

- 4.1 Pension fund matters do not stand still. Therefore, there will be a requirement to undertake continual development to remain up to date with general pensions and LGPS specific issues. The requirement is for all relevant Members, regardless of professional background, to undertake a minimum of 4 days continuing development in each scheme year (ending 31<sup>st</sup> March).
- 4.2 Completion of this requirement may be achieved by a range of attendances at, for example, LGPS Trustees Conference or LAPFF seminars.

### **5 Accountability and Transparency**

- 5.1 Accountability and transparency are principles of good governance and best practice. Therefore, knowledge and skills needs, training and development undertaken and continuing development, will be monitored and recorded and published annually.
- 5.2 Failure by a Member to meet their obligations under this policy, may result in them being barred from serving on either the Pensions & Investment Committee or the Powys Pension Board, as applicable, and as determined by the Section 151 Officer.

## Appendix D

### Governance Compliance Statement

#### Principle A – Structure

	Level of Compliance				
	Non*				Full
a) The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council.					<b>X</b>
b) That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.					<b>x</b>
c) That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.					
d) That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.					
* Reason for non-compliance:- none					
Notes and explanations on the ratings given above:- c) There is no secondary Committee. d) There is no secondary Committee.					

## Principle B – Representation

	Level of Compliance			
	Non*			Full
That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include :-				<b>X</b>
e) Fund employers				
f) Scheme members				<b>x</b>
g) Independent professional observers (where appropriate)	<b>x</b>			
h) Expert advisers	<b>x</b>			
i) That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision making process, with or without voting rights.				<b>x</b>
* Reason for non-compliance:- g) and h) These are not considered to be appropriate nor statutory requirements. However, professional expert advisers to the Pension Fund whilst not members, attend Pensions & Investment Committee.				
Notes and explanations of the ratings given above:- none				

### Principle C – Selection and role of lay members

	Level of Compliance				
	Non*				Full
j) That committee members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.					x
k) That at the start of any meeting, committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda.					x
* Reason for non-compliance:- none					
Notes and explanations on the ratings given above:- none					

### Principle D – Voting

	Level of Compliance				
	Non*				Full
l) The policy on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.					x
* Reason for non-compliance:- none					
Notes and explanations on the ratings given above:- There are no voting rights for either the employer or member representative on the Fund's Pensions & Investment Committee. Powys County Council takes the view that it is inappropriate for members of the Pensions & Investment Committee who are not elected members of the County Council to have decision-making powers in respect of a function for which the County Council, as the administering authority, is responsible.					

**Principle E – Training / Facility Time / Expenses**

	Level of Compliance			
	Non*			Full
m) That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.				<b>x</b>
n) That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.				<b>x</b>
o) That the administering authority considers the adoption of annual training plans for committee members and maintains a log of all such training undertaken.				<b>x</b>
* Reason for non-compliance:- none				
Notes and explanations on the ratings given above:- None.				

**Principle F – Meetings (Frequency / Quorum)**

	Level of Compliance				
	Non*				Full
p) That an administering authority's main committee or committees meet at least quarterly.					<b>x</b>
q) That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.					
r) That an administering authority who does not include lay members in their formal governance arrangements, must provide a forum outside of those arrangements by which the interests of key stakeholders can be represented.					
* Reason for non-compliance:- none					
Notes and explanations on the ratings given above:- q) there is no secondary committee.					
r) Such interests are represented on the Pensions & Investment Committee.					

**Principle G – Access**

	Level of Compliance				
	Non*				Full
s) That subject to any rules in the council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.					<b>x</b>
* Reason for non-compliance:- none					
Notes and explanations on the ratings given above:- None.					

### Principle H – Scope

	Level of Compliance			
	Non*			Full
t) That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.				x
* Reason for non-compliance:- none				
Notes and explanations on the ratings given above:- None.				

### Principle I – Publicity

	Level of Compliance			
	Non*			Full
u) That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements.				x
* Reason for non-compliance:- none				
Notes and explanations on the ratings given above:- None.				

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	

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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	

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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	
	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

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							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 84	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

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	
	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 85	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

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	
	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

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	
	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 diligence.	L	C	Medium	
	PEN031	04/03/2016	LPB	Pension Fund	Pooling of Pension Fund assets with other LGPS Pension Funds.	Investment of Fund Officer and Committee time and other resource with unknown outcomes; front loaded costs before potential savings are realised; potential loss of local accountabilities; and, the loss of the primacy of the Fund and its strategic needs.	M	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

Reporting Level	Risk Reference	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk				Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk			Notes
							P	I	R	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!
	PEN036	14/09/2020	LPB	Pension Fund	Appointment of new Pension Board Chair in Summer 2021 and additional Scheme Member/Employer representative	Non compliance with Public Services Pension Act. Challenge and scrutiny of the Pesions Regulator. Reduced standards of governance	H	3	H	High	Procurement and Appointment exercises required. Work with Commercial Services Team to proceed accordingly	Pension Fund Manager	A Davies		M	M	Medium	
	PEN037	14/09/2020	LPB	Pension Fund	Cessation of Pensions Administration Software Contracts	Falure to meet legislative requirements and administer the LGPS to scheme members. Risk of intervention by the Pensions Regulator, legal challenges, reputational risk	H	3	H	High	Rigorous procurement exercises required at the appropriate time to identify most suitable software provider. Work with Commercial Services Team to identify.	Pension Fund Manager	A Davies		M	M	Medium	

## CYNGOR SIR POWYS COUNTY COUNCIL

Pension Board  
9<sup>th</sup> November 2020

REPORT BY: Board Secretary

SUBJECT: Wales Pension Partnership Update

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REPORT FOR: Information

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## 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 11<sup>th</sup> 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 10<sup>th</sup> 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.** All 5 Fixed Income sub-funds have now been launched. The Powys Fund transitioned c.£170 million of assets as part of this exercise. The WPP have prepared a [press release](#), which is available for viewing on the WPP website.

- 2.3 The Powys Fund now has over 70% of assets invested within pooled vehicles to date.

- 2.4 **Training.** The WPP held a training event on the 23<sup>rd</sup> of October and another is scheduled for the 24<sup>th</sup> of November. Both sessions are 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  
9<sup>th</sup> November 2020

REPORT BY: Board Secretary

SUBJECT: New Legislation and Guidance

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REPORT FOR: Information

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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 **The House of Lords approves exit payment regulations**

The House of Lords has approved the [draft Restriction of Public Sector Exit Payments Regulations 2020](#) on 23 September 2020.

The draft [Restriction of Public Sector Exit Payments Regulations](#) will implement the £95k cap on exit payments.

The Government may only make the regulations after both houses of Parliament have each passed a motion approving the regulations. The regulations come into force on the 21<sup>st</sup> day after the day on which the regulations are made.

The House of Commons voted to approve the regulations on the 15<sup>th</sup> of October 2020, so the regulations will become law from the 4<sup>th</sup> of November 2020.

At the time of writing this paper there is still a requirement for clarity on guidance on how to process the appropriate exits, whilst the LGPS regulations are still not aligned with the above regulations.

3. **Scheme Advisory Board update**

On 28 August 2020, the Chair wrote [a letter](#) to the Pensions Regulator (TPR) in response to their funding code consultation. This follows on from [the letter](#) the Chair wrote in July to the Local Government Minister raising concerns about clause 123 of the [Pension Schemes Bill 2019-21](#).

Though clause 123 will not apply to the LGPS, the Board has expressed concern in the letters that the measures could, nonetheless, have unintended consequences for the Scheme.

Clause 123 of the Bill provides for amendments to the statutory framework for defined benefit pension scheme funding set out in part 3 of the Pensions Act 2004. The Bill has passed through the House of Lords and will shortly receive its Second Reading in the House of Commons. Guy Opperman, the Minister for Pensions and Financial Inclusion, has confirmed that he expects the Bill to become law by the end of the year.

TPR is consulting on [revisions to the DB funding code](#), one of the aims of which is to implement clause 123. The consultation will run in two parts. The first part closed on 2 September 2020. The second part is expected to be launched later this year.

#### **Draft McCloud response published**

On the 6<sup>th</sup> of October 2020, the SAB published a [final version of its response to the McCloud consultation](#).

#### **15th October 2020 - Exit cap regulations made**

The summary on the public sector exit payments [page](#) of the SAB website has now been updated to take into account the making of the public sector exit payment regulations which will come into force on 4th November.

### **4. LGPS England and Wales Update**

#### **New employer exit flexibilities**

With effect from 23 September 2020, [the Local Government Pension Scheme \(Amendment\) \(No.2\) Regulations 2020](#) introduced increased flexibility when dealing with exiting employers and the ability to review employer contributions between valuations.

To implement the new employer flexibilities under regulation 58 (Funding Strategy Statements (FSS)), work is underway on guidance to assist administering authorities in updating the FSS.

#### **GAD request for valuation data**

GAD have recently issued their request for 2020 data to pension managers. As well as asking for data under the usual Universal Data Extract specification, the request will include a brief questionnaire. This will give administering authorities a straightforward opportunity to provide some supporting details usually shared with their actuary ahead of a fund valuation. The deadline for submitting the return will be mid November.

### **5. The Pensions Regulator (TPR)**

## **Update on the single Code of Practice**

On 1 September 2020, TPR confirmed that it now intends to launch the formal consultation on a single Code of Practice in late 2020 or early 2021.

TPR provides 15 codes of practice, covering topics such as early leavers, internal controls and governance and administration of public service pension schemes.

### **6. Other News**

#### **Government confirms intention to increase minimum pension age**

In an answer to a parliamentary question on 3 September 2020, the Government confirmed that it still plans to increase the minimum pension age from 55 to 57 in 2028 and will legislate in due course.

The Government confirmed in 2014 in its response to the consultation 'Freedom and choice in pensions', that it intends to increase the minimum age from 55 to 57 in 2028 and that the change will apply to all schemes, aside from those in the public sector that do not link their normal pension age to State Pension age, namely Firefighters, Police and the Armed Forces.

### **7. Recommendation**

Board are asked to note the contents of this report.

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Breach No	YEAR	Breach Type	Nature of Breach	Breach Description	Action	Material Significance (Y/N)	P & I Committee Notified	Pension Board Notified	TPR Notified	RAG Status
1	2018/19	Administration	Late Notification of deferred Benefits	Disclosure Regulations state that any deferred leaver should be notified of their deferred benefit options within two months of the fund receiving complete leaver information from the employer. Due to the backlog of casework in the fund these deadlines have not been met for c200 deferred members. <b>Cause:</b> The backlog has occurred through the introduction of the new LGPS and the increased complexity around administration (aggregations, final salary links etc). An increase in the numbers of deferred pensioners who have left employment through reorganisations in recent months has also had an impact. <b>Effect:</b> although a breach, it is not considered material, as the information is not critical when making future decisions. Where a deferred member reaches retirement age their calculation will be completed at that point. This is a national issue for most funds across the LGPS.	New letter produced and issued to leavers upon notification of leaving, stating their entitlements upon leaving membership of the LGPS (i.e. under 2 years = refund, over 2 years = Deferred)	N	N	Y	N	
2	2018/19	Administration	Automatic payment of refund after 5 years for post 2014 leavers	Members have been contacted requesting bank details in order to pay refunds, however, no reply has been received from the scheme members. 39 members to 30.09.20	The National Technical Group has recommended to the SAB that the regulations in respect of refunds is amended and reflects the position prior to April 2014.	N	Y	Y	N	#NAME?

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