

Powys Pensions Board

Meeting Venue
By Teams

Meeting Date
Friday, 24 September 2021

Meeting Time
10.00 am

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

20 September 2021

AGENDA

1.	APOLOGIES
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To receive apologies for absence.

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

3.	MINUTES OF THE BOARD - 8 JULY 2021
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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)

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

5.	MINUTES OF PENSIONS AND INVESTMENT COMMITTEE
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To receive the draft minutes of Pensions and Investment Committee held on 9 July 2021.

(Pages 11 - 16)

6.	REVIEW OF COMPLIANCE WITH TPR CODE 14
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- a) Updates made with regards to compliance of the TPR Code of Practice 14
 - b) Single Code
- (Pages 17 - 26)

7.	OPERATIONAL AND ADMINISTRATION REPORT
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To receive the report.
(Pages 27 - 28)

8.	REVIEW OF RISK REGISTER AND CONSIDERATION OF ANY NEW RISKS
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(Pages 29 - 36)

9.	WALES PENSION PARTNERSHIP - INVESTMENT POOLING UPDATE [STANDING ITEM]
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To receive a report.
(Pages 37 - 38)

10.	NEW LEGISLATION AND GUIDANCE (STANDING ITEM)
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To receive a report.
(Pages 39 - 42)

11.	CESSATION OF CONTRACTING OUT - UPDATE
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To receive a verbal update.

12.	STANDING ITEMS WITH NO UPDATES REQUIRED
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- a). Breaches Register
 - b). Audit Reports
 - c). Board Communications Log
- (Pages 43 - 46)

13.	VALUATION
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To receive a verbal report.

14.	FUTURE BOARD MEETINGS
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2021

22 November 2pm

2022 – the following are provisional dates and will be confirmed when the Council diary has been agreed:

14 February 2pm
15 June 2pm
19 September 2pm
21 November 2pm

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

16.	PENSION BOARD CHAIR UPDATE
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To receive a verbal report.

17.	PROCUREMENT PROCESSES AND TRAINING
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To receive a verbal report.

18.	WORKFLOW UPDATE
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To receive a report.
(Pages 47 - 48)

19.	INTERNAL DISPUTE RESOLUTION PROCEDURE [IDRP] UPDATE [STANDING ITEM]
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To receive a verbal report.

20.	PENSION BOARD SELF-ASSESSMENT UPDATE
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To receive a verbal report.

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**MINUTES OF A MEETING OF THE POWYS PENSIONS BOARD HELD BY TEAMS
ON THURSDAY, 8 JULY 2021**

PRESENT

Gerard Moore (Chair)

Nigel Brinn (Employers Representative)

John Byrne (Member Representative)

Wayne Thomas (Employers Representative)

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

1.	APOLOGIES
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Apologies for absence were received from Mick Hutchison (Member Representative).

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

3.	MINUTES OF THE BOARD - 5 MARCH 2021
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The minutes of the last meeting held on 5 March 2021 were agreed as a correct record.

4.	MATTERS ARISING
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The Board noted that the meeting to complete the self-assessment had not taken place in June, as agreed at the previous meeting. The Chair advised that as it was likely he would continue in the role for a further year, the self-assessment would take place at a later date.

5.	MINUTES OF PENSIONS AND INVESTMENT COMMITTEE
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The Board noted the Pensions and Investment Committee's minutes for 12 March 2021.

The Chair advised that when the Board considered the self-assessment it would be important to comment on the formal relationship between the Board and the Committee. The Board noted the Committee's discussion regarding the Responsible Investment and Policy Review [Item 9] and that the Wales Pension Partnership [WPP] had produced a climate change policy and that this should be reflected in the Funds local policy. This was an important issue for the scheme members.

6.	REVIEW OF COMPLIANCE WITH TPR CODE 14
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The Pension Fund Manager advised that the document 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]

114 – a high level review had been completed on employers' covenants and assessment of risks. Further assessment had been undertaken in respect of a number of employers. The Pensions & Investment Committee would consider a report at its meeting the next day and the report would then be circulated to the Board. The Pension Fund Manager advised that the aim was to reduce the risk to other employers in the fund should an employer cease to exist. The level of bonds in place would be reviewed to ensure they were at the appropriate level. The Pension Fund Manager advised that the review had been reflected in the Funding Strategy Statement and an employer policy had also been developed, which would be considered later on the agenda. In response to a question the Pension Fund Manager advised that if it was found that a bond should increase this would be negotiated with the employer and actuary. **The Board was assured and pleased with the progress being made.**

115 – the Investment Strategy was being reviewed. The Committee was considering the investments in the WPP and the Pensions Fund risk exposure and whether this was still appropriate. **The Board was reassured of the review of processes being undertaken.**

Maintaining contributions [147 – 169]

The Pensions Fund Manager advised that the Pensions Team was working through the year end process, making sure contributions were posted to members records and working with employers to ensure details were correct. **The Board was assured that the issuing of the Annual Benefits Statements to members was on target to be completed by 31 August 2021.**

Reporting breaches of law [244 – 270] – In response to questions the Pension Fund Manager advised that he would review the breaches policy to ensure that the fast-track reporting of breaches was clear. He also advised that it was timely to review the policy as a whole and report back to the Board.

In respect of the introduction of a Single Code by The Pension Regulator [TPR] the Chair advised that the consultation had now closed. It was noted that the Regulator was looking to bring together 15 codes into one. A fundamental issue which needed clarification was the definition of a governing body, as one would normally expect that to be the pensions committee but there are different views on this issue. The Board noted that the Scheme Advisory Board [SAB] was liaising with the Regulator to assist with this.

7.	OPERATIONAL AND ADMINISTRATION REPORT & UPDATE
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The Board received and noted the Operational and Administration report. The Pension Fund Manager advised that the trend in respect of the number of active members was for an increase.

The Pension Fund Manager in response to a question regarding the Status 8 – awaiting entry [starter not fully processed] figures advised he would check the data, to establish whether the four members were the same at 1 January 2021 and 31 March 2021 and email the Board and if they were, clarify the underlying issues.

The Pension Fund Manager advised the Board that extra resources had been allocated to the Pensions Section. This was as a result of a comprehensive business case which identified potential risks, of which lack of resource was one of them.

The 50/50 membership was noted and it was considered that this could be promoted to potential scheme members via the unions and HR department and at the employers conference. The Pensions Fund Manager advised that auto enrolment is undertaken at the relevant auto enrolment for each employer, as provided by the appropriate legislation and those members of the 50/50 arrangement are re-enrolled into the main scheme accordingly. He agreed to share a document regarding auto enrolment with the Board.

8.	REVIEW OF RISK REGISTER [STANDING ITEMS]
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The Pensions Fund Manager reported that no new risks had been identified.

The Board noted or made the following comments [the numbers shown are the Risk Reference numbers]:

PEN004 – periodic reviews are undertaken of the business continuity plan and a review had been completed in June 2021.

The Pension Fund Manager reported that the Task Force on Climate-Related Financial Disclosures [TCFD] guidance means a significant increase in the requirements on pension funds to report on climate-related financial risks. He advised that an action plan was being developed and it was noted the scale of the work involved. The Chair indicated that this may warrant a training event for the Board and Committee. **The Board recommended that TCFD should be added as a new risk.**

9.	WALES PENSION PARTNERSHIP - INVESTMENT POOLING UPDATE [STANDING ITEM]
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The Board noted the update report. The Pension Fund Manager advised that he was a member of the WPP's Responsible Investment Sub Group. The Pool's Business Plan had been approved and would need to be approved by all the Pool Fund members. The Committee was considering the Plan at its meeting the next day. The work to appoint a scheme member representative on the Joint Governance Committee [JGC] was ongoing.

It was noted that the Board Chairs have engagement meetings with WPP officers twice a year. At the last meeting they had a detailed discussion about the scheme member observer representative and some of the views from the Board Chairs have been taken into account.

10.	TRAINING - CYBER SECURITY AND DATA PROTECTION
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The Pension Fund Manager advised that the annual Cyber Security and Data Protection eLearning was mandatory in the Council. The Board Chair also undertakes this training, as he is an observer on the Pensions and Investment Committee. It was however, considered that the external employer representative on the Board should also complete this annual mandatory training. The Pension Fund Manager and Democratic Services Officer agreed to ensure that access to this training is set up. The Democratic Services Officer advised the Board that this requirement could also be added to the mandatory induction programme for the elections in 2020. **The Board agreed that Board members should complete the Council's annual mandatory Cyber Security and Data Protection training.**

11.	NEW LEGISLATION AND GUIDANCE (STANDING ITEM)
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The Board noted that the Scheme Advisory Board [SAB] had produced a Responsible Investment A to Z guide explaining the terminology used within pensions industry. It was noted that the Local Government Pension Scheme Regulations 2013 enabled Boards to continue to hold virtual meetings. Comment was made that virtual meetings may be more appealing in attracting new Board members.

Nigel Brinn left to attend another meeting.

12.	CESSATION OF CONTRACTING OUT - UPDATE [STANDING ITEM]
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The Pension Fund Manager advised that a revised project plan had been developed and he was confident that the project would be completed by the 31 January 2022. The Chair felt the Board could review the draft letters to scheme members. **The Board agreed to review the draft letters to scheme members regarding cessation of contracting out.**

13.	STANDING ITEMS WITH NO UPDATES REQUIRED
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The Board noted the following:

Breaches – there were no new recorded breaches, but it was noted that 52 members up to the 31 May 2021 have been identified as having frozen refunds. The Pension Fund Manager advised that addresses were being traced on an ongoing basis and some members had been contacted through this work. The Board noted the progress.

The Chair advised that CIPFA had given a presentation on 29 June and one of the pensions funds involved had decided to open bank accounts into which it would pay frozen funds, so discharging their liability. The Pension Fund Manager advised this had previously been discussed at the National LGPS Technical Group, who advised that the best course of action was to retain the refunds within the Pension Funds. **The Board confirmed that it was satisfied that frozen funds should remain within the Fund to ensure openness and transparency and that work is ongoing to contact scheme members with frozen funds.**

The Board noted that an internal audit was expected before the end of the calendar year.

The Chair referred to Internal Dispute Resolution Procedure [IDRP] advising that the original terms of reference following guidance from the centre implied a role for boards in IDRP. It was noted that when the terms of reference are reviewed the reference to the Board in respect of IDRP is amended to clarify that the Board has no decision making role in the IDRP process but does have a role in reviewing the process and identifying any lessons learnt.

14. FUTURE BOARD MEETINGS

The Board noted the dates of the next meetings – 13 September 2021 and 22 November 2021. It was hoped that new Board members would be appointed by the next meeting.

15. CONFIDENTIAL

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

16. PENSION BOARD CHAIR ANNOUNCEMENTS AND UPDATE

The Chair advised that as the procurement process to appoint a new Chair had been unsuccessful, it was likely that he would continue for a further 12 months.

The SAB has indicated that it's local pension board survey will be included in its work programme again.

The Chair's draft annual report had been circulated and he asked the members to email him or the Pension Fund Manager comments or additions. It was noted that the annual report would form part of the Powys Pension Fund Annual Report for 2020-2021. **The Board agreed that comments on the Chair's draft annual report be forwarded to the Pension Fund Manager by the end of July 2021.**

17. PENSION BOARD SELF-ASSESSMENT

In respect of the Board's self-assessment the Chair referred to the process to be followed and he suggested holding a specific virtual meeting to discuss those areas which are subjective. It was hoped the two new Board members would be appointed in time to enable them to join this meeting. The Chair and Pension Fund Manager would draft the responses in respect of the factual aspects of the self-assessment and the draft would be circulated in advance of the meeting. The Chair hoped that the final draft self-assessment would be available for approval by the Board at its meeting in September.

The Chair advised that the self-assessment would be considered against the expectations of a range of organisations including TPR and SAB and against the internal expectations of the Administering Authority, including the Board's Terms of Reference and any policies which refer to the Board. The self-assessment

may also highlight issues which the Board should consider and which could be added to its work programme.

The Board agreed to hold a specific virtual meeting to discuss those areas of the self-assessment which are subjective and from which outcomes can be agreed.

18.	FUTURE ADMINISTRATION UPDATES
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The Board noted the report and that a new reporting system would enable it to receive administration performance data, to enable it to have an overview of performance and consider trends.

19.	EMPLOYER POLICY
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The Pension Fund Manager advised that the Employer Policy would help employers understand how the mechanics of the Fund worked, what happens when they exit and the options when they exit. The Policy works alongside the Funding Strategy Statement. Consultation had been undertaken with employers and no comments had been received. The Board noted the Policy would be considered by the Committee the next day.

The following was raised by a Board member:

The issue of succession planning and the recompense for membership of the Board was discussed. **The Board agreed to include these issues in the work plan and a report be made to the Pensions and Investment Committee in due course.**

Gerard Moore (Chair)

**MINUTES OF A MEETING OF THE PENSIONS AND INVESTMENT COMMITTEE
HELD BY TEAMS ON FRIDAY, 9 JULY 2021**

PRESENT

County Councillor P E Lewis (Chair)

County Councillors E A Jones, JG Morris, D H Williams and A W Davies
Mr G Moore, Chair Powys Pension Board

In attendance: Head of Finance, Pension Fund Manager and Financial Reporting & Policy Accountant
Aon representatives – Becky Durrant, Rebecca Jones, Simon Mayne and George Feane

1.	APOLOGIES
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Apologies for absence were received from County Councillor T J Van-Rees and Martin Weale, co-opted member.

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

County Councillor P Lewis declared a prejudicial interest in item 16 – Allowances, as he was the Chair of the Committee.

3.	MINUTES
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The Chair was authorised to sign the minutes of the Pensions and Investment Committee meeting held on 13 March 2021 as a correct record.

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

The Pension Fund Manager highlighted the following:

- The Scheme Advisory Board's [SAB] online A-Z guide to Responsible Investment [RI].
- 2020 Local Government Pension Scheme [LGPS] Annual report – membership of the LGPS was growing and this was also being seen in the Powys Fund, which had resulted in extra resources being allocated to the Pension Administration Team. It was noted that although the report stated that assets were decreasing, it should be noted that this was as at 31 March 2020 when stock markets were struggling.
- McCloud – the Minister's statement and the work being undertaken in the Pensions Administration Team was noted.
- The Pensions Regulator [TPR] – the Climate Change Strategy would be circulated to the Committee.

The Committee noted that there were no new breaches and no additional risks. The Pension Fund Manager advised that the Pensions Board reviews both at its quarterly meetings and undertakes detailed reviews of the Risk Register. In response to questions, he advised that he receives a report on a quarterly basis of any risks which need to be reviewed and these are considered by the Board. Any significant issues would be brought to the Committee for consideration.

It was noted that as the Board had only met the previous day a report from the Chair was not available.

Resolved	Reason for decision
To note the update report and the Committee was assured that the breaches and Risk Register were reviewed on a quarterly basis by the Pensions Board and that any significant risks would be provided to the Committee for consideration.	To ensure that the Fund continues to focus on high standards of administration and governance.

5. WALES PENSION PARTNERSHIP [WPP] UPDATE

The Committee received the WPP report. The Pension Fund Manager advised that WPP's Responsible Investment sub-group, of which he is a member, is reviewing the Stewardship Code and Task force for Climate Financial Disclosures [TCFD] and how the Pool is to respond to this. The Committee noted the ongoing work in respect of the Scheme Member representative on the Joint Governance Committee [JGC].

The Committee received the 2021-24 WPP Business Plan and it was moved and duly seconded to approve the plan.

Resolved	Reason for decision
That the report be noted and that the 2021-24 WPP Business Plan be approved.	As per the report.

6. RESPONSIBLE INVESTMENT

The Pension Fund Manager advised the Committee that a questionnaire on Responsible Investment [RI] had been developed with Aon and would be circulated to the Committee. This would assess if and how the Committee's views on RI had changed over the past 12 months, as a result of the discussions on this issue over this period. The views would help inform the development of the strategy.

7. FUNDING STRATEGY STATEMENT

The Chair welcomed Becky Durran, Aon to the meeting and considered the draft Funding Strategy Statement. The Committee noted that the document would work alongside the Employer Policy, which was being considered later.

It was moved and duly seconded to approve the document.

Resolved	Reason for decision
That the Funding Strategy Statement be approved.	To ensure that the Fund continues to focus on high standards of administration and governance.

8. EXEMPT ITEM

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

9. PERFORMANCE REPORTS

The Committee welcomed Simon Mayne and George Feane, Aon to the meeting. The Committee received the Quarterly Monitoring report to March 2021, the Quarterly Risk and Return Analysis report and the Local Authority Funds statistics 2020/21, which provided a comparison of performance with other peer group funds.

The Committee noted that as assets were being moved to the WPP and the Pool was monitoring the performance of these assets, it was appropriate to review the performance information received by the Committee. In addition, Aon considered that a review was also timely in preparation for the triannual valuation in 2022. Comment was made that any investment performance should be shown net of fees rather than gross of fees for consistency.

Aon advised that the fund had moved closer to the strategic allocation and performance had been achieved against the risks taken. It was noted that the strategy pursued had met the objectives to meet the funding requirements. The Committee would need to consider what it considered was the right strategy taking into account its views on volatility in the markets. It was noted that the equity protection had achieved its aims up to 31 March 2020. However, since then performance has been lower, but the Committee needed to take a long-term view.

Councillor J Morris left for another meeting.

Comment was made that as there was so much information it was important to have an Executive summary. In response to comments Aon agreed that at the next equity protection review a summary of the impact of the protection and the cost would be provided.

10. STRATEGY REVIEW

The Committee received the report regarding the interim Strategy Review. The Committee noted that many changes had occurred since the review in 2019, with the investment in the Pool, use of equity protection and the Committee's 10% aspirational allocation to infrastructure. A full review would be required after the next actuarial valuation on 31 March 2022. It was also noted that it is hoped that the WPP Private Markets sub-funds will be ready for investment in the next 12-

24 months and therefore the Committee's views on such investments need to be assessed.

Resolved	Reason for decision
That Aon undertake an interim Strategy review seeking the views and beliefs of the Committee.	To inform the interim review and the review following the 2022 valuation.

11. RESPONSIBLE INVESTMENT

The Chair welcomed Rebecca Jones, Aon to the meeting. The Committee considered the action plan in respect of the Taskforce for Climate Financial Disclosures [TCFD]. The Committee noted that TCFD looks at four pillars namely, governance, strategy, risk management and risk metrics.

The Committee was advised that the Climate Working Group would initially involve the Pension Fund Manager but it might be appropriate for the Chair to liaise with him on this.

Resolved	Reason for decision
That: <ul style="list-style-type: none"> i. the TCFD action plan be approved ii. an interim update is included in the 31 March 2022 annual report iii. a full TCFD report is completed for inclusion in the 31 March 2023 annual report iv. a "climate working group" to progress TCFD related work is established and v. the Responsible Investment beliefs gathered in 2019 is updated. 	To ensure the work relating to the TCFD can be progressed.

12. FORWARD LOOKING BUSINESS PLAN

The Committee received and noted the plan. Aon agreed to include details of regular items which would need to be considered each year.

13. EMPLOYER RISK ASSESSMENT

Becky Durran, Aon presented the report regarding the employers risk assessment. The Committee noted that where, due to insolvency, for example, an employer is unable to meet its liabilities in the Fund, the Local Government Pension Scheme Regulations 2013, states that any shortfall, which cannot be met by the employer (or bond / guarantor), the debt would fall on the remaining contributing employers in the Fund. CIPFA is increasingly focussing on this issue and there have been high profile insolvency cases such as Carillion.

The review was completed at the end of 2020 and some actions have been undertaken. The review was a high-level assessment of risk and the associated exposure to the fund, if the risk occurred. The Committee noted that there were no employers assessed as high risk and with a high exposure. Aon advised however, that the bonds were being reviewed to ensure they were at the appropriate level.

Resolved	Reason for decision
That the report be noted.	To review the employers risk.

14. EMPLOYER POLICY

The Committee considered the Employer Policy which had been developed to increase employers' understanding of what was expected of them in the Fund, the options available to them if they were to exit the Fund and also to reflect changes in regulations. The draft document had been circulated to employers for comment.

The policy would be published alongside the Funding Strategy Statement. It was moved and seconded to approve the policy.

Resolved	Reason for decision
That the Employer Policy be agreed and published on the website.	To ensure employers understand their roles within the Fund.

15. DRAFT PENSION FUND ANNUAL REPORT 2020/21

The Committee received the draft Annual report. The Pension Fund Manager asked that comments are emailed to him. It was noted that the draft Pension Board Chair's report had been updated. The Pension Fund Manager advised that to ensure the report was approved in time for its publication on 1 December 2021, an extra Committee may be required after the Wales Audit Office had completed the audit of the accounts and the Audit Committee had considered the accounts and report.

County Councillor P Lewis having declared a prejudicial interest left the meeting for the next item. Aon representatives also left the meeting.

County Councillor A Jones, Vice Chair took the Chair.

16. ALLOWANCES

The Committee received the report regarding Senior Responsibility Allowances.

The Committee considered the report and noted that chairs of pensions and investment committees in other councils receive allowances and these are funded from various sources.

The Pension Board Chair advised that there were risks for the Committee and Fund in not being able to attract an appropriate member with the required skills set and experience to undertake the role of chair.

It was moved and duly seconded that an amount equivalent to a senior responsibility allowance should be paid to the chair of the Pensions and Investment Committee and borne by the Pension Fund.

Recommendation to Council	Reason for decision
<p>i. That an amount equivalent to a senior responsibility allowance should be paid to the chair of the Pensions and Investment Committee and</p> <p>ii. that this should be borne by the Pension Fund.</p>	<p>To ensure that the remuneration of the Chair correctly reflects the level of responsibility placed on the role and is on parity with the rest of Wales.</p>

The Committee considered whether the allowance should be backdated to the date when payment previously ceased or whether it be backdated to the start of the current financial year. It was moved and duly seconded that the advice be sought from the Monitoring Officer regarding the legality of backdating the payment to the start of this financial year and that the above recommendation to Council is amended in light of this advice.

Resolved	Reason for decision
<p>That officers seek the advice of the Monitoring Officer regarding the legality of backdating the payment to the start of this financial year and that the above recommendation to Council is amended in light of this advice.</p>	<p>To ensure that the remuneration of the Chair correctly reflects the level of responsibility placed on the role and is on parity with the rest of Wales.</p>

County Councillor P E Lewis (Chair)

PENSION REGULATOR CODE OF PRACTICE 14 - COMPLIANCE ANALYSIS

Sept 2021 Update

Powys Pension Fund

Publishing Information about Schemes

Sep-21

92	The scheme manager for a public service scheme must publish information about the pension board for the scheme(s) and keep that information up-to-date.		Available on website
93	The information must include: who the members of the pension board are representation on the board of members of the scheme(s), and the matters falling within the pension board’s responsibility.		See above
94	Scheme members will want to know that their scheme is being efficiently and effectively managed. Public service pension schemes should have a properly constituted , trained and competent pension board, which is responsible for assisting the scheme manager to comply with the scheme regulations and other legislation relating to the governance and administration of the scheme and requirements imposed by the regulator.		Powy Pension Board terms of reference provides the detail
95	Scheme managers must publish the information required about the pension board and keep that information up-to-date. This will ensure that scheme members can easily access information about who the pension board members are, how pension scheme members are represented on the pension board and the responsibilities of the board as a whole.		Available on website
96	When publishing information about the identity of pension board members, the representation of scheme members and matters for which the board is responsible, schemes should also publish useful related information about the pension board such as: the employment and job title (where relevant) and any other relevant position held by each board member the pension board appointment process who each pension board member represents the full terms of reference for the pension board, including details of how it will operate, and any specific roles and responsibilities of individual pension board members.		Discussed at Pension Board and happy to leave in current state.
97	Schemes should also consider publishing information about pension board business, for example board papers, agendas and minutes of meetings (redacted to the extent that they contain confidential information and/or data covered by the Data Protection Act 1998). They should consider any requests for additional information to be published, to encourage scheme member engagement and promote a culture of transparency.		Link to Corporate website where agendas and reports are held

98	Scheme managers must ensure that information published about the pension board is kept up-to-date. Schemes should have policies and processes to monitor all published data on an ongoing basis to ensure it is accurate and complete.		Minutes regularly uploaded and documentation reviewed.
Providing information to Members			
188	Scheme regulations must require scheme managers to provide an annual benefit information statement to each active member of a DB scheme established under the 2013 Act or new public body scheme. The statement must include a description of the benefits earned by a member in respect of their pensionable service.		Procedures in place
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

Sep-21

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

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

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

205	<p>When any subsequent information is made available on a website, managers of a scheme must give a notice (other than via a website) to recipients informing them that the information is available on the website. This notice will not be required where:</p> <ul style="list-style-type: none"> • at least two documents have been given to the recipient by hand or sent to the recipient's last known postal address • each of those letters asks the recipient to give their electronic (email) address to the scheme and informs the recipient of their right to request (in writing) that information or documents are not to be provided electronically • a third letter has been given to the recipient by hand or sent to the recipient's last known postal address and includes a statement that further information will be available to read on the website and that no further notifications will be sent to the recipient and • the managers of the scheme do not know the recipient's email address and have not received a written request that information or documents are not to be provided to the recipient electronically. 		Exercise carried out and majority of scheme documentation delivered electronically, except to those who have opted out of e-communications. Exercise to be carried out in late 2021/early 2022 to update communication preferences for members.
206	<p>In some cases, the Disclosure Regulations 2013 specify that information must be made available by one of the following methods:</p> <ul style="list-style-type: none"> • available to view free of charge, at a place that is reasonable having regard to the request • published on a website (in which case the procedure to be followed before making information available on a website does not apply, except that the person or trade union must be notified of certain details) • given for a charge that does not exceed the expense incurred in preparing, posting and packing the information, or • publicly available elsewhere. 		Compliant
207	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.		Ongoing Exercise
208	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.		Numbers of "Gone Away" members identified. Facility available to check small numbers as required.

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

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

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

238	<p>In addition, scheme managers must provide information about TPAS and the Pensions Ombudsman at certain stages¹²⁵. 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.</p>		Included in correspondence
239	<p>Schemes can decide what information they need from applicants to reach a decision on a disputed matter and how applications should be submitted. Schemes should ensure they make the following information available to applicants:</p> <ul style="list-style-type: none"> • the procedure and processes to apply for a dispute to be resolved • the information that an applicant must include • the process by which any decisions are reached, and • an acknowledgement once an application has been received. 		Information available.
240	<p>When reviewing an application, scheme managers and specified persons (where relevant) should ensure that they have all the appropriate information to make an informed decision. They should request further information if required. Scheme managers and specified persons should be satisfied that the times taken to reach a decision and notify the applicant are appropriate to the situation and that they have taken the necessary action to meet the reasonable time periods. Scheme managers should be able to demonstrate this to the regulator if required.</p>		Noted.

CYNGOR SIR POWYS COUNTY COUNCIL

Pension Board
14th September 2021

REPORT BY: Board Secretary

SUBJECT: Administration Activity Update

REPORT FOR: Information

1. Introduction

- 1.1 Further to the information provided at the June 2021 Pension Board meeting, this report contains the membership and Pensions Administration financial statistics for the period 1st April 2021 to 30th June 2021.

2. Pensions Administration Financial Statistics - Income & Expenditure

2.1

<u>Payments</u>	<u>B/f</u>	<u>April</u>	<u>May</u>	<u>June</u>
Pensions		2,023,076	2,021,962	2,071,470
Lump Sum		279,429	152,966	256,344
Transfers Out		93,071	20,107	28,206
Death Grants		86,695	26,315	29,922
Total Payments		2,482,272	2,221,350	2,385,942
<u>Income</u>				
Employee Contributions		(438,827)	(436,488)	(459,526)
Employer Contributions		(1,533,390)	(1,528,074)	(1,604,769)
Transfers In		(21,355)	(363,014)	(35,915)
Total Income		(1,993,571)	(2,327,577)	(2,100,210)

3. Pensions Administration membership statistics

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

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

Key:

Status

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

Status	Description	Recalculation Date 1	01/04/2021	Recalculation Date 2	30/06/2021
			Total 1		Total 2
1	Active		5707		5649
2	Undecided Leaver		692		764
3	Leaver - No Liability		13614		13698
4	Deferred Pensioner		6404		6361
5	Pensioner		4377		4401
6	Widow/Dependant		638		640
7	Death/Cess Liability		3760		3786
9	Frozen Refund		576		574
O	Opt-Out		1289		1301
Z	Aggregation		1894		2047
			-----		-----
			38951		39221
			-----		-----

3.2 50/50 Scheme Membership

Active	18
Deferred	6
Frozen Refund	1

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	oo
Page 29	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 payment of pension benefits rather than being reinvested as now.	L	1	L	Low	Business Continuity Plan for the Pensions administration service. Assurances received from all systems providers in relation to their current resilience to the threat of a failure in cyber security.	Pension Fund Manager	A Davies	Keep Business Continuity Plan under review. Periodic review by the Pension Board of provider assurances in respect of cyber security.	L	L	Low	
	PEN005	01/11/2015		Pension Fund	Inability to deliver service as a result of the loss of key personnel	Failure to provide service at all, or at an acceptable level	L	1	M	Low	Business Continuity Plan in place for the pensions administration service	Pension Fund Manager	A Davies	Keep Business Continuity Plan under review	L	M	Low	
	PEN006	01/11/2015		Pension Fund	Loss of funds through fraud or misappropriation	Financial loss to the Fund	L	1	M	Low	Internal and External Audit regularly test that appropriate controls are in place and are working effectively. Due diligence is carried out whenever a new investment manager is appointed	Pension Fund Manager	A Davies	None	L	M	Low	

Risk Register

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	
	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 / 034 JCAD	01/01/2015	FSS	Pension Fund	Failure to comply with LGPS and other statutory regulations.	Payment of incorrect pension benefits; provision of incorrect benefit estimates; failure to comply with governance standards; failure to meet HMRC tax requirements. Resulting in: loss of customer satisfaction / confidence; IDRPs and Ombudsman appeals; TPR fines for non-compliance. Reputational Risk	H	3	L	Medium	Rigorous checking and authorisation procedures in respect of pension benefit calculations and payments; and, regular review of governance compliance policy. Staff training and development.	Pension Fund Manager	A Davies	Closer partnership working with employer payrolls to facilitate accurate data receipts; increased compliance oversight provided by Local Pensions Board.	M	L	Low	

Risk Register

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	
	PEN012	25/01/2016		Pensions Administration	Failure to hold scheme member's personal data securely.	Poor data quality; compromised data; fines	L	1	M	Low	Compliance with Powys County Council Data Protection and ICT policies, including reference to remote/home working as appropriate.	Pension Fund Manager	A Davies	Data protection audit in conjunction with TPR data quality standards to be undertaken regularly.	L	M	Low	
	PEN013	01/04/2015	TPR	Pension Fund	Failure to maintain and hold up to date and accurate pension records.	Payment of incorrect pension benefits; late payment of benefits; assessment of incorrect liability values. Resulting in loss of customer confidence and satisfaction; IDRPs and Ombudsman appeals; and, incorrect assessment of employer contribution rates.	M	2	M	Medium	Pensions team work with employer payrolls to ensure data quality; data validation checks undertaken by team at each year end; validation checks carried out at each actuarial valuation (triennially) by the Fund actuary. Staff training and development.	Pension Fund Manager	A Davies	Additional data validation and quality checks to be implemented as required by the TPR code of practice.	L	M	Low	
Page 31	PEN014	25/01/2016	CIPFA	Pension Fund	Lack of expertise of Pension Fund Officers and Head of Service	Poor decision making in relation to principal functions of the Pension Fund, particularly in relation to investments.	L	1	H	Medium	Officers ensure that they receive appropriate training and are required to keep up to date with developments in pensions matters, as part of their periodic Individual Performance Reviews and by attending relevant conferences and seminars, by reading and through discussions with consultants and peers.	Pension Fund Manager	A Davies	Formalised Officer training via individual training plans based on the CIPFA 'Knowledge and Skills' framework, as is the the procedure for members of both Pensions & Investment Committee and the Pensions Board.	L	M	Low	
	PEN015	25/01/2016	CIPFA	Pension Fund	Over-reliance on key Officers	When senior Officers leave or are on long term sickness, large knowledge gaps remain.	M	2	H	Medium	In the short term, knowledge gaps can be filled by using our external colleagues from other Welsh Funds and buying in assistance from consultants.	Pension Fund Manager	A Davies	Formalise succession planning by including in Officer individual training plans for less senior Officers.	M	L	Low	
	PEN016	25/01/2016		Pensions Administration	Failure to communicate effectively with stakeholders.	Scheme members unaware of their rights under the LGPS and make poor decisions in relation to pension rights. Employers unaware of the scheme regulations, the procedures and their responsibilities, resulting in poor or inappropriate decision-making and may adversely effect the flow of pensions data to the Pension Fund.	L	1	M	Low	the Pensions Support Manager is tasked with responsibilities in relation to scheme and Fund communications, as part of their Job Description. In addition, the Fund has a clear communications policy as well as a regularly updated website.	Pension Fund Manager	A Davies	No further action proposed.	L	M	Low	

Risk Register

Reporting Level	Risk Reference	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk				Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk			Notes
							P	P	I	Risk Rating					P	I	Risk Rating	
	PEN017	26/01/2016		Pensions Administration	Failure to provide the pensions service in accordance with principles of equality.	Some stakeholders may be unable to access the service fully or at all. In the worst case scenario, this could result in court action against the Fund.	M	2	M	Medium	The Fund maintains a Welsh Language register in respect of scheme members and employers.	Pension Fund Manager	A Davies	To utilise technology to enable access to service and information for stakeholders with disabilities, other language needs etc.	L	M	Low	
	PEN018	01/01/2015	FSS	Pension Fund	Failure to collect payments due from ceasing employers with no active members.	Failure to collect cessation payments from ceasing employers results in relevant liabilities being funded by the Powys Pension Fund and the active employers.	L	1	M	Low	The Fund undertakes periodic reviews of the strength of employer covenants. For existing employers, the Fund requires that a guarantor, bond or 'risk sharing agreement' is in place. For all new employers, the Fund insists on either a guarantor or a bond being in place.	Pension Fund Manager	A Davies	No further action planned.	L	M	Low	
Page 32	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 33	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 / PEN 035 on JCAD	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 dilligence.	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	I	Risk Rating					P	I	Risk Rating	
	PEN032	10/03/2017	LPB	Pension Fund	An admitted body ceasing to exist with insufficient funding or level of a bond available to meet all its Fund liabilities.	Unfunded pension liabilities being orphaned without sufficient funding/guarantees in place, resulting on increased liabilities falling on other Fund employers.	M	2	L	Low	To seek funding guarantees wherever possible, from other Scheme employers or outside bodies. To require, in all cases, a bond or other form of security to protect the Fund in the case of unexpected cessation and insolvency. Ensuring that admitted bodies are fully aware of their obligations and responsibilities to the Pension Fund and the benefits of their employees.	Pension Fund Manager	A Davies	Regular review of admitted body covenants and financial health.	M	L	Low	
	PEN034/036 on JCAD	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 / 037 on JCAD	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
14th September 2021

REPORT BY: Board Secretary

SUBJECT: Wales Pension Partnership Update

REPORT FOR: Information

1. Introduction

- 1.1 This report has been produced to provide Board with an update on the work undertaken on behalf of the Wales Pension Partnership (WPP) with pooling investments in Wales.
- 1.2 The last Joint Governance Committee (JGC) meeting was held virtually on the 28th of July 2021 and a link to the agenda is available here:

<https://democracy.carmarthenshire.gov.wales/ieListDocuments.aspx?CId=234&MId=4415&Ver=4>

- 1.3 The Next JGC meeting is scheduled to take place virtually on the 22nd of September 2021.

2. Pooling investments in Wales

- 2.1 Work has been continuing (but not exclusively) on the following items:

- Election of a Chair of the JGC
- 2020/21 Annual Return
- WPP Allocator Advisor

2.2 Election of a Chair

It was unanimously resolved that Councillor Clive Lloyd (Swansea Pension Fund) be appointed Chair of the Joint Governance Committee for the forthcoming calendar year.

2.3 2020/21 Annual Return

The Annual Return has been produced and audited by Audit Wales. It can be viewed here:

[wpp-annual-return-final-english.pdf \(walespensionpartnership.org\)](#)

The Host Authority had also prepared a full Statement of Accounts for the Wales Pension Partnership for 2020/21. The Statement was not a statutory requirement and would not be audited. It has been prepared for information purposes only, to support the information included in the Annual Report.

2.4 Policy Update

The JGC have received a report on updated [Conflicts of Interest](#) and [Risk](#) Policies.

2.5 **WPP Allocator Advisor**

The JGC unanimously resolved that bidder 1, as detailed in the report on the matter, be appointed as the preferred bidder for the Wales Pension Partnership Allocator Advisor, subject to the terms detailed within the associated report.

3. **Recommendation**

Note the content of this report.

CYNGOR SIR POWYS COUNTY COUNCIL

Powys Pension Board
14th September 2021

REPORT BY: Board Secretary

SUBJECT: New Legislation and Guidance Update

REPORT FOR: Information

1. Summary

Since the last Pension Board meeting, the LGA have published Bulletins [212](#) and [213](#), which contain important updates for administering authorities and scheme employers. It also provides a general update for all LGPS stakeholders.

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

2. LGPS England & Wales Scheme Advisory Board (SAB)

2.1 SAB no longer collecting death data

The SAB for England and Wales has stopped collecting data from administering authorities, with effect from April 2021 onwards.

SAB collected pensioner death data from February 2020 to March 2021 to help understand the impact of COVID-19 on the LGPS. SAB has published a summary of the data on their [Covid-19 Mortality](#) page on the Board's website

2.2 SAB responds to HMT consultation on the cost control mechanism

The Scheme Advisory Board (SAB) (England and Wales) has responded to HMT's Public service pensions: cost control mechanism consultation. In the response SAB states that:

- the SAB operates a separate cost management process that already functions as an 'economic check'
- including only reformed scheme costs will be difficult to achieve in the LGPS because the underpin relates to the legacy scheme but will increase the reformed scheme benefits of some members

- widening the corridor to 3 per cent would mean that scheme changes would be more significant if there is a breach
- the SCAPE discount rate as an economic measure is not appropriate for the LGPS and that a measure that takes into account actual discount rates in operation would be more appropriate.

3. Other Updates

3.1 Pensions dashboards update

The latest developments with regards to Pensions Dashboards Programme are published on the Pensions Dashboard [website](#).

Some of the recent announcements and publications include:

- [seven major data providers signed up for initial testing phase](#)
- Pensions dashboards [blogs](#) covering early connection and how pensions dashboards fit into the wider MaPS vision of improving understanding and outcomes.

4. The Pensions Regulator (TPR)

4.1 Automatic enrolment detailed guidance

Since the last meeting and the subsequent information on automatic enrolment that was shared, TPR have updated the [Automatic enrolment guidance](#). The guidance has been updated to remove:

- out of date content relating to an employer's staging date
- the effect on the qualifying person exception as a result of the changes to the cross-border pension requirements following the UK's exit from the EU.

4.2 Climate-risk reporting guidance consultation

On 5 July 2021, TPR launched a consultation on climate-risk reporting guidance. The guidance is aimed at pension schemes who will be required to meet the new climate-risk reporting regulations.

The guidance describes what schemes need to do and report on to comply. Though the regulations do not apply to the LGPS, the guidance says that:

“decision makers at Local Government Pension Schemes, may wish to follow this guidance to improve the governance and resilience of their schemes in relation to climate change.”

4.3 Governance and Administration Survey 2020–21 results

On 1st July 2021, TPR published the [results from the Public Service Pension Scheme Governance and Administration Survey 2020-21](#).

The survey found little change since 2019 for the key processes that TPR monitors as key indicators of performance. Two-thirds of LGPS

administering authorities who responded to the survey had all six processes in place. The six key processes are:

- have a documented policy to manage board members' conflicts of interest
- have access to the knowledge, understanding and skills needed to properly run the scheme
- have documented procedures for assessing and managing risk
- have processes to monitor records for accuracy and completeness
- have a process for resolving contribution payment issues
- have procedures to identify, assess and report breaches of the law

The results also show improvements in risk management processes, cyber controls and the proportion of members receiving their annual benefit statement on time.

4.4 TPR issue interim response to new code of practice consultation

The Pensions Regulator (TPR) has published an [interim response](#) to the new code of practice consultation. TPR has issued the interim response to allow time to consider these responses and to incorporate code content arising from the Pension Schemes Act 2021 in the new code.

4.5 Scheme return

TPR is sending out scheme return notices to managers of public service pension schemes in September

5. 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 a number of historic deferred members. Cause: The backlog has occurred through the introduction of the new LGPS and the increased complexity around administration (aggregations, final salary links etc). An increase in the numbers of deferred pensioners who have left employment through reorganisations in recent months has also had an impact. Effect: although a breach, it is not considered material, as the information is not critical when making future decisions. Where a deferred member reaches retirement age their calculation will be completed at that point. This is a national issue for most funds across the LGPS.	New letter produced and issued to leavers upon notification of leaving, stating their entitlements upon leaving membership of the LGPS (i.e. under 2 years = refund, over 2 years = Deferred)	N	N	Y	N	
2	2018/19	Administration	Automatic payment of refund after 5 years for post 2014 leavers	Members have been contacted requesting bank details in order to pay refunds, however, no reply has been received from the scheme members. 60 members to 31.08.21	The National Technical Group has recommended to the SAB that the regulations in respect of refunds is amended and reflects the position prior to April 2014.	N	Y	Y	N	

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CYNGOR SIR POWYS COUNTY COUNCIL

Pension Board
14th September 2021

REPORT BY: Board Secretary

SUBJECT: Powys Pension Board Communications Log

 REPORT FOR: Information

1. Introduction

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

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

TPR Email Update	08.06.21
LGA Email including link to TPR Survey results	07.07.21
TPR Email Update	07.07.21
TPR Email Update	26.08.21
Email on Pensions Dashboards	31.08.21
PLSA Email	06.09.21

3. Recommendation

Note communications issued.

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

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