

Powys Pensions Board

Meeting Venue
By Teams

Meeting Date
Wednesday, 15 December 2021

Meeting Time
2.30 pm

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



County Hall
Llandrindod Wells
Powys
LD1 5LG

9 December 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
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To authorise the Chair to sign the minutes of the meeting on 24 September 2021 as a correct record.

(Pages 5 - 12)

4.	MATTERS ARISING
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5.	MINUTES OF PENSIONS AND INVESTMENT COMMITTEE
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To receive the Minutes of Pensions and Investment Committee held on 7 October 2021.

(Pages 13 - 18)

6.	REVIEW OF COMPLIANCE WITH TPR CODE 14
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Updates made with regards to compliance of the TPR Code of Practice 14.

(Pages 19 - 28)

7.	OPERATIONAL AND ADMINISTRATION REPORT AND UPDATE
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To receive the report.

(Pages 29 - 30)

8.	REVIEW OF RISK REGISTER [STANDING ITEMS]
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Partial Review of Risk Register and consideration of any new risks.

(Pages 31 - 34)

9.	NEW LEGISLATION AND GUIDANCE (STANDING ITEM)
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To receive the report.

(Pages 35 - 38)

10.	BOARD MEMBER TRAINING [STANDING ITEM]
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To receive a verbal update.

11.	STANDING ITEMS WITH NO UPDATES REQUIRED
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- a. Breaches Register
- b. Audit Reports
- c. Board Communications Log
- d. Internal Dispute Resolution Procedure [IDRP]

(Pages 39 - 42)

12.	FUTURE BOARD MEETINGS
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To note dates and times of meetings in 2022:

14 February 2pm

15 June 2pm

19 September 2pm

21 November 2pm

13.	CONFIDENTIAL
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The Board needs to consider in accordance with Section 106 [a] 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.

14.	PENSION BOARD CHAIR UPDATE
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15.	WALES PENSION PARTNERSHIP - INVESTMENT POOLING UPDATE [STANDING ITEM]
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To receive a report.
(Pages 43 - 44)

16.	CESSATION OF CONTRACTING OUT - UPDATE [STANDING ITEM]
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To receive the report.
(Pages 45 - 48)

17.	WORKFLOW UPDATE
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(Pages 49 - 50)

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MINUTES OF A MEETING OF THE POWYS PENSIONS BOARD HELD AT BY TEAMS ON FRIDAY, 24 SEPTEMBER 2021

PRESENT

Gerard Moore (Chair)

John Byrne (Scheme Member Representative)

Wayne Thomas (Employer Representative)

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

1. APOLOGIES

Apologies for absence were received from Mick Hutchison (Scheme Member Representative) and Nigel Brinn [Employer Representative].

2. DECLARATIONS OF INTEREST

The Chair advised he was an Associate in The Chartered Institute of Public Finance and Accountancy [CIPFA] and declared an interest if reference was made to CIPFA when discussing the Board's training. The Board 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 - 8 JULY 2021

The minutes of the last meeting held on 8 July 2021 were agreed as a correct record.

4. MATTERS ARISING

The Board noted the following:

- The self-assessment would take place when all Board members were in attendance and it was hoped that the new Board members would be in post, so that this would assist them in learning about the role of the Board.
- Reporting breaches of the law [244 -270] - the policy would be reviewed at the next Board meeting.
- The Internal Audit report – the Pension Fund Manager advised that he would establish whether this report was still scheduled to be received by the end of the calendar year.

5. MINUTES OF PENSIONS AND INVESTMENT COMMITTEE

The Board received the Pensions and Investment Committee's minutes for 9 July 2021.

The Board noted the following:

- Item 4 - The Chair advised that the Scheme Advisory Board's [SAB] A-Z Guide to Responsible Investment was a good "live" document and recommended it to the Board members, to support them in their overview role. He also advised that The Pension Regulator [TPR] had produced a Climate Change Strategy, which again would be useful to Board members in raising their awareness of this issue.

- Items 6 and 11 - Responsible Investment [RI] - the Board's involvement in this was that it should have an understanding of the process being followed by the Pensions & Investment Committee and that it is assured that the process is appropriate. The Pension Fund Manager advised that the Powys Climate Working Group would now be established as additional resources had been allocated to the Pension Fund Team. He advised that work on RI was however, being undertaken, prior to the Group being set up.
- Item 13 - **The Board noted and was assured that the actuaries had presented a report on the Employer risk assessment and these were continually being reviewed.**
- Item 16 - the Pension Fund Manager advised that the issue related to responsibilities for the position of the Chair of the Pensions & Investment Committee had been considered at the Council meeting the previous day and it had been agreed that an amount equivalent to the Senior Responsibility Allowance should be paid to the Chair of the Pensions and Investment Committee to reflect the responsibilities of the role.

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]:

Publishing information about schemes [92-98]

95 – the Chair advised that the information on the Pension Fund website was complete and correct. However, he noted that the Board members are referred to as independent members on the Council's committee website. **The Board asked that this information be corrected.**

Providing information to Members [188-210]

196 – communication with leavers is not always within the required timescale. Due to staffing resources, work is prioritised to focus on processing leavers who might have an immediate entitlement to benefits rather than a member whose benefits are not due for many years. The Pension Fund Manager advised that with the new staff in post this issue would be addressed. **The Board agreed that it should be recorded in the right-hand column that this was currently recorded as a breach [not reportable] and that resolutions are in hand via the additional staffing resources being put in place.**

200 & 201 – in response to a question the Pension Fund Manager advised to the best of his knowledge the procedures were being followed as no concerns were being raised. However, he agreed to check this process. He advised that one of the new posts would concentrate on employer specific processes.

205 – the exercise was part of the workplan for the new staff.

208 – **the Board agreed that the wording in the right-hand column should reflect the current position regarding the processes in place to trace members identified as "Gone Away".**

Resolving issues [216-240]

228 – the completion of each stage of the two-stage dispute resolution process, should take no more than four months. The Pension Fund Manager agreed to

share the document regarding the resolution process, which is on the website, with the Board.

240 – the Board was assured that the Pension Fund Manager could demonstrate to the regulator the process for reviewing applications.

The Board noted that there was no news on the publication of a single code by the Pension Regulator [TPR].

7.	OPERATIONAL AND ADMINISTRATION REPORT
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The Board received and noted the Operational and Administration report.

The Pension Fund Manager advised that as a result of the questions at the last meeting about the Status 8 – awaiting entry numbers - he had checked the details. A training issue had been highlighted, which had now been addressed. The Board noted that no Status 8 were showing on this report.

In response to questions regarding preparations for the triennial valuation the Pension Fund Manager advised that currently, there were no bulk transfers and only one admission agreement was being processed. In addition, he advised that discussions were already taking place with the actuaries regarding the information they required for the valuation. Information on demographics was being provided and a data cleansing exercise was underway to ensure that potential issues could be identified and addressed. **The Board was assured that work was already underway in preparation for the triennial valuation in 2022.**

The Chair asked if the communication with the Fund was sufficient when new admissions were being considered. The Pension Fund Manager advised that communication had improved and the Pension Team was now involved in HR employment and procurement panels when transfers of staff into and from the Council were being considered. The Chair suggested that a summary figure of “Net Contributions from Members” be shown at the end of the monthly financial details.

8.	REVIEW OF RISK REGISTER AND CONSIDERATION OF ANY NEW RISKS
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The Pension Fund Manager advised that as some risks had been identified some time ago, he would review these in greater detail in due course.

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

PEN021 – the Board agreed that a comment should be added that the residual risk cannot go away because of its nature. Following this, the Board agreed that where it is stated that “No further action planned” in the column “Proposed further actions / controls” an explanation is given.

PEN030 – the Board agreed that under “Proposed further actions / controls” a statement should be made that this is being further facilitated to reflect the progress being made.

PEN036 – this would be updated to indicate that the Chair was continuing for a further 12 months.

PEN037 – it would be noted that the Board would receive training on procurement. The Pension Fund Manager agreed to prepare a report for the next meeting. **The Board recommended that the following process should be added to the register – that when appropriate the Board would review procurement exercises to ensure that processes and procedures, involving the Board and Committee at the appropriate time, had been followed outside of the commercial services procedures.**

The Chair advised that he considered that there was a risk of being unable to appoint or not appointing a suitably experienced chair of the Pensions & Investment Committee. The risk could be managed but he felt this should be added to the register. **The Board recommended that the risk of being unable to appoint or not appointing a suitably experienced chair of the Pensions & Investment Committee should be added to the register.**

The Pension Fund Manager also advised that there may also be a need for training of councillors to fully understand the role of the Pensions & Investment Committee, especially due to the scale of resources managed by the Committee. It was noted that such training would be required for councillors after the elections in 2022. **The Board asked that this be considered by officers and that Board members be invited to any such training for councillors.**

The Chair also noted that the Audit Committee and Pensions Board had common values, from the scrutiny viewpoint and there may be opportunities for cross observation and understanding. He indicated he would have discussions with the Audit Committee Chair.

9.	WALES PENSION PARTNERSHIP - INVESTMENT POOLING UPDATE [STANDING ITEM]
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The Board received the report.

The Pension Fund Manager advised that Powys, through officers, is represented on various subgroups established by the Pool, which includes the Private Market subgroup and Responsible Investment subgroup. The Chair indicated it was difficult for the Board to define its role relative to the WPP. He suggested that within the Board's self-assessment exercise this issue might be considered. The Chair suggested that specific Board meetings could concentrate on investment topics.

The Pension Fund Manager advised that in respect of the scheme member representative on the Joint Governance Committee [JGC], the inter authority agreement had been updated and each Council would consider this over the next few months. The Chair said it was a positive move for the JGC to have a scheme member representative and look forward to this adding value.

The Board noted that the JGC had appointed a specific advisor regarding the remaining asset classes.

10.	NEW LEGISLATION AND GUIDANCE (STANDING ITEM)
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The Board noted the report and the following:

- in respect of automatic enrolment, TPR had published updated guidance. The annual scheme return is expected from TPR in the next few weeks
- the TPR consultation on climate risk did not specifically apply to Local Government Pension Scheme [LGPS] but states that LGPS may wish to follow this guidance
- the Chair had attended a Pensions and Lifetime Savings Association [PLSA] event on cost transparency and he agreed to share a summary of this with the Board and suggested it might also be a future agenda item. The Pension Fund Manager advised that The Pension Regulator's [TPR] Governance and Administration survey for 2020 - 2021 had been published and shows improvements in risk management process. The Chair asked where Powys was in relation to TPR's six key processes and the Pension Fund Manager agreed to provide this information and would highlight any areas which the Board would need to review.

11.	CESSATION OF CONTRACTING OUT - UPDATE
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The Pension Fund Manager advised that the final test cases had been received and the process was on track for completion in the January or February pay run. He advised he would share the template letters to scheme members, with the Board, to review.

12.	STANDING ITEMS WITH NO UPDATES REQUIRED
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The Board noted the following in respect of standing items:

- a. Breaches register - there were no new recordable or reported breaches. However, the number of frozen funds had increased to 60 members as at 31 August, 2021, but the Board noted that this was a national issue for LGPS. The LGPS Technical Group had agreed that these should be recorded but not reportable breaches.

The Chair indicated that as the numbers increased in time it may become a fundamental issue and then may need to be listed as a recordable breach. In response to questions the Pension Fund Manager advised that unpaid funds remained within the pension fund pot rather than being transferred to another account.

The Communications Log was noted. The Chair advised that he had recently attended a fraud seminar. This was being repeated and he considered it was a good seminar and suggested that other Board members should watch, if they were able to.

13.	VALUATION
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The Pension Fund Manager advised that work with the actuaries was being undertaken, as advised under agenda Item 7.

The Chair asked that his paper produced in 2019 regarding the role of the Board in the triennial evaluation be recirculated to Board members and sent to new Board members.

14.	FUTURE BOARD MEETINGS
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The Board noted the meeting date for 2021 and the provisional dates for 2022.

15.	CONFIDENTIAL ITEMS
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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 UPDATE
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The Chair referred again to the Risk Register and suggested that the retention of staff should be added to this because the new way of working from home would enable staff to be more able to move jobs. **The Board recommended that the retention of staff should be added to the risk register.**

17.	PROCUREMENT PROCESSES AND TRAINING
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The Pension Fund Manager advised that as contracts come to an end, the Board and Committee would receive training on the processes undertaken in addition to the commercial procurement process. He advised he would share the procurement documentation with the Board and Committee to review accordingly. It was noted that this overview process was a fundamental role of the Board.

18.	WORKFLOW UPDATE
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The Board received the Workflow report for the period 01/04/2021 to 30/06/2021. The Board noted that this management tool would show peaks and troughs of work and identify performance issues which may need investigation.

The Board was pleased to note that the annual benefits statements had, once again, been sent out within the required timescale. The Board asked the Pension Fund Manager to thank the Pension Team for achieving such important deadlines once again despite the challenging working conditions.

The Board noted the importance of the potential uses of this management tool and would provide information to facilitate the role of the Board in scrutinising the efficient and cost effective administration of the scheme. The Chair commented that the tool and the additional staff resource were two very significant steps in responding to the changes in the LGPS.

19.	INTERNAL DISPUTE RESOLUTION PROCEDURE [IDRP] UPDATE [STANDING ITEM]
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The Pension Fund Manager advised that one complaint had now been referred from Stage 1 to Stage 2. He advised this related to the LGPS and pensions legislation impacting on potential flexibilities for members.

20.	PENSION BOARD SELF-ASSESSMENT UPDATE
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The Chair advised that the self-assessment would be undertaken when the new members had been appointed.

It was suggested that, if time is available after an agenda has been completed, training on specific issues could be provided to the Board, so utilising the time in members' diaries. The Chair asked that Board members provide details of training topics to add to the plan.

Gerard Moore (Chair)

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MINUTES OF A MEETING OF THE PENSIONS AND INVESTMENT COMMITTEE HELD BY TEAMS ON THURSDAY, 7 OCTOBER 2021

PRESENT

County Councillor P E Lewis (Chair)

County Councillors E A Jones, JG Morris and D H Williams

Mr G Moore, Chair Powys Pension Board

Mr M Weale, co-opted member

In attendance: Head of Finance, Pension Fund Manager and Financial Reporting & Policy Accountant

Aon representatives – Simon Mayne, Rebecca Jones and Jennifer O'Neill

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

2.	BALLIE GIFFORD
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The Chair welcomed Tim Gooding and Helen Roxburgh from Baillie Gifford.

The Committee received a presentation regarding the Global Alpha Paris-Aligned Fund. The Committee noted that the Fund had performed well since inception. Baillie Gifford considers the sustainability of companies in addition to long term profits. It had completed a climate audit of the portfolio, which provided:

- a snapshot of the portfolios greenhouse gas emissions,
- an understanding of the holdings pace of change and
- highlighted those companies where further climate related engagement could take place.

Baillie Gifford engage with companies in respect of their responses to meeting climate change issues.

The Chair thanked Tim Gooding and Helen Roxburgh for their attendance.

The Committee moved into public session.

3.	APOLOGIES
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Apologies for absence were received from County Councillor T J Van-Rees.

It was noted that County Councillor A W Davies was involved in another meeting and would join the meeting later.

4.	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.

5.	MINUTES
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The Chair was authorised to sign the minutes of the Pensions and Investment Committee meeting held on 9 July 2021 as a correct record.

6.	PENSIONS BOARD MINUTES
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The Committee received the minutes of the Pension Board held on 5 March and 8 July 2021. The Committee noted that the Board had recommended that the Taskforce for Climate Financial Disclosures [TCFD] should be added to the Risk Register.

7.	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 [SAB] –
 - as the SAB had ceased collecting death data, the Pension Fund Manager and actuary would be undertaking work on mortality in advance of the valuation and report back to Committee in due course,
 - a summary report on cost control mechanisms had been published this week and the Pension Fund Manager would review this and forward information to the Committee
- Pensions dashboards – the Administration Team would need to ensure the accuracy of information in respect of data quality and its availability
- The Pension Regulator [TPR] –
 - automatic enrolment guidance had been updated
 - guidance on climate risk reporting – although not applicable to Local Government Pension Schemes [LGPS] the guidance is seen as good practice and will be followed when considering Responsible Investments [RI]
 - Governance and Administration survey 2020-21 results – the Board had asked for a report on how the Powys Fund fared against the six key processes
- Scheme return – the Committee would be updated on the data quality scores.

The Pension Fund Manager advised the Committee that at the last Board meeting it had made a number of recommendations about changes to the wording in the Risk Register and also that new risks in respect of staff retention and procurement processes should be added to the Register. Questions were asked as to how the retention of staff due to remote working could be monitored and measured. The Pension Fund Manager advised he would consider how to do this.

It was moved and duly seconded to update the Risk Register as recommended by the Powys Pension Board, as detailed in the report.

RESOLVED	Reason for decision
<p>i. That the comments in the “Further Actions/Controls” column in the Risk Register be updated in respect of the following risks: PEN020, PEN021, PEN022, PEN023, PEN024, PEN025, PEN027, PEN028 and that the following new risks be added:</p> <p>ii. PEN038 - an increase in potential flight risk of staff linked to increased remote working and</p> <p>iii. PEN039 - that appropriate scrutiny is placed on any procurement exercises that the fund undertakes.</p>	<p>As per the report and acknowledgement of new identified risks.</p>

8. WALES PENSION PARTNERSHIP [WPP] UPDATE

The Committee received the WPP report. As a result of the WPP appointing an Allocator for Private Markets, the work on co-opting a scheme member representative on the Joint Governance Committee [JGC] and some minor changes, the Inter Authority Agreement [IAA] had been reviewed and an Addendum had to be agreed by the eight Constituent Authorities within the WPP.

It was moved and duly seconded that the Addendum to the IAA be recommended to Council for approval.

Recommendation to Council	Reason for recommendation
That the Addendum to the Inter Authority Agreement [IAA] be approved.	To ensure that the Council as on of the eight constituent Authorities in the WPP considers the Addendum.

9. 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).

10. DRAFT PENSION FUND ANNUAL REPORT 2020/21

The Committee noted the draft Pension Fund Annual report 2020/21. It was noted that a Committee meeting was being arranged in late November to enable it to approve the Annual Report, including audited accounts.

11. FUNDING UPDATE

Simon Mayne, Aon presented the Funding update as at 30 June 2021. Since the last update as at 31 March 2021 the funding level on the ongoing funding target had improved. The improvement had been driven by asset returns over the quarter being higher than assumed. It was noted that that this was a snapshot and a detailed position will be the outcome of the next valuation. The update was noted.

12. QUARTERLY MONITORING REPORT - Q2

The Committee received the Quarterly Monitoring report and the Investment Summary report. Simon Mayne advised that the latter had been developed in response to the request at the last meeting for a summary of information in various regular reports. The Committee agreed to consider both reports and feedback comments to Aon, via officers, so that the Investment summary report can be developed to meet the Committee's needs.

13. INTERIM INVESTMENT STRATEGY REVIEW

Simon Mayne, Aon presented the report. Since the last meeting the Committee had completed the questionnaire regarding the Investment Strategy. This assessed the Committee's beliefs and constraints and the report indicated how these compared with the 2016 survey results. The following was noted:

- the long-term goal was to achieve and maintain full funding
- the majority considered that the goal should be achieved as soon as it is affordable
- risk tolerance had slightly increased.

The Committee had agreed as part of the 2016 investment strategy review that an allocation to private markets should be included in the Fund's portfolio. Aon advised that the WPP private market fund would be available next year. The Committee noted the modelling scenarios and that further information would be considered at a future meeting.

14. RESPONSIBLE INVESTMENT

Simon Mayne, Rebecca Jones and Jennifer O'Neill from Aon presented the reports.

The Committee considered the draft Governance Pillar Statement which explained the Fund's approach to governance of climate related risks and opportunities. The Pension Fund Manager indicated that the local Climate Working Group and its role should be added to the statement. Reference should also be made to the role of the Powys Pension Board in supporting and assisting the Administering Authority. Aon asked that the Committee and officers consider the draft and feedback any comments.

Councillor A Davies joined the meeting.

The Committee considered the Responsible Investment survey results. It was noted that the majority of responses were in line with the previous survey. In respect of governance and stewardship the respondents were unanimous in

agreeing the Committee acts as responsible owners and engage with the companies and assets in which it invests. The use of voting rights by managers, the principles they used to make votes and how these principles were aligned to the Committee's principles were issues that would be considered further.

The Committee agreed that a draft RI document would be considered at the meeting in December.

15.	FORWARD LOOKING BUSINESS PLAN
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The Committee received and noted the Forward Looking Business Plan.

County Councillor P E Lewis (Chair)

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	PENSION REGULATOR CODE OF PRACTICE 14 - COMPLIANCE ANALYSIS		
	Powys Pension Fund		
		Action Required	Current Position
22	Scheme manager - each public service pension scheme has one or more persons responsible for managing or administering the scheme. Public service pension schemes can have different persons acting as scheme manager for different parts of the pension scheme. For the locally administered schemes, the scheme managers may be the local administering authorities or a person representing an authority or police force.		<i>The Administering Authority is designated scheme manager under the regulations.</i>
23	Pension board – the scheme manager (or each scheme manager) for a scheme has a pension board with responsibility for assisting the scheme manager to comply with the scheme regulations and other legislation relating to the governance and administration of the scheme and any requirements imposed by the regulator. The pension board must also assist the scheme manager with such other matters as the scheme regulations may specify. It will be for scheme regulations and the scheme manager to determine precisely what the pension board’s role, responsibilities and duties entail.		<i>A Local Pension Board has been established and operates under a prescribed Terms of Reference. The Board was established on</i>
Governing your Scheme			
38	Schemes should establish and maintain policies and arrangements for acquiring and retaining knowledge and understanding to support their pension board members. Schemes should designate a person to take responsibility for ensuring that a framework is developed and implemented.		Training Log kept. 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.		Annual Training Needs Analysis conducted
40	Pension board members must be conversant with their scheme rules , which are primarily found in the scheme regulations, and documented administration policies currently in force for their pension scheme. Being ‘conversant’ means having a working knowledge of the scheme regulations and policies, so that pension board members can use them effectively when carrying out their duties.		Analyse results of Training needs assessment and produce training plan
41	They must also have knowledge and understanding of the law relating to pensions (and any other matters prescribed in legislation) to the degree appropriate for them to be able to carry out their role, responsibilities and duties.		Analyse results of Training needs assessment and produce training plan

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>		Appropriate policies, documents and procedures in place and published (where applicable). Suggestion on setting up a Pension Board knowledge/document library in 2021
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>		Available on Fund website
45	Where DC or DC AVC options are offered, pension board members should also be familiar with the requirements for the payment of member contributions to the providers, the principles relating to the operation of those arrangements, the choice of investments to be offered to members, the provider's investment and fund performance report and the payment schedule for such arrangements.		AVC Training has been carried out. New AVC Risk documentation introduced.
46	Schemes should prepare and keep an updated list of the documents with which they consider pension board members need to be conversant. This will enable them to effectively carry out their role. They should make sure that both the list and the documents are available in accessible formats.		To be included in Pension Board Document Library

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

57	Pension board members should undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses. They should use a personalised training plan to document and address these promptly.		Carry out an up to date skills and knowledge analysis. Taking Place in Feb/March 2021
58	Learning programmes should be flexible , allowing pension board members to update particular areas of learning where required and to acquire new areas of knowledge in the event of any change. For example, pension board members who take on new responsibilities will need to ensure that they gain appropriate knowledge and understanding relevant to carrying out those new responsibilities.		
59	The regulator will provide an e-learning programme to help meet the needs of pension board members, whether or not they have access to other learning. If schemes choose alternative learning programmes they should be confident that those programmes: cover the type and degree of knowledge and understanding required reflect the legal requirements, and are delivered within an appropriate timescale.		
60	Schemes should keep appropriate records of the learning activities of individual pension board members and the board as a whole . This will help pension board members to demonstrate steps they have taken to comply with legal requirements and how they have mitigated risks associated with knowledge gaps. A good external learning programme will maintain records of the learning activities of individuals on the programme or of group activities, if these have taken place.		Attendance at training events (and what types) kept in spreadsheet format.
Conflicts of Interest and Representation			
62	In relation to the pension board, scheme regulations must include provision requiring the scheme manager to be satisfied: that a person to be appointed as a member of the pension board does not have a conflict of interest and from time to time, that none of the members of the pension board has a conflict of interest.		COI declared at every Board meeting
63	Scheme regulations must require each member or proposed member of a pension board to provide the scheme manager with such information as the scheme manager reasonably requires for the purposes of meeting the requirements referred to above.		COI declared at every Board meeting

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

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

91	Arrangements should be designed with regard to the principles of proportionality, fairness and transparency, and with the aim of ensuring that a pension board has the right balance of skills, experience and representation (for example, of membership categories and categories of employers participating in the scheme). Those responsible for appointing members to a pension board should also consider the mix of skills and experience needed on the pension board in order for the board to operate effectively in light of its particular role, responsibilities and duties.		On-going training needs analysis and training required
Administration			
124	Failure to maintain complete and accurate records and put in place effective internal controls to achieve this can affect the ability of schemes to carry out basic functions. Poor record-keeping can result in schemes failing to pay benefits in accordance with scheme regulations, processing incorrect transactions and ultimately paying members incorrect benefits. For funded schemes, it may lead to schemes managing investment risks ineffectively. There is also the potential for the maladministration of members' contributions and failure to identify any misappropriation of assets. Schemes should be able to demonstrate to the regulator, where required, that they keep accurate, up-to-date and enduring records to be able to govern and administer their pension scheme efficiently.		Data Quality testing Undertaken annually (latest in October 2021)
125	Scheme managers must establish and operate adequate internal controls, which should include processes and systems to support record-keeping requirements and ensure that they are effective at all times.		Monthly and annual data checking exercise
126	Scheme managers must ensure that member data across all membership categories specified in the Record Keeping Regulations is complete and accurate. Member data should be subject to regular data evaluation.		Monthly and annual data checking exercise
127	Scheme managers must keep specific member data, which will enable them to uniquely identify a scheme member and calculate benefits correctly. This is particularly important with the establishment of career average revalued earnings (CARE) schemes. Scheme managers must be able to provide members with accurate information regarding their pension benefits (accrued benefits to date and their future projected entitlements) in accordance with legislative requirements, as well as pay the right benefits to the right person (including all beneficiaries) at the right time.		Final Salary and CARE data held in Admin system accordingly
128	Schemes should require participating employers to provide them with timely and accurate data in order for the scheme manager to be able to fulfil their legal obligations. Schemes should seek to ensure that processes are established by employers which enable the transmission of complete and accurate data from the outset. Processes will vary from employer to employer, depending on factors such as employee turnover, pay periods, number of employees who are members and the timing and number of payroll processing systems.		Finance check monthly. Annual letter of compliance issued to employers.

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129	<p>Schemes should seek to ensure that employers understand the main events which require information about members to be passed from the employer to the scheme and/or another employer, such as when an employee:</p> <p>joins or leaves the scheme</p> <p>changes their rate of contributions</p> <p>changes their name, address or salary</p> <p>changes their member status, and</p> <p>transfers employment between scheme employers.</p>		Guidance and training provided at time of Admission into Fund. Iconnect allows electronic input and updating.
130	<p>Schemes should ensure that appropriate procedures and timescales are in place for scheme employers to provide updated information when member data changes, for checking scheme data against employer data and for receiving information which may affect the profile of the scheme. If an employer fails to act according to the procedures set out above, meaning that they and/or scheme managers may not be complying with legal requirements, those under a statutory duty to report breaches of the law to the regulator under section 70 of the Pensions Act 2004 should assess whether there has been a relevant breach and take action as necessary.</p>		Guidance and training provided at time of Admission into Fund
131	<p>Schemes should be able to trace the flow of funds into and out of the scheme and reconcile these against expected contributions and scheme costs. In doing so, they will have clear oversight of the core scheme transactions and should be able to mitigate risks swiftly.</p>		Finance Section carry out checks
132	<p>Scheme managers must keep records of transactions made to and from the scheme and any amount due to the scheme which has been written off. They should be able to demonstrate that they do so.</p>		Audit trails available in Admin system and quarterly reconciliation with Finance.
133	<p>Scheme managers must keep records of pension board meetings including any decisions made. Schemes should also keep records of key discussions, which may include topics such as compliance with policies relating to administration of the scheme.</p>		Available in Minutes and held on fund website
134	<p>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.</p>		Available in Minutes
135	<p>Schemes should retain records for as long as they are needed. It is likely that data will need to be held for long periods of time and schemes will need to retain some records for a member even after that individual has retired, ensuring that pension benefits can be properly administered over the lifetime of the member and their beneficiaries. Schemes should have in place adequate systems and processes to enable the retention of records for the necessary time periods.</p>		GDPR notice advises that data will be held for as long as required to administer the scheme appropriately.

136	Schemes should have policies and processes that monitor data on an ongoing basis to ensure it is accurate and complete , regardless of the volume of scheme transactions. This should be in relation to all membership categories , including pensioner member data where queries may arise once the pension is being paid.		Data Improvement Plan in place on fund website and regularly reviewed
137	Schemes should adopt a proportionate and risk-based approach to monitoring , based on any known or historical issues that may have occurred in relation to the scheme's administration. This is particularly important for the effective administration of CARE pension schemes, which requires schemes to hold significantly more data than needed for final salary schemes.		Monthly and annual data monitor and cleanse processes in place.
138	Schemes should continually review their data and carry out a data review exercise at least annually . This should include an assessment of the accuracy and completeness of the member information data held. Schemes should decide the frequency and nature of the review in light of factors such as the level of data quality, any issues identified and key scheme events.		Data Quality Testing and Improvement Plan in place and regularly reviewed
140	Where there has been a change of administrator or the administration system/platform, schemes should review and cleanse data records and satisfy themselves that all data are complete and accurate.		Completed in 2019
141	Where schemes identify poor quality or missing data, they should put a data improvement plan in place to address these issues. The plan should have specific data improvement measures which schemes can monitor and a defined end date within a reasonable timeframe when the scheme will have complete and accurate data.		Data Quality testing and Improvement Plan, but monitored Annually
142	Schemes should ensure that member records are reconciled with information held by the employer , for example postal address or electronic address (email address) changes and new starters. Schemes should also ensure that the numbers of scheme members is as expected based on the number of leavers and joiners since the last reconciliation. Schemes should be able to determine those members who are approaching retirement, those who are active members and those who are deferred members.		Monthly/Annual Reconciliation
143	Schemes must ensure that processes that are created to manage scheme member data meet the requirements of the Data Protection Act 1998 and the data protection principles .		reviewed under GDPR exercise
144	Schemes should understand : <ul style="list-style-type: none"> • their obligations as data controllers and who the data processors are in relation to the scheme • the difference between personal data and sensitive personal data (as defined in the Data Protection Act 1998) • how data are held and how they should respond to data requests from different parties • the systems which need to be in place to store, move and destroy data, and • how data protection affects member communications. 		reviewed under GDPR exercise
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 exercise

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CYNGOR SIR POWYS COUNTY COUNCIL

Pension Board
15th December 2021

REPORT BY: Board Secretary

SUBJECT: Administration Activity Update

REPORT FOR: Information

1. Introduction

- 1.1 Further to the information provided at the September 2021 Pension Board meeting, this report contains the membership and Pensions Administration financial statistics for the period 1st July 2021 to 30th September 2021.
- 1.2 Since the summer, the Pensions Section have been recruiting to provide the additional resource needed to deal with the ongoing and future challenges faced by the administration and governance requirements of the Local Government Scheme. To date, 3 Pensions Assistants and the Member Services Manager have been appointed, with one internal team member moving into the Employer, Data and Systems post in the New Year. This appointment will require back filling of their existing post and another recruitment campaign.

2. Pensions Administration Financial Statistics - Income & Expenditure

2.1

<u>Payments</u>	<u>July</u>	<u>August</u>	<u>September</u>
Pensions	2,042,456	2,094,995	2,023,848
Lump Sum	302,873	299,325	247,427
Transfers Out	350,840	1,711	37,683
Death Grants	106,470	(2,708)	501
Total Payments	2,802,640	2,393,324	2,309,459
<u>Income</u>			
Employee Contributions	(444,879)	(537,847)	(467,136)
Employer Contributions	(1,571,799)	(1,713,720)	(1,585,606)
Transfers In	(70,320)	(975,733)	(328,326)
Total Income	(2,086,998)	(3,227,300)	(2,381,068)

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	Total 1	Total 2
1	Active	5629	5664
2	Undecided Leaver	769	914
3	Leaver - No Liability	13726	13820
4	Deferred Pensioner	6389	6355
5	Pensioner	4416	4454
6	Widow/Dependant	641	641
7	Death/Cess Liability	3792	3816
9	Frozen Refund	570	589
O	Opt-Out	1298	1306
Z	Aggregation	2047	2216
		-----	-----
		39277	39775
		-----	-----

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	I	Risk Rating					P	I	Risk Rating	
	PEN001	01/11/2015		Pensions Administration	Failure to pay pensions and lump sums on time	Financial difficulty for the scheme member concerned, reputational risk to the Pension Fund, and additional cost to the employer where interest is payable as a result of late payment.	M	L	Low	Maintenance and update of Altair and Trent systems, sufficient staff resources and training. Quality assurance processes in place to check work done.	Pension Fund Manager	A Davies	Review of process as part of the ongoing review of pensions administration processes following the implementation of the 2014 Scheme.	M	L	Low	
	PEN002	01/11/2015		Finance	Failure to collect and account for pension contributions being paid over to the Fund on time by Fund employers.	Adverse audit opinion, potential delays to Fund employer FRS17/IAS19 reporting; and potential delay to production of annual report and accounts.	L	M	Low	Contributions received monitored on a monthly basis by Fund accounting staff.	Section 151 Officer	A Davies	Requirement that each end of scheme year, Fund employers certify that they have paid over contributions at the correct rates and on time.	L	M	Low	
	PEN003	01/10/2019		Finance	Insufficient Fund cashflow to meet liabilities as they fall due.	Immediate injections of cash from Fund employers would be required where Fund assets cannot be liquidated quickly. For now the Fund is cashflow positive but will not remain so for much longer, therefore requiring the use of investment income to subsidise the payment of pension benefits rather than being reinvested as now.	H	M	Medium	Funding strategy statement. Will this year (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 payment of pension benefits rather than being reinvested as now.	L	L	Low	Business Continuity Plan for the Pensions administration service. Assurances received from all systems providers in relation to their current resilience to the threat of a failure in cyber security.	Pension Fund Manager	A Davies	Keep Business Continuity Plan under review. Periodic review by the Pension Board of provider assurances in respect of cyber security.	L	L	Low	
	PEN005	01/11/2015		Pension Fund	Inability to deliver service as a result of the loss of key personnel	Failure to provide service at all, or at an acceptable level	L	M	Low	Business Continuity Plan in place for the pensions administration service	Pension Fund Manager	A Davies	Keep Business Continuity Plan under review	L	M	Low	
	PEN006	01/11/2015		Pension Fund	Loss of funds through fraud or misappropriation	Financial loss to the Fund	L	M	Low	Internal and External Audit regularly test that appropriate controls are in place and are working effectively. Due diligence is carried out whenever a new investment manager is appointed.	Pension Fund Manager	A Davies	None	L	M	Low	

Risk Register

Reporting Level	Risk Reference	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk			Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk			Notes
							P	I	Risk Rating					P	I	Risk Rating	
Page 32	PEN007	01/01/2015	FSS	Pension Fund	Significant rise in employer contribution rates for Fund employers with strong covenants, as consequence of increases in liabilities.	Employer contribution rates rise to unacceptable levels, putting upward pressure on Council Tax rates and the ability of Powys County Council to continue to deliver services to its communities.	L	M	Low	Employers have Discretionary Powers Policies that help to control liabilities. In reality, little can actually be done in mitigation due to the fact that liabilities are largely determined by bond yields that are outside of the Fund's control.	Pension Fund Manager	A Davies	Investigate further liability mitigations such as ill health strain insurance; developing guidance to assist employers to manage liability increases derived from their actions or inactions; and, work closely with the Fund actuary to determine appropriate valuation assumptions and deficit recovery strategies.	L	M	Low	
	PEN008	01/01/2015	FSS	Pension Fund	Significant rises in employer contribution rates for Fund employers with weak covenants as a consequence of increases in liabilities.	Employer contribution rates rise to unsustainable levels that cause employers to become insolvent	L	H	Medium	Employers have Discretionary Powers Policies that help to control liabilities. In reality, little can actually be done in mitigation due to the fact that liabilities are largely determined by bond yields that are outside of the Fund's control.	Pension Fund Manager	A Davies	In process of developing risk sharing arrangements to enable employers with weak covenants to attain a degree of certainty over the level of employer contribution rates.	L	M	Low	
	PEN009	01/01/2015	FSS	Pension Fund	Significant rises in employer contribution rates for employers with strong covenants as a result of poor/negative investment returns.	Employer contribution rates rise to unacceptable levels that result in Powys County Council and other Employers being unable to provide appropriate services for its communities.	L	M	Low	Use expert specialist consultants to help set and monitor investment strategy and investment manager performance and selection. Quarterly investment performance reports presented to Pension Fund	Pension Fund Manager	A Davies	Continual monitoring of performance; review of asset allocation strategy, including consideration of alternative asset classes and non-market led assets.	L	M	Low	
	PEN010	01/01/2015	FSS	Pension Fund	Significant rises in employer contribution rates for employers with weak covenants as a result of poor/negative investment returns.	Employer contribution rates rise to unsustainable levels that result in employers with weak covenants becoming insolvent.	L	H	Medium	Use expert specialist consultants to help set and monitor investment strategy and investment manager performance and selection. Quarterly investment performance reports presented to Pension Fund	Pension Fund Manager	A Davies	Continual monitoring of performance; review of asset allocation strategy, including consideration of alternative asset classes and non-market led assets.	L	M	Low	
	PEN011 / 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	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	I	Risk Rating					P	I	Risk Rating	
	PEN012	25/01/2016		Pensions Administration	Failure to hold scheme member's personal data securely.	Poor data quality; compromised data; fines	L	M	Low	Compliance with Powys County Council Data Protection and ICT policies, 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; IDRP and Ombudsman appeals; and, incorrect assessment of employer contribution rates.	M	M	Medium	Pensions team work with employer payrolls to ensure data quality; data validation checks undertaken by team at each year end; validation checks carried out at each actuarial valuation (triennially) by the Fund actuary. Staff training and development.	Pension Fund Manager	A Davies	Additional data validation and quality checks to be implemented as required by the TPR code of practice.	L	M	Low	
Page 33	PEN014	25/01/2016	CIPFA	Pension Fund	Lack of expertise of Pension Fund Officers and Head of Service	Poor decision making in relation to principal functions of the Pension Fund , particularly in relation to investments.	L	H	Medium	Officers ensure that they receive appropriate training and are required to keep up to date with developments in pensions matters, as part of their periodic Individual Performance Reviews and by attending relevant conferences and seminars, by reading and through discussions with consultants and peers.	Pension Fund Manager	A Davies	Formalised Officer training via individual training plans based on the CIPFA 'Knowledge and Skills' framework, as is the the procedure for members of both Pensions & Investment Committee and the Pensions Board.	L	M	Low	
	PEN015	25/01/2016	CIPFA	Pension Fund	Over-reliance on key Officers	When senior Officers leave or are on long term sickness, large knowledge gaps remain.	M	H	Medium	In the short term, knowledge gaps can be filled by using our external colleagues from other Welsh Funds and buying in assistance from consultants.	Pension Fund Manager	A Davies	Formalise succession planning by including in Officer individual training plans for less senior Officers.	M	L	Low	

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CYNGOR SIR POWYS COUNTY COUNCIL

Powys Pension Board
15th December 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 [214](#), [215](#) and [216](#), 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 cost management result published**

On 15 October 2021, SAB published the result of its [cost management process](#) for the 2016 scheme valuation. Although the Board reached agreement on how to include McCloud costs previously, it was not able to publish the outcome until HM Treasury (HMT) published the Cost Cap Directions 2021 (See paragraph 2.2).

SAB agreed to spread McCloud costs over a 10-year period (rather than the four years used in the HMT process), resulting in an outcome of 19.4 per cent against a target cost of 19.5 per cent. Despite the slight shortfall in cost, the SAB will not be recommending any scheme changes.

2.2 **HMT publishes consultation response on the cost control mechanism**

The response confirms it will proceed with all three proposed reforms to the mechanism:

- moving to a reformed scheme only design so that the mechanism only considers past and future service in the reformed schemes.

- the cost corridor will be widened from two per cent to three per cent of pensionable pay
- introducing an economic check so that a breach of the mechanism will only be implemented if it still would have occurred had the long-term economic assumptions been considered.

The Government is aiming to implement all three proposals in time for the next valuations. It will work with the Department for Levelling Up, Housing and Communities (DLUHC) and LGPS stakeholders to consider:

- the most appropriate way to implement the reformed scheme only design in the LGPS (including how to treat the underpin)
- whether it is desirable for the SAB process to be adapted in line with the principles of the economic check.

3. Other Updates

3.1 The Pensions Ombudsman

In October 2021, the Pensions Ombudsman (TPO) launched a new [page](#) on its website called 'How to avoid the Ombudsman'. It contains 'top tips', links to case studies, key determinations and new frequently asked questions.

TPO also published a [guidance note](#) on communicating with pension scheme members. The note sets out simple steps that can be taken to resolve pension disputes and complaints without the need for TPO to be involved.

3.2 Pension scams: new restrictions on transfers

On 8 November 2021;

- the Government [published](#) its Response to Pension scams: empowering trustees and protecting members consultation
- [The Occupational and Personal Pension Schemes \(Conditions for Transfers\) Regulations 2021](#) [SI 2021/1237] were laid
- the Pensions Regulator (TPR) published TPR [guidance](#) on dealing with transfer requests.

The regulations take effect from 30 November 2021. They introduce further legal restrictions on a member's statutory right to transfer. The regulations give administering authorities tools to act if they have suspicions about the circumstances that have led the member to request a transfer. The member will no longer be able to insist on a statutory transfer taking place in these circumstances.

The Pensions Section is reviewing the documentation and amending processes accordingly.

4. The Pensions Regulator (TPR)

4.1 Dealing with Transfer Requests guidance

the Pensions Regulator (TPR) published [guidance](#) on dealing with transfer requests

4.2 Scheme return

TPR is sent out scheme return notices to managers of public service pension schemes in September advising of the need to complete in November. Board can receive the assurance that the return for Powys County Council was submitted in time.

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. 65 members to 30.11.21	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
15th December 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

08.10.21

TPR Email Update

30.11.21

3. **Recommendation**

Note communications issued.

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