

# Public Document Pack

## Pensions and Investment Committee

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Meeting Venue

**By Zoom**

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Meeting date

**Friday, 7 October 2022**

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Meeting time

**10.00 am**

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For further information please contact

**Carol Johnson**

01597 826206

carol.johnson@powys.gov.uk



County Hall  
Llandrindod Wells  
Powys  
LD1 5LG

3 October 2022

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Mae croeso i chi siarad yn Gymraeg neu yn Saesneg yn y cyfarfod.

Rhowch wybod pa iaith rydych am ei defnyddio erbyn hanner dydd, ddau ddiwrnod gwaith cyn y cyfarfod.

You are welcome to speak Welsh or English in the meeting.

Please inform us of which language you wish to use by noon, two working days before the meeting.

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### AGENDA

<b>1.</b>	<b>EXEMPT ITEMS</b>
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The Monitoring Officer has determined that category 3 of the Access to Information Procedure Rules applies to the following items. His view on the public interest test (having taken account of the provisions of Rule 14.8 of the Council's Access to Information Rules) was that to make this information public would disclose information relating to the financial or business affairs of any particular person (including the authority holding that information). These factors in his view outweigh the public interest in disclosing this information.

Members are asked to consider these factors when determining the public interest test, which they must decide when considering excluding the public from this part of the meeting.

<b>2.</b>	<b>APOLOGIES</b>
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To receive apologies for absence.

<b>3.</b>	<b>DECLARATIONS OF INTEREST</b>
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To receive any declarations of interest from Members relating to items to be considered on the Agenda.

<b>4.</b>	<b>RUSSELL INVESTMENTS UPDATE</b>
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**After Item 4 the Committee will move into the public agenda**

<b>5.</b>	<b>MINUTES</b>
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To authorise the Chair to sign the minutes of the last meeting held on 15 July 2022 as a correct record.

(Pages 5 - 10)

<b>6.</b>	<b>ADMINISTRATION AND GOVERNANCE REPORT</b>
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To consider the reports.

(Pages 11 - 40)

<b>7.</b>	<b>DATA IMPROVEMENT PLAN</b>
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To consider the report.

(Pages 41 - 48)

<b>8.</b>	<b>COMMUNICATIONS STRATEGY</b>
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To consider the report.

(Pages 49 - 58)

<b>9.</b>	<b>WALES PENSION PARTNERSHIP [WPP] UPDATE</b>
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To receive a report regarding the WPP.

(Pages 59 - 62)

<b>10.</b>	<b>EXEMPT ITEM</b>
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The Monitoring Officer has determined that category 3 of the Access to Information Procedure Rules applies to the following items. His view on the public interest test (having taken account of the provisions of Rule 14.8 of the Council's Access to Information Rules) was that to make this information public would disclose information relating to the financial or business affairs of any particular person (including the authority holding that information). These factors in his view outweigh the public interest in disclosing this information.

Members are asked to consider these factors when determining the public interest test, which they must decide when considering excluding the public from this part of the meeting.

<b>11.</b>	<b>DRAFT ANNUAL REPORT</b>
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To consider the report.  
(Pages 63 - 140)

<b>12.</b>	<b>EQUITY PORTFOLIO REVIEW</b>
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To consider the report.  
(To Follow)

<b>13.</b>	<b>RESPONSIBLE INVESTMENT</b>
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To consider the report.  
(To Follow)

<b>14.</b>	<b>FUND PERFORMANCE</b>
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To consider the report.  
(To Follow)

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**MINUTES OF A MEETING OF THE PENSIONS AND INVESTMENT COMMITTEE  
HELD AT BY ZOOM ON FRIDAY, 15 JULY 2022**

**PRESENT**

County Councillor P E Lewis (Chair)

County Councillors E A Jones, A Kennerley, C Kenyon-Wade, D H Williams,  
D A Thomas and Moore

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

<b>2.</b>	<b>DECLARATIONS OF INTEREST</b>
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Councillors A Jones, A Kennerley, P Lewis and H Williams 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.

<b>3.</b>	<b>MINUTES</b>
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The Chair was authorised to sign the minutes of the Pensions and Investment Committees meeting held on 11 March 2022 and 17 June 2022 as correct records.

Councillor C Kenyon-Wade joined the meeting.

<b>4.</b>	<b>PENSIONS BOARD MINUTES</b>
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The Committee received the Board Chair's report and draft minutes of the Board meeting held on 27 June 2022.

The Board Chair advised that as this was the first Committee meeting since the May election he had provided information in his report on the role of the Board. The Committee noted that the Board's recommendations on the Funds Business Plan and the draft Conflicts Policy had been incorporated into these documents which were on the agenda. He advised that the Board was unable to review the Risk Register and a further meeting was to be arranged to do this. The Chair advised that the Chair of the Scheme Advisory Board would be attending the September Board meeting.

**Resolved that the report be noted.**

<b>5.</b>	<b>ADMINISTRATION AND GOVERNANCE UPDATE</b>
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The Committee received the Administration and Governance report.

The Pension Fund Manager highlighted various issues. In respect of the Risk Register he advised that the risks were now divided into three areas, Administration, Governance and Investment. No new risks had been added since the last meeting. As advised by the Board Chair, the Risk Register would be reviewed by the Board and then presented to the Committee. In response to

a question about the number of risks identified as amber, the Pension Fund Manager that this was due to their potential impact. He advised that the Board would consider the classification of the risks when it reviewed the Register.

The Pension Fund Manager agreed that an explanation would be provided in the Risk Register regarding the scoring system used.

**Resolved that the report be noted.**

<b>6.</b>	<b>GOOD GOVERNANCE PROJECT UPDATE</b>
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The Committee received the report.

The Pension Fund Manager advised that the Scheme Advisory Board's (SAB) review of Good Governance had resulted in a Phase 3 report and action plan. Although many recommendations require further guidance, the Fund has identified the following which can be considered by the Fund prior to any further legislation, namely the development of a Conflicts of Interest Policy, a Knowledge and Skills assessment framework and a Business Plan. These items are considered on the agenda.

In response to a question the Pension Fund Manager advised that third party providers used by the Fund are asked to state how their systems are tested in respect of cyber security.

The Committee considered the Conflict of Interest Policy. The Pension Fund Manager advised that the information would be held by him and the information would be reviewed annually with the policy being reviewed every three years.

**Resolved that**

- 1. The report is noted and**
- 2. that the Conflicts of Interest policy is approved.**

<b>7.</b>	<b>KNOWLEDGE AND SKILLS FRAMEWORK INCLUDING MEMBER TRAINING</b>
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The Committee received the report.

**Resolved that**

**the Committee complete an up-to-date training needs analysis form in order to assess training requirements.**

<b>8.</b>	<b>WALES PENSION PARTNERSHIP [WPP] UPDATE</b>
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The Committee received the update report on the Wales Pension Partnership [WPP]. The Committee noted that the WPP is now a signatory to the UK Stewardship Code.

The Committee considered the WPP's Business Plan, which each of the eight Constituent Authorities had to approve. The Pension Fund Manager advised that the Plan was for three years but would be reviewed annually.

**Resolved that**

1. the report is noted and
2. the Wales Pension Partnership 2022 – 2025 Business Plan is approved.

<b>9.</b>	<b>EXEMPT ITEM</b>
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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).**

<b>10.</b>	<b>PENSION FUND BUSINESS PLAN</b>
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The Committee considered the draft Pension Fund Business Plan 2022/23.

The Pension Fund Manager referred the Committee to the Mission Statement and Objectives. The following comments were made:

- the Mission Statement and Objectives should state the position of the Fund at present in respect of investment approaches towards fossil fuels and climate change etc and how it wishes to progress on such issues.
- Reference should be made to the Wellbeing of Future Generations Act.
- Digital Transformation should be optimised rather than maximised, to reflect the fact that some scheme members may prefer to receive hard copies of information
- Links to where the reader of the Plan can find more detailed information should be included.

**Resolved**

**To approve the Draft Business Plan, as recommended in the Scheme Advisory Board Good Governance Project and future Plans take into account the comments made as detailed above.**

The Committee took the Asset Allocation views July 2022 item next.

<b>11.</b>	<b>ASSET ALLOCATION VIEWS JULY 2022</b>
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The Chair welcomed Koray Yesildag and Kenneth Ettles, Aon to the meeting.

Aon provided an overview of the key issues in the third Quarter namely whether inflation was peaking, the risk of recession and the risk of changes in interest rates. It was noted that no asset class performs well over all of these risks but diversification can improve a portfolios resilience.

The Committee noted that currently the strategic level of equity protection is set at 50%. Due to the concerns in the market over the next 12 to 18 months Aon recommended that this level of protection should increase to between 65% to 70%. In addition, the credit risk should also be reduced by disinvesting £30m in Multi Asset Credit sub-funds in favour of Absolute Return Bonds, as the latter were less sensitive to market changes.

Aon advised in response to a question that the protection currently in place had protected the Fund in 2022.

### **Resolved**

- 1. That in principle the strategic level of equity protection is increased from 50% to 70% and**
  - i. that Aon provides further information for the consideration of the Committee and**
  - ii. that it be delegated to the Chair and Vice Chair in consultation with the S151 Officer to finalise the change, taking into account the views of the Committee.**
  
- 2. That the exposure to Multi Asset Credit sub-funds is reduced by £30m in favour of Absolute Return Bonds.**

<b>12.</b>	<b>WALES PENSION PARTNERSHIP [WPP] SUB-FUNDS LATEST VIEWS</b>
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The Chair welcomed George Feane, Aon to the meeting. The Committee considered the report on the new Wales Pension Partnership [WPP] sub-funds.

The Committee noted that the benchmark for Infrastructure/Private Debt in the Powys Pension Fund's Strategic Asset allocation was 10% and currently no funds are invested in these asset classes. The WPP had now made available three "open-ended" Infrastructure funds in which the Fund could invest. It was also noted that the WPP had launched an emerging Markets Equity sub-fund in late 2021, a Sustainable Equity sub-fund was expected to be launched at the end of the year and further information on the closed-end Infrastructure and Private Debt funds would be available towards the end of the year.

The Committee noted that by investing via the WPP the Fund benefited from the reduced costs of buying. Aon advised it could provide further information to the Committee on the WPP's three "open-ended" Infrastructure funds to enable it to consider these new funds.

### **Resolved**

- 1. That Aon provides further information on the WPP's three "open-ended" Infrastructure funds to enable the Committee to consider these new funds and a further meeting is held to enable the Committee to consider the level of investment and**
- 2. that the Fund's entire equity portfolio is evaluated to consider the extent to which the new WPP sub-funds should be incorporated into the Fund's equity allocation.**

County Councillor A Jones left the meeting.

<b>13.</b>	<b>RESPONSIBLE INVESTMENT/FOSSIL FUEL EXPOSURE</b>
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The Committee received Aon's report on the Review of fossil fuel exposure. The Committee noted that the Fund's exposure to fossil fuels was 2.04% of Fund value [£16.6m] as at 31 March 2022.

The Committee noted the information on the Fund's exposure to fossil fuels. This information would help the Committee to understand the Fund's exposure



as it changes over time. The Committee was reminded that work was continuing in respect of the Taskforce for Climate-related Financial Disclosures (TCFD). Aon advised that a further report would be provided at the next meeting.

**Resolved that the Committee note the report.**

County Councillor H Williams left the meeting.

<b>14.</b>	<b>PERFORMANCE</b>
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The Chair welcomed Benjamin Bryant, Aon to the meeting.

The Committee noted the annualised return of 8.3% since the last actuarial valuation compared with a median projected return of 5.1%.

**Resolved that the report be noted.**

**County Councillor P E Lewis (Chair)**

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## CYNGOR SIR POWYS COUNTY COUNCIL

Pensions and Investment Committee  
7<sup>th</sup> October 2022

REPORT BY: Head of Finance

SUBJECT: Governance and Administration Update

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 REPORT FOR: Information and decision
 

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**1 Introduction**

1.1 This report has been produced to provide Committee with an update on Local Government Pension Scheme (LGPS) governance and administration matters and the potential impact of these on the Powys Pension Fund.

1.2 It is provided in addition to and supplements, where appropriate, the executive summary presented by the Powys Pension Board Chair and will provide updates on:

- Scheme Advisory Board (SAB) and the Local Government Association (LGA)
- The Pension Regulator (TPR)
- Update on the Fund's risk register
- Updates on the Fund's breaches register

**2. Key points for information****2.1 Statutory Guidance on special severance payments issued by Department for Levelling Up Housing and Communities (DLUHC)**

On 12 May 2022, DLUHC published statutory guidance on special severance payments. Best Value authorities in England (not applicable to Wales) must have regard to the guidance in circumstances in which it may be appropriate to make special severance payments. The guidance also covers approval, disclosure and reporting requirements.

The guidance confirms that:

- strain cost related to the early payment of LGPS benefits under regulation 30(6) or (7) (flexible retirement, redundancy or efficiency retirement over age 55) does not constitute a special severance payment

- strain cost of awarding additional pension under regulation 31 of the LGPS Regulations 2013 may constitute a special severance payment, depending on the terms of the individual's contract.

## **2.2 Local Government Association (LGS) new version of guides published**

The LGA have published updated versions of the following guides, which are being reviewed and considered by the Pensions Section:

- Employee brief guide
- Councillor full guide
- Update for councillors in England
- Introductory leaflet for councillors in Wales
- Retirement planning guide
- Annual allowance factsheet for members
- HR guide
- LTA factsheet
- Payroll Guide

## **2.3 FAQ's on the cost of living crisis available on LGPS member website**

A frequently asked questions (FAQs) section on the cost of living crisis has been added to the LGPS member website.

The FAQs cover:

- Where can I find help with money troubles?
- Can I reduce or stop my pension contributions?
- Could pension scams increase?
- Is there any help for pensioners on lower incomes?

These are available on the Frequently asked questions page of [www.lgpsmember.org](http://www.lgpsmember.org).

## **2.4 SF3 2021/22**

On 1 July 2022, DLUHC published the SF3 form and guidance for 2021/22.

The documents set out the information that administering authorities must provide by Friday 16 September 2022.

DLUHC uses the information collected to provide a benchmark on the administration and fund management. The information is also used in compiling the National Accounts and to show the role of the LGPS in the economy.

This return was completed on time by the Powys Pension Fund.

## **2.5 Stronger Nudge**

The LGA have published a technical guide on the new stronger nudge to pensions guidance requirements, which includes a 'getting guidance' insert document. The document is provided to insert with relevant AVC letters. It is the LGA's view that doing so will meet the legal requirement to refer members to guidance where it applies. The document also includes a Pension Wise declaration form for the member to confirm if they have received guidance or are opting out of guidance.

The Administration team will be in the process of updating procedures and documentation to include the insert where required.

## **2.6 Cost Cap Results Published**

On 29 June 2022, the Government Actuary's Department published the results of the first cost cap valuation for LGPS (England and Wales) and LGPS (Scotland).

The cost cap was introduced by the Public Service Pensions Act 2013 which requires the setting of an employer cost cap rate against which changes in the cost are to be measured. If the cost changes and falls outside a two per cent corridor above or below the rate, then action must be taken to bring the cost back to the rate.

The results of the first valuations show that the cost has remained within the two per cent corridor for both schemes. This means no changes to benefits or member contributions are needed.

The employer cost cap rate for LGPS (England and Wales) is 14.6 per cent. The results for the valuation as at 31 March 2016 show that the cost is 1.2 per cent below the cost cap rate.

## **3. Other Updates**

### **3.1 Pension Dashboards**

Work continues on the [Pension Dashboards Programme](#).

It is not yet clear what resource and financial implications this will have for the Fund, but data will have to be accurate to ensure that the experience for the member is useful.

There will be a reliance on the administration software providers to help facilitate this project, so we wait to see what that will mean in practical terms for the Powys Fund.

It is imperative that data security is appropriately tested and that a digital ID is secure, since once logged in, a member will have access to pensions data from multiple sources increasing the potential for pension scams and other cyber risks.

## **Staging deadline**

The staging deadline for the LGPS and other public service pension schemes will be deferred from 30 April 2024 to 30 September 2024. Schemes will be expected to meet the required standards (connection, security and technical) by 30 September 2024. They must also, by that date, be able to respond to find requests, complete matching and provide administrative and signpost data on request.

### **3.2 Valuation**

Work is also progressing on the triennial valuation. Officers of the Fund have met several times with the actuary to discuss appropriate assumptions, data and a timeline.

The Fund submitted data to the actuary on the 5<sup>th</sup> of July and initial results are being reviewed by the Actuary and Fund officers. It is anticipated that the Actuary will present the results to Committee at the meeting on the 16<sup>th</sup> of December.

There is also an Employer meeting scheduled for the afternoon of the 16<sup>th</sup> of December where the results will also be presented to them.

The actuary will then produce a valuation report and the Rates and Adjustments Certificate, as required under the LGPS regulations by 31 March 2023 with the new employer contribution rates taking effect from 1 April 2023.

## **4. The Pensions Regulator**

### **4.1 Pension Dashboards**

To help pension schemes get ready for the pension dashboards, TPR has published [Pensions dashboards: initial guidance](#) which is based on the draft regulations recently consulted on by DWP.

The guidance outlines scheme managers' legal duties and includes a checklist to help schemes manage their progress. TPR has confirmed they will update and add more detail to the guidance later this year.

The updated guidance will reflect the final regulations and the technical standards being developed by the Money and Pensions Service (MaPS).

### **4.2 Guide to Reporting Pension Scams**

On 15 June 2022, TPR published '[Guide to reporting pension scams](#)'.

The guide looks at:

- why concerns about a scam should be reported
- what should be reported
- when a report should be made
- who a report should be made to
- what happens once a report has been submitted.

Guidance will be updated accordingly to reflect the above.

### **4.3 Corporate Plan for 2022 to 2024**

TPR published its [corporate plan 2022 to 2024](#). The plan sets out TPR's priorities for the next two years. TPR will continue to:

- call on schemes to take its pledge to combat pension scams
- work closely with the Department for Work and Pensions and the Financial Conduct Authority (FCA) on a future consultation for a Value for Money Framework
- assess how smaller defined contribution schemes offer value for money
- help schemes become dashboard ready
- develop its organisational capability with the creation of a Digital, Data and Technology directorate
- launch its second consultation on a new defined benefit funding code this autumn, with the code operational from September 2023.

### **4.4 Annual report and Accounts**

On 14 July 2022 TPR published its [Annual Report and Accounts](#) for 2021/22.

### **4.5 Joint Statement on Transfer Regulations**

On 5 July 2022, TPR and the Department for Work and Pensions (DWP) issued a [joint statement](#) on the Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021.

The statement responds to concerns expressed about how the regulations are being applied. In particular, where overseas investments or small-scale incentives feature in the transfer. The concern is that the regulations are causing low-risk transfers to be blocked or delayed. The statement reminds pension schemes that it was not intended for the regulations to capture transfers that previously caused no concern.

The DWP will consider the concerns when it next reviews the regulations.

To also address the concerns, TPR has updated its [guidance](#) on the regulations. The guidance now confirms that the regulations do not prevent schemes making a non-statutory transfer where the regulations prohibit a statutory transfer. For example, where a red flag is present,

but the pension scam risk is low. Non-statutory transfers are transfers where the member is not entitled to the transfer under the Pension Schemes Act 1993. The pension scheme may for example rely on their scheme rules to pay it. In the LGPS, administering authorities may only pay transfers where the member is entitled to it under the Act. There is an exception to this where the member left before April 1998 with no entitlement to deferred benefits.

## **5 Risk Register**

- 5.1 Committee may recall some recent discussions on the Risk Register, in that it has grown over time as the number of identifiable risks increase.

Work has been undertaken which has consolidated the risks into three separate categories, with the appropriate risks listed in each of those categories:

- Administration
- Governance
- Investment

It is felt that this will make the risk register easier to review and monitor as is attached as an appendix to this report for your review.

The Pension Board considered the Administration section of the Risk Register in detail at a meeting on the 6<sup>th</sup> of September and it is presented to Committee today including their recommendations. These revolved primarily around the scores awarded to the risks.

The Pension Board are looking to meet again soon to consider the Governance and Investment risk registers in more detail.

## **6 Breaches Register**

- 6.1 Section 70 of the Pension Act 2004 sets out the legal duty to report breaches of the law. In the Pensions Regulator Code of Practice no 14, published in April 2015, paragraphs 241 to 275 provides guidance on reporting these breaches.

Under the policy, breaches of the law are required to reported to the Pensions Regulator where there is a reasonable cause to believe that:

- a legal duty which is relevant to the administration of the scheme has not been, or is not being, complied with
- the failure to comply is likely to be of material significance to the regulator in the exercise of any of its functions.

- 6.2 The latest version of the breaches register is attached, for information.

No new recordable or reportable breaches have been added since the last meeting. There has been a small increase in the number of unpaid



frozen refunds. Work is continuing on actively locating these members and some payments have now been made.

## 7 Recommendation

- 7.1 To note the contents of this report and approve the recommendations made by the Pensions Board in respect of the Administration risk register.

<b>Recommendation:</b>		<b>Reason for Recommendation:</b>	
To note the content of the report and approve the recommendations made by the Pension Board to the Administration Risk Register		As per the report	
<b>Person(s) To Action Decision:</b>	Pension Fund Manager		
<b>Date By When Decision To Be Actioned:</b>			
<b>Relevant Policy (ies):</b>	N/A		
<b>Within Policy:</b>	N/A	<b>Within Budget:</b>	N/A
Contact Officer Name:	Tel:	Fax:	Email:
Chris Hurst	01597 827640	01597 826290	churst@powys.gov.uk
<b>Relevant Portfolio Member(s):</b>	Councillor David Thomas		
<b>Relevant Local Member(s):</b>			

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# Admin Risk Register report

DATE :

## Summary of Risks Ratings

Almost Certain	0	0	0	0	0
Likely	0	0	0	0	0
Possible	0	0	0	0	0
Unlikely	1	7	1	0	0
Rare	0	1	0	0	0
Unassigned 0	Insignificant	Minor	Moderate	Major	Catastrophic

<b>Red Risks</b>	<b>Total:</b>
Risk Register	Risk Title
Net Risk Level	Risk Owner

<b>New Risks</b>	<b>Total:</b>
Risk Register	Risk Title
Net Risk Level	Risk Owner
Created Date	

<b>Changing Risks</b>	<b>Total:</b>	<b>3</b>		
Risk Register	Risk Title	Net Risk Level	Change	Risk Owner
Administration Risk	Failure to pay pensions and lump sums on time	4	2	Chris Hurst
Administration Risk	Pensioners living longer and, changing retirement patterns.	4	2	Chris Hurst
Administration Risk	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.	2	1	Chris Hurst

Detail

Administration Risk

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
ADMIN0001	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.	Cllr David Thomas Chris Hurst	8	4	13/05/2020	Review Summary: Reviewed 13.05.2020
01/12/2016				ADMIN	ADMIN	18/12/2020	Review Summary: Updated text to reflect constant and ongoing reviews

Controls and Actions			Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> <li>Maintenance and update of Altair and Trent systems, sufficient staff resources and training. Quality assurance processes</li> <li>Maintenance and update of Pension Administration and Trent systems, sufficient staff resources and training. Quality assurance processes in place to check work done.</li> <li>Continuing Review of processes and procedures</li> <li>Ongoing review of process as part of continuous pensions administration workflow assessment</li> </ul>			Control In Place			
			Control In Place			

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
ADMIN0002	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.	Failure to provide service. 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.	Cllr David Thomas Chris Hurst	8	2	13/05/2020	Review Summary: Regular assurances received from providers.
04/10/2016				ADMIN	ADMIN	18/12/2020	Review Summary: Regular assurances received from providers.

Controls and Actions			Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> <li>business continuity planning and systems providers assurance</li> <li>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.</li> <li>Business Continuity Plan under review. Periodic review by the Pension Board of provider assurances in respect of cyber security</li> </ul>			Control In Place			
			Control In Place			

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
ADMIN0003	Failure to hold scheme member's personal data securely.	Poor data quality; compromised data; fines	Cllr David Thomas Chris Hurst	8	4	08/09/2020	Review Summary: Data Quality Testing carried out May/June 2020. Cleansing work ongoing.
12/06/2017				ADMIN	ADMIN	21/12/2020	Review Summary: Annual data cleansing exercise, plus regular cleansing throughout the year

Controls and Actions			Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> <li>Data protection audit in conjunction with TPR data quality standards to be undertaken</li> </ul>			Control In Place			

**Detail**

**Administration Risk**

- Compliance with Powys County Council Data Protection and ICT policies .
- Compliance with Powys County Council Data Protection and ICT policies .

Action In Progress 30/09/2022 08/09/2020  
21/12/2020

Review Summary: Data Quality Testing carried out May/June 2020. Cleansing work ongoing.  
Review Summary: Annual Data Quality testing

Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
ADMIN0004 29/08/2017	Failure to maintain and hold up to date and accurate pension records and potential impact on scheme members and employers.	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.	Cllr David Thomas Chris Hurst	9 ADMIN	6 ADMIN	08/09/2020 21/12/2020	Review Summary: Payment of benefits processes checked at payment time Review Summary: Payment of benefits processes checked at payment time

Controls and Actions	Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> <li>• Pensions team work with employer payrolls to ensure data quality; data validation checks undertaken &amp; training</li> <li>• 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.</li> <li>• Additional data validation and quality checks to be implemented as required by the TPR code of practice.</li> </ul>	Control In Place			
	Control In Place			

Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
ADMIN0005 25/01/2016	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.	Cllr David Thomas Chris Hurst	6 ADMIN	4 ADMIN	08/09/2020 21/12/2020	Review Summary: Ongoing development of employer and scheme member communications and methods of delivery Review Summary: Continuing development of employer and scheme member communications and methods of delivery

Controls and Actions	Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> <li>• communications policy 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.</li> </ul>	Control In Place			

Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
ADMIN0006 30/01/2017	Pensioners living longer and, changing retirement patterns.	Increased employer contribution rates.	Cllr David Thomas Chris Hurst	6 ADMIN	4 ADMIN	08/09/2020 21/12/2020	Review Summary: Ongoing Review Summary: Ongoing

Administration Risk

Controls and Actions	Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> <li>The Fund actuary investigates these matters at each valuation or more frequently where appropriate. 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.</li> </ul> <p>The Fund produces a Funding Strategy Statement which considers long term funding.</p>	Control In Place			

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
ADMIN0007	Deteriorating patterns of ill health or other early retirements.	Increase in employer contribution rates and deficit recovery payments.	Cllr David Thomas Chris Hurst	6	2	08/09/2020 21/12/2020	Review Summary: Regular monitoring ongoing Review Summary: Regular monitoring ongoing

Controls and Actions	Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> <li>Employers are required to pay the capital costs of early retirements (pension strain), upfront for all cases.</li> <li>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.</li> </ul> <p>Certain Employers pooled together to share experience and help manage contribution rates (as per the Funding Strategy Statement)</p>	Action In Progress	01/11/2022	08/09/2020 21/12/2020	Review Summary: Regular monitoring ongoing Review Summary: Regular monitoring ongoing

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
ADMIN0008	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.	Cllr David Thomas Chris Hurst	6	4	08/09/2020 21/12/2020	Review Summary: GMP Reconciliation work ongoing (Sept 2020) Review Summary: GMP Reconciliation work ongoing (Dec 2020)

Controls and Actions	Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> <li>Reconciliation Complete. Work on Rectification continuing</li> <li>Reconciliation Complete. Work on Rectification continuing</li> <li>Appoint external partners to identify scale of work and help with whole exercise</li> <li>Appoint external partners to identify scale of work and help with whole exercise</li> </ul>	Control In Place			

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
ADMIN0009	Cessation of Service Contract for Pensions Administration System	Failure to meet legislative requirements and administer the LGPS. Risk of intervention by the Pensions Regulator, legal challenges, reputational risk.	Cllr David Thomas Chris Hurst	10	4	01/11/2021	Review Summary: Acknowledged - will follow appropriate procurement process closer to the time

Controls and Actions	Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> <li>Monitor Contract Position</li> <li>Work with the Administering Authority Commercial Services to conduct an appropriate procurement exercise at the appropriate time</li> </ul>	Control In Place			

Detail

Administration Risk

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
ADMIN0010	Payments to overseas pensions.	Payments continuing to potentially deceased pensioners	Cllr David Thomas Jane Thomas	4 ADMIN	4 ADMIN	04/05/2022	Review Summary: Existence Exercise planned for 2022/23 year
Controls and Actions				Status	Review Date	Latest Control Reviews	
<ul style="list-style-type: none"> <li>Conduct Existence Check</li> <li>Carry out an overseas existence check</li> </ul>				Control In Place			

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# Risk Register report

DATE :

## Summary of Risks Ratings

Almost Certain	0	0	0	0	0
Likely	0	0	0	0	0
Possible	0	3	0	0	0
Unlikely	0	6	3	0	0
Rare	0	3	0	0	0
Unassigned 1	Insignificant	Minor	Moderate	Major	Catastrophic

### Red Risks Total:

Risk Register	Risk Title	Net Risk Level	Risk Owner
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### New Risks Total:

Risk Register	Risk Title	Net Risk Level	Risk Owner	Created Date
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### Changing Risks Total:

Risk Register	Risk Title	Net Risk Level	Change	Risk Owner
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Detail

Governance Risk

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0001 02/12/2019	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 financial reporting; and potential delay to production of annual report and accounts.	Cllr David Thomas Chris Hurst	6 GOVERN	4 GOVERN	13/05/2020 08/09/2020	Review Summary: Process refined recently and ongoing monitoring in place. Review Summary: Ongoing Contribution return monitored by Finance Staff (in conjunction with Pensions Admin Manager)

Controls and Actions

- Contributions received monitored on a monthly basis by Fund accounting staff .
- Contributions received monitored on a monthly basis by Fund accounting staff .
- Requirement that each end of scheme year, Fund employers certify they have paid over contributions at the correct rates and time
- Requirement that each end of scheme year, Fund employers certify that they have paid over contributions at the correct rates and on time.

Status	Review Date	Latest Control	Reviews
Control In Place			
Control In Place			

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0002 03/10/2020	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.	Cllr David Thomas Chris Hurst	9 GOVERN	6 GOVERN	01/11/2021 13/05/2020	Review Summary: Cashflow Review conducted in Summer 0f 2021 Review Summary: Asset Allocation review completed end of 2020 and Funding Strategy Statement updated following completion of triennial valuation

Controls and Actions

- cashflow forecast in place
- Funding strategy statement in place
- review strategic asset allocation to keep positive cashflow
- Strategic asset allocation review completed 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.

Status	Review Date	Latest Control	Reviews
Control In Place			
Control In Place			

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0003 27/09/2016	Inability to deliver service as a result of the loss of key personnel	Failure to provide service at all, or at an acceptable level	Cllr David Thomas Chris Hurst	6 GOVERN	4 GOVERN	05/07/2021 13/05/2020	Review Summary: BCP Updated June 2021 Review Summary: Regularly review BCP

Controls and Actions

- Keep Business Continuity Plan under review
- Business Continuity Plan in place 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.

Status	Review Date	Latest Control	Reviews
Control In Place			
Action In Progress	01/04/2023	13/05/2020 08/09/2020	Review Summary: Regularly review BCP Review Summary: BCP reviewed 07.09.2020

Detail

Governance Risk

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0004 08/11/2016	Loss of funds through fraud or misappropriation	Financial loss to the Fund	Cllr David Thomas Chris Hurst	6 GOVERN	2 GOVERN	05/07/2021 13/05/2020	Review Summary: No change Review Summary: Regular audit review and due diligence/legal review carried out at each managerial appointment. As the WPP establishes more sub funds, they will appoint the managers

Controls and Actions	Status	Review Date	Latest Control	Reviews
• audit and control tests, due diligence done when new manager appointed 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.	Control In Place			

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0005 04/09/2017	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.	Cllr David Thomas Chris Hurst	6 GOVERN	2 GOVERN	13/05/2020 08/09/2020	Review Summary: Regular Covenant Assessments Review Summary: Covenant Assessment due to commence imminently (Sept/Oct 2020)

Controls and Actions	Status	Review Date	Latest Control	Reviews
• Employers have Discretionary Powers Policies that help to control liabilities 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. • insurance options investigated 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.	Action In Progress	04/11/2022	13/05/2020	Review Summary: Regular Covenant Assessments
	Action In Progress	30/11/2022	08/09/2020	Review Summary: Covenant assessments due to commence Q3 20/21
	Action In Progress		30/08/2022	13/05/2020

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0006 04/10/2016	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	Cllr David Thomas Chris Hurst	8 GOVERN	4 GOVERN	13/05/2020 08/09/2020	Review Summary: Regular Covenant Assessments Review Summary: Covenant assessment due to start Q3 20/21

Controls and Actions	Status	Review Date	Latest Control	Reviews
• In process of developing risk sharing arrangements to enable employers with weak covenants to attain a degree of certainty 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.  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. control.	Action In Progress	08/10/2022	13/05/2020 08/09/2020	Review Summary: Review Risk Sharing Agreement/Approach Review Summary: Work ongoing (Sept 2020)

Page 27

Detail

Governance Risk

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0007	Significant rises in employer contribution rates for employers with strong covenants as a result of poor/negative investment returns.	Employer contribution rates rise to unacceptable levels that result in Powys County Council being unable to provide appropriate services for its communities.	Cllr David Thomas Chris Hurst	6	2	08/09/2020	Review Summary: Ongoing
04/09/2017				GOVERN	GOVERN	18/12/2020	Review Summary: Ongoing Dec 2020

Controls and Actions	Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> <li>Use expert specialist consultants to help set and monitor investment strategy and investment manager performance and selection.</li> <li>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.</li> <li>Continual monitoring of performance; review of asset allocation strategy, including consideration of alternative asset classes</li> <li>Continual monitoring of performance; review of asset allocation strategy, including consideration of alternative asset classes and non-market led assets.</li> </ul>	Control In Place			
	Action In Progress	04/11/2022	08/09/2020	Review Summary: Continuing and reviewed at each Committee meeting
			18/12/2020	Review Summary: Continuing and reviewed at each Committee meeting

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				

GOVERN0008	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.	Cllr David Thomas Chris Hurst	8	6	08/09/2020	Review Summary: Processes checked and efficiencies ongoing
11/10/2017				GOVERN	GOVERN	18/12/2020	Review Summary: Continuing and reviewed at each Committee meeting

Controls and Actions	Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> <li>rigorous checking/authorisation procedures for pension benefit calculations and payments, review governance policy;</li> <li>Rand, regular review of governance compliance policy. Staff training and development.</li> <li>Closer partnership working with employer payrolls to facilitate accurate data receipts;</li> <li>Closer partnership working with employer payrolls to facilitate accurate data receipts; increased compliance oversight provided by newly established Pensions Board.</li> </ul>	Action Completed			
	Control In Place			

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				

GOVERN0009	Lack of expertise of Pension Fund Officers and Senior Officers	Poor decision making in relation to principal functions of the Pension Fund , particularly in relation to investments.	Cllr David Thomas Chris Hurst	8	4	08/09/2020	Review Summary: Regular training attended and provided by LGPS professionals
25/01/2016				GOVERN	GOVERN	21/12/2020	Review Summary: Regular training attended and provided by LGPS professionals



Controls and Actions	Status	Review Date	Latest Control	Reviews
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## Governance Risk



- training and performance reviews, conferences, seminars to upskill and develop knowledge 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.
- Training plans based on the CIPFA 'Knowledge and Skills' framework, as is the the procedure for members of both PIC & PB 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.

Control In Place

Control In Place

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0010	Over-reliance on key Officers	When senior Officers leave or are absent due to long term sickness, large knowledge gaps remain.	<i>Cllr David Thomas</i> Chris Hurst	 GOVERN	 GOVERN	08/09/2020	Review Summary: Reflected in BCP
25/01/2016						21/12/2020	Review Summary: Reflected in BCP
Controls and Actions				Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> <li>• In the short term, knowledge gaps can be filled by using our external colleagues from other Welsh Funds and buying in assistance</li> <li>• In the short term, knowledge gaps can be filled by using our external colleagues from other Welsh Funds and buying in assistance from consultants.</li> <li>• Formalise succession planning by including in Officer individual training plans for less senior Officers.</li> </ul>				Action In Progress	11/01/2023	08/09/2020	Review Summary: Reflected in BCP
						21/12/2020	Review Summary: Reflected in BCP
				Action In Progress	11/01/2023	08/09/2020	Review Summary: Reflected in BCP
						21/12/2020	Review Summary: Reflected in BCP

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0011	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.	<i>Cllr David Thomas</i> Chris Hurst	 GOVERN	 GOVERN	08/09/2020	Review Summary: Operate LGPS in accordance with the Regulations
26/01/2016						21/12/2020	Review Summary: Operate LGPS in accordance with the Regulations
Controls and Actions				Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> <li>• The Fund maintains a Welsh Language register in respect of scheme members and employers .</li> <li>• The Fund maintains a Welsh Language register in respect of scheme members and employers .</li> <li>• To utilise technology to enable access to service and information for stakeholders with disabilities , other language needs etc.</li> <li>• To utilise technology to enable access to service and information for stakeholders with disabilities , other language needs etc.</li> </ul>				Control In Place			
				Control In Place			

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0012	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.	<i>Cllr David Thomas</i> Chris Hurst	 GOVERN	 GOVERN	08/09/2020	Review Summary: Ensure data provided to Actuary in a timely manner
25/01/2016						21/12/2020	Review Summary: Covenant review ongoing Dec 2020
Controls and Actions				Status	Review Date	Latest Control	Reviews

## Governance Risk

- employer covenants, guarantor bonds, risk sharing agreements
- 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.

Control In Place

Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
GOVERN0013 25/01/2016	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.	Cllr David Thomas Chris Hurst	9 GOVERN	6 GOVERN	08/09/2020 21/12/2020	Review Summary: Annual training Needs Assessments conducted Review Summary: Training encouraged and more access to online training in 2020

## Controls and Actions

- Knowledge & Skills Framework in place
- Knowledge & Skills Framework in place and published. Annual Training Needs Analysis carried out and training made available to Committee and Board regularly (provided by Fund, WPP and 3rd parties)

Control In Place

Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
GOVERN0014 01/11/2017	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.	Cllr David Thomas Chris Hurst	6 GOVERN	4 GOVERN	08/09/2020 21/12/2020	Review Summary: Covenant Assessments starting Q3 2020 Review Summary: Covenant Assessments continuing Q4 2020

## Controls and Actions

- To seek funding guarantees wherever possible, from other Scheme employers or outside bodies
- 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.
- Regular review of admitted body covenants and financial health.
- Regular review of admitted body covenants and financial health.

Control In Place  
Action In Progress  
08/10/2022  
08/09/2020  
21/12/2020  
Review Summary: Covenant Assessments commencing Q3 2020  
Review Summary: Review commenced with actuary Dec 2020

Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
GOVERN0015 09/10/2020	Appointment of new Pension Board Chair and membership of the Local Pension Board	Non compliance with Public Services Pension Act. Challenge and scrutiny from the Pensions Regulator. Reduced quality of governance.	Cllr David Thomas Chris Hurst	12 GOVERN	6 GOVERN	07/06/2021 10/02/2021	Review Summary: No appointment made following recruitment exercise. Work ongoing to secure a Chair as soon as possible Review Summary: Working with Commercial Services February 2021 and ready to go to Sell2Wales to advertise

## Controls and Actions

- Pension Board Terms of Reference stipulate membership periods
- Pension Board Terms of Reference stipulate membership periods and work with Pension Board members and administering authority to ensure appropriate recruitment processes are in place.

Control In Place

Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
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Governance Risk

GOVERN0016 29/03/2020	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.	<i>Cllr David Thomas</i> Chris Hurst	9	6	26/03/2021 01/11/2021	Review Summary: Regularly reviewed Review Summary: Regularly reviewed
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Controls and Actions			Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> <li>Business Continuity Plan</li> </ul> Business Continuity Plan, assessment of Pensioner Payroll services. Electronic implementation of paperwork.			Control In Place			

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# Risk Register report

DATE :

## Summary of Risks Ratings

Almost Certain	0	0	0	0	0
Likely	0	0	0	0	0
Possible	0	0	0	0	0
Unlikely	2	6	3	0	0
Rare	0	0	0	0	0
Unassigned 0	Insignificant	Minor	Moderate	Major	Catastrophic

### Red Risks Total:

Risk Register	Risk Title	Net Risk Level	Risk Owner
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### New Risks Total:

Risk Register	Risk Title	Net Risk Level	Risk Owner	Created Date
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### Changing Risks Total:

Risk Register	Risk Title	Net Risk Level	Change	Risk Owner
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**Detail**

**Investment Risk**

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
INVEST0001	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.	Cllr David Thomas Chris Hurst	6	4	08/09/2020	Review Summary: Regular investment performance reviews. Investigate protection strategies as/when/if required
25/01/2016				INVEST	INVEST	21/12/2020	Review Summary: Regular investment performance reviews. Investigate protection strategies as/when/if required

Controls and Actions	Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> <li>anticipate long-term returns on a relatively prudent basis to reduce the risk of under-performance. 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.</li> </ul>	Control In Place			

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
INVEST0002	Inappropriate long-term investment strategy.	Failure to meet funding objectives.	Cllr David Thomas Chris Hurst	8	4	08/09/2020	Review Summary: New ISS operated for 2020. regularly reviewed as Fund/WPP develops
25/01/2016				INVEST	INVEST	21/12/2020	Review Summary: Review regularly depending on conditions and WPP sub fund availability

Controls and Actions	Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> <li>Use of a Fund specific benchmark, as recommended by the Fund's investment consultant.</li> <li>Use of a Fund specific benchmark, as recommended by the Fund's investment consultant.</li> </ul>	Control In Place			

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
INVEST0003	Active investment manager under-performance relative to the benchmark.	Failure to meet funding objectives.	Cllr David Thomas Chris Hurst	4	2	08/09/2020	Review Summary: Regularly reviewed with Investment Consultant and Manager changes made as required
25/01/2016				INVEST	INVEST	21/12/2020	Review Summary: Regularly reviewed with Investment Consultant and Manager changes made as required

Controls and Actions	Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> <li>Short-term (quarterly) investment monitoring analyses market performance and active managers relative to their index benchmark.</li> <li>Short-term (quarterly) investment monitoring analyses market performance and active managers relative to their index benchmark.</li> </ul>	Control In Place			

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
INVEST0004	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.	Cllr David Thomas Chris Hurst	4	2	08/09/2020	Review Summary: As detailed in Funding Strategy Statement
29/01/2018				INVEST	INVEST	21/12/2020	Review Summary: As detailed in Funding Strategy Statement

Controls and Actions	Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> <li>discuss every such situation with the Pension Fund actuary, for each individual employer. 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.</li> </ul>	Control In Place			

Detail							
Investment Risk							
Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
INVEST0005	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.	Cllr David Thomas Chris Hurst	6	4	08/09/2020	Review Summary: Decisions taken in accordance with advice from Fund Actuary
25/01/2016				INVEST	INVEST	21/12/2020	Review Summary: Decisions taken in accordance with advice from Fund Actuary
Controls and Actions				Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> <li>Each individual employer situation is discussed with the Pension Fund actuary, with stepping restricted to three years, or 6 yea</li> <li>Each individual employer situation is discussed with the Pension Fund actuary, with stepping restricted to three years, or 6 years, in very exceptional circumstances.</li> </ul>				Control In Place			
Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
INVEST0006	Pay and price inflation significantly more than anticipated.	Increased employer contribution rates and deficit recovery payments.	Cllr David Thomas Chris Hurst	9	4	08/09/2020	Review Summary: Review and discuss with Actuary at valuation
30/01/2017				INVEST	INVEST	21/12/2020	Review Summary: Review and discuss with Actuary at valuation
Controls and Actions				Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> <li>Employers 'pay' for their own salary awards and are reminded of the geared effect on salary-linked pension liabilities</li> <li>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.</li> </ul>				Action Completed			
Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
INVEST0007	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.	Cllr David Thomas Chris Hurst	9	6	08/09/2020	Review Summary: Ongoing
03/03/2016				INVEST	INVEST	21/12/2020	Review Summary: Ongoing
Controls and Actions				Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> <li>diversification of investment managers, limits for individual investments mandates</li> <li>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.</li> <li>Increased investment manager diversification may be further facilitated by pooling via the Wales Pool that is currently under de</li> <li>Increased investment manager diversification may be further facilitated by pooling via the Wales Pool that is currently under development. As agreed by P &amp; I Committee on 9th February 2017, when entering into new contractual arrangements with investment managers, contract documentation is to be referred to the Fund's legal advisers for review and appropriate due diligence.</li> </ul>				Control In Place			
				Control In Place			

**Detail**

**Investment Risk**

Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
INVEST0008 30/03/2017	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.	Cllr David Thomas Chris Hurst	9 INVEST	6 INVEST	08/09/2020 21/12/2020	Review Summary: Ongoing Review Summary: Ongoing

Controls and Actions	Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> <li>Due diligence on all pooling proposals; full transparency of all pool proposals and costs; full participation of Pension Fund</li> <li>Due diligence on all pooling proposals; full transparency of all pool proposals and costs; full participation of the Pension Fund in all pooling development.</li> <li>Pooling vehicle to be structured so that each participating Fund has full representation the pool</li> <li>Pooling vehicle 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.</li> </ul>	Control In Place			
	Control In Place			

Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
INVEST0009 01/10/2023	MIFID II ongoing compliance	Financial implications of not being treated as an institutional investor	Cllr David Thomas Chris Hurst	12 INVEST	6 INVEST	11/07/2022 05/07/2021	Review Summary: Current process continues, but updated as required when new manager appointed or training needs identified. Review Summary: Regularly reviewed and updated on adoption of a new Investment Manager

Controls and Actions	Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> <li>Regular Review of MIFID Status</li> <li>Regular Review of MIFID Status</li> </ul>	Control In Place			

Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
INVEST0010 01/01/2015	Fall in the returns on Government bonds.	Increase to the value placed on Fund liabilities.	Cllr David Thomas Chris Hurst	9 INVEST	4 INVEST	11/07/2022 05/07/2021	Review Summary: Regularly monitored by Consultant for each meeting Review Summary: Discussed with Investment Consultants as required

Controls and Actions	Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> <li>Allowing for a risk-based approach should limit the impact of short-term changes in returns on Government bonds</li> <li>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.</li> </ul>	Control In Place			

Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
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Investment Risk

INVEST0011	Increased risk on Fund Employers.	Potential Failure of Participating Employer or unsustainable Employer Contributions	Unassigned Jane Thomas	4	4	04/05/2022	Review Summary: Employer Risk Assessment to be conducting as part of valuation work in 2022-23
				INVEST	INVEST		

Controls and Actions			Status	Review Date	Latest Control	Reviews
• Regular Review of Employer Covenants with Fund Actuary Work with the Fund Actuary to review employer covenants on a regular basis . being conducted as part of the 2022 Valuation Work			Control In Place			

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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.	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****Pensions and Investment Committee  
7<sup>th</sup> October 2022****REPORT BY: Head of Finance****SUBJECT: Review of Data Improvement Plan**

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**REPORT FOR: Decision**

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**1 Introduction**

- 1.1 In 2015, the Pensions Regulator (TPR) assumed responsibility for Public Sector Pension Schemes. Prior to this, in June 2010, TPR issued guidance on the approach that they consider to be good practice for measuring the presence of member data. Specific targets were set for inclusion in the 2018 TPR Annual report for data that TPR deemed as 'common'. Since then the Powys Pension Fund has submitted its data quality results annually to TPR and has seen an improvement in the quality of its data against these benchmarks.
- 1.2 The Fund published a formal Data Improvement Plan in October 2018 and has been reviewed every two years since.

**2 Background**

- 2.1 In March 2018 Powys Pension Fund commissioned a complete a review of the administration system's common pension data in line with the guidance notes set down by TPR. The Fund then published a formal data improvement plan in October 2018.
- 2.2 Since then and as part of continued efforts to focus on high quality data, the Fund has carried out data cleansing exercises annually during year-end exercises and during the triennial valuation. These exercises check data provided by employers and data held on scheme member records.
- 2.3 In addition, the Powys Pension Fund continues to move towards the monthly reconciliation of data from employers and currently, 43% of participating employers submit data monthly in an electronic format, which accounts for approximately 95% of active member data.
- 2.4 The Local Powys Pension Board have reviewed and commented on this policy.

### 3 Conclusion

- 3.1 Committee is asked to consider and approve the content of the Data Improvement Plan, in addition to providing any comments ahead of publication.

<b>Recommendation:</b>		<b>Reason for Recommendation:</b>	
Note and approve the content of the updated Data Improvement Plan		Good governance and compliance with The Pension Regulator Code of Practice	
<b>Person(s) To Action Decision:</b>	Pension Fund Manager		
<b>Date By When Decision To Be Actioned:</b>		immediately	
<b>Relevant Policy (ies):</b>	N/A		
<b>Within Policy:</b>	N/A	<b>Within Budget:</b>	N/A
Contact Officer Name:	Tel:	Fax:	Email:
Chris Hurst	01597 827640	01597 826290	chris.hurst@powys.gov.uk

<b>Relevant Portfolio Member(s):</b>	Councillor David Thomas
<b>Relevant Local Member(s):</b>	N/A



# Powys

CRONFA BENSIWN  
**POWYS**  
PENSION FUND

Data Improvement Plan

Reviewed September 2022

## **1. Introduction**

- 1.1 In 2015, the Pensions Regulator (TPR) assumed responsibility for Public Sector Pension Schemes. Prior to this, in June 2010, TPR issued guidance on the approach that they consider to be good practice for measuring the presence of member data. Specific targets were set for inclusion in the 2018 TPR report for data that TPR deemed as 'common'.
- 1.2 In March 2018 Powys Pension Fund commissioned a complete review of the administration system's common pension data in line with the guidance notes set down by TPR. This exercise is conducted annually as part of the TPR Annual Return, but the Fund now has the option of increasing this frequency to ensure regular monitoring.
- 1.3 The Fund has carried out data cleansing exercises and checks periodically in the past as part of year-end exercises and triennial valuations. These exercises checked data provided by employers and data held on Scheme Member records.
- 1.4 In continuing efforts to improve the quality of its data, Powys Pension Fund is moving towards receiving 100% of its employer data monthly in an electronic format, with currently over 90% of active Scheme Member data now collected on a monthly basis direct from Employer payroll systems via the i-Connect facility. Currently 43% of the Fund employers submit data electronically monthly.

## **2. Benchmark and Aims**

- 2.1 TPR have set targets of 100% accuracy for data created after June 2010 and 95% accuracy for data created beforehand.
- 2.2 This Data Improvement Plan aims to address the data issues that are identified during the data review exercises. It will set out the steps that the Fund will take to tackle the issues and improve the quality of the data that it holds in a continuous basis, with a view to achieving the highest quality of data possible.

## **3. Objectives and Measures**

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

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

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

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

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

This will be achieved by undertaking periodic member tracing exercises.

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

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

**4. Scope and Prioritising**

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

- Common Data
- Scheme Specific Data

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

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

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

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

## 5. Data Correction Plan

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

### Breakdown of activities for improvement - Common data

Data Category	Milestone	Priority
<b>National Insurance (NI) Number</b>	Obtain correct NI numbers for the members with temporary numbers or those in the incorrect format	Medium
<b>National Insurance (NI) Number</b>	Investigate as a priority the cases with blank NI numbers	High
<b>Name</b>	Obtain Forenames and Initials as required	Low
<b>Sex and Date of Birth (DOB)</b>	Obtain sex and DOB as required	Medium
<b>Date commenced and Normal Retirement Date</b>	Investigate the cases with a blank date joined fund as this could affect benefits	High
<b>Status and invalid data view</b>	Invalid data should be removed where necessary or the member status corrected where appropriate. These cases should be treated as a high priority as the presence of the data may affect benefits	High
<b>Address</b>	Current addresses should be sought and uploaded for the members that failed this category	Medium
<b>Status and valid data view</b>	Members with missing data views that hold their entitlement should be investigated as a high priority and either their status corrected or the correct data recorded	High

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

<b>Data Category</b>	<b>Recommendation</b>	<b>Suggested Priority</b>
<b>Member Benefits</b>	Investigate incomplete Transfer In and AVC data with the very highest priority as benefits may be incorrect	Very high
	Correct deferred benefit cases prior to running deferred annual benefit statements	High
	Investigate defects in pension benefits	Very high
	Investigate the Dependant Pension cases with small pensions	High
	Investigate cases with an incorrect Pensions Increase Date	Very high
<b>Other Member Data</b>	Investigate cases with an unexplained date of leaving present	Low
	Investigate members with incorrect Employer Details	Low
	Investigate final salary pay issues prior to running annual benefit statements	High
	Investigate cases with missing contributions prior to running annual benefit statements	High
	Investigate cases where date of leaving is blank or incorrect	High
<b>Career Average Revalued Earnings (CARE) Data</b>	Investigate all data issues in this category by status prior to issuing annual benefit statements for that status. Pensioners should be investigated as soon as possible to ensure correct benefits are in payment	High
	CARE data should be requested where missing	Very high
<b>HMRC</b>	Investigate cases highlighted with incorrect Benefit Crystallisation Event (BCE) data	Low
	Investigate cases with missing death grant data	Low
	Investigate cases with missing Annual Allowance data, particularly the scheme pays cases.	High
<b>Contracting Out</b>	Review and update Guaranteed Minimum Pension (GMP) values in conjunction with the GMP Reconciliation process	Medium
	Obtain and upload GMP figures for the members with missing data as a high priority	High

	Investigate cases with incorrect date of contacting out and NI contributions	Medium
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## 6 Contacts

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

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

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

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

Mrs M Price  
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Powys LD1 5LG

Tel: 01597 827642

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

All other enquiries should be addressed to:

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



## CYNGOR SIR POWYS COUNTY COUNCIL

Pensions and Investment Committee  
7<sup>th</sup> October 2022**REPORT BY:** Head of Finance**SUBJECT:** Review of Communications Strategy Statement**REPORT FOR:** Decision

- 1 Regulation 61 of the Local Government Pension Scheme Regulations 2013 [SI 2013 No. 2356] requires administering authorities to prepare and regularly review a written statement setting out details of communications strategy.
- 2 The strategy has been reviewed and amended to ensure it remains relevant and appropriate. Only minor changes to wording and formatting to reflect current working practices have been made to this version.
- 3 The Local Powys Pension Board have reviewed and commented on this policy.
- 4 Committee is asked to approve the revised Communications Strategy Statement (attached).

<b>Recommendation:</b>		<b>Reason for Recommendation:</b>	
To approve the revised Communications Strategy Statement in accordance with Regulation 61 of the LGPS regulations.		Statutory requirement	
<b>Person(s) To Action Decision:</b>	Pension Fund Manager		
<b>Date By When Decision To Be Actioned:</b>	immediately		
<b>Relevant Policy (ies):</b>	N/A		
<b>Within Policy:</b>	N/A	<b>Within Budget:</b>	N/A
Contact Officer Name:	Tel:	Fax:	Email:
Chris Hurst	01597 827640	01597 826290	chris.hurst@powys.gov.uk

<b>Relevant Portfolio Member(s):</b>	Councillor David Thomas
<b>Relevant Local Member(s):</b>	N/A





# Powys

**CRONFA BENSIWN  
POWYS  
PENSION FUND**

**COMMUNICATIONS STRATEGY  
STATEMENT**

September 2022

## **1. Introduction**

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

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

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

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

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

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

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

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

## **5. Prospective Scheme Members**

- 5.1 Scheme Guide – All prospective Scheme members are provided with Scheme information on being appointed to their employments.
- 5.2 [Website](#) - a full range of Pension Fund and LGPS information is available via the Pension Fund's dedicated bespoke website at [www.powypensionfund.org](http://www.powypensionfund.org).
- 5.3 Pensions Clinics – The Pension Fund provides a periodic clinic service where prospective Scheme members have the opportunity to discuss their individual pension issues on a face-to-face basis in person, or online via Microsoft Teams.

## **6. Scheme Employers**

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

In addition, the Fund makes available the Pension Fund's Annual Report & Accounts, Investment Strategy Statement, Funding Strategy Statement, Governance Policy & Compliance Statement, Employer Policy and many other documents via the Fund's website.

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

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

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



## **8. Other Stakeholders**

- 8.1 All Wales Pension Officer Group – Pension Officers from the 8 administering authorities in Wales meet regularly in order to ensure uniform interpretation of the LGPS and other associated regulations. The group's views are passed up to the national level via the Local Government Pensions Committee's Technical Group Meetings (an arm of the Local Government Association) that are held quarterly.
- 8.2 All Wales Communications Group – Pensions Officers from the 8 administering authorities in Wales meet periodically in order to devise, develop and promote the use of common Scheme literature.
- 8.3 Wales Pension Partnership – Pension Officers and the Investment Committee Chairs of the 8 administering authorities in Wales meet regularly in connection with pooling investments within Wales. Pension Boards are kept up to date on developments and engage bi-annually via the Chairs of the Pension Boards.

In addition, there are several sub-groups made up of officers from each administering authority that provide information to the Officer Working Group

- 8.4 CLASS Group – As a user of the Aquila Heywood Altair Pensions Administration System, the Pension Fund is a member of the local authority CLASS Group and attends both regional user groups and national meetings.
- 8.5 National Fraud Initiative – The Pension Fund has participated in the National Fraud Initiative since 1998 and continues to do so. This has helped to avoid the overpayment of pension benefits to both deceased and re-employed pensioners.
- 8.6 Taxpayers and the General Public – all the principal Pension Fund documents including the Annual Report & Accounts, Actuarial Valuation Reports, Statement of Investment Principles, Funding Strategy Statement, Governance Policy & Compliance Statement and this Statement, are available to the public via the Pension Fund's website at [www.powyspensionfund.org](http://www.powyspensionfund.org) or on request.

## **9. Contacts**

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

Mr C Hurst  
Pension Fund Manager  
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County Hall  
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Tel: 01597 827640

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

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

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

- 9.3 All other enquiries should be addressed to:

The Pensions Section  
Powys County Council  
County Hall  
Llandrindod Wells  
Powys LD1 5LG

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

## CYNGOR SIR POWYS COUNTY COUNCIL

## Pensions and Investment Committee

7<sup>th</sup> October 2022**REPORT BY:** Head of Finance**SUBJECT:** Wales Pension Partnership Update

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**REPORT FOR:** Information

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**1. Introduction**

- 1.1 This report has been produced to provide Committee 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 8<sup>th</sup> of July 2022 and the minutes of the JGC meeting are now available [here](#).
- 1.3 The JGC meeting scheduled for the 21<sup>st</sup> of September was cancelled, with the next one due to take place virtually on the 5<sup>th</sup> of December.

**2. Pooling investments in Wales**

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

- Appointment of Chair and Vice-Chair of the JGC
- 2021/22 Annual Return
- New Policies
- Sustainable Active Equity Sub-Fund

**2.2 Appointment of Chair and Vice-Chair of the JGC**

It was unanimously resolved at the last JGC meeting that Councillor Christopher Weaver from City of Cardiff Council (Cardiff and Vale of Glamorgan Pension Fund) and Councillor Ted Palmer from Flintshire County Council (Clwyd Pension Fund), be appointed the Chair and Vice-Chair of the JGC respectively.

**2.3 2021/22 Annual Return**

The [Annual Return for 2020/21](#) was presented and approved by the JGC. The Accounting Statements and Annual Governance Statement sections of the Annual Return had been reviewed by the Host Authority internal audit and also by Audit Wales.

The Host Authority had also prepared a full Statement of Accounts for the Wales Pension Partnership for 2021/22. 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.

The 2021/22 Annual update is presented in Appendix A.

The WPP have also published the annual progress against the Responsible Investment policy commitments, which is available on the [WPP website for viewing](#).

## 2.4 New Policies

A Whistleblowing Policy has been developed for the WPP which provides guidance to WPP Personnel and Providers on how to raise concerns should they suspect malpractice by anyone acting for or on behalf of WPP. The policy also advises of the protection provided by The Public Interest Disclosure Act 1998 (“PIDA”). This policy will be formally reviewed by the OWG on a triennial basis and, if necessary, changes to the policy will be taken to the JGC for approval.

A [Business Continuity Plan](#) has also been developed which outlines how WPP will continue operating during an unplanned disruption in service. An appendix to the Plan, which is not for publication, contains the details of individuals to be contacted in the event of an issue occurring which prevents any of the WPP’s key governance bodies, namely the Host Authority, Constituent Authorities, JGC and OWG as well as the WPP’s key suppliers from working effectively. This Plan will be updated as required.

## 3 Sustainable Active Equity Sub-Fund

As part of the continuing development of the WPP and in particular its approach towards responsible investment, the JGC unanimously resolved that a proposed sustainable active equity sub-fund be approved and made available to the constituent authorities in due course.

## 4. Recommendation

To note the content of this report.

<b>Recommendation:</b>		<b>Reason for Recommendation:</b>	
1. To note the content of the report and attachment		As per the report	
<b>Person(s) To Action Decision:</b>	Pension Fund Manager		
<b>Date By When Decision To Be Actioned:</b>			
<b>Relevant Policy (ies):</b>	N/A		
<b>Within Policy:</b>	N/A	<b>Within Budget:</b>	N/A
Contact Officer Name:	Tel:	Fax:	Email:
Chris Hurst	01597 827640	01597 826290	churst@powys.gov.uk

<b>Relevant Portfolio Member(s):</b>	Councillor David Thomas
<b>Relevant Local Member(s):</b>	

## WPP Annual Update – 2021/2022

Welcome to the Wales Pension Partnership ('WPP') annual update which provides you with a snapshot of the work that the WPP has undertaken over the past twelve months. The year necessitated remote working once again with everyone pulling together to ensure we continued to deliver. The pandemic has left a lasting legacy to which we are all adapting. Hybrid working is now our new normal and teamwork is even more important at every level.



Training sessions have continued to be held virtually throughout 2021/22 and all training sessions have been well attended with good engagement. Six training sessions have been held during the year which have all been extended to individual Pension Committee and Pension Board members. The training sessions are varied, and presenters have ranged from external service providers, the Local Government Association, and officers from another pool. We have received positive feedback and we would like to thank all those that continue to make these training sessions a success.

Details of our 2022/23 training plan as well as our 2022/23 workplan are included in our business plan, which can be found on the WPP website: [Wales Pension Fund | Home \(walespensionpartnership.org\)](https://walespensionpartnership.org). The workplan is broken down into several key sections which are all vital to the continued success of the WPP, including Governance, Investments and Reporting, and Communication and Training. We continue to develop new and regularly review WPP policies to ensure they remain suitable and effective.

This year the WPP has extended its range of sub-funds further with the launch of the Emerging Markets sub fund, bringing the proportion of pooled assets to over 70% (which includes our passive Investments). The range of sub funds offered by the WPP provides the Constituent Authorities with the opportunities to meet their individual investment requirements. Each fund invests in at least two active sub funds, with one fund investing in as many as seven. Ongoing sub-fund development is another key activity outlined in WPP's workplan and it is crucial that ongoing discussions take place with the Constituent Authorities to ensure that their investment needs are met. We are very lucky as a pool for the level of collaboration that exists and would like to thank the Constituent Authorities for their continued contributions.

In July 2021, the Joint Governance Committee appointed bfinance as WPP's Allocator Advisor and they will assist the WPP with the identification of Allocators for the Private Market Asset Classes. In March 2022, the Private Debt and Infrastructure Allocators were appointed (details on website) and the procurement exercise for the Private Equity Allocator is underway, with the appointment due to be made in Autumn 2022. The Private Debt and Infrastructure sub funds will be launched later this financial year with the Private Equity sub fund in 2023/24. Discussions have also started in relation to the Property asset class.

2021/22 has been a mixed year, the period started off well providing a supportive environment for the Equity sub funds, where they delivered positive absolute returns. This momentum reversed into the back end of Q4 2021 and especially in Q1 2022 which presented one of the worst starts to a year for financial markets in over 50 years. Russia's invasion of Ukraine combined with the inflation uncertainty drove market volatility, with both equity and fixed income markets seeing significant drawdowns, resulting in all equity sub-funds recording negative returns during the last quarter of 2021/22. In fixed income, the situation has been similar, with credit markets offering little protection. An exception to this is the Absolute Return Bond Fund, which has been able to generate positive absolute returns in the challenging market environment, serving its purpose as an effective diversifying vehicle. The table below shows the performance of the sub funds over the last 12 months.

	WPP 12-month performance to 31 March 2022 (Net of Fees)				
	Inception Date	AUM (£'000)	Fund %	Benchmark %	Relative %
<b>Equity sub-funds</b>					
Global Growth	6 February 2019	3,303,494	2.61	12.42	(9.81)
Global Opportunities	14 February 2019	3,387,941	10.84	12.42	(1.58)
UK Opportunities	11 October 2019	730,278	1.10	13.03	(11.93)
Emerging Markets*	29 October 2021	464,615	(5.94)	(5.36)	(0.58)
<b>Fixed Income sub-funds</b>					
UK Credit	19 August 2020	574,224	(3.42)	(4.45)	1.03
Global Government Bond	19 August 2020	507,273	(3.70)	(4.17)	0.47
Global Credit	20 August 2020	757,659	(4.29)	(5.10)	0.81
Multi-Asset Credit Fund	11 August 2020	723,184	(2.28)	4.14^	
Absolute Return Bond	30 September 2020	509,602	0.42	2.14^	

\* Please note that the performance is since inception.

^ These represent the performance targets of the Multi-Asset Credit and Absolute Return Bond Funds

We were delighted to announce that, during 2021/22, the WPP published its first annual Stewardship Report and has been accepted as a signatory to the 2020 UK Stewardship Code. Responsible Investment ('RI'), including climate risk, continues to be a key priority for the Constituent Authorities. Quarterly climate risk monitoring reports continue to be produced for both the Equity and Fixed Income sub-funds, and the WPP has been working with Link Fund Solutions, Russell Investments and the Constituent Authorities to develop a Sustainable Equity sub fund, which is due to launch in Autumn 2022. An annual progress update has been published providing an assessment of the progress the WPP has made towards delivering on the commitments in its RI Policy and Climate Risk Policy and provides a snapshot of the excellent work carried out by the WPP and, in particular, the RI sub-group throughout the year.

As part of its commitment to stewardship, WPP continues to engage with Robeco as its voting & engagement provider. WPP sets its own voting priorities, for 2021/22, the WPP focused on issues including climate change, board diversity, working practices and executive pay. The tables below summarise the stewardship activity carried out by Robeco on WPP's behalf over the last 12 months:

Votes Cast	10,904	Number of meetings	788
For	9,850	With management	9,643
Withhold	46	Against management	1,261
Abstain	69		
Against	921		
Other	18		
Total	10,904	Total	10,904

Number of engagement cases by topic					
	Q2 21	Q3 21	Q4 21	Q1 22	Total
Environment	45	28	50	47	170
Social	50	31	54	20	155
Corporate Governance	31	18	37	19	105
SDGs	-	16	29	15	60
Global Controversy	10	8	20	25	63
Total	136	101	190	126	553

Good progress is being made on making a success of pooling. There remains work to do to achieve our full potential and a few more years should bring us close to the point where all suitable assets have been pooled. Our Constituent Authorities' requirements will continue to evolve, whether because of changing economic conditions, new Government legislation or implementation of sustainability goals, and WPP will continue to be at their side on the journey.

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

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