

# Pecyn Dogfennau Cyhoeddus

## Bwrdd Pensiynau Powys

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Man Cyfarfod  
**By Teams**

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Dyddiad y Cyfarfod  
**Dydd Iau, 8 Gorffennaf 2021**

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Amser y Cyfarfod  
**2.00 pm**

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I gael rhagor o wybodaeth cysylltwch â  
**Carol Johnson**  
01597 826206  
carol.johnson@powys.gov.uk



Neuadd Y Sir  
Llandrindod  
Powys  
LD1 5LG

Dyddiad Cyhoeddi

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Mae croeso i'r rhai sy'n cymryd rhan ddefnyddio'r Gymraeg. Os hoffech chi siarad Cymraeg yn y cyfarfod, gofynnwn i chi roi gwybod i ni erbyn hanner dydd ddau ddiwrnod cyn y cyfarfod

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### AGENDA

<b>1.</b>	<b>YMDDIHEURIADAU</b>
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Derbyn ymddiheuriadau am absenoldeb.

<b>2.</b>	<b>DATGANIADAU O DDIDDORDEB</b>
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Derbyn unrhyw ddatganiadau o ddiddordeb.

<b>3.</b>	<b>COFNODION Y BWRDD - 5 MAWRTH 2021</b>
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Awdurdodi'r Cadeirydd i lofnodi cofnodion cyfarfod blaenorol y Bwrdd fel cofnod cywir.

(Tudalennau 1 - 6)

<b>4.</b>	<b>MATERION YN CODI</b>
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<b>5.</b>	<b>COFNODION Y PWYLLGOR PENSIYNAU A BUDDSODDI</b>
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Nodi cofnodion y Pwyllgor Pensiynau a Buddsoddi a gynhaliwyd ar 12 Mawrth, 2021.

(Tudalennau 7 - 14)

<b>6.</b>	<b>ADOLYGU CYDYMFFURFIAETH A CHOD 14 TPR</b>
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- a) Diweddariadau a wnaed o ran cydymffurfiaeth a Chod Ymarfer 14 TPR
  - b) Cod Unigol
- (Tudalennau 15 - 40)

<b>7.</b>	<b>ADRODDIAD A DIWEDDARIAD GWEITHREDOL A GWEINYDDOL</b>
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Derbyn yr adroddiad a'r diweddariad.  
(Tudalennau 41 - 42)

<b>8.</b>	<b>ADOLYGU'R GOFRESTR RISGIAU (EITEMAU SEFYDLOG)</b>
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Adolygu'r Gofrestr Risg ac ystyried unrhyw risgiau newydd.  
(Tudalennau 43 - 50)

<b>9.</b>	<b>PARTNERIAETH PENSIWN CYMRU - DIWEDDARIAD AR GYFUNO BUDDSODDIADAU [EITEM SEFYDLOG]</b>
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Derbyn adroddiad ar Bartneriaeth Pensiwn Cymru.  
(Tudalennau 51 - 52)

<b>10.</b>	<b>HYFFORDDIANT - SEIBRDDIOGELWCH A GWARCHOD DATA</b>
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Derbyn adroddiad ar lafar.

<b>11.</b>	<b>DEDDFWRIAETH A CHANLLAWIAU NEWYDD (EITEM SEFYDLOG)</b>
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Derbyn adroddiad.  
(Tudalennau 53 - 56)

<b>12.</b>	<b>GORFFEN CONTRACTIO ALLAN (EITEM SEFYDLOG)</b>
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Derbyn adroddiad ar lafar.

<b>13.</b>	<b>EITEMAU SEFYDLOG HEB ANGEN UNRHYW DDIWEDDARIADAU</b>
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- i. Cofrestr Achosion o Dorri Amodau
- ii. Gweithdrefn Datrys Anghydfod Mewnol [IDRP]
- iii. Adroddiadau Archwilio
- iv. Log Cyfathrebu'r Bwrdd

(Tudalennau 57 - 60)

<b>14.</b>	<b>CYFARFODYDD NESAF Y BWRDD</b>
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**2021**

13 Medi

22 Tachwedd

<b>15.</b>	<b>CYFRINACHOL</b>
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Mae angen i'r Bwrdd ystyried a fyddai gwneud yr eitemau canlynol yn gyhoeddus yn datgelu gwybodaeth sy'n ymwneud â materion ariannol neu fusnes unrhyw berson neu sefydliad penodol wrth ystyried gwahardd y cyhoedd o'r rhan hon o'r cyfarfod.

<b>16.</b>	<b>CYHOEDDIADAU A DIWEDDARIADAU'R CADEIRYDD Y BWRDD PENSIYNAU</b>
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Derbyn diweddariadau ar lafar.

<b>17.</b>	<b>HUNAN-ASESU'R BWRDD PENSIYNAU</b>
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Derbyn adroddiad ar lafar.

<b>18.</b>	<b>DIWEDDARIADAU GWEINYDDIAETH Y DYFODOL</b>
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Ystyried adroddiad.

(Tudalennau 61 - 62)

<b>19.</b>	<b>POLISI'R CYFLOGWR</b>
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Ystyried y polisi drafft.

(Tudalennau 63 - 80)

Mae'r dudalen hon wedi'i gadael yn wag yn fwriadol

## MINUTES OF A MEETING OF THE POWYS PENSIONS BOARD HELD BY TEAMS ON FRIDAY, 5 MARCH 2021

### PRESENT

Gerard Moore (Chair)  
Nigel Brinn (Employers Representative)  
Wayne Thomas (Employers Representative)  
John Byrne (Member Representative)  
Mick Hutchison (Member Representative)

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

One member of the public

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

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

<b>3.</b>	<b>MINUTES OF THE BOARD</b>
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The minutes of the last meeting held on 9 November 2020 were agreed as a correct record, subject to it being noted that John Byrne, Scheme Member representative, was in attendance at this meeting.

<b>4.</b>	<b>MATTERS ARISING</b>
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There were no matters arising.

<b>5.</b>	<b>CHAIR'S ANNOUNCEMENTS</b>
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The Chair reported that:

- he had undertaken his annual meeting with the Section 151 Officer. He advised her that the Board would complete a self-assessment on its performance before his Term of Office ends. They had discussed the progress in the appointment of his successor, governance issues and he recognised the substantial progress in the Pensions and Investment Committee's knowledge and skills level,
- the Board's self-assessment of its own performance will be completed at its meeting in June. **The Board agreed to hold a one hour meeting to discuss the self-assessment prior to the meeting in June.**
- he attended a webinar on Good Governance, with Councillor Roger Phillips, Chair of the Scheme Advisory Board [SAB] and had forwarded a link to the recording to the Board. Councillor Phillips advised the Board that the proposed LGPS senior officer could be the S151 Officer, but it

would be better if it was another officer. In response to a question about the Board's role in implementing Good Governance the SAB Chair advised that the Board is a critical friend and is the first line of enforcement and the Board should be the sign off on governance. **The Board agreed to seek to support the Administering Authority in its planning to comply with the statutory guidance.**

- the survey of Local Pension Boards by the Scheme Advisory Board (SAB) is awaited.
- TPR's Public Service 2020 survey was completed by the due date by the Pension Fund Manager in consultation with the Chair and
- he would circulate his draft Board Annual Report for 2020/2021, for comment.

## 6. MINUTES OF PENSIONS AND INVESTMENT COMMITTEE

The Board received the Pensions and Investment Committee's minutes for 11 December 2020.

The Board noted the following:

Item 4 - Governance and Compliance Statement – this would be reviewed again as the SAB Good Governance Project has been completed and the MHCLG Guidance is expected to be out for consultation shortly.

## 7. REVIEW OF COMPLIANCE WITH TPR CODE 14

The Pension Fund Manager advised that the document had been updated in line with the comments at the previous meeting.

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

### **Governing your Scheme [38 – 60]**

42 – the Pension Fund Manager advised that he was consolidating all the documentation into one resource library, with hyperlinks to the most up to date document. He agreed to amend the wording in the final column to indicate that the document library would also be available to the Pensions and Investment Committee.

48 – it was noted that the knowledge and skills analysis was an item on the Agenda and the document would be amended to reflect this.

51 – agreed that the wording in the final column would be amended to reflect the need for Boards to be in a position to challenge officers and the Pensions & Investment Committee and also be confident that such challenges will be properly dealt with and answered by officers or the Committee.

60 – the Pension Fund Manager agreed to explain, in the final column, how training logs and records are kept.

### **Conflicts of interest and representation [62 - 91]**

The Pension Fund Manager advised that the Wales Pension Partnership (WPP) has a policy in place on this and that the Powys Fund should ensure any local policies also align. it was also a separate item on the Agenda. He advised he would consider the Chair's suggestion that joint session with the Pension and Investment Committee to consider this issue may be beneficial.

64 – the Pension Fund Manager agreed to review the wording in the final column.

The Pension Fund Manager advised that he would review whether membership of town or community councils should be declared or registered. He advised that this would be part of the review of conflicts of interest and representation once the guidance has been published.

**Administration [124 – 146]** – the Pension Fund Manager advised this section had been reviewed and updated.

**Resolving issues [216 – 240]**

222 – the Chair asked if other Welsh Pension funds have a two-stage internal IDR process and it was agreed to review this at the June meeting.

<b>8.</b>	<b>OPERATIONAL AND ADMINISTRATION REPORT UPDATE</b>
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The Board received and noted the Operational and Administration report. The Pension Fund Manager advised that the number of active members had increased. The Board noted that the Aggregation numbers were increasing and the Pension Fund Manager advised that due to LGPS now being a Career Average Revalued Earnings (CARE) scheme, this created a lot of work where individuals have multiple posts. The Chair highlighted the impact of such changes on the work of the Administration Team and the Board highlighted the need to adequately resource the Team.

In response a question from the Chair, the Pension Fund Manager agreed to review whether the four individuals “awaiting entry” on the two dates in the report were different.

The Pension Fund Manager advised that work was being undertaken on improving the reporting of Key Performance Indicators [KPIs]. He advised that future reports would provide information on performance against statutory and internal deadlines.

<b>9.</b>	<b>CONFLICTS OF INTEREST</b>
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The Pension Fund Manager advised that guidance on conflicts of interest was awaited from MHCLG in its Good Governance guidance. A draft policy would be produced for the Board’s consideration.

<b>10.</b>	<b>REVIEW OF RISK REGISTER [STANDING ITEMS]</b>
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The Board noted that no new risks had been identified. The Board noted or made the following comments [the numbers shown are the Risk Reference numbers]:

**PEN003** – due to changes in LGPS regulations which introduced employer flexibilities a new Employers Policy was being developed. This would be separate to the Funding Strategy Statement. A cash flow meeting was scheduled with the actuaries, the S151 officer and finance officers. The Board asked that this be recorded in the register.

**PEN006** - an internal audit review was expected in 2021 and consideration of the report would be added to the work programme.

**PEN007 and PEN027** – the Board asked that the wording in each of these be reviewed.

**PEN036** – the Pension Fund Manager updated the Board on the progress to appoint a new Chair and an appointment could be made prior to the meeting in June. The Board was assured of the progress made.

**PEN012** – the Pension Fund Manager would include details of when the last data protection audit was completed and the next was scheduled.

**PEN016** – the date of the current Communications policy and its review date would be included.

**PEN019** – the role of the Pension Board was included in the induction to Committee members after the last election and should be included in future programmes. It was noted that this requirement would be cross referenced in the committee mandatory induction programme managed by Democratic Services.

**PEN031** – the process for recording performance net of fees, as a result of pooling Pension Fund assets, would be added to the document.

In response to questions regarding increasing the membership to three scheme and employer representatives on the Board, the Pension Fund Manager advised that:

- no employer representative was forthcoming as a result of the discussion at the Employers meeting in December. He agreed to liaise with Nigel Brinn, Employer representative regarding this vacancy,
- information about the vacancy for a scheme member representative would be included with letters being sent to scheme members,
- the issue of recompense for representatives would be considered,
- he would liaise with the union representatives regarding the scheme member observer vacancy on the Pensions and Investment Committee and
- he would check on the term of office of scheme and employer representatives on the Board.

<b>11.</b>	<b>WALES PENSION PARTNERSHIP [WPP] - INVESTMENT POOLING UPDATE [STANDING ITEM]</b>
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The Board noted the update report. The Pension Fund Manager advised that a non-voting Scheme Member representative would be appointed to the Joint Governance Committee [JGC] from a Pension Board in Wales.

<b>12.</b>	<b>NEW LEGISLATION AND GUIDANCE (STANDING ITEM)</b>
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The Board received the report.

The Board noted that HM Treasury [HMT] had published the Exit Payment Cap Directions 2021, which disapply the regulations relating to Exit Payment Cap with immediate effect. It was noted that one individual was affected by this change and amendments would be made. In response to a question the Pension Fund Manager advised he would consider whether this should be recorded as a breach and advise the Board by email.



It was noted that the Business planning process was a key element in the Final Good Governance Report. The Pension Fund Manager advised that a report would be considered by the Board and Pensions & Investment Committee in due course regarding the resources required to ensure the Pension Administration Team could meet good governance requirements and the continuing complexities of the LGPS, such as the McCloud judgement.

In respect of the McCloud judgement the Pension Fund Manager advised that records for 30% of scheme members would require data input and recalculations of benefits.

In respect of Climate risk the Board noted that the Fund had approximately 1.8% invested in companies with ties to fossil fuels.

Nigel Brinn left to attend another meeting.

<b>13.</b>	<b>BOARD MEMBER TRAINING [STANDING ITEM]</b>
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The Board received the Powys Pension Fund's policy in relation to the knowledge and skills requirements of members of the Pensions & investment Committee and Board. The Training Needs Analysis would be emailed to Board members for them to complete and return to the Pension Fund Manager. It was noted that this would also be circulated to the Committee members.

<b>14.</b>	<b>INTERNAL DISPUTE RESOLUTION PROCEDURE [IDRP] UPDATE [STANDING ITEM]</b>
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The Pension Fund Manager advised that one appeal had been upheld at Stage 1.

<b>15.</b>	<b>STANDING ITEMS WITH NO UPDATES REQUIRED</b>
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The Pension Fund Manager reported on the following:

- Breaches Register - The Board noted there were no new recorded breaches of the law since the last meeting. The Pension Fund Manager advised he would review whether a recordable breach should be added as a result of the clash of legislation relating to the £95k cap and to entitlement to benefits.
- Cessation of contracting out – it was noted that progress on this was behind schedule. The Pension Fund Manager advised that this was an internal deadline rather than a statutory deadline. The revised schedule was that scheme members whose pensions would be affected would be notified in the summer and given two months notice if benefits were to decrease.
- Audit Reports – no update.
- Board Communications Log – noted.

<b>16.</b>	<b>FUTURE BOARD MEETINGS</b>
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The Board noted the following meeting dates in 2021 and that the meetings will be at 1400hrs:

14 June

13 September

22 November

**Gerard Moore (Chair)**

**MINUTES OF A MEETING OF THE PENSIONS AND INVESTMENT COMMITTEE  
HELD BY TEAMS ON FRIDAY, 12 MARCH 2021**

**PRESENT**

County Councillor P E Lewis (Chair)

County Councillors E A Jones, JG Morris, D H Williams and A W Davies  
Mr G Moore, Chair Powys Pension Board  
Mr M Weale, co-opted member

In attendance: Head of Finance, Pension Fund Manager and Financial Reporting & Policy Accountant  
Aon representatives – Richard Antrobus, Simon Mayne and Jennifer O'Neill

<b>1.</b>	<b>APOLOGIES</b>
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Apologies for absence were received from County Councillor T J Van-Rees.

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

<b>3.</b>	<b>MINUTES</b>
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The Chair was authorised to sign the minutes of the Pensions and Investment Committee meeting held on 11 December 2020 as a correct record.

As the Pension Board Chair was experiencing technical difficulties accessing the meeting, the Chair moved to the Administration and Governance item next.

<b>4.</b>	<b>ADMINISTRATION AND GOVERNANCE UPDATE</b>
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The Committee received the Governance and Administration update report, which had been circulated prior to the meeting.

The Pension Fund Manager highlighted that HM Treasury [HMT] had published the Exit Payment Cap Directions 2021 [the Directions], which disapply the regulations relating to exit caps with immediate effect from 12 February 2021, due to the conflict with existing LGPS regulations. The Committee noted the Scheme Advisory Board's [SAB] Good Governance Project Phase 3 report had been published. The Pension Fund Manager advised that an Employer Policy was being developed to support the new employer exit flexibilities and this would be considered by the Pensions Board and Committee in due course.

Mr Gerard Moore, Pension Board Chair joined the meeting.

The Pension Fund Manager advised the Committee that the McCloud judgment would have an impact on the workload of the Pension Administration Team. A report on the resources required by the Team to meet this and the increasing complexities of the Funds administration would be brought to Committee for

consideration. The Section 151 Officer advised that rather than calling a special meeting to consider this issue the Committee could consider agreeing to delegate consideration and approval of any actions to the Chair, Vice Chair and Section 151 Officer.

The Pension Board Chair advised that the Board had recognised the urgency of the issue and supported the Committee in its timely action.

It was moved and duly seconded that consideration of the report regarding the extra resources required for the Pension Administration Team and approval of any actions be delegated to the Chair, Vice Chair and Section 151 Officer.

<b>RESOLVED</b>	<b>Reason for decision</b>
<b>That consideration of the report regarding the extra resources required for the Pension Administration Team and approval of any actions be delegated to the Chair, Vice Chair and Section 151 Officer.</b>	<b>To ensure the Pension Administration Team is appropriately resourced to undertake the work required as a result of the McCloud judgement and address the increasing complexities in the Funds administration.</b>

The Committee noted that there were no new breaches. The Pension Fund Manager however advised that he was reviewing whether a recordable breach should be added as a result of the clash of the regulations relating to the £95k cap and the entitlement to benefits, which had been considered at the recent Board meeting. The Committee noted that the Board had reviewed the Risk Register, which would be amended to take into account the Board's recommendations.

<b>RESOLVED that</b>	<b>Reason for decision</b>
<b>the update report be noted.</b>	<b>To ensure that the Fund continues to focus on high standards of administration and governance.</b>

## **5. PENSIONS BOARD MINUTES**

The Committee noted the summary from the Powys Pension Board Chair of the Board meeting held on 5 March 2021. The Pension Board Chair highlighted the following recommendation:

- 1.1 Regarding the awaited statutory guidance from MHCLG on Good Governance, the Board feels it can add value to the relevant discussions to be undertaken locally. In view of the recent comments of the Chair of the LGPS Scheme Advisory Board (SAB) that the Local Pension Board should be the sign off on governance, the Board respectfully requests that it be found an appropriate role to assist the Administering Authority in its planning to comply with the statutory guidance, when published. A link to a recent 30 minute webinar on Good Governance, featuring the SAB Chair, will be circulated to Committee Members.

It was noted that the Board had gained a number of assurances. The Chair highlighted the Board's concerns regarding the vacancies for scheme and employer representatives on the Board, due to the change agreed in the membership and the continuing vacancy on the Committee of a scheme member observer. He advised that the Board would undertake a self-assessment and consider this at its meeting in June.

<b>RESOLVED that</b>	<b>Reason for decision</b>
<b>the recommendation from the Powys Pension Board meeting on 5 March 2021 be noted and that it be actioned as appropriate.</b>	<b>To ensure good governance.</b>

## **6. WALES PENSION PARTNERSHIP [WPP] UPDATE**

The Committee received the WPP report. The Pension Fund Manager advised that officers were producing a person specification and developing a selection process to enable a co-opted (non-voting) pension board scheme member representative to be on the Joint Governance Committee [JGC]. The Committee noted that training events provided by the WPP are open to Committee, Board members and officers. The Pension Fund Manager advised that he was a member of the WPP's Responsible Investment sub-group.

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

## **7. AUTHORISED SIGNATORIES REPORT**

The Committee received the report on authorised signatories.

It was moved and duly seconded to approve the authorised signatory list.

<b>RESOLVED</b>	<b>Reason for decision</b>
<b>That the authorised signature list be approved.</b>	<b>To facilitate internal fund processes.</b>

## **8. PENSIONS AND INVESTMENT COMMITTEE TRAINING NEEDS ANALYSIS**

The Committee received the Powys Pension Fund's policy in relation to the knowledge and skills requirements of members of the Pensions & Investment Committee and Board. The Training Needs Analysis would be emailed to Committee members for them to complete and return to the Pension Fund Manager.

<b>RESOLVED</b>	<b>Reason for decision</b>
<b>That the Committee complete an up to date training needs analysis form in order to assess training requirements.</b>	<b>As per the report.</b>

<b>9.</b>	<b>RESPONSIBLE INVESTMENT DISCUSSION AND POLICY REVIEW</b>
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The Pension Fund Manager referred the Committee to a recent BBC article regarding the fossil fuels and carbonisation and the investments held by pension funds. It was noted the Council had agreed a climate emergency at a meeting in late 2020 and that the Portfolio Holder for climate change had issued a press release on how the Council was addressing this issue, but that this had not referred to the actions taken by the Pensions & Investment Committee. The Pension Fund Manager advised he had liaised with the Climate Officer. The Committee noted that the WPP has produced a climate change policy and it would be important for this to be acknowledged in the Fund's local policy.

In response to a comment regarding the level of Fund invested in fossil fuels the Pension Fund Manager advised that the figures quoted in the BBC article were potentially inaccurate and that the data used for the article was being checked.

<b>RESOLVED</b>	<b>Reason for decision</b>
<b>That the Committee note the report.</b>	<b>As per report.</b>

<b>10.</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>11.</b>	<b>RESPONSIBLE INVESTMENT</b>
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The Chair welcomed Jennifer O'Neill and Richard Antrobus, Aon to the meeting. The Committee considered a report from Aon regarding the carbon emissions associated with the equity and corporate bond fund managers, which established an initial benchmark as at 2 March 2021. In response to a question Aon advised that the global carbon index is simply a factor of the size of a company in the global equity market, their sales and the inputs and outputs of a company.

The Committee noted The UK Stewardship Code 2020. The Pension Fund Manager advised that the direction of travel for funds to be encouraged to sign up to the Code. The Fund had not previously signed up to earlier versions of the Code due to its complexities and the resource implications.

The Pension Fund Manager suggested that a training session could be held for the Committee to consider the issue of carbon emissions associated with investments, responsible investment and the UK Stewardship Code 2020.

<b>RESOLVED that</b>	<b>Reason for decision</b>
<b>training sessions be held for the Committee to consider the issue of carbon emissions associated with investments, responsible</b>	<b>To provide an opportunity for in depth discussion.</b>

<b>investment and the UK Stewardship Code 2020.</b>	
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The Chair moved to the Investment Strategy Statement item next.

<b>12. INVESTMENT STRATEGY STATEMENT</b>
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The Committee received the updated Investment Statement Strategy [ISS]. Richard Antrobus, Aon advised that in addition to minor amendments, the following had been added to the Statement:

- in respect of Socially Responsible Investment reference was made to how the Council monitors the impact investments have on carbon emissions and how the Fund considers alternative social, environmental and ethical investments which can produce at least comparable returns,
- that through the voting policy the Fund would ensure that companies in which it invests adopt sound principles of corporate responsibility, particularly in relation to environmental and employment standards and
- a more detailed explanation of what membership of the Local Authority Pension Fund Forum (LAPFF) means for the Fund.

It was moved and duly seconded to approve and publish the revised ISS and that it be updated, as appropriate after the Committee has undertaken the training on carbon emissions, responsible investment and the UK Stewardship Code 2020.

<b>RESOLVED</b>	<b>Reason for decision</b>
i. <b>That the revised Investment Strategy Statement [ISS] be approved and published and</b> ii. <b>That it be updated, as appropriate, after the Committee has undertaken the training on carbon emissions, responsible investment and the UK Stewardship Code 2020.</b>	<b>To ensure that the ISS is up to date.</b>

The Pension Fund Manager advised that the updated version would be circulated and published on the Fund's website.

The Chair took the Global Equities item next.

<b>13. GLOBAL EQUITIES</b>
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The Committee received a report on the Global Equities. The Pension Fund Manager advised that an alternative version of the Global Alpha sub-fund (the Paris-Aligned Global Alpha fund - with lower carbon exposure) is available. The Committee noted that existing investors into the current Global Alpha sub-fund had already approved the move into this new version of the fund.

It was moved and duly seconded to move from the Global Alpha sub-fund into the Paris-Aligned Global Alpha fund.

<b>RESOLVED</b>	<b>Reason for decision</b>
<b>That the transition from the existing Global Alpha sub-fund into the Paris-Aligned Global Alpha Fund be approved.</b>	<ul style="list-style-type: none"> <li><b>i. Committee have previously approved the investment into the Global Alpha fund and this is a lower carbon version of that (through the exclusion of companies who do not pass the carbon screening process).</b></li> <li><b>ii. A commitment to having a Weighted Average Carbon Intensity lower than that of the highly ambitious MSCI ACWI Paris-Aligned index</b></li> <li><b>iii. It will reduce the carbon exposure of the Powys Pension Fund investments</b></li> <li><b>iv. Fees and performance objectives remain the same with a similar risk profile.</b></li> <li><b>v. All investors have to agree to the transition, so that the sub-fund can be made available at the WPP.</b></li> </ul>

<b>14. HEDGE FUNDS</b>
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The Chair welcomed Simon Mayne, Aon to the meeting. The Committee considered the Hedge Fund report. Simon Mayne referred the Committee to the previous discussions regarding the Hedge Fund Portfolio, following the downgrading of a few managers over time and whether the Committee continues a hedge fund strategy in its overall strategy.

Aon recommended the Committee adopts Aon's fund solution [delegated] approach which would enable Aon to change managers without the need to seek Committee approval for individual changes. This would ensure that funds could be invested more quickly with buy-rated managers. The Committee noted that Aon is not the only provider of such a service. Aon advised that if this approach was not adopted Aon would continue to provide advice to enable the Committee to appoint new buy-rated managers.

The Pension Fund Manager advised that the WPP does not yet have a sub-fund which provides the same investment opportunities as the hedge fund strategy. However, if it introduced a sub-fund which meets the Committee's needs, the latter could consider investing in this.

In response to a question Aon advised that it does have a conflict of interest protocol and it has not researched what other options are available in the market.

<b>RESOLVED</b>	<b>Reason for decision</b>
<b>That the Aon delegated approach is accepted and a presentation is</b>	<b>To consider the hedge fund options and implement</b>



<b>made to the Committee on Aon's fund solution [delegated] approach.</b>	<b>investments in accordance with the investment strategy.</b>
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## 15. EQUITY RISK PROTECTION

The Committee received a report on Equity Risk Protection from Simon Mayne, Aon.

The Committee noted that two tranches of equity protection expire in March 2021 and a third expires in January 2023. Aon advised that the two tranches which expire in March 2021 should roll through to April 2022 and the 3<sup>rd</sup> tranche is re-striking to January 2023 to take into account the current equity market level. Aon recommended that protection should remain at 50% of the fund's strategic equity allocation.

The Committee was reminded of the rationale for the equity protection. The Pension Fund Manager advised that one of the reasons that the protection had been put in place was to protect the funding level for employers at the tri-annual valuation and the next valuation was due in 2022. The protection should be seen as an assurance policy to protect against downturns in the market. In response to questions Aon advised that the protection was a means to smooth out the returns and that after the next tri-annual valuation continuing the protections could be reviewed again. Aon indicated that the market gains seen over the last year would be more difficult to achieve and downside risks remain.

It was moved and duly seconded to agree in principle that the two tranches of equity protection which expire in March 2021 should roll through to April 2022 and the 3<sup>rd</sup> tranche is re-striking to January 2023 and that it be delegated to the Chair and Vice Chair in consultation with the Section 151 Officer to finalise, when the pricing details have been received and after this information is circulated to the Committee for comment.

<b>RESOLVED</b>	<b>Reason for decision</b>
<p><b>i. that the two tranches of equity protection which expire in March 2021 should roll through to April 2022 and the 3<sup>rd</sup> tranche is re-striking to January 2023 be agreed in principle and</b></p> <p><b>ii. that it be delegated to the Chair and Vice Chair in consultation with the Section 151 Officer to finalise, when the pricing details have been received and after this information is circulated to the Committee for comment.</b></p>	<p><b>To ensure that continuing appropriate equity risk management structure is in place.</b></p>

<b>16.</b>	<b>CEM BENCHMARKING REPORT</b>
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The Committee received the CEM Benchmarking report. The Pension Fund Manager asked that any questions should be forwarded to him.

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

<b>17.</b>	<b>QUARTERLY MONITORING REPORT</b>
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The Committee received the Quarterly Monitoring report to December 2020.

In response to questions Aon advised that the total asset value as of 28 February was £744k compared to £745K as of 31 December, 2020.

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

## PENSION REGULATOR CODE OF PRACTICE 14 - COMPLIANCE ANALYSIS

Powys Pension Fund

		Action Required	Current Position	
22	Scheme manager - each public service pension scheme has one or more persons responsible for managing or administering the scheme. Public service pension schemes can have different persons acting as scheme manager for different parts of the pension scheme. For the locally administered schemes, the scheme managers may be the local administering authorities or a person representing an authority or police force.		<i>The Administering Authority is designated scheme manager under the regulations.</i>	
23	Pension board – the scheme manager (or each scheme manager) for a scheme has a pension board with responsibility for assisting the scheme manager to comply with the scheme regulations and other legislation relating to the governance and administration of the scheme and any requirements imposed by the regulator. The pension board must also assist the scheme manager with such other matters as the scheme regulations may specify. It will be for scheme regulations and the scheme manager to determine precisely what the pension board’s role, responsibilities and duties entail.		<i>A Local Pension Board has been established and operates under a prescribed Terms of Reference. The Board was established on</i>	
<b>Governing your Scheme</b>				
Tudalen 15	38	Schemes <b>should</b> establish and maintain policies and arrangements for acquiring and retaining knowledge and understanding to support their pension board members. Schemes <b>should</b> designate a person to take responsibility for ensuring that a framework is developed and implemented.		Training Log kep. Maintened by Secretary to the Board
	39	However, it is the responsibility of individual pension board members to ensure that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the pension board.		Carry out an up to date skills and knowledge analysis. Taking Place in Feb/March 2021
	40	Pension board members <b>must be conversant with their scheme rules</b> , which are primarily found in the scheme regulations, and documented administration policies currently in force for their pension scheme. Being ‘conversant’ means having a working knowledge of the scheme regulations and policies, so that pension board members can use them effectively when carrying out their duties.		Analyse results of Training needa assessment
	41	They <b>must also have knowledge and understanding of the law</b> relating to pensions (and any other matters prescribed in legislation) to the degree appropriate for them to be able to carry out their role, responsibilities and duties.		Analyse results of Training needs assessment

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42	<p>In terms of documented administration policies, specific documents recording policy about administration will vary from scheme to scheme. However, the following are examples of administration policies which the regulator considers to be particularly pertinent and would expect to be documented where relevant to a pension scheme, and with which pension board members must therefore be conversant where applicable. This list is not exhaustive and other documented policies may fall into this category:</p> <p>any scheme-approved policies relating to:  conflicts of interest and the register of interests  record-keeping  internal dispute resolution  reporting breaches  the appointment of pension board members  maintaining contributions to the scheme  risk assessments/management and risk register policies for the scheme</p> <p>scheme booklets, announcements and other key member and employer communications, which describe scheme policies and procedures</p> <p>the roles, responsibilities and duties of the scheme manager, pension board and individual pension board members</p> <p>In terms of reference, structure and operational policies of the pension board and/or any sub-committee</p> <p>statements of policy about the exercise of discretionary functions, statements of policy about communications with members and scheme employers  the pension administration strategy, or equivalent, and</p> <p>any admission body (or equivalent) policies.</p>		Work ongoing to set up Pension Board knowledge/document library (Feb 2021)
43	For pension board members of funded pension schemes, documents which record policy about the administration of the scheme will include those relating to funding and investment matters. For example, where relevant they must be conversant with the statement of investment principles and the funding strategy statement.		Available on website
44	<p>Pension board members must also be conversant with any other documented policies relating to the administration of the scheme. For example, where applicable, they must be conversant with policies relating to:</p> <p>the contribution rate or amount (or the range/variability where there is no one single rate or amount) payable by employers participating in the scheme</p> <p>statements of assurance (for example, assurance reports from administrators)</p>		Available on Fund website
45	Where DC or DC AVC options are offered, pension board members should also be familiar with the requirements for the payment of member contributions to the providers, the principles relating to the operation of those arrangements, the choice of investments to be offered to members, the provider's investment and fund performance report and the payment schedule for such arrangements.		AVC Training has been carried out. New AVC Risk documentation introduced.
46	<b>Schemes should prepare and keep an updated list of the documents with which they consider pension board members need to be conversant.</b> This will enable them to effectively carry out their role. They should make sure that both the list and the documents are available in accessible formats.		To be included in Pension Board Document Library

47	The roles, responsibilities and duties of pension boards and their individual members will vary between pension schemes. Matters for which the pension board is responsible will be set out in scheme regulations. Clear guidance on the roles, responsibilities and duties of pension boards and the members of those boards should be set out in scheme documentation.		To be included in Pension Board Document Library
48	Schemes <b>should assist individual pension board members</b> to determine the degree of knowledge and understanding that is sufficient for them to effectively carry out their role, responsibilities and duties as a pension board member.		Carry out an up to date skills and knowledge analysis. Taking Place in Feb/March 2021
49	Pension board members <b>must have a working knowledge of their scheme regulations and documented administration policies</b> . They <b>should understand their scheme regulations and policies</b> in enough detail to know where they are relevant to an issue and where a particular provision or policy may apply.		Regular Training reviews in place
50	Pension board members <b>must have knowledge and understanding of the law relating to pensions</b> (and any other prescribed matters) sufficient for them to exercise the functions of their role. Pension board members should be aware of the range and extent of the law relating to pensions which applies to their scheme, and have sufficient understanding of the content and effect of that law to recognise when and how it impacts on their responsibilities and duties.		Regular Training reviews in place
51	Pension board members <b>should be able to identify and where relevant challenge any failure to comply with:</b>  the scheme regulations  other legislation relating to the governance and administration of the scheme  any requirements imposed by the regulator, or  any failure to meet the standards and expectations set out in any relevant codes of practice issued by the regulator.		Pension Board members have the knowledge, skills and comfort to challenge Committee and Officers
52	Pension board members' breadth of knowledge and understanding <b>should be sufficient</b> to allow them to understand fully and challenge any information or advice they are given. They <b>should understand</b> how that information or advice impacts on any issue or decision relevant to their responsibilities and duties.		Regular Training reviews in place
53	Pension board members of funded pension schemes <b>should ensure that</b> they have the appropriate degree of knowledge and understanding of funding and investment matters relating to their scheme to enable them to effectively carry out their role. This includes having a working knowledge of provisions in their scheme regulations and administration policies that relate to funding and investment, as well as knowledge and understanding of relevant law relating to pensions.		Carry out an up to date skills and knowledge analysis. Taking Place in Feb/March 2021
54	All board members <b>should attain appropriate knowledge</b> so that they are able to understand the relevant law in relation to their scheme and role. The degree of knowledge and understanding required of pension board members may vary according to the role of the board member, as well as the expertise of the board member. For example, a board member who is also a pensions law expert (for instance, as a result of their day job) <b>should have a greater level of knowledge</b> than that considered appropriate for board members without this background.		Carry out an up to date skills and knowledge analysis. Taking Place in Feb/March 2021
55	Pension board members <b>should invest sufficient time in their learning and development</b> alongside their other responsibilities and duties. <b>Schemes should provide</b> pension board members with the relevant training and support that they require. Training is an important part of the individual's role and will help to ensure that they have the necessary knowledge and understanding to effectively meet their legal obligations.		Training Needs Self Assessment carried out feb 2019
56	Newly appointed pension <b>board members should be aware</b> that their responsibilities and duties as a pension board member begin from the date they take up their post. Therefore, they <b>should immediately start to familiarise</b> themselves with the scheme regulations, documents recording policy about the administration		Training Needs Self Assessment distributed March 2020. Each new board member received one to ne training with the Chair.

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

64	Scheme <b>regulations must include provision</b> requiring the pension board to include employer representatives and member representatives in equal numbers.		Equal representation from employer and scheme representatives appointed and each meeting maintains a quorate status
70	Some, if not all, of the 'Seven principles of public life' (formerly known as the 'Nolan principles') will already apply to people carrying out roles in public service pension schemes, for example through the Ministerial code, Civil Service code or other codes of conduct. These <b>principles should be applied to all pension board members</b> in the exercise of their functions as they require the highest standards of conduct. <b>Schemes should incorporate the principles into</b> any codes of conduct (and across their policies and processes) and other internal standards for pension boards.		Nolan's principles circulated to Board.
73	Scheme regulations will set out matters for which the pension board is responsible. <b>Schemes should set out</b> clear guidance on the roles, responsibilities and duties of pension boards and the members of those boards in scheme documentation. This <b>should cover</b> , for example, whether they have responsibility for administering or monitoring the administration of the scheme; developing, delivering or overseeing compliance with requirements for governance and/or administration policies; and taking or scrutinising decisions relating to governance and/or administration. Regardless of their remit, potential conflicts of interest affecting pension board members need to be identified, monitored and managed effectively.		Chairman meets with new members to provide guidance and explanation of expectations
74	<b>Schemes should consider</b> potential conflicts of interest in relation to the full scope of roles, responsibilities and duties of pension board members. It is recommended that all those involved in the management or administration of public service pension schemes take professional legal advice when considering issues to do with conflicts of interest.		
76	<b>Schemes should ensure</b> that there is an agreed and documented conflicts policy and procedure, which includes identifying, monitoring and managing potential conflicts of interest. They should keep this under regular review. Policies and procedures should include examples of scenarios giving rise to conflicts of interest, how a conflict might arise specifically in relation to a pension board member and the process that pension board members and scheme managers should follow to address a situation where board members are subject to a potential or actual conflict of interest.		To be discussed at March 2021 Meeting
77	Broadly, <b>schemes should consider potential conflicts</b> of interest in three stages:  identifying  monitoring, and  managing.		To be discussed at March 2021 Meeting
78	<b>Schemes should cultivate a culture of openness and transparency. They should recognise</b> the need for continual consideration of potential conflicts. Disclosure of interests which have the potential to become conflicts of interest should not be ignored. Pension <b>board members should have a clear understanding of their role</b> and the circumstances in which they may find themselves in a position of conflict of interest. They should know how to manage potential conflicts.		COI declared at every Board meeting
79	<b>Pension board members</b> , and people who are proposed to be appointed to a pension board, <b>must provide</b> scheme managers with <b>information</b> that they reasonably require to be satisfied that pension board members and proposed members do not have a conflict of interest.		

80	<b>Schemes should ensure</b> that pension board members are appointed under procedures that require them to disclose any interests, including other responsibilities, which could become conflicts of interest and which may adversely affect their suitability for the role, before they are appointed.		Identified at interview/appointment
81	All terms of engagement, for example appointment letters, <b>should include a clause requiring disclosure</b> of all interests, including any other responsibilities, which have the potential to become conflicts of interest, as soon as they arise. All interests disclosed should be recorded. See the section of this code on 'Monitoring potential conflicts'.		To be discussed at March 2021 Meeting
82	<b>Schemes should take time to consider</b> what important matters or decisions are likely to be considered during, for example, the year ahead and identify and consider any potential or actual conflicts of interest that may arise in the future. <b>Pension board members should be notified as soon as practically possible and mitigations should be put in place</b> to prevent these conflicts from materialising.		Would be identified in the workplan
83	As part of their risk assessment process, <b>schemes should identify, evaluate and manage dual interests</b> which have the potential to become conflicts of interest and pose a risk to the scheme and possibly members, if they are not mitigated. <b>Schemes should evaluate</b> the nature of any dual interests and assess the likely consequences were a conflict of interest to materialise.		Would be identified in the workplan
84	<b>A register of interests should provide</b> a simple and effective means of recording and monitoring dual interests and responsibilities. <b>Schemes should also capture decisions</b> about how to manage potential conflicts of interest in their risk registers or elsewhere. The register of interests and other relevant <b>documents should be circulated to</b> the pension board for ongoing review and published, for example on a scheme's website.		To be discussed at March 2021 Meeting
85	<b>Conflicts of interest should be included as an opening agenda item</b> at board meetings and revisited during the meeting, where necessary. This provides an opportunity for those present to declare any interests, including other responsibilities, which <b>have the potential to become conflicts of interest</b> , and to minute discussions about how they will be managed to prevent an actual conflict arising.		COI declared at every Board meeting
86	<b>Schemes should establish and operate procedures</b> which ensure that pension boards are not compromised by potentially conflicted members. They <b>should consider</b> and determine the roles and responsibilities of pension boards and individual board members carefully to ensure that conflicts of interest do not arise, nor are perceived to have arisen.		
90	While scheme regulations <b>must require pension boards to have an equal number</b> of employer and member representatives, there is flexibility to design arrangements which best suit each scheme.		Equal numbers appointed and each Board meeting is quorate



91	Arrangements should be designed with regard to the principles of proportionality, fairness and transparency, and with the aim of ensuring that a pension board has the right balance of skills, experience and representation (for example, of membership categories and categories of employers participating in the scheme). <b>Those responsible for appointing members to a pension board should also consider the mix of skills</b> and experience needed on the pension board in order for the board to operate effectively in light of its particular role, responsibilities and duties.		On-going traing needs analysis and training required
<b>Publishing Information about Schemes</b>			
92	<b>The scheme manager for a public service scheme must publish information</b> about the pension board for the scheme(s) and <b>keep that information up-to-date.</b>		<a href="#">Available on website</a>
93	The information <b>must include:</b> who the members of the pension board are representation on the board of members of the scheme(s), and the matters falling within the pension board’s responsibility.		See above
94	Scheme members will want to know that their scheme is being efficiently and effectively managed. Public service pension <b>schemes should have a properly constituted</b> , trained and competent pension board, which is responsible for assisting the scheme manager to comply with the scheme regulations and other legislation relating to the governance and administration of the scheme and requirements imposed by the regulator.		<a href="#">Powy Pension Board terms of reference provides the detail</a>
95	<b>Scheme managers must publish the information required about the pension board</b> and keep that information up-to-date. This will ensure that scheme members can easily access information about who the pension board members are, how pension scheme members are represented on the pension board and the responsibilities of the board as a whole.		<a href="#">Available on website</a>

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96	<p>When publishing information about the identity of pension board members, the representation of scheme members and matters for which the board is responsible, <b>schemes should also publish</b> useful related information about the pension board such as:</p> <p>the employment and job title (where relevant) and any other relevant position held by each board member</p> <p>the pension board appointment process</p> <p>who each pension board member represents</p> <p>the full terms of reference for the pension board, including details of how it will operate, and</p> <p>any specific roles and responsibilities of individual pension board members.</p>		Discussed at Pension Board and happy to leave in current state.
97	<p>Schemes <b>should also consider publishing information</b> about pension board business, for example board papers, agendas and minutes of meetings (redacted to the extent that they contain confidential information and/or data covered by the Data Protection Act 1998). They <b>should consider any requests for additional information</b> to be published, to encourage scheme member engagement and promote a culture of transparency.</p>		Link to Corporate website where agendas and reports are held
98	<p><b>Scheme managers must ensure that information published about the pension board is kept up-to-date. Schemes should have policies</b> and processes to monitor all published data on an ongoing basis to ensure it is accurate and complete.</p>		Minutes regularly uploaded and documentation reviewed.
<b>Managing Risks</b>			
104	<p>Good internal controls are an important characteristic of a well-run scheme and one of the main components of the scheme manager's role in securing the effective governance and administration of the scheme. Internal controls can help protect pension schemes from adverse risks, which could be detrimental to the scheme and members if they are not mitigated.</p>		Discussed at each Board meeting
105	<p><b>Scheme managers must establish and operate internal controls. These should address</b> significant risks which are likely to have a material impact on the scheme. Scheme managers <b>should employ a risk-based approach</b> and ensure that sufficient time and attention is spent on identifying, evaluating and managing risks and developing and monitoring appropriate controls. They <b>should seek advice, as necessary.</b></p>		Discussed at each Board meeting
106	<p>Before implementing an internal controls framework, <b>schemes should carry out a risk assessment.</b> They should begin by:</p> <p>setting the objectives of the scheme</p> <p>determining the various functions and activities carried out in the running of the scheme, and</p> <p>identifying the main risks associated with those objectives, functions and activities.</p>		Discussed at each Board meeting

107	An effective risk assessment process will help schemes to identify a wide range of internal and external risks, which are critical to the scheme and members. When identifying risks, <b>schemes should refer to relevant sources</b> of information, such as records of internal disputes and legislative breaches, the register of interests, internal and external audit reports and service contracts.		Discussed at each Board meeting
108	Once schemes have identified risks, they <b>should record them in a risk register and review them regularly. Schemes should keep appropriate records</b> to help scheme managers demonstrate steps they have taken to comply, if necessary, with legal requirements.		Discussed at each Board meeting
109	Not all risks will have the same potential impact on scheme operations and members or the same likelihood of materialising. <b>Schemes should consider both these areas</b> when determining the order of priority for managing risks and focus on those areas where the impact and likelihood of a risk materialising is high.		Discussed at each Board meeting
110	administering authority. <b>Schemes should review their existing arrangements and procedures</b> to determine whether they can prevent and detect errors in scheme operations and help mitigate pension scheme-related risks. For example, schemes could obtain assurance about their existing controls through direct testing or by obtaining reports on controls. <b>Any such review should be appropriate to the outcome of the risk evaluation.</b>		Discussed at each Board meeting
111	<b>Schemes should consider what internal controls are appropriate to mitigate the main risks they have identified and how best to monitor them.</b> For example, the scheme manager(s) for a funded scheme should establish and operate internal controls that regularly assess the effectiveness of investment-related decision making. Scheme managers for all pension schemes should establish and operate internal controls that regularly assess the effectiveness of data management and record-keeping.		Discussed at each Board meeting
113	Risk assessment is a <b>continual process and should take account of a changing environment</b> and new and emerging risks, including significant changes in or affecting the scheme and employers who participate in the scheme.		Discussed at each Board meeting
114	For example, where relevant, <b>schemes should put in place systems and processes for making an objective assessment of the strength of an employer's covenant</b> (which should include analysis of their financial position, prospects and ability to pay the necessary employer contributions).		In Place - exercise to be undertaken to co-ordinate with Funding Strategy Statement review and Valuation. Initial results received and work continuing.
115	An effective risk assessment process will provide a mechanism to detect weaknesses at an early stage. <b>Schemes should periodically review the adequacy of internal controls in:</b>  mitigating risks  supporting longer-term strategic aims, for example relating to investments  identifying success (or otherwise) in achieving agreed objectives, and  providing a framework against which compliance with the scheme regulations and legislation can be monitored.		Investment Strategy Statement was currently under review and the MIFID II [The Markets in Financial Instruments Directive II] needed to be taken into account.
116	<b>Internal or external audits and/or quality assurance processes should ensure that adequate internal controls are in place and being operated effectively.</b> Reviews should take place when substantial changes take place, such as changes to pension scheme personnel, implementation of new administration systems or processes, or where a control has been found to be inadequate.		Annual Wales Audit Office reviews. Internal Audit of Administration due in 2021.

119	The legal requirements relating to internal controls apply equally where schemes outsource services connected with the running of the scheme. <b>Providers should be required to demonstrate that they will have adequate internal controls in their tenders</b> for delivering services. <b>The requirements should be incorporated in the terms of engagement</b> and contract between the scheme and service provider. Outsourced services may include, for example, the maintenance of records and data, calculation of benefits and investment management services. Where services are outsourced, <b>scheme managers should be satisfied that internal controls associated with those services are adequate and effective.</b>		Annual Assurances from providers sought. Due Summer 2021.
120	An increasing number of service providers are obtaining independent assurance reports to help demonstrate their ability to deliver quality administration services. <b>Schemes should ask their service providers to demonstrate</b> that they have adequate internal controls relating to the services they provide. <b>It is vital that schemes ensure they receive sufficient assurance from service providers.</b> For example, the information from providers should be sufficiently detailed and comprehensive and the <b>service level agreements should cover all services that are outsourced.</b> <b>Schemes should also consider including provisions in contracts for outsourced services requiring compliance with appropriate standards.</b> This should help to ensure effective administration.		Annual Assurances from providers sought. Due Summer 2021.
<b>Administration</b>			
124	Failure to maintain complete and accurate records and put in place effective internal controls to achieve this can affect the ability of schemes to carry out basic functions. Poor record-keeping can result in schemes failing to pay benefits in accordance with scheme regulations, processing incorrect transactions and ultimately paying members incorrect benefits. For funded schemes, it may lead to schemes managing investment risks ineffectively. There is also the potential for the maladministration of members' contributions and failure to identify any misappropriation of assets. <b>Schemes should be able to demonstrate to the regulator, where required, that they keep accurate, up-to-date and enduring records to be able to govern and administer their pension scheme efficiently.</b>		Data Quality testing Undertaken in May 2018, 2019 and 2020
125	<b>Scheme managers must establish and operate adequate internal controls, which should include processes</b> and systems to support record-keeping requirements and ensure that they are effective at all times.		Monthly and annual data checking exercise
126	<b>Scheme managers must ensure that member data across all membership categories specified in the Record Keeping Regulations is complete and accurate. Member data should be subject to regular data evaluation.</b>		Monthly and annual data checking exercise
127	<b>Scheme managers must keep specific member data, which will enable them to uniquely identify a scheme member and calculate benefits correctly.</b> This is particularly important with the establishment of career average revalued earnings (CARE) schemes. <b>Scheme managers must be able to provide members with accurate information regarding their pension benefits (accrued benefits to date and their future projected entitlements)</b> in accordance with legislative requirements, as well as pay the right benefits to the right person (including all beneficiaries) at the right time.		Final Salary and CARE data held in Admin system accordingly
128	<b>Schemes should require participating employers to provide them with timely and accurate data in order</b> for the scheme manager to be able to fulfil their legal obligations. <b>Schemes should seek to ensure that processes are established by employers</b> which enable the transmission of complete and accurate data from the outset. Processes will vary from employer to employer, depending on factors such as employee turnover, pay periods, number of employees who are members and the timing and number of payroll processing systems.		Finance check monthly. Annual letter of compliance issued to employers.

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129	<p><b>Schemes should seek to ensure that employers understand the main events</b> which require information about members to be passed from the employer to the scheme and/or another employer, such as when an employee:</p> <ul style="list-style-type: none"> <li>joins or leaves the scheme</li> <li>changes their rate of contributions</li> <li>changes their name, address or salary</li> <li>changes their member status, and</li> <li>transfers employment between scheme employers.</li> </ul>		Guidance and training provided at time of Admission into Fund. Iconnect allows electronic input and updating.
130	<p><b>Schemes should ensure that appropriate procedures and timescales are in place for scheme employers to provide updated information when member data changes,</b> for checking scheme data against employer data and for receiving information which may affect the profile of the scheme. If an employer fails to act according to the procedures set out above, meaning that they and/or scheme managers may not be complying with legal requirements, those under a statutory duty to report breaches of the law to the regulator under section 70 of the Pensions Act 2004 should assess whether there has been a relevant breach and take action as necessary.</p>		Guidance and training provided at time of Admission into Fund
131	<p><b>Schemes should be able to trace the flow of funds into and out of the scheme and reconcile these against expected contributions and scheme costs.</b> In doing so, they will have clear oversight of the core scheme transactions and <b>should be able to mitigate risks swiftly.</b></p>		Finance Section carry out checks
132	<p>Scheme managers <b>must keep records of transactions made to and from</b> the scheme and any amount due to the scheme which has been written off. They <b>should be able to demonstrate</b> that they do so.</p>		Audit trails available in Admin system and quarterly reconciliation with Finance.
133	<p><b>Scheme managers must keep records of pension board meetings including any decisions made. Schemes should also keep records of key discussions,</b> which may include topics such as compliance with policies relating to administration of the scheme.</p>		Available in Minutes and held on fund website
134	<p><b>Scheme managers must also keep records relating to any decision taken by members of the pension board other than at a pension board meeting, or taken by a committee/sub-committee, which has not been ratified by the pension board. The records must include the date, time and place of the decision and the names of board members participating in that decision. This will ensure that there is a clear and transparent audit trail of the decisions made in relation to the scheme.</b></p>		Available in Minutes
135	<p><b>Schemes should retain records for as long as they are needed.</b> It is likely that data will need to be held for long periods of time and schemes will need to retain some records for a member even after that individual has retired, ensuring that pension benefits can be properly administered over the lifetime of the member and their beneficiaries. <b>Schemes should have in place adequate systems and processes to enable the retention</b> of records for the necessary time periods.</p>		Currently 15 years following GDPR review.
136	<p><b>Schemes should have policies and processes that monitor data on an ongoing basis to ensure it is accurate and complete,</b> regardless of the volume of scheme transactions. This <b>should be in relation to all membership categories,</b> including pensioner member data where queries may arise once the pension is being paid.</p>		Data Improvement Plan in place on fund website and regularly reviewed

137	<b>Schemes should adopt a proportionate and risk-based approach to monitoring</b> , based on any known or historical issues that may have occurred in relation to the scheme's administration. This is particularly important for the effective administration of CARE pension schemes, which requires schemes to hold significantly more data than needed for final salary schemes.		Monthly and annual data monitor and cleanse processes in place.
138	<b>Schemes should continually review their data and carry out a data review exercise at least annually</b> . This should include an assessment of the accuracy and completeness of the member information data held. Schemes should decide the frequency and nature of the review in light of factors such as the level of data quality, any issues identified and key scheme events.		Data Quality Testing and Improvement Plan in place and regularly reviewed
140	Where there has been a change of administrator or the administration system/platform, <b>schemes should review and cleanse data records and satisfy themselves</b> that all data are complete and accurate.		Completed in 2019
141	Where schemes <b>identify poor quality or missing data, they should put a data improvement plan in place</b> to address these issues. The plan <b>should have specific data improvement measures</b> which schemes can monitor and a defined end date within a reasonable timeframe when the scheme will have complete and accurate data.		Data Quality testing and Improvement Plan, but monitored Annually
142	<b>Schemes should ensure that member records are reconciled with information held by the employer</b> , for example postal address or electronic address (email address) changes and new starters. Schemes should also ensure that the numbers of scheme members is as expected based on the number of leavers and joiners since the last reconciliation. Schemes should be able to determine those members who are approaching retirement, those who are active members and those who are deferred members.		Monthly/Annual Reconciliation
143	Schemes <b>must ensure that processes that are created to manage scheme member data meet the requirements of the Data Protection Act 1998 and the data protection principles</b> .		reviewed under GDPR May 2018
144	Schemes <b>should understand</b> : <ul style="list-style-type: none"> <li>• their obligations as data controllers and who the data processors are in relation to the scheme</li> <li>• the difference between personal data and sensitive personal data (as defined in the Data Protection Act 1998)</li> <li>• how data are held and how they should respond to data requests from different parties</li> <li>• the systems which need to be in place to store, move and destroy data, and</li> <li>• how data protection affects member communications.</li> </ul>		reviewed under GDPR May 2018
146	Where applicable, schemes should be able to demonstrate that they keep records in accordance with these and any other relevant legal requirements. Schemes should read the relevant legislation and any guidance in conjunction with this code where applicable.		reviewed under GDPR May 2018
<b>Maintaining Contributions</b>			
147	<b>Employer contributions must be paid to the scheme in accordance with any requirements in the scheme regulations</b> . Where employer contributions are not paid on or before the date they are due under the scheme and the scheme manager has reasonable cause to believe that the failure is likely to be of material significance to the regulator in the exercise of any of its functions, the scheme manager must give a written report of the matter to the regulator as soon as reasonably practicable.		Breaches Log and procedure in place. Ongoing risk requiring monitoring
148	Where employee contributions are deducted from a member's pay, <b>the amount deducted must be paid to the managers of the scheme at the latest by the 19th day of the month following the deduction, or by the 22nd day if paid electronically</b> (the 'prescribed period'), or earlier if required by scheme regulations. References to 'days' means all days. References to 'working days' do not include Saturdays, Sundays or Bank Holidays.		Breaches Log and procedure in place. Ongoing risk requiring monitoring

149	<p><b>failure is likely to be of material significance</b> to the regulator in the exercise of any of its functions, they <b>must give notice of the failure to the regulator</b> and the member within a reasonable period after the end of the prescribed period. Where there is a failure to pay employee contributions on an earlier date in accordance with scheme regulations, <b>schemes should also consider their statutory duty under section 70 of the Pensions Act 2004 to assess and if necessary report breaches of the law.</b> For more information about reporting breaches of the law, see this section of the code.</p>		Breaches Log and procedure in place.
150	<p>As part of the requirement to establish and operate adequate internal controls, <b>scheme managers should ensure that there are effective procedures and processes in place to identify payment failures that are – and are not – of material significance to the regulator.</b> A ‘payment failure’ is where contribution payments are not paid to the scheme by the due date(s), or within the prescribed period and a ‘materially significant payment failure’ refers to a payment failure which is likely to be of material significance to the regulator in the exercise of its functions.</p>		Breaches Log and Policy in place
151	<p>Schemes <b>should monitor pension contributions, resolve payment issues and report payment failures, as appropriate,</b> so that the scheme is administered and managed in accordance with the scheme regulations and other legal requirements.</p>		Breaches Log and procedure in place. Ongoing risk requiring monitoring
152	<p>Adequate procedures and processes are likely to involve:</p> <ul style="list-style-type: none"> <li>developing a record to monitor the payment of contributions</li> <li>monitoring the payment of contributions</li> <li>managing overdue contributions, and</li> <li>reporting materially significant payment failures.</li> </ul>		
153	<p>These procedures and processes <b>should help scheme managers to meet their statutory duty to report materially significant payment failures to the regulator,</b> as well as ensuring the effective management of scheme contributions and payment of the right pension.</p>		Breaches Log and Policy in place
155	<p>Public service pension schemes which meet these exemptions <b>should nonetheless develop a record for monitoring the payment of contributions to the scheme</b> (a contribution monitoring record, which must reflect any requirements in scheme regulations where relevant). <b>Schemes should prepare the contributions monitoring record in consultation with employees.</b></p>		Work ongoing to review and develop procedure
156	<p>A contributions monitoring record will enable schemes to check whether contributions have been paid on time and in full, and, if they have not, provide a trigger for escalation for schemes to investigate the payment failure and consideration of whether scheme managers need to report to the regulator and, where relevant, members.</p>		Work ongoing to review and develop procedure
157	<p>A <b>contributions monitoring record should include the following information:</b></p> <ul style="list-style-type: none"> <li>• contribution rates</li> <li>• the date(s) on or before which employer contributions are to be paid to the scheme</li> <li>• the date by when, or period within which, the employee contributions are to be paid to the scheme</li> <li>• the rate or amount of interest payable where the payment of contributions is late.</li> </ul>		Work ongoing to review and develop procedure
158	<p>The date when employer contributions must be paid is the date on or before which they are due under the scheme in accordance with the scheme regulations (or other scheme documentation). Schemes should assess the timing of payments against the date specified.</p>		Work ongoing to review and develop procedure

161	Schemes <b>should monitor contributions on an ongoing basis for all the membership categories within the scheme. Schemes should regularly check payments due against the contributions monitoring record.</b>		
162	Schemes <b>should apply a risk-based and proportionate approach to help identify employers and situations which present a higher risk of payment failures</b> occurring and which are likely to be of material significance and require the scheme manager to intervene.		
163	Schemes <b>should be aware of what is to be paid in accordance with the contributions monitoring record</b> or other scheme documentation, which may be used by the pension scheme. Schemes <b>should also have a process in place to identify where payments are late or have been underpaid, overpaid or not paid at all.</b>		
165	Schemes <b>should have adequate internal controls in place to monitor the sharing of payment information between the employer, pension scheme and member.</b> Where the necessary payment information is not automatically available or provided by employers, <b>schemes should request the additional information</b> they need. Schemes may not need to obtain payment information as a matter of course, only where it is required for effective monitoring.		Procedure in place within the Finance Section
166	Scheme managers must record and retain information on transactions, including any employer and employee contributions received and payments of pensions and benefits, which will support them in their administration and monitoring responsibilities.		Procedure in place within the Finance Section
167	Where the <b>administration of scheme contributions is outsourced</b> to a service provider, <b>schemes should ensure that there is a process in place to obtain regular information on the payment of contributions to the scheme</b> and a <b>clear procedure in place</b> to enable them to identify and resolve payment failures which may occur.		Procedures and policy in place
168	When schemes identify or are notified of a problem, they <b>should assess whether a payment failure has occurred before taking steps to resolve and, if necessary, report it.</b> During their assessment, <b>schemes should take into account:</b> <ul style="list-style-type: none"> <li>• legitimate agreed payments made directly by an employer for scheme purposes, ie where the scheme has agreed that a contributions payment can be made late due to exceptional circumstances</li> <li>• legitimate agreed payment arrangements made between an employee and employer, ie where the employer has agreed that a contribution payment can be made late due to exceptional circumstances</li> <li>• contributions paid directly to a pension provider, scheme administrator or investment manager</li> <li>• any AVCs included with an employer's overall payment.</li> </ul>		Procedures and policy in place



169	<p>Where schemes identify a payment failure, they should follow a process to resolve issues quickly. This should normally involve the following steps:</p> <p>a. Investigate any apparent employer failure to pay contributions in accordance with the contributions monitoring record or legal requirements.</p> <p>b. Contact the employer promptly to alert them to the payment failure and to seek to resolve the overdue payment.</p> <p>c. Discuss it further with the employer as soon as practicable to find out the cause and circumstances of the payment failure.</p> <p>d. Ask the employer to resolve the payment failure and take steps to avoid a recurrence in the future.</p>		Breaches Log and procedure in place.
<b>Providing information to Members</b>			
188	Scheme regulations must require scheme managers to provide an annual benefit information statement to each active member of a DB scheme established under the 2013 Act or new public body scheme. The statement must include a description of the benefits earned by a member in respect of their pensionable service.		Procedures in place
189	The first statement must be provided no later than 17 months after the scheme regulations establishing the scheme come into force. Subsequent statements must be provided at least annually after that date.		Procedures in place
190	Statements must also comply with HM Treasury directions in terms of any other information which must be included and the manner in which they must be provided to members.		Annual Review exercise on All Wales basis
191	Managers of a scheme must also provide a benefit statement following a request by an active, deferred or pension credit member of a DB scheme if the information has not been provided to that member in the previous 12 months before that request.		Procedures in place
192	These benefit statements must include information about the amount of benefits by reference to a particular date and how they are calculated. The full details depend on the type of member making the request.		Compliant
193	The information must be given as soon as practicable but no more than two months after the date the request is made.		Procedures in place

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

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

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

205	<p>When any subsequent information is made available on a website, managers of a scheme must give a notice (other than via a website) to recipients informing them that the information is available on the website. This notice will not be required where:</p> <ul style="list-style-type: none"> <li>• at least two documents have been given to the recipient by hand or sent to the recipient's last known postal address</li> <li>• each of those letters asks the recipient to give their electronic (email) address to the scheme and informs the recipient of their right to request (in writing) that information or documents are not to be provided electronically</li> <li>• a third letter has been given to the recipient by hand or sent to the recipient's last known postal address and includes a statement that further information will be available to read on the website and that no further notifications will be sent to the recipient and</li> <li>• the managers of the scheme do not know the recipient's email address and have not received a written request that information or documents are not to be provided to the recipient electronically.</li> </ul>		Exercise carried out and majority of scheme documentation delivered electronically, except to those who have opted out of e-communications
206	<p>In some cases, the Disclosure Regulations 2013 specify that information must be made available by one of the following methods:</p> <ul style="list-style-type: none"> <li>• available to view free of charge, at a place that is reasonable having regard to the request</li> <li>• published on a website (in which case the procedure to be followed before making information available on a website does not apply, except that the person or trade union must be notified of certain details)</li> <li>• given for a charge that does not exceed the expense incurred in preparing, posting and packing the information, or</li> <li>• publicly available elsewhere.</li> </ul>		Compliant
207	<p>Schemes should design and deliver communications to scheme members in a way that ensures they are able to engage with their pension provision. Information should be clear and simple to understand as well as being accurate and easily accessible. It is important that members are able to understand their pension arrangements and make informed decisions where required.</p>		Ongoing Exercise
208	<p>Schemes should attempt to make contact with their scheme members and, where contact is not possible, schemes should carry out a tracing exercise to locate the member and ensure that their member data are up-to-date.</p>		Numbers of "Gone Away" members identified. Address tracing exercise commenced Oct 2020
209	<p>Where a person has made a request for information, schemes should acknowledge receipt if they are unable to provide the information at that stage. Schemes may encounter situations where the time period for providing information takes longer than expected. In these circumstances, schemes should notify the person and let them know when they are likely to receive the information. Scheme managers and managers (where different) must provide information in accordance with the time periods specified in the 2013 Act and Disclosure Regulations 2013.</p>		Compliant
210	<p>To promote transparency, schemes should make information readily available at all times to ensure that prospective and existing members are able to access information when they require it.</p>		Website, Intranet

216	Dispute resolution arrangements may require people with an interest in the scheme to first refer matters in dispute to a 'specified person' in order for that person to consider and give their decision on those matters. The specified person's decision may then be confirmed or replaced by the decision taken by the scheme manager after reconsideration of the matters.		Pensions Decision - Pensions Administration Manager. Employer decision - HR Manager
217	Scheme managers and specified persons (if used as part of a scheme's procedure) must take the decision required on the matters in dispute within a reasonable period of receiving the application. They must notify the applicant of the decision within a reasonable period of having taken it.		IDRP information made available to Specified Person
218	Internal dispute resolution procedures must state the manner in which an application for the resolution of a pension dispute is to be made, the particulars which must be included in such an application and the manner in which any decisions required in relation to such an application are to be reached and given. The procedure must specify a reasonable period within which applications must be made by certain people.		Detail in Letter.
219	Scheme managers must provide information about the scheme's dispute resolution procedure as well as information about The Pensions Advisory Service (TPAS) and the Pensions Ombudsman to certain people at certain stages.		Included in letters
220	Scheme members expect their pension scheme to be managed effectively. Where a person with an interest in the scheme is not satisfied with any matter relating to the scheme (for example a decision which affects them), they have the right to ask for that matter to be reviewed.		Included in letters
222	Schemes can operate a two-stage procedure with a 'specified person' undertaking the first-stage decision. Alternatively, they may adopt a single-stage procedure if they consider that is more appropriate for their scheme.		Two-stage adopted. Stage 1 - Pensions Administration Manager. Stage 2 - Pension Fund Manager. Similar practice for most Welsh LGPS Funds.
223	With the exception of certain matters outlined below, the law does not prescribe the detail of the dispute resolution procedure. Schemes should decide on this and ensure it is fit for purpose.		Noted.
224	Schemes may choose to specify time limits within which the following people must apply for a dispute to be resolved, following notification to them: <ul style="list-style-type: none"> <li>• scheme members</li> <li>• widows, widowers, surviving civil partners or surviving dependants of deceased scheme members</li> <li>• surviving non-dependant beneficiaries of deceased scheme members, and</li> <li>• prospective scheme members.</li> </ul>		Within 6 months of being notified of decision

225	If schemes decide to specify time limits, they should publish and make those time limits readily available to ensure that those with an interest in the scheme are aware that they must submit an application within a prescribed time limit.		Within 6 months of being notified of decision
226	<p>Scheme managers must ensure their scheme's procedure specifies a reasonable period within which applications by the following people must be made:</p> <ul style="list-style-type: none"> <li>• a person who has ceased to be within the categories in paragraph 224 above</li> <li>• a person who claims that they were a person within the categories in paragraph 224 above and has ceased to be such a person, and the dispute relates to whether they are such a person.</li> </ul>		Noted.
227	A reasonable period would be six months beginning immediately after the date on which the person ceased to be, or claims they ceased to be, a person with an interest in the scheme. However, schemes have the flexibility to exercise their judgement and take an application outside a specified time period, if appropriate.		6 months applied
228	Managers and specified persons (where applicable) must decide the matter in dispute within a reasonable period of receiving the application. A reasonable period is within four months of receiving the application. In the case of a two-stage dispute resolution procedure, the reasonable period applies to each stage separately. Where a dispute is referred to scheme managers for a second-stage decision, the reasonable period begins when the managers receive the referral. However, there may be cases where it will be possible to process an application sooner than the reasonable time given. Where this is the case, there should not be a delay in taking the decision.		Matter to be acted upon quickly but within 4 months
229	There may be exceptional circumstances of a particular dispute which may prevent the process being completed within the reasonable time period stated above. For instance, where the dispute involves unusually complex and labour-intensive calculations or research, or delays occur that are outside the control of the scheme manager (or specified person), or because they need to obtain independent evidence.		Noted.
230	The regulator recognises that the circumstances of each dispute are different and decision times may vary. Schemes should be satisfied that the time taken to reach a decision is appropriate to the situation and be able to demonstrate this, if necessary.		Procedure is documented and evidenced
231	Applicants must be notified of the decision made by a scheme manager and specified person (where applicable) within a reasonable time period after the decision has been made <sup>123</sup> . Schemes should usually notify applicants of the decision no later than 15 working days after the decision has been made. However, there may be cases where it is possible to notify an applicant sooner than the reasonable time given. Where this is the case, there should not be a delay in notifying them of the decision.		Procedures in place to notify
232	Applicants must be notified of the decision made by a scheme manager and specified person (where applicable) within a reasonable time period after the decision has been made <sup>123</sup> . Schemes should usually notify applicants of the decision no later than 15 working days after the decision has been made. However, there may be cases where it is possible to notify an applicant sooner than the reasonable time given. Where this is the case, there should not be a delay in notifying them of the decision.		Procedures in place to notify

233	Scheme regulations or other documents recording policy about the administration of the scheme should specify internal dispute resolution arrangements. Schemes should focus on educating and raising awareness of their internal dispute resolution arrangements and ensuring that they are implemented.		Included in correspondence.
234	Schemes should ensure that the effectiveness of the arrangements is assessed regularly and be satisfied that those following the process are complying with the requirements set, which includes effective decision making. This is particularly important where the arrangements require employers participating in the pension scheme to carry out duties as part of the process, for example where schemes have implemented the two-stage procedure and employers are acting as the specified person for the first stage		Guidance provided to Employers and individuals where appropriate
235	Schemes should confirm and communicate their arrangements to members, for example, in the joining booklet. Schemes should make their arrangements accessible to potential applicants, for example by publishing them on a scheme website.		Information readily available
236	<p>Scheme managers must provide the following information about the procedure and processes the scheme has in place for the internal resolution of disputes to certain people in certain circumstances<sup>124</sup>:</p> <ul style="list-style-type: none"> <li>• prospective members, if it is practicable to do so</li> <li>• any scheme members who have not already been given the information</li> <li>• certain relevant people who request the information and who have not been given that information in the previous 12 months, and</li> <li>• members or prospective members when schemes receive jobholder information, or when a jobholder becomes an active member, in connection with automatic enrolment.</li> </ul>		Information available.
237	Scheme managers must also provide the postal or email address and job title of the person to contact in order to make use of the internal dispute arrangements.		Included in correspondence
238	In addition, scheme managers must provide information about TPAS and the Pensions Ombudsman at certain stages <sup>125</sup> . Upon receiving an application for the resolution of a pension dispute, scheme managers (or the specified person) must make the applicant aware as soon as reasonably practicable that TPAS is available to assist members and beneficiaries of the scheme and provide contact details for TPAS. When notifying the applicant of the decision, scheme managers must also inform the applicant that the Pensions Ombudsman is available to investigate and determine complaints or disputes of fact or law relating to a public service pension scheme and provide the Pension Ombudsman's contact details.		Included in correspondence



239	<p>Schemes can decide what information they need from applicants to reach a decision on a disputed matter and how applications should be submitted. Schemes should ensure they make the following information available to applicants:</p> <ul style="list-style-type: none"> <li>• the procedure and processes to apply for a dispute to be resolved</li> <li>• the information that an applicant must include</li> <li>• the process by which any decisions are reached, and</li> <li>• an acknowledgement once an application has been received.</li> </ul>		Information available.
240	<p>When reviewing an application, scheme managers and specified persons (where relevant) should ensure that they have all the appropriate information to make an informed decision. They should request further information if required. Scheme managers and specified persons should be satisfied that the times taken to reach a decision and notify the applicant are appropriate to the situation and that they have taken the necessary action to meet the reasonable time periods. Scheme managers should be able to demonstrate this to the regulator if required.</p>		Noted.
<b>Reporting Breaches of the Law</b>			
244	<p>Schemes should be satisfied that those responsible for reporting breaches are made aware of the legal requirements and this guidance. Schemes should provide training for scheme managers and pension board members. All others under the statutory duty to report should ensure they have a sufficient level of knowledge and understanding to fulfil that duty. This means having sufficient familiarity with the legal requirements and procedures and processes for reporting.</p>		Reporting Breaches Policy produced and available on Fund website
245	<p>Identifying and assessing a breach of the law is important in reducing risk and providing an early warning of possible malpractice in public service pension schemes. Those people with a responsibility to report breaches, including scheme managers and pension board members, should establish and operate appropriate and effective procedures to ensure that they are able to meet their legal obligations. Procedures should enable people to raise concerns and facilitate the objective consideration of those matters. It is important that procedures allow reporters to decide within an appropriate timescale whether they must report a breach. Reporters should not rely on waiting for others to report.</p>		Reporting Breaches Policy produced and available on Fund website. Traffic light system included for determining seriousness

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

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

Pension Board  
14<sup>th</sup> June 2021

REPORT BY: Board Secretary

SUBJECT: Administration Activity Update

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REPORT FOR: Information

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## 1. Introduction

- 1.1 Further to the information provided at the March 2021 Pension Board meeting, this report contains the membership and Pensions Administration financial statistics for the period 1<sup>st</sup> January 2021 to 31<sup>st</sup> March 2021.

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

### 2.1

	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>
<b><u>Payments</u></b>			
Pensions	2,037,622	2,041,349	2,055,891
Lump Sum	406,393	402,105	406,555
Transfers Out	-	235,589	318,131
Death Grants	18,118	216,839	83,262
	-	-	-
<b>Total Payments</b>	<b>2,462,133</b>	<b>2,895,882</b>	<b>2,863,839</b>
<b><u>Income</u></b>			
Employee Contributions	(470,165)	(458,895)	(487,946)
Employer Contributions	(1,627,524)	(1,593,741)	(1,691,196)
Transfers In	(540,381)	(201,206)	(419,929)
			-
<b>Total Income</b>	<b>(2,638,070)</b>	<b>(2,253,842)</b>	<b>(2,599,071)</b>

## 3. Pensions Administration membership statistics

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

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

Key:

**Status**

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

<b>Status</b>	<b>Description</b>	<b>Recalculation Date 1</b>	<b>01/01/2021</b>	<b>Recalculation Date 2</b>	<b>31/03/2021</b>
			<b>Total 1</b>		<b>Total 2</b>
1	Active		5760		5621
2	Undecided Leaver		712		811
3	Leaver - No Liability		13497		13600
4	Deferred Pensioner		6373		6298
5	Pensioner		4352		4366
6	Widow/Dependant		637		640
7	Death/Cess Liability		3707		3751
8	Awaiting Entry		4		4
9	Frozen Refund		574		583
O	Opt-Out		1270		1288
Z	Aggregation		1707		1891
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			38593		38853
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**3.2 50/50 Scheme Membership**

Active	17
Deferred	6
Frozen Refund	2

Risk Register

Reporting Level	Risk Reference	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk				Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk			Notes
							P	P	I	Risk Rating					P	I	Risk Rating	
Tudalen 43	PEN001	01/11/2015		Pensions Administration	Failure to pay pensions and lump sums on time	Financial difficulty for the scheme member concerned, reputational risk to the Pension Fund, and additional cost to the employer where interest is payable as a result of late payment.	M	2	L	Low	Maintenance and update of Altair and Trent systems, sufficient staff resources and training. Quality assurance processes in place to check work done.	Pension Fund Manager	A Davies	Review of process as part of the ongoing review of pensions administration processes following the implementation of the 2014 Scheme.	M	L	Low	
	PEN002	01/11/2015		Finance	Failure to collect and account for pension contributions being paid over to the Fund on time by Fund employers.	Adverse audit opinion, potential delays to Fund employer FRS17/IAS19 reporting; and potential delay to production of annual report and accounts.	L	1	M	Low	Contributions received monitored on a monthly basis by Fund accounting staff.	Section 151 Officer	A Davies	Requirement that each end of scheme year, Fund employers certify that they have paid over contributions at the correct rates and on time.	L	M	Low	
	PEN003	01/10/2019		Finance	Insufficient Fund cashflow to meet liabilities as they fall due.	Immediate injections of cash from Fund employers would be required where Fund assets cannot be liquidated quickly. For now the Fund is cashflow positive but will not remain so for much longer, therefore requiring the use of investment income to subsidise the payment of pension benefits rather than being reinvested as now.	H	3	M	Medium	Funding strategy statement. Will this year (2020) commission Fund actuary to undertake a Fund cashflow forecast based on Fund maturity	Section 151 Officer	A Davies	Following completion of the fund actuary's cashflow forecast, review strategic asset allocation to ensure that cashflow remains positive (on a targeted and monitored basis) whilst at the same time ensuring that the Fund is not forced to liquidate assets on an unplanned basis.	M	M	Medium	∞
	PEN004	01/11/2015		Pensions Administration	Inability to deliver service as a result of loss of pensions administration system, or any other system used in the provision of service (eg. pensioner payroll). Failure of any system used by the service as a result of a breach of cyber security.	Immediate injections of cash from Fund employers would be required where Fund assets cannot be liquidated quickly. For now the Fund is cashflow positive but will not remain so for much longer, therefore requiring the use of investment income to subsidise the payment of pension benefits rather than being reinvested as now.	L	1	L	Low	Business Continuity Plan for the Pensions administration service. Assurances received from all systems providers in relation to their current resilience to the threat of a failure in cyber security.	Pension Fund Manager	A Davies	Keep Business Continuity Plan under review. Periodic review by the Pension Board of provider assurances in respect of cyber security.	L	L	Low	
	PEN005	01/11/2015		Pension Fund	Inability to deliver service as a result of the loss of key personnel	Failure to provide service at all, or at an acceptable level	L	1	M	Low	Business Continuity Plan in place for the pensions administration service	Pension Fund Manager	A Davies	Keep Business Continuity Plan under review	L	M	Low	
	PEN006	01/11/2015		Pension Fund	Loss of funds through fraud or misappropriation	Financial loss to the Fund	L	1	M	Low	Internal and External Audit regularly test that appropriate controls are in place and are working effectively. Due diligence is carried out whenever a new investment manager is appointed	Pension Fund Manager	A Davies	None	L	M	Low	

Risk Register

Reporting Level	Risk Reference	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk				Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk			Notes
							P	P	I	Risk Rating					P	I	Risk Rating	
Tudalen 44	PEN007	01/01/2015	FSS	Pension Fund	Significant rise in employer contribution rates for Fund employers with strong covenants, as consequence of increases in liabilities.	Employer contribution rates rise to unacceptable levels, putting upward pressure on Council Tax rates and the ability of Powys County Council to continue to deliver services to its communities.	L	1	M	Low	Employers have Discretionary Powers Policies that help to control liabilities. In reality, little can actually be done in mitigation due to the fact that liabilities are largely determined by bond yields that are outside of the Fund's control.	Pension Fund Manager	A Davies	Investigate further liability mitigations such as ill health strain insurance; developing guidance to assist employers to manage liability increases derived from their actions or inactions; and, work closely with the Fund actuary to determine appropriate valuation assumptions and deficit recovery strategies.	L	M	Low	
	PEN008	01/01/2015	FSS	Pension Fund	Significant rises in employer contribution rates for Fund employers with weak covenants as a consequence of increases in liabilities.	Employer contribution rates rise to unsustainable levels that cause employers to become insolvent	L	1	H	Medium	Employers have Discretionary Powers Policies that help to control liabilities. In reality, little can actually be done in mitigation due to the fact that liabilities are largely determined by bond yields that are outside of the Fund's control.	Pension Fund Manager	A Davies	In process of developing risk sharing arrangements to enable employers with weak covenants to attain a degree of certainty over the level of employer contribution rates.	L	M	Low	
	PEN009	01/01/2015	FSS	Pension Fund	Significant rises in employer contribution rates for employers with strong covenants as a result of poor/negative investment returns.	Employer contribution rates rise to unacceptable levels that result in Powys County Council and other Employers being unable to provide appropriate services for its communities.	L	1	M	Low	Use expert specialist consultants to help set and monitor investment strategy and investment manager performance and selection. Quarterly investment performance reports presented to	Pension Fund Manager	A Davies	Continual monitoring of performance; review of asset allocation strategy, including consideration of alternative asset classes and non-market led assets.	L	M	Low	
	PEN010	01/01/2015	FSS	Pension Fund	Significant rises in employer contribution rates for employers with weak covenants as a result of poor/negative investment returns.	Employer contribution rates rise to unsustainable levels that result in employers with weak covenants becoming insolvent.	L	1	H	Medium	Use expert specialist consultants to help set and monitor investment strategy and investment manager performance and selection. Quarterly investment performance reports presented to	Pension Fund Manager	A Davies	Continual monitoring of performance; review of asset allocation strategy, including consideration of alternative asset classes and non-market led assets.	L	M	Low	
	PEN011 / 034 JCAD	01/01/2015	FSS	Pension Fund	Failure to comply with LGPS and other statutory regulations.	Payment of incorrect pension benefits; provision of incorrect benefit estimates; failure to comply with governance standards; failure to meet HMRC tax requirements. Resulting in: loss of customer satisfaction / confidence; IDRPs and Ombudsman appeals; TPR fines for non-compliance. Reputational Risk	H	3	L	Medium	Rigorous checking and authorisation procedures in respect of pension benefit calculations and payments; and, regular review of governance compliance policy. Staff training and development.	Pension Fund Manager	A Davies	Closer partnership working with employer payrolls to facilitate accurate data receipts; increased compliance oversight provided by Local Pensions Board.	M	L	Low	



Risk Register

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							P	P	I	Risk Rating					P	I	Risk Rating	
	PEN012	25/01/2016		Pensions Administration	Failure to hold scheme member's personal data securely.	Poor data quality; compromised data; fines	L	1	M	Low	Compliance with Powys County Council Data Protection and ICT policies, including reference to remote/home working as appropriate.	Pension Fund Manager	A Davies	Data protection audit in conjunction with TPR data quality standards to be undertaken regularly.	L	M	Low	
	PEN013	01/04/2015	TPR	Pension Fund	Failure to maintain and hold up to date and accurate pension records.	Payment of incorrect pension benefits; late payment of benefits; assessment of incorrect liability values. Resulting in loss of customer confidence and satisfaction; IDRPs and Ombudsman appeals; and, incorrect assessment of employer contribution rates.	M	2	M	Medium	Pensions team work with employer payrolls to ensure data quality; data validation checks undertaken by team at each year end; validation checks carried out at each actuarial valuation (triennially) by the Fund actuary. Staff training and development.	Pension Fund Manager	A Davies	Additional data validation and quality checks to be implemented as required by the TPR code of practice.	L	M	Low	
Tudalen 45	PEN014	25/01/2016	CIPFA	Pension Fund	Lack of expertise of Pension Fund Officers and Head of Service	Poor decision making in relation to principal functions of the Pension Fund, particularly in relation to investments.	L	1	H	Medium	Officers ensure that they receive appropriate training and are required to keep up to date with developments in pensions matters, as part of their periodic Individual Performance Reviews and by attending relevant conferences and seminars, by reading and through discussions with consultants and peers.	Pension Fund Manager	A Davies	Formalised Officer training via individual training plans based on the CIPFA 'Knowledge and Skills' framework, as is the the procedure for members of both Pensions & Investment Committee and the Pensions Board.	L	M	Low	
	PEN015	25/01/2016	CIPFA	Pension Fund	Over-reliance on key Officers	When senior Officers leave or are on long term sickness, large knowledge gaps remain.	M	2	H	Medium	In the short term, knowledge gaps can be filled by using our external colleagues from other Welsh Funds and buying in assistance from consultants.	Pension Fund Manager	A Davies	Formalise succession planning by including in Officer individual training plans for less senior Officers.	M	L	Low	
	PEN016	25/01/2016		Pensions Administration	Failure to communicate effectively with stakeholders.	Scheme members unaware of their rights under the LGPS and make poor decisions in relation to pension rights. Employers unaware of the scheme regulations, the procedures and their responsibilities, resulting in poor or inappropriate decision-making and may adversely effect the flow of pensions data to the Pension Fund.	L	1	M	Low	the Pensions Support Manager is tasked with responsibilities in relation to scheme and Fund communications, as part of their Job Description. In addition, the Fund has a clear communications policy as well as a regularly updated website.	Pension Fund Manager	A Davies	No further action proposed.	L	M	Low	

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							P	P	I	Risk Rating					P	I	Risk Rating	
	PEN017	26/01/2016		Pensions Administration	Failure to provide the pensions service in accordance with principles of equality.	Some stakeholders may be unable to access the service fully or at all. In the worst case scenario, this could result in court action against the Fund.	M	2	M	Medium	The Fund maintains a Welsh Language register in respect of scheme members and employers.	Pension Fund Manager	A Davies	To utilise technology to enable access to service and information for stakeholders with disabilities, other language needs etc.	L	M	Low	
	PEN018	01/01/2015	FSS	Pension Fund	Failure to collect payments due from ceasing employers with no active members.	Failure to collect cessation payments from ceasing employers results in relevant liabilities being funded by the Powys Pension Fund and the active employers.	L	1	M	Low	The Fund undertakes periodic reviews of the strength of employer covenants. For existing employers, the Fund requires that a guarantor, bond or 'risk sharing agreement' is in place. For all new employers, the Fund insists on either a guarantor or a bond being in place.	Pension Fund Manager	A Davies	No further action planned.	L	M	Low	
Tudalen 46	PEN019	25/01/2016	SAB	Pension Fund	Lack of expertise of members of Pensions & Investment Committee	Poor decision making in relation to all aspects of the Fund, particularly those in relation to investment.	M	2	H	Medium	The Fund adopts the CIPFA Knowledge and Skills Framework to inform its training plans for members of Pensions & Investment Committee (and the Pension Board).	Pension Fund Manager	A Davies	Rollout of individual training plans for all members. After each County Council election, specific training events are put on for new members elected to Pensions & Investment Committee.	L	H	Medium	
	PEN020	01/01/2015	FSS	Pension Fund	Pension Fund assets fail to deliver returns in line with the anticipated returns underpinning the valuation of liabilities over the long-term.	Increased employer contribution rates.	L	1	M	Low	Only anticipate long-term returns on a relatively prudent basis to reduce the risk of under-performance. Also monitors and analyses progress every three years for each employer. In addition, the Fund receives quarterly funding updates to help monitor the position.	Pension Fund Manager	A Davies	No further action planned.	L	M	Low	
	PEN021	01/01/2015	FSS	Pension Fund	Inappropriate long-term investment strategy.	Failure to meet funding objectives.	L	1	H	Medium	Use of a Fund specific benchmark, as recommended by the Fund's investment consultant.	Pension Fund Manager	A Davies	Nothing further planned	L	H	Medium	
	PEN022	01/01/2015	FSS	Pension Fund	Active investment manager under-performance relative to the benchmark.	Failure to meet funding objectives.	L	1	M	Low	Short-term (quarterly) investment monitoring analyses market performance and active managers relative to their index benchmark.	Pension Fund Manager	A Davies	Nothing further planned	L	M	Low	

Risk Register

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							P	P	I	Risk Rating					P	I	Risk Rating	
	PEN023	01/01/2015	FSS	Pension Fund	To permit deficits to be eliminated over a recovery period rather than immediately, introduces the risk that action to restore solvency is insufficient between successive measurements.	Increased employer deficit recovery payments.	L	1	M	Low	It is the practice to discuss every such situation with the Pension Fund actuary, for each individual employer. Moreover deficit recovery periods are generally restricted to no more than 25 years, or 40 years in very exceptional circumstances. Reviewed during triennial valuation	Pension Fund Manager	A Davies	No further action planned.	L	M	Low	
	PEN024	01/01/2015	FSS	Pension Fund	Permitting contribution rate changes to be introduced by annual steps rather than immediately, introduces a risk that action to restore solvency is insufficient between successive measurements.	Increased employer contribution rates.	L	1	M	Low	Each individual employer situation is discussed with the Pension Fund actuary, with stepping restricted to three years, or 6 years, in very exceptional circumstances. Reviewed during triennial valuations.	Pension Fund Manager	A Davies	No further action proposed.	L	M	Low	
Tudalen 47	PEN025	01/01/2016	FSS	Pension Fund	Pensioners living longer and, changing retirement patterns.	Increased employer contribution rates.	L	1	M	Low	Mortality assumptions are set with some allowance for future increases in life expectancy. The Fund actuary investigates these matters at each valuation or more frequently where appropriate. If significant demographic changes were to occur between valuations, the Pension Fund will advise employers accordingly and notify them of the likely impact on their contribution rates, reviewing bond values, as required.	Pension Fund Manager	A Davies	No further action proposed.	L	M	Low	
	PEN026	01/01/2016	FSS	Pension Fund	Deteriorating patterns of ill health or other early retirements.	Increase in employer contribution rates and deficit recovery payments.	L	1	M	Low	Employers are required to pay the capital costs of early retirements (pension strain), upfront for all cases. Ill health retirements and costs are monitored against Fund allowances.	Pension Fund Manager	A Davies	No further action proposed.	L	M	Low	

Risk Register

Reporting Level	Risk Reference	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk				Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk			Notes
							P	P	I	Risk Rating					P	I	Risk Rating	
	PEN027 / PEN 035 on JCAD	01/01/2015	FSS	Pension Fund	Fall in the returns on Government bonds.	Increase to the value placed on Fund liabilities.	M	2	M	Medium	Allowing for a risk-based approach should limit the impact of short-term changes in returns on Government bonds. Some investment in bonds also helps to mitigate this risk. Monitoring (quarterly) helps to give an early warning of significant changes.	Pension Fund Manager	A Davies	No further action proposed.	M	M	Medium	
	PEN028	01/01/2015	FSS	Pension Fund	Pay and price inflation significantly more than anticipated.	Increased employer contribution rates and deficit recovery payments.	M	2	M	Medium	Employers 'pay' for their own salary awards and are reminded of the geared effect on salary-linked pension liabilities. Particularly where bias towards longer serving employees may be considered.	Pension Fund Manager	A Davies	No further action proposed.	M	M	Medium	
	PEN029	26/01/2016	SAB	Pensions Administration	Failure to reconcile all relevant active, deferred and pensioner member GMP records against the data held by DWP in respect of the cessation of contracting out.	Increase in Fund liabilities; increased employer contribution rates and deficit recovery payments; and, payment of incorrect pension benefits.	M	2	M	Medium	Reconciliation Complete. Work on Rectification due to be complete by the end of 2020	Pension Fund Manager	A Davies	Appoint external partners to a) identify scale of work required; b) bank 'quick wins' - both now completed. Complete project by end of 2020.	M	L	Low	

Risk Register

Reporting Level	Risk Reference	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk				Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk			Notes
							P	P	I	Risk Rating					P	I	Risk Rating	
Tudalen 49	PEN030	04/03/2016	LPB	Pension Fund	Insolvency of an investment manager investing Pension Fund assets.	A reduction in the capital value of the Fund; a loss of liquidity as creditors agree on distribution of assets; the costs of legal representation; and, reputational damage.	M	2	C	High	Diversification of investment managers; adherence to the limits for individual investment mandates as set out in the LGPS investment regulations; regular meetings with investment managers undertaken by the Fund's investment consultant; Statement on Standards for Attestation Engagements No. 16 internal controls are monitored on an annual basis; due diligence by investment consultants to ensure that custodians are used by each investment manager; equity investment mandates are invested in pooled funds; and, only well respected and researched investment managers are selected in the first place. De Dilligence carried out by Wales Pension Partnership and its advisers.	Section 151 Officer	A Davies	Increased investment manager diversification may be further facilitated by pooling via the Wales Pension Partnership. As agreed by P & I Committee on 9th February 2017, when entering into new contractual arrangements with investment managers, contract documentation is to be referred to the Fund's legal advisers for review and appropriate due diligence.	L	C	Medium	
	PEN031	04/03/2016	LPB	Pension Fund	Pooling of Pension Fund assets with other LGPS Pension Funds.	Investment of Fund Officer and Committee time and other resource with unknown outcomes; front loaded costs before potential savings are realised; potential loss of local accountabilities; and, the loss of the primacy of the Fund and its strategic needs.	M	2	M	Medium	Due diligence on all pooling proposals; full transparency of all pool proposals and costs; full participation of the Pension Fund in all pooling development.	Pension Fund Manager	A Davies	Pooling vehicles to be structured so that each participating Fund has full representation in the pool; the pool structure enables full strategic decisions to be retained by each individual Fund; and. economies of scale (based on experience to date) indicate that savings will be made by the Fund that will exceed initial costs.	L	M	Low	



## CYNGOR SIR POWYS COUNTY COUNCIL

Pension Board  
14<sup>th</sup> June 2021

REPORT BY: Board Secretary

SUBJECT: Wales Pension Partnership Update

REPORT FOR: Information

## 1. Introduction

- 1.1 This report has been produced to provide Board with an update on the work undertaken on behalf of the Wales Pension Partnership (WPP) with pooling investments in Wales.
- 1.2 The last Joint Governance Committee (JGC) meeting was held virtually on the 24<sup>th</sup> of March 2021 and a link to the agenda is available here:

<https://democracy.carmarthenshire.gov.wales/ieListDocuments.aspx?CId=234&MId=4250&Ver=4>

- 1.3 The Next JGC meeting is scheduled to take place virtually on the 28<sup>th</sup> of July 2021.

## 2. Pooling investments in Wales

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

- Business Plan;
- Policies
- Scheme Member representation on the Joint Governance Committee (JGC)
- Training Plan

### 2.2 **Business Plan**

The JGC considered the Business Plan for 2021-2024. Following approval by the Joint Committee, the Business Plan would be sent to all Constituent Authorities for their written approval. It is the intention that this will be presented to the Pensions and Investment Committee at the 9<sup>th</sup> of July meeting.

### 2.3 **Scheme Member representation on the JGC**

The JGC have received a report on Scheme Member Representation which detailed the recommended appointment process and person specification. With regards to the appointment process, the report recommended that each local Pension Board nominate one scheme member representative who would submit an expression of interest setting out their specific qualities against the person specification. The appointment process would be undertaken by a JGC sub-group that would make an appointment recommendation to the JGC for approval. Once the person specification and appointment process had been

formally approved, the Inter Authority Agreement would need to be amended and the amendments would need to be approved by all eight constituent authorities.

It has been suggested that the tenure of the appointment should be two years and the appointment should include a deputy representative from a different Pension Board to the Scheme Member Representative.

#### **2.4 Policy Update**

The JGC have received a report on an updated Communications Policy. It was advised that the existing Communications Policy had been approved in December 2019.

#### **2.5 Training**

The JGC have received a report on the WPP Training Plan for 2021/22. Training is primarily focused on meeting the training needs of members of the JGC and OWG, but it could be extended to Pension Committee members and Pension Board representatives as appropriate. These training events and opportunities will be circulated to Board as they become available.

### **3. Recommendation**

Note the content of this report.



**CYNGOR SIR POWYS COUNTY COUNCIL****Powys Pension Board  
14<sup>th</sup> June 2021****REPORT BY: Board Secretary****SUBJECT: New Legislation and Guidance Update**

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**REPORT FOR: Information**

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**1. Summary**

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

**2. LGPS England & Wales Scheme Advisory Board (SAB)****2.1 Online A-Z Guide to Responsible Investment (RI) launched**

On 28 April 2021, Cllr Phillips, Chair of the SAB, announced the launch of the online [A-Z guide to Responsible Investment \(RI\)](#) at the Local Authority RI Seminar.

The [guide](#) provides a glossary of RI terms, organisations, standards and legislation indexed by its classification (what it is), category (where it fits in Environmental, Social and Governance (ESG)) and status (in the context of the LGPS legislative framework) with related LGPS specific case studies.

The SAB has prepared the guide with the assistance of the newly established Responsible Investment Advisory Group (RIAG). It will continue to be monitored and updated on a regular basis.

**SAB Statement on local pension board meetings**

The minister responsible for the LGPS, Luke Hall MP, wrote to councils on 25 March 2021 explaining that the legislation allowing remote meetings will not be extended beyond 7 May 2021. The SAB is satisfied that this does not affect local pension board meetings. Having taken legal advice, the SAB's view is that:

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

## 2020 LGPS Scheme Annual Report

On 18 May 2021, Councillor Roger Phillips, the SAB Chair, launched the 2020 LGPS England and Wales Scheme Annual Report. Highlights from the report include:

- Total membership up by 4.2% to 6.1 million members compared with 2019.
- Total assets decreased by 4.9% to £276 billion. These assets were invested in:
  - 68% pooled investment vehicles
  - 14% public equities
  - 6% bonds
  - 3% direct property
  - 9% other asset classes.
- The Local Authority return on investment over 2019/20 was -4.8%. This was reflective of the market conditions during the year and set against the UK return of -28.3%.
- The Scheme maintained a positive cash-flow position overall, including investment income.
- Over 1.8 million pensioners paid in the year.
- LGPS liabilities estimated at £291 billion on 31 March 2019. This indicates an overall funding level of 98%. The next triennial valuation of the LGPS will be as at 31 March 2022.

### 3. Other Updates

#### Written Ministerial Statement on McCloud

On 13 May 2021, Luke Hall, Minister for Regional Growth and Local Government, made a Written Ministerial Statement on McCloud and the LGPS. The statement confirms the key changes that the Government will make to the LGPS regulations to remove the unlawful age discrimination. The statement confirms that:

- the age requirement for underpin protection will be removed
- a member will not need to leave with an immediate entitlement to benefits to qualify for underpin protection
- the remedy period will end on 31 March 2022
- the underpin calculation will be based on final pay at the underpin date, even when this is after 31 March 2022
- the regulations will be retrospective to 1 April 2014
- there will be two stages to the underpin calculation:
  - the first on the underpin date – the date of leaving or on the normal pension age in the 2008 Scheme, if earlier
  - the second when the benefits are paid

**4. The Pensions Regulator (TPR)**

**Climate Change Strategy**

TPR has recently published a [climate change strategy](#).

**5. Recommendation**

Board are asked to note the contents of this report.

Mae'r dudalen hon wedi'i gadael yn wag yn fwriadol

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. <b>Cause:</b> The backlog has occurred through the introduction of the new LGPS and the increased complexity around administration (aggregations, final salary links etc). An increase in the numbers of deferred pensioners who have left employment through reorganisations in recent months has also had an impact. <b>Effect:</b> although a breach, it is not considered material, as the information is not critical when making future decisions. Where a deferred member reaches retirement age their calculation will be completed at that point. This is a national issue for most funds across the LGPS.	New letter produced and issued to leavers upon notification of leaving, stating their entitlements upon leaving membership of the LGPS (i.e. under 2 years = refund, over 2 years = Deferred)	N	N	Y	N	
2	2018/19	Administration	Automatic payment of refund after 5 years for post 2014 leavers	Members have been contacted requesting bank details in order to pay refunds, however, no reply has been received from the scheme members. 52 members to 31.05.21	The National Technical Group has recommended to the SAB that the regulations in respect of refunds is amended and reflects the position prior to April 2014.	N	Y	Y	N	

Mae'r dudalen hon wedi'i gadael yn wag yn fwiadol

## CYNGOR SIR POWYS COUNTY COUNCIL

Pension Board  
14<sup>th</sup> June 2021

REPORT BY: Board Secretary

SUBJECT: Powys Pension Board Communications Log

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REPORT FOR: Information

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1. **Introduction**

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

2. **Communications Log**

2.1

<b><u>Communication</u></b>	<b><u>Date Sent</u></b>
TPR Email Update	03.03.21
TPR Email Update	06.05.21

3. **Recommendation**

Note communications issued.

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