

## Bwrdd Pensiynau Powys

Man Cyfarfod

**Ystafell Bwyllgor A - Neuadd y Sir,  
Llandrindod, Powys**

Dyddiad y Cyfarfod

**Dydd Iau, 13 Chwefror 2020**

Amser y Cyfarfod

**10.00 am**



Neuadd Y Sir  
Llandrindod  
Powys  
LD1 5LG

I gael rhagor o wybodaeth cysylltwch â

**Carol Johnson**

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Dyddiad Cyhoeddi

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 ddu ddiwrnod cyn y cyfarfod

### AGENDA

#### **1. YMDDIHEURIADAU**

Derbyn ymddiheuriadau am absenoldeb.

#### **2. DATGANIADAU O DDIDDORDEB**

Derbyn unrhyw ddatganiadau o ddiddordeb.

#### **3. COFNODION Y BWRDD**

Awdurdodi'r Cadeirydd i lofnodi cofnodion cyfarfod blaenorol y Bwrdd a gynhaliwyd ar 26 Tachwedd, 2019 fel cofnod cywir.

(Tudalennau 1 - 6)

#### **4. MATERION YN CODI**

a) Diweddariad ar lafar gan y Cadeirydd.

#### **5. CYHOEDDIADAU'R CADEIRYDD**

a) Llywodraethu Da – Cynhadledd Cymdeithas Llywodraeth Leol.

## **6. COFNODION Y PWYLLGOR PENSIYNAU A BUDDSODDIADAU**

Cofnodion y Pwyllgor Pensiynau a Buddsoddi a gynhaliwyd ar 22 Tachwedd a 12 Rhagfyr, 2019.

(Tudalennau 7 - 16)

## **7. ADOLYGIAD O GYDYMFFURFIAETH GYDA CHOD 14 TPR**

Ystyried y cynllun gweithredu.

(Tudalennau 17 - 42)

## **8. COFRESTR TORRI AMODAU**

Nodi'r Adroddiad.

(Tudalennau 43 - 44)

## **9. ADOLYGU'R GOFRESTR RISGIAU (EITEMAU SEFYDLOG)**

Adolygu'r Cofrestr Risg ac ystyried unrhyw risgiau newydd.

(Tudalennau 45 - 52)

## **10. DIWEDDARIAD AR Y PROSIECT DELWEDDAU DOGFENNAU A LLIF GWAITH.**

Nodi'r adroddiad.

(Tudalennau 53 - 54)

## **11. PARTNERIAETH PENSIWN CYMRU - DIWEDDARIAD AR GRONNI BUDDSODDIAD [EITEM SEFYDLOG]**

Nodi'r adroddiad.

(Tudalennau 55 - 56)

## **12. ADRODDIAD AR WEITHGAREDDAU GWEINYDDU (EITEM SEFYDLOG)**

Nodi'r adroddiad.

(Tudalennau 57 - 58)

## **13. GORFFEN CONTRACTIO ALLAN (EITEM SEFYDLOG)**

Derbyn adroddiad ar lafar.

## **14. DEDDFWRIAETH A CHANLLAWIAU NEWYDD (EITEM SEFYDLOG)**

Nodi'r adroddiad.

(Tudalennau 59 - 60)

<b>15.</b>	<b>LOG CYFATHREBU'R BWRDD (EITEM SEFYDLOG)</b>
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Nodi'r Log Cyfathrebu.  
(Tudalennau 61 - 62)

<b>16.</b>	<b>ADRODDIADAU ARCHWILIO (EITEM SEFYDLOG)</b>
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<b>17.</b>	<b>DIWEDDARIAD AR WEITHDREFNAU DATRYS ANGHYDFODAU MEWNOL (EITEM SEFYDLOG)</b>
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<b>18.</b>	<b>HYFFORDDI AELODAU'R BWRDD (EITEM SEFYDLOG)</b>
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<b>19.</b>	<b>CYFARFODYDD NESAF Y BWRDD</b>
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**2020** – Pob cyfarfod i ddechrau am 10.00 a.m.

22 Mai  
14 Medi  
9 Tachwedd

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

**MINUTES OF A MEETING OF THE POWYS PENSIONS BOARD HELD AT  
COMMITTEE ROOM A - COUNTY HALL, LLANDRINDOD WELLS, POWYS ON  
TUESDAY, 26 NOVEMBER 2019**

**PRESENT**

Gerard Moore (Chair)

Nigel Brinn (Employers Representative)

John Byrne (Member Representative)

Mick Hutchison (Member Representative)

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

**1. APOLOGIES**

Apologies for absence were received from Wayne Thomas [Employer Representative].

**2. DECLARATIONS OF INTEREST**

The Chair advised he was an Associate in The Chartered Institute of Public Finance and Accountancy [CIPFA] and declared an interest if reference was made to CIPFA when discussing the Board's training. The Board accepted that this did not constitute a conflict of interests.

**3. MINUTES OF THE BOARD**

The minutes of the last meeting held on 11 September, 2019 were agreed as a correct record.

**4. MATTERS ARISING**

The Board noted that the Scheme Advisory Board [SAB] Pension Board survey had not yet been circulated but The Pension Regulator [TPR] survey had been received.

The Chair advised that the Pension and Investment Committee had considered a report at its meeting on 22 November, regarding increasing the Board Membership to three employer and three scheme representatives. The Committee asked that a further report providing details of the extra costs associated with increasing the membership be considered at the next appropriate meeting. It was noted the Committee was being asked to make a recommendation to Council.

**5. CHAIR'S ANNOUNCEMENTS**

The Chair reported the following:

- a) Training – the Cohort Review stressed that mandatory training was key to good governance. Board members were encouraged to complete The Pension Regulator [TPR] Toolkit.
  - (i) Mick Hutchinson had attended the Chartered Institute Public Finance and Accountancy [CIPFA] Barnett Waddingham training

- (ii) Triennial Valuation – all Board members had completed this training. The Board was satisfied with the quality and timeliness of the data submitted to the actuary for the triennial valuation.

It was noted that the 2020 Stewardship Code had been published and this would be distributed to the Board.

- b) TPR public service pension schemes governance and administration survey – The Board Chair and Pension Fund Manager had independently completed the survey and had then discussed their draft responses. The combined response had been emailed to the Board for comment and it had confirmed that it was satisfied with the response. The Board noted the following comments on some questions in the survey:
- cyber security question - breaches and attacks were different issues and questions on each should be included, rather than the current question covering both issues.
  - the number of fund employers submitting information electronically – a question regarding the percentage of scheme members' information shared electronically should be asked instead. In smaller Funds, such as the Powys Fund, there are only a small number of fund employers and if there is one change it would disproportionately affect the former figure.

## **6. MINUTES OF PENSIONS AND INVESTMENT COMMITTEE**

The Board received the Pensions and Investment Committee's minutes for the meeting held on 4 October, 2019.

The Board noted the following:

- Pension Fund Annual report 2018/19 – this had been published on the Pension Fund website
- Training on Triennial valuation – the Pension Fund Manager would review how this training would be provided to the two Pension & Investment Committee members who were not at the meeting
- Responsible Investment – the Stewardship Code had now been published.

In response to a question the Pension Fund Manager advised that the Pension Scheme Member Observer on the Pension & Investment Committee was still vacant.

**The Board agreed that the Pension Scheme Member Observer vacancy on the Pension & Investment Committee should be highlighted to the Pension and Investment Committee.**

## **7. REVIEW OF COMPLIANCE WITH TPR CODE 14**

Following reviews at previous meetings the Pension Fund Manager advised that the report had been updated and the date on which sections had been reviewed were included in the report.

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

**Governing your Scheme [38-60]**

The Board noted that the training of Board members, including training at meetings had been calculated as 10 hours each.

**The Board agreed:**

- **that an extra meeting would be held in the New Year to consider the Cohort Review and also undertake training based on TPR Toolkit**
- **the Pension Fund Manager would circulate the Training Needs self-assessment to Board Members for completion by the end of January 2020 and a 10 month training programme would be developed from the responses.**

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

76 & 77 – potential conflicts of interest were considered – The Code of Practice 14 refers only to Pension Boards and not to Committees. The Board has agreed that the Chair's wider involvement in providing training for pension board members and support officers is complementary, and helpful to the Powys Board. Training provision for Board members is arranged and agreed by the Board Secretary, hence there is no conflict of interest. Regarding the selection of a Powys officer to the designated position on the Board, the Administering Authority ensures that the guidance in the Code of Practice is adhered to when making the appointment. Finally, all interests are disclosed at each meeting, but it is recommended that Board members sign a formal declaration of interest on an annual basis. The Board also noted the Chair's comments on the significant governance improvements implicit in the SAB Phase II consultation on Good Governance which is primarily focussed on the relationship between Pensions Committees and Administering Authorities.

81 – 84 – the Pension Fund Manager advised that completion of the Toolkit module relating to this would support the completion of this section.

**Publishing information about schemes [92-98]**

It was noted that the Pension Board website showed the Board minutes but not the agendas. The Pension Fund Manager would rectify this.

**Managing risks [104-120]**

114 – The Board noted that work had commenced regarding employers' covenants. The Chair advised he would refer to this at the forthcoming Employers meeting at which he is speaking.

115 – it was noted that the Regulator was increasingly taking an interest in whether assets were safe. The Chair advised he would look into how other Funds addressed this.

116 – the Board noted the current internal Audit review. The Pension Fund Manager advised he would clarify the internal process for considering the report.

**Administration [124-146]**

140 – see agenda item 11

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

196 – the Pension Fund Manager advised that this was still amber due to the issues regarding deferred benefits and explained the process undertaken regarding these. **The Board agreed that an explanation of the immediate communication and notification and information provided to scheme members in respect of deferred benefits should be included in the right-hand column for this item.**

208 – it was noted that the tracing exercise would be undertaken in early 2020.

The Board noted that the Regulator was to combine all its 15 codes into one and Local Government Pension Funds had raised concerns regarding this.

## **8. BREACHES REGISTER**

The Board received the report regarding the two breaches and that there were no new breaches, since the last meeting.

**The Board agreed that the two breaches were correctly deemed as recordable only.**

## **9. REVIEW OF RISK REGISTER AND CONSIDERATION OF ANY NEW RISKS [STANDING ITEMS]**

The Pension Fund Manager advised that the Register had been updated taking into account the comments at the last meeting and the new risk identified in respect of the ongoing compliance with MIFID.

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

PEN003 – the Section 151 Officer would also be asked to complete the Training Needs self-assessment.

PEN30 – in response to questions the Board noted that Link Asset Services, the Operator for the Wales Pension Partnership [WPP] had discussed its internal governance arrangements with the Pension and Investment Committee at its meeting 4 October, 2019.

**The Board agree to recommend that the Pension Fund Manager reviews the information provided by Link to the Pensions and Investment Committee and reflect the assurances gained in the Risk Register.**

## **10. THE PENSION REGULATOR [TPR] UPDATED GUIDANCE AND RESOURCES**

The Board noted the report regarding guidance in respect of Avoiding Pension Scams and Cyber Security Principles for Pension Schemes. The Pension Fund Manager advised that TPR guidance had been adopted into the Schemes' administrative processes, as applicable. The Pension Fund Manager advised that this information would also be circulated to the Pension and Investment Committee. The Board noted that a Cyber Resilience Action Plan was under development and the draft would be considered by the Board in due course.

The Chair indicated that he would refer to these issues in his presentation to the forthcoming Employers meeting.

## **11. DOCUMENT IMAGING AND WORKFLOW PROJECT UPDATE**

The Board received the report regarding the Workflow and Document Imaging Transition. The Board noted that 80% of the workflow processes have been created/replicated in the new system. The Pension Fund Manager reported he was confident that the transition would be completed by 1 February, 2020. He advised that 90% of documents had been transferred and that officers were processing the remainder to ensure these were indexed.

**The Board was therefore assured that the following will be completed by 31 January 2020 deadline:**

- i. Complete set up of remaining workflow processes and test, prior to release.
- ii. Test load of documents into Altair.
- iii. Complete/transition of the outstanding or incomplete processes from existing workflow system.
- iv. Extract any existing workflow information for reporting and retention purposes.

**The Board noted that the manual indexing of documents that are not automatically mapped, due to a change in pay number for example, may not be completed by the deadline. This would not affect payments to scheme members or loss of information but would result in extra administrative work.**

## **12. TPR GOVERNANCE AND ADMINISTRATION RISKS IN PUBLIC SERVICE PENSION SCHEMES**

The Board had previously agreed to have an extra meeting to consider the LGPS Cohort Review.

## **13. WALES PENSION PARTNERSHIP - INVESTMENT POOLING UPDATE [STANDING ITEM]**

The Board noted the Wales Pension Partnership [WPP] update. The Pension Fund Manager advised that the WPP had agreed a Responsible Investment Policy, which was available on the WPP's website. The following work is ongoing:

- The transition of Fixed Income asset class should be transferred early in 2020
- Further work on other asset classes
- Communications and raising the profile of the Pool
- Developing a belief document for the Pool.

The Chair reported that half yearly meetings between the Pool and Pension Board Chairs would be held. The WPP's Joint Governance Committee was considering whether to have two Board Chairs as "sounding boards" for the Pool, regarding processes and relationships.

**14. ADMINISTRATION ACTIVITY REPORT [STANDING ITEM]**

The Board noted the report which showed a snapshot of fund activity. The Board noted that the overall number of scheme members had increased.

**15. CESSION OF CONTRACTING OUT - UPDATE [STANDING ITEM]**

The Board noted the update report and that the process was now at Stage 3 as explained in the report.

The Pension Fund Manager advised that a policy on over and underpayments is being produced and will be presented to Board in due course.

The Board noted that the Fund was following Local Government Association [LGA] guidance regarding overpayments.

**16. NEW LEGISLATION AND GUIDANCE (STANDING ITEM)**

The Pension Fund Manager advised that the LGA had recently published new guidance relating to internal administration. The Scheme Advisory Board [SAB] Phase 2 Good Guidance Review had been emailed to the Board.

**17. BOARD COMMUNICATIONS LOG (STANDING ITEM)**

The Communications Log was noted.

**18. AUDIT REPORTS [STANDING ITEM]**

The Board noted that an internal audit was currently underway. The Pension Fund Manager advised he would clarify the internal process for considering the report.

**19. INTERNAL DISPUTE RESOLUTION PROCEDURE [IDRP] UPDATE [STANDING ITEM]**

The Pension Fund Manager advised that since the publication of the Agenda an issue had been raised, under this procedure, regarding the transfer of funds requested by a scheme member.

**20. FUTURE BOARD MEETINGS**

The Board noted the following meeting dates in 2020:

13 February

22 May

14 September

9 November

It was noted that an extra meeting would be added early in the New Year.

**MINUTES OF A MEETING OF THE PENSIONS AND INVESTMENT COMMITTEE  
HELD AT COMMITTEE ROOM A - COUNTY HALL, LLANDRINDOD WELLS,  
POWYS ON FRIDAY, 22 NOVEMBER 2019**

**PRESENT**

County Councillor P E Lewis (Chair)

County Councillors E A Jones, T J Van-Rees, D H Williams, A W Davies, Martin and Moore

Mr G Moore, Chair Powys Pension Board

Mr M Weale, co-opted member

In attendance: Head of Finance and Pension Fund Manager

Aon representatives – Simon Mayne, George Feane and Rachel Pinder and Kenneth Ettles [via Skype] for Items 8 and Jennifer O'Neil [via Skype] for Item 9.

**1. APOLOGIES**

Apologies were received from County Councillor J. Morris.

**2. DECLARATIONS OF INTEREST**

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.

**3. MINUTES**

The Chair was authorised to sign the minutes of the Pensions & Investment Committee meeting held on 4 October, 2019 as a correct record.

**4. POWYS PENSION BOARD - TERMS OF REFERENCE OF THE BOARD**

The Committee received a report from the Chair of the Local Pension Board regarding the Board's Term of Reference and membership. The Committee noted that the membership of the Board currently complied with Regulations. The Board Chair advised that the Regulator is increasingly getting involved in the Local Government Pension Scheme [LGPS] and the Scheme Advisory Board [SAB] is also looking at the membership of Boards.

The Powys Pension Board's membership is currently two Scheme Member representatives plus two Employer representatives plus an independent Chair. A quorum for meetings is one representative from each of these groups and on two occasions during the previous 12 months the Board has not been quorate and meetings have been rescheduled. Increasing the membership to three plus three plus the independent Chair would build in more resilience into the Board. The Committee noted that there were five different membership models for Pension Boards used across Wales.

In response to questions the Pension Fund Manager advised that the additional cost of increasing the membership would be minimal. He advised that a budget is allocated to the Board from the Pension Fund and expenditure is currently

within this budget and consequently the cost of increasing the membership could likely be met by the existing budget allowance. The Committee noted that details of the costs of the Board are contained in the Pension Fund Annual report.

<b>RESOLVED</b>	<b>Reason for decision</b>
<b>that a report detailing the costs of the current Board, increasing the membership of the Board, existing terms of reference for the Board and scheduled meetings be considered at a future Committee meeting.</b>	<b>To ensure the Committee is aware of the costs of increasing membership of the Powys Pension Board.</b>

## **5. FUNDING STRATEGY STATEMENT [FSS]**

The Committee received the draft Funding Strategy Statement [FSS]. The Pension Fund Manager advised that the Probability of Funding Success had increased from the previous valuation, reducing the associated funding risk as a result. The Committee noted that the Actuary would provide details of the impact of this on the Fund at the December Committee meeting.

The Pension Fund Manager advised that a further key risk should be added to the FSS in respect of the involvement in the Wales Pension Partnership [WPP] pooling process.

<b>RESOLVED</b>	<b>Reason for Decision:</b>
<b>that the Funding Strategy Statement be approved subject to delegation of the wording regarding the additional risk in respect of involvement in the Wales Pension Partnership to the Pension Fund Manager in consultation with the Chair and Vice Chair.</b>	<b>As per the report.</b>  <b>To include potential risks involved with pooling of assets.</b>

## **6. EXEMPT ITEM**

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

## **7. INVESTMENT STRATEGY REVIEW**

The Committee considered the Investment Strategy Review. Aon advised that although there had been a reduction in equity assets a similar return profile has been maintained. The Committee noted that, subject to checks, since 2016 the funding level had increased from 79% to 94%. This meant that the Fund was closer to being fully funded.

Committee discussed the approach proposed and the revision to the asset allocation, together with the expected returns and associated risks.

The Committee noted the recent Council decision asking the Committee to consider divestment of funds from companies engaged in the extraction of fossil fuels.

<b>RESOLVED</b>	<b>Reason for decision</b>
<b>that the Committee notes the Investment Strategy Review and that a further report be considered at the Committee meeting in December.</b>	<b>As per the report.</b>

## **8. EQUITY RISK MANAGEMENT**

Aon presented a report regarding Equity protection. The Committee considered a review of equity markets and the equity protection since implementation and the investment market outlook. Members considered whether the equity protection should continue or cease, the timing of the changes and also the level of protection if this continues and the timing of any decision.

Kenneth Ettles, Aon joined the meeting via Skype.

The Committee considered the global equity market risk assessments and noted that Aon advised that the timing, depth and duration of a fall in markets is unknown. The Committee noted that Aon recommended that equity protection should be considered over a longer period until potential risks reduce.

The Committee noted the various options and protection levels including the amount of the fund which could be protected. The appropriate level of protection was dependent on the Committee's risk tolerance.

In response to questions, Aon advised that split protection could be considered so not fixing all protection to one date. The Committee considered the level of protection and whether 50% was the correct level. Aon advised that the amount protected depends on how much the Committee could tolerate the deficit increasing by from any equity market losses. In addition, if markets out performed predictions, the Committee needed to be able to defend any decision to protect at a higher level. Aon advised that it would be more risky to sell equity or hold cash than to continue to hold equity and protect this. It was noted that with protection the fund should still receive dividends from holdings.

It was moved and duly seconded to continue the equity protection due to come to an end in late December, 2019 and the level and type of protection and to consider the next tranche of protection at the next meeting.

<b>RESOLVED</b>	<b>Reason for decision</b>
<b>that equity protection due to cease late December 2019 continues at a level of £77.85m and protect 1/3 each year for three years and that further advice be provided to the Committee regarding the next tranche of</b>	<b>To ensure the Equity protection strategy continues to protect the Fund against market downturns.</b>

<b>protections due to cease on 31 March 2020.</b>	
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## **9. RESPONSIBLE INVESTMENT POLICY**

Jennifer O'Neill, Aon joined the meeting via Skype.

The Committee considered the draft Responsible Investment [RI] Policy. The draft referred to the Committee's fiduciary duty to act in the best interest of the Fund's members but also acknowledged that this includes managing Environmental, Social and Governance [ESG] issues that may be financially material to the Fund.

County Councillor T. Van-Rees left the meeting.

In respect of climate change the Committee noted the recent Council decision. The transparency of voting records of fund managers regarding climate change issues was considered.

It was moved and duly seconded that the draft be updated and circulated to the Committee prior to the December committee.

<b>RESOLVED</b>	<b>Reason for decision</b>
<b>that the draft Responsible Investment Policy be updated and circulated to the Committee prior to the December committee.</b>	<b>To enable the Committee to agree the Responsible Investment Policy which will then be added to the Funds website.</b>

## **10. THE INVESTMENT CONSULTANCY AND FIDUCIARY MANAGEMENT MARKET INVESTIGATION ORDER 2019**

The Committee received the Pension Fund Manager's report.

<b>RESOLVED</b>	<b>Reason for decision</b>
<b>that the objectives for the Fund's Investment Consultant be agreed ahead of the meeting on 10 December, 2019.</b>	<b>As per report.</b>

**Future meeting date:**

<b>RESOLVED</b>	<b>Reason for decision</b>
<b>that a further Committee is held on 13 February, 2020 at 2.00 p.m.</b>	<b>To enable the Committee to consider whether the equity protection due to cease on 31 march 2020 should continue and if so in what format.</b>

**MINUTES OF A MEETING OF THE PENSIONS AND INVESTMENT COMMITTEE  
HELD AT COMMITTEE ROOM A - COUNTY HALL, LLANDRINDOD WELLS,  
POWYS ON THURSDAY, 12 DECEMBER 2019**

**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 and Pension Fund Manager

Aon representatives – George Feane, Rachel Pinder, Becky Durran and Sam

Ogborne and Richard Antrobus via skype

**1. APOLOGIES**

Apologies were received from County Councillor T Van-Rees.

**2. DECLARATIONS OF INTEREST**

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.

**3. MINUTES**

The Chair was authorised to sign the minutes of the Pensions and Investment Committee meeting held on 22 November, 2019 as a correct record.

**4. ADMINISTRATION AND LOCAL GOVERNMENT PENSION SCHEME [LGPS] UPDATE**

The Committee received the report from the Head of Finance.

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

**5. GOVERNANCE UPDATE**

The Committee received the report from the Head of Finance.

The Committee noted the Scheme Advisory Board [SAB] Good Governance Project and that it is proposed that Administering Authorities must undergo a biennial independent governance review and produce an action plan to address any issues identified. In response to questions the Pension Fund Manager advised that he would circulate the Training Needs Analysis [TNA] survey again, for the Committee to complete. The TNA would identify any training gaps, for individual Committee members or the Committee as a whole.

The Pension Fund Manager highlighted to the Committee that the SAB was recommending that Administering Authorities should “give proper consideration to pay and recruitment policies in order to meet the needs of the pension fund; not simply applying general council staffing policies such as recruitment freezes.” The Head of Finance assured the Committee that although a review of Financial Services was currently underway, a percentage cut to the Pension Administration Section budget was not being applied. The review was however, considering the administrative processes to ensure that there is resilience in the Team.

The Committee noted that the SAB and The Pension Regulator [TPR] were promoting good Governance as an issue for Committees to consider. The TPR had reviewed Governance and administration risks in 10 Local Government Schemes [LGPS]. Good practice was evidenced but key areas for improvement were highlighted and the Pension Fund Manager advised that these would be reviewed in the Powys Pension Fund.

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

## **6. AMENDMENT OF RISK REGISTER**

The Committee received the report from the Head of Finance and noted that the Powys Pension Board had reviewed the Risk Register and also recommended that a potential risk in respect of the ongoing compliance with MIFID II be added. He advised that if the Committee was content with the inclusion of this potential risk, the wording should refer to the Fund being an institutional investor rather than a retail investor, as stated in the report. The Committee noted that the Risk Register formed part of the Council’s Corporate Risk Register which was also monitored by the Audit Committee.

<b>RESOLVED</b>	<b>Reason for decision</b>
<b>That the risk PEN034 [ongoing compliance with MIFIDII be added to the Risk Register, subject to the potential consequence of the risk being amended to read as follows: Financial implications of not being treated as an institutional investor.</b>	<b>As per the report.</b>

## **7. ACTUARIAL VALUATION UPDATE**

Becky Durran and Sam Ogborne, Aon presented the Actuarial Valuation as at 31 March, 2019. The Committee noted that the valuation was a snapshot of the Fund undertaken every three years and considered its assets and liabilities, making assumptions about the future. Each employer would receive its own valuation based on its membership and the valuation set the employers contributions for the next three years.

The valuation had shown that the probability of funding success had increased from 73% in 2016 to 77% in 2019. The Committee noted the McCloud/Sargeant judgement and that Funds should consider their approach to the uncertainty

relating to this when setting the employers contributions from 2020. The Actuaries recommended that the prudent approach was that most employers' contributions should also increase by 1.1% to reflect this uncertainty.

The Committee noted that assets and liabilities had increased, but due to the performance of the fund the deficit had decreased. In addition the funding ratio had improved from 80% in 2016 to 93% in 2019 and the time period in which the Fund would be fully funded had decreased from 22 to 16 years.

<b>RESOLVED</b>	<b>Reason for decision</b>
<b>That the Committee notes the Actuarial Valuation update.</b>	<b>As per report.</b>

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

The Committee received the report from the Head of Finance. The Pension Fund Manager advised that BlackRock had been appointed as the transition advisor and manager to transfer the fixed income mandates into the WPP. The Committee noted that interviews had taken place for an oversight advisor for the on-going monitoring and further development of the WPP and the Committee would be advised of the appointment in due course.

<b>RESOLVED</b>	<b>Reason for decision</b>
<b>That the report be noted.</b>	<b>For information.</b>

#### **9. RESPONSIBLE INVESTMENT POLICY**

The Committee received the Responsible Investment Policy which had been considered at the previous meeting. The Pension Fund Manager advised that the document had been amended as a result of discussions at the last meeting. The Pension Fund Manager proposed that the Policy be approved and published with an amended version including some revised wording being subject to approval by the Chair and Vice Chair to following review by the Monitoring Officer.

<b>RESOLVED</b>	<b>Reason for decision</b>
<b>that the Responsible Investment Policy be approved in its current form and an amended version be delegated to the Chair and Vice Chair to agree, following any revised wording by the Monitoring Officer.</b>	<b>To agree the Responsible Investment Policy.</b>

#### **10. FORWARD LOOKING BUSINESS PLAN**

The Committee noted the Forward Looking Business Plan.

Aon advised that there was a need to replace Stone Milliner Discretionary Macro Fund due to the Fund being closed. It was noted that Graham Capital Management had been selected as a like for like replacement. In response to questions regarding due diligence, Aon advised that Graham Capital Management had passed all due diligence tests, it had a long track record and

was buy-rated. The Committee noted that £12m would be transferred into cash and some of this fund could be transferred into the WPP fixed income mandates, rather than keeping all in cash, prior to the approval of the investment in the Graham Capital Management Fund.

The Pension Fund Manager recommended that the Committee:

- i. notes Aon's recommendation regarding the investment in the Graham Capital Management Fund and
- ii. Aon's report regarding Graham Capital Management Fund be circulated to the Committee for consideration and comments be forwarded to the Pension Fund Manager within three days of the email and if no objections
- iii. it be delegated to the Chair and Vice Chair to agree to transferring the investment to Graham Capital Management Fund.

<b>RESOLVED</b>	<b>Reason for decision</b>
<p>i. notes Aon's recommendation regarding the investment in the Graham Capital Management Fund and</p> <p>ii. Aon's report regarding Graham Capital Management Fund be circulated to the Committee for consideration and comments be forwarded to the Pension Fund Manager within three days of the email and if no objections</p> <p>iii. it be delegated to the Chair and Vice Chair to agree to transferring the investment to Graham Capital Management Fund.</p>	<b>To ensure the investment of assets.</b>

#### **11. EXEMPT ITEM**

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

#### **12. EQUITY PROTECTION**

The Committee received the report regarding the Equity Protection, which confirmed the decision taken at the last meeting. In response to questions Aon advised that when considering the protection due to expire in March 2020, the Australian markets would be considered at this time.

<b>RESOLVED</b>	<b>Reason for decision</b>
<b>That the Committee notes the report.</b>	<b>To ensure the Equity protection strategy continues to protect the Fund against market downturns.</b>

### **13. INVESTMENT STRATEGY REVIEW**

The Committee received the Investment Strategy Review. The Committee noted that the asset allocations had changed and noted the revised proposed allocation to the WPP Fixed Income sub-funds.

<b>RESOLVED</b>	<b>Reason for decision</b>
<b>That the report be noted. To approve the Investment Strategy Review and proposed allocations to the WPP Absolute Return Bonds, Multi Asset Credit and Global Credit Fixed Income sub-funds.</b>	<b>As per report. To ensure that the risk/return profile of the fund meets requirements and that the transition of assets into the WPP Fixed Income sub-funds can be actioned accordingly.</b>

### **14. QUARTERLY MONITORING REPORT**

The Committee received the Quarter 3 monitoring report to 30 September, 2019. The Committee noted that the total asset value had increased by £15m over the period and that the Performance details would be circulated to the Committee. Aon advised that the Fund would consider the investment in Global property if the WPP did so.

<b>RESOLVED</b>	<b>Reason for decision</b>
<b>That the Quarter 3 monitoring report be noted and a revised version circulated once performance monitoring information is available.</b>	<b>As per the report.</b>

The Pension Fund Manager advised that as agreed at the previous meeting objectives for the Fund's Investment Consultant had been developed in conjunction with the Pension Board Chair. Aon had confirmed that the proposed objectives were acceptable. The Pension Fund Manager indicated that after each Committee meeting he would select the relevant questions relating to the issues on agenda and then email these to the Committee asking the members to consider and score Aon on these. The Members scores would then be collated and the results discussed with Aon.

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

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

## PENSION REGULATOR CODE OF PRACTICE 14 - COMPLIANCE ANALYSIS

Powys Pension Fund

		Action Required	Current Position
22	Scheme manager - each public service pension scheme has one or more persons responsible for managing or administering the scheme. Public service pension schemes can have different persons acting as scheme manager for different parts of the pension scheme. For the locally administered schemes, the scheme managers may be the local administering authorities or a person representing an authority or police force.		<i>The Administering Authority is designated scheme manager under the regulations.</i>
23	Pension board – the scheme manager (or each scheme manager) for a scheme has a pension board with responsibility for assisting the scheme manager to comply with the scheme regulations and other legislation relating to the governance and administration of the scheme and any requirements imposed by the regulator. The pension board must also assist the scheme manager with such other matters as the scheme regulations may specify. It will be for scheme regulations and the scheme manager to determine precisely what the pension board's role, responsibilities and duties entail.		<i>A Local Pension Board has been established and operates under a prescribed Terms of Reference. The Board was established on</i>

## Governing your Scheme

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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 kept. Maintained by Secretary to the Board
39	However, it is the responsibility of individual pension board members to ensure that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the pension board.		Carry out an up to date skills and knowledge analysis. Ongoing Feb 2019
40	Pension board members <b>must be conversant with their scheme rules</b> , which are primarily found in the scheme regulations, and documented administration policies currently in force for their pension scheme. Being 'conversant' means having a working knowledge of the scheme regulations and policies, so that pension board members can use them effectively when carrying out their duties.		Analyse results of Training needs 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

	<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> <ul style="list-style-type: none"> <li>any scheme-approved policies relating to:           <ul style="list-style-type: none"> <li>conflicts of interest and the register of interests</li> <li>record-keeping</li> <li>internal dispute resolution</li> <li>reporting breaches</li> </ul> </li> <li>the appointment of pension board members</li> <li>maintaining contributions to the scheme</li> <li>risk assessments/management and risk register policies for the scheme</li> </ul> <p>42 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</p> <p>the pension administration strategy, or equivalent, and</p> <p>any admission body (or equivalent) policies.</p>	
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	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: <ul style="list-style-type: none"> <li>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</li> <li>statements of assurance (for example, assurance reports from administrators)</li> </ul>	
45	Where DC or DC AVC options are offered, pension board members should also be familiar with the requirements for the payment of member contributions to the providers, the principles relating to the operation of those arrangements, the choice of investments to be offered to members, the provider's investment and fund performance report and the payment schedule for such arrangements.	AVC Training has been carried out. New AVC Risk documentation introduced.
46	<b>Schemes should prepare and keep an updated list of the documents with which they consider pension board members need to be conversant.</b> This will enable them to effectively carry out their role. They should make sure that both the list and the documents are available in accessible formats.	

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

57	Pension board members <b>should undertake a personal training needs analysis</b> and regularly review their skills, competencies and knowledge to identify gaps or weaknesses. They <b>should use a personalised training plan</b> to document and address these promptly.		Training Needs Self Assessment carried out feb 2019
58	Learning <b>programmes should be flexible</b> , allowing pension board members to update particular areas of learning where required and to acquire new areas of knowledge in the event of any change. For example, pension board members who take on new responsibilities will need to ensure that they gain appropriate knowledge and understanding relevant to carrying out those new responsibilities.		
59	The regulator will provide an e-learning programme to help meet the needs of pension board members, whether or not they have access to other learning. If schemes choose alternative learning programmes they should be confident that those programmes:  cover the type and degree of knowledge and understanding required reflect the legal requirements, and are delivered within an appropriate timescale.		Group Training during 2019
60	Schemes <b>should keep appropriate records of the learning activities of individual pension board members and the board as a whole</b> . This will help pension board members to demonstrate steps they have taken to comply with legal requirements and how they have mitigated risks associated with knowledge gaps. A good external learning programme will maintain records of the learning activities of individuals on the programme or of group activities, if these have taken place.		records kept
<b>Conflicts of Interest and Representation</b>			Aug-19
62	In relation to the pension board, <b>scheme regulations must include provision</b> requiring the scheme manager to be satisfied:  that a person to be appointed as a member of the pension board does not have a conflict of interest and from time to time, that none of the members of the pension board has a conflict of interest.		COI declared at every Board meeting
63	Scheme <b>regulations must require</b> each member or proposed member of a pension board to provide the scheme manager with such information as the scheme manager reasonably requires for the purposes of meeting the requirements referred to above.		COI declared at every Board meeting
64	Scheme <b>regulations must include provision</b> requiring the pension board to include employer representatives and member representatives in equal numbers.		Equal numbers appointed and each Board meeting is quorate

70	Some, if not all, of the ‘Seven principles of public life’ (formerly known as the ‘Nolan principles’) will already apply to people carrying out roles in public service pension schemes, for example through the Ministerial code, Civil Service code or other codes of conduct. These <b>principles should be applied to all pension board members</b> in the exercise of their functions as they require the highest standards of conduct. <b>Schemes should incorporate the principles</b> into any codes of conduct (and across their policies and processes) and other internal standards for pension boards.		
73	Scheme regulations will set out matters for which the pension board is responsible. <b>Schemes should set out</b> clear guidance on the roles, responsibilities and duties of pension boards and the members of those boards in scheme documentation. This <b>should cover</b> , for example, whether they have responsibility for administering or monitoring the administration of the scheme; developing, delivering or overseeing compliance with requirements for governance and/or administration policies; and taking or scrutinising decisions relating to governance and/or administration. Regardless of their remit, potential conflicts of interest affecting pension board members need to be identified, monitored and managed effectively.		Chairman meets with new members to provide guidance and explanation of expectations
74	<b>Schemes should consider</b> potential conflicts of interest in relation to the full scope of roles, responsibilities and duties of pension board members. It is recommended that all those involved in the management or administration of public service pension schemes take professional legal advice when considering issues to do with conflicts of interest.		
76	<b>Schemes should ensure</b> that there is an agreed and documented conflicts policy and procedure, which includes identifying, monitoring and managing potential conflicts of interest. They should keep this under regular review. Policies and procedures should include examples of scenarios giving rise to conflicts of interest, how a conflict might arise specifically in relation to a pension board member and the process that pension board members and scheme managers should follow to address a situation where board members are subject to a potential or actual conflict of interest.		
77	Broadly, <b>schemes should consider potential conflicts</b> of interest in three stages:  identifying  monitoring, and  managing.		
78	<b>Schemes should cultivate a culture of openness and transparency.</b> <b>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. <b>Pension 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'.		
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 the nature of any dual interests and assess the likely consequences were a conflict of interest to materialise.</b>		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.		Work ongoing Oct 2019
85	<b>Conflicts of interest should be included as an opening agenda item</b> at board meetings and revisited during the meeting, where necessary. This provides an opportunity for those present to declare any interests, including other responsibilities, which <b>have the potential to become conflicts of interest</b> , and to minute discussions about how they will be managed to prevent an actual conflict arising.		COI declared at every Board meeting
86	<b>Schemes should establish and operate procedures</b> which ensure that pension boards are not compromised by potentially conflicted members. They <b>should consider</b> and determine the roles and responsibilities of pension boards and individual board members carefully to ensure that conflicts of interest do not arise, nor are perceived to have arisen.		
90	While scheme regulations <b>must require pension boards to have an equal number</b> of employer and member representatives, there is flexibility to design arrangements which best suit each scheme.		Equal numbers appointed and each Board meeting is quorate

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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>			
Tudalen 23	92	The scheme manager for a public service scheme must publish information 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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	<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.
96	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.		Link to Corporate website where agendas and reports are held
98	<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.		Minutes regularly uploaded and documentation reviewed.
<b>Managing Risks</b>			Aug-19
104	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.		Discussed at each Board meeting
105	<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>		Discussed at each Board meeting

	Before implementing an internal controls framework, <b>schemes should carry out a risk assessment</b> . They should begin by:  setting the objectives of the scheme  determining the various functions and activities carried out in the running of the scheme, and  identifying the main risks associated with those objectives, functions and activities.		Discussed at each Board meeting
106	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
107	Once schemes have identified risks, they <b>should record them in a risk register and review them regularly</b> . <b>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
108	<b>should consider both these areas</b> when determining the order of priority for managing risks and focus on those areas where the impact and likelihood of a risk materialising is high.		Discussed at each Board meeting
109	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
110	<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
111	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
113	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
114	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.
115			

Underpinning

			Audit Commenced Oct 2019. Results Expected December 2019
116	<p><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.</p>		
119	<p>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 for delivering services. The requirements should be incorporated in the terms of engagement and contract between the scheme and service provider.</b> 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></p>		
120	<p>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 that they have adequate internal controls relating to the services they provide. 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. Schemes should also consider including provisions in contracts for outsourced services requiring compliance with appropriate standards.</b> This should help to ensure effective administration.</p>		

## Administration

Apr-19

124	<p>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></p>		Data Quality testing Undertaken in 2018 and due in May 2019
125	<p><b>Scheme managers must establish and operate adequate internal controls, which should include processes and systems to support record-keeping requirements and ensure that they are effective at all times.</b></p>		Monthly and annual data checking exercise
126	<p><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></p>		Monthly and annual data checking exercise

	<p><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.</p>		Final Salary and CARE data held in Admin system accordingly
127			
128	<p><b>Schemes should require participating employers to provide them with timely and accurate data in order for the scheme manager to be able to fulfil their legal obligations. Schemes should seek to ensure that processes are established by employers which enable the transmission of complete and accurate data from the outset.</b> 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.</p>		Finance check monthly. Annual letter of compliance issued to employers.
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> <p>joins or leaves the scheme</p> <p>changes their rate of contributions</p> <p>changes their name, address or salary</p> <p>changes their member status, and</p> <p>transfers employment between scheme employers.</p>		Guidance and training provided at time of Admission into Fund. Iconnect allows electronic input and updating.
130	<p><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><b>Scheme managers 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.</b> Schemes should also keep records of key discussions, which may include topics such as compliance with policies relating to administration of the scheme.</p>		Available in Minutes and held on fund website

	<p>Scheme managers must also keep records relating to any decision taken by members of the pension board other than at a pension board meeting, or taken by a committee/sub-committee, which has not been ratified by the pension board. The records must include the date, time and place of the decision and the names of board members participating in that decision. This will ensure that there is a clear and transparent audit trail of the decisions made in relation to the scheme.</p>		Available in Minutes
134			
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
137	<p><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.</p>		Monthly and annual data monitor and cleanse processes in place.
138	<p><b>Schemes should continually review their data and carry out a data review exercise at least annually.</b> This <b>should include an assessment of the accuracy and completeness</b> of the member information data held. Schemes should decide the frequency and nature of the review in light of factors such as the level of data quality, any issues identified and key scheme events.</p>		Data Quality Testing and Improvement Plan in place
140	<p>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.</p>		Ongoing April 2019
141	<p>Where schemes <b>identify poor quality or missing data</b>, they should put a data improvement plan in place 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.</p>		Data Quality testing and Improvement Plan, but monitored Annually
142	<p><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.</p>		Monthly/Annual Reconciliation
143	<p><b>Schemes must ensure that processes that are created to manage scheme member data meet the requirements of the Data Protection Act 1998 and the data protection principles.</b></p>		reviewed under GDPR May 2018

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	Schemes should understand: <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
144			
<b>Maintaining Contributions</b>			
146	Where applicable, schemes should be able to demonstrate that they keep records in accordance with these and any other relevant legal requirements. Schemes should read the relevant legislation and any guidance in conjunction with this code where applicable.		reviewed under GDPR May 2018
147	<b>Employer contributions must be paid to the scheme in accordance with any requirements in the scheme regulations.</b> Where employer contributions are not paid on or before the date they are due under the scheme and the scheme manager has reasonable cause to believe that the failure is likely to be of material significance to the regulator in the exercise of any of its functions, the scheme manager must give a written report of the matter to the regulator as soon as reasonably practicable.		Breaches Log and procedure in place. Ongoing risk requiring monitoring
148	<b>at the latest by the 19th day of the month following the deduction, or by the 22nd day if paid electronically</b> (the ‘prescribed period’), or earlier if required by scheme regulations. References to ‘days’ means all days. References to ‘working days’ do not include Saturdays, Sundays or Bank Holidays.		Breaches Log and procedure in place. Ongoing risk requiring monitoring
149	<b>failure is likely to be of material significance</b> to the regulator in the exercise of any of its functions, they <b>must give notice of the failure to the regulator</b> and the member within a reasonable period after the end of the prescribed period. Where there is a failure to pay employee contributions on an earlier date in accordance with scheme regulations, <b>schemes should also consider their statutory duty under section 70 of the Pensions Act 2004 to assess and if necessary report breaches of the law.</b> For more information about reporting breaches of the law, see this section of the code.		Breaches Log and procedure in place.
150	As part of the requirement to establish and operate adequate internal controls, <b>scheme managers should ensure that there are effective procedures and processes in place to identify payment failures that are – and are not – of material significance to the regulator.</b> A ‘payment failure’ is where contribution payments are not paid to the scheme by the due date(s), or within the prescribed period and a ‘materially significant payment failure’ refers to a payment failure which is likely to be of material significance to the regulator in the exercise of its functions.		Breaches Log and Policy in place
151	<b>Schemes should monitor pension contributions, resolve payment issues and report payment failures, as appropriate,</b> so that the scheme is administered and managed in accordance with the scheme regulations and other legal requirements.		Breaches Log and procedure in place. Ongoing risk requiring monitoring
152	Adequate procedures and processes are likely to involve:  developing a record to monitor the payment of contributions  monitoring the payment of contributions  managing overdue contributions, and  reporting materially significant payment failures.		
153	These procedures and processes <b>should help scheme managers to meet their statutory duty to report materially significant payment failures to the regulator</b> , as well as ensuring the effective management of scheme contributions and payment of the right pension.		Breaches Log and Policy in place

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155	Public service pension schemes which meet these exemptions <b>should nonetheless develop a record for monitoring the payment of contributions to the scheme</b> (a contribution monitoring record, which must reflect any requirements in scheme regulations where relevant). <b>Schemes should prepare the contributions monitoring record in consultation with employees.</b>		
156	A contributions monitoring record will enable schemes to check whether contributions have been paid on time and in full, and, if they have not, provide a trigger for escalation for schemes to investigate the payment failure and consideration of whether scheme managers need to report to the regulator and, where relevant, members.		
157	A <b>contributions monitoring record should include the following information:</b> <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>		
158	The date when employer contributions must be paid is the date on or before which they are due under the scheme in accordance with the scheme regulations (or other scheme documentation). Schemes should assess the timing of payments against the date specified.		
161	<b>Schemes 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	<b>Schemes should apply a risk-based and proportionate approach to help identify employers and situations which present a higher risk of payment failures occurring and which are likely to be of material significance and require the scheme manager to intervene.</b>		
163	<b>Schemes should be aware of what is to be paid in accordance with the contributions monitoring record or other scheme documentation, which may be used by the pension scheme. Schemes 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	<b>Schemes 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

	<p>When schemes identify or are notified of a problem, they <b>should assess whether a payment failure has occurred before taking steps to resolve and, if necessary, report it</b>. During their assessment, schemes should take into account:</p> <ul style="list-style-type: none"> <li>legitimate agreed payments made directly by an employer for scheme purposes, ie where the scheme has agreed that a contributions payment can be made late due to exceptional circumstances</li> <li>legitimate agreed payment arrangements made between an employee and employer, ie where the employer has agreed that a contribution payment can be made late due to exceptional circumstances</li> <li>contributions paid directly to a pension provider, scheme administrator or investment manager</li> <li>any AVCs included with an employer's overall payment.</li> </ul>		Procedures and policy in place
168			
169	<p>Where schemes identify a payment failure, they should follow a process to resolve issues quickly. This should normally involve the following steps:</p> <ol style="list-style-type: none"> <li>Investigate any apparent employer failure to pay contributions in accordance with the contributions monitoring record or legal requirements.</li> <li>Contact the employer promptly to alert them to the payment failure and to seek to resolve the overdue payment.</li> <li>Discuss it further with the employer as soon as practicable to find out the cause and circumstances of the payment failure.</li> <li>Ask the employer to resolve the payment failure and take steps to avoid a recurrence in the future.</li> </ol>		Breaches Log and procedure in place.
<b>Providing information to Members</b>			Dec-19
188	<p>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.</p>		Procedures in place
189	<p>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.</p>		Procedures in place
190	<p>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.</p>		Annual Review exercise on All Wales basis
191	<p>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.</p>		Procedures in place
192	<p>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.</p>		Compliant
193	<p>The information must be given as soon as practicable but no more than two months after the date the request is made.</p>		Procedures in place

	<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>		
196	Compliant. Misc regs require notification to members within timescales		
197	The detail of the information that must be provided to scheme members and others and any exemptions are set out in the Disclosure Regulations 2013. Managers must provide the required information, along with confirmation that members may request further information and the postal and email addresses to which a person should send those requests and enquiries.		
198	Managers of a scheme must ensure that scheme members and others are given information in accordance with the Disclosure Regulations 2013, unless they are an 'excluded person' (as defined above).		

	<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>		
199			
200	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.		procedures in place. Compliant.
201	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.		Compliant. Procedures in place in workflow system.

Tudalen 34	<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>		<p>Exercise carried out and majority of scheme documentation delivered electronically, except to those who have opted out of e-communications</p>
203			
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>		<p>Compliant</p>

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	Schemes should design and deliver communications to scheme members in a way that ensures they are able to engage with their pension provision. Information should be clear and simple to understand as well as being accurate and easily accessible. It is important that members are able to understand their pension arrangements and make informed decisions where required.		Ongoing Exercise
208	Schemes should attempt to make contact with their scheme members and, where contact is not possible, schemes should carry out a tracing exercise to locate the member and ensure that their member data are up-to-date.		Numbers of "Gone Away" members identified. Address tracing exercise to be undertaken mid 2019
209	Where a person has made a request for information, schemes should acknowledge receipt if they are unable to provide the information at that stage. Schemes may encounter situations where the time period for providing information takes longer than expected. In these circumstances, schemes should notify the person and let them know when they are likely to receive the information. Scheme managers and managers (where different) must provide information in accordance with the time periods specified in the 2013 Act and Disclosure Regulations 2013.		Compliant
210	To promote transparency, schemes should make information readily available at all times to ensure that prospective and existing members are able to access information when they require it.		Website, Intranet

## Resolving Issues

Dec-19

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

	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: <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.
239	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.		Noted.
<b>Reporting Breaches of the Law</b>			Apr-19
Tudalen 39	244 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.		Reporting Breaches Policy produced and available on Fund website
	245 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.		Reporting Breaches Policy produced and available on Fund website. Traffic light system included for determining seriousness

	<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> </ul> <p>246</p> <ul style="list-style-type: none"> <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.
Tudalen 40	<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> <p>253</p>		Detailed in Breaches Policy
	<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> <p>255</p>		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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## Powys Pension Fund Breaches

2018\_19\_20

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	<p>Disclosure Regulations state that any deferred leaver should be notified of their deferred benefit options within two months of the fund receiving complete leaver information from the employer. Due to the backlog of casework in the fund these deadlines have not been met for c200 deferred members. <b>Cause:</b> The backlog has occurred through the introduction of the new LGPS and the increased complexity around administration (aggregations, final salary links etc). An increase in the numbers of deferred pensioners who have left employment through reorganisations in recent months has also had an impact. <b>Effect:</b> although a breach, it is not considered material, as the information is not critical when making future decisions. Where a deferred member reaches retirement age their calculation will be completed at that point. This is a national issue for most funds across the LGPS.</p>	<p>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)</p>	N	N	Y	N	Green
2	2018/19	Administration	Automatic payment of refund after 5 years for post 2014 leavers	<p>Members have been contacted requesting bank details in order to pay refunds, however, no reply has been received from the scheme members. 12 members to 31.01.20</p>	<p>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.</p>	N	Y	Y	N	Yellow

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

Risk Register

Reporting Level								Inherent Risk							Residual Risk			Notes
	Risk Reference	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	P	I	Risk Rating	Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	P	I	Risk Rating		
	PEN001	01/11/2015		Pensions Administration	Failure to pay pensions and lump sums on time	Financial difficulty for the scheme member concerned, reputational risk to the Pension Fund, and additional cost to the employer where interest is payable as a result of late payment.	M	L	Low	Maintenance and update of Altair and Trent systems, sufficient staff resources and training. Quality assurance processes in place to check work done.	Pension Fund Manager	A Davies	Review of process as part of the ongoing review of pensions administration processes following the implementation of the 2014 Scheme.	M	L	Low		
	PEN002	01/11/2015		Finance	Failure to collect and account for pension contributions being paid over to the Fund on time by Fund employers.	Adverse audit opinion, potential delays to Fund employer FRS17/IAS19 reporting; and potential delay to production of annual report and accounts.	L	M	Low	Contributions received monitored on a monthly basis by Fund accounting staff.	Section 151 Officer	A Davies	Requirement that each end of scheme year, Fund employers certify that they have paid over contributions at the correct rates and on time.	L	M	Low		
Tudalen 45	PEN003	01/10/2019		Finance	Insufficient Fund cashflow to meet liabilities as they fall due.	Immediate injections of cash from Fund employers would be required where Fund assets cannot be liquidated quickly. For now the Fund is cashflow positive but will not remain so for much longer, therefore requiring the use of investment income to subsidise the payment of pension benefits rather than being reinvested as now.	H	M	Medium	Funding strategy statement. Will this year (2019) 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	L	Low	6	
	PEN004	01/11/2015		Pensions Administration	Inability to deliver service as a result of loss of pensions administration system, or any other system used in the provision of service (eg. pensioner payroll). Failure of any system used by the service as a result of a breach of cyber security.	Immediate injections of cash from Fund employers would be required where Fund assets cannot be liquidated quickly. For now the Fund is cashflow positive but will not remain so for much longer, therefore requiring the use of investment income to subsidise the	L	L	Low	Business Continuity Plan for the Pensions administration service. Assurances received from all systems providers in relation to their current resilience to the threat of a failure in cyber security.	Pension Fund Manager	A Davies	Keep Business Continuity Plan under review. Periodic review by the Pension Board of provider assurances in respect of cyber security.	L	L	Low		
	PEN005	01/11/2015		Pension Fund	Inability to deliver service as a result of the loss of key personnel	Failure to provide service at all, or at an acceptable level	L	M	Low	Business Continuity Plan in place for the pensions administration service	Pension Fund Manager	A Davies	Keep Business Continuity Plan under review	L	M	Low		
	PEN006	01/11/2015		Pension Fund	Loss of funds through fraud or misappropriation	Financial loss to the Fund	L	M	Low	Internal and External Audit regularly test that appropriate controls are in place and are working effectively. Due diligence is carried out whenever a new investment manager is appointed	Pension Fund Manager	A Davies	None	L	M	Low		

Risk Register

Reporting Level								Inherent Risk							Residual Risk			Notes
	Risk Reference	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	P	I	Risk Rating	Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	P	I	Risk Rating		
	PEN007	01/01/2015	FSS	Pension Fund	Significant rise in employer contribution rates for Fund employers with strong covenants, as consequence of increases in liabilities.	Employer contribution rates rise to unacceptable levels, putting upward pressure on Council Tax rates and the ability of Powys County Council to continue to deliver services to its communities.	L	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		
Tudalen 46	PEN008	01/01/2015	FSS	Pension Fund	Significant rises in employer contribution rates for Fund employers with weak covenants as a consequence of increases in liabilities.	Employer contribution rates rise to unsustainable levels that cause employers to become insolvent	L	H	Medium	Employers have Discretionary Powers Policies that help to control liabilities. In reality, little can actually be done in mitigation due to the fact that liabilities are largely determined by bond yields that are outside of the Fund's control.	Pension Fund Manager	A Davies	In process of developing risk sharing arrangements to enable employers with weak covenants to attain a degree of certainty over the level of employer contribution rates.	L	M	Low		
	PEN009	01/01/2015	FSS	Pension Fund	Significant rises in employer contribution rates for employers with strong covenants as a result of poor/negative investment returns.	Employer contribution rates rise to unacceptable levels that result in Powys County Council being unable to provide appropriate services for its communities.	L	M	Low	Use expert specialist consultants to help set and monitor investment strategy and investment manager performance and selection. Quarterly investment performance reports presented to <a href="#">Pension Fund</a>	Pension Fund Manager	A Davies	Continual monitoring of performance; review of asset allocation strategy, including consideration of alternative asset classes and non-market led assets.	L	M	Low		
	PEN010	01/01/2015	FSS	Pension Fund	Significant rises in employer contribution rates for employers with weak covenants as a result of poor/negative investment returns.	Employer contribution rates rise to unsustainable levels that result in employers with weak covenants becoming insolvent.	L	H	Medium	Use expert specialist consultants to help set and monitor investment strategy and investment manager performance and selection. Quarterly investment performance reports presented to <a href="#">Pension Fund</a>	Pension Fund Manager	A Davies	Continual monitoring of performance; review of asset allocation strategy, including consideration of alternative asset classes and non-market led assets.	L	M	Low		
	PEN011	01/01/2015	FSS	Pension Fund	Failure to comply with LGPS and other statutory regulations.	Payment of incorrect pension benefits; provision of incorrect benefit estimates; failure to comply with governance standards; failure to meet HMRC tax requirements. Resulting in: loss of customer satisfaction / confidence; IDRP and Ombudsman appeals; TPR fines for non-compliance.	H	L	Medium	Rigorous checking and authorisation procedures in respect of pension benefit calculations and payments; and, regular review of governance compliance policy. Staff training and development.	Pension Fund Manager	A Davies	Closer partnership working with employer payrolls to facilitate accurate data receipts; increased compliance oversight provided by Local Pensions Board.	M	L	Low		

Risk Register

Reporting Level							Inherent Risk							Residual Risk			Notes
	Risk Reference	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	P	I	Risk Rating	Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	P	I	Risk Rating	
	PEN012	25/01/2016		Pensions Administration	Failure to hold scheme member's personal data securely.	Poor data quality; compromised data; fines	L	M	Low	Compliance with Powys County Council Data Protection and ICT policies.	Pension Fund Manager	A Davies	Data protection audit in conjunction with TPR data quality standards to be undertaken	L	M	Low	
	PEN013	01/04/2015	TPR	Pension Fund	Failure to maintain and hold up to date and accurate pension records.	Payment of incorrect pension benefits; late payment of benefits; assessment of incorrect liability values. Resulting in loss of customer confidence and satisfaction; IDRP and Ombudsman appeals; and, incorrect assessment of employer contribution rates.	M	M	Medium	Pensions team work with employer payrolls to ensure data quality; data validation checks undertaken by team at each year end; validation checks carried out at each actuarial valuation (triennially) by the Fund actuary. Staff training and development.	Pension Fund Manager	A Davies	Additional data validation and quality checks to be implemented as required by the TPR code of practice.	L	M	Low	
Tudalen 47	PEN014	25/01/2016	CIPFA	Pension Fund	Lack of expertise of Pension Fund Officers and Head of Service	Poor decision making in relation to principal functions of the Pension Fund , particularly in relation to investments.	L	H	Medium	Officers ensure that they receive appropriate training and are required to keep up to date with developments in pensions matters, as part of their periodic Individual Performance Reviews and by attending relevant conferences and seminars, by reading and through discussions with consultants and peers.	Pension Fund Manager	A Davies	Formalised Officer training via individual training plans based on the CIPFA 'Knowledge and Skills' framework, as is the procedure for members of both Pensions & Investment Committee and the Pensions Board.	L	M	Low	
	PEN015	25/01/2016	CIPFA	Pension Fund	Over-reliance on key Officers	When senior Officers leave or are on long term sickness, large knowledge gaps remain.	M	H	Medium	In the short term, knowledge gaps can be filled by using our external colleagues from other Welsh Funds and buying in assistance from consultants.	Pension Fund Manager	A Davies	Formalise succession planning by including in Officer individual training plans for less senior Officers.	M	L	Low	
	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	M	Low	The Pensions Support Manager is tasked with responsibilities in relation to scheme and Fund communications, as part of their Job Description. In addition, the Fund has a clear communications policy as well as a regularly updated website.	Pension Fund Manager	A Davies	No further action proposed.	L	M	Low	

Risk Register

Reporting Level								Inherent Risk							Residual Risk			Notes
	Risk Reference	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	P	I	Risk Rating	Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	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	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	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		
<b>Tudalen 48</b>	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	H	Medium	The Fund adopts the CIPFA Knowledge and Skills Framework to inform its training plans for members of Pensions & Investment Committee (and the <a href="#">Pensions Board</a> )	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	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	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	M	Low	Short-term (quarterly) investment monitoring analyses market performance and active managers relative to their <a href="#">index benchmark</a>	Pension Fund Manager	A Davies	Nothing further planned	L	M	Low		

Risk Register

Reporting Level	Inherent Risk										Residual Risk						
	Risk Reference	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	P	I	Risk Rating	Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	P	I	Risk Rating	Notes
	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	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.	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	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.	Pension Fund Manager	A Davies	No further action proposed.	L	M	Low	
Tudalen 49	PEN025	01/01/2016	FSS	Pension Fund	Pensioners living longer and, changing retirement patterns.	Increased employer contribution rates.	L	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	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							Inherent Risk							Residual Risk			Notes
	Risk Reference	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	P	I	Risk Rating	Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	P	I	Risk Rating	
	PEN027	01/01/2015	FSS	Pension Fund	Fall in the returns on Government bonds.	Increase to the value placed on Fund liabilities.	M	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	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	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	
Tudalen 50	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	M	Medium	Reconciliation Complete. Work on Rectification due to be complete by June 2020	Pension Fund Manager	A Davies	Appoint external partners to a) identify scale of work required; b) bank 'quick wins' - both now completed. Complete reconciliations by July 2020.	M	L	Low	

Risk Register

Reporting Level	Inherent Risk							Residual Risk				Notes						
	Risk Reference	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	P	I	Risk Rating	Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	P	I	Risk Rating		
Tudalen 51	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	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.	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	M	Medium	Due diligence on all pooling proposals; full transparency of all pool proposals and costs; full participation of the Pension Fund in all pooling development.	Pension Fund Manager	A Davies		Pooling vehicles to be structured so that each participating Fund has full representation in the pool; the pool structure enables full strategic decisions to be retained by each individual Fund; and, economies of scale (based on experience to date) indicate that savings will be made by the Fund that will exceed initial costs.	L	M	Low	

Risk Register

Reporting Level	Inherent Risk							Proposed Further Actions / Controls				Residual Risk			Notes		
	Risk Reference	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	P	I	Risk Rating	Current Controls	Risk Owner	Portfolio Holder	P	I	Risk Rating		
	PEN032	10/03/2017	LPB	Pension Fund	An admitted body ceasing to exist with insufficient funding or level of a bond available to meet all its Fund liabilities.	Unfunded pension liabilities being orphaned without sufficient funding/guarantees in place, resulting on increased liabilities falling on other Fund employers.	M	L	Low	To seek funding guarantees wherever possible, from other Scheme employers or outside bodies. To require, in all cases, a bond or other form of security to protect the Fund in the case of unexpected cessation and insolvency. Ensuring that admitted bodies are fully aware of their obligations and responsibilities to the Pension Fund and the benefits of their employees.	Pension Fund Manager	A Davies	Regular review of admitted body covenants and financial health.	M	L	Low	
Tudalen 52	PEN033	30/11/2018	LPB	Pension Fund	Transfer of Workflow and Imaging System	Unable to deliver the Admisitration Service of the LGPS	H	H	High	Due diligence on migration exercise	Pension Fund Manager	A Davies	Constant monitoring until project completed (31st January 2020)	M	M	Medium	
	PEN034	01/10/2019	LPB	Pension Fund	MIFID II ongoing compliance	Financial implications of not being treated as an institutional investor	H	H	High	Regular Review of MIFID Status	Pension Fund Manager	A Davies		M	M	Medium	

**CYNGOR SIR POWYS COUNTY COUNCIL**

**Pension Board  
13<sup>th</sup> February 2020**

**REPORT BY:** **Pension Fund Manager**

**SUBJECT:** **Workflow and Document Imaging Transition Update**

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**REPORT FOR:** **Information**

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**1. Introduction**

- 1.1 Further to risk PEN033 identified on the Fund's risk register and the report presented to Board dated the 26<sup>th</sup> of November 2019, this report has been prepared to provide an update on the progress of the transfer of the Pensions Administration Workflow and Document Imaging system into the existing pensions administration software, due to be completed by 31<sup>st</sup> January 2020.

**2. Current Position**

- 2.1 Work has completed and all of the member and Employer images have been migrated from the Civica system and reconciled into the Altair system, meaning that pensions administration can now be conducted within one piece of software, rather than relying on two, as has been the case since 2006.
- 2.2 Existing outstanding processes within the Civica workflow system have been extracted to excel and work is continuing on migrating the processes into the Altair system where appropriate (there has been some duplication in both systems whilst they have been running in parallel).

**3. Remaining Work**

- 3.1 Complete/transition of the outstanding or incomplete processes from existing workflow system into the Altair system.

**4. Recommendation**

Board to note the report.

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

**CYNGOR SIR POWYS COUNTY COUNCIL**

**Pension Board**  
**13<sup>th</sup> February 2020**

**REPORT BY:** **Board Secretary**

**SUBJECT:** **Wales Pension Partnership Update**

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**REPORT FOR:** **Information**

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**1. Introduction**

- 1.1 This report has been produced to provide Board with an update on the work undertaken on behalf of the Wales Pension Partnership (WPP) with pooling investments in Wales.
- 1.2 The last Joint Governance Committee (JGC) meeting was held in Carmarthenshire County Council on the 9<sup>th</sup> of December 2019 and a link to the agenda is available here:  
<http://democracy.carmarthenshire.gov.wales/ieListDocuments.aspx?CId=234&MId=3030&Version=4>
- 1.3 The Next JGC meeting is due to take place on the 12<sup>th</sup> of March 2020 and is being held at Powys County Council.

**2. Pooling investments in Wales**

- 2.1 As part of the WPP's training plan, which recognises the need for the appropriate levels of knowledge and understanding for those individuals with duties in respect of pooling, the WPP is arranging a training day held at Powys County Council on the 21<sup>st</sup> of February 2020 and is open to Committee and Board members of the participating Welsh LGPS Funds.
- 2.2 Communications Plan. A communications plan has been drawn up to determine the target audiences of communications from the WPP and who is responsible for delivering these communications.

A version of the report on the Communications plan that was presented to the JGC at the meeting in December 2019 can be seen here:

<http://democracy.carmarthenshire.gov.wales/documents/s37169/Report.pdf>

- 2.3 Governance matrix. The creation of a governance matrix is included in the 2019/20 WPP workplan.

The Governance matrix is a document that provides an overview of the WPP's governance structure, outlining key decisions and actions that are carried out by the WPP and articulates which internal bodies are responsible for approving, reviewing, formulating, recommending, advising, monitoring, adhere to and implementing these actions and decisions.

A version of the Governance Matrix that was presented to the JGC at the meeting in December 2019 can be seen here:

<http://democracy.carmarthenshire.gov.wales/documents/s37173/Report.pdf>

- 2.4 Sub-Fund Launch update. Work is continuing on the launch of the Fixed Income sub-funds with Blackrock having been appointed as the Transition Manager for the exercise. It is expected that the transition will happen during quarter 1 (April to June) of 2020.

**3. Recommendation**

Note the content of this report.

## CYNGOR SIR POWYS COUNTY COUNCIL

**Pension Board**  
**13<sup>th</sup> February 2020**

**REPORT BY:** **Pension Fund Manager**

**SUBJECT:** **Membership and Financial Statistics for the period 1<sup>st</sup> October to 31<sup>st</sup> December 2019**

**REPORT FOR:** **Information**

**1. Introduction**

- 1.1 Further to the information provided at the November 2019 Pension Board meeting, this report contains the membership and Pensions Administration financial statistics for the period 1<sup>st</sup> October to 31<sup>st</sup> December 2019.

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

2.1

<u>Payments</u>	<u>October</u>	<u>November</u>	<u>December</u>
Pensions	1,996,348	1,982,603	1,970,313
Lump Sum	577,781	151,342	286,604
Transfers Out	217,396	98,266	193,815
Death Grants	154,273	27,283	18,034
<b>Total Payments</b>	<b>2,945,798</b>	<b>2,259,494</b>	<b>2,468,765</b>
<u>Income</u>			
Employee Contributions	(420,832)	(418,087)	(421,447)
Employer Contributions	(1,275,344)	(1,272,737)	(1,275,774)
Transfers In	(113,798)	(43,931)	(5,374)
<b>Total Income</b>	<b>(1,809,974)</b>	<b>(1,734,755)</b>	<b>(1,702,596)</b>

**3. Pensions Administration membership statistics**

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

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

Key:

### Status

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

Old Status	In Force at 01/10/2019	New Status										Other Locn.	Other St.	Total Off	Total On	In Force at 31/12/2019	
		1	2	3	4	5	6	7	8	9	O						
1	5823		149	3	5	4		3		17	15	242			438	310	5695
2	779	62			6	5				1					74	149	854
3	13005															52	13057
4	6121	1		24		21		1							47	11	6085
5	4179			6				28							34	30	4175
6	648							7							7	13	654
7	3518					1									1	39	3556
8	11																11
9	588	2		15											17	18	589
O	1192	1													1	19	1210
T	2																2
Z	881														242		1123
Other Locn.																	
Other St.																	
Blank		244		3			13			18	4	242					
Total	36747	310	149	52	11	30	13	39		18	19	242			619	883	37011

### 3.2 50/50 Scheme Membership

Active	19
Deferred	5
Frozen Refund	1

**CYNGOR SIR POWYS COUNTY COUNCIL**

**Powys Pension Board**  
**13<sup>th</sup> February 2020**

**REPORT BY:**      **Board Secretary**

**SUBJECT:**      **New Legislation and Guidance**

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**REPORT FOR:**      **Information**

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**1. Summary**

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

**2. Key points for information**

- 2.1 **McCloud.** SAB have updated the McCloud page of their website to reflect the latest developments. It is understood based on information provided by the LGA that the LGPS will be treated separately from the rest of the public sector in respect of the McCloud remedy.

It is expected that decisions will be made centrally on who is in scope, how long any final salary protection will last, what protection extends to survivor benefits or transfer values and the requirement for retrospection. It is likely that the remedy will involve the extension of the current underpin to members who are not currently in scope of protection. A full history of part time hours and service breaks after 31 March 2014 is needed to work out a member's 'notional' final salary membership to apply the underpin.

The volume and complexity of additional work that implementing a remedy will likely have an extremely large impact on administration teams.

- 2.2 **The Local Government Pension Scheme (Amendment) Regulations 2019 [SI2019/1449]** These regulations are effective from 31 December 2019. They amend the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 by introducing benefits payable under the earlier regulations to surviving opposite sex civil partners.

The Civil Partnership (Opposite sex Couples) Regulations 2019 [SI 2019/1458] allow opposite sex couples to give notice of a proposed civil partnership from 2 December 2019.

2.3 The Local Government Association has produced/updated the following administrative resources for practitioners and scheme members:

**Aggregation guide v1.9** - Significant format changes including the addition of a table summarising the aggregation rules.

**Survivor membership guide v2.0** - Clarifying amendments and a minor technical change. The guide will be updated in early 2020 to reflect the introduction of opposite sex civil partnerships.

**Pensions Made Simple member videos** - Are now available to view on [www.lgpsmember.org](http://www.lgpsmember.org). 7 videos for scheme members covering topics such as annual and lifetime allowance, death benefits and how a pension works.

**Retirement planning guide** - Published On 28 January 2020, a new guide for members planning their retirement. The purpose of the guide is to help members approaching retirement understand their options, the process and the timescales involved.

2.4 **Scheme Advisory Board update - 6 November 2019** - Good Governance project–Phase II report published. The report makes recommendations for new standards of governance and administration and proposes how performance can be measured against those standards and assessed independently.

Phase III of the project will now start, defining key performance indicators and drafting statutory guidance on governance compliance statements.

**McCloud** –the Board agreed that a small working group should be established to work with MHCLG, GAD and other stakeholders to develop proposals for the scheme's remedy arrangements and consider the cost of those proposals.

**Responsible Investment guidance** – the Board approved the committee's recommendations and draft guidance has been published for consultation. Part II of the guidance will offer practical help on the integration of ESG policies in investment strategies

### **3. Recommendation**

Board are asked to note the contents of this report.

**CYNGOR SIR POWYS COUNTY COUNCIL**

**Pension Board  
13<sup>th</sup> February 2020**

**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>
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SAB Good Governance Report Phase 2	25.11.19
Pension Managers Conference summary	26.11.19
UK Stewardship Code 2020	27.11.19
WPP Joint Governance Committee Agenda link	29.11.19
WPP RI Policy Press Release	06.12.19
TPR December Newsletter	20.12.19
CIPFA Barnett Waddingham Spring Seminars	20.12.19
WPP Training Event	03.02.20

**3. Recommendation**

Note communications issued.

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