

Pecyn Dogfennau Cyhoeddus

Pwyllgor Pensiynau a Buddsoddi

Man Cyfarfod
Ar Teams

Dyddiad y Cyfarfod
Dydd Gwener, 11 Rhagfyr 2020

Amser y Cyfarfod
10.00 am

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



Neuadd Y Sir
Llandrindod
Powys
LD1 5LG

Dyddiad Cyhoeddi

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

AGENDA

1.	YMDDIHEURIADAU
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Derbyn ymddiheuriadau am absenoldeb.

2.	DATGANIADAU O FUDD
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Derbyn unrhyw ddatganiadau o fudd gan Aelodau mewn perthynas ag eitemau i'w trafod ar yr Agenda.

3.	COFNODION
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Awdurdodu'r Cadeirydd i lofnodi cofnodion y cyfarfodydd a gynhaliwyd ar 25 Tachwedd a 3 Rhagfyr 2020 fel cofnodion cywir.

(Tudalennau 1 - 6)

4.	DATGANIAD LLYWODRAETHU A CHYDYMFFURFIO
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I ystyried a chytuno ar y Datganiad Llywodraethu a Chydymffurfio.

(Tudalennau 7 - 26)

5.	DIWEDDARIAD AR LYWODRAETHU A GWEINYDDU
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Nodi'r diweddariad a chodi unrhyw faterion.

(Tudalennau 27 - 40)

6.	DIWEDDARIAD AR BARTNERIAETH PENSIYNAU CYMRU [WPP]
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Derbyn adroddiad ar y WPP.

(Tudalennau 41 - 42)

7.	EITEM EITHRIEDIG
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Mae'r Swyddog Monitro wedi penderfynu bod yr eitemau canlynol yn destun categori 3, Rheolau Trefn Mynediad at Wybodaeth. Ei farn o ran prawf lles y cyhoedd (wedi ystyried darpariaethau Rheol 14.8, Rheolau Mynediad at Wybodaeth y Cyngor), oedd y byddai gwneud y wybodaeth hon yn gyhoeddus yn datgelu gwybodaeth ynghylch materion ariannol neu fusnes unigolyn (gan gynnwys yr awdurdod yr oedd y wybodaeth honno yn ei feddiant). Yn ei farn ef, mae'r ffactorau hyn yn bwysicach na budd y cyhoedd o ran datgelu'r wybodaeth hyn. Gofynnir i Aelodau ystyried y ffactorau hyn wrth benderfynu ar y prawf lles y cyhoedd, sy'n rhaid iddynt benderfynu wrth ystyried eithrio'r cyhoedd o'r rhan hon o'r cyfarfod.

8.	RUSSELL INVESTMENTS
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Derbyn cyflwyniad

9.	DIWEDDARIAD ACTIWARAIDD
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Derbyn diweddariad.

10.	DIOGELU ECWITI
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Ystyried adroddiad ar ddiogelu ecwiti.

(Tudalennau 43 - 56)

11.	DIWEDDARIAD AR Y GRONFA FANTOLI
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Ystyried adroddiad.

(Tudalennau 57 - 76)

12.	ADRODDIAD MONITRO CHWARTEROL
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Ystyried adroddiad gan Aon.

(Tudalennau 77 - 104)

**MINUTES OF A MEETING OF THE PENSIONS AND INVESTMENT COMMITTEE
HELD BY TEAMS ON WEDNESDAY, 25 NOVEMBER 2020**

PRESENT

County Councillor P E Lewis (Chair)

County Councillors E A Jones, JG Morris, T J Van-Rees and D H Williams

Mr G Moore, Chair Powys Pension Board

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

Aon representatives – Simon Mayne and Kenneth Ettles

1.	APOLOGIES
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Apologies were received from county Councillor A Davies and Mr Martin Weale co-opted member.

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

3.	MINUTES
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The Chair was authorised to sign the minutes of the Pensions and Investment Committee meeting held on 9 October 2020 as a correct record.

In response to a question the Pension Fund Manager advised that guidance was still awaited from MHCLG as to what schemes should do if employers do not have the required data to enable them to fulfil their obligations to implement the McCloud decision.

4.	DATA IMPROVEMENT PLAN
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The Committee received the Data Improvement Plan and noted that it had been updated to reflect the changes in the data since 2018. The Pension Fund Manager highlighted the Action Plan and the high priority areas for correcting data. In response to questions the Pension Fund Manager advised that the document was revised at least once every two years or more frequently if required. He advised that the draft had been considered by the Pension Board and changes had been made as a result of its comments.

If the Committee approved the Plan it would be published on the Scheme's website.

It was moved and duly seconded to approve the Plan.

RESOLVED	Reason for decision
To approve the content of	Good governance and compliance

the updated Data Improvement Plan.

with The Pension Regulator Code of Practice.

5. COMMUNICATIONS STRATEGY STATEMENT

The Committee received the draft Communications Strategy Statement which had been updated from the previous version published in 2018. The Pension Fund Manager advised that the draft had been considered by the Pension Board and changes had been made as a result of its comments. The Committee noted that the Strategy refers to communications with the Wales Pension Partnership.

If the Committee approved the Statement, it would be published on the Scheme's website.

It was moved and duly seconded to approve the Statement.

RESOLVED	Reason for decision
To approve the revised Communications Strategy Statement.	Statutory requirement.

6. PENSION FUND ANNUAL REPORT 2019-20
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The Committee received the Pension Fund Annual report 2019-20.

The Committee noted that the Audit Committee had approved the accounts on 19 November 2020 and the Auditor General had signed the Accounts off on 23 November 2020.

It was noted that the Audit Committee was pleased with all aspects of the report and the equity protection put in place by the Committee. The Financial Reporting & Policy Accountant advised that approval of the Funds accounts was delegated to the Audit Committee. However, the Accounts and Audit Regulations (Wales) (Amendment) Regulations 2018 removed the requirement that the Pension Fund forms part of the Councils Statement of Accounts and so the delegation to the Audit Committee could be reviewed.

The officers were thanked for producing an understandable and readable document. The Pension Fund Manager advised that if approved by the Committee the report would be published by 1 December 2020.

It was moved and duly seconded to approve the report.

RESOLVED	Reason for decision
That Pensions and Investment Committee considers and approves the 2019-20 Pension Fund Annual Report.	To ensure compliance with the Statutory Requirements

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

The Chair took the Wales Pension Partnership item next.

8.	WALES PENSION PARTNERSHIP [WPP]
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Following a discussion at the previous meeting, The Pension Fund Manager raised an additional point on the Global Growth sub-fund that the Powys Fund is currently invested in. Committee discussed the matter, and it was noted that the Pension Fund Manager would contact the WPP to request further information.

RESOLVED	Reason for decision
To ask WPP for further information on the Global Growth sub fund.	To enable the Committee to consider the matter further .

9.	EQUITY PROTECTION
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The Chair welcomed Simon and Kenneth Ettles, Aon to the meeting.

The Committee received a presentation on the Equity Protection. The Committee noted the current protection and the market outlook. The impact of Covid 19, future spikes in cases and any vaccine, the US election and Brexit would all impact on markets. Although markets were seen as weak, they were not as volatile as in recent months. Two parts of equity protection strategy would mature in January and March 2021 and the Committee would need to consider whether it wished to continue protection and if so the options available.

The Committee considered the Decision Framework which was designed to assist in the consideration of what to do when protection was due to expire. In response to questions, the Committee was reminded that equity protection was utilised to protect the funding position prior to the valuation in 2019. However, it was also noted that protection has been rolled forward to March 2023 to provide some stability between the valuation in 2019 and the next in 2022/23 to offset any significant rises in demands on the fund and the affordability of contribution payments.

It was noted that the Committee may wish to consider protecting US equities within the strategy.

RESOLVED	Reason for decision
That the Committee reflect on the information received and feedback to the Pension Fund Manager and that Aon produces a report on the type of protection, the level and how to fund this and	To consider equity risk management structure and continued protection.

on the impact of not continuing with current protection.	
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County Councillor P E Lewis (Chair)

**MINUTES OF A MEETING OF THE PENSIONS AND INVESTMENT COMMITTEE
HELD AT BY TEAMS ON THURSDAY, 3 DECEMBER 2020**

PRESENT

County Councillor P E Lewis (Chair)

County Councillors E A Jones, D H Williams and A W Davies

1.	APOLOGIES
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Apologies for absence were received from Councillors J Morris and T Van-Rees.

The non-voting members, Mr G Moore and Mr M Weale, were not in attendance.

2.	ELECTION OF CHAIR
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Resolved that County Councillor P Lewis be elected Chair for the ensuing year.

3.	ELECTION OF VICE CHAIR
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Resolved that County Councillor E A Jones be elected Vice Chair for the ensuing year.

County Councillor P E Lewis (Chair)

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

CYNGOR SIR POWYS COUNTY COUNCIL

Pensions and Investment Committee
11th December 2020

REPORT BY: Head of Finance

SUBJECT: Governance and Compliance Statement Review

REPORT FOR: Decision

1 Introduction

- 1.1 It is a requirement under regulation 55 of the Local Government Pension Scheme (LGPS) Regulations 2013, that the Powys Pension Fund sets out details of the delegation, management, operation and governance that it wishes to operate under.
- 1.2 The attached Governance and Compliance Statement has been updated on an interim basis to reflect current best practices, pending the completion of the Scheme Advisory Board's Good Governance Project, which is due to be completed soon. Following completion of that exercise it will be completely reviewed and presented again for approval at that time.

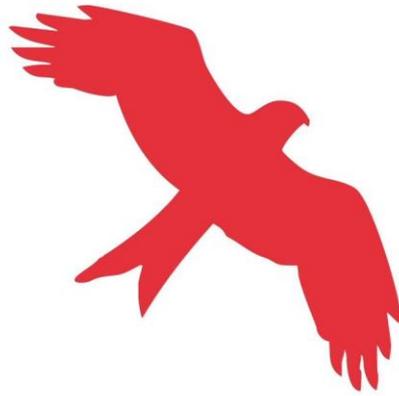
2 Recommendation

- 2.1 Committee are requested to approve the interim updated Governance and Compliance Statement, as required under the LGPS regulations.

Recommendation:		Reason for Recommendation:	
<ul style="list-style-type: none"> To approve the updated Governance and Compliance Statement 		As per report	
Person(s) To Action Decision:	Pension Fund Manager		
Date By When Decision To Be Actioned:		Immediately	
Relevant Policy (ies):	N/A		
Within Policy:	N/A	Within Budget:	N/A
Contact Officer Name:	Tel:	Fax:	Email:
Chris Hurst	01597 827640	01597 826290	churst@powys.gov.uk

Relevant Portfolio Member(s):	Cllr Aled Davies
Relevant Local Member(s):	N/A

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



Powys

**CRONFA BENSIWN
POWYS
PENSION FUND**

**GOVERNANCE POLICY AND
COMPLIANCE STATEMENT**

Reviewed November 2020
Approved #####

GOVERNANCE POLICY & COMPLIANCE STATEMENT

In accordance with the requirements of regulation 55 of the Local Government Pension Scheme Regulations 2013 (as amended), this document sets out details of the delegation, management, operation and governance of the Powys Pension Fund. In addition, the Pension Fund's governance arrangements are compared to the best practice guidance issued by Communities and Local Government on 21st July 2008 (see Appendix D). This statement has been updated on an interim basis ahead of a further review following the completion of the Scheme Advisory Board Good Governance Project.

1. Constitutional Arrangements.

- 1.1 The Powys Pension Fund is a local government pension fund. The primary legal frameworks are the Superannuation Act 1972 and the Public Service Pensions Act 2013, with operational matters being set out in regulations made thereunder.
- 1.2 Powys County Council is the administering authority for the Powys Pension Fund. The governance arrangements of the County Council (including the Constitution, Financial Regulations and Contract Standing Orders) apply to the management of the Pension Fund. In addition, the administering authority is assisted by the Powys Pensions Board which was established under the Public Service Pensions Act 2013.

2. Scheme of Delegation.

- 2.1 Powys County Council delegates its functions in relation to maintaining the Pension Fund to the Pensions & Investment Committee and the Section 151 Officer, in accordance with Appendices A and B to this Statement.
- 2.2 Day-to-day decisions in respect of the management of the Pension Fund and investment decisions that are required to be taken before the next Committee, are delegated to the Section 151 Officer, in consultation with the Chair and Vice Chair of Pensions & Investment Committee.
- 2.3.1 Powys County Council will appoint the voting members of the Pensions & Investment Committee. The Committee will consist of 6 voting members (1 of which will be the Portfolio Holder for Finance); 1 non-voting member representing Pension Fund employers (elected by those Pension Fund employers); and, 1 non-voting member representing pension scheme members (nominated by the recognised trade unions). A Pensions and Investment Committee meeting is

quorate with attendance from 25% of the voting membership, or no less than 3 in total.

- 2.3.2 The Pensions & Investment Committee will meet quarterly with additional special meetings and training workshops arranged as necessary.

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- 2.3.3 The Pensions & Investment Committee will be advised by the Council's Section 151 Officer, the Pension Fund's Investment Adviser (currently Aon Hewitt) and the Pension Fund's Actuary (currently Aon).
- 2.3.4 Members of the Pensions & Investment Committee will be required to undertake training and demonstrate competency in accordance with the Knowledge & Skills Framework Policy (Appendix C).
- 2.3.5 The minutes of the Pensions & Investment Committee will be reported to the County Council.

3. Powys Pensions Board.

- 3.1 Powys County Council established a local pension board on 21st January 2015 in accordance with the requirements of the Public Service Pensions Act 2013.
- 3.2 Powys County Council will appoint the independent chair of the Pensions Board. The Board will consist of 6 voting members in addition to the independent chair; 3 members representing Pension Fund employers (nominated by those Pension Fund employers); and 3 members representing pension scheme members (nominated by the recognised trade unions).
- 3.3 The Pensions Board will meet quarterly (either in advance or after each meeting of the Pensions & Investment Committee), with additional special meetings and training workshops as necessary. Pension Board meetings are open to the public.
- 3.4 The Pensions Board will be advised by the Section 151 Officer and any other Council Officers and professional Advisers and Consultants, as may be required.
- 3.5 Members of the Pensions Board will be required to undertake training and demonstrate competency in accordance with the Knowledge & Skills Framework Policy (Appendix C).
- 3.6 The minutes of the Pensions Board will be reported to the Pensions & Investment Committee and published on the Pension Fund's website. The Chair of the Board shall also produce an executive summary for the Pensions & Investment Committee after each Board meeting.

4. Consultation

4.1 The Pensions & Investment Committee will engage with stakeholders (including Pension Fund employers and trade unions) through the following:

- An annual general meeting for the main stakeholders.
- A triennial meeting between Pension Fund employers and the actuary to discuss the results of the actuarial valuation.

5. Review of this Statement

5.1 In accordance with the requirements of regulation 55(2) of the Local Government Pension Scheme Regulations 2013 (as amended), this Statement will be reviewed and published by Powys Pension Fund following any material changes.

6. Contacts

6.1 Any questions, queries or observations on this Statement should be addressed to:

Chris Hurst
Pension Fund Manager
Powys County Council,
County Hall,
Llandrindod Wells,
Powys
LD1 5LG

6.2 Further information about the Powys Pension Fund and the Local Government Pension Scheme, can be found on the Fund's website: www.powypensionfund.org

Appendix A

Functions Delegated to Pensions & Investment Committee

Pension Administration Functions

To appoint the Pension Fund's Actuary;

To receive the triennial actuarial valuation and such other valuations that may arise from time to time and set employers' contribution rates arising therefrom.

To monitor and review the overall arrangements for the administration of the Local Government Pension Scheme (LGPS).

To respond to consultations in respect of the LGPS.

To undertake the following functions of the LGPS:

- To act as Scheme Trustees in relation to the Powys County Council Additional Voluntary Contributions (AVC) Scheme
- To exercise the discretionary powers available to an administering authority under the provisions of the LGPS regulations
- To develop, publish and review policies as required by the LGPS regulations.

Investment Functions

To determine long-term investment policy.

To approve the Council's Investment Strategy Statement.

To review the Pension Fund's investment structure at least triennially, having regard to the Fund's liabilities and the advice of the Fund's Investment Adviser and the Section 151 Officer.

To appoint and dismiss investment managers, consultants and advisers, either independently or in conjunction with the WPP, as appropriate.

To review investment performance at least once every 3 months.

To receive and approve where required, documentation and updates from the Wales Pension Partnership (WPP).

The Chair will be required to sit on the Joint Governance Committee of the WPP.

To appoint the Fund's custodian for its assets and to periodically review custody arrangements.

To appoint the Performance Measurement Service for the Fund.

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General

To approve the annual budget and business plan.

To receive the annual accounts of the Pension Fund and any external audit comments related thereto;

To approve the Pension Fund Annual Report.

To receive internal audit reports on Pension Fund matters.

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Appendix B

Functions Delegated to Section 151 Officer

Pension Administration Functions

To manage the administration of LGPS.

To undertake the following functions of the LGPS:

- Award of Death Grants in accordance with the Council's agreed policy.
- Ensure compliance with the Pensions Act 1995
- Ensure compliance with relevant Finance Acts, in particular the meeting of HMRC Reporting Requirements
- Ensure compliance with the Public Service Pensions Act 2013.
- Ensure compliance with the statutory requirements imposed by The Pensions Regulator.

Investment Functions

To undertake regular monitoring and reconciliation of investments and to report matters of significance to the Pensions & Investment Committee.

To undertake tendering exercises for Fund services and Investment Managers in accordance with the Council's overall governance arrangements and the Pensions & Investment Committee's instructions and to present the Committee with shortlists for appointment.

To participate in and attend Officer Working Groups and Joint Governance Committee meetings of the Wales Pension Partnership.

General

To produce the Fund's Annual Report & Accounts in accordance with proper practice.

To authorise appropriate expenditure from the Fund.

To authorise cash or asset movements between the Council, the Fund, custodian and investment managers.

When necessary, the exercise of the Fund's voting rights by instruction to the investment managers and custodian, after consultation with the Chairman and Vice-Chairman of the Pensions & Investment Committee. The Pensions & Investment Committee has delegated the use of the voting rights attached to its shareholdings to the investment managers but retains a right to exercise those rights on its own account in exceptional circumstances.

The Section 151 Officer may authorise Officers in their service to exercise, on their behalf, functions delegated to them. Any decisions taken under this authority shall remain the responsibility of the Section 151 Officer and must be taken in their name and they shall remain accountable and responsible for such decisions.

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Appendix C

Knowledge and Skills Framework Policy

1 Introduction

- 1.1 This document sets out the policy of the Powys Pension Fund in relation to the knowledge and skills requirements that it places upon those serving as members of either:
- The Powys County Council Pensions & Investment Committee (being the principal decision-making and management body for the Powys Pension Fund), or
 - The Powys Pension Board
- 1.2 Commitment to this policy is an obligation placed upon those concerned as part of the discharge of their duties; as a matter of best practice and good governance.

2 Knowledge and Skills Framework

- 2.1 The Powys Pension Fund has adopted the CIPFA Knowledge and Skills Framework, as set out in the Code of Practice on pensions, in partnership with the Pensions Regulator. The Framework provides a roadmap to the knowledge and skills that should be held by those involved in the management and governance of the Powys Pension Fund, who are not themselves pension professionals. In addition, the Regulator provides access to relevant study and training materials.
- 2.2 All relevant Members will be assessed against the criteria set out in the Framework, as soon as possible following their appointment. This will be done by the completion of a Member Training Needs Self-Assessment Form.
- 2.3 On completion of the self-assessment form, the Section 151 Officer will assess the Member against the Framework criteria and determined what training is required to be completed and within what time period.
- 2.4 In total there are 6 areas of knowledge and skills that CIPFA have identified as the core technical requirements:
- pensions legislative and governance context
 - pensions accounting and auditing standards
 - financial services procurement and relationship management
 - investment performance and risk management
 - financial markets and products knowledge
 - actuarial methods, statements and practices.

3 Meeting Knowledge and Skills Needs

- 3.1 Identified knowledge and skills needs may be met by a variety of methods that will include, but are not restricted to:
- completion of specific modules in the e-Learning Public Service toolkit provided free online by the Pensions Regulator
 - attendance at external training events for pension trustees and/or board members
 - attendance at internal training events facilitated by Powys Pension Fund or Powys County Council
 - attendance at pension conferences, seminars and workshops that cover fund investment, scheme administration, fund governance, actuarial matters or other relevant areas.

4 Continuing Development

- 4.1 Pension fund matters do not stand still. Therefore, there will be a requirement to undertake continual development to remain up to date with general pensions and LGPS specific issues. The requirement is for all relevant Members, regardless of professional background, to undertake a minimum of 4 days continuing development in each scheme year (ending 31st March). In addition, there may be requirements to cover risks such as cyber security and data protection.
- 4.2 Completion of this requirement may be achieved by a range of attendances at, for example, LGPS Trustees Conference or LAPFF seminars.

5 Accountability and Transparency

- 5.1 Accountability and transparency are principles of good governance and best practice. Therefore, knowledge and skills needs, training and development undertaken and continuing development, will be monitored and recorded and published annually.
- 5.2 Failure by a Member to meet their obligations under this policy, may result in them being barred from serving on either the Pensions & Investment Committee or the Powys Pension Board, as applicable, and as determined by the Section 151 Officer.

Appendix D

Governance Compliance Statement

Principle A – Structure

	Level of Compliance				
	Non*				Full
a) The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council.					X
b) That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.					x
c) That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.					
d) That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.					
* Reason for non-compliance:- none					
Notes and explanations on the ratings given above:- c) There is no secondary Committee. d) There is no secondary Committee.					

Principle B – Representation

	Level of Compliance			
	Non*			Full
That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include :-				X
e) Fund employers				
f) Scheme members				x
g) Independent professional observers (where appropriate)	x			
h) Expert advisers	x			
i) That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision making process, with or without voting rights.				x
* Reason for non-compliance:- g) and h) These are not considered to be appropriate nor statutory requirements. However, professional expert advisers to the Pension Fund whilst not members, attend Pensions & Investment Committee.				
Notes and explanations of the ratings given above:- none				

Principle C – Selection and role of lay members

	Level of Compliance				
	Non*				Full
j) That committee members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.					x
k) That at the start of any meeting, committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda.					x
* Reason for non-compliance:- none					
Notes and explanations on the ratings given above:- none					

Principle D – Voting

	Level of Compliance				
	Non*				Full
l) The policy on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.					x
* Reason for non-compliance:- none					
Notes and explanations on the ratings given above:- There are no voting rights for either the representatives of other scheme employers and of scheme members on the Fund's Pensions & Investment Committee. Powys County Council takes the view that it is inappropriate for members of the Pensions & Investment Committee who are not elected members of the County Council to have decision-making powers in respect of a function for which the County Council, as the administering authority, is responsible.					

Principle E – Training / Facility Time / Expenses

	Level of Compliance				
	Non*				Full
m) That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.					x
n) That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.					x
o) That the administering authority considers the adoption of annual training plans for Committee and Board members and maintains a log of all such training undertaken.					x
* Reason for non-compliance:- none					
Notes and explanations on the ratings given above:- None.					

Principle F – Meetings (Frequency / Quorum)

	Level of Compliance				
	Non*				Full
p) That an administering authority's main committee or committees meet at least quarterly.					x
q) That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.					
r) That an administering authority who does not include lay members in their formal governance arrangements, must provide a forum outside of those arrangements by which the interests of key stakeholders can be represented.					
* Reason for non-compliance:- none					
Notes and explanations on the ratings given above:- q) there is no secondary committee.					
r) Such interests are represented on the Pensions & Investment Committee.					

Principle G – Access

	Level of Compliance				
	Non*				Full
s) That subject to any rules in the council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.					x
* Reason for non-compliance:- none					
Notes and explanations on the ratings given above:- None.					

Principle H – Scope

	Level of Compliance			
	Non*			Full
t) That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.				x
* Reason for non-compliance:- none				
Notes and explanations on the ratings given above:- None.				

Principle I – Publicity

	Level of Compliance			
	Non*			Full
u) That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements.				x
* Reason for non-compliance:- none				
Notes and explanations on the ratings given above:- None.				

CYNGOR SIR POWYS COUNTY COUNCIL**Pensions and Investment Committee
11th December 2020****REPORT BY: Head of Finance****SUBJECT: Governance and Administration Update**

REPORT FOR: Information

1 Introduction

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

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

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

2 Fund Governance and Administration**2.1 SAB/LGA Update**

These are covered in the following paragraphs.

2.2 **Guidance to support the new employer exit flexibilities.** With effect from 23 September 2020, the Local Government Pension Scheme (Amendment) (No.2) Regulations 2020 introduced increased flexibility when dealing with exiting employers and the ability to review employer contributions between valuations.

To implement the new employer flexibilities under regulation 58 (Funding Strategy Statements), work is underway on two sets of guidance for pension administration.

Firstly, MHCLG is preparing statutory guidance as a stand-alone addendum to the existing funding strategy statement guidance. The guidance will be high level and will cover what should be covered by policies in each area.

Secondly, the SAB is preparing a Guide to Employer Flexibilities.

Work is currently underway on the review of the Funding Strategy Statement.

2.3 **GAD survey**

On 12 September 2020, the LGA requested that administering authorities complete a survey from the Government Actuary's Department (GAD) by 20 September 2020. This was completed and submitted within the timescales.

2.4 **Revised GAD guidance**

With effect from November 1st 2020, revised guidance and factors became applicable for certain divorce, pension sharing, transfers and trivial commutations within the LGPS. This guidance has been adopted and the transfer factors implemented accordingly.

2.5 **GAD request for valuation data**

GAD have recently submitted their request for 2020 valuation data. As well as asking for data under the usual Universal Data Extract specification, the request included a brief questionnaire.

In light of this additional questionnaire, GAD will be extending the timeframe for returning data to the middle of November. The Powys Fund completed the data return and questionnaire within the timescales.

2.6 **Public sector exit payments cap**

The Restriction of Public Sector Exit Payments Regulations 2020 [SI2020/1122] ('the exit cap regulations') were signed on 14 October 2020 and the regulations came into force on 4 November 2020.

There is a conflict between the exit cap regulations and the LGPS regulations, when a scheme member aged 55 or over is made redundant and the total exit payment exceeds £95,000. The LGPS regulations require the member to take payment of an unreduced pension, but the exit cap regulations prevent the employer from paying the full strain cost.

The SAB obtained legal advice on the conflict between the LGPS regulations and the exit cap regulations. A commentary of that legal advice was published on 30 October 2020 on the [Public Sector Exit Payments](#) page of www.lgpsboard.org.

The commentary sets out the SAB's opinion on the course of action that presents the lowest risk when the cap is breached in respect of an LGPS member aged 55 or over. In SAB's view, the risks are lowest if:

- the LGPS administering authority offers the member a choice between deferred benefits or a fully reduced pension
- the LGPS employer delays payment of a cash alternative under regulation 8 of [The Restriction of Public Sector Exit Payments Regulations 2020](#)

This approach would allow the maximum flexibility for the administering authority and employer to minimise the financial risks associated with a legal challenge from the scheme member.

Other resources

The [Reform of Local Government Exit Payments](#) webpage is maintained by the LGA and provides up to date information for local government employers and includes:

- links to consultations and responses, regulations, draft regulations and guidance
- a summary of the HM Treasury Directions and Guidance that accompany the exit payment cap regulations
- a position statement on the exit payment cap for employers.

2.7 SF3 Data Published

On 4 November 2020, MHCLG published Local government pension scheme statistics (SF3 statistics) for England and Wales from 2019 to 2020. Highlights include:

- total expenditure of £13.4 billion, an increase of 5.6% on 2018/19
- total income of £16.0 billion, an increase of 2.6% on 2018/19
- employer contributions increased by 7.7% on 2018/19 to £7.7 billion
- employee contributions of £2.3 billion
- the market value of LGPS funds in England and Wales on 31 March 2020 was £272.4 billion, a decrease of 5.1%
- there were 6.1 million scheme members on 31 March 2020, 2.0 million active members, 1.8 million pensioners and 2.2 million deferred members
- there were 88,232 retirements in 2019/20, an increase of 5.7% compared with 2018/19.

2.8 The Pension Regulator (TPR) Updates

2019/20 Scheme Return. TPR have issued emails advising that the scheme return must be submitted by 15th December. At the time of writing this report, this is still outstanding, but it will be completed and returned ahead of the deadline.

2.9 Other updates

September 2020 rate of CPI. On 21 October 2020, the Office for National Statistics announced the Consumer Prices Index (CPI) rate of inflation for September 2020 as 0.5%.

Government policy in recent years has been to base increases under the Pensions (Increase) Act 1971 and revaluation of pension accounts under section 9 of the Public Service Pensions Act 2013 on the rate of CPI in September of the previous year. Confirmation from Government that the revaluation and pensions increase that will apply to LGPS active pension accounts, deferred pensions and pensions in payment in April 2021 will be 0.5%, is still outstanding.

3 Risk Register

3.1 The latest Risk register is enclosed for Committee's review.

4 Breaches Register

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

No new recordable or reportable breaches have been added since the last meeting. There has been a small increase in the number of unpaid frozen refunds. Work is continuing on actively locating these members and some payments have now been made.

5 Recommendation

5.1 To note the contents of this report.

Recommendation:		Reason for Recommendation:	
<ul style="list-style-type: none"> To note the update and raise any points of discussion or concerns to ensure that the Fund continues to focus on high standards of administration and governance. 		As per report	
Person(s) To Action Decision:	Pension Fund Manager		
Date By When Decision To Be Actioned:	Immediately		
Relevant Policy (ies):	N/A		
Within Policy:	N/A	Within Budget:	N/A
Contact Officer Name:	Tel:	Fax:	Email:
Chris Hurst	01597 827640	01597 826290	churst@powys.gov.uk

Relevant Portfolio Member(s):	Cllr Aled Davies
Relevant Local Member(s):	N/A

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	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. Cause: The backlog has occurred through the introduction of the new LGPS and the increased complexity around administration (aggregations, final salary links etc). An increase in the numbers of deferred pensioners who have left employment through reorganisations in recent months has also had an impact. Effect: although a breach, it is not considered material, as the information is not critical when making future decisions. Where a deferred member reaches retirement age their calculation will be completed at that point. This is a national issue for most funds across the LGPS.	New letter produced and issued to leavers upon notification of leaving, stating their entitlements upon leaving membership of the LGPS (i.e. under 2 years = refund, over 2 years = Deferred)	N	N	Y	N	
2	2018/19	Administration	Automatic payment of refund after 5 years for post 2014 leavers	Members have been contacted requesting bank details in order to pay refunds, however, no reply has been received from the scheme members. 46 members to 30.11.20	The National Technical Group has recommended to the SAB that the regulations in respect of refunds is amended and reflects the position prior to April 2014.	N	Y	Y	N	

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

Risk Register

Reporting Level	Risk Reference	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk				Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk			Notes
							P	P	I	Risk Rating					P	I	Risk Rating	
Tudalen 33	PEN001	01/11/2015		Pensions Administration	Failure to pay pensions and lump sums on time	Financial difficulty for the scheme member concerned, reputational risk to the Pension Fund, and additional cost to the employer where interest is payable as a result of late payment.	M	2	L	Low	Maintenance and update of Altair and Trent systems, sufficient staff resources and training. Quality assurance processes in place to check work done.	Pension Fund Manager	A Davies	Review of process as part of the ongoing review of pensions administration processes following the implementation of the 2014 Scheme.	M	L	Low	
	PEN002	01/11/2015		Finance	Failure to collect and account for pension contributions being paid over to the Fund on time by Fund employers.	Adverse audit opinion, potential delays to Fund employer FRS17/IAS19 reporting; and potential delay to production of annual report and accounts.	L	1	M	Low	Contributions received monitored on a monthly basis by Fund accounting staff.	Section 151 Officer	A Davies	Requirement that each end of scheme year, Fund employers certify that they have paid over contributions at the correct rates and on time.	L	M	Low	
	PEN003	01/10/2019		Finance	Insufficient Fund cashflow to meet liabilities as they fall due.	Immediate injections of cash from Fund employers would be required where Fund assets cannot be liquidated quickly. For now the Fund is cashflow positive but will not remain so for much longer, therefore requiring the use of investment income to subsidise the payment of pension benefits rather than being reinvested as now.	H	3	M	Medium	Funding strategy statement. Will this year (2020) commission Fund actuary to undertake a Fund cashflow forecast based on Fund maturity	Section 151 Officer	A Davies	Following completion of the fund actuary's cashflow forecast, review strategic asset allocation to ensure that cashflow remains positive (on a targeted and monitored basis) whilst at the same time ensuring that the Fund is not forced to liquidate assets on an unplanned basis.	M	M	Medium	
	PEN004	01/11/2015		Pensions Administration	Inability to deliver service as a result of loss of pensions administration system, or any other system used in the provision of service (eg. pensioner payroll). Failure of any system used by the service as a result of a breach of cyber security.	Immediate injections of cash from Fund employers would be required where Fund assets cannot be liquidated quickly. For now the Fund is cashflow positive but will not remain so for much longer, therefore requiring the use of investment income to subsidise the	L	1	L	Low	Business Continuity Plan for the Pensions administration service. Assurances received from all systems providers in relation to their current resilience to the threat of a failure in cyber security.	Pension Fund Manager	A Davies	Keep Business Continuity Plan under review. Periodic review by the Pension Board of provider assurances in respect of cyber security.	L	L	Low	
	PEN005	01/11/2015		Pension Fund	Inability to deliver service as a result of the loss of key personnel	Failure to provide service at all, or at an acceptable level	L	1	M	Low	Business Continuity Plan in place for the pensions administration service	Pension Fund Manager	A Davies	Keep Business Continuity Plan under review	L	M	Low	
	PEN006	01/11/2015		Pension Fund	Loss of funds through fraud or misappropriation	Financial loss to the Fund	L	1	M	Low	Internal and External Audit regularly test that appropriate controls are in place and are working effectively. Due diligence is carried out whenever a new investment manager is appointed.	Pension Fund Manager	A Davies	None	L	M	Low	

Risk Register

Reporting Level	Risk Reference	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk				Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk			Notes
							P	P	I	Risk Rating					P	I	Risk Rating	
Tudalen 34	PEN007	01/01/2015	FSS	Pension Fund	Significant rise in employer contribution rates for Fund employers with strong covenants, as consequence of increases in liabilities.	Employer contribution rates rise to unacceptable levels, putting upward pressure on Council Tax rates and the ability of Powys County Council to continue to deliver services to its communities.	L	1	M	Low	Employers have Discretionary Powers Policies that help to control liabilities. In reality, little can actually be done in mitigation due to the fact that liabilities are largely determined by bond yields that are outside of the Fund's control.	Pension Fund Manager	A Davies	Investigate further liability mitigations such as ill health strain insurance; developing guidance to assist employers to manage liability increases derived from their actions or inactions; and, work closely with the Fund actuary to determine appropriate valuation assumptions and deficit recovery strategies.	L	M	Low	
	PEN008	01/01/2015	FSS	Pension Fund	Significant rises in employer contribution rates for Fund employers with weak covenants as a consequence of increases in liabilities.	Employer contribution rates rise to unsustainable levels that cause employers to become insolvent	L	1	H	Medium	Employers have Discretionary Powers Policies that help to control liabilities. In reality, little can actually be done in mitigation due to the fact that liabilities are largely determined by bond yields that are outside of the Fund's control.	Pension Fund Manager	A Davies	In process of developing risk sharing arrangements to enable employers with weak covenants to attain a degree of certainty over the level of employer contribution rates.	L	M	Low	
	PEN009	01/01/2015	FSS	Pension Fund	Significant rises in employer contribution rates for employers with strong covenants as a result of poor/negative investment returns.	Employer contribution rates rise to unacceptable levels that result in Powys County Council and other Employers being unable to provide appropriate services for its communities.	L	1	M	Low	Use expert specialist consultants to help set and monitor investment strategy and investment manager performance and selection. Quarterly investment performance reports presented to	Pension Fund Manager	A Davies	Continual monitoring of performance; review of asset allocation strategy, including consideration of alternative asset classes and non-market led assets.	L	M	Low	
	PEN010	01/01/2015	FSS	Pension Fund	Significant rises in employer contribution rates for employers with weak covenants as a result of poor/negative investment returns.	Employer contribution rates rise to unsustainable levels that result in employers with weak covenants becoming insolvent.	L	1	H	Medium	Use expert specialist consultants to help set and monitor investment strategy and investment manager performance and selection. Quarterly investment performance reports presented to	Pension Fund Manager	A Davies	Continual monitoring of performance; review of asset allocation strategy, including consideration of alternative asset classes and non-market led assets.	L	M	Low	
	PEN011	01/01/2015	FSS	Pension Fund	Failure to comply with LGPS and other statutory regulations.	Payment of incorrect pension benefits; provision of incorrect benefit estimates; failure to comply with governance standards; failure to meet HMRC tax requirements. Resulting in: loss of customer satisfaction / confidence; IDRPs and Ombudsman appeals; TPR fines for non-compliance. Reputational Risk	H	3	L	Medium	Rigorous checking and authorisation procedures in respect of pension benefit calculations and payments; and, regular review of governance compliance policy. Staff training and development.	Pension Fund Manager	A Davies	Closer partnership working with employer payrolls to facilitate accurate data receipts; increased compliance oversight provided by Local Pensions Board.	M	L	Low	

Risk Register

Reporting Level	Risk Reference	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk				Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk			Notes
							P	P	I	Risk Rating					P	I	Risk Rating	
	PEN012	25/01/2016		Pensions Administration	Failure to hold scheme member's personal data securely.	Poor data quality; compromised data; fines	L	1	M	Low	Compliance with Powys County Council Data Protection and ICT policies, including reference to remote/home working as appropriate.	Pension Fund Manager	A Davies	Data protection audit in conjunction with TPR data quality standards to be undertaken regularly.	L	M	Low	
	PEN013	01/04/2015	TPR	Pension Fund	Failure to maintain and hold up to date and accurate pension records.	Payment of incorrect pension benefits; late payment of benefits; assessment of incorrect liability values. Resulting in loss of customer confidence and satisfaction; IDRPs and Ombudsman appeals; and, incorrect assessment of employer contribution rates.	M	2	M	Medium	Pensions team work with employer payrolls to ensure data quality; data validation checks undertaken by team at each year end; validation checks carried out at each actuarial valuation (triennially) by the Fund actuary. Staff training and development.	Pension Fund Manager	A Davies	Additional data validation and quality checks to be implemented as required by the TPR code of practice.	L	M	Low	
Tudalen 35	PEN014	25/01/2016	CIPFA	Pension Fund	Lack of expertise of Pension Fund Officers and Head of Service	Poor decision making in relation to principal functions of the Pension Fund, particularly in relation to investments.	L	1	H	Medium	Officers ensure that they receive appropriate training and are required to keep up to date with developments in pensions matters, as part of their periodic Individual Performance Reviews and by attending relevant conferences and seminars, by reading and through discussions with consultants and peers.	Pension Fund Manager	A Davies	Formalised Officer training via individual training plans based on the CIPFA 'Knowledge and Skills' framework, as is the the procedure for members of both Pensions & Investment Committee and the Pensions Board.	L	M	Low	
	PEN015	25/01/2016	CIPFA	Pension Fund	Over-reliance on key Officers	When senior Officers leave or are on long term sickness, large knowledge gaps remain.	M	2	H	Medium	In the short term, knowledge gaps can be filled by using our external colleagues from other Welsh Funds and buying in assistance from consultants.	Pension Fund Manager	A Davies	Formalise succession planning by including in Officer individual training plans for less senior Officers.	M	L	Low	
	PEN016	25/01/2016		Pensions Administration	Failure to communicate effectively with stakeholders.	Scheme members unaware of their rights under the LGPS and make poor decisions in relation to pension rights. Employers unaware of the scheme regulations, the procedures and their responsibilities, resulting in poor or inappropriate decision-making and may adversely effect the flow of pensions data to the Pension Fund.	L	1	M	Low	the Pensions Support Manager is tasked with responsibilities in relation to scheme and Fund communications, as part of their Job Description. In addition, the Fund has a clear communications policy as well as a regularly updated website.	Pension Fund Manager	A Davies	No further action proposed.	L	M	Low	

Risk Register

Reporting Level	Risk Reference	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk				Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk			Notes
							P	P	I	Risk Rating					P	I	Risk Rating	
	PEN017	26/01/2016		Pensions Administration	Failure to provide the pensions service in accordance with principles of equality.	Some stakeholders may be unable to access the service fully or at all. In the worst case scenario, this could result in court action against the Fund.	M	2	M	Medium	The Fund maintains a Welsh Language register in respect of scheme members and employers.	Pension Fund Manager	A Davies	To utilise technology to enable access to service and information for stakeholders with disabilities, other language needs etc.	L	M	Low	
	PEN018	01/01/2015	FSS	Pension Fund	Failure to collect payments due from ceasing employers with no active members.	Failure to collect cessation payments from ceasing employers results in relevant liabilities being funded by the Powys Pension Fund and the active employers.	L	1	M	Low	The Fund undertakes periodic reviews of the strength of employer covenants. For existing employers, the Fund requires that a guarantor, bond or 'risk sharing agreement' is in place. For all new employers, the Fund insists on either a guarantor or a bond being in place.	Pension Fund Manager	A Davies	No further action planned.	L	M	Low	
Tudalen 36	PEN019	25/01/2016	SAB	Pension Fund	Lack of expertise of members of Pensions & Investment Committee	Poor decision making in relation to all aspects of the Fund, particularly those in relation to investment.	M	2	H	Medium	The Fund adopts the CIPFA Knowledge and Skills Framework to inform its training plans for members of Pensions & Investment Committee (and the Pension Board).	Pension Fund Manager	A Davies	Rollout of individual training plans for all members. After each County Council election, specific training events are put on for new members elected to Pensions & Investment Committee.	L	H	Medium	
	PEN020	01/01/2015	FSS	Pension Fund	Pension Fund assets fail to deliver returns in line with the anticipated returns underpinning the valuation of liabilities over the long-term.	Increased employer contribution rates.	L	1	M	Low	Only anticipate long-term returns on a relatively prudent basis to reduce the risk of under-performance. Also monitors and analyses progress every three years for each employer. In addition, the Fund receives quarterly funding updates to help monitor the position.	Pension Fund Manager	A Davies	No further action planned.	L	M	Low	
	PEN021	01/01/2015	FSS	Pension Fund	Inappropriate long-term investment strategy.	Failure to meet funding objectives.	L	1	H	Medium	Use of a Fund specific benchmark, as recommended by the Fund's investment consultant.	Pension Fund Manager	A Davies	Nothing further planned	L	H	Medium	
	PEN022	01/01/2015	FSS	Pension Fund	Active investment manager under-performance relative to the benchmark.	Failure to meet funding objectives.	L	1	M	Low	Short-term (quarterly) investment monitoring analyses market performance and active managers relative to their index benchmark.	Pension Fund Manager	A Davies	Nothing further planned	L	M	Low	

Risk Register

Reporting Level	Risk Reference	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk				Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk			Notes
							P	P	I	Risk Rating					P	I	Risk Rating	
	PEN023	01/01/2015	FSS	Pension Fund	To permit deficits to be eliminated over a recovery period rather than immediately, introduces the risk that action to restore solvency is insufficient between successive measurements.	Increased employer deficit recovery payments.	L	1	M	Low	It is the practice to discuss every such situation with the Pension Fund actuary, for each individual employer. Moreover deficit recovery periods are generally restricted to no more than 25 years, or 40 years in very exceptional circumstances. Reviewed during triennial valuation	Pension Fund Manager	A Davies	No further action planned.	L	M	Low	
	PEN024	01/01/2015	FSS	Pension Fund	Permitting contribution rate changes to be introduced by annual steps rather than immediately, introduces a risk that action to restore solvency is insufficient between successive measurements.	Increased employer contribution rates.	L	1	M	Low	Each individual employer situation is discussed with the Pension Fund actuary, with stepping restricted to three years, or 6 years, in very exceptional circumstances. Reviewed during triennial valuations.	Pension Fund Manager	A Davies	No further action proposed.	L	M	Low	
Tudalen 37	PEN025	01/01/2016	FSS	Pension Fund	Pensioners living longer and, changing retirement patterns.	Increased employer contribution rates.	L	1	M	Low	Mortality assumptions are set with some allowance for future increases in life expectancy. The Fund actuary investigates these matters at each valuation or more frequently where appropriate. If significant demographic changes were to occur between valuations, the Pension Fund will advise employers accordingly and notify them of the likely impact on their contribution rates, reviewing bond values, as required.	Pension Fund Manager	A Davies	No further action proposed.	L	M	Low	
	PEN026	01/01/2016	FSS	Pension Fund	Deteriorating patterns of ill health or other early retirements.	Increase in employer contribution rates and deficit recovery payments.	L	1	M	Low	Employers are required to pay the capital costs of early retirements (pension strain), upfront for all cases. Ill health retirements and costs are monitored against Fund allowances.	Pension Fund Manager	A Davies	No further action proposed.	L	M	Low	

Risk Register

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

Risk Register

Reporting Level	Risk Reference	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk				Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk			Notes
							P	P	I	Risk Rating					P	I	Risk Rating	
Tudalen 39	PEN030	04/03/2016	LPB	Pension Fund	Insolvency of an investment manager investing Pension Fund assets.	A reduction in the capital value of the Fund; a loss of liquidity as creditors agree on distribution of assets; the costs of legal representation; and, reputational damage.	M	2	C	High	Diversification of investment managers; adherence to the limits for individual investment mandates as set out in the LGPS investment regulations; regular meetings with investment managers undertaken by the Fund's investment consultant; Statement on Standards for Attestation Engagements No. 16 internal controls are monitored on an annual basis; due diligence by investment consultants to ensure that custodians are used by each investment manager; equity investment mandates are invested in pooled funds; and, only well respected and researched investment managers are selected in the first place. De Dilligence carried out by Wales Pension Partnership and its advisers.	Section 151 Officer	A Davies	Increased investment manager diversification may be further facilitated by pooling via the Wales Pension Partnership. As agreed by P & I Committee on 9th February 2017, when entering into new contractual arrangements with investment managers, contract documentation is to be referred to the Fund's legal advisers for review and appropriate due diligence.	L	C	Medium	
	PEN031	04/03/2016	LPB	Pension Fund	Pooling of Pension Fund assets with other LGPS Pension Funds.	Investment of Fund Officer and Committee time and other resource with unknown outcomes; front loaded costs before potential savings are realised; potential loss of local accountabilities; and, the loss of the primacy of the Fund and its strategic needs.	M	2	M	Medium	Due diligence on all pooling proposals; full transparency of all pool proposals and costs; full participation of the Pension Fund in all pooling development.	Pension Fund Manager	A Davies	Pooling vehicles to be structured so that each participating Fund has full representation in the pool; the pool structure enables full strategic decisions to be retained by each individual Fund; and. economies of scale (based on experience to date) indicate that savings will be made by the Fund that will exceed initial costs.	L	M	Low	

Risk Register

Reporting Level	Risk Reference	Date Identified	Source	Service Area	Risk Identified	Potential Consequence	Inherent Risk				Current Controls	Risk Owner	Portfolio Holder	Proposed Further Actions / Controls	Residual Risk			Notes
							P	I	R	Risk Rating					P	I	Risk Rating	
	PEN032	10/03/2017	LPB	Pension Fund	An admitted body ceasing to exist with insufficient funding or level of a bond available to meet all its Fund liabilities.	Unfunded pension liabilities being orphaned without sufficient funding/guarantees in place, resulting on increased liabilities falling on other Fund employers.	M	2	L	Low	To seek funding guarantees wherever possible, from other Scheme employers or outside bodies. To require, in all cases, a bond or other form of security to protect the Fund in the case of unexpected cessation and insolvency. Ensuring that admitted bodies are fully aware of their obligations and responsibilities to the Pension Fund and the benefits of their employees.	Pension Fund Manager	A Davies	Regular review of admitted body covenants and financial health.	M	L	Low	
	PEN034	01/10/2019	LPB	Pension Fund	MIFID II ongoing compliance	Financial implications of not being treated as an institutional investor	H	3	H	High	Regular Review of MIFID Status	Pension Fund Manager	A Davies		M	M	Medium	
Judalen 40	PEN035	29/03/2020	LPB	Pension Fund	Pension Fund Personnel and/or key suppliers are unable to work due to extreme weather, fire, epidemics	Inability to deliver administration services or investment of the Fund. Impact of welfare of Pensions Section Staff.	H	3	H	High	Business Continuity Plan, assesment of Pensioner Payroll services. Electronic implementation of paperwork.	Pension Fund Manager	A Davies		M	M	Medium	#REF!
	PEN036	14/09/2020	LPB	Pension Fund	Appointment of new Pension Board Chair in Summer 2021 and additional Scheme Member/Employer representative	Non compliance with Public Services Pension Act. Challenge and scrutiny of the Pesions Regulator. Reduced standards of governance	H	3	H	High	Procurement and Appointment exercises required. Work with Commercial Services Team to proceed accordingly	Pension Fund Manager	A Davies		M	M	Medium	
	PEN037	14/09/2020	LPB	Pension Fund	Cessation of Pensions Administration Software Contracts	Falure to meet legislative requirements and administer the LGPS to scheme members. Risk of intervention by the Pensions Regulator, legal challenges, reputational risk	H	3	H	High	Rigorous procurement exercises required at the appropriate time to identify most suitable software provider. Work with Commercial Services Team to identify.	Pension Fund Manager	A Davies		M	M	Medium	

CYNGOR SIR POWYS COUNTY COUNCIL**Pensions and Investment Committee
11th December 2020****REPORT BY: Head of Finance****SUBJECT: Wales Pension Partnership Update**

REPORT FOR: Information

1 Introduction

- 1.1 This report aims to provide Committee with an update on the work undertaken on behalf of the Wales Pension Partnership (WPP), with regard to pooling investments in Wales.
- 1.2 The last Joint Governance Committee (JGC) meeting was held virtually on the 10th of December 2020 and a link to the agenda is available here:
- <https://democracy.carmarthenshire.gov.wales/ieListDocuments.aspx?CId=234&MId=3563&Ver=4>
- 1.3 The Pension Fund Manager and Financial Reporting & Policy Accountant continue to assist the Host Authority (Carmarthenshire County Council) and the WPP adviser, Hymans Robertson, with their respective roles, as well as representing the interests of the Powys Pension Fund on the Officer Working Group (OWG).

2 Summary of progress and ongoing work

- 2.1 Work has been continuing on the following items:
- Policy Review;
 - Governance;
 - Training

The public report pack, minutes and agenda from the latest JGC can be found [here](#).

- 2.2 In continuing efforts to increase and improve governance, a report has been presented to the JGC for consideration, regarding including the provision for a co-opted (non-voting) pension board scheme member representative on the JGC. If approved, this will require an amendment to the existing Inter Authority Agreement.

- 2.3 Training. The WPP held training on the progress of other LGPS pools and collaboration opportunities on the 24th of November. This was open to Officers and members of both Committees and Pension Boards. More training events will be announced soon.

3 Recommendation

- 3.1 To note the contents of this report.

Recommendation:		Reason for Recommendation:	
<ul style="list-style-type: none"> To note contents of the report. 		For information	
Person(s) To Action Decision:	Pension Fund Manager		
Date By When Decision To Be Actioned:			
Relevant Policy (ies):	N/A		
Within Policy:	N/A	Within Budget:	N/A
Contact Officer Name:	Tel:	Fax:	Email:
Chris Hurst	01597 827640	01597 826290	churst@powys.gov.uk
Relevant Portfolio Member(s):	Councillor Aled Davies		
Relevant Local Member(s):			

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