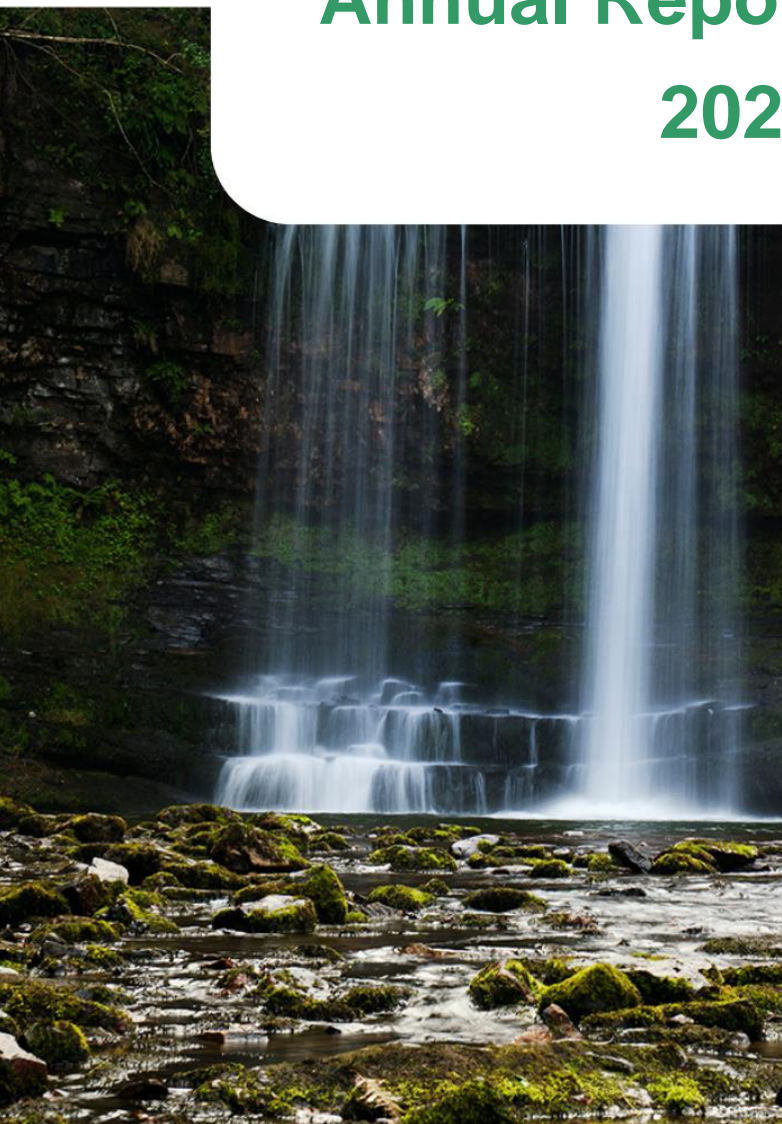


**Pension Fund
Annual Report & Accounts
2023/24**



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Chairman's Statement

I am pleased once again to be able to present to you the Annual Report of the Powys Pension Fund. This report covers the 12 months ending on the 31st of March 2024.

This past year has seen some developments in the allocations of the Fund, using some of the new sub-funds launched recently by the Wales Pension Partnership (WPP).

The WPP launched a Sustainable Active Global Equity sub-fund in June 2023, designed to meet the evolving sustainable objectives of the 8 Pension Funds in Wales. All 8 Funds in Wales made an investment into this sub-fund at launch, which shows the desire to invest sustainably from the Local Government Pension scheme in Wales.

The Fund has also made some investments into the WPP's infrastructure, private credit and private equity sub-funds, as it seeks to maximise the pooling opportunities where possible and ensure a diversified portfolio and strategy, that matches the risk and return appetite within the investment strategy.

The fund has again taken the decision to continue with the equity protection that it put in place ahead of the valuation at 31st March 2022. This strategy has helped the fund manage fluctuations in the stock market, whilst still maintaining a desired rate of return for the fund as set within the Investment Strategy Statement.

As has been the case over recent years, a significant focus for the fund this year has been on Responsible Investment and Climate Change. Work has continued on preparation for the Taskforce for Climate Related Financial Disclosures (TCFD). I am pleased that the WPP has retained its status as a signatory to the UK Stewardship Code, which demonstrates our commitment to this journey into a lower carbon economy.

In March 2024, The Pensions Regulator launched its General Code of Practice, which replaces the previous Code of Practice 14 that was applicable to public sector pension schemes and the Fund is working hard to ensure continued compliance with this new code.

As we look forward into the next year, we are expecting to increase allocations into private markets via the WPP's infrastructure, private credit and private equity sub-funds to meet the allocations as set out in the fund's Investment Strategy Statement.

I trust that you will find this year's report interesting and informative. Should you have any comments on this report or any aspect of the Pension Fund or the Local Government Pension Scheme, see Further Information for details of how to contact us.

Cllr Peter Lewis

Chair of the Pensions and Investment Committee

Overall Fund Management

Scheme Management and Advisors

Powys County Council is the administering authority for the Powys Pension Fund. The governance arrangements of the County Council apply to the management of the Pension Fund. In addition, the administering authority is assisted by the Powys Pension Board and the Pensions & Investment Committee.

Officers:

Mrs J Thomas (S.151 Officer and Director of Corporate Services)
 Mr C Hurst (Pension Fund Manager)
 Mr D Paley (Financial Reporting and Policy Accountant)

External Parties:

Actuary	AON
Asset pool	Wales Pension Partnership (Operator - Waystone)
Auditor	Audit Wales
AVC provider	Prudential , Standard Life & Utmost Life and Pensions
Bank	HSBC
Fund Custodian	The fund does not have a Fund Custodian.
Internal Audit	SWAP Internal Audit Services
Investment advisor	AON
Legal advisor	Borges Salmon
Investment Performance Reporting	Hymans Robertson LLP
Scheme administrator	Powys County Council

Investment Managers:

Abrdn	Private Equity
Adept	Hedge Fund of Funds
Aviva	UK Property
HarbourVest	Private Equity
Hermes	UK Property
Insight	Fixed Income
Schroders	UK Property
BlackRock	Passive Equity & Fixed Income

Assets Under Wales Pension Partnership

Equities & Bonds	Russell Investment	Sustainable Active Equity Fund Emerging Markets Equity Fund Global Credit Fund Multi-Asset Credit Fund Absolute Return Bond Fund
Private Markets	Waystone Management (UK) Ltd Russell Investments GCM Grosvenor CBRE* IFM Investors* Octopus Schroders Capital	Global Growth Equity Fund Private Credit Infrastructure (Closed-ended) Infrastructure (Open-ended) Infrastructure (Open-ended) Infrastructure (Open-ended) Private Equity

*Commitments have been made to each manager, but no drawdowns had been called at 31March 2024

Risk Management

The Fund uses a risk register to identify, manage and monitor risks to the Fund, in accordance with the Fund's Risk Management policy. The policy and risk register can be found under the heading Governance and Policies, with the following link.

<https://www.powyspensionfund.org/forms-and-publications/>

The Risk Management policy, together with the Investment Strategy Statement, highlights the Funds approach to risk, the assessment of risks and how they are managed. The Funding Strategy Statement which can be viewed [here](#) includes the key risks and controls in place to mitigate them.

The nature and extent of risks arising from financial instruments can be found in Note 22 on the Fund Account, Net Assets Statement and Notes section.

At year end investment managers are requested to provide SSAE16/70 or equivalent type reports for review. Our Investment Advisors provide quarterly reports in line with Committee meetings to update on investment activity and performance over the period.

Governance and Training

Pensions & Investment Committee

The Pensions & Investment Committee is the principal decision-making body for the Pension Fund, responsible for management, investment and administration issues. The Committee is governed by its constitution which sets out the Committee's authority, its membership and its overall mode of operation.

In accordance with the requirements of regulation 55 of the Local Government Pension Scheme Regulations 2013 (as amended), the [Governance and Compliance Statement](#) sets out details of the delegation, management, operation and governance of the Powys Pension Fund.

Members of the Committee are drawn from Powys County Council as the administering authority with the addition of two further (non-voting) members representing Fund Employers and Scheme Members. The Committee receives advice and guidance from both Officers of Powys County Council and external professional advisers.

Members in the year to 31 March 2024 were:

County Councillor P Lewis (Chair)
County Councillor E A Jones (Vice Chair)
County Councillor A Kennerley
County Councillor C Kenyon-Wade
County Councillor H Williams
County Councillor D Thomas
T Fretten (Fund Employers)
Vacant (Scheme Members)

Over the year the Committee met on 7 occasions. Dates of which can be seen [here](#). Member attendance can be viewed [here](#). Councillors are required to declare their interest at each meeting, these can also be viewed [here](#). The Fund also has its own Conflicts of Interest policy which is available [here](#).

During the 2023/24 year, members of the Committee have received over 100 hours of training delivered in a hybrid format via online seminars, webinars and conferences, covering a wide range of topics such as investments, governance, responsible investment, Climate change and specific asset classes. The Fund has a [Knowledge & Skills Framework Policy](#) and provides training in line with that by conducting an annual training needs assessment which helps formulate an annual training plan.

Summary Work Programme for the Fund

The Committee has considered the following items over the course of the year:

- Reviewing the Investment Strategy
- Restructuring the portfolio
- Taskforce for Climate Related Financial Disclosures
- Risk Management
- Cashflow
- Employer Performance
- Actuarial Procurement
- Legal Adviser Procurement

Oversight and Governance of the Wales Pension Partnership (WPP) is considered at the Joint Governance Committee of the WPP and discussed at each of the Powys Pension Fund Pensions and Investment Committee meetings.

Pension Board Report

1 Constitution, Representation and Attendance

- 1.1 The Powys County Council Local Government Pension Scheme (LGPS) Local Pension Board (“the Board”) was constituted under the Public Service Pensions Act 2013. As such, the Board is not a Committee of the Council.
- 1.2 It held its first meeting on 31 July 2015. From inception it consisted of two representatives of the Scheme employers, and two representatives of the Scheme members, all of whom are voting members. There is also a non-voting independent Chair. In 2020, Powys County Council approved the addition of two extra Board members, one each from scheme employers and from scheme members. During the year a vacancy for a scheme employer representative remained unfilled.
- 1.3 The Board met on five occasions during the year on the following dates: 3 May, 12 June, 29 September, 20 November 2023 and 9 February 2024. Four meetings were held virtually. Attendance was 57% of the theoretical maximum.

	03 May 2023	12 June 2023	29 Sep 2023	20 Nov 2023	09 Feb 2024
Gerard Moore: Independent Chair	✓	✓	✓	✓	✓
John Byrne: Scheme Member representative	✗	✗	✓	✗	✗
David Powell: Scheme Member representative	✓	✗	✓	✓	✗
Ian Jones: Scheme Member representative	✓	✓	✗	✓	✓
Debby Jones: Scheme Employer representative	N/A	N/A	N/A	✓	✓
Nigel Brinn*: Scheme Employer representative	✓	✗	✗	N/A	N/A
Graham Evans: Scheme Employer representative	✓	✓	✓	✓	✓
Scheme Employer (Vacant)	✗	✗	✗	✗	✗

*Nigel Brinn left on 28th October 2023 and was replaced by Debby Jones

- 1.4 Board meetings are open to the public, other than when considering exempt items.
- 1.5 To facilitate the operation of the Board, the Chair is invited as an observer to meetings of the Powys County Council Pensions and Investment Committee (“the Committee”).
- 1.6 The Board was delighted to virtually welcome Cllr. Roger Phillips, Chair of the LGPS Scheme Advisory Board to its meeting on 20 November 2023.

2 Functions and Operation of the Board

- 2.1 The two primary functions of a Local Pension Board (LPB) are to assist the Administering Authority to:
- ensure effective and efficient governance and administration of the LGPS;
 - ensure compliance with relevant laws and regulations.
- 2.2 It therefore has a monitor/assist/review/scrutinize purpose, and is not a decision-making body. It could be seen as being a critical but supportive friend. It sets its own agenda, can be selective and can probe particular topics in more depth than the Committee, which has a wider range of statutory responsibilities and decision-making. As such, the general approach of the Board is to seek assurances, with evidence from the Fund and external bodies, that the Fund is meeting its objectives, producing its required statements, managing its risks, etc. so as to achieve the overall objectives as set out in paragraph 2.1 above. The Board can and does commission its own reports, and where appropriate, makes recommendations to the Committee and to officers.
- 2.3 In so doing, the Board is helping manage the reputational risk of both the Fund and the Administering Authority. The LGPS in England and Wales has both the Department of Levelling Up, Housing and Communities (DLUHC) and the Pensions Regulator (TPR) as its regulators. The Administering Authority, and in extreme circumstances Board members, could be fined by TPR, which has other powers available, including producing Regulatory Intervention Reports. No such fines or reports from TPR have ever been issued to the Powys Pension Fund.
- 2.4 The Board is supported by the Board Secretary. The URL for current Terms of Reference is shown in paragraph 7.1.
- 2.5 In 2023/2024 the direct costs of operating the Board, covering travel and training expenses relating to Board members, and fees and expenses of the Independent Chair amounted to £31k. These costs do not include any indirect costs relating to officer time nor any apportioned costs for the use of the Council's premises, systems or services recharged to the Fund by the Council. There was a specific budget of £25k Board members are covered by indemnity insurance.

Detailed Work of the Board

3.1 Overview

- 3.1.1. This is the ninth Annual Report produced by the Board. Since their inception, Local Pension Boards have become increasingly visible and pro-active. There is dialogue among Board members between formal meetings, and particularly between the Board Chair and the Board Secretary. All Board members received regular updates of bulletins from TPR, the Scheme Advisory Board (SAB), DLUHC, Local Government Association (LGA) and other relevant sources.
- 3.1.2 There are effective communication links between the Board and the Committee, as the Board Minutes are presented to the Committee, and vice versa. At Committee, the Board Chair highlights any specific recommendations made by the Board, and what assurances it has gained on behalf of the Committee. I believe the “triangle of trust” between Committee, Officers and Board is firmly established. It is pleasing that governance and administration, which are the primary focus of the Board, also feature prominently on the Committee agenda.
- 3.1.3. As indicated, the main elements of the work programme of the Board are governance, and oversight of the pensions administration function, which is run by an in-house team. “Working from home” arrangements have been in place for many years, so the risks and revised working procedures required by the recent pandemic had already been identified, mitigated and managed. However, the nationwide adjustments to working arrangements have widened the catchment areas for LGPS pension administrators, so staff training, recruitment, retention, competitive wages and succession planning are increasingly important factors in the quest to maintain the high standards necessary in this increasingly-scrutinised activity area.
- 3.1.4 Amongst other objectives, the Board endeavours to help manage the reputational risk of the Fund. Such a focus seeks assurances that the Fund is complying with its responsibilities and obligations. The Board reviews the quarterly administration performance reports, and requests greater detail where necessary. Where appropriate, these reviews are extended to ensure that all scheme employers are similarly complying, as their complete, accurate, timely and secure supply of data is critical. Increasingly, data flows from employers are being made electronically, so data quality is expected to further improve. Provision of quality data prevents a chain reaction of poor key performance indicators, breaches of the law, inaccurate payment of pensions, inaccurate employer contribution rates and inappropriate investment decisions. As Board Chair, I attend the annual meeting with scheme employers. To further assist, the Board previews draft policies, statements and procedures, primarily from the viewpoints of process, consistency and communications, and makes appropriate recommendations. During 2023/24 the Board helped shape the draft Risk Management Policy.

3.2 Risk management

A separate Risk Register is produced for the Pension Fund. A detailed assessment of the likelihood of each risk occurring, and its impact, is now judged in the light of the existence of the Board as an additional scrutiny resource. Inherent risks, and then residual risks after mitigations, are given appropriate scores. Recently the Fund both

revised its formatting of the Risk Register and strengthened its procedures. The Board, on a rota basis, reviews one of the three pillars of the Risk Register, Governance, Administration and Investments, followed by an annual overview of all risks. The Board makes recommendations to the Committee. Consideration of any new risks remains as a standing item at the quarterly Board meetings. The Board has arranged occasional additional short ad hoc meetings to allow a deep dive on a particular subject.

3.3 The Pensions Regulator (TPR)

3.3.1 The Pensions Regulator monitors the LGPS on an ongoing basis and has, for example, highlighted delays across LGPS Funds in producing Annual Benefit Statements (ABS's). The Board was pleased to note that Powys Pension Fund once again produced its ABS's by the due date, but nevertheless continues to seek assurances that the next set will once again be delivered on time

3.3.2 The Board, with the Board Secretary, continuously conducts a phased review of the Fund against the standards and expectations of TPR. The Regulator's new General Code of Practice, to replace COP 14, came into law in March 2024 and transition to the General Code will represent a significant challenge for officers and the Board.

3.3.3 The Board monitors TPR's annual review of its priorities, and studies its guidance, intervention reports and the reasons behind any action it takes. TPR pays particular attention to data protection and cyber security. Like officers, elected and co-opted Members, the Board members complete the Council's annual examination in these critical areas.

3.3.4 TPR's Scheme Annual Return is a statutory, factual document for completion by the Fund. TPR measures and seeks annual improvements in data quality. Using 2018/2019 data as a baseline, the return shows percentages for completeness and accuracy of "common data" and "scheme specific data". Powys's most recent submission, for 2023, indicates figures of 98.3% for common data (2022 98.3%) and 93.37% for scheme specific data (2022 91.95%), representing continuing improvements. It is important to note that the Fund depends on timely submission of accurate data from all employers to ensure accurate calculations of benefits due. Other examples of its importance are for McCloud calculations, the calculations of employer contributions, Guaranteed Minimum Pension (GMP) figures, and in due course, to provide data for Pension Dashboards. Whilst data quality for Powys is at a high level, nevertheless a Data Improvement Plan is maintained, reviewed and monitored by the Board.

3.4 Reporting and Recording Breaches

The Board, and all associated with the Fund, other than individual scheme members, have a responsibility to report significant breaches of the law to TPR. The Fund uses the four criteria set out by TPR to determine what is significant. To date no recorded breaches have been deemed to be of material significance to the TPR, hence no breaches have been formally reported via the Administering Authority. A fast-track reporting system is in place for reporting breaches (those of material significance to TPR) in a timely manner.

The Board reviews any recorded breaches of the law as a quarterly standing item. The two specific areas of recorded breaches are worthy of mention. Firstly, cases of non-payment of “frozen refunds”, for which the Fund still awaits receipt from third parties of all necessary information to enable payments to be made. This is a challenging task for all LGPS Funds, with an anticipated change of legislation required to provide the solution. Secondly, the Fund accepts it delayed notification of deferred benefits to certain scheme members. However, this is, for most scheme members, regarded as a non-urgent task, and application of the four criteria does not deem this breach to be reportable.

Nevertheless the Board continues to seek assurances regarding the underlying processes and procedures which are pertinent to the identification of potential breaches. One key area subject to rigorous monitoring concerns oversight of the timely payment of employer and scheme member contributions by scheme employers to the Fund. The Fund now encourages more efficient electronic payment methods than employers sending their contributions by cheque.

3.5 Scheme Advisory Board (SAB)

In setting its Work Programme, the Powys Board takes into account the focus and priorities of the SAB, whose minutes it receives. The SAB regularly issues guidance and recommends good practice to pension funds. The SAB also produces an Annual Report encompassing combined data across all LGPS Funds in England and Wales, which is made available to Board members.

3.6 Review of Investment Issues

Whilst the majority of the Board’s work focuses on administration and governance issues, investment issues are not ignored.

- 3.6.1 As is expected under the relevant Investment Regulations, the Board continues to monitor the on-going consideration and development of an appropriate strategy for responsible investment, as reflected in the Fund’s Investment Strategy Statement, and will monitor progress on climate-related financial disclosures. March 2024 saw the first Committee meeting dedicated to Responsible Investment, at which the Board Chair was present.
- 3.6.2. The Board continues to receive updates on progress by the Wales Pensions Partnership (WPP) on the pooling of assets. The Chairs of the eight Pension Committees make up the Joint Management Committee of WPP, which meets quarterly.
- 3.6.3 The eight Chairs of the Wales Pension Boards participate in half yearly engagement meetings with WPP’s host authority, including with external providers. This allows scrutiny of WPP’s activities and procedures.
- 3.6.4 The Board keeps a watchful eye on on-going compliance with MiFID II, particularly should there be any changes of key staff with investment expertise, or in membership of the Committee, which is responsible for decisions on assets of some £834m. The assets held by the Fund consist of multiple and increasingly complex and diverse asset classes. Consequently there are significant training requirements for all

Committee Members, which also include training on the understanding and monitoring of the Fund's liabilities as well as its assets.

3.6.5 The Board receives reports on cash flow predictions. These help the Board gain assurances that pensions and lump sums will continue to be paid on time, and that cash management arrangements are sufficiently flexible both to avoid any forced fire-sale of assets and to have cash available when called up by the investment managers.

3.7 Scheme documents

3.7.1 The Board examines the range of scheme documents expected to be in place, and with which Board members are expected to be conversant. All relevant documents are listed and accessible on the Fund's website.

3.7.2 The Board pays regard to those standard letters and documents which are sent to scheme members and has made recommendations regarding their content. Particular focus is given to the ever-present dangers of pension scams.

3.8 Engagement with s151 Officer

As Board Chair, it may occasionally be appropriate to make specific suggestions to Powys County Council's s151 Officer to help further improve standards. One recommendation during the year resulted in a recent training event for Committee and Board Members regarding monitoring investment performance.

In addition, I hold an annual discussion with Section 151 Officer. Appropriate assurances have been given to the Committee regarding the resourcing of the Pensions Team in the light of the additional administrative burdens arising from actual and anticipated legislative changes and guidance.

4. **Ensuring Compliance with Regulatory Deadlines.**

4.1 A key component of the Board's agenda is ensuring compliance with regulatory deadlines, some of which represent an annual requirement, whilst others relate to the effective dates of adopting new legislation, regulations and guidance. In all cases timely progress reports are received, with the Board considering whether any recommendations are needed to help ensure that deadlines are met.

4.2 Annual deadlines include producing Annual Benefit Statements (ABSs) for active members, Pension Savings Statements, submitting the Scheme Annual Return to the TPR, SP3 submission and publication of the Pension Fund Annual Report and Accounts. During the year, the Fund complied with all relevant deadlines.

5. **Training**

5.1 Each Board member must be conversant with the details of the Scheme, which translates as having a good working knowledge. New Board members receive one to one training with the Board Chair, plus a comprehensive training plan.

5.2 The training policy for all Board members is based on an individual training needs analysis and is therefore being individually tailored. This allows use of both the CIPFA Framework and TPR Toolkit. Board members are informed of external training

opportunities and are encouraged to participate in at least two such seminars or conferences each year. Full training records are maintained.

- 5.3 Board members are invited to internal training events provided for Committee members which are often targeted to specific issues or asset classes, and can attend on-line investment training courses provided by WPP.
- 5.4 A communications log is maintained of all relevant guidance and regulatory updates and documents received and distributed to Board members, to ensure that their knowledge and skills are kept up to date, and to monitor the Fund's compliance with the associated changes.
- 5.5 As Independent Chair, I attend many industry events, and am able to share some of the learning outcomes with Board members, thus adding informal training to the range of opportunities available to the Board. I undertook a substantial amount of Continuing Professional Development during the year.

6. Workplan

- 6.1 A more formal work plan for 2024/2025 will include the following activity areas:
- Pension Fund Annual Report and Accounts, including TCFD data.
 - Administration: including improved Key Performance Indicators, the Data Improvement Plan and, potentially, Value for Money studies
 - internal and external audit reports
 - audit and risk management, including the Risk Register
 - governance: including conflicts of interest, compliance with the regulations, TPR's new General Code of Practice, and monitoring recorded and, where appropriate, reported breaches
 - preparation for implementing the DLUHC guidance on the Good Governance Project, Pension Dashboards and other developments
 - investments: including on-going developments at WPP and implications for Administering Authorities
 - overview progress on responsible investments and the Stewardship Code
 - monitoring compliance with external deadlines such as ABSs
 - member communications
 - on-going reviews of cyber security, GDPR (data protection) and managing the threats from pension scams
 - participating in and learning from relevant surveys, e.g. of SAB and TPR.
 - a review of the Forward-Looking Business Plan
 - revised information regarding cash flow projections and monitoring
- 6.2 The above represents a challenging list. There is flexibility to allow for any additional reviews and developments. As indicated, the Board may call additional short but focussed on-line meetings to supplement its quarterly meetings.

7. Public accountability

- 7.1 As well as being open to the public, the agendas, minutes and the Board's Terms of Reference are available on the Fund's website at the following address:
<https://www.powyspensionfund.org/about-the-scheme/about-the-pension-fund/local-pension-board/>

Thanks.

This represents my final Annual Report of Powys Pension Board, as I shall be stepping down on 31 July 2024, having served nine years in the role, which has been both a privilege and a pleasure. I am grateful to all my past and current Board members, who have volunteered their time and energies in their roles since our initial meeting in July 2015. I also thank the Board Secretary, the Chair of the Pensions & Investments Committee, the s151 Officer, and the Cabinet Manager and team, for their timely and effective support given to the Pensions Board. Finally, I pay tribute to the Pensions Administration Team for their sterling determination to continue to ensure that benefits are paid accurately and in a timely way, notwithstanding the difficulties presented by increased membership, increased legislation and increased complexity.



Gerard Moore
Independent Chair
Powys County Council LGPS Local Pension Board 2015 - 2024
24 May 2024

Financial Performance

Overview

The main movements between years can be attributed to increases in the market value of the investments. The movements in non-investments assets and liabilities can be found in Note 12: Current Assets and Liabilities of the accounts. The Fund's return for the year to 31 March 2024 was 7.5%, an increase from last year's return of -4.7% but lower than the benchmark figure of 11.5%.

At the last valuation it was determined that the aggregate Employer total contribution rate required to restore the funding ratio to 100% using a recovery period of 13 years from 1 April 2023 is 23.2% of pensionable pay. In 2023-24, 86% of contributions & 84.8% of contributions data were received in timely manner.

The major income and expenditure and non-investment assets and liabilities can be found in section: Fund Account, Net Assets Statement and Notes.

A breakdown of Administration expenses is as follows.

2022/23 £'000		2023/24 £'000
630	Staff Costs (Direct)	660
156	Staff Costs (Internal Recharges)	162
7	Premises	9
4	Transport	1
228	Supplies & Services	186
177	IT	417
8	Third Party Payments	16
58	Other Administration Costs	29
1,268		1,480

Analysis of Overpayments and Write Offs

The Fund has an [Overpayment Policy](#) and the following has been recorded and actioned in line with that policy.

	2023/24	
	Amount (£)	Cases
Amounts under £250	1,222.21	18
Overpayments recovered	3,126.95	3
Amounts Written Off	1,222.21	18

Fraud

The Fund participates in the National Fraud Initiative, a data matching exercise to detect and prevent fraud and overpayments. The initiative, which is organised by the Audit Commission, requires the provision of details of pensioners to compare against data provided by other public bodies to ensure:

- Pensions are not paid to persons who are deceased or no longer entitled to them
- Occupational pension income is declared when any benefits are applied for.

Participation in the latest exercise revealed no cases of overpayments as a result of fraud.

In February 2024, the Fund carried out a proof of life exercise for overseas pensioners.

Fund Account, Net Assets Statement and Notes

Statement of Responsibilities for the Pension Fund Accounts

The Council's Responsibilities as Administering Authority

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. For Powys County Council, that officer is the Section 151 Officer.
- Manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets.
- Approve the Pension Fund Accounts.

These accounts were approved by Governance and Audit Committee.

Signature:  Date: 20th November 2024

Governance and Audit Committee Chair

Section 151 Officer Responsibilities

The Section 151 Officer is responsible for the preparation of the Pension Fund's Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("the Code of Practice"). These accounts are required to present a true and fair view of the financial position of the Fund at the accounting date and its income and expenditure for the year.

In preparing the Pension Fund Accounts, the Section 151 Officer has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the Code of Practice.

The Section 151 Officer has also:

- Kept proper accounting records which were up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the Section 151 Officer on the Accounts of Powys County Council Pension Fund for 2023/24.

I certify that the pension fund accounts present a true and fair view of the financial position of Powys County Council Pension Fund as at 31 March 2024 and its income and expenditure for the year then ended.

Signature:  Date: 20th November 2024

J Thomas, S.151 Officer and Director of Corporate Services

Net Assets Statement

2023 £'000		Note	2024 £'000
777,087	Investments	13	819,034
3,179	Current Assets	14	15,444
(395)	Current Liabilities	14	(942)
779,871	Net Assets as at 31 Mar		833,536

The Funds financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is shown in Note 21.

The accounts show cash held with the Investment Managers as investments as recommended in the Statement of Recommended Practice, Financial Reports for Pension Schemes.

Pension Fund Account

2022/23 £'000		Note	2023/24 £'000
	Contributions and benefits		
(31,680)	Contributions receivable	6	(33,118)
(2,146)	Transfers in	7	(2,717)
(33,826)	Total income		(35,835)
30,479	Benefits payable	9	34,133
1,249	Payments on account of leavers	10	2,888
31,728	Total expenditure		37,021
(2,098)	Net (additions)/withdrawals from dealing with members		1,186
(2)	Other income	8	(2)
5,937	Management expenses	11	6,305
3,837	Net (additions)/withdrawals		7,489
	Returns on investments		
(5,732)	Investment income	12	(5,000)
40,391	Changes in the market value of investments	13	(56,154)
34,659	Net (profit)/loss on investments		(61,154)
38,496	Net (increase)/decrease in the fund		(53,664)
818,367	Opening net assets		779,871
779,871	Closing net assets		833,536

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Note 1: Description of Fund

The Powys Pension Fund (the fund) is part of the LGPS and is administered by Powys County Council.

General

The scheme is governed by the Public Service Pensions Act 2013. The fund is administered in accordance with the following secondary legislation:

- the Local Government Pension Scheme Regulations 2013 (as amended)
- the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

It is a contributory defined benefit pension scheme providing pensions and other benefits for pensionable employees of Powys County Council and a range of other scheduled and admitted bodies within the county area. Teachers, police officers and firefighters are not included as they come within other national pension schemes. The fund is overseen by the Pension & Investment Committee, which is a committee of Powys County Council.

Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the Powys Pension Fund include the following:

- scheduled bodies, which are automatically entitled to be members of the fund
- admitted bodies, which participate in the fund under the terms of an admission agreement between the fund and the employer

Membership details are set out in the administration section of this Annual Report.

Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the fund in accordance with the Local Government Pension Scheme Regulations 2013 and ranged from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2024. Employers' contributions are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2022. Currently, employer contribution rates range from 13.3% to 27.8% of pensionable pay (this excludes secondary lump sum payments calculated to address deficits at the valuation date).

Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is updated annually in line with the

Consumer Prices Index. A range of other benefits are also provided including early retirement, disability pensions and death benefits, as explained on the Fund's [website](#).

Note 2: Basis of Preparation

The financial statements have been prepared in accordance with the requirements of the 2023/24 CIPFA Code of Practice on Local Authority Accounting in the United Kingdom which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The financial statements summarise the transactions of the scheme and deal with the net assets at the disposal of the trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the scheme year. The actuarial position of the scheme, which does take account of such obligations, is dealt with in the statement by the actuary included in the annual report and these financial statements should be read in conjunction with it.

Note 3: Accounting Policies

Contributions and Benefits

Contributions are accounted for on an accruals basis. Benefits payable represents the benefits entitlement up to the end of the reporting period.

Transfers to other Schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with The Local Government Pension Scheme Regulations.

Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

Transfers in from members wishing to use the proceeds of their additional voluntary contribution to purchase scheme benefits are accounted for on a receipts basis and are included in Additional Contributions.

Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

Refunds to Leavers

These are accounted for when due.

Investment Management Expenses

Each fund manager receives a fee for their services based on the market value of the assets they manage.

Investment Income

Interest Income

Interest income is recognised in the fund account as it accrues.

Distributions from Pooled Funds

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

Change in Market Value

Changes in market value of investments comprise reinvested investment income and all realised and unrealised profits/losses during the year.

Foreign Currency Transactions

Assets and liabilities held in a foreign currency are translated at the rate of sterling quoted at year-end. Income and expenditure arising during the year is translated into sterling at the rate quoted on the date of receipt or payment. Resulting exchange gains or losses are recognised through the revenue account.

Valuation of Assets

No property is directly held by the Fund. The market value used for quoted investments is the bid market price ruling on the final day of the accounting period. Fund Managers value unquoted securities at the year-end in line with generally accepted guidelines to ascertain the fair value of the investment. Change in Market value also includes income, which is reinvested in the fund, net of applicable tax. Fixed interest securities are recorded at net market value based on their current yields. Fair value for limited partnerships is based on the net asset value ascertained from periodic valuations provided by those controlling the partnership. It is not the intention of the fund to dispose of unquoted investments before maturity.

Cash and Cash Equivalents

Cash comprises cash in hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to cash and that are subject to minimal risk of changes in value.

Taxation

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

Financial Assets

Financial assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of the asset are recognised in the fund account.

Financial Liabilities

The Fund recognises financial liabilities at fair value as at the reporting date. A financial liability is recognised in the net assets statement on the date the fund becomes party to the liability. From this date, any gains or losses arising from changes in the fair value of the liability are recognised by the Fund.

Actuarial present value of promised retirement benefits

The actuarial value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards. As permitted under IAS 26, the Fund has opted to disclose the actuarial value of promised retirement benefits by way of a note to the net assets statement (note 21).

Administrative Expenses

All staff costs of the pension administration team and other overheads are apportioned to the fund in accordance with Council policy.

Contingent Liabilities

Contingent liabilities are possible liabilities whose existence will only be confirmed by future events and are not recognised until the realisation of the loss is virtually certain.

Additional Voluntary Contributions (AVC's)

Members of the Pension Fund may make additional voluntary contributions (AVCs) in order to obtain improved benefits on retirement. The AVC investments are excluded from the Financial Statements of the Powys Pension Fund, in accordance with section 4(1)(b) of the Local Government Pension Scheme (Management & Investment of Funds) Regulations 2016 but are disclosed as a note only (Note 16).

Note 4: Critical Judgements in Applying Accounting Policies

Unquoted Private Equity, Private Credit and Infrastructure Investments

It is important to recognise the subjective nature of determining the fair value of private equity, private credit and infrastructure investments. They are inherently based on forward looking estimates and judgements involving many factors. Unquoted private equity, private credit and infrastructure investments are valued by the investment managers using acceptable guidelines. The value of these investments as at 31 March 2024 was £80.1m (31 March 2023: £60.4m).

Pension Fund Liability

The pension fund liability is calculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS 19. Assumptions underpinning the valuations are agreed with the actuary and are summarised in the statement of the actuary. This estimate is subject to significant variances based on changes to the underlying assumptions.

Note 5: Assumptions made about the future and other major sources of estimation uncertainty

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, salary increases, changes in retirement ages, mortality rates and returns on fund assets. A firm of consulting actuaries is engaged to provide the fund with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. However, the assumptions interact in complex ways.
Level 3 Investments	Level 3 investments are not publicly listed and as such there is a degree of estimation involved in the valuation. Valuations at 31 March may not fully reflect the performance of the vehicles underlying portfolio of investments.	The total value of Level 3 investments is £165,631k as at 31 March 2024. There is a risk that this investment may be under or overstated in the accounts.

Note 6: Contributions Receivable

2022/23 £'000	By Category	2023/24 £'000
25,389	Employers	26,233
6,291	Employees	6,885
31,680		33,118

2022/23 £'000	By Authority	2023/24 £'000
29,810	Powys County Council (administering body)	31,348
1,057	Scheduled bodies	1,110
813	Admitted bodies	660
31,680		31,118

2022/23 £'000	By Type	2023/24 £'000
21,826	Employers normal contributions	23,544
6,291	Employees normal contributions	6,885
149	Employers additional contributions	312
3,414	Employers deficit reduction contributions	2,377
31,680		31,118

Note 7: Transfers In

2022/23 £'000		2023/24 £'000
2,146	Individual transfers from other schemes	2,717

Note 8: Other Income

2022/23 £'000		2023/24 £'000
2	Administration	2
2		2

Note 9: Benefit Payable

2022/23 £'000		2023/24 £'000
25,500	Pensions	28,258
4,301	Commutations and lump sum retirement benefits	4,817
678	Lump sum death benefits	1,058
30,479		34,133

Benefits can be further analysed as follows:

2022/23 £'000		2023/24 £'000
26,233	Powys County Council (administering authority)	29,235
2,702	Scheduled bodies	2,917
1,544	Admitted bodies	1,981
30,479		34,133

Note 10: Payments to and on Account of Leavers

2022/23 £'000		2023/24 £'000
130	Refunds to members leaving service	93
1,119	Individual transfers to other schemes	2,795
1,249		2,888

Note 11: Management Expenses

Reclassified		
2022/23 £'000		2023/24 £'000
1,268	Administration expenses	1,480
4,183	Investment management expenses (see Note 11a)	4,277
486	Oversight and governance costs	548
5,937		6,305

Expenses paid for investment advice £149k in 2022/23 have been reclassified from investment management expenses to oversight and governance costs. Expenses totalling £152k relating to the Wales Pension Partnership have been reclassified from administration expenses to oversight and governance in 2022/23.

Note 11a: Investment Management Expenses

Restated 2022/23 £'000		2023/24 £'000
14	Bonds	16
18	Equities	18
1,330	Wales Pension Partnership	1,094
350	Pooled Property investments	319
1,004	Private Equity	1,250
1,368	Hedge Funds	1,466
99	Derivatives	114
4,183		4,277

Restatement - Expenses paid for investment advice £149k has been reclassified as oversight and governance costs in 2022/23 (£197k in 2023/24).

Wales Pension Partnership investments expenses in 2022/23 includes underlying manager fees totalling £662k which should not have been included in this table. This feeds through to the table in Note 13 Investments, change in market value. No adjustment has been made to reflect this in the tables.

Note 11b: Wales Pension Partnership

2022/23 £'000	Wales Pension Partnership	2023/24 £'000
582	Fund Manager Fees	658
43	Transaction Fees	334
43	Custody Fees	46
-	Interest Payable on Equalisation	56
668	Investment Management Expenses	1,094
158	Oversight and Governance Costs	226
826		1,320

Included in Note 11a Investment Management Expenses are fees payable to Waystone (the WPP operator) and include fund manager fees (which also includes the operator fee and other associated costs), transactions costs and custody fees. These costs are based on each Fund's percentage share of WPP pooled assets and are deducted from the Net Asset Value. Underlying manager fees are not included in this table.

The Oversight and Governance costs are the annual running costs of the pool which are made up of the host authority costs and other external advisor costs. These costs are funded equally by all eight of the local authority Pension Funds in Wales.

Note 12: Investment Income

2022/23 £'000		2023/24 £'000
(26)	Interest on cash deposits	(85)
(493)	Pooled property investments	(490)
(5,213)	Private equity income	(4,414)
-	Other	(11)
(5,732)		(5,000)

Note 13: Investments

	Value as at 1 Apr 23	Purchases at Cost	Sales Proceeds	Fees included in NAV	Cash Movement	Change in Market Value	Value as at 31 Mar 24
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Bonds	232,405	12,000	(23,624)	(265)	-	7,612	228,129
Equities	322,024	129,344	(173,135)	(516)	-	64,263	341,980
Property	53,942	-	(2,267)	(315)	490	(2,686)	49,164
Private Equity	60,372	8,481	(6,534)	(1,302)	4,413	(1,126)	64,304
Private Credit	-	5,307	-	(177)	(820)	205	4,514
Hedge Fund of Funds	99,261	-	-	(1,466)	-	7,089	104,884
Derivatives (Options)	699	-	-	-	-	(20,098)	(19,399)
Infrastructure	-	11,084	-	(138)	-	381	11,327
Cash & Short Term Investments	8,384	57,133	(31,900)	-	-	514	34,131
	777,087	223,349	(237,460)	(4,179)	4,083	56,154	819,034

	Value as at 1 Apr 22	Purchases at Cost	Sales Proceeds	Fees included in NAV	Cash Movement	Change in Market Value	Value as at 31 Mar 23
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Bonds	269,097	34,456	(45,045)	(751)	-	(25,352)	232,405
Equities	335,458	92,200	(92,201)	(605)	-	(12,828)	322,024
Property	68,842	-	(4,144)	(381)	493	(10,868)	53,942
Private Equity	62,723	9,416	(8,475)	(992)	5,200	(7,500)	60,372
Hedge Fund of Funds	59,615	35,000	-	(1,367)	-	6,013	99,261
Derivatives (Options)	(11,411)	-	-	-	-	12,110	699
Cash & Short Term Investments	10,896	-	(546)	-	-	(1,966)	8,384
	795,220	171,072	(150,411)	(4,096)	5,693	(40,391)	777,087

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year. Some transaction costs are included in the cost of purchases and sales proceeds. Transaction costs include costs charged directly to the scheme such as fees, commissions, stamp duty and other fees. These transaction costs incurred in the year are incurred through the bid-offer spread on investments within pooled investment vehicles. All equity investments held by the Fund are in unitised funds.

The notional value of the Derivative options as at 31st March 2024 is £234m.

Derivatives Summary

Investment Objective

The investment objective is to hedge against the Fund's underlying exposures as may be communicated to the Investment Manager.

Investment Policy

The Investment Manager will seek to achieve the Fund's investment objective by investing in including but not limited to put and call options. Whilst the Base Currency is Sterling, the manager may invest in non-Sterling denominated assets which may not necessarily be hedged back into Sterling.

The investments may or may not be listed on recognised exchanges and markets and will be without restriction as to geographical, industrial or sectoral exposure.

The manager may take both long and short positions.

The derivatives relate to the Funds Equity Protection Strategy, which seeks to protect the Fund against falls in the equity market. As part of the strategy downside losses are protected using a mechanism that caps gains above agreed levels. A negative value reflects the value of the positive performance of equities above this cap.

Note 13a: Analysis of Investments

2022/23 £'000	Wales Pension Partnership	2023/24 £'000
163,082	Bonds	150,659
131,948	Equities	160,518
-	Private Equity	2,047
-	Private Credit	4,514
-	Infrastructure	11,327
4,182	Cash & Cash Equivalents	2,971
299,212		332,036
	Other Investments	
69,323	Bonds	77,470
190,076	Equities	181,462
53,942	Pooled Property	49,164
60,372	Private Equity	62,257
99,261	Hedge Funds	104,884
699	Derivatives	(19,399)
4,202	Cash & Cash Equivalents	31,159
477,875		486,997
777,087	Total Investment Assets	819,034

Note 13b: Investments Analysed by Fund Manager

31-Mar 23			31-Mar 24	
Market Value £'000	%		Market Value £'000	%
299,212	38.5	Wales Pension Partnership	332,037	40.5
99,261	7.5	Adept	104,884	12.8
1,740	0.8	Aviva Investors Pensions Ltd	9	0.0
226,000	31.0	Blackrock Global Investors Ltd	232,189	28.3
60,342	7.9	HarbourVest Partners LLC	62,250	7.6
13,005	1.9	Hermes Fund Managers Ltd	12,035	1.5
38,299	5.1	Insight Investment Ltd	38,503	4.7
39,197	5.9	Schroders Investment Management Ltd	37,119	4.5
31	0.0	Standard Life Investments Ltd	7	0.0
777,087			819,034	

The following investments represent more than 5% of the net assets of the scheme:

31-Mar 23		Security	31-Mar 24	
Market Value £'000	%		Market Value £'000	%
99,261	12.8	Adept Hedge Fund	104,884	12.8
45,713	5.9	Blackrock Aquila Life Currency Hedged MSCI World Idx S1	-	-
50,872	6.6	Blackrock ACS WL ESG EQ TR FD X2	101,878	12.4
39,919	5.1	Blackrock ACS WL MU ES EQ TR FD X2	79,584	9.7
132,148	17.0	WS WPP Global Growth	74,332	9.1
107,272	13.8	WS WPP Absolute Return Bonds	90,594	11.1
-	-	WS WPP Sustainable Equity	73,889	9.0
39,197	5.0	Schroder UK Real Estate Fund	37,119	4.5

Note 14: Current Assets and Liabilities

2022/23 £'000	Current Assets	2023/24 £'000
130	Contributions due from employers and members	139
1,957	Cash balances	1,669
134	Investment debtors	13,636
958	Sundry debtors	-
3,179		15,444
	Current Liabilities	
(156)	Benefits payable	(241)
(239)	Sundry creditors	(701)
(395)		(942)

Amounts unpaid at the year-end are subsequently paid within a reasonable time frame, i.e. the majority of the balances are paid within a 3-month period. The increase in investment debtors relates primarily to a £13.5m disinvestment from WPP Absolute Return Bonds to fund an initial investment in IFM, an open-ended infrastructure fund on 2 April 2024. The disinvestment trade date was 26 March 2024, but settlement date was 2 April 2024. The movement changes in the sundry debtors and creditors are largely made up of the balances owing/ owed to Powys County Council on 31 March.

Note 15: Related Party Transactions

Details of Members and officers of the Council represented on the Pensions and Investment Committee are shown in the Overall Fund Management section of the Annual Report. Their combined contributions into the scheme totalled £23.2k in 2023/24 (£22k in 2022/23).

The Fund is administered by Powys County Council. Consequently, there is a relationship between the Authority and the Fund.

The Authority incurred costs of £1,459k in 2023/24 (2022/23: £1,185k) in relation to the administration of the Fund and was subsequently reimbursed by the Fund.

The Authority is also the single largest employer of members in the Fund and contributed £24,573k to the Fund in 2023/24 (2022/23: £23,830k) in employers' contributions and deficit recovery payments.

Governance

The makeup of the Pensions and Investment Committee can be seen in the Governance and Training Section of this Annual Report.

The role of Section 151 Officer for the Authority plays a key role in the financial management of the Fund and is also an active member of the Fund.

Councillors are required to declare their interest at each meeting.

The Committee members and Section 151 Officer accrue their benefits in line with the regulations encompassing councillors and employees of the employing bodies of the Fund.

For the full Governance Statement please refer to the links in the Further Information section of the Annual Report.

Note 15a Key Management Personnel

Key management personnel are the head of finance and the pension fund manager. Their remuneration is set out below:

2022/23 £'000	Current Assets	2023/24 £'000
81.0	Short term benefits	84.2
31.7	Post-employment benefits	14.6
112.7		98.8

Note 16: Additional Voluntary Contributions (AVC)

Members of the Pension Fund may make additional voluntary contributions (AVCs) in order to obtain improved benefits on retirement. The AVC investments are excluded from the Financial Statements of the Powys Pension Fund, in accordance with section 4(1)(b) of the Local Government Pension Scheme (Management & Investment of Funds) Regulations 2016. However, as administering authority we oversee the following AVC arrangements:

Contributions 2022/23 £'000	Market Value 31-Mar 2023		Contributions 2023/24 £'000	Market Value 31-Mar 2024
399	1,533	Prudential	463	2,065
47	689	Standard Life	100	791
-	43	Utmost Life and Pensions	-	45
446	2,265		563	2,901

Note 17. Post Balance Sheet Events

There are no known post balance sheet events.

Note 18: Capital Commitments

2022/23 £'000	Private Markets Mandate	2023/24 £'000
26,151	Private Equity	23,509
-	Private Credit	44,491
-	Infrastructure	36,366
26,151		104,367

The Pension Fund has committed to guaranteed investments in Private Equity, Private Credit and Infrastructure that the asset managers can draw down upon as and when required. The Capital Commitments figure above, represents the level of investment guaranteed but not yet drawn down at the year end.

Note 19: Stock Lending

The Fund only currently invests in pooled vehicles so cannot undertake any stock lending directly. The stock lending policy on pooled funds is determined by the individual investment managers. Any income not retained by the fund manager and / or the lending agent is incorporated in the net asset value of each pooled fund. The income earned by the fund through stock lending on assets held in WPP sub-funds was £12k in 2023/24 (£17k in 2022/23). At the 31 March 2024 has quoted equities totalling £5,976k on loan (£7,991k in 2022/23).

Note 20: Financial Instruments

Note 20A: Classification of financial instruments & liabilities

31 Mar 2023		Financial Assets	31 Mar 2024	
Amortised cost	Fair value through profit and loss		Amortised cost	Fair value through profit and loss
£'000	£'000		£'000	£'000
		Wales Pension Partnership:		
	163,082	Bonds		150,659
	131,948	Equities		160,518
	-	Private Equity		2,047
	-	Private Credit		4,514
	-	Infrastructure		11,327
	4,182	Cash & short-term investments		2,971
		Other Investments:		
	69,323	Bonds		77,470
	190,076	Equities		181,462
	53,942	Property (pooled funds)		49,164
	60,372	Private Equity		62,257
	99,261	Hedge fund of funds		104,884
	699	Derivatives (options)		(19,399)
	4,202	Cash & short-term investments		31,159
3,179		Current Assets	15,444	
3,179	777,087	Total Financial Assets	15,444	819,034
		Financial Liabilities		
(395)		Current Liabilities	(942)	
(395)			(942)	

Note 20B: Valuation of financial instruments carried at fair value

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1

Financial instruments at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities and unit trusts.

Level 2

Financial instruments at level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Level 3

Financial instruments at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

Such instruments would include unquoted investments and hedge fund of funds, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The private equity, private credit and Infrastructure values are based on valuations provided by the managers of the private market funds in which the Powys Pension Fund has invested.

The hedge fund values are based on the net asset value provided by the fund manager.

The tables below show the financial assets and liabilities of the Pension Fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

Value as at 31 Mar 24	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	290,091	363,312	165,631	819,034
Current assets	15,444	-	-	15,444
Current liabilities	(942)	-	-	(942)
Net financial assets	304,593	363,312	165,631	833,536

Value as at 31 Mar 23	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	263,600	353,155	160,332	777,087
Current assets	3,179	-	-	3,179
Current liabilities	(395)	-	-	(395)
Net financial assets	266,384	353,155	160,332	779,871

Reconciliation of Level 3 movements

Level 3 asset	Value as at 31 Mar 23 £'000	Purchases, sales & transfers £'000	Other movement £'000	Change in market value £'000	Value as at 31 Mar 24 £'000
Hedge Funds	99,261	-	(1,466)	7,089	104,884
Private Equity	60,372	1,947	3,111	(1,126)	64,304
Private Credit	-	5,307	(997)	205	4,515
Derivatives	699	-	-	(20,098)	(19,399)
Infrastructure	-	11,084	(138)	381	11,327
Total	160,332	18,338	510	(13,549)	165,631

Note 21: Actuarial Present Value of Promised Retirement Benefits

CIPFA's Code of Practice requires the disclosure for the year ending 31 March 2022 of the actuarial valuation of promised retirement benefits as set out in IAS 26. The actuarial present value should be calculated on an IAS 19 basis. IAS 26 is the accounting standard that sets out the requirements for accounting and reporting in respect of retirement and the requirements for accounting and reporting of promised retirement benefit plans following the move to financial reporting of the Pension Fund Accounts under the IFRS.

The actuarial present value of the promised retirement benefits were as follows

31 March 2019 £'000	31 March 2022 £'000
962,200	1,193,000

Assumptions used

	31 March 2019 %	31 March 2022 %
Discount rate	2.4	2.7
Inflation (CPI)	2.2	3.0
Salary increase rate	3.7	4.5

Note 22: Nature and Extent of Risks Arising from Financial Instruments

Risk and Risk Management

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members.) Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The council manages these investment risks as part of its overall pension fund risk management programme. Responsibility for the Fund's risk management strategy rests with the Pensions and Investment Committee.

Market Risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the Fund's risk management is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Council and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis. Specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments.

Equity futures contracts and exchange traded option contracts on individual securities may also be used to manage market risk on equity investments. It is possible for over-the-counter equity derivative contracts to be used in exceptional circumstances to manage specific aspects of market risk.

Other Price Risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The Fund is exposed to price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from shares sold short are unlimited.

The Fund's investment managers mitigate this price risk through diversification.

Other Price Risk – Sensitivity Analysis

The following movements in market price risk are considered reasonably possible for 2024/25. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates remain unchanged.

Asset Type	Value as at 31 Mar 24 £'000	Percentage Change %	Value on Increase £'000	Value on Decrease £'000
Equities	341,980	13.1	386,779	297,181
Bonds	228,129	6.1	242,045	214,213
Property	49,164	6.5	52,360	45,968
Private Credit	4,514	8.8	4,911	4,117
Private Equity	64,304	17.7	75,686	52,922
Hedge Funds	104,884	3.4	108,450	101,318
Infrastructure	11,327	13.6	12,867	9,787
Derivatives	(19,399)	-	-	-
Cash & short-term investments	34,131	0.6	34,336	33,926
Total Assets	819,034		917,434	759,432

Interest Rate Risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's interest rate and return are monitored by the Council and its investment advisors as part of the monthly and quarterly reporting and assessment of interest rate return against benchmark.

Interest rates are forecasted to hold till the middle of the year and then fall late 2024, based on the Authorities Treasury Management advisor's latest advice. The Fund's exposure to interest rate movements as at 31 March 2023 and 31 March 2024 is set out below.

As at 31 Mar 23 £'000	Asset Type	As at 31 Mar 24 £'000
8,384	Cash Instruments	34,131
1,957	Cash balances	1,669
181,156	Bonds	174,462
191,497	Total	210,262

Currency Risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency

other than the functional currency of the fund (£UK). The fund holds both monetary and non-monetary assets denominated in currencies other than £UK.

The fund's currency rate risk is routinely monitored by the Council and its investment advisors in accordance with the Fund's risk management, including monitoring the range of exposure to currency fluctuations.

The fund's currency exposure as at 31 March 2023 and 31 March 2024 is set out below.

As at 31 Mar 23 £'000		As at 31 Mar 24 £'000
60,372	Private equity	62,257
60,372	Total	62,257

A 6.7% volatility associated with exchange rates is considered likely, based on analysis of historical movements.

This analysis assumes that all other variables, in particular interest rates, remain constant.

A 6.7% strengthening/weakening of the pound against the various currencies in which the fund holds investments would increase/decrease the net assets available to pay benefits as follows:

Asset Type	Value as at 31 Mar 24 £'000	Value on Increase £'000	Value on Decrease £'000
Private equity	62,257	66,425	58,089
Total	62,257	66,425	58,089

Credit Risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the fund's financial assets and liabilities.

In essence the fund's entire investment portfolio is exposed to some form of credit risk, with the exception of the derivatives positions, where the risk equates to the net market value of a positive derivative position. However, the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

Contractual credit risk is represented by the net payment or receipt that remains outstanding, and the cost of replacing the derivative position in the event of counterparty default. The residual risk is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties.

Deposits are not made with banks and financial institutions unless they are rated independently and meet the council's credit criteria. The council has also set limits as to the maximum percentage of the deposits placed with any one class of financial institution.

The Council believes it has managed its exposure to credit risk and has had no experience of default or uncollectable deposits over the past five financial years. The table below shows the funds cash holding as at 31 March.

	Rating	As at 31 Mar 23 £'000	As at 31 Mar 24 £'000
Bank Current Account			
HSBC	AA-	581	5
Bank Deposit Account			
HSBC	AA-	1,376	1,664

Liquidity risk

Liquidity risk represents the risk that the fund will not be able to meet its financial obligations as they fall due. The Council therefore takes steps to ensure that the pension fund has adequate cash resources to meet its commitments. This will particularly be the case for meeting the pensioner payroll costs; and also cash to meet investment commitments.

The Fund has immediate access to its pension fund cash holdings.

The fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those assets which will take longer than three months to convert into cash. As at 31 March 2024 the value of illiquid assets was £242.4m, which represented 29.6% of the total fund assets - (31 March 2023 - £218.5m, which represented 28.1% of the total fund assets).

Management prepares periodic cash flow forecasts to understand and manage the timing of the fund's cash flows. The appropriate strategic level of cash balances to be held forms part of the fund's investment strategy.

All financial liabilities at 31 March 2024 are due within one year.

Refinancing risk

The key risk is that the Council will be bound to replenish a significant proportion of its pension fund financial instruments at a time of unfavourable interest rates. The Council does not have any financial instruments that have a refinancing risk as part of its treasury management and investment strategies.

Note 23: Accounting Standards That Have Been Issued but Have Not Yet Been Adopted.

The Code of Practice requires that the Authority discloses information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This requirement applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question (i.e. on or before 1 January 2023 for 2023/24). None of the standards introduced in the 2023/24 code are expected to have a material impact on the financial statements.

Statement of the Actuary for the Year Ended 31 March 2024

Introduction

This statement has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2013 (the 'LGPS Regulations').

The LGPS Regulations require that a full actuarial valuation is carried out every third year. The purpose of this is to establish that the Powys County Council Pension Fund (the 'Fund') is able to meet its liabilities to past and present contributors and to review employer contribution rates. The last full actuarial investigation into the financial position of the Fund was completed as at 31 March 2022 by Aon, in accordance with Regulation 62 of the LGPS Regulations.

Actuarial Position

1. The valuation as at 31 March 2022 showed that the funding level of the Fund had increased since the previous valuation with the market value of the Fund's assets as at 31 March 2022 (of £818.4M) covering 99% of the liabilities.
2. The valuation also assessed each individual employer's (or group of employers') position separately. Contribution requirements were determined based on the principles in the Fund's Funding Strategy Statement and are set out in Aon's report dated 30 March 2023 (the "actuarial valuation report"). In addition to the contributions certified, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

Total contributions payable by all employers over the three years to 31 March 2026 are estimated to be:

Year from 1 April	% of pensionable pay	Plus total contribution amount (£M)
2023	21.3%	2.4
2024	21.3%	2.1
2025	21.3%	1.8

3. The funding plan adopted in assessing the contributions for each employer is in accordance with the Funding Strategy Statement. Different approaches were adopted in relation to the calculation of the primary contribution rate, stepping of contribution changes and individual employers' recovery periods as agreed with the Administering Authority and reflected in the Funding Strategy Statement, reflecting the employers' circumstances.
4. The valuation was carried out using the projected unit actuarial method for most employers, allowing for future increases in pensionable pay. The main financial actuarial assumptions used for assessing the funding target and the contribution rates were as follows.

Discount rate 4.2% p.a.

Rate of pay increases	3.8% p.a.
Rate of increase to pension accounts *	2.3% p.a.
Rate of increases in pensions in payment * (in excess of Guaranteed Minimum Pension)	2.3% p.a.

* In addition, a 5% uplift has been applied to the past service liabilities to make allowance for short-term inflation above the long-term assumption.

In addition, the discount rate and rate of increases to pensions for already orphaned liabilities (i.e. where there is no scheme employer responsible for funding those liabilities and the employer has exited the Fund) were assumed to be 1.7% p.a. and 3.4% p.a. respectively.

The assets were valued at market value.

5. The key demographic assumption was the allowance made for longevity. The post retirement mortality assumption adopted for the actuarial valuation was in line with standard self-administered pension scheme (SAPS) S3 mortality tables with appropriate scaling factors applied based on an analysis of the Fund's pensioner mortality experience and a Fund membership postcode analysis using Aon's Demographic Horizons™ longevity model, and included an allowance for future improvements based on the 2021 Continuous Mortality Investigation Projections Model, with a long term annual rate of improvement in mortality rates of 1.5% p.a. The resulting average future life expectancies at age 65 (for normal health retirements) were:

	Men	Women
Current pensioners aged 65 at the valuation date	22.5	24.9
Current active members aged 45 at the valuation date	23.4	26.3

Further details of the assumptions adopted for the valuation, including the other demographic assumptions, are set out in the actuarial valuation report.

6. The valuation results summarised in paragraph 1 above are based on the financial position and market levels at the valuation date, 31 March 2022. As such the results do not make allowance for changes which have occurred subsequent to the valuation date. The Actuary, in conjunction with the Administering Authority, monitors the funding position on a regular basis.
7. The formal actuarial valuation report and the Rates and Adjustments Certificate setting out the employer contribution rates for the period from 1 April 2023 to 31 March 2026 were signed on 30 March 2023. Other than as agreed or otherwise permitted or required by the Regulations, employer contribution rates will be reviewed at the next actuarial valuation of the Fund as at 31 March 2025 in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.
8. This Statement has been prepared by the Actuary to the Fund, Aon, for inclusion in the accounts of the Fund. It provides a summary of the results of their actuarial valuation which was carried out as at 31 March 2022. The valuation provides a snapshot of the funding position at the valuation date and is used to assess the future level of contributions required.

This Statement must not be considered without reference to the formal actuarial valuation report which details fully the context and limitations of the actuarial valuation.

Aon does not accept any responsibility or liability to any party other than our client, Powys County Council, the Administering Authority of the Fund, in respect of this Statement.

9. The report on the actuarial valuation as at 31 March 2022 is available on the Fund's website at the following address:

[Powys CC Pension Fund - 2022 Actuarial Valuation Report](#)

Aon Solutions UK Limited

June 2024

Auditor's Report

The report of the Auditor General for Wales to the members of Powys County Council as administering authority for Powys Pension Fund Opinion on financial statements

I have audited the financial statements of Powys Pension Fund for the year ended 31 March 2024 under the Public Audit (Wales) Act 2004.

Powys Pension Fund's financial statements comprise the fund account, the net assets statement and the related notes, including the significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24.

In my opinion, in all material respects, the financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2024, and of the amount and disposition at that date of its assets and liabilities,
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report.

My staff and I are independent of the pension fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the pension fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the Local Government Pension Scheme Regulations 2013.

Matters on which I report by exception

In the light of the knowledge and understanding of the pension fund and its environment obtained in the course of the audit, I have not identified material misstatements in the annual report.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- I have not received all the information and explanations I require for my audit;
- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team; or
- the financial statements are not in agreement with the accounting records and returns.

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the financial statements, the responsible financial officer is responsible for:

- the preparation of the financial statements, which give a true and fair view;
- maintaining proper accounting records;
- internal controls as the responsible financial officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- assessing the [name of pension fund]'s ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by Powys Pension Fund will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with the Public Audit (Wales) Act 2004.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management and those charged with governance, including obtaining and reviewing supporting documentation relating to Powys Pension Fund's policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I

identified potential for fraud in the following areas: revenue recognition, expenditure recognition and posting of unusual journals;

- Obtaining an understanding of Powys Pension Fund's framework of authority as well as other legal and regulatory frameworks that [name of pension fund] operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Powys Pension Fund;
- Obtaining an understanding of related party relationships.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Governance and Audit Committee and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the administering authority; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Powys Pension Fund's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Other auditor's responsibilities

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of Powys Pension Fund in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.



Adrian Crompton
Auditor General for Wales
28 November 2024

1 Capital Quarter
Tyndall Street
Cardiff, CF10 4BZ

Electronic Publication of Financial Statements

The maintenance and integrity of Powys County Council's website is the responsibility of the Council; the work carried out by auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

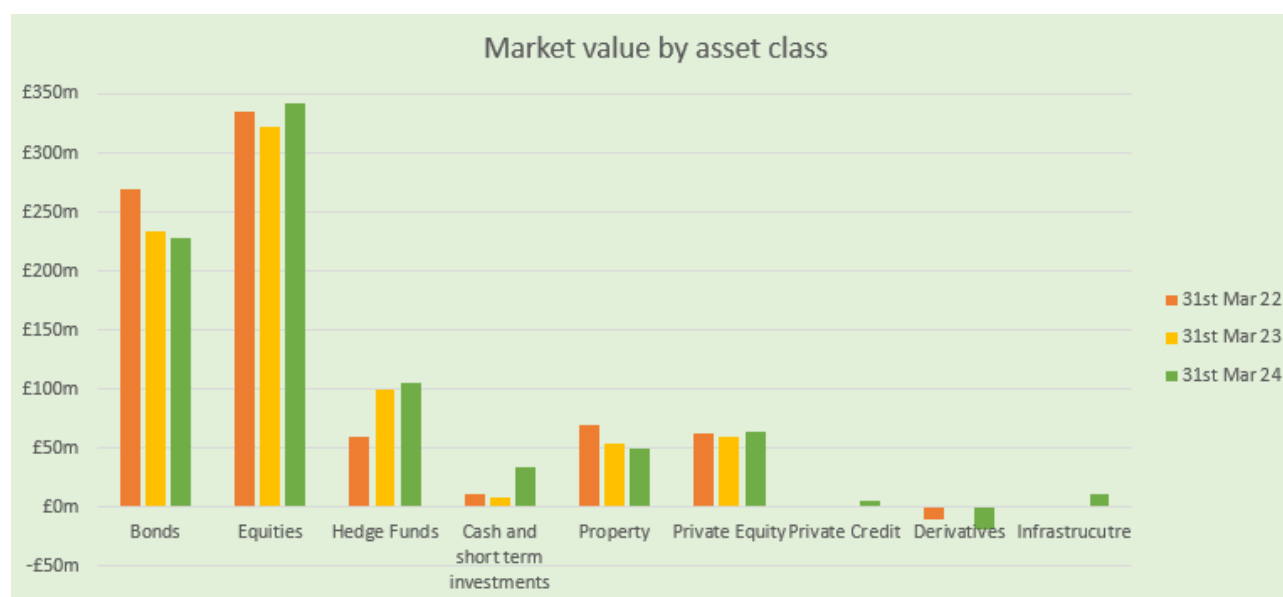
Investments and Funding

Investment Policy and Performance Report

The Investment Strategy Statement (ISS), provides detail of how and where the fund will be invested and managed.

The Funding Strategy Statement (FSS), states how solvency and risk will be managed in relation to liabilities.

The prime requirement in managing the Fund is to ensure adequate diversification of its assets over different asset classes and different geographical areas. The right balance must be struck between the desire for enhanced returns and potential 'risk' of volatility in those returns i.e. the investment policy of the Fund is aimed at maximising returns within the acceptable limits of risk. There is no ideal split for any fund, so the portfolio balance needs to be regularly monitored and adjusted in line with the economic, financial and market indicators.



The investment style of the Fund is to appoint external expert fund managers with clear performance benchmarks and place accountability for performance against those benchmarks on the fund managers.

The benchmarks used are as follows:

Asset Class	Benchmark
Corporate Bonds	Bloomberg Barclays Global Aggregate Credit Index (GBP Hedged)
Index-Linked Gilts	FTSE UK Index-Linked over 5 years
Gilts	FTSE UK Gilts All Stock
Absolute Return Bonds	3 Month GBP SONIA +2% p.a.
Multi Asset Credit	3 Month GBP SONIA +4% p.a.
Equities*	50% MSCI All Countries World (NDR), 50% MSCI All Countries World (NDR)(GBP Hedged)

Property	AREF-MSCI All Bal Property Index
Hedge Funds	HFRI FoF Conservative Index (GBP Hedged)
Infrastructure (Open-ended)	9% p.a. net internal rate of return
Infrastructure (Closed-ended)	10% p.a. net internal rate of return
Private Equity	12% p.a. net internal rate of return
Private Credit	8% p.a. net internal rate of return

* 50% of currency risk from overseas equities is hedged back to sterling.

The Chief Financial Officer must ensure that the management of the Fund falls within the requirements of the Local Government Pension Scheme Regulations.

Performance Review

	1 Year %	3 Years %	5 Years %
Powys Pension Fund Overall Return	7.5	3.6	6.3
Inflation CPI	5.7	6.6	4.4
Average Earnings Index	6.7	6.3	4.8

Given the long-term nature of the Fund, perhaps the most significant column above is that detailing the comparisons over five years. Inflation and average earning percentages are taken from the Office for National Statistics data.

Asset Class and Manager Performance

Asset Class/ Manager	1 Year			3 Year			5 Year		
	%	%	%	%	%	%	%	%	%
	PF	BM	ER	PF	BM	ER	PF	BM	ER
Equity	21.1	23.7	(2.6)	7.7	10.3	(2.6)	10.9	12.5	(1.6)
WS WPP Global Growth Fund	15.8	20.6	(4.8)	5.6	10.1	(4.5)	10.3	11.6	(1.4)
WS WPP Sus Active Equity Fund	-	-	-	-	-	-	-	-	-
WS WPP Emerging Markets Equity Fund	4.0	6.3	(2.3)	-	-	-	-	-	-
BlackRock ACS World ESG Equity Fund	27.2	23.0	4.2	-	-	-	-	-	-
BlackRock ACS World Multi ESG E.Fund	26.4	21.6	4.8	-	-	-	-	-	-
Bonds	3.6	3.7	(0.1)	(2.2)	(0.4)	(1.8)	0.7	1.5	(0.8)
WS WPP Global Credit	4.7	4.9	(0.2)	(2.8)	(2.4)	(0.4)	-	-	-
WS WPP ARBF	6.7	7.1	(0.3)	3.1	4.5	(1.4)	-	-	-
WS WPP Multi Asset Credit	10.2	9.1	1.1	0.2	6.7	(6.4)	-	-	-
Insight Index Linked Gilt	(4.0)	(6.8)	2.8	(9.4)	(12.1)	2.7	(2.8)	(6.5)	3.7
Equity Protection Options	(2,875.9)	-	(2,875.9)	(37.8)	-	(37.8)	(252.0)	-	(252.0)
BlackRock Index Linked Gilt	(6.7)	(6.8)	0.1	(12.0)	(12.1)	0.1	(6.5)	(6.5)	-
Blackrock Gilts	-	-	-	(7.3)	(7.4)	0.1	(3.7)	(3.8)	-
Property Fund	(4.4)	(0.7)	(3.7)	0.1	1.5	(1.4)	0.8	1.4	(0.5)
Aviva	3.5	(0.7)	4.1	1.9	1.5	0.4	1.7	1.4	0.4
Hermes UK Property Fund	(2.5)	(1.3)	(1.2)	5.0	1.3	3.7	3.1	1.3	1.8
Schroders UK Property Fund	(5.1)	(0.7)	(4.5)	(2.0)	1.5	(3.5)	(0.5)	1.4	(1.8)
Private Credit	-	-	-	-	-	-	-	-	-
Russell Investment Private Credit	-	-	-	-	-	-	-	-	-
Private Equity	2.3	21.7	(19.4)	22.0	10.6	11.3	21.3	12.4	8.8
Standard Life	4.1	23.0	(19.0)	(8.2)	12.4	(20.6)	(2.5)	13.3	(15.8)
HarbourVest	1.9	23.0	(21.1)	22.0	12.4	9.6	21.3	13.3	8.0
Schroders Capital WPP Global Private Equity	-	-	-	-	-	-	-	-	-
Hedge Funds	5.7	7.2	(1.5)	4.8	2.7	2.1	1.4	1.8	(0.4)
Adept	5.7	7.2	(1.5)	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
GCM WPP Global Infrastructure	-	-	-	-	-	-	-	-	-
Octopus Renewables Infrastructure SCSp	-	-	-	-	-	-	-	-	-

PF = Powys Pension Fund

BM = Benchmark

ER = Excess Return

Strategic Asset Allocation

The table below shows the strategic asset allocation against the actual allocation as at 31 March 2024. The Fund's asset allocation strategy is set out in the Investment strategy Statement. At the October 2023 Pensions and Investment Committee it was agreed that the strategic allocation to property would be reduced from 10 to 5% and increases would be made to Private Credit (2.7%) and Infrastructure (2.3%). These changes are reflected in the table below.

Manager	Mandate	Strategic allocation %	Actual allocation %
	Bonds	30	27.8
WPP	Global Credit		3.3
WPP	Absolute Return Bond		11.0
WPP	Multi Asset Credit		4.0
BlackRock	UK GILTS		2.9
BlackRock	Index Linked (over 5 years)		2.9
Insight	Gov Index Linked		3.7
	Equities	37	41.8
WPP	Global Growth		8.7
WPP	Sustainable Active		9.0
WPP	Emerging Markets		1.9
BlackRock	Global ESG		22.2
	Property	5	6
Schroders	Property		4.5
Hermes	Property		1.5
	Private Equity	5	7.6
HarbourVest	Private Equity		7.3
Schroders	Private Equity		0.3
	Hedge Funds	8	12.8
Aon	Hedge Fund of Funds		12.8
	Infrastructure (Open Ended)	4.5	0.8
WPP	Infrastructure (Open Ended)		0.8
	Infrastructure (Closed-Ended)	4.5	0.6
WPP	Infrastructure (Closed-Ended)		0.6
	Private Credit	6	0.6
WPP	Private Credit		0.6
	Cash/Other	0	2
		100	100

The market value of assets spread between the fund managers as at 31 March 2024 is shown in note 13B.

During the year the Fund made commitments to invest in the new private market Funds made available through WPP. £36.5m was committed to each of the open and closed ended Infrastructure mandates, £13m to private equity and £49m to private credit. The actual allocations to these funds will increase as contributions are requested.

Responsible Investment

Responsible Investment is embedded into the Fund's investment portfolio with a significant focus placed on environmental, social and governance matters. The Fund takes its responsibility as a responsible investor seriously and is a member of the [Local Authority Pension Fund Forum \(LAPFF\)](#), which promotes the highest standards of corporate governance and corporate responsibility.

The Fund is also a member of the following organisations:

[Pensions and Investments Research Consultants \(PIRC\)](#)

[The Chartered Institute of Public Finance and Accountancy \(CIPFA\)](#)

[The Pensions and Lifetime Savings Association \(PLSA\)](#)

The Fund has delegated responsibility for the selection, retention, and realisation of investments to the investment managers and monitors each manager's policy on social, environmental, and ethical considerations through reporting provided by the investment consultant and the Wales Pensions Partnership (WPP).

The WPP has published a Stewardship Policy, which is available [here](#).

A [Responsible Investment Policy](#) is in place for both the Fund and the [WPP](#).

Due to the increase in time required to consider responsible investment, the Fund has set up an additional two Pensions and Investment Committee meetings a year starting in 2024/25 which will focus solely on the topic.

Pooling

Wales Pension Partnership (WPP)

The WPP was established in 2017 with the objective to deliver:

- economies of scale
- strong governance and decision making
- reduced costs and excellent value for money, and
- an improved capacity and capability to invest in infrastructure

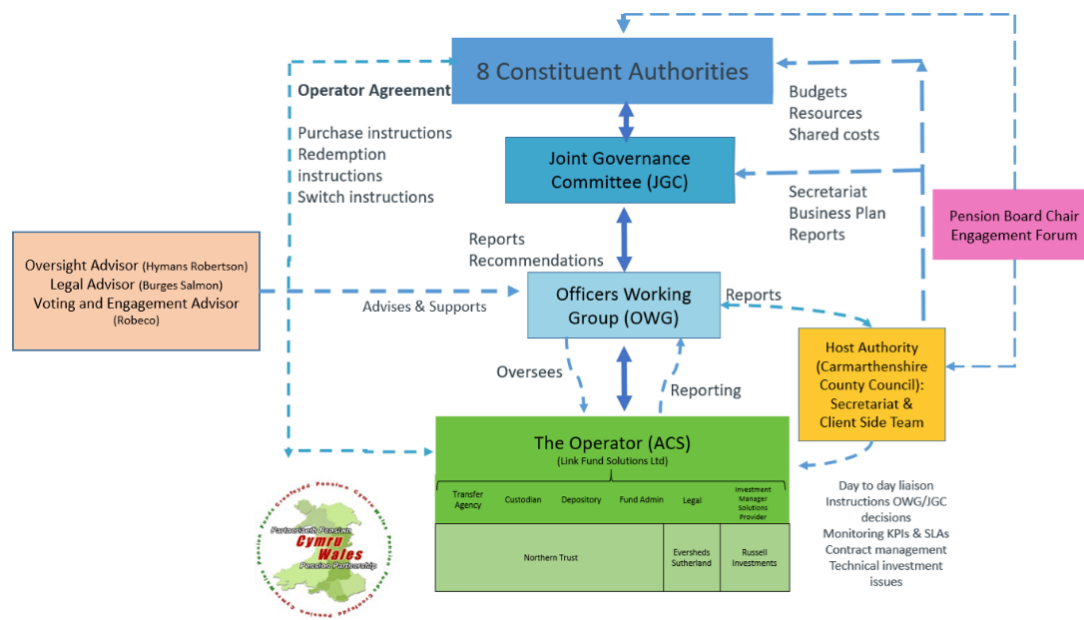
The WPP is one of the eight Local Government Pension pools nationally and is a collaboration of the eight LGPS funds in Wales including Cardiff and the Vale of Glamorgan, Clwyd, Dyfed, Greater Gwent (Torfaen), Gwynedd, Powys, Rhondda Cynon Taff and Swansea. The eight funds have a long, successful history of collaboration including a collaborative tender for a single passive equity provider for the Welsh funds pre-dating the Government's pooling initiative.

Collective investment management offers the potential for investment fee savings, opportunities to broaden investment portfolios, enhanced voting and engagement activity as well as access to shared knowledge and best practice. Whilst the WPP is responsible for providing collaborative investment solutions, each constituent authority remains responsible for setting their own investment strategy.

WPP's operating model is designed to be flexible and deliver value for money. WPP appointed an external fund Operator and makes use of external advisers to bring best of breed expertise to support the running of the Pool. The Operator is Waystone Management (UK) Limited (Waystone) and they have partnered with Russell Investments to deliver effective investment management solutions and provide strong net of fee performance for all the Constituent Authorities.

Governance

The WPP details how it deals with all aspects of Governance through its Inter Authority Agreement (IAA) which was approved by all eight Constituent Authorities in March 2017. The IAA defines the standards, roles and responsibilities of the Constituent Authorities, its Members, Committees and Officers and includes a Scheme of Delegation outlining the decision-making process. In line with its belief that good governance should lead to superior outcomes for stakeholders, the WPP has put in place a robust governance structure:



The eight Constituent Authorities of the WPP are:

- Carmarthenshire County Council (Host)
- City and County of Swansea Council
- City of Cardiff Council
- Flintshire County Council
- Gwynedd Council
- Powys County Council
- Rhondda Cynon Taff County Borough Council
- Torfaen County Borough Council

The Constituent Authorities sit at the top of the WPP’s governance structure. They retain control of all activity carried out by the WPP and remain responsible for approving the WPP’s Business Plan, which outlines the WPP’s budget and workplan, as well as its Beliefs and Objectives.

The Joint Governance Committee (JGC) oversees and reports on the WPP and is comprised of one elected member from each of the eight Constituent Authorities and a co-opted (non-voting) scheme member representative.

The OWG provides support and advice to the Joint Governance Committee and is comprised of practitioners and Section 151 officers from all eight Constituent Authorities.

Carmarthenshire County Council is the Host Authority for the WPP and is responsible for providing administrative and secretarial support to the JGC and the OWG, and liaising day to day with the Operator on behalf of all of the Welsh LGPS funds.

Waystone (Operator) carries out a broad range of services for the WPP, which includes facilitating investment vehicles & sub-funds, performance reporting, transition implementation and manager monitoring and fee negotiations. There is an Operator Agreement in place which sets out the contractual duties of the Operator and governs the relationship between the Operator and the WPP. The JGC and OWG, with the support of Hymans Robertson, oversee the work that Waystone carries out on behalf of the WPP. Waystone engages with the Constituent Authorities by:

- Direct engagement – attendance at annual pension committee meetings
- Indirect engagement – with CAs collectively, through the JGC and OWG

In collaboration with Waystone, Russell Investments provide investment management solution services to the WPP and they work in consultation with WPP's eight Constituent Authorities to establish investment vehicles.

Northern Trust is the Depository for the WPP ACS vehicle and provides numerous services including securities lending, fund administration, compliance monitoring and reporting.

Hymans Robertson are WPP's Oversight Advisor and their role spans oversight and advice on governance arrangements, operator services, strategic investment aspects and project management support.

Burges Salmon are WPP's legal advisors, and they provide legal advice in relation to FCA regulated funds, tax and governance arrangements, including assisting with complex procurement processes.

Robeco UK has been appointed as WPP's Voting and Engagement provider and are responsible for implementing the Voting Policy across WPP's portfolio and undertaking engagement activity on behalf of the WPP.

The WPP's beliefs are the foundation for WPP's governance framework and have been used to guide all of the WPP's activities and decision making, including its objectives and policies. The WPP, in consultation with the Constituent Authorities, has developed a set of governing policies. In all instances the WPP's policies and procedures have been developed to either complement or supplement the existing procedures and policies of the Constituent Authorities. The WPP's key policies, registers and plans are listed below and can be found on the WPP website.



Responsible Investment has been a key priority for the WPP since it was established in 2017. Various activities have been undertaken to work towards WPP’s ambition of becoming a leader in Responsible Investment. Initially the focus was on formulating a Responsible Investment Policy and since then the WPP has formulated its own Climate Risk Policy and has worked with its Voting and Engagement Provider, Robeco, to agree a Voting Policy. A WPP RI Sub-Group has been established to take ownership of RI related workstreams and actions that are required to achieve the commitments made in the WPP’s RI and Climate Risk Policies.

The WPP’s Business Plan, Governance Manual and all other policies detailed in the chart above can be found on the WPP website: <https://www.walespensionpartnership.org/>

Risk

Risk management is a critical element of WPP’s commitment to good governance, the WPP has developed a structured, extensive and robust risk strategy which seeks to identify and measure key risks and ensure that suitable controls and governance procedures are in place to manage these risks. The WPP’s Risk Policy has been developed in such a way that risks can be anticipated and dealt with in a swift, effective manner to minimise potential loss or harm to the WPP and its stakeholders.

WPP maintains a Risk Register which is reviewed regularly by a dedicated Risk Sub-Group which reports back to the OWG and JGC on a quarterly basis.

Training

The WPP has its own training policy and develops an annual training plan which is designed to supplement existing Constituent Authority training plans. Local level training needs will continue to be addressed by Constituent Authorities while the WPP training plan will offer training that is relevant to the WPP’s pooling activities. Induction training is also provided to all new JGC members.

Pooling progress to date

The WPP aims to deliver investment solutions that allow the Constituent Authorities to implement their own investment strategies with material cost savings while continuing to deliver investment performance to their stakeholders. The WPP has made significant progress towards delivering on this objective, from the launch of the first three active equity sub-funds in 2019 through to launching the initial Private Markets Investment programmes in 2023. Alongside the Constituent Authorities existing passive investments, this means that that the WPP has now pooled 74% of assets.

As at 31 March 2024, WPP's Constituent Authorities has total assets worth £25bn, £18.5bn of which sits within the pool, see breakdown below:

Asset Class	Managed by	Launch Date	31 March 2024 £000	%
Global Growth Equity Fund	Waystone Management (UK) Ltd	February 2019	3,585,735	14.4
Global Opportunities Equity Fund	Russell Investments	February 2019	3,286,471	13.1
UK Opportunities Equity Fund	Russell Investments	September 2019	743,530	3.0
Emerging Markets Equity Fund	Russell Investments	October 2021	259,410	1.0
Sustainable Active Equity Fund	Russell Investments	June 2023	1,570,357	6.3
Global Credit Fund	Russell Investments	July 2020	1,033,734	4.1
Global Government Bond Fund	Russell Investments	July 2020	488,815	2.0
UK Credit Fund	Waystone Management (UK) Ltd	July 2020	707,817	2.8
Multi-Asset Credit Fund	Russell Investments	July 2020	732,391	2.9
Absolute Return Bond Fund	Russell Investments	September 2020	572,982	2.3
Private Markets * <ul style="list-style-type: none"> • Infrastructure closed ended – GCM Grosvenor • Infrastructure open ended – IFM, CBRE and Octopus • Private Credit – Russell Investments • Private Equity – Schroders Capital 			308,187	1.2
Passive Investments	BlackRock	March 2016	5,200,323	20.8
Investments not yet pooled			6,514,755	26.1
Total Investments across all 8 Pension Funds			25,004,507	100

* This is the drawn down value as at 31 March 2024 and does not include commitments

Investment assets split between Powys Pension Fund and WPP.

	31 March 2024 £000	%
Global / Emerging Markets Equities	163,489	20
Global Credit / Global Government / UK Credit...	150,659	18.4
Passive Equities	181,462	22.2
Passive Bonds	50,727	6.2
Private Markets	17,888	2.2
Investments not yet pooled	254,809	31
Total Investment Assets	819,034	100

The table above summarises Powys Pension Fund's investment in the WPP, together with the assets that remain under the direct oversight of the Fund as at 31 March 2024.

Pooling costs

Carmarthenshire County Council, as the Host Authority for the Wales Pension Partnership is responsible for providing administrative and secretarial support and liaising day to day with the Operator on behalf of all of the LGPS funds in Wales. The WPP budget is included in the WPP Business Plan and approved annually by all eight Constituent Authorities.

The Host Authority and External Advisor costs (the running costs) are funded equally (unless specific projects have been agreed for individual Funds) by all eight of the Constituent Authorities and recharged on an annual basis. The amount recharged to the Powys Pension Fund for the financial year ending 31 March 2024 was £226k, see table below.

In addition to the running costs, there are also transition costs associated with the transition of assets into the pool, these costs can be categorised in terms of direct and indirect costs. Direct costs include the costs of appointing a transition manager to undertake the transition, together with any additional oversight of this process undertaken from a research and reflection perspective. Indirect costs include both explicit and implicit costs, such as commissions, spread and impact and opportunity costs known as Implementation Shortfall. Transition costs are directly attributable to the assets undergoing the transition and are therefore deducted from their net asset value as opposed to a direct charge to the Fund.

Details of the costs incurred by the Powys Pension Fund in respect of the WPP are detailed below.

2022/23 £'000	WPP Pooling Costs	2023/24 £'000
20.9	Host Authority Costs *	21.7
137.1	External Advisor Costs *	203.9
158.0	Total	225.6

* Host Authority and External Advisor costs are recharged directly to the fund

Asset Allocation and Performance

Asset Category	Opening Value		Closing Value		Performance (1 year)	Local / Target
	£000s	%	£000s	%	%	%
Pooled Assets						
Equities Passive	190,076	24.5	181,462	22.2	26.2	23.2
Equities Active	136,130	17.5	163,489	20.0	14.9	20.6
Fixed Income Active	163,082	21.0	150,659	18.4	7.1	7.1
Fixed Income Passive	35,924	4.6	50,727	6.2	(2.9)	(3)
Private Markets	-	-	17,888	2.2	-	-
Total	525,212	67.6	564,225	68.9		
Assets not yet pooled	251,875	32.4	254,809	31.1	1.1	5.5
Total	777,087	100.0	819,034	100.0		

Objectives 2024/25

In establishing the WPP pool, the prime focus has been on pooling the listed assets, namely equities and fixed income. Progress continues to be made with the rationalisation of the existing range of mandates. In July 2021, the Joint Governance Committee appointed bfinance as WPP's Allocator Advisor and they have assisted the WPP with the identification of Private Markets Allocators. WPP's Infrastructure, Private Credit and Private Equity investment programmes were launched in 2023.

Work has been progressing in formulating WPP's Real Estate requirements and the optimal means of implementation. With the assistance of bfinance, the procurement process for appointing investment managers is underway with the announcement due to take place in August 2024 and the investment programmes due to launch in 2024/25.

The Sustainable Active Equity Sub-Fund was also launched in 2023/24 and this sub fund, along with the Private Market investment programmes have incorporated Responsible investment in their allocation and appointment. With further programmes in development, WPP is now working closely with its service providers to develop a common reporting framework to allow the consistent disclosure of information to its stakeholders.

During 2023/24, the WPP published its third annual Stewardship Report, remaining a signatory to the UK Stewardship Code and published its first All-Wales Climate Report (AWCR). The AWCR assessed climate exposures across all the Welsh funds and the recommendations that came out of the report are now being progressed, including the evolution of WPP's investment offerings (in particular within the passive allocations and within fixed income) and the implementation of a climate framework.

WPP's existing Oversight Advisor and Voting & Engagement provider contracts come to an end on 31 December 2024 and 31 March 2025 respectively. Work is underway with the contract re-tenders with both appointments due to be made by the end of this calendar year.

There will be focus on reviewing existing WPP policies, in particular the RI focused policies, evolving the Stewardship Policy and incorporating an escalation strategy. Training also continues to be a key area of focus and the WPP will continue to provide timely and relevant training facilitated by the pool for the benefit of its wider stakeholder groups.

Securities Lending

Securities lending commenced in March 2020. Revenue is split on an 85:15 basis between WPP and Northern Trust with all costs for running the securities lending programme taken from Northern Trust's share of the fee split. A minimum of 5% of the nominal quantity of each individual equity holding is held back and a maximum of 25% of total AUM is on loan at any one time. A proxy recall service was implemented in December 2023.

Total revenue of LF Wales during 2023/24 was £1,077,100 (gross) / £915,594 (net) with £473,209,901 out on loan as at 31 March 2024.

More detailed information can be found in WPP's Annual Return which is published on the WPP website - [Wales Pension Fund | Home \(walespensionpartnership.org\)](https://www.walespensionpartnership.org)

Asset Table

The table below sets out the asset allocation of the Fund at the end of the accounting period. The table aims to include all the underlying assets classes held.

Asset Values as at 31 March 24	Pooled £m	Under pool management £m	Not pooled £m	Total £m
Equities	163	181	-	345
Bonds	118	47	30	195
Property	-	-	49	49
Hedge funds	-	-	105	105
Diversified Growth Funds (including multi-asset funds)	33	-	-	33
Private equity	2	-	62	64
Private Credit	5	-	-	5
Infrastructure	11	-	-	11
Derivatives	-	-	(19)	(19)
Cash	-	4	28	31
Other	-	-	-	-
Total	332	232	255	819

“Pooled” means that the investment has been made in a collective investment vehicle or segregated management arrangement for which the LGPS asset pool is accountable (by regulation or contract).

“Under pool management” means that the pool is responsible for the oversight or discretionary management of the investment, whether or not procured through the pool, including passive market index tracker funds procured before pooling. The entries in the table relate to our passive mandate with BlackRock procured on a collaborative arrangement with the other 7 Welsh Pension Funds prior to the formation of WPP.

“Not pooled” means that the asset is neither pooled nor under pool management.

Supplementary Table

The table below provides information on investment in the UK.

Asset Values as at 31 March 24	Pooled £m	Under pool management £m	Not pooled £m	Total £m
UK Government Bonds	-	47	30	77

Administration

Fund Administration Report

Scheme Details

Powys County Council is the Administering Authority for the Powys Pension Fund. The Pension Fund provides pension entitlements under the Local Government Pension Scheme (“LGPS”) to all eligible employees of Powys County Council and other participating bodies. Membership of the LGPS is not mandatory and excludes teachers, police officers and fire fighters, for whom specific separate pension schemes are available. The LGPS is a statutory public service defined benefit pension scheme based on final salary for benefits accrued up to 31 March 2014 and career average revalued earnings (“CARE”) for benefits accrued from 1 April 2014. Contributions payable by employees and the benefits due to them are prescribed by the Local Government Pension Scheme Regulations.

Additional Voluntary Contribution (AVC) Scheme

Since 6 April 1988, it has been a legal requirement for all pension schemes to provide members with access to an in-house AVC Scheme. The Powys Pension Fund’s appointed providers are the Standard Life Assurance Company, Prudential PLC and the Equitable Life Assurance Society, who transferred their business over to Utmost Life and Pensions. Members are able to pay contributions into a variety of AVC arrangements offered by the providers, to secure additional pension benefits. The AVC investments are excluded from the Pension Fund Accounts.

Annual Governance Statement

The Annual Governance Statement for Powys County Council can be viewed [here](#)

Changes to Scheme Rules

During 2023/24 there have been eight statutory instruments (SI) issued that changed the rules governing the LGPS. These are SI’s 2022-1230, 2023-187, 2023-402, 2023-522, 2023-972, 2023-1432, 2024-232 and 2024-414. More information on that Statutory Instrument and the changes it introduced can be found [here](#).

SI2023-972 came into force from 1 October 2023 and introduced the McCloud remedy which is intended to remove the age discrimination determined in the McCloud court case. This remedy has had a significant impact on administration teams in the LGPS.

The Pensions Regulator

In April 2015 the Pensions Regulator published the Code of Practice no. 14: Governance and Administration of Public Service Pension Schemes. The Code applies to all schemes established under the Public Service Pensions Act 2013 and is directed at scheme managers and members of pension boards of public service schemes. This code was replaced on 28 March 2024 by the [General Code of Practice](#). The code contains new governance requirements and sets out TPR’s expectations of how occupational pension schemes should be managed and the policies, practices and procedures that should be in place.

Pension Fund officers and the Powys Pension Board will continue to oversee and monitor the performance of the Powys Pension Fund against the new Code.

The Fund is required to complete an annual return to The Pensions Regulator and include scores on the quality of the Common and Scheme Specific Data, measured against the regulator's specified criteria. In the latest return, the scores for the quality of Common Data was 98.5% and the Scheme Specific Data was 93.4%.

The fund maintains a data improvement plan which can be viewed [here](#) and cleanses data annually.

Altair

Since January 2011 the Pensions Team's main administration system has been Altair, provided by Heywood. This system is used for holding membership data, the calculation of pension benefits, the generation of scheme documents and the data extracts required at each actuarial valuation. Workflow is now monitored through Altair and makes use of the Insights reporting software, also provided by Heywood.

A member self-service portal is also provided for scheme members use, enabling 24/7 access for scheme members to their Powys Pension Fund pension benefits.

The address for this facility is www.mypowyspension.co.uk.

More detail on the online facility is included in the Communications and Engagement section of this report.

Performance Standards

The Pensions Team has a number of service standards that it seeks to meet in order to ensure that it is providing an efficient and timely service to members of the LGPS. The standards are:

New Active Members

Membership Certificate: We aim to issue a Membership Certificate to a new member within one month of receiving a completed notification from the member's employer.

Transfers In: We aim to acknowledge the member's request for transfer details and calculate the estimated benefits that a transfer value will buy and issue a quotation within 20 days of receiving details from the previous scheme and any additional essential information required from Her Majesty's Revenue & Customs. We aim to request payment of the transfer value within 10 days of receiving confirmation from the member that the transfer is to proceed. We aim to confirm the actual benefits purchased by the transfer value within 10 days of receiving payment from the previous scheme.

Existing Active Members

Annual Benefit Statements: Provided pay details are received from employers promptly after the year end and provided we hold all of the relevant information, we will make available by 31 August each year, an Annual Benefit Statement to each member showing the estimated current value of accrued benefits, the value of prospective benefits at normal retirement age, the estimated current value of death-in-service benefits and, for tax purposes the amount of Annual Allowance used by the change in benefit value since the previous year.

Paying Extra Contributions: We aim to provide information within 10 days of receiving a request from a member wishing to pay extra contributions.

Retirements: We aim to send details of the benefits payable and pay the member's tax-free cash lump sum within 20 days of receiving all the information required from the member's employer and/or the member.

Deaths: We aim to send details of the benefits payable within 20 days of receiving all the information required from the late member's employer and we will pay the lump sum death grant within 20 days of receiving Grant of Probate (or other appropriate documentation) or authorisation from two delegated officers.

Early Leavers: We aim to send details of the benefit options available within 2 months of receiving all the information required from the employer.

Refunds: We aim to pay a refund by the end of the month following receipt of the member's formal request for payment.

Transfers Out: We aim to issue a quotation, guaranteed for 3 months, within 20 days of receiving the member's request and confirmation of the member's contracted-out rights from Her Majesty's Revenue & Customs (where appropriate). We aim to pay a transfer value within 10 days of receiving confirmation from the member that the transfer is to be made and all the information we require to make payment.

Deferred Members

Annual Benefit Statements: We aim to make available to each deferred member a Benefit Statement by 31 August annually, showing the current value of the member's preserved benefits.

Deferred Benefits into Payment: Provided we hold an address which has been confirmed we will write to the member setting out the benefit options available to them, at least 30 days prior to the date benefits become payable.

Communications

An effective communications strategy is vital for any organisation that strives to provide a high quality and consistent service to its customers. The complexity of pensions in general and the LGPS in particular, places communications at the heart of a high quality service provision. Communication material is produced locally and on an all Wales basis in collaboration with the 7 other Welsh LGPS Pension Funds.

Powys Pension Fund communicates with all stakeholders, as defined in specific legislation. Communications are increasingly distributed via electronic means, with documents available in English and Welsh on the Pension Fund website: www.powyspensionfund.org, whilst the Pension Section can be contacted via email at pensions@powys.gov.uk. Further contact details can be found in the Further Information page of this report. A scheme member can request communications in a paper format if required.

A named Pension Officer is allocated to each member of the Scheme.

A statement of each individual's benefits is currently provided automatically on retirement. Annual benefit statements are sent to all active and deferred Fund members based on the benefits accrued to 31 March each year.

The Communications Policy was reviewed in 2022 and is available on the Fund's website [here](#).

Appropriately qualified members of staff from the Pension Team or external advisers will deliver presentations to groups of stakeholders and conduct individual meetings as required. The Pension Fund's objective in respect of communication is to comply with relevant legislation and ensure that individual members and employers receive accurate and timely information about their pension arrangements.

Value for money statement

The Fund constantly considers value for money and seeks efficiencies where possible through automation, workflow developments and utilising new technologies when available. Where required, the Fund will use the national LGPS Framework for procurement, which complies with the relevant procurement legislation and will save time and money by allowing a quicker, more efficient procurement process.

Dispute Resolution

The Fund has a [Compliments and Complaints](#) Policy which outlines the process it will follow to record or resolve any complaints and acts as a useful source of information to scheme members.

Scheme Statistics and Performance

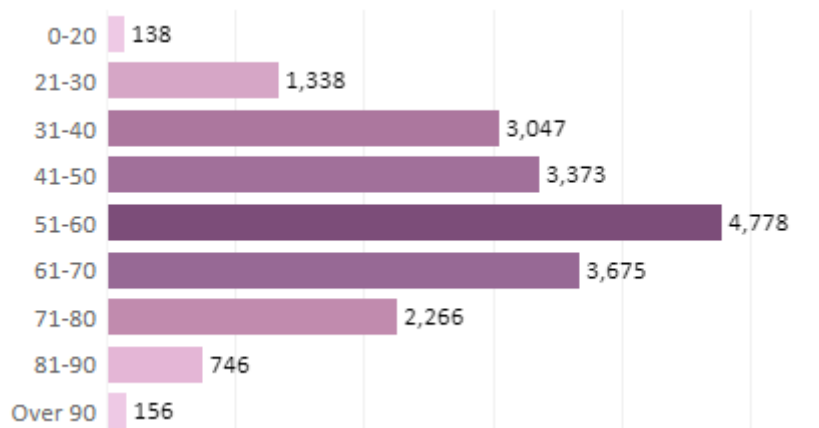
Membership Trends

The graph below shows the membership of the Fund as at 31 March. Deferred members are former employees of the contributing authorities who have yet to draw their pensions.

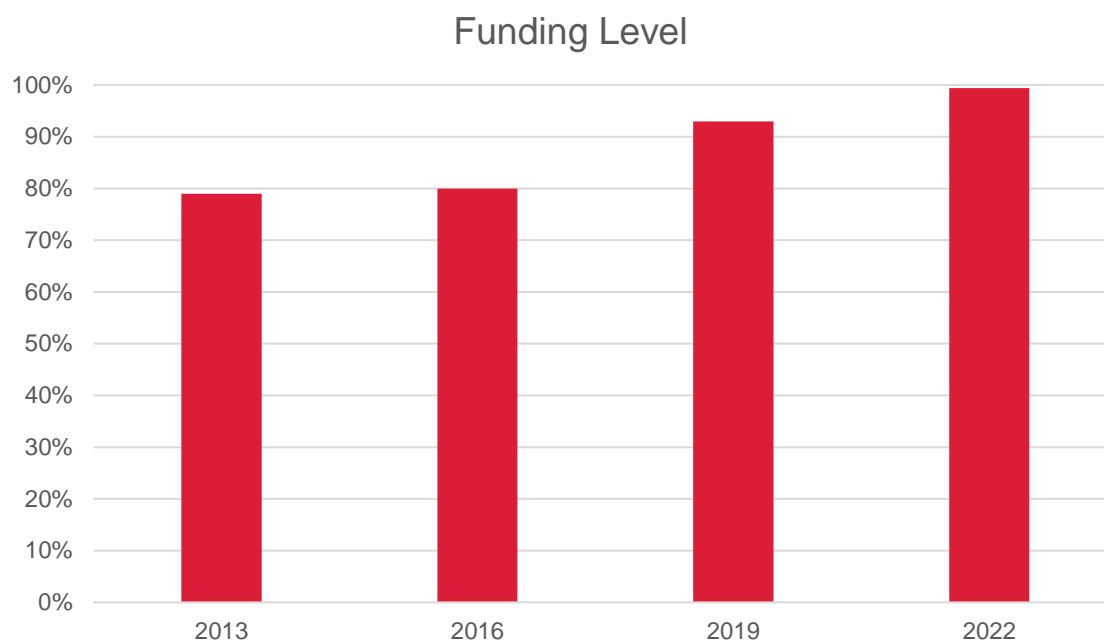


The total for deferred members includes frozen refunds.

Membership broken down by age profile is as follows:



Funding and Valuation



The aim of the funding is to accumulate current contributions at a level sufficient to provide known benefits at some time in the future. In short therefore, the scheme benefits are financed by contributions from employees and employers together with income from investments. Both the employees' contributions and the benefits to be provided by the scheme are fixed by the Government as set out in the Local Government Pension Scheme Regulations, leaving the employers' rate of contribution as the only element which can be deliberately adjusted.

The employers' rate of contribution is assessed by the Actuary to the Fund who reviews the future income and liabilities of the Fund. These reviews, or actuarial valuations, are required by law with a major review being undertaken every third year.

The actuarial valuation as at 31 March 2022 showed the assets held at the valuation date were sufficient to cover 99.4% of the accrued liabilities assessed on an ongoing basis. The long-term goal is to achieve 100% funding and efforts continue to be made to address this. The level of funding has no impact on members' benefits which are guaranteed by law.

Details of new pensioners

Total Retirements in 2023-24	
Ill Health	5
Early Retirements	211
Normal Retirements	61

Note – Normal retirements includes late retirements.

Financial Indicators

	2023-24 Total Expenses £'000	2023-24 Cost per member £
Administration expenses	1,480	80
Investment management expenses	4,277	232
Oversight and governance costs	548	30
Total Management Expenses	6,305	342

Process	2019/20	2020/21	2021/22	2022/23	2023/24
Investment Management Expenses					
Total Cost (£'000)	2,472	3,403	3,170	4,183	4,277
Total Membership (number)	16,655	16,911	17,910	18,142	18,448
Sub Cost per Membership (£)	148.42	201.23	177.00	230.57	231.84
Administration Costs					
Total Cost (£'000)	990	1,017	1,138	1,268	1,480
Total Membership (number)	16,655	16,911	17,910	18,142	18,448
Sub Cost per Membership (£)	59.44	60.14	63.54	69.89	80.23
Oversight and Governance Costs					
Total Cost (£'000)	515	399	426	486	548
Total Membership (number)	16,655	16,911	17,910	18,142	18,448
Sub Cost per Membership (£)	30.92	23.59	23.79	26.79	29.71
Total Cost per Member	238.80	284.96	264.32	327.25	341.78

Staffing

There are 14 (FTE) members of staff in the Pension section, 13 of which work in the Administration Team. Assuming that those administration staff work 100% of their time on administration only, this calculates to a ratio of 1,677 members per member of staff performing purely pension administration tasks.

Fund Employers

Powys County Council administers the scheme for employees and ex-employees of the following bodies:

Scheduled Bodies	Admitted Bodies
Brecon Beacons National Park Authority, Brecon Town Council, Forden with Leighton and Trelystan Community Council, Knighton Town Council, Llandrindod Wells Town Council, Llanidloes Burial Joint Committee, Llanidloes Town Council, Machynlleth Town Council, Newtown and Llanllwchaearn Town Council, Powys County Council, Powys Magistrates Courts' Committee, Welshpool Town Council, Ystradfellte Community Council, Ystradgynlais Town Council	Adapt Business Services, Agoriad, Aramak Limited BUPA Care Homes, Camping & Caravanning Club, Careers Wales Powys, Celtica Development Board for Rural Wales, East Wales Valuation Tribunal Elite Supported employment Agency, Freedom Leisure, Heart of Wales Property Services Ltd Just Perfect Catering Ltd. Kier Facilities Services Ltd. MENCAP, Menter Maldwyn, Mirus Wales, Powys Association of Voluntary Organisations, Powys Dance, Powys Valuation Panel, Presteigne Shire Hall Museum Trust, Shaw Healthcare Ltd. Solo Service Group, Theatr Brycheiniog, Wales European Centre, Ystradgynlais Miners Welfare & Community,

Town and Community Councils and various other statutory bodies have the right to be included in the Fund. Other bodies can be admitted at the discretion of the County Council.

Employer Data	Active	Ceased	Total
Scheduled Bodies	12	2	14
Admitted Bodies	9	17	26
Total	21	19	40

Contributions received by employers and employees

2023/24	No of Contributors as at 31 Mar	Employers Normal	Employers Additional	Members Normal	Total
		£	£	£	£
Scheduled Bodies					
Brecon Beacons Nat. Pk.	116	644	-	212	857
Brecon Town Council	7	35	2	9	46
Forden Leighton Trelystan C Council	1	5	-	1	6
Llandrindod Wells Town Council	1	9	-	3	12
Llanidloes Burial Joint Cttee	-	4	1	1	7
Llanidloes Town Council	1	8	-	2	10
Machynlleth Town Council	6	36	-	9	45
Newtown Town Council	12	73	-	20	93
Powys County Council	5,338	22,211	2,674	6,462	31,348
Welshpool Town Council	1	4	9	1	15
Ystradfellte Community Council	1	1	0	0	1
Ystradgynlais Town Council	2	13	3	3	19
Total	5,486	23,043	2,689	6,725	32,458
Admitted Bodies					
Adapt Business Services	3	10	-	2	12
Adapt Fire Stations	3	3	-	1	3
Bupa	-	-	-	0	0
Careers Wales	17	139	-	36	175
Freedom Leisure (Ex Pcc)	92	152	-	67	219
Freedom Leisure (Post PCC)	74	38	-	16	54
Menter Maldwyn	3	16	-	4	20
Mirus-Wales Ltd	3	19	-	5	23
P.A.V.O. (Former P.R.C.)	3	22	-	5	27
Shaw Health Care (Group)	12	86	-	19	105
Theatr Brycheiniog	1	5	-	2	7
Ystradgynlais Miners Welfare & Com Hall Trust Ltd	1	11	-	3	13
Total	212	500	-	160	660
Total	5,698	23,544	2,689	6,885	33,118

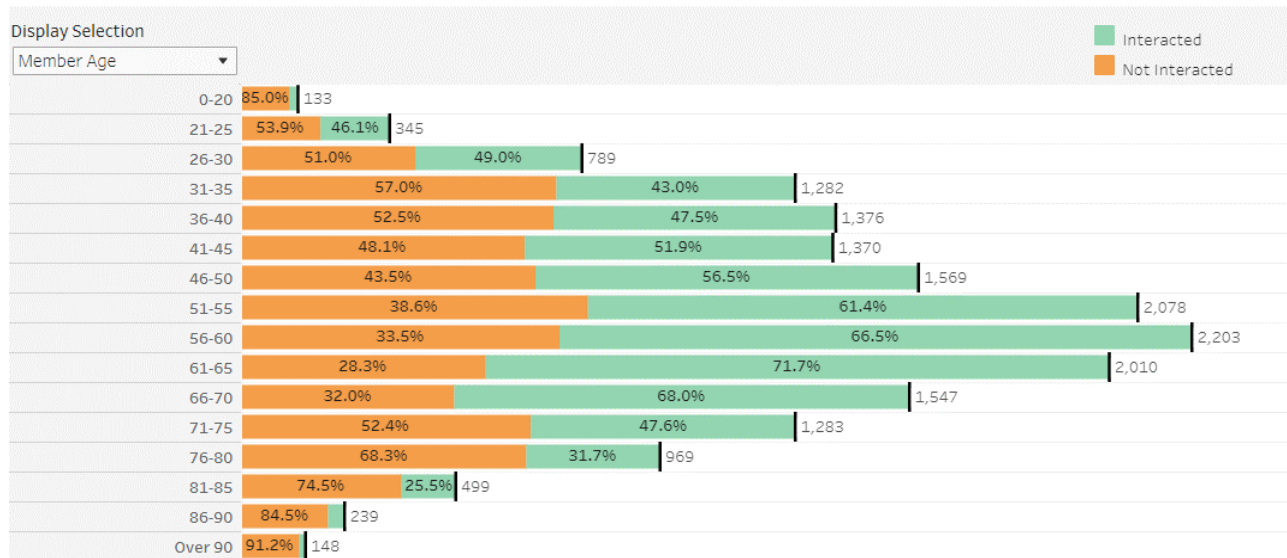
Communications and Engagement

My Powys Pension was launched at the end of February 2015 as the new way for scheme members to monitor and engage with their pension. Below is a chart which shows the percentage of scheme members (excluding councillors) who have registered to this service since it was launched.

Engagement with online portals	Percentage as at 31 March 2024
% of active members registered	62%
% of deferred members registered	51%
% of pensioner and survivor members	51%
% total of all scheme members registered for self service	54%
Number of registered users by age	see image below
% of all registered users that have logged onto the service in last 12 months	73.70%
Total number of telephone calls received in a year	Unavailable
Total number of email and online channel queries received	Unavailable
Number of scheme member events held in year (total in-person and online)	8
Number of employer engagement events held in year (total in-person and online)	1
Number of active members who received a one-to-one (in-person or online)	Unavailable
Number of times a communication (i.e. newsletter) issued to:	
a) Active members	1
b) Deferred members	1
c) Pensioners	1

Where data is presented as “Unavailable”, no data is currently captured but efforts are being made to ensure it will be for future reports.

The following table shows the number of registered users for the member portal by age.



Website traffic

The hosts of our websites are able to track how many visits they receive, including new visitors and how many webpages have been viewed. Below is a summary of their data over each financial year. The website is available in both English and Welsh.

Financial Year	Visits	New Visits	Page Views	Avg. Pages per Visit
2019/20	3,186	2,464	5,650	1.77
2020/21	2,639	2,154	4,793	1.81
2021/22	2,648	2,026	4,674	1.77
2022/23	6,178	4,741	13,428	2.17
2023/24	5,373	4,789	31,676	5.90

Workflow Performance

As covered in Performance Standards the below table shows the workload placed on the Pensions Team and how many of the various requests have been fulfilled.

Casework KPI	Total number of cases open as at 31 March (starting position)	Total number of new cases created in the year (1 April to 31 March)	Total number of cases completed in year	Total % of cases completed in year	Total number of cases completed in previous year	Total % of cases completed in previous year
Deaths recorded of active, deferred, pensioner and dependent members	17	149	146	89.0%	135	90.0%
New dependent member benefits	3	80	76	91.6%	41	93.2%
Deferred member retirements	2	271	271	99.3%	250	99.2%
Active member retirements	16	340	340	99.4%	289	99.0%
Deferred benefits	825	358	446	37.7%	493	38.7%
Transfers in (including interfunds in, club transfers)	24	44	44	64.7%	61	77.3%
Transfers out (including interfunds in, club transfers)	26	82	70	64.8%	79	76.7%
Refunds	1	74	72	96.0%	153	99.4%
Divorce quotations issued	0	18	17	94.4%	21	100.0%
Actual Divorce cases	1	0	1	100.0%	2	100.0%
Member estimates requested either by scheme member and employer	27	313	313	92.5%	274	90.0%
New joiner notifications	3	1,117	1,116	99.6%	1030	99.7%
Aggregation cases	374	260	63	16.7%	54	19.0%
Optant outs received after 3 months membership	1	74	72	96.0%	153	99.4%

The overall performance for the administration team over the 2023/24 year is at 89.2%. Whilst the team aim for a 100% target, this has proved challenging due to not being fully resourced until December 2023.

The McCloud age discrimination regulations came into effect from 1st October 2023, which requires additional calculations and re-visiting of already calculated cases to carry out the remedy check. This would include deferred and aggregation cases, which have been stockpiled until the legislation and guidance was in place. By doing this, it means that the calculation only needs to be done once and will be correct, rather than calculated at the point of leaving and then re-calculated at a later date. This approach leads to less confusion for members and less printing needs for correspondence etc. Every leaver that is processed since 1st October 2023 includes the McCloud remedy process.

In addition, there was a delay in receiving some additional factor tables from the Government Actuary's Department (GAD) in respect of transfers, that as impacted on the performance of transfer workflow in the year.

The following tables are also calculated using a system that is being continuously developed, so there may be a slight discrepancy in some of the values whilst development continues. However, best efforts have been made to provide meaningful results.

It is important to keep in mind that some processes included in the numbers below were started at the end of the period so will not have been possible to complete within the period, but conversely, some of those open at the start will have been completed within the period.

Casework KPI	Fund Timescale (months)	% completed with fund target in year	% completed in previous year
Communication issued with acknowledgement of death of active, deferred, pensioner and dependent member	2	97.3%	91.9%
Communication issued confirming the amount of dependents pension	2	97.4%	90.2%
Communication issued to deferred member with pension and lump sum options (quotation)	2	91.4%	89.5%
Communication issued to active member with pension and lump sum options (quotation)	2	92.7%	95.8%
Communication issued to deferred member with pension and lump sum options (actual)	2	99.6%	99.6%
Communication issued to active member with pension and lump sum options (actual)	2	99.7%	98.0%
Payment of lump sums (active and deferred)	2	99.7%	99.3%
Communication issued with deferred benefit options	2	44.4%	49.3%
Communication issued to scheme member with completion of transfer in	2	73.2%	84.3%
Communication issued to scheme member with completion of transfer out	2	74.3%	72.2%
Payment of refund	2	100.0%	97.4%
Divorce quotation	3	100.0%	100.0%
Communication issued following actual divorce proceedings	3	100.0%	100.0%
Communication issued to new starters	2	99.9%	99.5%
Member estimates requested by scheme member and employer	2	97.1%	95.1%

Glossary of Terms

Accrual

An accrual is a sum (provision) shown in the accounts to cover income or expenditure for the accounting period but which was not actually paid or received as at the date of the Balance Sheet.

Actuary

An actuary is an independent consultant who works out insurance and pension premiums, taking into account factors such as life expectancy.

Actuarial Valuation

This is when an actuary checks what the pension scheme assets are worth and compares them with the scheme's liabilities. They then work out how much the contributions from employers and members must be so that there will be enough money in the scheme when people receive their pensions.

Additional Voluntary Contributions

An option to secure additional pension benefits by making regular payments in addition to the percentage of basic earnings payable.

Admitted Bodies

Voluntary and Charitable bodies that fulfil certain conditions can apply to allow their employees to become members of the Local Government Pension Scheme.

Asset Class

A specific area/type of investment e.g. UK Equities, Private Equities, Fixed Income, Cash.

Audit

An audit is an independent examination of the Council's activities.

Balance Sheet

This is a statement of our assets, liabilities and other balances at the date of the Balance Sheet.

Benchmark

A measure against which the investment policy or performance of an investment manager can be compared.

Bonds

Investments, mainly in government stocks, which guarantee a fixed rate of interest. The securities represent loans which are repayable at a future date but which can be traded on recognised stock exchange in the meantime.

Cash and Cash Equivalents

Sums of money available for immediate use and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Contingent Liabilities

Contingent liabilities exist where it is probable that a future event will result in a material cost to the Council and can be estimated with reasonable accuracy.

Creditor

A Creditor is someone we owed money to at the date of the Balance Sheet for work done, goods received or services rendered.

Current Asset

These are short-term assets that are available for use in the following accounting year.

Current Liabilities

These are short-term liabilities that are due for payment by the Council in the following accounting year.

Current Service Costs (Pension)

The increase in the liability of a defined benefit pensions scheme as a result of employee's service in the current period.

Debtor

A debtor is an organisation/individual that owes the Council money at the Balance Sheet date.

Deferred Member

A member who has stopped paying into the scheme but is not yet retired.

Derivative

A derivative instrument is a contract whose value is based on the performance of an underlying financial asset, index, or other investment.

Employer Contribution Rates

The percentage of the salary of employees that employers pay as contribution towards the employee's pension.

Equities

Ordinary shares in the UK and overseas companies traded on a recognised stock exchange. Shareholders have an interest in the profits of the company and may normally vote at shareholders' meetings.

Equities - Pooled

The Pension Fund invests in equities through unit Trusts. It has no direct investments in equities.

Financial Reporting Standards (FRS's)

Financial regulations to be followed as set by the Accounting Standards Board.

Financial Year

This is the accounting period. For local authorities it starts on 01 April and ends on the 31 March in the following year.

Fund Manager

A fund that handles investments on behalf of the pension fund according to an agreed investment mandate.

Funding Strategy Statement (FSS)

The FSS is a document that addresses the issue of the primary responsibility of the fund to ensure the fund has sufficient assets to ensure its liabilities to pay pension benefits can be made. It will aim to ensure the solvency and long-term cost efficiency of the fund by taking

a prudent longer-term view of how it funds its liabilities. The Administering Authority will prepare, maintain and publish the FSS after acting on professional advice provided by the actuary.

Gilt Edged Stocks

These are investments in government or local Authority stocks. They are regarded as risk-free.

Liability

A liability is an amount payable at some time in the future.

Past Service Costs (Pension)

For a defined benefit pension scheme, this is the extra cost resulting from changes or improvements to the proportion of retirement benefit that relates to an employee's past service.

Pooled Funds

Pooled investments vehicles issues units to a range of investors. Unit's prices move in response to changes in the value of the underlying portfolio, and investors do not directly own the assets in the fund. The main types are: unit trusts, open-ended investment companies(OEICs), insurance linked vehicles and investment trusts.

Post Balance Sheet Events

Post Balance Sheet events are items that have arisen after the Balance Sheet date. The items did not occur at the time the Balance Sheet was prepared but have subsequently been discovered. To give a fair representation they may need to be disclosed.

Private Equity

Investments made by specialist managers in all types of unlisted companies rather than through publicly tradable shares.

Scheduled Body

A Scheduled Body is an employer which is listed in the Local Government Pension Scheme (Administration) Regulations 2008 (Schedule 2, Part 1) and include county councils and district councils.

Securities

These are investments such as stocks and bonds.

Unrealised Gains/Losses

The increase or decrease in the market value of investments held by the fund since the date of their purchase.

Further information

Key Documents

Investment Strategy Statement	Forms and Publications - Powys Pension Fund
Governance Statement	Forms and Publications - Powys Pension Fund
Funding Strategy Statement	Forms and Publications - Powys Pension Fund
Communications Policy	Forms and Publications - Powys Pension Fund

More information about the Fund is available on the Fund's website:
www.powyspensionfund.org.

Further information regarding the scheme can be found on LGPS website:
www.lgpsmember.org

A full copy of this report can be viewed on our website, or a physical copy is available to anyone on demand, subject to a small administration charge.

Enquires can be made via:

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PO BOX 71
Llandrindod Wells
LD1 9AQ

Telephone: 01597 826463

Email: pensions@powys.gov.uk

Should you have any comments on the financial statement or any other pension matter please contact the appropriate officer in the following list:

Pension Scheme, Fund Governance & Other Matters

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Pensions Administration Manager	Mrs M Price	megan.price@powys.gov.uk

Accounts & Investment

Pension Fund Accounts	Mr D Paley	daniel.paley@powys.gov.uk
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