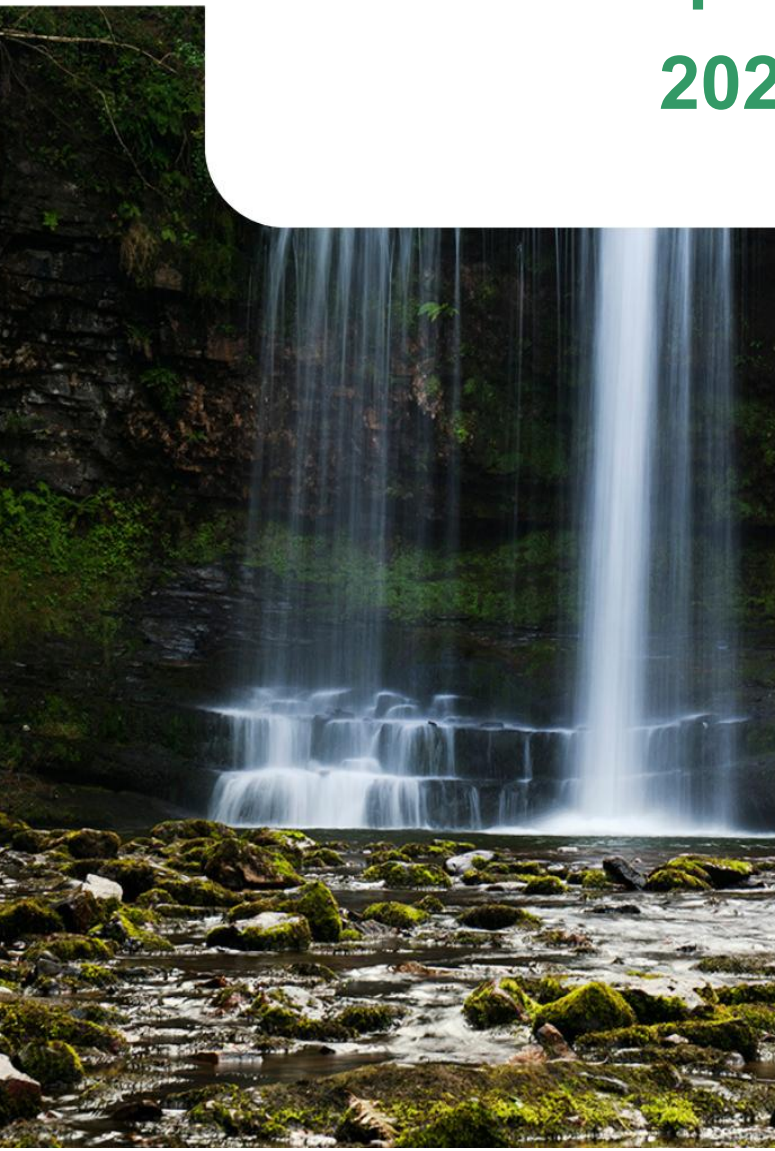


Pension Fund
Annual Report & Accounts
2024/25



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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, covering the 12 months ending on the 31st of March 2025.

At the time of writing this, there are many challenges faced around the world with global tensions running high which we also see reflected in global stock markets. The Fund closely monitors these situations and understands the need to be cautious but keep in mind the fiduciary responsibilities of the Committee and the long-term nature of the investments.

The Fund has continued its development and investments into the WPP's private market sub-funds which are seeing the launch of new vintages, as it seeks to maximise the pooling opportunities where possible and ensure a diversified portfolio and strategy.

The fund has again taken the decision to extend the equity protection that it has in place to help manage investment risk ahead of the 2026 triennial valuation. This strategy has helped the fund manage market fluctuations, whilst still maintaining a desired rate of return for the fund as set within the Investment Strategy Statement.

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. The Fund has also undertaken a significant review of its carbon exposure and is working hard to ensure it manages the transition to a net zero economy in line with fiduciary responsibilities, whilst aiming to be as ambitious as possible in its objectives on this.

We have also now seen a complete year of the Pension Regulator's General Code of Practice, which launched in March 2024, The Fund has reviewed its position against the code working hard to ensure continued compliance, particularly in areas around cyber risk.

During the year we also had a change of Pension Board Chair, with the retirement of our long-standing Chairman, Gerard Moore, who's professionalism and eye for detail has helped strengthen the governance of the Fund considerably under his tenure. I would like to thank Gerard for all his efforts and wish him the best for the future.

Gerard was replaced by Dafydd Edwards, former Statutory Finance Officer at both Gwynedd Council and Snowdonia National Park for 20 years. Dafydd brings with him many years of experience in the LGPS and we look forward to working closely with Dafydd and the Pension Board as we move forward.

It would be difficult for me to complete this statement without referring to the Government's LGPS: Fit for the Future consultation launched in November 2024. The Fund and the WPP responded accordingly to the consultation and were pleased to have received a positive response to the WPP's business case on the next steps of LGPS pooling in Wales. The WPP concluded that it was in the best interest to build its own FCA regulated Investment Management Company (IM Co.) and retain its independence as a Pool with all 8 Welsh LGPS as sole shareholders and clients. The formation of this WPP IM Co. presents a once in a generation opportunity to create a stand-alone LGPS Investment Company for the benefit of all the stakeholders in Wales. This is an exciting opportunity, but a significant undertaking that I look forward to seeing come to fruition in the coming months.

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 the Further Information section later in the report 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 Head of Finance)

Mr C Hurst (Pension Fund Manager)

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:

	Abdrn	Private Equity
	Adept	Hedge Fund of Funds
	Aviva	UK Property
	HarbourVest	Private Equity
	Hermes	UK Property
	Insight	Fixed Income
	Schroders Capital	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
		Global Growth Equity Fund
Private Markets	Russell Investments	Private Credit
	GCM Grosvenor	Infrastructure (Closed-ended)
	CBRE	Infrastructure (Open-ended)
	IFM Investors	Infrastructure (Open-ended)
	Octopus	Infrastructure (Open-ended)
	Schroders Capital	Private Equity

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 2025 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 9 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 2024/25 year, members of the Committee have received over 110 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:

- Fit for the Future Consultation
- Call for Evidence Consultation
- Climate Change
- Employer Risk
- Natural Capital
- Risk Management
- Cashflow Modelling

- Performance Measurement
- TPR general Code of Practice
- Pension Fund Resource

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

Annual Report of the Powys Pension Board for 2024/25
(the year to 31 March 2025).

Background / Constitution

1. Powys County Council's Local Government Pension Scheme (LGPS) Local Pension Board ("the Board") was constituted under the Public Service Pensions Act 2013. The Board is not a Committee of the Council, but operates under Terms of Reference agreed and reviewed by Powys County Council.
2. The Board held its first meeting on 31 July 2015. Since 2020, it has consisted of three members representing scheme employers and three members representing scheme members (which include staff who contribute to the pension scheme and those who are retired and receiving a pension). Scheme employer representatives and scheme member representatives are voting members, while there is also a non-voting independent chair.

Representation and Attendance

3. During August 2024 there was a change in the membership, with John Byrne (members' representative) and Gerard Moore (independent chair) leaving the Board, and Dafydd Edwards joining the Board as the new independent chair. At the end of 2024/25, vacancies for one scheme employer representative and one scheme member representative remained unfilled.
4. The Board met on five occasions during the year on 22 May, 9 July, 2 September, 18 November 2024 and 13 February 2025. Board meetings are open to the public, other than when considering exempt items. Four meetings were held virtually, while 2 September was a hybrid Board meeting (in person / virtual). In 2024/25 Board members' attendance was 74% of the theoretical maximum (increased from 57% in 2023/24).

	22 May 2024	09 Jul 2024	02 Sep 2024	18 Nov 2024	13 Feb 2025
Gerard Moore: (Previous Independent Chair)	✓	✓	N/A	N/A	N/A
John Byrne: (Previous Member representative)	✗	✓	N/A	N/A	N/A
Dafydd Edwards: Independent Chair	N/A	N/A	✓	✓	✓
Ian Jones: Scheme Member representative	✗	✓	✗	✓	✗
David Powell: Scheme Member representative	✓	✗	✓	✗	✓
Graham Evans: Scheme Employer representative	✓	✓	✓	✓	✓
Debby Jones: Scheme Employer representative	✓	✓	✗	✓	✓

5. The Board is supported by the Council's Democratic and Scrutiny Support Officer, while reports are generally prepared and presented by officers, including the Pensions Fund Manager (in his role as Secretary to the Board) and the Director of Corporate Services.
6. To facilitate effective operation of the Board, the Chair is invited as an observer to meetings of the Council's Pensions and Investment Committee ("the Committee").

Functions and Operation of the Board

7. In accordance with legislation, the two primary functions of a Local Pension Board are to assist the fund administering authority (Powys County Council) to:
 - ensure effective and efficient governance and administration of the pension scheme (LGPS);
 - ensure compliance with relevant regulations, legislation, and the Pensions Regulator's requirements.
8. Therefore, the Board has a monitoring, assisting, reviewing and scrutinizing purpose, it is not a management or decision making body. The Board commissions its own reports, and where appropriate, makes recommendations to the Committee and to the administering authority's officers.

The Board's Regulatory Role

9. The Board helps manage the reputational risk of the Fund. The LGPS in England and Wales has two regulators: the Ministry of Housing, Communities and Local Government (MHCLG) and the Pensions Regulator (TPR), which produces regulatory intervention reports. No such fines or reports from TPR have ever been issued to the Powys Pension Fund.
10. Any breaches of the law are recorded. The Board and the administering authority have a responsibility to report significant breaches of law to TPR. The Board reviews any breaches of the law as a standing item on the agenda. During 2024/2025, no breaches were reported to TPR.

Work of the Board

11. This is the tenth Annual Report produced by the Board. Local Pension Boards have become increasingly active, with dialogue ongoing among Board members between formal meetings, particularly between the Board Chair and the Board Secretary.
12. All Board members received regular updates of bulletins from TPR, the Scheme Advisory Board (SAB), the Ministry of Housing, Communities and Local Government (MHCLG), Local Government Association (LGA), and other relevant sources, such as Aon (the Fund Actuary), and Hymans Robertson (Wales Pension Partnership's Oversight Advisor).

Interaction with the Pensions and Investment Committee

13. Board meetings give detailed consideration to proposed new policies, or with reviews of existing policies. Observations and recommendations from the Board are then integrated into the final report to the Committee, and taken into account as part of the decision-making process. The Board Chair attends the Committee meetings to discuss any recommendations from the Board, and comment on reports and recommendations, where appropriate.
14. There are effective communication links between the Board and the Committee, with Board minutes being presented to the Committee, and vice versa. The Board takes satisfaction from its role as a sounding board in developing new policies and reviewing existing policies and statements. The Pensions Regulator expects Boards to be in a position, if necessary, to challenge the administering authority on any decisions made. There were no such cases during the financial year 2024/25.

Scope of the Board's work

15. 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. Staff capacity, skills, knowledge, training, recruitment and retention are crucial factors in maintaining high service standards. The Board continues to focus on the key issues affecting the Fund and its beneficiaries, to support the Council in the delivery of the LGPS.

Regular Board Agenda Items

16. As part of its oversight and scrutiny role, the Board reviews and discusses the following regular agenda items at each meeting:
 - Minutes of the preceding Pensions and Investment Committee.
 - Operational and Administration reports on membership and financial statistics.
 - Compliance with The Pension Regulator's General Code of Practice.
 - Legislation and Governance updates.
 - Risk Register - monitoring and review, on a rota basis, of the Administration, Governance, and Investment pillars.
 - Updates on any breaches in service delivery, audit reports, or disputes.
 - Performance Measurement - monitoring and review of the pensions administration service workload completion.

The Board's other work during 2024/25

17. There have been full agendas for each Board meeting during the year, where the Board discussed several issues including:
 - The Pension Fund Annual Report - updated CIPFA guidance.
 - Draft versions of the Pension Fund Annual Report 2023/24.
 - Wales Pension Partnership (WPP) investment pooling updates.

- LGPS 'Fit for the Future' consultation on investment pooling.
- Government proposals on pooling and governance of LGPS funds.
- Pension Administration Team resources.
- The Communication Strategy Statement.
- Data quality testing and related improvement plan.
- Cyber Security.
- Training Needs Analysis.

Key issues which the Board has reviewed -

18. **Risk Management:** A separate Risk Register is produced for the Pension Fund. The Board cyclically reviews all risks as a standing item at quarterly meetings, and has made several detailed recommendations to the Committee in 2024/25.
19. **The Regulator's General Code of Practice:** The Board, with the Board Secretary, conducts a phased review of the Fund against the standards and expectations of TPR. Transition to the Regulator's General Code of Practice continues to represent a challenge.
20. **The McCloud Remedy:** The Board received updates on work by Pensions Admin in revisiting records to verify that members in scope were not disadvantaged by the transition to the CARE scheme.
21. **Data:** The Board monitors data protection and cyber security, which are identified by TPR as critical areas. Whilst data quality for Powys is at a high level, a Data Improvement Plan is maintained, reviewed and monitored by the Board. Cyber security was addressed jointly by the Board and Committee, in a closed session facilitated by Aon (as Fund Actuary and Adviser).
22. **Compliance with Regulatory Deadlines:** The Board continues to ensure compliance with regulatory deadlines, receiving progress reports confirming if timescales were achieved, and if new regulations and guidance are adopted. During the year, the Fund complied with all relevant deadlines.
23. **Valuation:** Board members attended an informal session with the Fund Actuary which considered planning and actuarial assumptions in advance of the 2025 triennial valuation of the Fund.
24. **Investment:** The Board continues to monitor the on-going development of a responsible investment strategy and climate-related financial disclosures.
25. **Pooling:** The Board (individually, and collectively with other constituent authorities) has received several updates on progress by the Wales Pensions Partnership (WPP) on investment pooling.

Board engagement with WPP

26. The Board Chair participates, along with the Board Chairs of the other 7 WPP partner Funds, in half yearly engagement meetings with WPP's host authority, including with external providers. This facilitates scrutiny of WPP's activities, governance and procedures.

27. During late 2024 and early 2025, these engagement meetings have been arranged more frequently, in order to discuss WPP and the Joint Committee's responses to Government consultation regarding the evolution of LGPS Pooling, proposals and progress made to date.

Board engagement with the s151 Officer

28. The Board Chair has direct access to, and regular meetings with the Council's Section 151 Officer (the Director of Corporate Services:). During 2024/25, these discussions covered –
- the resourcing of the Pensions Team (in the context of additional administrative and governance burdens),
 - several responses to Government consultation regarding the evolution of LGPS Pooling, and
 - relevant proposals and progress made by the Wales Pensions Partnership (WPP).

The Board's Future Workplan

29. In addition to all the ongoing activity areas identified above, the Board's work plan for 2025/26 will also include the following:
- Preparation for implementing the MHCLG guidance on Good Governance, and other developments.
 - Monitoring Powys County Council's progress to establish appropriate Pensions staff structures and recruit suitable staff to key roles.
 - Developments by Pensions Admin and systems suppliers for timely delivery of Pension Dashboard requirements.
 - Monitoring progress to bring the McCloud remedy to conclusion, in compliance with statutory timescales.
 - Developments by WPP to comply with pooling legislation, and relevant decisions by administering authorities.
 - Results of the 2025 triennial valuation of the Fund and consequent implications for cash-flow and strategic asset allocation.

Training

30. Training and development gets attention from The Pensions Regulator, as part of their role in promoting high standards of corporate governance in Pension Funds.
31. In order to have a good working knowledge of the LGPS (as required by statute), Board members receive relevant training based on their individual training needs analysis. This includes use of the TPR 'toolkit' and various other training sessions and conferences.
32. Board and Committee members are invited to internal training events provided by the Powys Fund and Aon's advisers/actuaries, which are often targeted to specific issues or asset classes.

33. Members also attend regular on-line training sessions run by WPP for all Committee and Board Members across the 8 Welsh funds, which will continue to be provided by WPP fund officers, advisers from Hymans Robertson (oversight adviser) and Robeco (engagement provider), and the pool's specialist asset managers, such as Russell Investments (investment solutions provider) and Schroders (private equity allocator).
34. The following quarterly Wales Pensions Partnership (WPP) training sessions were attended by Board members during 2024/25 –
- WPP Pooled Investments / Cyber Security
 - Policies - Responsible Investment, Climate, Stewardship
 - Responsible Investment - Net Zero journey planning, Climate Metrics
 - LGPS Pooling development plans – 'Project Snowdon' update
35. The Independent Chair attends and speaks at many industry events, and is able to share some of the learning outcomes with Board members, thus adding informal training to the range of opportunities available to the Board.
36. Examples of training events attended by various Board members during the past year include:
- Briefings on Valuation & Governance, provided by Aon's advisers / actuaries and Powys Fund officers.
 - Pensions and Lifetime Savings Association (PLSA) Local Authority Conference
 - Portfolio Institutional Annual ESG Conference
 - The LAPF (local authority pension fund) Strategic Investment Forum, arranged by DG Publishing.
 - The LGC Investment Seminar arranged by the Local Government Chronicle.
 - The LGPS Pooling Symposium, arranged by DG Publishing.
 - The Defined Benefit Strategic Summit, arranged by DG Publishing.
 - Various roundtables, seminars, and webcasts attended by Board members on an individual basis, with updates on current issues affecting the LGPS.
37. Regular training on individual topics will continue to be arranged and briefing sessions incorporated as part of Board meetings. Training will continue to take place both virtually and in person.

Public Accountability

38. 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

39. As the new Independent Chair of the Pension Board, I wish to thank Powys County Council's officers, Committee members, and fellow Board members for welcoming me into the role.
40. This is my first Annual Report for Powys Pension Board, and I wish to thank Gerard Moore, the previous the Board Chair from inception in 2015 until 31 July 2024, for his thorough and conscientious work in the role, and for an orderly and helpful handover in August 2024.
41. I am grateful to Board members, who have volunteered their time and energy in their roles.
42. Grateful thanks are also expressed to the Board Secretary, the Chair of the Pensions & Investments Committee, the s151 Officer, Democratic Services and other support officers, for their timely and effective support given to the Pensions Board during 2024/25.
43. 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.

Dafydd Edwards

Independent Chair

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 2025 was 3.9%, a decrease from last year's return of 7.5% and lower than the benchmark figure of 5.5%.

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 2024/25, 89.4% of contributions & 90.9% 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 the Administration Expenses is as follows.

2023/24 £'000		2024/25 £'000
660	Staff Costs (Direct)	778
162	Staff Costs (Internal Recharges)	165
9	Premises	29
1	Transport	3
186	Supplies & Services	193
417	IT	360
16	Third Party Payments	10
29	Other Administration Costs	31
1,480		1,569

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.

	2024/25	
	Amount (£)	Cases
Amounts under £250	1,772.50	36
Overpayments recovered	6,284.71	9
Amounts Written Off	1,772.50	36

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: 23rd October 2025

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 2024/25.

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 2025 and its income and expenditure for the year then ended.

Signature:  Date: 23rd October 2025

J Thomas, S.151 Officer

Net Assets Statement

2024 £'000		Note	2025 £'000
819,034	Investments	13	860,265
15,444	Current Assets	14	3,247
(942)	Current Liabilities	14	(1,526)
833,536	Net Assets as at 31 Mar		861,986

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

2023/24 £'000		Note	2024/25 £'000
	Contributions and benefits		
(33,118)	Contributions receivable	6	(35,267)
(2,717)	Transfers in	7	(3,401)
(35,835)	Total income		(38,668)
34,133	Benefits payable	9	37,296
2,888	Payments on account of leavers	10	3,114
37,021	Total expenditure		40,410
1,186	Net (additions)/withdrawals from dealing with members		1,742
(2)	Other income	8	(3)
6,305	Management expenses	11	7,470
7,489	Net (additions)/withdrawals		9,209
	Returns on investments		
(5,000)	Investment income	12	(6,023)
(56,154)	Changes in the market value of investments	13	(31,637)
(61,154)	Net (profit)/loss on investments		(37,660)
(53,664)	Net (increase)/decrease in the fund		(28,451)
779,871	Opening net assets		833,536
833,536	Closing net assets		861,986

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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 2025. 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 28.2% 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 2024/25 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 2025 was £144.1m (31 March 2024: £80.1m).

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 £236,126k as at 31 March 2025. There is a risk that this investment may be under or overstated in the accounts.

Note 6: Contributions Receivable

2023/24 £'000	By Category	2024/25 £'000
26,233	Employers	27,888
6,885	Employees	7,379
33,118		35,267

2023/24 £'000	By Authority	2024/25 £'000
31,348	Powys County Council (administering body)	33,392
1,110	Scheduled bodies	1,203
660	Admitted bodies	672
31,118		35,267

2023/24 £'000	By Type	2024/25 £'000
23,544	Employers normal contributions	25,239
6,885	Employees normal contributions	7,379
312	Employers additional contributions	549
2,377	Employers deficit reduction contributions	2,100
31,118		35,267

Note 7: Transfers In

2023/24 £'000		2024/25 £'000
2,717	Individual transfers from other schemes	3,401

Note 8: Other Income

2023/24 £'000		2024/25 £'000
2	Administration	3
2		3

Note 9: Benefit Payable

2023/24 £'000		2024/25 £'000
28,258	Pensions	30,664
4,817	Commutations and lump sum retirement benefits	6,238
1,058	Lump sum death benefits	394
34,133		37,296

Benefits can be further analysed as follows:

2023/24 £'000		2024/25 £'000
29,235	Powys County Council (administering authority)	32,533
2,917	Scheduled bodies	2,891
1,981	Admitted bodies	1,872
34,133		37,296

Note 10: Payments to and on Account of Leavers

2023/24 £'000		2024/25 £'000
93	Refunds to members leaving service	96
2,795	Individual transfers to other schemes	3,018
2,888		3,114

Note 11: Management Expenses

2023/24 £'000		2024/25 £'000
1,480	Administration expenses	1,569
4,277	Investment management expenses (see Note 11a)	5,206
548	Oversight and governance costs	695
6,305		7,470

Note 11a: Investment Management Expenses

2023/24 £'000		2024/25 £'000
16	Bonds	39
18	Equities	19
1,094	Wales Pension Partnership	2,267
319	Pooled Property investments	313
1,250	Private Equity	883
1,466	Hedge Funds	1,569
114	Derivatives	116
4,277		5,206

Note 11b: Wales Pension Partnership

2023/24 £'000	Wales Pension Partnership	2024/25 £'000
658	Fund Manager Fees	1,001
334	Transaction Fees	750
46	Custody Fees	48
-	Performance Fees	285
56	Interest Payable on Equalisation	183
1,094	Investment Management Expenses	2,267
226	Oversight and Governance Costs	241
1,320		2,508

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

2023/24 £'000		2024/25 £'000
(85)	Interest on cash deposits	(87)
-	Dividend Income	(926)
(490)	Pooled property investments	(532)
(4,414)	Private equity income	(4,478)
(11)	Other	-
(5,000)		(6,023)

Note 13: Investments

	Value as at 1 Apr 24 £'000	Purchases at Cost £'000	Sales Proceeds £'000	Fees included in NAV £'000	Cash Movement £'000	Change in Market Value £'000	Value as at 31 Mar 25 £'000
Bonds	228,129	83,593	(88,842)	(261)	870	2,871	226,361
Equities	341,980	2,971	(9,600)	(424)	-	9,073	344,000
Property	49,164	-	(620)	(313)	532	1,765	50,528
Private Equity	64,304	6,121	(7,307)	(910)	4,478	(335)	66,351
Private Credit	4,514	16,808	-	(709)	-	2,149	22,762
Hedge Fund of Funds	104,884	-	(3,000)	(1,569)	-	9,493	109,808
Derivatives (Options)	(19,399)	-	-	-	-	1,558	(17,841)
Infrastructure	11,327	42,028	(395)	(839)	-	2,925	55,046
Cash & Short Term Investments	34,131	15,500	(48,519)	-	-	2,138	3,250
	819,034	167,021	(158,283)	(5,025)	5,880	31,637	860,265

	Value as at 1 Apr 23 £'000	Purchases at Cost £'000	Sales Proceeds £'000	Fees included in NAV £'000	Cash Movement £'000	Change in Market Value £'000	Value as at 31 Mar 24 £'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

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 2025 is £224m (£234m in 2023/24).

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

2023/24 £'000	Wales Pension Partnership	2024/25 £'000
150,659	Bonds	117,697
160,518	Equities	165,048
2,047	Private Equity	4,780
4,514	Private Credit	22,762
11,327	Infrastructure	55,046
2,971	Cash & Cash Equivalents	-
332,036		365,333
	Other Investments	
77,470	Bonds	108,664
181,462	Equities	178,952
49,164	Pooled Property	50,528
62,257	Private Equity	61,571
104,884	Hedge Funds	109,808
(19,399)	Derivatives	(17,841)
31,159	Cash & Cash Equivalents	3,250
486,997		494,932
819,034	Total Investment Assets	860,265

Note 13b: Investments Analysed by Fund Manager

31-Mar 24			31-Mar 25	
Market Value £'000	%		Market Value £'000	%
332,037	40.5	Wales Pension Partnership	365,333	42.5
104,884	12.8	Adept	109,808	12.8
9	-	Aviva Investors Pensions Ltd	-	-
232,189	28.3	Blackrock Global Investors Ltd	178,953	20.8
62,250	7.6	HarbourVest Partners LLC	61,566	7.2
12,035	1.5	Hermes Fund Managers Ltd	12,309	1.4
38,503	4.7	Insight Investment Ltd	94,072	10.9
37,119	4.5	Schroders Investment Management Ltd	38,219	4.4
7	-	Standard Life Investments Ltd	5	-
819,034			860,265	

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

31-Mar 24		Security	31-Mar 25	
Market Value £'000	%		Market Value £'000	%
104,884	12.8	Adept Hedge Fund	109,808	12.8
101,878	12.4	Blackrock ACS WL ESG EQ TR FD X2	102,644	12
79,584	9.7	Blackrock ACS WL MU ES EQ TR FD X2	76,308	8.8
74,332	9.1	WS WPP Global Growth	74,952	8.7
90,594	11.1	WS WPP Absolute Return Bonds	54,053	6.2
73,889	9.0	WS WPP Sustainable Equity	74,028	8.6
38,503	4.7	Insight LDI Active 51	94,072	10.9

Note 14: Current Assets and Liabilities

2023/24 £'000	Current Assets	2024/25 £'000
139	Contributions due from employers and members	136
1,669	Cash balances	2,999
13,636	Investment debtors	112
15,444		3,247
	Current Liabilities	
(241)	Benefits payable	(600)
(701)	Sundry creditors	(926)
(942)		(1,526)

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 decrease 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 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 £22.1k in 2024/25 (£20k in 2023/24).

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

The Authority incurred costs of £1,532k in 2024/25 (2023/24: £1,459k) 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 £25,966k to the Fund in 2024/25 (2023/24: £24,573k) 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:

2023/24 £'000	Current Assets	2024/25 £'000
84.2	Short term benefits	88.5
14.6	Post-employment benefits	14.9
98.8		103.4

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 2023/24 £'000	Market Value 31-Mar 2024		Contributions 2024/25 £'000	Market Value 31-Mar 2025
463	2,065	Prudential	505	2,286
100	791	Standard Life	155	953
-	45	Utmost Life and Pensions	-	40
563	2,901		660	3,279

Note 17. Post Balance Sheet Events

There are no known post balance sheet events.

Note 18: Capital Commitments

2023/24 £'000	Private Markets Mandate	2024/25 £'000
23,509	Private Equity	24,335
44,491	Private Credit	27,746
36,366	Infrastructure	19,999
104,367		72,080

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 £14k in 2024/25 (£12k in 2023/24). At the 31 March 2025 has quoted equities totalling £4,418k on loan (£5,976k in 2023/24).

Note 20: Financial Instruments

Note 20A: Classification of financial instruments & liabilities

31 Mar 2024		Financial Assets	31 Mar 2025	
Amortised cost	Fair value through profit and loss		Amortised cost	Fair value through profit and loss
£'000	£'000		£'000	£'000
		Wales Pension Partnership:		
	150,659	Bonds		117,697
	160,518	Equities		165,048
	2,047	Private Equity		4,780
	4,514	Private Credit		22,762
	11,327	Infrastructure		55,046
	2,971	Cash & short-term investments		-
		Other Investments:		
	77,470	Bonds		108,664
	181,462	Equities		178,952
	49,164	Property (pooled funds)		50,528
	62,257	Private Equity		61,571
	104,884	Hedge fund of funds		109,808
	(19,399)	Derivatives (options)		(17,841)
	31,159	Cash & short-term investments		3,250
15,444		Current Assets	3,247	
15,444	819,034	Total Financial Assets	3,247	860,265
		Financial Liabilities		
(942)		Current Liabilities	(1,526)	
(942)			(1,526)	

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.

Description of Asset	Valuation Hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Cash and Cash Equivalents	Level 1	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not required
Pooled Equities	Level 1	The published bid market price on the final day of the accounting period.	Not required	Not required
Bonds	Level 2	Quoted market value based on current yields	Not required	Not required
Pooled Property	Level 2	Closing bid price where bid and offer prices are published: closing single price where single price published	NAV- bases pricing set on a forward pricing basis	Not required

Pooled Equities/Bonds	Level 2	The NAV is calculated based on the market value of the underlying assets	Evaluated price feeds	Not required
Hedge Funds	Level 3	Valued by investment managers on a fair value basis each year using a PRAG guidance	NAV-based pricing set on a forward pricing basis	Valuations are affected by any changes to the value of the financial instrument being hedged against
Private Equity	Level 3	Valued quarterly at NAV using the market approach using quarterly financial statements in accordance with International Private Equity and Venture Capital Association Guidelines	EBITDA multiples, revenue multiples, discount for lack of market evidence, control premium	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cashflows and by differences between audited and unaudited accounts
Derivatives	Level 3	Probable realisation value estimated by the AIFM or an external valuer.	Volatility to the date the options mature.	Time to maturity, volatility.
Private Markets: Private Credit Infrastructure	Level 3	Latest available fair value provided by the manager, adjusted for cash movements subsequent to that date as required	Unobservable inputs-the fund is exposed to security and other assets that will not have readily assessable market values	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cashflows and by differences between audited and unaudited accounts

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 25	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	178,953	445,186	236,126	860,265
Current assets	3,247	-	-	3,247
Current liabilities	(1,526)	-	-	(1,526)
Net financial assets	180,674	445,186	236,126	861,986

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

Reconciliation of Level 3 movements

Level 3 asset	Value as at 31 Mar 24 £'000	Purchases, sales & transfers £'000	Other movement £'000	Change in market value £'000	Value as at 31 Mar 25 £'000
Hedge Funds	104,884	(3,000)	(1,569)	9,493	109,808
Private Equity	64,304	(1,187)	3,569	(335)	66,351
Private Credit	4,515	16,807	(709)	2,149	22,762
Derivatives	(19,399)	-	-	1,558	(17,841)
Infrastructure	11,327	41,633	(839)	2,925	55,046
Total	165,631	54,253	452	15,790	236,126

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	31 March 2022
£'000	£'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 2025/26. 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 25 £'000	Percentage Change %	Value on Increase £'000	Value on Decrease £'000
Equities	344,000	13.00	388,720	299,280
Bonds	226,361	5.60	239,037	213,685
Property	50,528	4.90	53,004	48,052
Private Credit	22,762	7.62	24,496	21,028
Private Equity	66,351	8.20	71,792	60,910
Hedge Funds	109,808	3.00	113,102	106,514
Infrastructure	55,046	14.53	63,044	47,048
Derivatives	(17,841)	-	-	-
Cash & short-term investments	3,250	0.70	3,273	3,227
Total Assets	860,265		956,468	799,744

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 be cut via a gradual and careful approach throughout 2025, based on the Authorities Treasury Management advisor's latest advice. The Fund's exposure to interest rate movements as at 31 March 2024 and 31 March 2025 is set out below.

As at 31 Mar 24 £'000	Asset Type	As at 31 Mar 25 £'000
34,131	Cash Instruments	3,250
1,669	Cash balances	2,998
174,462	Bonds	117,697
210,262	Total	123,945

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 2024 and 31 March 2025 is set out below.

As at 31 Mar 24 £'000		As at 31 Mar 25 £'000
62,257	Private Equity	61,571
-	Infrastructure	5,486
62,257	Total	67,057

A 6.6% 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 6.6% 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 25 £'000	Value on Increase £'000	Value on Decrease £'000
Private Equity	61,571	65,650	57,492
Infrastructure	5,486	5,849	5,123
Total	67,057	71,499	62,615

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 24 £'000	As at 31 Mar 25 £'000
Bank Current Account			
HSBC	AA-	5	-
Bank Deposit Account			
HSBC	AA-	1,664	2,998

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 2025 the value of illiquid assets was £289.9m, which represented 33.7% of the total fund assets - (31 March 2024 - £242.4m, which represented 29.6% 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 2025 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 2025 for 2024/25). None of the standards introduced in the 2025/26 code are expected to have a material impact on the financial statements.

Statement of the Actuary for the Year Ended 31 March 2025

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 2025

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 2025 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 2024-25.

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 2025, 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 2024-25.

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 Powys 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 posting of unusual journals;
- Obtaining an understanding of Powys Pension Fund's framework of authority as well as other legal and regulatory frameworks that Powys 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
29 October 2025

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.

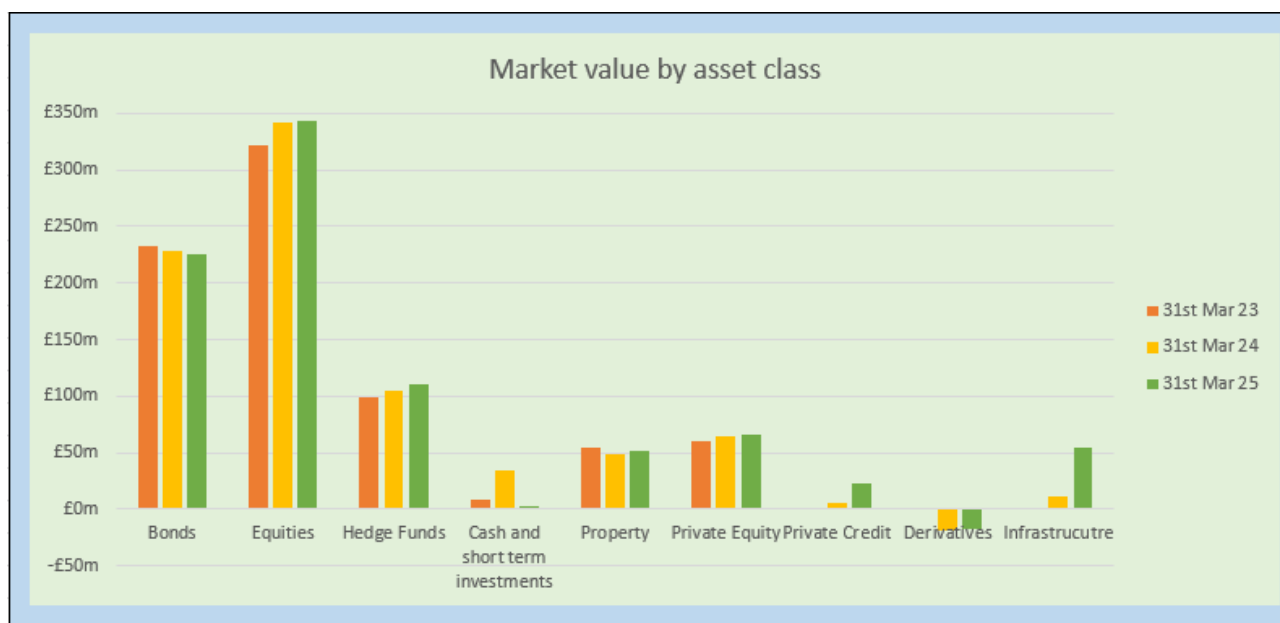
Investments and Funding

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	3.9	2.1	7.6
Inflation CPI	2.4	6.0	4.5
Average Earnings Index	5.2	5.9	5.2

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

	1 Year			3 Year			5 Year		
Asset Class/ Manager	%	%	%	%	%	%	%	%	%
	PF	BM	ER	PF	BM	ER	PF	BM	ER
Equity	2.3	6.1	(3.8)	5.9	8.4	(2.5)	13.8	15.7	(1.9)
WS WPP Global Growth Fund	0.8	4.9	(4.0)	5.0	7.6	(2.6)	12.1	14.3	(2.1)
WS WPP Sus Active Equity Fund	0.2	4.9	(4.7)	-	-	-	-	-	-
WS WPP Emerging Markets Equity Fund	5.2	5.3	(1.1)	-	-	-	-	-	-
BlackRock ACS World ESG Equity Fund	6.1	3.6	2.4	-	-	-	-	-	-
BlackRock ACS World Multi ESG E.Fund	0.3	(2.3)	2.6	-	-	-	-	-	-
Bonds	2.6	4.0	(1.4)	(1.6)	0.3	(1.9)	0.8	1.7	(0.9)
WS WPP Global Credit	4.7	4.8	(0.1)	0.1	0.9	(0.8)	-	-	-
WS WPP ARBF	7.6	7.0	0.6	5.5	6.1	(0.7)	-	-	-
WS WPP Multi Asset Credit	7.1	9.0	(1.9)	3.4	8.3	(4.9)	-	-	-
Insight Index Linked Gilt	(2.2)	(4.6)	2.4	(13.3)	(14.8)	1.5	(4.0)	(7.8)	3.8
Equity Protection Options	(8.0)	-	(8.0)	(57.0)	-	(57.0)	(178.6)	-	(178.6)
Property Fund	4.1	6.4	(2.3)	(5.2)	(3.3)	(1.9)	(1.5)	2.6	(1.1)
Hermes UK Property Fund	(6.8)	6.4	0.4	(0.1)	(3.4)	3.2	4.1	2.5	1.6
Schroders UK Property Fund	3.1	6.4	(3.3)	(6.5)	(3.3)	(3.2)	0.3	2.6	(2.3)
Private Credit	24.9	8.0	16.9	-	-	-	-	-	-
Russell Investment Private Credit	24.9	8.0	16.9	-	-	-	-	-	-
Private Equity	3.5	5.1	(1.6)	0.1	8.1	(8.0)	15.1	14.9	0.2
Standard Life	(30.9)	5.2	(36.2)	(10.8)	8.8	(19.6)	(13.1)	15.7	(28.9)
HarbourVest	3.2	5.2	(2.0)	(0.1)	8.8	(8.9)	15.0	15.7	(0.7)
Schroders Capital WPP Global Private Equity	7.2	15.0	(7.8)	-	-	-	-	-	-
Schroders Capital WPP Global Private Equity II	-	-	-	-	-	-	-	-	-
Hedge Funds	7.6	4.7	2.9	6.5	4.2	2.3	5.0	2.6	2.5
Adept	7.6	4.7	2.9	6.5	4.2	2.3	-	-	-
Infrastructure	4.8	9.3	(4.6)	-	-	-	-	-	-
GCM WPP Global Infrastructure	2.6	10.0	(7.4)	-	-	-	-	-	-
Octopus Renewables Infrastructure SCSp	2.1	9.0	(6.9)	-	-	-	-	-	-
IFM Global Infrastructure Fund	-	-	-	-	-	-	-	-	-
CBRE Global Infrastructure Fund	-	-	-	-	-	-	-	-	-

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 2025. The Fund's asset allocation strategy is set out in the Investment strategy Statement.

Manager	Mandate	Strategic allocation %	Actual allocation %
	Bonds	30	24.2
WPP	Global Credit		3.3
WPP	Absolute Return Bond		6.3
WPP	Multi Asset Credit		4.1
Insight	Gov Index Linked		10.5
	Equities	37	40.0
WPP	Global Growth		8.7
WPP	Sustainable Active		8.6
WPP	Emerging Markets		1.9
BlackRock	Global ESG		20.8
	Property	5	5.8
Schroders	Property		4.4
Hermes	Property		1.4
	Private Equity	5	7.7
HarbourVest	Private Equity		7.1
Schroders	Private Equity		0.5
	Hedge Funds	8	12.8
Aon	Hedge Fund of Funds		12.8
	Infrastructure (Open Ended)	4.5	2.2
WPP	Infrastructure (Open Ended)		2.2
	Infrastructure (Closed-Ended)	4.5	4.2
WPP	Infrastructure (Closed-Ended)		4.2
	Private Credit	6	2.7
WPP	Private Credit		2.7
	Cash/Other	-	0.4
		100	100

The market value of assets spread between the fund managers as at 31 March 2025 is shown in note 13B.

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)

[Pensions UK](#) (Formerly 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 put in place an additional 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

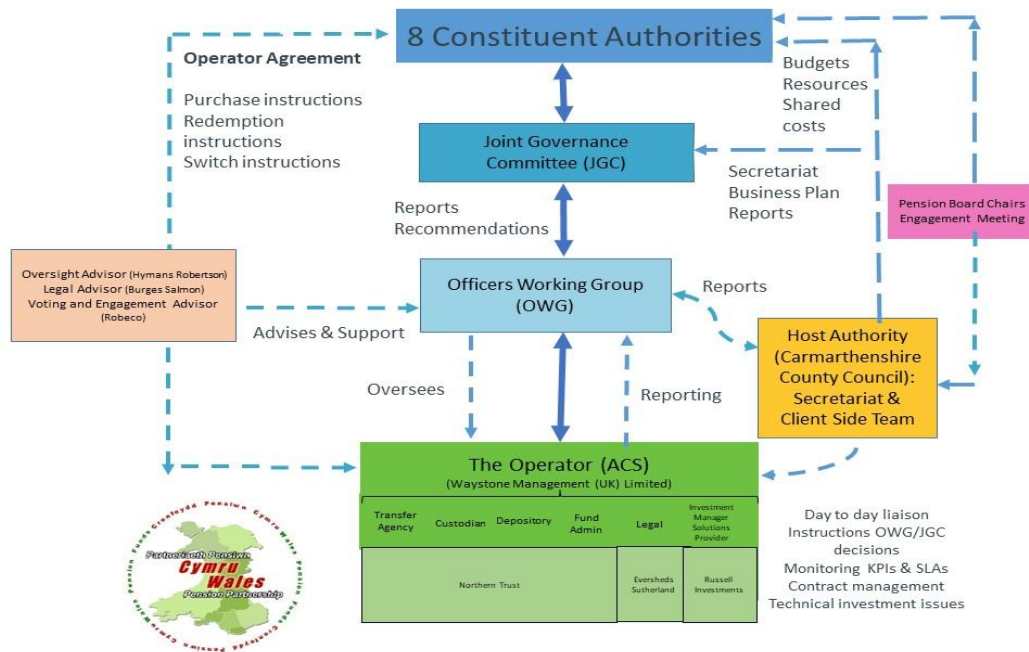
The WPP is one of the eight Local Government Pension pools nationally and is a collaboration of the eight LGPS funds in Wales including Cardiff and the Vale of Glamorgan, Clwyd, Dyfed, Greater Gwent (Torfaen), Gwynedd, Powys, Rhondda Cynon Taff and Swansea. The eight funds have a long, successful history 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)
- Swansea Council
- City of Cardiff Council
- Flintshire County Council
- Cyngor Gwynedd
- 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 a range of Equity and Fixed Income sub funds, as well as a number of Private Markets Investment programmes. Alongside the Constituent Authorities existing passive investments, this means that that the WPP now has 75% of assets under pool management.

As at 31 March 2025, WPP's Constituent Authorities has total assets worth £25.8bn, £19.4bn of which sits under pool management, see breakdown below:

Asset Class	Managed by	Launch Date	31 March 2025 £000	%
Global Growth Equity Fund	Russell Investments	February 2019	3,541,082	13.7
Global Opportunities Equity Fund	Russell Investments	February 2019	3,402,307	13.2
UK Opportunities Equity Fund	Russell Investments	September 2019	765,495	3.0
Emerging Markets Equity Fund	Russell Investments	October 2021	272,996	1.0

Sustainable Active Equity Fund	Russell Investments	June 2023	1,524,322	5.9
Global Credit Fund	Russell Investments	July 2020	1,026,469	4.0
Global Government Bond Fund	Russell Investments	July 2020	503,406	2.0
UK Credit Fund	Waystone Management (UK) Ltd	July 2020	726,549	2.8
Multi-Asset Credit Fund	Russell Investments	July 2020	848,802	3.3
Absolute Return Bond Fund	Russell Investments	September 2020	532,806	2.1
Infrastructure	GCM Grosvenor, IFM, CBRE and Octopus	March 2023	726,427	2.8
Private Credit	Russell Investments	April 2023	320,921	1.2
Private Equity	Schroders Capital	October 2023	124,883	0.5
Passive Investments	BlackRock	March 2016	5,065,251	19.6
Investments not yet pooled			6,424,700	24.9
Total Investments across all 8 Pension Funds			25,806,416	100

Investment assets split between Powys Pension Fund and WPP.

	31 March 2025 £000	%
Global / Emerging Markets Equities	165,048	19.2
Global Credit / Global Government / UK Credit...	117,697	13.7
Passive Equities	178,952	20.8
Passive Bonds	-	-
Private Markets	82,588	9.6
Investments not yet pooled	315,980	36.7
Total Investment Assets	860,265	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 2025.

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 Fund for the financial year ending 31 March 2025 was £241k, 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.

2023/24 £'000	WPP Pooling Costs	2024/25 £'000
21.7	Host Authority Costs *	23.2
203.9	External Advisor Costs *	217.5
225.6	Total	240.7

* 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	181,462	22.2	178,952	20.8	3.5	1.0
Equities Active	163,489	20.0	165,048	19.2	1.0	4.9
Fixed Income Active	150,659	18.4	117,697	13.7	6.8	7.1
Fixed Income Passive	50,727	6.2	-	-	-	-
Private Markets	17,888	2.2	82,588	9.6	10.5	9.3
Total	564,225	68.9	544,286	63.3		
Assets not yet pooled	254,809	31.1	315,980	36.7	3.0	0.5
Total	819,034	100.0	860,265	100.0		

Objectives 2025/26

The WPP continues to evolve its private market offerings with the Real Estate Investment programme due to be launched in 2025/26. Through the Private Market programmes, the WPP has been able to facilitate investments in local investment opportunities in Wales and is keen to develop this further.

In November 2024, the WPP was delighted to be awarded the ESG innovation award at the LGC Investment Awards ceremony. This award reflects the critical importance that the WPP and its constituent authorities continues to place on sustainability issues and recognises the success of its Sustainable Active Equity Fund, which has grown to become one of the largest sustainable investment funds of its type in the UK. This area remains a focus for the WPP, with work now ongoing to improve the sustainability characteristics of existing investments, considering how to evolve the Passive and Fixed Income sub-funds to become more sustainable.

During 2024/25, the WPP submitted its fourth annual Stewardship Report and was successful in retaining its signatory status to the UK Stewardship Code. The WPP also completed its first Pool-level annual climate report, as well as an updated analysis of deforestation exposure within its listed-equity Sub-Funds. In 2024/25, the WPP will be publishing its next All Wales Climate Report.

The WPP have made a number of re-appointments during 2024/25, including Waystone as the operator, Hymans Robertson as the Oversight Advisor and Robeco UK as the Voting and Engagement provider. Russell Investments continue as WPP's Investment Management Solutions Provider. All appointments followed comprehensive procurement exercises. WPP's existing Legal Services provider contract comes to an end on 31 December 2025 and work is underway with this contract re-tender process.

The Government launched its Local Government Pension Scheme Fit for The Future Consultation on 14th November 2024, outlining a range of proposals to strengthen the management of LGPS investments. As part of the consultation, the government asked each pool to consider and provide submissions to demonstrate a clear path to meeting the requirements outlined in the consultation document. The WPP business case proposal was approved by the WPP Joint Governance Committee on 12 March 2025 and submitted to government. This proposal sets out the compelling business case for the WPP to retain a stand-alone investment pool for Wales and proceed with building the proposed new Government requirements for the pool operating model. We are delighted that the government has approved WPP's business case and work is now underway to deliver, within the required timescale.

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 2024/25 was £987,820 (gross) / £839,712 (net) with £382,587,801 out on loan as at 31 March 2025.

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://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 25	Pooled £m	Under pool management £m	Not pooled £m	Total £m
Equities	165	179	-	344
Bonds	82	-	109	191
Property	-	-	51	51
Hedge funds	-	-	110	110
Diversified Growth Funds (including multi-asset funds)	35	-	-	35
Private equity	5	-	61	66
Private Credit	23	-	-	23
Infrastructure	55	-	-	55
Derivatives	-	-	(18)	(18)
Cash	-	-	3	3
Other	-	-	-	-
Total	365	179	316	860

“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 25	Pooled £m	Under pool management £m	Not pooled £m	Total £m
UK Government Bonds	-	-	109	109

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 2024/25 there have been four statutory instruments (SI) issued that changed the rules governing the LGPS. These are SI’s 2024-414, 2024-402, 2024-880 and as part of amendments made to [part 2 of schedule 3](#), 2025-113, 2025-115, 2025-117, 2025-118. More information on that Statutory Instrument and the changes it introduced can be found [here](#).

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 93.5%.

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.

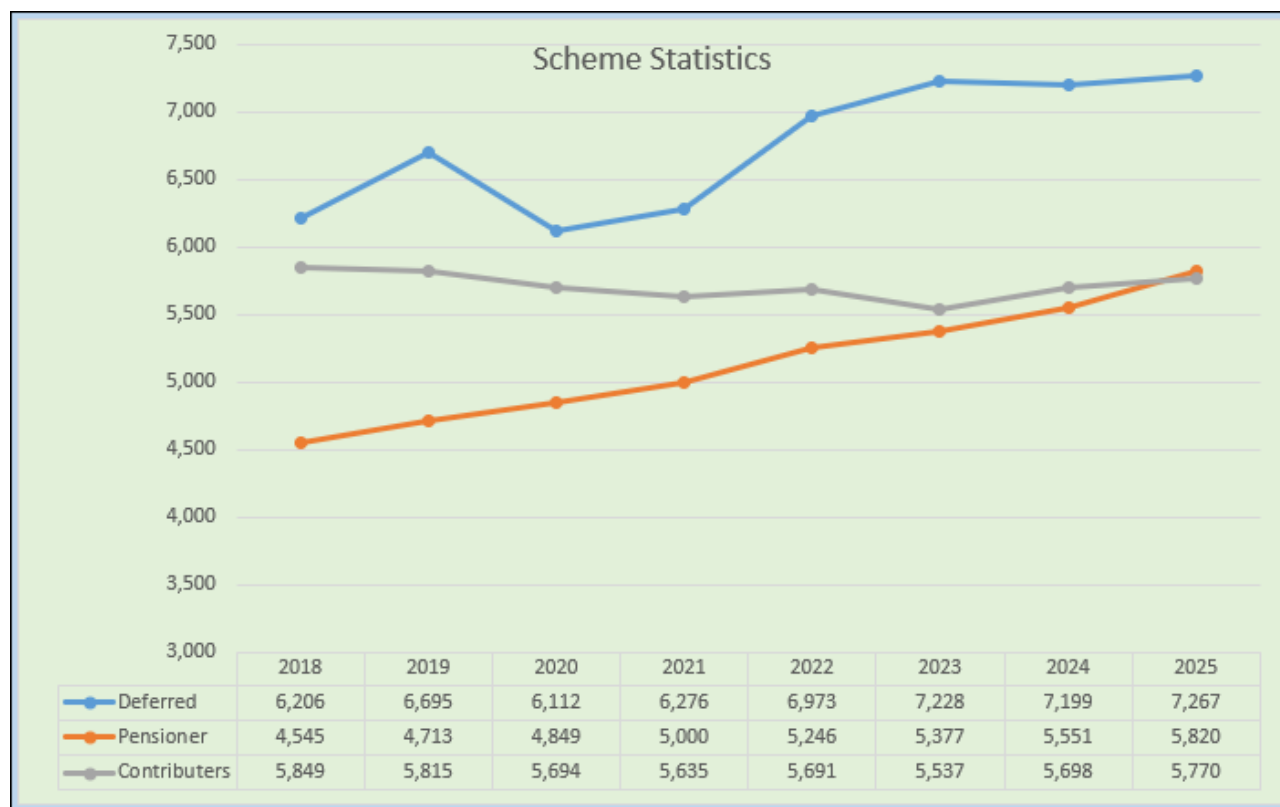
Dispute Resolution

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

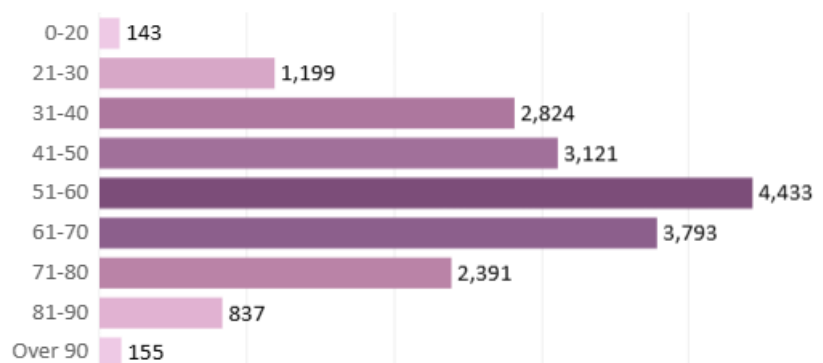
The graph below shows the membership of the Fund as at 31 March. Deferred members are former employees of the contributing authorities who have yet to draw their pensions.



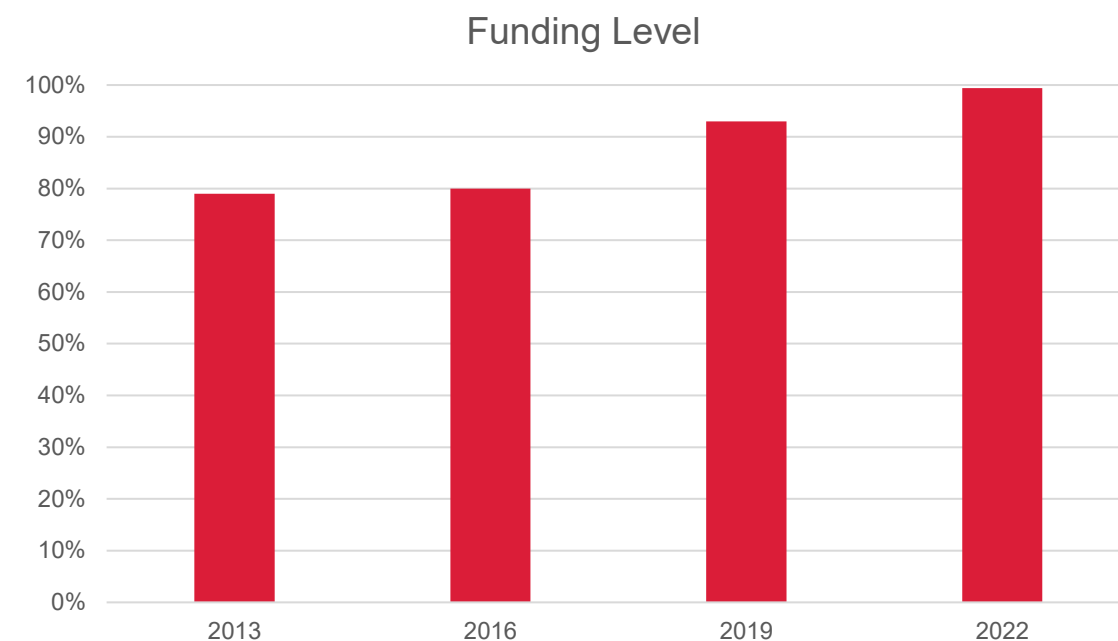
The total for deferred members includes frozen refunds.

Membership broken down by age profile is as follows:

Member Employment Records by Current Age



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 2024-25	
Ill Health	15
Early Retirements	239
Normal Retirements	106

Note – Normal retirements includes late retirements.

Financial Indicators

	2024-25 Total Expenses £'000	2024-25 Cost per member £
Administration expenses	1,569	83
Investment management expenses	5,206	276
Oversight and governance costs	695	37
Total Management Expenses	7,470	396

Process	2020/21	2021/22	2022/23	2023/24	2024/25
Administration Costs					
Total Cost (£'000)	1,017	1,138	1,268	1,480	1,569
Total Membership (number)	16,911	17,910	18,142	18,448	18,857
Sub Cost per Membership (£)	60.14	63.54	69.89	80.23	83.21
Investment Management Expenses					
Total Cost (£'000)	3,403	3,170	4,183	4,277	5,206
Total Membership (number)	16,911	17,910	18,142	18,448	18,857
Sub Cost per Membership (£)	201.23	177.00	230.57	231.84	276.08
Oversight and Governance Costs					
Total Cost (£'000)	399	426	486	548	695
Total Membership (number)	16,911	17,910	18,142	18,448	18,857
Sub Cost per Membership (£)	23.59	23.79	26.79	29.71	36.86
Total Cost per Member	284.96	264.32	327.25	341.78	396.15

Staffing

There are 15 (FTE) members of staff in the Pension section, 14 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 1,521 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	11	3	14
Admitted Bodies	9	17	26
Total	20	20	40

Contributions received by employers and employees

2024/25	No of Contributors	Employers Normal	Employers Additional	Members Normal	Total
	as at 31 Mar 2025	£	£	£	£
Scheduled Bodies					
Brecon Beacons Nat. Pk.	122	712,731	-	232,395	945,126
Brecon Town Council	7	36,823	1,800	9,826	48,449
Forden Leighton Trelystan C Council	1	2,867	-	691	3,558
Llandrindod Wells Town Council	2	12,835	-	3,510	16,345
Llanidloes Burial Joint Cttee	-	-	-	-	-
Llanidloes Town Council	2	10,056	1,300	2,514	13,870
Machynlleth Town Council	6	31,320	-	7,970	39,290
Newtown Town Council	13	78,202	-	22,059	100,261
Powys County Council	5,414	23,882,279	2,560,441	6,950,054	33,392,774
Welshpool Town Council	1	4,421	9,805	1,105	15,331
Ystradfellte Community Council	1	627	206	149	982
Ystradgynlais Town Council	2	13,200	2,600	3,549	19,349
Total	5,571	24,785,361	2,576,152	7,233,822	34,595,335
Admitted Bodies					
Adapt Business Services	2	8,132	-	1,796	9,928
Adapt Fire Stations	3	2,615	-	545	3,160
Bupa	-	-	-	-	-
Careers Wales	14	110,297	72,890	28,201	211,388
Freedom Leisure (Ex Pcc)	84	146,374	-	64,670	211,044
Freedom Leisure (Post PCC)	74	36,758	-	15,409	52,167
Menter Maldwyn	3	13,888	-	3,412	17,300
Mirus-Wales Ltd	3	13,367	-	3,224	16,591
P.A.V.O. (Former P.R.C.)	3	22,856	-	5,303	28,159
Shaw Health Care (Group)	11	82,205	-	18,220	100,425
Theatr Brycheiniog	1	5,234	-	2,050	7,284
Ystradgynlais Miners Welfare & Com Hall Trust Ltd	1	11,746	-	2,870	14,616
Total	199	453,472	72,890	145,700	672,062
Total	5,770	25,238,833	2,649,042	7,379,522	35,267,397

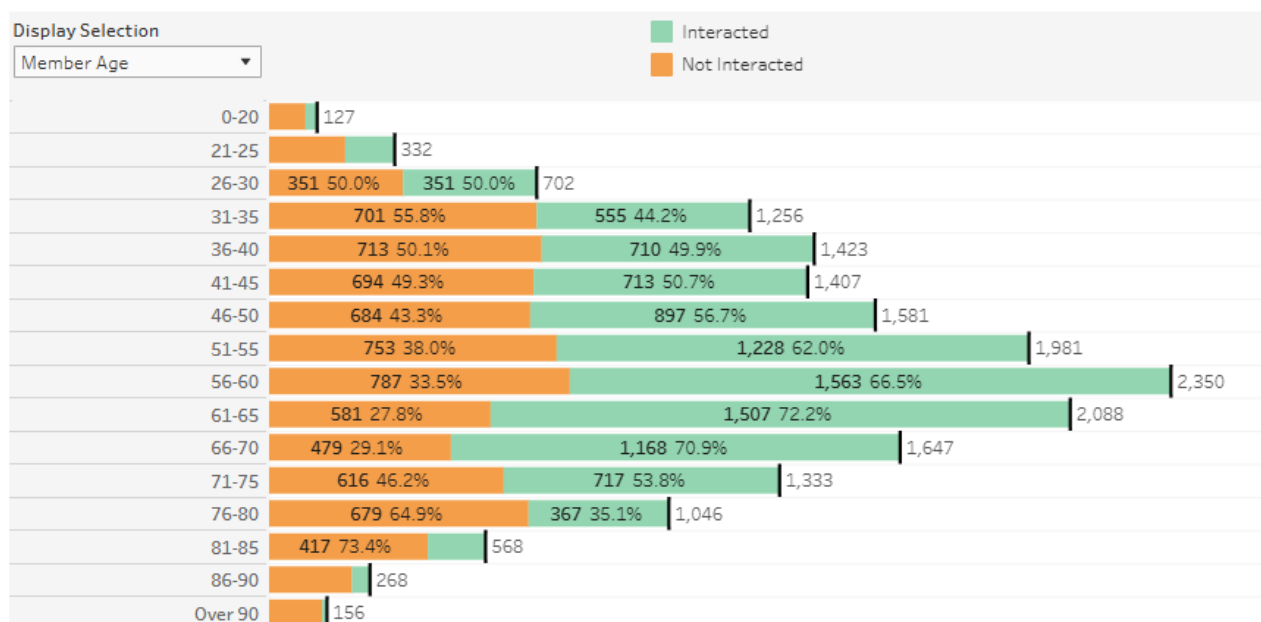
Communications and Engagement

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 2025
% of active members registered	62%
% of deferred members registered	52%
% of pensioner and survivor members	54%
% 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	77.1%
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)	4
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
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
2024/25	7,756	7,387	35,036	4.52

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	19	180	176	89.8%	146	89.0%
New dependent member benefits	7	56	55	87.3%	76	91.6%
Deferred member retirements	2	271	271	99.3%	250	99.2%
Active member retirements	16	340	340	99.4%	289	99.0%
Deferred benefits	692	302	188	36.0%	446	37.7%
Transfers in (including interfunds in, club transfers)	16	82	79	80.6%	44	64.7%
Transfers out (including interfunds in, club transfers)	38	122	89	55.6%	70	64.8%
Refunds	3	95	95	96.9%	72	96.0%
Divorce quotations issued	1	56	57	100.0%	17	94.4%
Actual Divorce cases	-	-	-	100.0%	1	100.0%
Member estimates requested either by scheme member and employer	24	475	457	96.2%	313	92.5%
New joiner notifications	4	926	930	99.4%	1,116	99.6%
Aggregation cases	207	195	99	24.6%	63	16.7%
Optant outs received after 3 months membership	2	51	52	99.2%	72	96.0%

The overall performance for the administration team over the 2024/25 year is at 95.0%.

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. Leavers processed since 1st October 2023 includes the McCloud remedy rectification as required.

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	99.4%	97.3%
Communication issued confirming the amount of dependents pension	2	92.7%	97.4%
Communication issued to deferred member with pension and lump sum options (quotation)	2	75.0%	91.4%
Communication issued to active member with pension and lump sum options (quotation)	2	96.7%	92.7%
Communication issued to deferred member with pension and lump sum options (actual)	2	86.0%	99.6%
Communication issued to active member with pension and lump sum options (actual)	2	98.4%	99.7%
Payment of lump sums (active and deferred)	2	99.7%	99.7%
Communication issued with deferred benefit options	2	39.4%	44.4%
Communication issued to scheme member with completion of transfer in	2	92.4%	73.2%
Communication issued to scheme member with completion of transfer out	2	77.5%	74.3%
Payment of refund	2	98.9%	100.0%
Divorce quotation	3	96.5%	100.0%
Communication issued following actual divorce proceedings	3	100.0%	100.0%
Communication issued to new starters	2	98.8%	99.9%
Member estimates requested by scheme member and employer	2	97.3%	97.1%

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.

Equites

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:

Powys County Council
 Pensions Section
 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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Accounts & Investment

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