

# AGENDA

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**Meeting:** Local Pension Board  
**Place:** The Kennet Room - County Hall, Trowbridge BA14 8JN  
**Date:** Wednesday 25 January 2017  
**Time:** 10.30 am

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Please direct any enquiries on this Agenda to Libby Beale, of Democratic Services, County Hall, Bythesea Road, Trowbridge, direct line 01225 718214 or email [elizabeth.beale@wiltshire.gov.uk](mailto:elizabeth.beale@wiltshire.gov.uk)

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## Chairman's Briefing:

Date	Time	Place
25 January 2017	9:30am	Kennet Room

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## Membership:

Howard Pearce (Chairman)  
Mike Pankiewicz  
David Bowater  
Barry Reed

Lynda Croft (Vice Chairman)  
Sarah Holbrook  
Cllr Christopher Newbury

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# AGENDA

## Part 1

Items to be considered when the meeting is open to the public.

1 **Membership**

To note any changes to the membership of the Board.

2 **Attendance of non-members of the Board**

To note the attendance of any non-members of the Board present.

3 **Apologies**

To receive any apologies for absence.

4 **Minutes** (*Pages 9 - 30*)

To confirm as a true and correct record the Part 1 minutes of the previous meeting held on 20 October 2016.

The Board's action log is also attached for members' information.

5 **Declarations of Interest**

To receive any declarations of disclosable interest.

Board Members' Registers of Interest are published [here](#), members are reminded to review their RoI on a regular basis and report any changes to Democratic Services.

6 **Chairman's Announcements**

To receive any announcements through the Chairman.

7 **Public Participation and Councillors Questions**

The Board welcomes contributions from members of the public.

Statements

If you would like to make a statement at this meeting on any item on this agenda, please register to do so at least 10 minutes prior to the meeting. Up to 3 speakers are permitted to speak for up to 3 minutes each on any agenda item.

Please contact the officer named above for any further clarification.

### Questions

Those wishing to ask questions are required to give notice of any such questions in writing to the officer named above (acting on behalf of the Corporate Director), no later than 5pm on **Wednesday 18 January 2017** in order to be guaranteed a written response prior to the meeting. Any question received between the above deadline, and no later than 5pm two clear working days before the meeting, may only receive a verbal response at the meeting.

Please contact the officer named on the first page of this agenda for further advice. Questions may be asked without notice if the Chairman decides that the matter is urgent.

Details of any questions received will be circulated to Board members prior to the meeting and made available at the meeting and on the Council's website.

8 **Minutes and Key Decisions of the Wiltshire Pension Fund Committee**  
(Pages 31 - 38)

To consider the Part 1 (public) minutes of the Wiltshire Pension Fund Committee held on 15 December 2016.

9 **Scheme, Legal, Regulatory and Fund update** (Pages 39 - 44)

A report highlights the latest updates including the current MIFID and GMP consultations.

The Board is asked to note the changes highlighted within this report.

10 **Code of Conduct and Conflict of Interest Policy Update** (Pages 45 - 62)

The Board is requested to note the attached updated Code of Conduct and Conflict of Interest Policy Guidelines in relation to the LPB which now become effective.

11 **Triennial Valuation 2016**

A verbal update is provided by the Head of Pensions on the position of the 2016 Triennial Valuation of the Pension Fund.

12 **Risk Register update** (Pages 63 - 70)

A report presents the current Risk Register for the Wiltshire Pension Fund for review.

13 **Internal Audit report on the Fund's compliance with tPR Code of Practice Code 14, progress of actions from 2016 Key Controls report and audit plan for 2017** *(Pages 71 - 90)*

A report from both the Head of Pensions and the South West Audit Partnership presents their review of the Wiltshire Pension Fund's compliance with the Regulators Code of Practice. An update on the progress of actions from the Key Controls report and outline of the audit plans for 2017 are included for the Board to note.

14 **Update on Training Plans** *(Pages 91 - 98)*

A report updates the Board on the current training logs for its members and reviews the plans for future training of both the Board and Pension Committee members.

The Board is asked to note the progress of the implementation of the current Members Training Plans.

15 **Investment Strategy Statement update**

The Head of Pensions will provide a verbal update on developing and implementing the Investment Strategy Statement for the Pension Fund by 1 April 2017.

16 **Local Pension Board Proposed Budget** *(Pages 99 - 102)*

A report presents the proposed draft budget for the Local Pension Board for 2017-18 for the Board to recommend to the Pension Fund Committee.

17 **Business Plan update** *(Pages 103 - 112)*

A report updates the Board on the actions completed and those due in 2017 outlined in the current Pension Fund Business Plan.

18 **CIPFA Pension Administration Benchmarking Report** *(Pages 113 - 144)*

A report presents the results of the 2016 CIPFA Pension Administration survey which compares performance with other benchmarking club members for the Board's review.

19 **How did the Board do?**

The Chairman will lead a discussion on how the meeting went and request feedback on how the Local Pension Board could be developed and for members to feedback any relevant updates.

20 **Urgent items**

Any other items of business which, in the opinion of the Chairman, should be considered as a matter of urgency. Urgent items of a confidential nature may be considered under Part II of this agenda.

21 **Date of next meeting and Forward Plan** *(Pages 145 - 148)*

The next meeting of the Board will be held on 6 April 2017, other future dates can be found [here](#).

The Board's Forward Work Plan is attached for members' consideration.

22 **Exclusion of the Public**

To consider passing the following resolution:

To agree that in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the business specified in Item Numbers 23-25 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraph 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

**Part II**

Item(s) during consideration of which it is recommended that the public should be excluded because of the likelihood that exempt information would be disclosed.

23 **Brunel Pension Partnership update**

A verbal update by the Head of Pensions on the approval of the Project Brunel Full Business Case by the Pension Fund Committee and its subsequent recommendation to Council.

24 **Minutes and Key Decisions of the Wiltshire Pension Fund Committee and Investment Sub-Committee** *(Pages 149 - 162)*

To consider the Part 2 (private) minutes of the meeting of the Wiltshire Pension Fund Committee held on 15 December 2016 and Investment Sub-Committee held on 24 November 2016.

25 **Minutes** (*Pages 163 - 172*)

To confirm as a true and correct record the Part 2 minutes of the meeting held on 20 October 2016.

**Close**

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## LOCAL PENSION BOARD

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### **PART 1 MINUTES OF THE LOCAL PENSION BOARD MEETING HELD ON 20 OCTOBER 2016 AT THE KENNET ROOM - COUNTY HALL, TROWBRIDGE BA14 8JN.**

#### **Present:**

Lynda Croft, Sarah Holbrook, Cllr Christopher Newbury, Mike Pankiewicz, Howard Pearce (Chairman) and Barry Reed

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#### **70 Membership**

There had been no changes to the membership of the Board.

#### **71 Attendance of non-members of the Board**

Members of the public and officers of the Pension Fund were in attendance.

#### **72 Apologies**

There were no apologies for absence.

#### **73 Minutes**

Stylistic corrections to the minutes of the meeting held on 20 July 2016 were discussed. Members also considered the attached action log.

#### **Resolved:**

**To confirm the minutes of the meeting held on 20 July 2016, subject to the following amendments:**

- **Minute 59- 'straining costs' to be 'strain costs'**
- **Minute 60 – deletion of 'and the' and the correction of the 'United Nations Principles of Responsible Investment'**

**To request that pending items on the Action Log be coded amber.**

**To request that items coded 'Red' on the Action Log, where no update is available for this meeting, be considered at the next meeting .**

#### **74 Declarations of Interest**

There were no declarations of interest.

#### **75 Chairman's Announcements**

The Chairman reminded the meeting that the role of the Board was to ensure compliance with LGPS regulations and the Pensions Regulator (tPR). It was noted that tPR was currently very active in sending out communications and it was suggested that members should forward correspondence to the Head of Pensions so that he may circulate it to the wider membership of the Board or Committee.

#### **76 Public Participation and Councillors Questions**

The Chairman invited Alison Craig and Theresa Fallon to speak to the meeting in respect of item 11 on the agenda relating to the Fund's Risk Register.

Alison Craig requested that climate change risk be added to the Risk Register and that the public be given a channel to express concerns about fossil fuel investment to the Fund. Ms Craig also noted that the Fund's Position Statement on Fossil Fuel Divestment had not been published on its website and expressed concern with the Fund's investment in the oil and gas sector by way of its mandate with Legal and General.

Theresa Fallon expressed concern that she had not received a response to a letter sent to the Pension Fund Committee in July and had not yet met with the Chairman of the Committee to discuss its role in managing the Fund's investments.

The Chairman apologised that the fossil fuel Position Statement was not available on the Fund's website and advised that officers would look into this.

The Head of Pensions reassured the meeting that the Fund was always keen to receive input from members and that it considered fossil fuel investment as part of its Statement of Investment Principles. It was confirmed that the AGM date for the Fund was in the Business Plan for 2016, and although the intention was to hold this by the end of the year, it depended on available resources.

The Chairman explained that the Wiltshire Pension Fund Committee was responsible for the Fund's investments, however new investment regulations would come into effect in November and a new Investment Strategy Statement would need to be published by the Fund by April 2017. At that point the Board would be able to review whether the Fund was compliant with the regulations.

**Resolved:**

**To thank the members of the public for attending and to investigate points raised in their statements.**

**To request that the Fund's Position Statement on Fossil Fuel Divestment be published on the website.**

**77 Minutes and Key Decisions of the Wiltshire Pension Fund Committee**

The Board considered the minutes of the Wiltshire Pension Fund meeting held on 29 September 2016 and noted that the Committee had considered recommendations proposed by the Board.

**Resolved:**

**To note the minutes and key decisions of the Wiltshire Pension Fund Committee held on 29 September 2016.**

**78 Scheme Legal, Regulatory and Fund update**

The Head of Pensions updated that the Fund was still waiting for guidance on the public sector exit cap from HM Treasury. Other updates included that changes to reclamation of VAT on fund management costs would come into effect in 2018 and new DCLG investment regulations would facilitate asset pooling. Other updates included that the Fund had received its valuation results and early indications were that the Fund was well-positioned in line with the average in comparison to others. PricewaterhouseCoopers (PwC) was undertaking a piece of work and would report back to the Scheme Advisory Board with its views on the impact of academisation of schools on LGPS Funds. The Fund was still awaiting guidance from the Scheme Advisory Board on

insurance indemnity for the Local Pension Board, the Head of Pensions also advised that the Fund had met the Pensions Regulator (tPR) requirements on publishing scheme information. Members discussed the tPR checklist and considered it a useful tool to use in future annual reports.

The Board was asked to review its Code of Conduct and Conflict of Interest Policy which was due for review by the Wiltshire Pension Fund Committee on a yearly basis. It was considered that most members were comfortable with the policy document however it was noted that reference to the Scheme Advisory Board as a 'shadow' body was out of date. Cllr Newbury expressed concern that the Code of Conduct and Conflict of Interest Policy went beyond the statutory requirements, other key concerns included that it was not clear what constituted a conflict of interest and why the interests of a spouse of a Board member where relevant, the requirement to report declaration to the Board during a meeting was also questioned. The councillor also did not agree with the format of the Register of Interest form in that it required a date, signature and separated the interests of the member and their spouse.

The Chairman advised that he would review how the Conflict of Interest Policy and Code of Conduct compared to those for other Boards and would seek advice from the Council's legal team about points raised.

**Resolved:**

**To note the update on scheme, legal, regulatory and fund matters in the report.**

**To request that officers circulate the CIPFA guidance notes on investment pooling to members.**

**To request that the tPR checklist on publishing scheme information is used for the next Annual Report.**

**To request that Cllr Newbury submit his concerns with the Code of Conduct and Conflict of Interest Policy in writing to the Chairman of Board so that a comparison with the policies of other Local Pension Boards may be undertaken and that legal advice on the policy document may be sought in respect of these concerns prior to review by the Committee.**

**To request that references to the Scheme Advisory Board in the Code of Conduct and Conflict of Interest Policy are updated.**

## 79 Annual Benefit Statement Update

The Head of Pensions advised that the majority of the Annual Benefit Statements to employee members of the Fund had been circulated later than the 31 August statutory deadline. The delay was not considered to be a material concern however officers were required to report this to the Board and had also reported it to Committee. The Board was satisfied that the lateness of the statements was not a material issue, however considered that since the same problem had happened in 2015, if the same or another systemic problem occurred in 2017, leading to the Statements being issued late again for the third year in a row, this must prompt further investigation and potential reporting to the Pensions Regulator.

### **Resolved:**

**To note the update on the Annual Benefit Statement exercise and strategy agreed for 2017.**

## 80 Risk Register

The Head of Pensions advised on updates and additions to the Risk Register. Five key changes had been made since the last report in July. The main change was the grading of 'PEN020: Pooling of LGPS assets' which had been upgraded from medium to high as Brunel Pension Partnership project presented a risk to the Fund through increased workload and officers having less time to devote to other administrative activities. Similarly, Brunel presented the potential for the movement of staff out of the Fund to become involved in the future pooling arrangements, impacting upon 'PEN012: Over-reliance on key officers' and 'PEN011: Lack of expertise of Pension Fund Officers'; consequently these two risks had been raised to medium.

'PEN002: Failure to collect and account for contributions from employers and employees on time' had been increased from low to medium risk as a result of increased pressure of monitoring contribution due to a greater number of employers in the fund. 'PEN017: Lack of expertise on the Pension Fund Committee' had recently been graded medium following the resignation of one long standing member and advice that the Vice Chairman would not seek re-election in 2017.

Following questions from the Board it was explained that the academisation of schools would mean they become a separate employer within the fund, thus increasing administrative and governance pressures on the Fund. The Chairman was concerned by the resource-intensity of pooling on the Fund and noted the Board had recommended to the Committee that it keep this under review.

**Resolved:**

**To note the Risk Register and measures being taken to mitigate risks.**

**To note the comments from the public in respect of the Risk Register as detailed above.**

**81 2016 Valuation Update**

The Head of Pensions gave a presentation on the 2016 valuation for the Fund which had indicated that the funding level had increased 11% from the last valuation to 82% funded. It was explained that the funding level would be used to set contribution rates for employers and that each employer would have a different rate. Initial meetings had already been held with employers and they would be asked to sign off their rates by March 2017, it would be explained to employers that it would benefit them in the long term if they increased contribution rates as soon as possible rather than phasing them in.

It was noted that some members of the Board had been in attendance at the employer meeting and it was requested that the presentation delivered by officers at that meeting be circulated to attendees.

**Resolved:**

**To note the update on the valuation process provided by the Head of Pensions.**

**To request that the presentation delivered to employers at the meeting on 13 October be circulated to attendees at that event to assist them in relaying the information to colleagues.**

**82 Review of the Pension Fund Annual Report and Financial Statements**

The Board considered the Annual Report of the Wiltshire Pension Fund which had been agreed by the Committee on 29 September 2016. Fund membership levels were discussed and it was noted that the Annual Report was primarily aimed at employer members within the Fund. Members commented that the Observer members on the Wiltshire Pension Fund Committee were non-voting members and it was discussed that this governance arrangement should be reviewed in light of the new CARE scheme and national cost cap mechanism.

Questions were raised over the Statement of Accounts and action that could be taken against £1.85m in late contributions over the year. The Head of Pensions

advised that this was not a particular concern to the Fund as contributions were usually a couple of days late and there was not one regular offender, however the issue was picked up in the Risk Register. Member's considered that the situation should be reviewed and requested it be looked into for the next meeting. Members considered 'Local Pension Board' section of the Annual report could be brought forward to earlier in the report to highlight the governance change. Following questions, the officer explained that Wiltshire and Dorset Fire Service pension schemes were separate schemes.

**Resolved:**

**To request that an update be provided to the next meeting on late employer contributions and measures that could be taken to manage this.**

**To note the Annual Report and Financial Statements and to recommend the following stylistic changes:**

- **References to 'Wiltshire County Council' be amended to 'Wiltshire Council'.**
- **Paragraphs in the 'Local Pension Board' sections be brought forward to page 6 of the report.**

**To recommend that the Fund's Annual Report and Local Pension Fund Annual Report be separate documents on the website.**

**83 Review of External Audit Report**

The Board was presented with the External Audit Report for 2015/16, there were no issues or recommendations arising from the Audit.

The Chairman expressed concern that the Fund was only audited against accounting standards and guidance for local authority audits and not against 2014 LGPS regulations, Pensions Statement of Recommended Practice, CIPFA 2014 guidance on LGPS funds annual report, and LGPS funds 2015/16 accounting disclosures.

**Resolved:**

**To note the Fund is audited against accounting standards and guidance for local authority audits, and on this basis, to note the External Audit Report 2015-16.**

**84 Training Plans Update**

Members considered the training plan for the Board and it was noted that the Pensions Regulator toolkit had not yet been completed by all members, it was possible that this would be picked up by the internal auditors of the Fund. A draft members Training Handbook was discussed and the Chairman encouraged members to access this document. Members were also encouraged to inform the Head of Pensions if they had attended training events, and to pass on details of events they were invited on, to the Head of Pensions, so that details may be circulated to all members. It was agreed that if possible at least one member of the Board should attend the LGE LGPS 'Trustees' Training Fundamentals 3 day course.

**Resolved:**

**To note the progress of the implementation of the current Board Training Plans and to revisit training plans at the January meeting**

**To request that the Training Handbook be published online and that members are encouraged to make use of this resource.**

**That members notify the Head of Pensions of training sessions they have attended and events they are invited to in the future.**

**That Board members complete the Pensions Regulator toolkit before the end of 2016 and update the Head of Pensions accordingly.**

**That at least one member of the Board attend the LGE LGPS 'Trustees' Training Fundamentals three-day course and to ask members to express their interest to the Head of Pensions.**

**85 How did the Board do?**

The Board considered its progress and was satisfied that items considered at meetings were appropriate to its remit.

**86 Urgent items**

There were no urgent items.

**87 Date of next meeting and Forward Plan**

The next meeting of the Board was to be held on 25 January 2017. The Board considered its Forward Work Plan and it was noted that pooling arrangements would feature as a standing item on agendas.

**Resolved:**

**To request that meeting dates for 2017/18 be included on the Forward Plan.**

**88 Exclusion of the Public**

**Resolved:**

**That in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the business specified in Minute Numbers 89-92 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraph 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.**

**89 Minutes**

**Resolved:**

**To confirm the minutes of the meeting held on 20 July 2016, subject to amendments to Part 1 minutes as detailed above.**

**90 Review of Funding Strategy Statement**

The Board considered the Wiltshire Pension Fund Funding Strategy Statement.

**Resolved:**

**To note the Funding Strategy Statement and confirm that the approval of the Statement complies with the Scheme's requirements.**

**To request that members feedback further comments following the publication of CIPFA guidance.**

91 **Brunel Pension Partnership Update**

The Head of Pensions gave a high-level summary of progress with the Brunel Pension Partnership.

**Resolved:**

**To note the update provided by the Head of Pensions.**

**To request that the legal assurances on Brunel are released with the Business Case.**

**To request that the consequence of asset pooling proposals on staffing and the auditing arrangements within the Fund be considered with the Business Case.**

92 **Minutes and Key Decisions of the Wiltshire Pension Fund Committee and Investment Sub Committee**

The Board considered the minutes and key decisions from the last meetings of the Wiltshire Pension Fund Committee and Investment Sub-Committee.

**Resolved:**

**To note the minutes and key decisions of the Wiltshire Pension Fund Committee and Investment Sub Committee meetings.**

**To encourage the Fund to engage in dialogue with the Scheme Advisory Board in respect of funding metrics.**

(Duration of meeting: 10.35 am - 1.20 pm)

The Officer who has produced these minutes is Libby Beale, of Democratic Services, direct line 01225 718214, e-mail [elizabeth.beale@wiltshire.gov.uk](mailto:elizabeth.beale@wiltshire.gov.uk)

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## Local Pension Board Action log

	<b>Action</b>	<b>Who</b>	<b>Deadline</b>	<b>Completed</b>
	<b>July 2015</b>			
1.1	Briefing Note to be prepared on effect of budget announcement	DA	ASAP	
1.2	ToR to be amended following LPB recommendations & agreed by Section 151 officer	DA/MH	October 2015	
1.3	ToR to be amended following officer suggestions and ratification at October meeting	DA/MH	October 2015	
1.4	Conflict of interest and register of interest policy to be developed and relevant training provided	DA/EL/LB	October 2015	
1.5	Develop breaches policy	DA/EL	On-going	
1.6	Full minutes of ISC and WPF to be submitted to the LPB	LB	On-going	
1.7	Develop a training plan for members in line with additional recommendations made by LPB	DA	On-going	
1.8	LPB members to receive WPF and ISC meeting dates and list of LPB member contact details	LB	ASAP	
1.9	Website to show LPB contact details via Board Secretary	LB	ASAP	
1.10	Fund website to show info prescribed in ToR	DA	ASAP	

1.11	Develop a Forward Work Plan showing future agenda items and record issues considered. This should include: training and review of the Valuation process, review of discretions policy, and internal policies of the Fund.	DA	October 2015	
1.12	To add the following items to the work plan: <ul style="list-style-type: none"> <li>• to examine the Fund's compliance with tPR code of practice</li> <li>• to review governance arrangements of the WPF and ISC</li> <li>• to review and compare attitudes to the risk register and consider aligning the work programme to risks</li> <li>• to develop a success criteria for the LPB</li> <li>• to examine the Fund's Statement of Investment Principles</li> <li>• to examine the potential impact from pooling investments and input into the forthcoming Government consultation</li> <li>• to input into the consultation process for the audit plans.</li> <li>• to review the SWAP audit report and action plan</li> <li>• to explore officer support for the Board in the context of overlap with supporting the management of the Fund.</li> <li>• to explore the effectiveness of the Fund's Communications Policy</li> </ul>	DA		
1.13	Recommend prioritising items on the Business Plan and acknowledge resource sensitivity and risk and update the LPB on these issues	DA	July 2016	
	<b>October 2015</b>			
2.1	To produce an action tracker for each meeting.	LB	October 2015	
2.2	Register of Interest to be circulated to members for completion, and then published online	LB	January 2016	
2.3	Terms of Reference to be signed by Associate Director and published online	LB	ASAP	
2.4	<b>To recommend to the Wiltshire Pension Funds that plans are put in place with employers and printers so all Annual Benefit Statements are issued</b>	DA	August 2016	

	by the 31st August 2016.			
2.5	To recommend to the Wiltshire Pension Fund that full consideration is given to the legal duties of the Fund and the administration of assets arising from pooling assets in a Collective Investment Vehicle.	DA	June 2016	
2.6	To recommend to the Wiltshire Pension Fund that changes arising from the public sector exit cap be communicated to employers and members and that the impact of changes on the Funds valuation be considered.	DA	December 2015	
2.7	To recommend that future annual reports to contain details of governance earlier in the report, a five-year timeline for performance, and details of breaches reported to the regulator.	DA	September 2016	
2.8	Officers to confirm the process for appointing auditors/reviewing arrangements	DA	January 2016	
2.9	To recommend that the 2015/16 Annual Report, Accounts and the external auditors report are reviewed by the Board prior to external publication.	DA	December 2016	
2.10	To recommend officers consider adding the pooling of investments and the public sector exit cap to the risk register	DA	ASAP	
2.11	To recommend the risks categorising of the risk register	DA	ASAP	
2.12	Head of Pensions to circulate slides from Ian Colvin, Hymans Robertson training on COI & Breaches Policy	DA	ASAP	
2.13	Members to be added to Hymans Robertson distribution list	LB	ASAP	
2.14	LPB member conflicts of interest to be disclosed and published	LB/DA	On going	
2.15	To recommend that the Conflict of Interest Policy be adopted by the Administering Authority.	DA	December 2015	

	<b>To recommend to the WPF to adopt the draft breaches policy subject to an additional note that breaches be reported to the Board, published in the Fund's annual report and also on the website.</b>	DA	December 2015	
2.16	<b>To recommend that the Pension Fund Committee consider whether the Monitoring Officer should be responsible for the reporting of breaches instead of the Section 151 officer</b>	DA	December 2015	
2.17	<b>To recommend that future amendments to the Breaches Policy be reported to the Local Pension Board.</b>	DA/LB	Ongoing	
2.18	<b>To recommend to the Pension Fund Committee that its members undertake tPR training</b>	DA	On-going	
2.19	<b>The Pensions regulator toolkit to be circulated to members</b>	DA	ASAP	
2.20	<b>To receive an update at the next meeting on self-assessment forms</b>	DA	January 2016	
2.21	Feedback from conferences LPB members have attended to be a standing item on each agenda	LB	On-going	
2.22	<b>To include LPB members training records in the Annual Report.</b>	DA	June 2016	
2.23	To categorise the LPB work plan, and the July 2015 meeting be added to track progress	DA	ASAP	
2.24	<b>To report the work plan to the Pension Fund Committee.</b>	DA	December 2015	
2.25	The biographies of members to be published on the website.	LB	January 2016	
2.26	To recruit a new member to the LPB to replace Kirsty Cole.	DA	March 2016	
	<b>January 2016</b>			

3.1	To request that the process for reviewing external audit or appointment arrangements be reported to the next meeting of the Board.	MH	April 2016	
3.2	To encourage the Pension Fund Committee to ensure that robust governance requirements, clear auditing mechanisms, and transparency are identified for the proposals arising from pooling and that the impact of pooling arrangements be communicated to Fund members.	DA	February 2016	
3.3	Officers to make increased use of hyperlinks to reduce length of reports for the Local Pension Board.	DA/LB	Ongoing	
3.4	To recommend a review of the timescales for measures to reduce risks.	DA	March 2016	
3.5	To recommend that officers communicate the implications of the public sector exit cap to the Fund's members once known	DA	ASAP	
3.6	To suggest that officers investigate the responses of other funds in the South West to the Pension Regulator's Survey as part of the due diligence work for potential asset pooling.	DA	April 2016	
3.7	To request that officers report back at the next meeting on the options for an independent review of Wiltshire Pension Fund compliance with TPR new requirements following discussion with audit partners in the South West.	MH	April 2016	
3.8	To include training slides from Hymans Robertson in members handbook.	DA	ASAP	
3.9	To check that members are on the Hymans Robertson distribution list.	LB	ASAP	
3.10	Board members to complete the tPR on-line toolkit within 12 months of appointment	DA	July 2016	
3.11	To recommend that progress on training be monitored using colour-coding.	DA	January 2017	

3.12	<b>To recommend that officers review the charge-out rate for the calculation of costs from persistent failure to meet targets or resolve cases to ensure it is in line with other Funds.</b>	DA	September 2018	
3.13	<b>To recommend to the Wiltshire Pension Fund Committee that the proposed Local Pension Board Budget be included in the Fund's Administration Budget for 2016-17.</b>	MH	March 2016	
3.14	To assess the Board's Registers of Interest and the method of reviewing them.	LB	April 2016	
	<b>April 2016</b>			
4.1	<b>To add an annual benchmarking of charge-out rates to the work plan.</b>	DA	ASAP	
4.2	Benchmarking of charge-out rates to be circulated to members.	DA	ASAP	
4.3	<b>To investigate insurance indemnity and other implications arising from Counsel view on the legal status of Local Pension Boards and to report back to the next meeting of the Board.</b>	DA	July 2016	
4.4	<b>To recommend that the Fund include the academisation of schools as a risk on the register.</b>	DA	ASAP	
4.5	<b>To note the outcome from the review of the tPRs Code of Practice No. 14 and recommend the implementation of the actions outlined in the report to the Pension Fund Committee to ensure the Fund secures full compliance with this guidance.</b>	DA	December 2016	
4.6	Review the progress of actions to address partial compliance with the tPR.	DA	January 2017	
4.7	<b>To endorse the Governance Compliance statement and recommend that lay membership and voting rights be reviewed following the proposed</b>	DA	April 2017	

	<b>asset pooling as part of the compliance process and pooling arrangements.</b>			
4.8	<b>To recommend that the Fund be prepared and audited against the 2014 LGPS regulations, Pensions Statement of Recommended Practice (SORP 2014 edition), CIPFA 2014 guidance on LGPS funds annual reports, and LGPS funds 2015/16 accounting disclosures</b>	DA/MH	April 2016	
4.9	Officers to investigate legal requirement for hard-copy Annual Benefit Statements.	DA	ASAP	
4.10	Amendments to LPB page on Fund website as requested by members	ZS	ASAP	
4.11	<b>To agree the initial proposals for Key Performance Indicators and request that these be further refined, in particular that further consideration be given to the measures of engagement and communications and cost-effectiveness, and reported to the next meeting.</b>	HP/DA	July 2016	
4.12	<b>To recommend that the Board's annual statutory report be included as an annex to the Fund's annual report.</b>	DA	September 2016	
4.13	<b>To agree the proposed approach for the Local Pension Board Annual Report with the addition of members' attendance statistics.</b>	DA	July 2016	
4.14	Contact details for LPB members to be re-circulated to all members	LB	ASAP	
4.15	<b>To update the Forward Work Plan to be brought to the next meeting.</b>	DA	July 2016	
	<b>July 2016</b>			
5.1	<b>To request that outstanding and pending actions be colour coded accordingly on the LPB actions log.</b>	DA	October 2016	

5.2	To add a review of the Board members handbook to the October meeting agenda/work plan.	DA	October 2016	
5.3	Members' handbook to be available on the website if content not confidential	DA	December 2016	
5.4	<b>To update on the issue of insurance indemnity (and its application to observer members of the Committee) at the October meeting.</b>	DA	October 2016	
5.5	<b>To note the current Risk Register and recommend that PEN020 'Pooling of LGPS assets' be coded red to reflect a high risk of resource pressures arising from asset pooling.</b>	DA	July 2016	
5.6	<b>To request that an update is provided at the January meeting on the actions taken following the outcome of the internal audit and that external auditors also report to this meeting in the instance of material recommendations arising from that audit.</b>	DA	January 2017	
5.7	<b>To request that redundancy costs be considered at the October meeting in the instance of such issues arising from the audit.</b>	DA	October 2016	
5.8	To amend references to the Myners Principles in the Statement of Investment Principles to the 'Principles of Investment Governance'	DA	July 2016	
5.9	To obtain recent publications of the Law Commission on fiduciary duty and the United Principles of Responsible global report on Fiduciary duty to assist with the drafting of an Investment Strategy Statement.	DA	December 2016	
5.10	<b>To note the update on the Business Plan and to recommend to the Wiltshire Pension Fund Committee that it reviews the priorities or supports the recruitment of additional resource if necessary to achieve the priorities.</b>	DA	September 2016	
5.11	<b>To agree the proposed Key Performance indicators and request they be included in the Board's Annual report.</b>	DA	July 2016	

5.12	<b>To request that a benchmarking exercise of LPB annual reports be undertaken in comparison with other Boards in early 2017.</b>	DA	January-April 2017	
5.13	<b>To endorse the need for an independent review of the Brunel Pension Partnership Business Case and recommend that overall risks of the new manager are reviewed.</b>	DA	September 2016	
5.14	<b>To recommend that further detail is provided in the Business Case on the member and employer representation in the governance arrangements of the new pool.</b>	DA	September 2016	
5.15	<b>To recommend that a low-cost exit strategy for the Fund is negotiated and that detail be provided on the process of transferring to a new pool.</b>	DA	September 2016	
5.16	<b>To recommend that external resource is recruited to support asset pooling as necessary.</b>	DA	September 2016	
5.17	To seek guidance on the tax implications of the Brunel Pension Partnership as manager and/or operator.	DA	September 2016	
	<b>October 2016</b>			
6.1	To request that the Section 151 officers considers how assurances are provided in future that the fund is audited against 2014 LGPS regulations, Pensions Statement of Recommended Practice (SORP 2014 edition), CIPFA 2014 guidance on LGPS funds annual reports, and LGPS funds 2015/16 accounting disclosures	DA/MH	March 2017	
6.2	<b>To make amendments to the minutes of the previous meeting.</b>	LB	October 2016	
6.3	<b>To request that pending items on the Action Log be coded amber.</b>	DA	January 2017	
6.4	<b>To request that items coded 'Red' on the Action Log, where no update is</b>	DA	January 2017	

	available for this meeting, be considered at the next meeting.			
6.5	To investigate points raised by statements from the public in respect of the Risk Register.	DA/LB	January 2017	
6.6	To request that the Fund's Position Statement on Fossil Fuel Divestment is published on the website.	DA	ASAP	
6.7	To request that officers circulate the CIPFA guidance notes on investment pooling to members.	DA	ASAP	
6.8	To request that the tPR checklist on publishing scheme information is used for the next Annual Report.	DA	September 2017	
6.9	To request that Cllr Newbury submit his concerns with the Code of Conduct and Conflict of Interest Policy in writing to the Chairman of Board so that a comparison with the policies of other Local Pension Boards may be undertaken and that legal advice on the policy document may be sought in respect of these concerns prior to review by the Committee.	CN/LB	October 2016	
6.10	To request that references to the Scheme Advisory Board in the Code of Conduct and Conflict of Interest Policy are updated.	LB	December 2016	
6.11	To request that the presentation delivered to employers at the meeting on 13 October be circulated to attendees at that event to assist them in relaying the information to colleagues.	DR	ASAP	
6.12	To request that an update be provided to the next meeting on late employer contributions and measures that could be taken to manage this.	DA	January 2017	
6.13	To note the Annual Report and Financial Statements and to recommend the following stylistic changes:  •References to 'Wiltshire County Council' be amended to 'Wiltshire Council'.	DA	ASAP	

	<b>•Paragraphs in the ‘Local Pension Board’ sections be brought forward to Page 6 of the report.</b>			
6.14	<b>To recommend that the Fund’s Annual Report and Local Pension Fund Annual Report be separate documents on the website.</b>	DA	ASAP	
6.15	<b>To note the progress of the implementation of the current Board Training Plans and to revisit training plans (including the progress of each member) at the January meeting</b>	DA	January 2017	
6.16	<b>To request that the Training Handbook is published online.</b>	DA	ASAP	
6.17	<b>To request that members notify the Head of Pensions of training sessions they have attended.</b>	Board	Ongoing	
6.18	<b>That Board members complete the Pensions Regulator toolkit before the end of 2016 and update the Head of Pensions accordingly.</b>	Board	December 2016	
6.19	<b>To seek expressions of interest from at least one member of the Board attend the LGE LGPS ‘Trustees’ Training Fundamentals three-day course.</b>	DA/LB	ASAP	
6.20	<b>To request that meeting dates for 2017/18 be included on the Forward Plan.</b>	DA	January 2017	
6.21	<b>To request that members feedback further comments following the publication of CIPFA guidance.</b>	Board	ASAP	
6.22	<b>To request that the legal assurances on Brunel are released with the Business Case.</b>	DA	December 2016	
6.23	<b>To request the consequence of asset pooling on staffing and the auditing arrangements within the Fund be considered with the Business Case.</b>	DA	December 2016	
6.24	<b>To encourage the Fund to engage in dialogue with the Scheme Advisory Board in respect of funding metrics.</b>	DA	December 2016	



## **WILTSHIRE PENSION FUND COMMITTEE**

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**MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 15 DECEMBER 2016 AT THE WEST WILTSHIRE ROOM - COUNTY HALL, TROWBRIDGE BA14 8JN.**

**Present:**

Cllr Steve Allsopp, Cllr Tony Deane (Chairman), Cllr Charles Howard (Vice Chairman), Cllr Gordon King, Mike Pankiewicz, Cllr Sheila Parker and Cllr Roy White

**Also Present:**

Jim Edney, Barry Reed, Michael Hudson (Treasurer to the Fund) and Cllr Dick Tonge

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92 **Membership**

There were no changes to the membership of the Committee.

93 **Attendance of non-members of the Committee**

Barry Reed, Local Pension Board member, and Cllr Dick Tonge, Cabinet Member for Finance, were in attendance.

94 **Apologies for Absence**

Apologies for absence were received from: Linda Stuart, Sue Eley, Cllr Steve Weisinger and Howard Pearce (Local Pension Board Chairman).

95 **Minutes**

**Resolved:**

**To confirm the Part 1 minutes of the meeting held on 29 September 2016 subject to an amendment to minute item 68 to reflect that the Baillie Gifford performance fee was due to performance exceeding initial targets.**

**To confirm the Part 1 minutes of the meeting held on 13 October 2016.**

96 **Declarations of Interest**

There were no declarations of interest.

97 **Chairman's Announcements**

Members were advised that an investment training day was to be held on 19 January 2017 for Committee and Board members. The Chairman also updated that the Fund was currently 82% funded.

98 **Public Participation and Councillors' Questions**

There were no members of the public present.

99 **Local Pension Board Update**

The minutes of the last Board meeting and its current work plan were circulated for Committee consideration. The Head of Pensions updated that members of the public had been in attendance at the last Board meeting to express concern about the Fund's investments in fossil fuel. The officer advised that the Chairman has responded in writing about the Fund's approach to fossil fuel investment and the Fund's Position Statement on Fossil Fuel Divestment had since been published on the website. The Committee understood that the Fund did not hold much investment in fossil fuels and supported responsible investment in terms of the consideration of ESG outlined in its Statement of Investment Principles. It was noted that the Fund would review its Investment Strategy Statement in April 2017.

**Resolved:**

**To note the minutes and recommendations arising from the LPB meeting held on 20 October 2016.**

**To note the current work plan of the Local Pension Board.**

100 **Local Pension Board Code of Conduct and Conflict of Interest Policy**

The Head of Pensions presented a Code of Conduct and Conflict of Interest Policy for the Local Pension Board which required annual review by the Committee. It was explained that the Board as a body was in support of the policy document however comments had been raised around the status of the policy and whether the requirements were reasonable. Legal opinion had been sought following the comments and the advice had confirmed that the policies were in line with guidance, Regulations and were similar to those used by other Funds. The policy was required to ensure the sound governance of the Board and members were expected to comply with the policy. The Chairman noted the advice of officers and comments raised at the Local Pension Board meeting.

The Committee agreed the Board's recommendation that the policy be updated to reflect the new status of the Scheme Advisory Board.

**Resolved:**

**To approve the attached Code of Conduct and Conflict of Interest Policy Guidelines in relation to the LPB, as updated to reflect the status of the Scheme Advisory Board**

101 **Update on the Fund's Stewardship Code Statement**

Catherine Dix, Strategic Pension Manager, updated on the Fund's Stewardship Code Statement which had been revised in light of feedback from the Financial Reporting Council that the Fund had not met the expectations of the Stewardship Code. The revised statement had been assessed as Tier 1, meaning the Fund met the reporting expectations of the FRC in the way they disclose their stewardship responsibilities. The officer advised that the statement had not fundamentally changed but was a more detailed explanation of processes.

**Resolved:**

**To note the update on the revised Stewardship Code Statement that is included in the Statement of Investment Principles.**

102 **Actuarial Valuation and Funding Strategy Statement Update**

The Head of Pensions explained that the Fund's officers had been working with employers to sign off their contribution rates; there was currently a 45% success rate. The contribution rates had to be agreed by the end of March 2017 and a further update would be provided to the Committee closer to the deadline.

The Committee also heard the outcome of the consultation of the Funding Strategy Statement amongst employer members. It was noted that only one response had been received by an academy which questioned the different deficit recovery period between academies and the Council. The Head of Pensions explained that this was the case since academies carried higher risk as they were not tax-raising bodies. The officer also advised that the Scheme Advisory Board had commissioned Pricewaterhouse Coopers (PwC) to research into the approach towards academies across the LGPS. The Committee agreed it would be sensible to review its approach to academies following the publication of this research.

**Resolved:**

**To note the update on the progress of the 2016 Triennial valuation and feedback from the consultation on the Funding Strategy Statement.**

**To request that the Fund's approach to academies in respect of deficit recovery periods be reviewed following the publication of the SAB research.**

103 **Pension Fund Risk Register**

The Head of Pensions updated on two key changes to the Risk Register since the last report to Committee. PEN006b: 'Significant rises in employer contributions for non-secure employers due to increases in liabilities' had been moved from amber to green following the results of the 2016 triennial valuation. PEN011: 'Lack of expertise of Pension Fund Officers' had reduced from amber to green following the appointment of the Technical and Compliance Manager to cover the Benefits Manager's maternity leave, with Hymans Robertson provided additional technical support over the next 6-9 months. The Committee was reassured that officers kept resourcing under continuous review and were confident that sufficient resource was available over the short term to ensure the core activities of the Fund were not neglected as a result of the extra work arising from asset pooling. Members noted that the Local Pension Board was also aware of the resource pressures currently on the Fund.

**Resolved:**

**To note the attached Risk Register and measures being taken to mitigate risks.**

104 **Brunel Pension Partnership Full Business Case**

The Business Case and officer's recommendation in respect of Brunel Pension Partnership were available for public inspection under Part 1 of the agenda.

105 **Date of Next Meeting**

The Committee noted the date of the next meeting was to be held on 23 March 2017.

106 **Urgent Items**

There were no urgent items.

107 **Exclusion of the Public**

**Resolved:**

**To agree that in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the business specified in Minute number 108-111 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraphs 1 & 3 of Part I of Schedule 12A to the Act and the**

**public interest in withholding the information outweighs the public interest in disclosing the information to the public.**

108 **Brunel Pension Partnership Full Business Case**

The Treasurer to the Pension Fund introduced a proposal for the Committee to recommend to Full Council that the Fund enter into asset pooling arrangements as part of Brunel Pension Partnership, it was explained that the proposals sought to delegate to the Committee and to Officers, as appropriate, to authorise the work as it progressed.

The Committee considered the Business Case.

**Resolved:**

**To thank officers for their dedication and hard work to support Brunel Pension Partnership.**

**To note the tax implications of asset pooling and to encourage that action be taken to mitigate this.**

**To recommend that the Chairman of the Pension Fund prioritise investment in client group interests through the Shadow Operations Board and that resource is made clear to the Committee following that discussion.**

**The Committee endorses the Full Business Case for Brunel Pension Partnership and recommends the following to Full Council:**

**In its capacity as the Administering Authority for the Wiltshire Pension Fund, and having received and reviewed the recommendation of the Wiltshire Pension Fund Committee on 15 December 2016 and the Business Case attached to it, Wiltshire Council hereby resolves to enter into investment pooling as part of the Brunel project with respect to the Wiltshire Pension Fund's investments.**

**Such Resolution is made on and subject to the following terms and conditions:**

**a) That the Brunel Pension Partnership investment pool be developed, funded and implemented substantially in accordance with the terms and provisions described in the Business Case considered by the Pension Committee, and more particularly that:**

- a Financial Conduct Authority (FCA) regulated company to be named Brunel Pension Partnership Limited be established and operated with all necessary and appropriate arrangements as to its ownership, structure, governance and services capability.**

- a new supervisory body comprising representatives of the Council and all other participants in the Brunel Pension Partnership be established to ensure oversight of Wiltshire Pension Fund investments and participation in the Brunel Pension Partnership.

b) That subject to the continued viability of investment pooling, financial or otherwise Wiltshire Pensions Committee is authorised to undertake such tasks, after consideration of advice from its Chief Legal Officer, Chief Financial Officer and Pension Fund Manager, as it thinks appropriate to progress implementation of investment pooling. To take such decisions and do all other things deemed necessary in order to promote the interests of the Administering Authority with respect to pooling, which without limitation shall include agreeing and authorising any documentation, contracts, terms of reference, financial expenditure or investment that may be required consequential upon the Fund's participation in the Brunel Pension Partnership. For the avoidance of doubt this includes the right of the Pension Committee to authorise the Chief Legal Officer and Chief Financial Officer to take such steps as are necessary to progress the project.

c) That subject to the above, all such matters be carried out with the aim of achieving a target date for beginning investment pooling of 1 April 2018, and otherwise subject to such intermediate steps and timescales as may be considered appropriate and necessary by the Pensions Committee.

109 **Investment Quarterly Progress Report.**

The Committee was presented with the latest investment reports and minutes of the Investment Sub Committee meeting held on 24 November 2016.

**Resolved:**

**To note the reports on the Fund's investments.**

**To note the minutes of the Investment Sub Committee meeting held on 24 November 2016.**

110 **Local Pension Board Update**

The Part 2 minutes of the Local Pension Board meeting held on 20 October 2016 were circulated for Committee consideration.

**Resolved:**

**To note the Part 2 minutes and recommendations arising from the LPB meeting held on 20 October 2016.**

111 **Minutes**

**Resolved:**

**To confirm the Part 2 minutes of the meeting held on 29 September 2016 subject to an amendment to minute item 68 to reflect that the Baillie Gifford performance fee was due to performance exceeding initial targets.**

**To confirm the Part 2 minutes of the meeting held on 13 October 2016.**

(Duration of meeting: 11.45 am - 12.35 pm)

The Officer who has produced these minutes is Libby Beale, of Democratic Services, direct line 01225 718214, e-mail [elizabeth.beale@wiltshire.gov.uk](mailto:elizabeth.beale@wiltshire.gov.uk)

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## WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD  
25 January 2017

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### **Scheme, Regulatory & Fund Update**

#### **Purpose of the Report**

1. The purpose of this report is to highlight the legal, regulatory and Fund updates since the last meeting of the Local Pension Board in October 2016.

#### **Background**

2. The attached appendix outlined the current and recent scheme and regulatory changes that have occurred since the last meeting. The changes that have previously been reported to this Board are highlighted in grey.
3. The Head of Pensions will provide a verbal update on these changes at this meeting for discussion with the Board.

#### **Considerations for the Board**

4. To note the discussions in relation to the latest scheme and regulatory updates as listed in the table above.

#### **Environmental Impact of the Proposal**

5. There is no known environmental impact of this proposal.

#### **Safeguarding Considerations/Public Health Implications/Equalities Impact**

6. There are no known implications at this time.

#### **Financial Considerations & Risk Assessment**

7. There is no financial consideration resulting from this proposal.

#### **Proposals**

8. The Board is asked to note the changes highlighted within this report.

MICHAEL HUDSON  
Treasurer to the Pension Fund

Report Author: David Anthony, Head of Pensions

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Unpublished documents relied upon in the production of this report: NONE

**APPENDIX 1**

<b>Organisation</b>	<b>Subject</b>	<b>Link</b>	<b>Comments</b>
<b>HM Treasury</b>	Pensions scams: consultation	<a href="https://www.gov.uk/government/consultations/pension-scams/pensions-scams-consultation">https://www.gov.uk/government/consultations/pension-scams/pensions-scams-consultation</a>	Published 5 December and closing on 13 February 2017, This consultation sets out a package of measures aimed at tackling three different areas of pensions scams, a cold calling ban consulting on clarifying the law so that Funds can block pension transfers based if concerned it's a Scam, and looking at single-member occupation pension schemes only being registered by active companies.
	Indexation and equalisation of GMP in public service pension schemes	<a href="https://www.gov.uk/government/consultations/indexation-and-equalisation-of-gmp-in-public-service-pension-schemes">https://www.gov.uk/government/consultations/indexation-and-equalisation-of-gmp-in-public-service-pension-schemes</a>	Published on 28 November 2016, and closes on 20 February 2017, this consultation is seeking views on how to address the implications of State Pension reforms for Guaranteed Minimum Pensions (GMP) of public servants below State Pension age.
	Reforms to public sector exit payments: response to the consultation	<a href="https://www.gov.uk/government/consultations/further-consultation-on-limiting-public-sector-exit-payments">https://www.gov.uk/government/consultations/further-consultation-on-limiting-public-sector-exit-payments</a>	Introduction of new regulations for exit payments appear to have been further delayed. It was originally anticipated that the £95k cap would be brought in from October 2016. It's expected to be introduced early next year. In addition, the recovery of exit payments for high earners who are re-employed was expected to be introduced from April 2016, but that was delayed and the final legislation is now expected later this year. The Government has also responded to the consultation on reforming exit payments across the public sector. This confirms that reforms will go ahead, including limits on employer funded early access to pension benefits (e.g. redundancy and business efficiency retirements in the LGPS). DCLG will now consider how the LGPS regulations need to be amended to deliver the policy intention.
	Actual valuation and Cost cap mechanism	<a href="http://www.lgpsboard.org/images/Guidance/pspav.pdf">http://www.lgpsboard.org/images/Guidance/pspav.pdf</a>	The review the cost cap mechanism that was implemented as part of the national reforms of Public Sector Pensions.
<b>HM Revenues &amp; Customs</b>	Revenue and Customs Brief 14 (2016): VAT, Deduction of VAT on pension fund management costs following Court of Justice of the European Union decision in PPG	<a href="https://www.gov.uk/government/publications/revenue-and-customs-brief-14-2016-vat-deduction-of-vat-on-pension-fund-management-costs-following-court-of-justice-of-the-european-union-decision/revenue-and-customs-brief-14-2016-vat-deduction-of-vat-on-pension-">https://www.gov.uk/government/publications/revenue-and-customs-brief-14-2016-vat-deduction-of-vat-on-pension-fund-management-costs-following-court-of-justice-of-the-european-union-decision/revenue-and-customs-brief-14-2016-vat-deduction-of-vat-on-pension-</a>	Changes to the reclamation of VAT on fund management costs may affect LGPS funds once pooling is in place. These changes were originally due with effect from 1st January 2017 but have now been pushed back to 1st January 2018. Project Brunel will be keeping an eye on how it is evolving and take appropriate advice. Consultation closed 31 December 2017

Organisation	Subject	Link	Comments
		<a href="#">fund-management-costs-following-court-of-justice-of-the-european-union-decision</a>	
DCLG	Local government pension scheme statistics	<a href="https://www.gov.uk/government/collections/local-government-pension-scheme">https://www.gov.uk/government/collections/local-government-pension-scheme</a>	This collection brings together all statistics on the local government pension scheme in England and Wales
	LGPS Regulations: Best Value & Fair Deal consultation	<a href="https://www.gov.uk/government/consultations/local-government-pension-scheme-regulations">https://www.gov.uk/government/consultations/local-government-pension-scheme-regulations</a>	This consultation reviews the approach for Best Value and Fair Deal for the transfer of staff. Closed 20 August 2016.
	LGPS investment regulations	<a href="http://www.legislation.gov.uk/uksi/2016/946/contents/made">http://www.legislation.gov.uk/uksi/2016/946/contents/made</a>	These regulations were laid before parliament on 23rd September and come into force from 1st November 2016. They remove many of the investment restrictions imposed on LGPS funds, introduce a prudential framework for investment decision making, introduce a Power of Direction for the Secretary of State to intervene in the investment function of an Administering Authority if deemed necessary, and require all funds to publish a new Investment Strategy Statement by 1st April 2017.
	Guidance on Preparing and Maintaining an Investment Strategy Statement' (ISS)	<a href="https://www.gov.uk/government/publications/local-government-pension-scheme-guidance-on-preparing-and-maintaining-an-investment-strategy-statement">https://www.gov.uk/government/publications/local-government-pension-scheme-guidance-on-preparing-and-maintaining-an-investment-strategy-statement</a>	<p>The ISS replaces the Statement of Investment Principles and DCLG has also published their 'Guidance on Preparing and Maintaining an Investment Strategy Statement' to assist funds. This was issued on the 15th of September. Many aspects of the new ISS are similar to the SIP, although there are a few notable additions:</p> <p>The need for Administering Authorities to take proper advice (in numerous areas, although 'proper advice' does not seem to be clearly defined anywhere)</p> <p>The need to state the Authority's approach to pooling investments, including the use of collective investment vehicles and shared services</p> <p>The submission of an annual report on the progress of asset transfers to the Scheme Advisory Board, and</p>

Organisation	Subject	Link	Comments
			<p>A strengthened section on the exercise of rights (including voting rights) attaching to investments.</p> <p>This latter part of the guidance states that Administering Authorities should become signatories to the Stewardship Code and state how they implement the seven principles and guidance of the Code on a “comply or explain” basis.</p>
	Response to Investment Regulations consultations	<a href="https://www.gov.uk/government/consultations/revoking-and-replacing-the-local-government-pension-scheme">https://www.gov.uk/government/consultations/revoking-and-replacing-the-local-government-pension-scheme</a>	Outlines the Government response to the investment regulations consultation.
<b>The Pension Regulator (TPR)</b>	Public Sector pensions website update	<a href="http://www.thepensionsregulator.gov.uk/public-service-schemes.aspx">http://www.thepensionsregulator.gov.uk/public-service-schemes.aspx</a>	The Regulator has recently made some updates to the public service toolkit. The toolkit which provides a foundation to effective scheme governance and administration has been updated and additional guides and checklist have been published.
	Publishing Scheme Information	<a href="http://www.thepensionsregulator.gov.uk/public-service-schemes/publishing-scheme-information.aspx">http://www.thepensionsregulator.gov.uk/public-service-schemes/publishing-scheme-information.aspx</a>	TPR emailed around its public sector contacts on Wednesday this week, calling on public service schemes to check information about their pension board is published to avoid failing their governance duties. Under legislation, scheme managers are required to publish and keep up-to-date information about the board's members, its representation, and what matters it is responsible for. They should also publish details such as the board's terms of reference and appointment process. This rule is designed to help members easily identify which individuals are involved in their scheme's governance. The outcome of Wiltshire Pension's Fund review is shown in the appendix.
<b>Government Actuaries Department (GAD)</b>	Section 13 Dry Run Report	<a href="http://www.lgpsboard.org/images/Reports/Section13DryRun20160711.pdf">http://www.lgpsboard.org/images/Reports/Section13DryRun20160711.pdf</a>	The Government Actuary's Department (GAD) have completed a “dry run” section 13 analysis based on the 2013 local valuations. This analysis assesses whether the four main aims; compliance, consistency, solvency and long term cost effectiveness; have been achieved.
	Section 13 Report appendices showing WPF results	<a href="http://www.lgpsboard.org/images/Reports/Section13DryRunAppendices20160711.pdf">http://www.lgpsboard.org/images/Reports/Section13DryRunAppendices20160711.pdf</a>	
	Managing risks in the public service	<a href="https://www.gov.uk/government">https://www.gov.uk/government</a>	GAD has published a document outlining its thoughts on a report

Organisation	Subject	Link	Comments
	pension schemes	<a href="#">/publications/managing-risks-in-public-service-pension-schemes-thoughts-on-measures-and-control-mechanisms</a>	published in June from the National Audit Office on the Government's public sector pension liability. The document sets out some ideas on appraising long-term risks for public sector pension schemes.
<b>Financial Conduct Authority (FCA)</b>	CP16/29: Markets in Financial Instruments Directive II implementation – Consultation Paper III	<a href="https://www.fca.org.uk/publications/consultation-papers/cp16-29-mifid-ii-implementation">https://www.fca.org.uk/publications/consultation-papers/cp16-29-mifid-ii-implementation</a>	This consultation closed on 4 January 2017, and looked at the Markets in Financial Instruments Directive II (MiFID II) which takes effect on 3 January 2018. The main concern for the LGPS is all investors would be treated as “retail” investors as opposed to “professional” clients. This would have significant implications for the investments available to LGPS Funds and significantly impede the implication of investment pooling. A response was drafted by the Brunel Pension Partnership on behalf of the 10 Founder Funds and can be viewed at the following link: <a href="https://www.brunelpensionpartnership.org/en/news/2017/01/bpp-response-to-mifid-ii-consultation">https://www.brunelpensionpartnership.org/en/news/2017/01/bpp-response-to-mifid-ii-consultation</a>
<b>Scheme Advisory Board (SAB)</b>	Academies' review	<a href="http://www.lgpsboard.org/index.php/structure-reform/review-of-academies">http://www.lgpsboard.org/index.php/structure-reform/review-of-academies</a>	SAB in support of its work plan for 2016/17, invited proposals from interested parties to assist it in developing options with regard to the plan to convert all schools to academies and what this would mean for LGPS pension funds and their host authorities. This outcome of this initial work will be considered by the SAB prior to it potentially making recommendations to the Secretary of State.
	Investment fees - Code of Transparency	<a href="http://www.lgpsboard.org/index.php/structure-reform/cost-transparency">http://www.lgpsboard.org/index.php/structure-reform/cost-transparency</a>	The move toward investment fee transparency and consistency is seen by the Board as an important factor in the LGPS being perceived as a value led and innovative scheme. Transparency is also a target for the revised CIPFA accounting standard issued for inclusion in the statutory annual report and accounts and included in the government's criteria for pooling investments.  To assist LGPS funds in obtaining the data they require in order to report costs on a transparent basis the Board is working to develop a voluntary Code of Transparency for LGPS asset managers
	Committees – membership & remit	<a href="http://www.lgpsboard.org/index.php/sub-comms/membership-remit">http://www.lgpsboard.org/index.php/sub-comms/membership-remit</a>	The new Committee and sub-Committee have been announced. David Anthony (Head of Pensions) will sit on the Investment, Governance & Engagement committee and is a substitute for the Cost Management & Scheme Design Committee as a practitioner representative.

Organisation	Subject	Link	Comments
CIPFA	LGPS Fund Accounts 2016/17: Example Accounts and Disclosure Checklist	<a href="http://www.cipfa.org/policy-and-guidance/publications//lgps-fund-accounts-201617-disclosure-checklist">http://www.cipfa.org/policy-and-guidance/publications//lgps-fund-accounts-201617-disclosure-checklist</a>	CIPFA have released the example accounts and disclose checklist for 2016/17 on which this year accounts need to be reported on. A copy of this document is available to Board Members on request.
	Investment pooling guidance	<a href="http://www.cipfa.org/policy-and-guidance/publications//investment-pooling-governance-principles-for-lgps-administering-authorities-online">http://www.cipfa.org/policy-and-guidance/publications//investment-pooling-governance-principles-for-lgps-administering-authorities-online</a>	Guidance for Funds to consider when setting up pooling of investments.
	Funding Strategy Statement Guidance	<a href="http://www.cipfa.org/policy-and-guidance/publications/p/preparing-and-maintaining-a-funding-strategy-statement-in-the-lgps-2016-edition">http://www.cipfa.org/policy-and-guidance/publications/p/preparing-and-maintaining-a-funding-strategy-statement-in-the-lgps-2016-edition</a>	This guidance has now been published and it helps authorities to review and update their FSS to take account of this new guidance and associated regulatory changes.
Wiltshire Pension Fund	Update on Insurance Indemnity Issue		

## WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD  
25 January 2016

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### **Code of Conduct and Conflict of Interest Policy for the Local Pension Board**

#### **Purpose of the Report**

1. The purpose of this report is to update the Board on the Committee's review of the attached Code of Conduct and Conflict of Interest Policy guidelines for the Local Pension Board (LPB).
2. These policies ensure sound governance of the LPB, along with compliance with the Regulations, the Pension Regulators Code of Practice (no14), and the Scheme Advisory Board's guidance.

#### **Background**

3. The Pension Committee undertook its annual review of the Code of Conduct and Conflict of Interest Policy for the LPB at its meeting on 15 December 2016.
4. This review incorporated the comments the LPB had provided prior to this meeting and summarised below (available in full [here.](#))
  - (i) whether the scope of the Policy Guidelines is in excess of the statutory requirements;
  - (ii) whether the Policy Guidelines specify what constitutes a conflict of interest;
  - (iii) the requirement to report interests during a meeting of the Board;
  - (iv) the requirement for the Register of Interest form in its current format, including need for a date, signature and separated interests of the member and their spouse.

#### **Considerations for the Board**

5. The Committee agreed the Board's recommendation that the policy be updated to reflect the new status of the Scheme Advisory Board and approved the policies as attached.
6. The Council's legal team also provided further advice as to the above questions which is summarised as follows:
  - i. The Policy Guidelines reflect:
    - Protocol 2 of Wiltshire Council's constitution (the Terms of Reference of the LPB), as adopted by full council at its meeting of 24 February 2015 (minute 22). In particular, Term of Reference 56 requires the administering authority to ensure that any potential conflict is effectively managed in line with the internal procedures of the administering authority and the requirements of relevant legislation and guidance. Once the Policy Guidelines are approved, they become the internal procedure referred to in Term of Reference 56 and must be complied with by all LPB members. Furthermore, LPB members must follow Term of Reference 7 which states that "The Board should at all times act in a reasonable manner in the conduct of its purpose. In support of this duty Board members should be subject to and abide by the code of conduct for Board members."

- Section 5 of the Public Service Pensions Act 2013 and regulation 108 of the LGPS Regulations 2013 which includes the requirement for each member of the Board to provide the administering authority with “such information as the authority reasonably requires” to satisfy itself that he or she does not have a conflict of interest at any time during office on the Board.
  - Paragraphs 61 to 89 of the Pensions Regulator’s Code of Practice No 14; and
  - Section 7 of the Shadow Scheme Advisory Board Guidance on the code of conduct for LPB members and conflicts of interest.
  - The administering authority considered all the above elements when drafting the Policy Guidelines and deciding what information it reasonably requires for the purposes of the LGPS Regulations 2013.
- ii. As stated in Section 2 of the Policy Guidelines: Section 5(5) of the 2013 Act defines a conflict of interest as: *A financial or other interest which is likely to prejudice the person's exercise of functions as a member of the board (but does not include a financial or other interest arising merely by virtue of membership of the scheme or any connected scheme)*. Examples are provided within the Policy as to possible conflicts of interest. In addition to this, under Section 2.1 of the guidelines, members may seek advice from Democratic Services if they are uncertain about a potential or perceived interest.
- iii. As stated in Section 2.1 of the Policy Guidelines, interests should normally be declared to Democratic Services in advance of a meeting unless an interest comes to light during a meeting, at which point the interest would be declared to the Board (or Chairman as appropriate) in the presence of Democratic Services. There is a standing item on all agendas for members to declare interests.
- iv. Regulations 108(3) and 108(4) of the LGPS Regulations 2013 require each member of the Board to provide the administering authority with “such information as the authority reasonably requires” to satisfy itself that he or she does not have a conflict of interest at any time during office on the Board. The administering authority considered the legislation and statutory guidance when deciding what information it reasonably requires for the purposes of the LGPS Regulations 2013. In view of the wide definition of conflict of interest, the information required by the Declaration of Interest Form is proportionate and reasonable for the purposes of satisfying the administering authority that there is no actual or perceived conflict of interest.
- A date on the Register of Interest form is reasonable to assist the administering authority in ensuring that the register of interests is current. Signature is reasonable to ensure that the information can be verified as correct. Separating the interests of member and spouse assists the administering authority in determining whether any conflict is actual or perceived, and the most appropriate and proportionate way to deal with it. All of these elements are reasonably required for openness and transparency, so that the public can be assured that the LPB is acting properly.
7. At the LPB in October 2016 it was questioned how Wiltshire’s policies compared to those of other Boards, in response to this a benchmarking exercise was undertaken against six similar funds which revealed that the funds (with the exception of one) overall had similar, or the same, requirements in their Code of Conduct and Conflict of Interest Policy, and similar or the same format for a Register of Interest Form. Key differences between the funds were the guidance on potential conflicts of interest in respect of advisors and

officers, and the guidance/restrictions on gifts and hospitality. Wiltshire's policies on both issues were towards the higher end of the scale in terms of guidance/restrictions. Oxfordshire was the only Local Pension Board contacted which did not have a Code of Conduct or Conflict of Interest Policy in place to support the guidance in its Terms of Reference. Further information is available at Appendix A.

8. The Board is asked to note the updated policies and that these now replace the previous versions.

### **Environmental Impact of the Proposal**

9. There are no known environment implications from this report.

### **Financial Considerations & Risk Assessment**

10. There are no significant financial implications from this report.
11. The Code of Conduct and Conflict of Interest Policy Guidelines will assist in mitigating the reputational risk should an issue arise which hasn't been identified or managed.

### **Legal Implications**

12. There are no material legal implications arising from this report. Legal Services have been consulted regarding the legislation referred to in this report and have assisted with drafting.
13. As explained in the body of this report, the Policy Guidelines in the form attached have been drafted to reflect the requirements of Wiltshire Council's constitution, legislation and the guidance of regulatory bodies including the Pension Regulator's Code of Practice No 14 and the Shadow Scheme Advisory Board guidance.
14. If the administering authority fails to ensure that each LPB member follows Policy Guidelines which fulfil the requirements of the constitution, legislation and guidance, the following risks may apply:
  - a) the LPB may actually act improperly or be perceived to have acted improperly;
  - b) there may be a challenge to the work carried out by the LPB, for instance, challenge by judicial review as a result of failure to comply with statutory obligations;
  - c) there may be intervention by the Regulator;
  - d) there may be adverse comment by the Scheme Advisory Board, and associated reputational harm.
15. Any individual LPB member who fails to follow Policy Guidelines adopted by the administering authority may be in breach of:
  - a) regulations 108(3) and (4) of the LGPS Regulations 2013; and
  - b) Protocol 2 of Wiltshire Council's constitution,

### **Safeguarding Considerations/Public Health Implications/Equalities Impact**

16. There are no known implications at this time.

**Reasons for Proposals**

17. To ensure the LPB note the updated policies.

**Proposals**

18. The Board is requested to note the attached updated Code of Conduct and Conflict of Interest Policy Guidelines in relation to the LPB which now become effective.

MICHAEL HUDSON  
Treasurer to the Pension Fund

Report Author: Libby Beale, Senior Democratic Services Officer

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Unpublished documents relied upon in the production of this report: NONE

## **Appendix A- Benchmarking exercise**

### **Avon Pension Board**

The same Policy and Register of Interest form as Wiltshire available [here](#).

### **Merseyside Pension Board**

A similar standard of Policy to Wiltshire and similar format Register of Interest form available [here](#).

Greater detail on Gifts and Hospitality available [here](#).

### **Devon Pension Board**

A similar standard of Policy to Wiltshire (to be read in conjunction with the Council's standing orders) and similar format Register of Interest form available [here](#).

Lesser guidelines on Gifts and Hospitality and potential conflicts of interest in respect of officers and advisers.

### **Cornwall Pension Board**

A similar standard of Policy to Wiltshire available [here](#) and [here](#).

A similar format Register of Interest form to Wiltshire available [here](#).

Lesser guidelines on Gifts and Hospitality and potential conflict of interest in respect of officers.

### **Cardiff and Vale of Glamorgan Pension Board**

A similar standard of Policy and Register of Interest form to Wiltshire outlined in the Board's Terms of Reference [here](#) when read in conjunction with the Council's [standing orders](#).

Lesser guidelines on potential conflicts of interest in respect of officers and advisers.

### **Oxfordshire Pension Board**

The Board does not have any Policies on Code of Conduct or Conflict of Interest over and above its [Terms of Reference](#).

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## Code of Conduct and Conflict of Interest Policy Guidelines for Members of the Wiltshire Pension Fund Local Pension Board

### Status of this document

The Terms of Reference for the Board set out:

- the Board's code of conduct requirement; and
- the Administering Authority's conflict of interest policy for the Board (the Conflict Policy):

#### Duties of the Board

7. The Board should at all times act in a reasonable manner in the conduct of its purpose. In support of this duty Board members should be subject to and abide by the code of conduct for Board members.

#### Conflicts of interest

54. All members of the Board must declare to the Administering Authority on appointment and at any such time as their circumstances change, any potential conflict of interest arising as a result of their position on the Board.

55. A conflict of interest is defined as a financial or other interest which is likely to prejudice a person's exercise of functions as a member of the Board. It does not include a financial or other interest arising merely by virtue of that person being a member of the Scheme.

56. On each appointment to the Board and following any subsequent declaration of potential conflict, the Administering Authority shall ensure that any potential conflict is effectively managed in line with the internal procedures of the Administering Authority, the requirements of the 2013 Act, the requirements of the Code and the requirements of Relevant Legislation on conflict of interest for Board members.

This document contains the Committee's policy guidelines on conduct of Board members and conflicts of interest. These guidelines will be reviewed and approved by the Committee at least annually.

### Objectives of this document

1. To set out the principles and internal procedures that the Administering Authority and all Board Members are expected to follow in order to comply with the Terms of Reference, relevant legislation, codes of practice, government guidance and public law principles.
2. To ensure that all Board members are aware of their duty to act independently and carry out their roles to a high ethical standard.
3. To set out procedures for identifying, monitoring and managing potential conflicts to ensure they do not become actual or perceived conflicts of interest.
4. To ensure that a Register of Member Interests is kept, reviewed and published.
5. To remove any perception that the actions of a Board member have been influenced by a conflict of interest.
6. To ensure that public confidence in the governance of the Fund is maintained.

### Definitions used in this document

<b>“2011 Act”</b>	The Localism Act 2011 (as amended from time to time)
<b>“2013 Act”</b>	The Public Service Pensions Act 2013 (as amended from time to time)
<b>“Administering Authority”</b>	The administering authority for the Fund, Wiltshire Council. The Administering Authority is the scheme manager for the purposes of the 2013 Act.
<b>“Board”</b>	The Wiltshire Pension Fund Local Pension Board
<b>“Code”</b>	The Pensions Regulator’s Code of Practice no. 14: Governance and administration of public service pension schemes (as amended from time to time)
<b>“Committee”</b>	The Wiltshire Pension Fund Committee
<b>“Conflict Policy”</b>	The conflict of interest policy of the Board set out in the Terms of Reference (as amended from time to time)
<b>“Councillor”</b>	An elected or co-opted member of a local authority
<b>“Declaration of Interest Form”</b>	The form used to declare Relevant Interests as amended from time to time, currently as attached to this document at Appendix 1
<b>“Fund”</b>	The Wiltshire Pension Fund within the LGPS, managed and administered by the Administering Authority
<b>“Relevant Interest”</b>	Any company directorship, trusteeship, other post (whether remunerated or not), financial interest or personal interest belonging to a Board member or a Board member’s spouse, civil partner or cohabitee, where such interest is likely to be affected by, or relevant to, the work of the Board.
<b>“Register of Member Interests”</b>	The register of member interests kept by Democratic Services to record Relevant Interests. Democratic Services is the Board Secretary for the purposes of the Terms of Reference
<b>“Regulations”</b>	The Local Government Pension Scheme Regulations 2013 (as amended from time to time)
<b>“Scheme Advisory Board”</b>	The Local Government Pension Scheme Advisory Board set up under section 7 of the 2013 Act
<b>“SAB Guidance”</b>	Local Government Pension Scheme (LGPS): Guidance on the creation and operation of Local Pension Boards in England and Wales

## 1. Code of Conduct for Board members

### Government guidance on conduct of local pension board members

The Scheme Advisory Board provides advice to administering authorities and local pension boards in relation to the effective and efficient administration and management of the LGPS and their pension funds. The Scheme Advisory Board will be adopting the Shadow SAB Guidance therefore the Administering Authority and the Board should have regard to the SAB Guidance to assist with the effective and efficient administration and management of the Fund. Section 7 of the SAB Guidance deals with conduct of local pension board members.

### Code of Conduct

Board members must have regard to the “Seven Principles of Public Life” (also known as the Nolan Principles). As members of a publicly-funded body involved in the discharge of public business, all Board members must comply with these principles in the exercise of their functions. The principles require the highest standards of conduct.

The Seven Principles of Public Life are:

**Selflessness** - Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other benefits for themselves, their family or their friends.

**Integrity** - Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

**Objectivity** - In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

**Accountability** - Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

**Openness** - Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands it.

**Honesty** - Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

**Leadership** - Holders of public office should promote and support these principles by leadership and example.

Information provided to a Board member in the course of his or her duties is confidential and must only be used for the purposes of the Board. Board members must not disclose any information given to them in confidence without the written consent of a person who is authorised to give it, or unless required by law to do so. Board members must seek the advice of Democratic Services before disclosing any information given in confidence.

Board members should not accept any personal gifts or hospitality from any individual or organisation (including contractors and/or outside suppliers) which has or may have a specific interest in the work of the Board.

Regulation 107 of the 2013 Regulations allows Councillors to sit on a local pension board in certain circumstances. Councillors are subject to the separate code of conduct adopted by their local authority in accordance with the 2011 Act. This separate statutory requirement will continue to apply to any Board members who are Councillors in addition to the code of conduct above.

## 2. Conflict of Interest Policy Guidelines

### What is a Conflict of Interest?

The 2013 Act makes it a legal requirement that members of local pension boards do not have a conflict of interest. Section 5(5) of the 2013 Act defines a conflict of interest as;

*A financial or other interest which is likely to prejudice the person's exercise of functions as a member of the board (but does not include a financial or other interest arising merely by virtue of membership of the scheme or any connected scheme)*

A conflict of interest may arise when a member of a local pension board:

- must fulfil their legal duty to assist the Administering Authority; and
- at the same time has:
  - a separate personal interest (financial or otherwise); or
  - another responsibility in relation to that matter,

giving rise to a possible conflict with their first responsibility as a local pension board member.

A possible conflict could also arise due to a member's partner, family member or close associate having a specific responsibility or interest in a matter.

The key issue for a Board member is to consider whether they are subject to a conflict of interest which prevents them from acting entirely independently in their capacity as Board member. It is recognised that from time to time a person may have interests or responsibilities which are not aligned with their responsibilities as a Board member, but these do not prevent the person from fulfilling their responsibilities as a Board member. This situation may occur when the separate interest is sufficiently immaterial and so does not conflict with the member's first obligation to the Board.

### Relevant Legislation

The Regulations effect the requirements of section 5 of the 2013 Act in relation to the LGPS.

Regulation 108 of the Regulations states:

#### **108 Local pension boards: conflict of interest**

(1) Each administering authority must be satisfied that any person to be appointed as a member of a local pension board does not have a conflict of interest.

(2) An administering authority must be satisfied from time to time that none of the members of a local pension board has a conflict of interest.

(3) A person who is to be appointed as a member of a local pension board by an administering authority must provide that authority with such information as the authority reasonably requires for

the purposes of paragraph (1).

(4) A person who is a member of a local pension board must provide the administering authority which made the appointment with such information as that authority reasonably requires for the purposes of paragraph (2).

Regulations 108(1) and (3) prohibit conflicts and require information from each Board member at the time of their appointment, and regulations 108 (2) and (4) deal with the same requirements during office.

Regulation 107 allows for Councillors to sit on a local pension board in certain circumstances. The 2011 Act imposes a legal obligation on Councillors to disclose certain pecuniary interests in a register maintained by their local authority's monitoring officer. This separate statutory requirement will continue to apply to any Board members who are Councillors in addition to the relevant legislation, codes of practice and government guidance referred to in the Conflict Policy and these guidelines. Nothing in the Conflict Policy or these guidelines in any way supersedes or replaces the separate statutory requirements for Councillors.

### **The Pensions Regulator's Code: Conflicts of Interest**

The Pensions Regulator has responsibility for regulatory oversight of the governance and administration of public service pension schemes, including the LGPS. The Pensions Regulator has published guidance in the Code. Paragraphs 61 to 89 of the Code deal with conflicts of interest.

### **Other Guidance on Conflicts of Interest**

The Administering Authority and the Board should have regard to the SAB Guidance to assist with the effective and efficient administration and management of the Fund. Section 7 of the SAB Guidance deals with conflicts of interest.

### **Policy Guidelines**

#### **1. Identifying and monitoring Conflicts of Interest**

##### **The Board must:**

- identify, monitor and manage dual interests and responsibilities which are or have the potential to become actual or perceived conflicts of interest. In determining how to manage conflicts of interest the Board must comply with the 2013 Act, the Regulations, the Code and other relevant guidance from the Pensions Regulator, the Conflict Policy and these guidelines;
- ensure that conflicts of interest are considered at every Board meeting;
- ensure that a report is sent to the Administering Authority after each Board meeting and at other times upon the Administering Authority's reasonable request detailing declared interests and mitigation action taken;
- ensure that Democratic Services (the Board Secretary) is notified at the earliest opportunity of any declared interests;
- seek further advice from Democratic Services wherever the Board has any doubt about the duties set out in these guidelines;
- consider obtaining legal advice when assessing any option to prevent a potential conflict of interest becoming detrimental to the conduct or decisions of the Board.

#### All Board members must:

- be familiar with the Conflict Policy, these guidelines, relevant legislation, the Code and the SAB Guidance;
- be conscious of the need to be open about potential, perceived and actual conflicts;
- before appointment to the Board, disclose to Wiltshire Council all Relevant Interests using the Declaration of Interest Form;
- during office, disclose to the Board all Relevant Interests as soon as they arise by submitting the Declaration of Interest Form to Democratic Services;
- during any meeting of the Board, disclose any Relevant Interest to the Board prior to the commencement of the Board's discussion of that matter. This requirement applies regardless of whether the interest is already recorded in the Register of Board Members' Interests. In cases of exceptional sensitivity, a Board member may make a notification of a Relevant Interest to the Chair of the Board rather than to the full Board;
- provide any information reasonably requested by the Administering Authority in connection with the Authority's duty to ensure that conflicts of interest do not exist.

#### Democratic Services (the Board Secretary) will:

- record declared interests in the Register of Member Interests;
- ensure that the Register of Member Interests (as updated from time to time) is published on the Board's webpage on the Administering Authority's website;
- ensure that the Register of Member Interests (as updated from time to time) is circulated to all Board members for review prior to each Board meeting;
- ensure that all Board meetings open with a standing item titled Declarations of Interest. This will allow Board members to notify existing and new Relevant Interests, so that potential conflicts can be considered for each agenda item and managed as set out below;
- minute any disclosure by a Board member made during a Board meeting together with all decisions of the Board relating to that disclosure;
- ensure that all Board meetings include a standing item titled Forward Work Plan, to consider decisions to be taken and work to be carried out by the Board over the next year. This will allow mitigations to be put in place so that potential conflicts can be managed as set out below.

#### The Administering Authority must:

- be satisfied that no potential Board member has a conflict of interest at appointment;
- be satisfied that no Board member has a conflict of interest during office;
- use an appointment process which considers all applications from potential Board members prior to approval in order to ensure that no conflict exists. The potential for a conflict to arise at some point in future will not in itself be reason to exclude an individual from membership of the Board, unless the Administering Authority considers that the likelihood of a conflict arising is so high or the conflict itself is likely to arise persistently and frequently enough that it is likely to compromise an individual's ability to participate meaningfully on the Board;

- keep this document under regular review.

## 2. Managing Conflicts of Interest

In the event that the Board is of the view that a potential conflict of interest may become an actual or perceived conflict in respect of one or more of its members, the Board must determine the appropriate mechanism for managing that conflict. The approach taken will depend on the nature and extent of the potential conflict. Some possible methods for the management of potential conflicts are given below:

- Requiring that the Board member for whom the conflict exists takes no part in discussions or votes in respect of the matter for which they are conflicted, or leave the meeting;
- If practical, the Board member may relinquish or divest themselves of a personal interest which is the source of a conflict of interest with their Board responsibilities;
- If the conflict is likely to be persistent and continue in such a way that it is likely to limit a Board member's meaningful participation in the Board, that member should consider resigning from their position.

The Administering Authority may remove any Board member where it considers there is an actual or potential conflict of interest which is impractical to manage.

## 3. Perceived Conflicts of Interest

Board members should be aware that even if no actual conflict of interest exists, it is important to guard against the perception among, for example, Scheme members, the Pensions Regulator, elected members or the general public that a real conflict of interest exists.

If there is the possibility that a perceived conflict of interest may exist, it should be managed by the Board in the same way as a real conflict of interest.

## 4. Confidential Information

A Board member may, by virtue of their employment by an employing authority within the Fund, have access to confidential information about their employer.

A Board member is not obliged to reveal this information as part of their role on the Board.

However, if an affected Board member considers that the information to which they are party may:

- a) adversely affect the Fund or an employer within the Fund;
- b) reasonably cause the Board to interpret a decision by the Pension Committee differently or act in a different way were the information to be known at the time; and
- c) the information will not be made available to the Board through some other means within such time as the Board is able fully to act upon it,

that Board member shall withdraw from all discussion in relation to that issue and notify the Board that a conflict of interest exists. The details of the conflict need not be disclosed.

This scenario may occur where a Board member is aware of legally confidential negotiations around, for example, the takeover of a Fund employer which may radically alter that business and have a corresponding effect on its participation in the Fund or the size of its liabilities.

## 5. Adviser and Officer Conflicts

The Board will be supported and advised by officers of the Fund in its day to day business. Similarly the Board may, if appropriate, seek independent or professional advice, for example legal advice or governance advice.

The Board must be confident that the advice it receives from officers and advisers is independent and truly in the best interests of the Fund. For this reason officers and advisers giving advice to the Board must also declare any situation where a potential, perceived or actual conflict exists, in order that it can be appropriately managed.

## 6. Examples of conflicts of interest

The following are intended to be examples of potential conflicts for illustrative purposes. The list is not exhaustive and is not intended to provide all the scenarios in which a conflict of interest may arise.

### Example 1

There may be situations where a member of a local pension board who is also an officer for the relevant administering authority or some other employer in the LGPS pension fund faces conflicting priorities by virtue of their two roles. For example, as a local pension board member they may make or scrutinise a decision which requires the use of greater employer resource in order to improve the administration and efficiency of the relevant fund. However, at the same time they may be facing departmental pressure to cut budgets and spend less on pension administration matters.

### Example 2

A local pension board is reviewing a decision by an administering authority to levy an additional charge under the Regulations to a group of employers whose poor performance in carrying out their statutory functions in respect of the LGPS has caused the administering authority additional costs. Any employer representative on the local pension board who is employed by an employer who falls into this category would need to declare their interest and the resulting conflict of interest would need to be managed.

### Example 3

It is possible that a scheme member representative is also employed by a firm to whom an LGPS pension fund's administration has been outsourced. Such a member is likely to face a conflict of interest when the performance of that company in respect of their administration performance is discussed.

### Example of where a declared interest may not constitute a conflict of interest

A representative on a local pension board holds shares in a company that provides outsourced pension administration services as part of a varied portfolio. The shares are valued at a few hundred pounds and the company's value is many tens of millions. The local pension board is reviewing the decision to outsource the relevant LGPS pension fund's administration staff to that company.

In this case the local pension board may consider that on grounds of materiality, no conflict of interest exists. The local pension board is not responsible for the decision and the impact of the outsourcing will have no effect on the company's share price. The local pension board member in question should, however, still declare their interest.

## Appendix 1: Declaration of Interest Form

I, .....

a member of the Wiltshire Pension Fund Local Pension Board (the "Board") give notice that I, and to the best of my knowledge my spouse, civil partner, person with whom I live as husband or wife, or person with whom I live with as a civil partner have the following Relevant Interests as defined in the Committee's conflict of interest policy guidelines (Please state none where appropriate)

### 1. Employment, office, trade, profession or vocation

You should disclose any employment, office (e.g. director or trustee), trade, profession or vocation carried on whether or not for profit or gain, including the name and address of the employer/appointor.

Member

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Spouse/Civil Partner/Cohabitee

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### 2. Contracts

You should detail any current contract under which goods or services are to be provided or works are to be executed and where any other party to the contract may be affected by the work of the Board.

Member

--

Spouse/Civil Partner/Cohabitee

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### 2. Securities

You should detail any beneficial interest in securities which may be a Relevant Interest where either the total nominal value of the securities exceeds £25,000 or one hundredth of

the total issued share capital, or one hundredth of the total issued share capital of any class of shares issued.

Member

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Spouse/Civil Partner/Cohabitee

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### 3. Disclosure of Gifts and Hospitality

You should reveal the name of any person from whom you have received a gift or hospitality with an estimated value of at least £50 which you have received in your capacity as a member of the Board.

Date of receipt of Gift/Hospitality	Name of Donor	Reason and Nature of Gift/Hospitality

### 4. Other Interests which may be Relevant Interests under the Committee's Conflict of Interest Policy Guidelines

Member

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Spouse/Civil Partner/Cohabitee

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### 5. Changes to Registered Interests

I understand that I must notify the Board Secretary at the earliest opportunity of any changes

or additions to my Relevant Interests.

Signed:

Board Member

Date:

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## WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD  
25 January 2017

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### WILTSHIRE PENSION FUND RISK REGISTER

#### Purpose of the Report

1. The purpose of this report is to update the Board in relation to changes to the Fund's Risk Register (see Appendix) that were presented to the Pension Fund Committee on 15 December 2016.

#### Background

2. The Committee approved a Risk Register for the Wiltshire Pension Fund at its meeting on 12 May 2009. Members requested that the highlights, particularly upward/downward movements in individual risks, be reported back to the Committee on a quarterly basis.

#### Key Considerations for the Board / Risk Assessment

3. The significance of risks is measured by interaction of the likelihood of occurrence (likelihood) and the potential impact of such an occurrence (impact). This register uses the Council's standard "4x4" approach, which produces a risk status of Red, Amber or Green (RAG).
4. There are two changes to the risks since the last report on 29 September 2016. All these changes relate to the regulatory and governance aspects of the Fund.
5. ***PEN006b: Significant rises in employer contributions for non-secure employers due to increases in liabilities.*** This has moved from amber to green following the results of the 2016 triennial valuation being presented to Committee in October. The increases in non-secure employers contributions rates has for the majority been limited as a result of better than expected investment returns, improved membership liability experience and changes to the actuarial assumptions. For those few employers that have seen larger increases the risk based framework for the review of employer covenant strength is now in place that can be utilised, if required, to phase in the increases.
6. ***PEN011: Lack of expertise of Pension Fund Officers.*** This has reduced from amber to green following the appointment of the Technical & Compliance Manager to cover the Benefit's Manager maternity leave, with Hymans Robertson providing additional technical support over the next 6-9 months. This will ensure, in the short term levels of expertise are maintained at adequate levels for the provision of service. Over the longer term, this position will be reviewed once the impact from Brunel Pension Partnership pooling is better understood.
7. Also to note is that ***PEN020: Pooling of LGPS assets*** remains a red risk. There is significant amount of resource required by officers to progress this project should the full business case be approved. However, additional support has now been arranged with the Fund's benefits consultants to provide extra resources over the next 6-9 months. This position will be kept under review as a better understanding of the potential movement of staff out of the Fund to the Brunel pool should be known by mid 2017.

8. Work continues to mitigate where possible the risks above along with the other remaining medium risks highlighted on the risk register.

**Financial Implications**

9. There are no known implications from the proposals.

**Legal Implications**

10. There are no known implications from the proposals.

**Environmental Impacts of the Proposals**

11. There is no known environmental impact of this report.

**Safeguarding Considerations/Public Health Implications/Equalities Impact**

12. There are no known implications at this time.

**Proposals**

13. The Board is asked to note the attached Risk Register and measures being taken to mitigate risks.

MICHAEL HUDSON  
Treasurer to the Pension Fund

Report Author: David Anthony, Head of Pensions

Unpublished documents relied upon in the production of this report: NONE

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Wiltshire Pension Fund Risk Register							06-Dec-16			Current Risk Rating			Target Risk Rating						
Ref.	Risk	Risk Category	Cause	Impact	Risk Owner	Controls in place to manage the risk	Impact	Likelihood	x	Level of risk	Further Actions necessary to manage the risk	Risk Action Owner	Date for completion of action	Impact	Likelihood	x	Level of risk	Date of Review	Direction of Travel
PEN001	Failure to process pension payments and lump sums on time	Benefits Administration	Non-availability of ALTAIR pensions system, SAP payroll system, key staff, or error, omission, etc.	Retiring staff will be paid late, which may have implications for their own finances. It also has reputational risk for the Fund and a financial cost to the employers if interest has to be paid to the members.	David Anthony	Maintenance and update of ALTAIR and SAP systems, sufficient staff cover arrangements, sufficient staff training and QA checking of work. Adherence to Pension Administration Strategy and regular monitoring of performance. Documentation of processes and reconciliations.	2	2	4	Low	None	David Anthony		2	2	4	Low	6 Dec 16	→
PEN004	Inability to keep service going due to loss of main office, computer system or staff	Benefits Administration	Fire, bomb, flood, etc.	Temporary loss of ability to provide service	David Anthony	Business Continuity Plan reviewed in Dec 2015 and in place. The team have the ability to work from home or remotely if required. The pension system is also hosted by its supplier, which reduces the risk should Wiltshire Council's IT servers fail. The Fund also operates a paperless office.	4	1	4	Low	None	David Anthony		4	1	4	Low	6 Dec 16	→
PEN005	Loss of funds through fraud or misappropriation	Benefits Administration	Fraud or misappropriation of funds by an employer, agent or contractor	Financial loss to the Fund	David Anthony	Internal and External Audit regularly test that appropriate controls are in place and working. Regulatory control reports from investment managers, custodian, etc, are also reviewed by audit. Due Diligence is carried out whenever a new manager is appointed. Reliance is also placed in Financial Services Authority registration.	4	1	4	Low	None	Catherine Dix		4	1	4	Low	6 Dec 16	→
PEN014	Failure to provide the service in accordance with sound equality principles	Benefits Administration	Failure to recognise that different customers have different needs and sensitivities.	Some customers may not be able to access the service properly or may be offended and raise complaints. At worst case, this could result in a court case, etc.	David Anthony	The Fund has done an Equality Risk Assessment and has an Equality Implementation Plan in place	2	1	2	Low	None	David Anthony		2	1	2	Low	6 Dec 16	→
PEN021	Ability to Implement the Public Sector Exit Cap	Benefits Administration	Introduction of exit cap will require an additional burden on the administration team.	Changes need to be communicated to individuals and employers and systems adapted once the revised regulations have been approved	David Anthony	Currently monitoring the progress of the current consultations and responding where appropriate. Briefings being provided to team and stakeholders. Concern that further information is still pending from Government.	2	2	4	Low	Discussions with employers on how to implement. Training for the team on how to implement. Project to amend systems and letters to accommodate changes. Not anticipating implementation until April 2017.	Craig Payne	Apr-17	1	3	3	Low	6 Dec 16	→
PEN022	Reconciliation of GMP records	Benefits Administration	From 1 April 2016 SERPS will cease and HMRC no longer provide GMP data on members. Fund will be unable to check accuracy of its GMP records.	If GMP records for members is inaccurate there is the potential for incorrect liabilities being paid by the Fund.	David Anthony	Project has been set up and 2 Data Analysts employed to assist with resources. Additional software from Heywood's to process amendments in bulk has been purchased.	2	4	8	Medium	Reconciliation project on-going. Need to agree policies for tolerances with Committee.	Mark Anderson	Dec-17	1	3	3	Low	6 Dec 16	→

Ref.	Risk	Risk Category	Cause	Impact	Risk Owner	Controls in place to manage the risk	Current Risk Rating				Further Actions necessary to manage the risk	Risk Action Owner	Date for completion of action	Target Risk Rating				Date of Review	Direction of Travel
							Impact	Likelihood	x	Level of risk				Impact	Likelihood	x	Level of risk		
PEN003	Insufficient funds to meet liabilities as they fall due	Funding & Investments	Contributions from employees / employers too low, failure of investment strategy to deliver adequate returns, significant increases in longevity, etc.	Immediate cash injections would be required from the scheme employers. This shouldn't be an issue for the Fund but it looks likely that investment income might need to be used within the next 12 months.	David Anthony	Funding Strategy Statement, Investment Strategy, Triennial Valuations, membership of Club Vita, modelling of future cash flows.	2	2	4	Low	None	David Anthony		4	1	4	Low	6 Dec 16	→
PEN006a	Significant rises in employer contributions for secure employers due to increases in liabilities	Funding & Investments	Scheme liabilities increase disproportionately as a result of increased longevity, falling bond yields, slack employer policies, etc. The current price of gilts lead to a worsening Funding Position.	Employer contribution rates become unacceptable, causing upward pressure on Council Tax and employers' costs.	David Anthony	Longevity and bond yields are really beyond the control of the Fund although some Funds have considered buying longevity insurance through the use of SWAPS. However, the Fund and each employer must have a Discretions Policy in place to help control discretionary costs (e.g. early retirements, augmented service, etc). Quarterly monitoring in liabilities movements is undertaken providing advance warning to employers.	2	1	2	Low	The Stabilisation Policy has limited increases for secure employer. This approach has been used for the 2016 Valuation.	David Anthony		2	2	4	Low	6 Dec 16	→
PEN006b	Significant rises in employer contributions for non-secure employers due to increases in liabilities	Funding & Investments	Scheme liabilities increase disproportionately as a result of increased longevity, falling bond yields, slack employer policies, etc. The current price of gilts lead to a worsening Funding Position.	Employer contribution rates become unacceptable, causing upward pressure on Council Tax and employers' costs.	David Anthony	Longevity and bond yields are really beyond the control of the Fund although some Funds have considered buying longevity insurance through the use of SWAPS. However, the Fund and each employer must have a Discretions Policy in place to help control discretionary costs (e.g. early retirements, augmented service, etc). Quarterly monitoring as described above. The 2016 Valuation will set employer rates for the 3 years from April 2017.	2	2	4	Low	The rates for the 2016 Valuation were presented in October. The better than expected investment performance along with improving membership experience and reviewing of assumptions has meant most increases have not been significant.	David Anthony		2	2	4	Low	6 Dec 16	↓
PEN007a	Significant rises in employer contributions for secure employers due to poor/negative investment returns	Funding & Investments	Poor economic conditions, wrong investment strategy, poor selection of investment managers, poor consideration of all financial & non-financial risks including ESG issues.	Poor/negative investment returns, leading to increased employer contribution rates	David Anthony	Use of expert consultants in the selection of investment strategy and investment managers, regular monitoring of investment managers (1/4ly), regular reviews of investment strategy (annually). Monthly review of % of Fund held in each mandate. Also a flight path strategy implemented to take off risk as funding levels improve. Fund member of LAPFF & uses PIRC to proxy vote on shares in line with agreed policy for ESG issues. Compliance with Stewardship code.	2	1	2	Low	The implementation of the Stabilisation Policy limits increases for secure employer. This policy has continued in the 2016 Valuation. A new Investment Strategy Statement will be implemented by April 2017.	David Anthony		2	2	4	Low	6 Dec 16	→
PEN007b	Significant rises in employer contributions for non-secure employers due to poor/negative investment returns	Funding & Investments	Poor economic conditions, wrong investment strategy, poor selection of investment managers, poor consideration of all financial & non-financial risks including ESG issues.	Poor/negative investment returns, leading to increased employer contribution rates	David Anthony	Use of expert consultants in the selection of investment strategy and investment managers, regular monitoring of investment managers (1/4ly), regular reviews of investment strategy (annually). Monthly review of % of Fund held in each mandate. Also a flight path strategy implemented to take off risk as funding levels improve. Fund member of LAPFF & uses PIRC to proxy vote on shares in line with agreed policy for ESG issues. Compliance with Stewardship code.	2	2	4	Low	A risk based framework is now in place to review employers long term financial stability. This informs the policy for stepping in contribution rates to assist in affordability issues where requested by an employer. A new Investment Strategy Statement will be implemented by April 2017.	David Anthony		2	2	4	Low	6 Dec 16	→

Ref.	Risk	Risk Category	Cause	Impact	Risk Owner	Controls in place to manage the risk	Current Risk Rating				Further Actions necessary to manage the risk	Risk Action Owner	Date for completion of action	Target Risk Rating				Date of Review	Direction of Travel
							Impact	Likelihood	x	Level of risk				Impact	Likelihood	x	Level of risk		
PEN015	Failure to collect payments from ceasing employers	Funding & Investments	When an employer no longer has any active members a cessation valuation is triggered and a payment is required if a funding deficit exists to meet future liabilities	Failure to collect cessation payments means the cost of funding future liabilities will fall against the Wiltshire Pension Fund	David Anthony	The Pension Fund Committee approved a new Cessation Policy in March 2016 to provide an updated agreed framework for recovery of payments. All new admitted bodies require a guarantor to join the Fund. It also provides additional flexibilities for the Fund dealing with employers cessation payments.	2	2	4	Low	Concern over ability for Head of Pensions to spend sufficient time covering the strategic employer issues with the on-going Brunel project. Additional time to be planned to assist in training Employer Relations Manager.	David Anthony		2	1	2	Low	6 Dec 16	---->
PEN016	Treasury Management	Funding & Investments	The Fund's treasury function is now segregated from Wiltshire Council. This includes the investment of surplus cash in money markets.	Exposure to counterparty risk with cash held with external deposit holders could impact of Funding level of the Fund	David Anthony	The Pension Fund agreed an updated Treasury Management Strategy at the March meeting which follows the same criteria adopted by Wiltshire Council but limits individual investments with a single counterparty to £6m.	3	1	3	Low	The Council uses Sector's credit worthiness service using ratings from three rating agencies to provide a score. Surplus cash is transferred to the Custodian at month end ensuring cash balances are minimal.	Catherine Dix		3	1	3	Low	6 Dec 16	---->
PEN024	Impact of EU Referendum	Funding & Investments	The impact of the EU referendum	A vote to exit the EU may produce short term volatile market movements which could impact on asset performance.	David Anthony	The Fund has liaised with its investment managers on the potential impact of an exit. The Fund has agreed to revert to a 50% overseas equities hedged position for the current timeframe to reflect the current weakness of sterling.	3	2	6	Medium	Markets have appeared to have settled since the BREXIT vote. Concern still high that longer term investment returns might be adversely affected. Risk mitigation tools be considered by Investment Sub Committee to protect Fund from future downside risk.	Catherine Dix	Mar-17	3	1	3	Low	6 Dec 16	---->
PEN022	Failure to collect and account for contributions from employers and employees on time	Regulatory & Governance	Non-availability of SAP systems, key staff, error, omission, failure of employers' financial systems, failure to communicate with employers effectively. LGPS 2014	Adverse audit opinion for failure to collect contributions by 19th of month, potential delays to employers' FRS17 year-end accounting reports and to the Fund's own year-end accounts.	David Anthony	Robust maintenance and update of ALTAIR and SAP systems, sufficient staff cover arrangements, sufficient staff training and QA checking of work. We constantly work with employers to ensure they understand their responsibilities to pay by 19th of the month. The Breaches framework now require the Fund to log material late payments.	2	3	6	Medium	Undertaking review of framework for monitoring contributions. The amount of employers (170) to review and monitoring is too high for current resource level and in order to ensure compliance with TPR Code, need to ensure each missed payment is reported to Regulator after 90 days. A revised contributions framework is being implemented for January 2017.	Roz Vernon	Jan-17	2	2	4	Low	6 Dec 16	---->
PEN008	Failure to comply with LGPS and other regulations	Regulatory & Governance	Lack of technical expertise / staff resources to research regulations, IT systems not kept up-to-date with legislation, etc	Wrong pension payments made or estimates given. Investment in disallowed investment vehicles or failure to comply with governance standards. Effect: Unhappy customers, tribunals, Ombudsman rulings, fines, adverse audit reports, etc	David Anthony	Sufficient staffing, training and regulatory updates. Competent software provider and external consultants. Technical & Compliance post reviews process and procedures and maintains training programme for the team. The Pension Regulator now has responsibility from 1 April 2015 for Public Sector Pension Schemes. Their code of practice includes a number of new requirements which the Fund has assessed itself against	2	3	6	Medium	Work continues to ensure the Fund can comply fully with the tPR Code of Practice requirements but this may lead to areas of non-compliance in the short term. Any "material" non-compliance will be reported to the Regulator. The Fund has reported to Committee the minor delay in the delivery of the Annual Benefit Statements. An audit report on the Fund's compliance will be reviewed by this Committee in March	David Anthony	Dec-16	2	2	4	Low	6 Dec 16	---->

Ref.	Risk	Risk Category	Cause	Impact	Risk Owner	Controls in place to manage the risk	Current Risk Rating			Further Actions necessary to manage the risk	Risk Action Owner	Date for completion of action	Target Risk Rating			Date of Review	Direction of Travel	
							Impact	Likelihood	x				Level of risk	Impact	Likelihood			x
PEN009	Failure to hold personal data securely	Regulatory & Governance	Poor procedures for data transfer to partner organisations, poor security of system, poor data retention, disposal, backup and recovery policies and procedures.	Poor data, lost or compromised	David Anthony	Compliance with Wiltshire Council's Data Protection & IT Policies. Annual Data Protection training given to the team. On-going cleansing of data undertaken by Systems Team.	2	2	4	Low	Martin Downes		2	1	2	Low	6 Dec 16	→
PEN010	Failure to keep pension records up-to-date and accurate	Regulatory & Governance	Poor or non-existent notification to us by employers and members of new starters, changes, leavers, etc	Incorrect records held, leading to incorrect estimates being issues to members and incorrect pensions potentially being paid.	David Anthony	Systems Team constantly working to improve data quality, data validation checks carried out through external partners (e.g. the Fund's actuaries and tracing agencies), pro-active checks done through national fraud initiative.	2	3	6	Medium	Martin Downes	Jan-17	2	1	2	Low	6 Dec 16	→
PEN011	Lack of expertise of Pension Fund Officers and Service Director, Finance	Regulatory & Governance	Lack of training, continuous professional development and continuous self assessment of skills gap to ensure knowledge levels are adequate to carry out roles to the best of their ability	Bad decisions made may be made in relation to any of the areas on this register, but particularly in relation to investments.	David Anthony	Officers ensure that they are trained and up-to-date in the key areas through attendance at relevant courses and seminars, reading, discussions with consultants and peers, etc. The Technical & Compliance Manager has formulated annual Training Plans and Relevant officers are also reviewed against the CIPFA Knowledge & Skills Framework to ensure adequate expertise exists.	2	2	4	Low	David Anthony		2	1	2	Low	6 Dec 16	↓
PEN012	Over-reliance on key officers	Regulatory & Governance	The specialist nature of the work means that there are inevitably relatively experts in investments and the local authority pension regulations	If someone leaves or becomes ill, a big knowledge gap if less behind.	David Anthony	Key people in the team are seeking to transfer specialist knowledge to colleagues. In the event of a knowledge gap, however, we can call on our external consultants and independent advisors for help in the short-term.	2	3	6	Medium	David Anthony	Mar-17	2	1	2	Low	6 Dec 16	→
PEN017	Lack of expertise on Pension Fund Committee	Regulatory & Governance	Lack of structured training and continuous self assessment of skills gap to ensure knowledge levels are adequate to carry out roles to the best of their ability	Bad decisions made may be made in relation to any of the areas on this register, but particularly in relation to investments. There is also a requirement for Fund's to 'Comply or Explain' within their Annual Report on the skills knowledge of members of the Committee	David Anthony	Members are given Induction Training when they join the Committee, as well as subsequent opportunities to attend courses/seminars and specialist training at Committee ahead of key decisions. There is a Members' Training Plan and Governance Policy. Further training and advice can be called on from our consultants, independent advisors and investment managers too.	2	3	6	Medium	David Anthony		2	1	2	Low	6 Dec 16	→

Ref.	Risk	Risk Category	Cause	Impact	Risk Owner	Controls in place to manage the risk	Current Risk Rating				Further Actions necessary to manage the risk	Risk Action Owner	Date for completion of action	Target Risk Rating				Date of Review	Direction of Travel
							Impact	Likelihood	x	Level of risk				Impact	Likelihood	x	Level of risk		
PEN019	Establishment of Local Pension Board & Investment Sub-Committee	Regulatory & Governance	Failure for Wiltshire Council to establish a Local Pension Board, from finding suitable representatives and the officer time required to support this Board and the newly formed pension sub-committee.	Reputational risk from a national perspective and failure to adhere to legislation resulting in action by the Government or the Pension Regulator. Ineffective operation of the Investment sub-Committee leading to bad decision making.	David Anthony	Local Pension Board, approved by Wiltshire Council on 24 February. Following. Recruitment has taken place and all places filled with first meeting scheduled for 16 July 2015, following induction session on 2 July 2015. These Boards will place additional demands on both Members, in particular the need to undertake training and the pension officers time in the support and provision of information.	2	2	4	Low	A review of the effectiveness of the Investment Sub-Committee was undertaken which indicates its effectiveness and positive contribution in considering investments in more detail and freeing up Pension Committee agenda time. The Local Pension Board Annual Report has shown how its been effective over the past 12 months in assisting in the effectiveness of administration of the Fund.	David Anthony		1	3	3	Low	6 Dec 16	---->
PEN020	Pooling of LGPS assets	Regulatory & Governance	The Fund needs to respond to the Government's consultation for significantly ambitious proposals for pooling of LGPS assets	If not involved in forming proposals the Government may impose of pooling arrangement on the Fund over which it has not control. If implemented incorrectly this could be costly in terms of additional fees and poor investment returns.	David Anthony	The Fund is being proactive in exploring options with Project Brunel on the potential feasibility of setting up a pooling arrangement. Progress and updates regularly reported to Committee. The Fund approved the submission to Government in response to the consultation in July 2016. A full business case is now being developed by Brunel supported by officers for consideration by Committee at this meeting.	3	4	12	High	There is significant amount of resource required by officers to progress this project following approval of the full business case. Additional support is being provided by benefits consultants to provide extra resources over the next 3-6 months. A better understanding of the potential movement of staff out of the Fund to the pool will be known by mid 2017. .	David Anthony	Jun-17	1	3	3	Low	6 Dec 16	---->
PEN023	Resources of Officers and Members to meet the expansion of business items	Regulatory & Governance	The recent expansion of business items resulting from continued consultations, pooling of assets, and additional governance requirements.	It is increasingly more difficult for officers to thoroughly consider issues and to deliver concise agenda papers covering all the relevant issues, while members are faced with larger report packs trying to cover the pertinent details.	David Anthony	More use of web links within the Committee papers to reduce the size of the packs. The adequacy of officers resources to support the Fund's 3 committees, the on-going pooling agenda and the additional complexities arising from regulatory scheme changes will need to be monitored through work planning and appraisals.	2	3	6	Medium	Additional benefits consultant resource is being utilised in the short term to provide cover for officers supporting both Brunel and the on-going Fund workloads. This will be reviewed in 3-6 months time. .	David Anthony	Jun-17	1	2	2	Low	6 Dec 16	---->
PEN025	Academisation of Schools	Regulatory & Governance	The recent proposals from the Government to encourage all school to convert to academy status.	Additional governance and administration risk. If all schools were to convert then the number of employers in the Fund could jump from 170 to between 400 and 500.	David Anthony	Regular communications with schools to understand their intentions. Questionnaires recently sent to Schools.	2	3	6	Medium	If the number of employers increases significantly the Fund will need to consider resources for managing this increased administration and governance workload. To be kept under review.	Denise Robinson	Apr-17	1	1	1	Low	6 Dec 16	---->
PEN013	Failure to communicate properly with stakeholders	Communication	Lack of clear communications policy and action, particularly with employers and scheme members.	Scheme Members are not aware of the rights and privileges of being in the scheme and may make bad decisions as a result. Employers are not aware of the regulations, the procedures, etc, and so the data flow from them is poor.	David Anthony	The Fund has a Communications Manager and Employer Relationship Manager dedicated to these areas full-time, including keeping the website up-to-date, which is a key communications resource. The Fund also has a Communications Policy.	2	2	4	Low	Member communication continues to be developed and the current round of pension clinics are being held. Both Employer and Members newsletters have been sent out during March / April. Employer forums were held in April and September with an AGM being planned for the New-year.	Zoe Stannard / Denise Robinson	Jan-17	1	1	1	Low	6 Dec 16	---->

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## WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD  
25 January 2017

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### **INTERNAL AND EXTERNAL AUDIT UPDATE**

#### **Purpose of the Report**

1. This report updates the Board on the follow up to the 2015-16 internal audit report by the South West Audit Partnership (SWAP) on key controls recommended actions, provides the internal audit plan for 2016-17 and presents the SWAP report on the Wiltshire Pension Fund compliance with the Pension Regulators Code of Practice No 14.
2. The report doesn't focus on the external audit report by KPMG reported to this Board at the last meeting as no recommended actions arose from this.

#### **Background**

3. The internal audit of Pensions has been completed by SWAP in accordance with an agreed Internal Audit plan. This supports the annual audit undertaken by KPMG (the external auditors).

#### **Key Considerations for the Board**

##### *SWAP Internal Audit of Key Control 2015-16*

4. The SWAP Internal Audit report on key controls was reviewed by this Board 20 July 2016. SWAP had given the Fund a "Reasonable Assurance" opinion. There were no significant findings in the report, with two medium risks identified. The agreed Action Plan can be found at the end of this report updated with the latest comments.
5. Of the two medium risks, the outstanding reconciliations between Altair and SAP are now back up to date which has resulted from the change in staff within the accounting team. The reconciliation between Altair and Pension Payroll records remains on-going and is being picked up as part of the GMP reconciliation project.

##### *Key Financial Controls Audit Plan 2016-17*

6. The internal audit of the key controls for 2016-17 is currently on-going. This takes a risk based approach to ensure the key financial system controls are operating effectively for the Wiltshire Pension Fund and that fraud, error or corruption is minimised. The Terms of Reference for this audit which outlines the scope and coverage is also attached at the end of this report for the Board's information.
7. Discussions are on-going with SWAP in respect of risk 3 ensuring compliance with the LGPS scheme regulations and associated legislation and guidance. The Fund is looking at the possibility of extending the scope of the audit to provide further assurances in this area.

SWAP Report – Compliance with the Pension Regulator’s Code of Practice No 14

8. In line with the Board’s request the SWAP 2016/17 audit plan included a review to assess the Wiltshire Pension Fund’s compliance with the legal requirements of the Pension Regulators Code of Practice No. 14.
9. The resulting report is attached for the Board’s consideration. There were no significant findings and the Fund was found to be fully compliant in publishing information about the scheme and managing risk.
10. There were five ‘Priority 3’ recommendations highlighted in the report. These referred to the following areas:
  - the completion of initiatives to bring the Board Members knowledge & understanding to the level required;
  - the assessment of materiality of late and overdue contributions and consideration to the regulator;
  - the meeting of regulatory timescales for distributing annual benefits statements aren’t exceeded;
  - the Internal Dispute Resolution Process (IDRP) is fully reviewed to address tPR’s code and the documentation is updated on the website; and
  - the IDRP procedures is redrafted to show timescales to manage members expectations.
11. The management responses to these areas are outlined in the report and officers will work to ensure these are implemented.
12. This complements the officers own high level assessment of compliance with the TPR Code of Practice No. 14 reviewed by this Board at its meeting on 7 April 2016 and can be viewed here [Officers Review of compliance with TPR Code No 14](#)
13. An update on the actions from this review and the SWAP report will be reported to the Board at a future meeting.

**Risks Assessment**

14. The risks reflected in this Internal Audit report are included in the Risk Register which is updated quarterly and presented to this Board.

**Financial Implications**

15. The internal audits fees are based on an annual recharge from Wiltshire Council. The fee for the 2015-16 external audits by KPMG is £24,246 and a direct charge to the Fund.

**Legal Implications**

16. None have been identified as arising directly from this report.

**Safeguarding Considerations/Public Health Implications/Equalities Impact**

17. There are no known implications at this time.

**Proposals**

18. The Board is asked to note this update and the attached Internal Audit Report and updated Action Plan.

MICHAEL HUDSON  
Treasurer to the Pension Fund

Report Author: David Anthony, Head of Pensions

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Unpublished documents relied upon in the production of this report: NONE

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ACTION PLAN FROM KEY CONTROLS SWAP INTERNAL AUDIT 2015-16

Finding	Recommendation	Priority Rating	Management Response	Responsible Officer	Implementation Date	Latest Management Response September 2016
<p>1.1a Reconciliations and checks between Altair and the SAP Pension Payroll / GL data have been delayed. Average delays were noted between the period end and recorded checked date from 28 to 61 working days.</p>	<p>I recommend that reconciliations between the Altair Pension system and SAP Pensions Payroll including variance analysis of pension payroll balances should be undertaken on a regular, monthly basis.</p> <p style="text-align: right;"><small>SWAP Ref: 31646</small></p>	<p>3</p>	<p>The reconciliations have been behind due to the recent staff changes. The officer undertaking the reconciliations moved to a new role during the year, and their replacement who only recently joined the Fund is being trained. During this period the monthly reconciliations had been picked up on a quarterly basis, leading to the extended period. This will be addressed as the team is fully resourced and the new officer comes up to speed.</p>	<p>Strategic Pension Manager</p>	<p>Jun-16</p>	<p><b>Completed</b> - the reconciliations have been completed up to the end of August and the ones for September currently being undertaken.</p>
<p>1.1b The last full reconciliation between Altair and Pensions Payroll records and balances was undertaken in 2011.</p>	<p>I recommend that an updated full reconciliation be undertaken between Altair and SAP Payroll to provide further assurance that payments made to pensioners cast. This should provide the basis for a monthly reconciliation of cumulative balances. Cross checks to facilitate this may be possible through the use of IDEA data analysis software with the assistance of SWAP Internal Audit.</p> <p style="text-align: right;"><small>SWAP Ref: 31752</small></p>	<p>3</p>	<p>A full reconciliation of the Altair to Pensions Payroll is a challenge due to different ways the two systems undertake their calculations leading to rounding differences that are cumulative. The main risk is setting up new pensioners which are reconciled on a monthly basis. Due to the size of the payroll and lines of records involved, reconciliations based on sampling is the intended basis for review moving forward. However, the current GMP exercise means that officers are currently reviewing all the records on Altair against HMRC figures due for completion in 2018. As part of this the Altair records will be compared against the SAP Payroll. The Fund is also considering the use of Altair Payroll which would negate the need for reconciliations in future and officers will report back to Committee on progress.</p>	<p>Head of Pensions</p>	<p>Dec-16</p>	<p><b>In progress</b> - New pensioner reconciliations continue to be done to manage this risk. A plan for the reconciliation of Altair and pension payroll is being developed, but this has been delayed due to resources implications and is likely to commence during April 2017. This will be a long term exercise based on a rolling programme. The Pension Fund Business Plan outlines that the Fund will review the continued use of SAP Payroll before January 2018.</p>

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## Terms of Reference

Client: Wiltshire Council  
 Assignment: Wiltshire Pension Fund - Key Financial Controls  
 Issued by: Kerry Chisholm, Senior Auditor  
 Date: 09 December 2016

## Purpose

The Terms of reference (ToR) sets out the scope and coverage of the audit. The brief described here should not be regarded as an exhaustive programme of work and the Auditor is expected to use initiative and discretion in completing the audit assignment.

The ToR is developed from our discussions risk identification meeting with management. We require management to sign a copy of the ToR as confirmation that the scope of the audit addresses the significant risks and covers the relevant areas.

## Objective & Scope

The audit review will be undertaken using our Risk Based Audit (RBA) approach whereby the controls will be identified, documented and evaluated in relation to the risks that could impact on the business objectives.

Our findings, conclusions and recommendations will be discussed with management prior to being included in a formal report. It is planned at this stage to issue the draft report to **David Anthony, Head of Wiltshire Pensions Fund and Catherine Dix, Strategic Pensions Manager.**

The objective of the service and risks that could impact on the achievement of this objective were discussed and are identified below.

**Objective:** To ensure key financial system controls are operating effectively for The Wiltshire Pensions Fund, and that fraud, error or corruption is minimised.

Risk	Inherent Risk Assessment	Manager's Initial Assessment	Include in Scope
1. The Wiltshire Pension Fund suffers financial loss because contributions received and payments to pensioners are incorrect.	Medium	Low	Yes
2. The Wiltshire Pension Fund's financial records are compromised by the inaccurate reporting of balances and resultant material	Medium	Low	Yes

misstatements.			
3. The Wiltshire Pension Fund suffers financial and reputation loss as it is not compliant with LGPS regulations.	Medium	Low	Yes
4. The Wiltshire Pension Funds records are put at risk of fraud and error because access to the Pensions system application is not restricted to authorised users.	Medium	Low	Yes

The audit will require interviews with service staff and access to the complete range of records and documents they maintain. Every endeavour will be made to minimise disruption to service staff.

## Timescale & Resources

<b>Role</b>	<b>Auditor</b>
Senior Auditor	Kerry Chisholm

The Auditors will be responsible for carrying out the review and preparing a draft Audit Report.

It is expected that the audit will commence by **15 December 2016**. The target dates for completion of the audit work are as follows

<b>Milestone</b>	<b>Target Date</b>	<b>Notes</b>
Completion of fieldwork	24 <sup>th</sup> February 2017	
Close Out Meeting	w/c 27 <sup>th</sup> February 2017	
Draft Report	9 <sup>th</sup> March 2016	
Final Report		There will a single final consolidated report for all the Key Control Audits published following completion of all the audits.

The above timescale requires commitment from management, as well as audit, to consider and respond promptly to any issues raised in the audit.

## Client Agreement

I agree the Terms of Reference described in this document represent a relevant and appropriate level of work.

Signed:

Name(s) and Position(s):

Date:

# Pensions Administration Review – Wiltshire Pension Fund / Wiltshire Council Final Report



Issue Date: 9th November 2016

## Executive Summary

-  This section provides an overview for senior management to understand the main conclusions of this audit review, including the opinion, significant findings and a summary of the corporate risk exposure.

## Findings and Outcomes

-  This section contains the more detailed findings identified during this review for consideration by service managers. It details individual findings together with the potential risk exposure and an action plan for addressing the risk.

## Appendices:

-  Audit Framework Definitions
-  Support and Distribution
-  Statement of Responsibility

# Executive Summary

## Overview

As part of the 2016/ 17 Audit Plan, a review has been undertaken to assess the Wiltshire Pension Fund scheme's compliance with the legal requirements of the Pension Regulators Code 14, relating to the pension scheme administration requirements.

The audit was undertaken using a Risk Based Audit (RBA) approach whereby the controls were identified, documented and evaluated in relation to the risks that could impact on the business objectives.

The audit found generally a high degree of compliance with the requirements of code 14, recording only the following exceptions all of which are considered to have only a low impact on the scheme:

- the code specifies the measures that the scheme is required to adopt to ensure that pension board members acquire the appropriate knowledge and understanding of scheme matters and relevant law to undertake their roles but the audit found minor omissions in the schemes framework in this respect
- not all Pension Board members have completed conflict of interest declarations
- not all member record address details are complete (although this is a known issue and there is a continual data cleansing and completeness review being undertaken by the scheme database administrator)
- some employer contributions and deficit instalments paid to the scheme were seen to be overdue but had not been reported to the regulator (although we appreciate only 'material' overdue sums require reporting)
- not all 2015 and 2016 Annual Benefit Statements were issued within the regulatory timescale
- not all features of the scheme's documented dispute resolution procedures required by the code are in place in the documents of the scheme
- scheme documents do not record the 'reasonable period' by which responses to disputes will be made (although we appreciate that the code does not expressly state this as a requirement)

## Objective

The objective of the Pension Scheme administration service is to administer the scheme in accordance with the requirements of the relevant legislation. The scheme administrator has obligations to provide information to HMRC, the pension scheme members and The Pensions Regulator (TPR).

## Significant Findings

Risk:	Impact
There are no significant findings to report.	

**Audit Opinion:****Reasonable**

Most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

**Well Controlled Areas of the Service**

In the following areas of the regulator's code under examination, the audit found the scheme fully compliant:

- Publishing information about the scheme
- Managing risks

**Corporate Risk Assessment**

Risks	Inherent Risk Assessment	Manager's Initial Assessment	Auditor's Assessment
1. 1. Non-compliance with The Pension Regulator (TPR) Code 14 and potential adverse impacts that could create for the Pension Fund.	Medium	Medium	Medium

(Although we record here a medium risk of non-compliance by the scheme with the code, the exceptions that were found and are recorded in this report are considered to have only a low impact on scheme status.)

# Findings and Outcomes

## Method and Scope

This audit has been undertaken using an agreed risk based audit. This means that:

- the objectives and risks are discussed and agreed with management at the outset of the audit
- the controls established to manage risks are discussed with key staff and relevant documentation reviewed
- these controls are evaluated to assess whether they are proportionate to the risks and evidence sought to confirm controls are operating effectively
- at the end of the audit, findings are discussed at a close-out meeting with the main contact and suggestions for improvement are agreed.

1.1	Non-compliance with The Pension Regulator (TPR) Code 14 and potential adverse impacts that could create for the Pension Fund.	Medium
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### 1.1.1 Finding and Impact: pension board members scheme knowledge and understanding

**Not all initiatives implemented by the scheme to deliver the necessary knowledge and understanding to pension board members to exercise their function required by the code have been completed**

The scheme has designed and implemented a 'knowledge and understanding' training framework through analysis of members' self-assessment of needs. This is supported by the Members Training Plan for 2015-17 which covers general training needs to maintain member's knowledge as well as other areas identified targeting specific gaps in knowledge.

We noted however the following key elements of the broader framework were incomplete at the time of the audit:

- the members' handbook intended to inform requirements remains under development
- Only 3 out of 7 board members had completed TPR toolkit training

#### 1.1.1a Proposed Outcome: Priority 3

I recommend that the initiatives implemented by the scheme to bring board members knowledge and understanding up to the level required are completed as a matter of priority.

#### Action Plan:

Person Responsible:	David Anthony	Target Date:	December 2016
Management Response:	The Members handbook was approved by the Local Pension Board at its meeting on 20 October 2016. 4 Board members have now completed the TPR toolkit with a reminder sent to all others to ensure completion by December 2016.		

#### 1.1.2 Finding and Impact: Pension Board members conflict of interest declarations

##### **Not all pension board members have completed scheme conflict of interest declarations**

We note that only 6 out of 7 pension board members have completed and submitted scheme declarations of interest on the scheme's template meaning the scheme is not fully compliant with the code in this regard. However, because management are aware of the deficit and are already addressing this, no recommendation is raised here.

#### 1.1.3 Finding and Impact: member record maintenance

##### **Not all member records are complete in respect of address details**

Our analysis of a membership database extract indicated that 433 of these (in a population of around 37,000 member records) have incomplete address information. We note, however, the service conduct an active and ongoing data cleansing and completeness review of the data and, following audit review of this, we make no recommendation for further action.

#### 1.1.4 Finding and Impact: overdue scheme contributions and deficit instalments

##### **Overdue payments of contributions and deficit instalments to the scheme that are significant and potentially material have not been reported to the regulator**

We noted that full analysis of number, value and age of late payments of contributions by employers had not been completed by the scheme and we have not evaluated this as part of the audit. However, a sample count across all contributing employers yielded 7 cases where contributions for May 2016 were received after 22nd June but none of these was individually nor in aggregate of a sum sufficient to warrant reporting to the Regulator.

We also noted that several of the employers sampled (and others not) are making payment by instalments of a past deficit. Not subject to the code 14 regulation regarding the payment deadline of the 22nd of the month, for these, the scheme requires employers to make payments either monthly, quarterly or by single lump sum and employers have until the last instalment in March to have made all their deficit repayments for any given year. Scheme monitoring of these balances indicates a shortfall in agreed instalments at May 2016 of more than £180k and if deemed material, the scheme risks non-compliance with the code if it does not report this to the Regulator.

##### 1.1.4a Proposed Outcome:

**Priority 3**

I recommend that the scheme assess the materiality of late and overdue contributions and other balances and consider reporting these to the regulator.

##### Action Plan:

Person Responsible:	Roz Vernon	Target Date:	December 2016
Management Response:	The vast majority of these late payments are a few days late and not of a material amount. However, a full review of the contributions reconciliation framework and the resources allocated to this has already commenced and this risk increased to medium in the Wiltshire Pensions Risk Register to highlight the issue to the Committee and Pension Board. The increase in employer organisations from 60 to 160 over the past 6 years has significantly increased the workload for this reconciliation.		

1.1.5 Finding and Impact: annual benefit statements

**Not all 2015 and 2016 Annual Benefit Statements were issued within the regulatory timescale**

We noted that the service indicated in their self-assessment that not all Annual Benefit Statements (ABS) issued in 2015 were within the deadline of 31st August 2015. We also note that the ABS template development work in summer 2016 overran which meant that statements were again issued late, although the delay was not significant.

1.1.5a Proposed Outcome:

**Priority 3**

I recommend that the scheme ensure that in future years regulatory timescales for distributing annual benefit statements are not exceeded.

Action Plan:

Person Responsible:	Catherine Dix	Target Date:	August 2017
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Management Response:	The statutory deadlines were missed in both years by no more than two weeks for the majority of the statements. Both times these have been reported to Committee and Pension Board for consideration in line with the Breaches Framework. In 2016, the in-house produced statements were issued by the deadline but as in 2015 there were lead time issues with the printers, albeit different printers on both occasions. A post project plan review has been undertaken and a revised project plan for 2017 has now been developed to incorporate the issues encountered.		
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1.1.6 Finding and Impact: internal dispute resolution procedure documentation

**Not all required features of the scheme's documented dispute resolution procedures are in place**

Dispute Resolution Arrangements

TPR code 14 requires that the internal dispute resolution procedures (IDRP) adequately include the following features but these are not satisfied in the scheme's current draft:

- a) clarity on exempted disputes' to which the internal dispute resolution procedure will not apply (paragraph 214)
- b) clarity on persons who have an interest in the scheme (paragraph 215).

We also noted that the current IDRP had not been reviewed in the past 5 years.

**Not all dispute cases were managed within regulatory timescales**

Dispute resolution timescales

In the two sample cases examined (there have been only five complaints managed through the scheme's dispute resolution procedure since 2012), timescales stipulated by the Regulator for dispute investigation were exceeded in responding to these complaints, although these delays were not thought to be significant.

1.1.6a Proposed Outcome:

**Priority 3**

I recommend that the scheme's internal dispute resolution procedure be revised to fully address code 14 requirements in respect of the following:

- a) clarity on exempted disputes' to which the internal dispute resolution procedure will not apply (paragraph 214)
- b) clarity on persons who have an interest in the scheme (paragraph 215).

**Action Plan:**

Person Responsible:	Craig Payne	Target Date:	December 2016
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Management Response:	The documentation will be updated on the website and the Fund's forms to incorporate the above proposal.
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1.1.6b	Proposed Outcome:	<b>Priority 3</b>
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I recommend that the scheme re-examine the procedures it follows to address complaints within timescales set out by the Regulator to avoid exceeding regulatory timescales.

**Action Plan:**

Person Responsible:	David Anthony	Target Date:	December 2016
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Management Response:	The Fund will review its procedure to ensure the timescales meet the Regulator's requirements.
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1.1.7	Finding and Impact: dispute resolution timescales
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**Scheme documents do not record the 'reasonable period' by which responses to disputes will be made**

The regulation does not specify what is a reasonable period for dispute resolution, nor does it expressly state that schemes should record in their internal dispute resolution procedure (IDRP) what in practice for that scheme this timescale will be. That said, for clarity and the avoidance of doubt, good practice would direct that a scheme's documents should include this information and we noted that the scheme's IDRP does not do so.

1.1.7a	Proposed Outcome:	<b>Priority 3</b>
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I recommend that the scheme's internal dispute resolution procedure (IDRP) be redrafted with the addition of timescales by which the scheme will manage dispute investigations.

**Action Plan:**

Person Responsible:	Craig Payne	Target Date:	December 2016
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Management Response:	The Fund will include timeframes on the IDRP scheme's documents as good practice and to assist members in managing their expectations.
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# Audit Framework and Definitions

## Assurance Definitions

<b>None</b>	The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
<b>Partial</b>	In relation to the areas reviewed and the controls found to be in place, some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
<b>Reasonable</b>	Most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
<b>Substantial</b>	The areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.

## Definition of Corporate Risks

Risk	Reporting Implications
<b>High</b>	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.
<b>Medium</b>	Issues which should be addressed by management in their areas of responsibility.
<b>Low</b>	Issues of a minor nature or best practice where some improvement can be made.

## Categorisation of Recommendations

When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors, however, the definitions imply the importance.

<b>Priority 5</b>	Findings that are fundamental to the integrity of the unit's business processes and require the immediate attention of management.
<b>Priority 4</b>	Important findings that need to be resolved by management.
<b>Priority 3</b>	The accuracy of records is at risk and requires attention.

*Priority 2 and 1 Actions will normally be reported verbally to the Service Manager.*

## Report Authors

This report was produced and issued by:

Kerry Chisholm, Senior Auditor  
Chris Scott, Consultant

## Support

We would like to record our thanks to the following individuals who supported and helped us in the delivery of this audit review:

Martin Downes, Database Manager  
Rozalyn Vernon, Pension Fund Accountant

## Distribution List

This report has been distributed to the following individuals:

David Anthony, Head of Pensions  
Michael Hudson, Associate Director, Finance  
Carolyn Godfrey, Corporate Director

## Working in Partnership with

Devon & Cornwall Police & OPCC	Somerset County Council
Dorset County Council	South Somerset District Council
Dorset Police & OPCC	Taunton Deane Borough Council
East Devon District Council	West Dorset District Council
Forest of Dean District Council	West Somerset Council
Herefordshire Council	Weymouth and Portland Borough Council
Mendip District Council	Wiltshire Council
North Dorset District Council	Wiltshire Police & OPCC
Sedgemoor District Council	

# Statement of Responsibility

## Conformance with Professional Standards

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Auditing Standards.

## SWAP Responsibility

Please note that this report has been prepared and distributed in accordance with the agreed Audit Charter and procedures. The report has been prepared for the sole use of the Partnership. No responsibility is assumed by us to any other person or organisation.

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## WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD  
25 January 2017

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### Update of Training Plans for the Local Pension Board

#### Purpose of the Report

1. The purpose of this report is to provide an update on the Local Pension Boards (LPB) Training Plan.

#### Background

2. The Pension Regulator (tPR) Code of Practice no.14: 'Governance and administration of public service and pensions schemes' states every individual who is a member of a LPB must be conversant with the rules of the Local Government Pension Scheme (LGPS), any document recording policy about the administration of the Fund, and have knowledge and understanding of the law relating to pensions along with such other matters as may be prescribed.
3. At the last meeting the Board were presented with its annual training review and resolved to:
  - *To note the progress of the implementation of the current Board Training Plans and to revisit training plans at the January meeting;*
  - *To request that the Training Handbook be published online and that members are encouraged to make use of this resource.*
  - *That members notify the Head of Pensions of training sessions they have attended and events they are invited to in the future.*
  - *That Board members complete the Pensions Regulator toolkit before the end of 2016 and update the Head of Pensions accordingly.*
  - *That at least one member of the Board attend the LGE LGPS 'Trustees' Training Fundamentals three-day course and to ask members to express their interest to the Head of Pensions.*
4. This paper provides the further update on progress as requested.

#### Considerations for the Board

##### **Members Handbook**

5. The Board Members handbook was reviewed at the last meeting and an electronic version has been sent to all Board Members. This provides an overview of the Fund along with outlining the role and responsibilities of the Local Pension Board and includes a section at the back where all the slides and appropriate links will be saved from all the internal training session that have been undertaken. This will be live document and updated as further training takes place to become a single reference source. A redacted version can also be found on the Fund's website.

## **Delivery of Training Plan**

6. Following the last meeting the Head of Pensions requested all Board members review their personal training logs held by the Fund and provide details of all other training events attended.
7. Appendix A shows the updated training logs for the Board and the delivery of training to date. This has been colour coded to show the status of the training:
  - Mandatory – red,
  - Advisory – amber,
  - Optional – green,
  - Additional – white
8. Appendix A also shows the completion of each individual Board Members training using the following colour coding:
  - Completed / Attended - green,
  - Non-completion / attendance of Advisory training – amber,
  - Non-completion / attendance of Mandatory training – red,
  - Non-completion / attendance of Additional training – white,
  - Training not applicable to Member – black.
9. Appendix B shows the current Local Pension Board Training Plan with the completed areas in green and those overdue in red.

## **LGE LGPS ‘Trustees’ Training Fundamentals**

10. The LGE LGPS ‘Trustee’ Training Fundamentals course is a three-day course aimed at both Committee and Local Pension Board Members. The courses are usually held between September and December at a number of locations around the country. The three days are not consecutive and Members can choose the day’s most relevant to them if they have experience in certain areas. Further information will be sent to the Board Members asking for a nomination when the course details for 2017 are released.
11. As a reminder, if any Member feels that a specific training need has not been met, or further training is needed then contact the Head of Pensions who can either arrange a 1:1 session or suggest further appropriate training. There are a range of conferences, networking events, newsletters that are made available to Members as appropriate.

## **Environmental Impact of the Proposal**

12. Not applicable.

## **Financial Considerations & Risk Assessment**

13. There are no significant financial implications from this report. The costs of providing training to the LPB has already been included in the budget projections elsewhere on this agenda.
14. The development and implementation of a training policy will ensure LPB Members have sufficient knowledge and understanding to carry out their duties effectively and meets the requirements outlined in tPR Code of Practice No 14.

### **Legal Implications**

15. Implementation of the Training Plan and Framework will ensure Board Members meet the statutory requirements outlined in the scheme regulations as failure to do so may require the Fund to report a breach to the Pensions Regulator.

### **Safeguarding Considerations/Public Health Implications/Equalities Impact**

16. There are no known implications at this time.

### **Reasons for Proposals**

17. To ensure the LPB is able to meet the statutory requirements of ensuring all its Board Members have capacity to fulfil their obligations associated with their role.

### **Proposals**

18. The Board is asked to note the progress of the implementation of the current Members Training Plans.

MICHAEL HUDSON  
Treasurer to the Pension Fund

Report Author: David Anthony, Head of Pensions

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Unpublished documents relied upon in the production of this report:           NONE

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Local Pension Board - Members Training Log					Chairman	Member Reps				Employer Reps			
Date	Mandatory / Advisory / Additional	Title	Event	Training Need	Howard Pearce	Mike Pankiewicz	David Bowater	Barry Read	Councillor Newbury	Lynda Croft	Sarah Holbrook	*Kirsty Cole	
-	Mandatory	Self-Assessment Questionnaire	Questionnaire	Establish Training Needs									
02/07/2015	Mandatory	Local Pension Board Induction Day	Local Pension Board Internal Presentation	Overview of the role and context of the LPB, details of the LGPS and specifically the background to the Wiltshire Pension Fund and its key documents and policies									
07/04/2016	Mandatory	Induction Session	One to One with Head of Pensions	As above									
By 31 July 2016	Mandatory	TPR On-line Toolkit	On-line	TPR toolkit to fulfil requirement that all Board members should have the basic requisite knowledge and understanding									
-	Advisory	Local Pension Board Members Handbook	Sent by email / on website	Provides overview of role and structure of the LGPS with links to all main policy documents and regulations along with slides to all the internal training. Provides a live reference document and provides information for those unable to attend induction sessions.									
-	Advisory	Hymans Robertson Pension Updates	Email Newsletter	Update on latest pension issues for LGPS									
16/07/2015	Advisory	Knowledge & Understanding Requirements for the role	Local Pension Board Internal Presentation	Knowledge & Understanding of role									
22/10/2015	Advisory	Conflicts of Interest & Code of Conduct	Local Pension Board Internal Presentation	Awareness of conflicts and code of conduct requirements for Board members									
14/01/2016	Advisory	The Pension Regulator Code of Practice & Record Keeping Regulations	Local Pension Board Internal Presentation	Awareness of the Regulators requirements for the operation of a public service pension scheme									
14/01/2016	Advisory	Administering Authority Discretions	Local Pension Board Internal Presentation	Understanding on the discretions the Wiltshire Pension Fund can apply in the administration of the LGPS									
07/06/2016	Advisory	Triennial Valuation 2016	Local Pension Board Internal Presentation	Overview of the process for the valuation									
20/07/2016	Advisory	Investment Pooling & the Brunel Pension Partnership	Local Pension Board Internal Presentation	Update on the proposed investment pooling proposals in response to Government consultation									
20/10/2016	Advisory	Valuation Update	Local Pension Board Internal Presentation	Update on the outcome of the 2016 Triennial Valuation									
-	Optional	LGA Fundamentals Training	External 3 day course - optional	Overview of LGPS operations, regulations, investments and governance									
13/07/2015	Optional	Investment Review Away Day	Pension Committee Event - optional	Review of current investment issues									
25/04/2016	Optional	LGPS Pensions Board Seminar	External event	Review of common themes from Board's nationally									
09/06/2016	Optional	Members Training Away Day	Pension Committee Event - optional	Investment Pooling, Baillie Gifford, investment regs, Asset Allocation review									
17/05/2016	Optional	PLSA Local Government Conference	External 2 day conference - optional	Covering pooling, governance, administration and investment issues including LPBs.									
06/09/2016	Optional	LGC Investment Conference	External 2 day conference - optional	Covering investments and valuation issues									
14/10/2016	Optional	Brunel Pension Engagement day	Co-host Wiltshire Pension Fund - optional	Update on the latest investment proposal and introduction to the Full Business Case									
20/01/2016	Additional	Unison Regional Forums for Local Pension Board Members	1 day seminar										
13/04/2016	Additional	LGPS Asst Pooling Conference	1/2 day seminar										
06/06/2016	Additional	Responsible Investor EU 2016	2 day conference										
27/07/2016	Additional	LGPS Communications Training	1/2 day seminar										
10/08/2016	Additional	Investment Pooling Q&A sessions	External event										
29/09/2016	Additional	GAD LGPS Section 13 Training Event	1 day seminar										
07/10/2016	Additional	Responsible Investment ESG Manager selection - LGPS pooling	1 day conference										
13/10/2016	Additional	Unison Regional Forums for Local Pension Board Members	1 day seminar										
17/11/2016	Additional	SPS LGPS Fund event	1 day seminar										
12/12/2016	Additional	Unison LGPS Annual Forum	1 day seminar										
19/01/2017	Additional	Unison Regional Forums for Local Pension Board Members	1 day seminar										

\* Kirsty Cole resigned as Employer Representative in October 2015 - replaced by Sarah Holbrook from February 2016

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TRAINING NEED	PROPOSED DELIVERY METHODS							COMPLETION TARGET DATE	Joint Training with Pension Committee
	Member's Handbook	Members' Briefing Notes (Electronic)	Short Seminars (at Board meeting)	Internal Training Events (Internal & External Speakers)	External Conferences & Training Seminars (LGE Fundamentals , etc.)	The Pension Regulator Trustee Toolkit & E-Learning (e.g.. Webcasts, Videos)	One-to-One Briefing with an officer		
<b>GENERAL TRAINING</b>									
General overview of LGPS	✓			✓				June 2015 - Completed	
Members' individual needs on specific areas arising during the year		✓			✓	✓	✓	As required - notify Head of Pensions	
New Members induction session				✓			✓	June 2015 - Completed	
Specific items on Board agendas		✓	✓					As required	
<b>SPECIFIC ISSUES IDENTIFIED FROM MEMBERS SELF ASSESSMENTS</b>									
<b>1. Pensions Legislation</b>									
<input type="checkbox"/> Appreciation of LGPS discretions policies	✓		✓					January 2016	
<input type="checkbox"/> Overview of all the relevant sources of legislation that impact on the Fund	✓							July 2017	YES
<input type="checkbox"/> Terms of Reference for Pension Committee, Investment Sub-Committee, Local	✓		✓					June 2016	
<input type="checkbox"/> Understanding the pensions UK Legislative framework in the UK & the main features relating to benefits, administration & investments	✓					✓		As required	
<input type="checkbox"/> Update on consultations & changes to scheme legislation		✓			✓				
<b>2. Pensions Governance:</b>									
<input type="checkbox"/> Understanding of Conflicts of Interest & how these are managed			✓					October 2015 - Completed	
<input type="checkbox"/> Understanding framework for Breaches Reporting			✓					October 2015 - Completed	
<input type="checkbox"/> Role of the Pension Regulator, National Scheme Advisory Board & Local Pension Board & Scheme Manager	✓			✓				May 2016	YES
<input type="checkbox"/> How pension fund risk is monitored & managed	✓	✓				✓		June 2016	
<input type="checkbox"/> Overview of Mynes Principles & associated CIPFA & SOLACE guidance	✓		✓					July 2017	
<b>3. Pensions Administration:</b>									
<input type="checkbox"/> Review of the Fund's communication policy & tools				✓				May 2016	YES
<input type="checkbox"/> Data maintenance, protection & quality standards	✓		✓					October 2016	
<input type="checkbox"/> Complaints & Internal Dispute Resolution Procedures	✓		✓					January 2017	
<input type="checkbox"/> Interaction of the Pension Fund with taxation in UK & overseas	✓		✓					October 2017	
<input type="checkbox"/> AVC arrangements for the Wiltshire Pension Fund	✓		✓					October 2017	
<b>4. Pension Accounting &amp; Auditing standards:</b>									
<input type="checkbox"/> Update on Annual Reporting requirements & controls	✓		✓					July 2016	
<b>5. Pensions Services Procurement:</b>									
<input type="checkbox"/> Current public procurement policy & procedures	✓							May 2017	
<input type="checkbox"/> Brief overview of UK & EU procurement legislation	✓							May 2017	
<input type="checkbox"/> Awareness of support services suppliers and contract monitoring	✓			✓		✓		May 2017	YES
<b>6. Investment Performance &amp; Risk Management:</b>									
<input type="checkbox"/> Monitoring asset returns relative to liabilities and monitoring funding level risk	✓	✓			✓	✓		December 2016	YES
<b>7. Financial markets &amp; products knowledge:</b>									
<input type="checkbox"/> Review of asset allocation and investment strategy and the role it plays in long term investing		✓		✓		✓		June 2016/2017	YES
<input type="checkbox"/> Limits placed by regulation on investment activities in the LGPS	✓			✓				September 2016	YES
<input type="checkbox"/> Role of the Statement of Investment Principles & broad understanding of investment vehicles						✓		December 2016	
<input type="checkbox"/> Environmental, Social and Governance considerations for investing				✓				September 2017	YES

TRAINING NEED	PROPOSED DELIVERY METHODS							COMPLETION TARGET DATE	Joint Training with Pension Committee
	Member's Handbook	Members' Briefing Notes (Electronic)	Short Seminars (at Board meeting)	Internal Training Events (Internal & External Speakers)	External Conferences & Training Seminars (LGE Fundamentals, etc.)	The Pension Regulator Trustee Toolkit & E-Learning (e.g., Webcasts, Videos)	One-to-One Briefing with an officer		
<b>8. Actuarial methods, standards and practices:</b>									
<input type="checkbox"/> Review purpose of the Funding Strategy Statement	✓			✓				April 2016	YES
<input type="checkbox"/> Triennial Valuation refresher	✓		✓	✓				April 2016	YES
<input type="checkbox"/> Understanding importance of employer covenant strength across the Fund	✓			✓				April 2016	YES
<input type="checkbox"/> Understanding the role of the Actuary	✓					✓		June 2016	
<input type="checkbox"/> Awareness of ill health retirement monitoring	✓							December 2016	
<input type="checkbox"/> Broad understanding of implications of new employers to the Fund and of cessation of existing employers	✓	✓				✓		June 2016	
<input type="checkbox"/> Considerations in relation to outsourcings and bulk transfers	✓			✓				April 2017	YES

## WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD  
25 January 2017

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### Local Pension Board Budget

#### Purpose of the Report

1. The purpose of this report is to present a proposed Local Pension Board Budget for 2017-18 for the Board to consider and recommend to the Pension Fund Committee for inclusion in the Wiltshire Pension Fund Administration Budget 2017-18, as shown in the Appendix.
2. The Wiltshire Pension Fund Committee will consider the Fund's Administration budget at its meeting on 23 March 2017.

#### Background

3. To ensure good governance budgets are required to monitor the stewardship of the Fund's expenditure and financial plans assist in mitigating risks by allocating necessary resources to develop the service. The Wiltshire Pension Fund Committee approves the Pension Fund Administration budget each year.
4. The scheme regulations state that the operational cost of the Local Pension Board must be borne as an expense to the administering Fund's budget.
5. Therefore, the Local Pension Board's budget is approved by the Pension Fund Committee when setting its budget for the year. Should any further expenditure be required beyond this, then approval must be obtained from the Wiltshire Council Associate Director, Finance.

#### Main Considerations for the Board

6. The overall proposed budget for 2017-18 is £27k, a reduction of £6k from 2016-17.
7. The phasing of training costs differed from those originally envisaged. A budget of £12k was allocated in 2014-15 with the intention of training Board Members ahead of them commencing their roles in April 2015, with a reduced budget of £6k in 2015-16. The training budget was then increased to original allocation of £12k in 2016-17 based on the training plan that was in place at that time. We are now proposing that for 2017-18 this budget is reduced to £6k again, unless the Board has further training plans it wishes to cover during the next financial year.
8. Currently there is £7k in the budget for an Independent Governance Advisor. The Terms of Reference entitles the Board to independent expert advice and this budget would allow the commissioning of an adviser for specific pieces of work. The budget has been held at the current level however; depending on the agreed Work Plan of this Board there might be an argument to request an increase in this allocation.
9. The type of work that might be commissioned is expert independent advice for reviewing areas of risk or ensuring compliance with the scheme regulations where a conflict may exist with officers. The current budget would probably allow for one review on a specific area.

10. The Board still await further guidance on the indemnity insurance for Members of the Local Pension Board from the Scheme Advisory Board. In the interim officers are still researching the market and should the purchase of insurance to cover the Board Members be required then this will be an additional cost that would need to be added to the budget.
11. Should further funding be required during the year for a piece of work, then approval for this spend can be sought from the Associate Director, Finance.

#### **Environmental Impact of the Proposals**

12. There are none.

#### **Legal Implications**

13. There are no known implications at this time.

#### **Financial Considerations & Risk Assessment**

14. In line with good governance practice, officers bring budget monitoring reports back to the Pension Fund Committee twice a year. In the interim, variations against budget will be monitored and if they become very significant, the Associate Director, Finance will approve variations to the budget and report these to Committee retrospectively for ratification.

#### **Safeguarding Considerations/Public Health Implications/Equalities Impact**

15. There are no known implications at this time.

#### **Reason for Proposal**

16. The recommendation of the Local Pension Board budget to the Pension Committee is in line with best practice and assists in mitigating a number of risks outlined in the Risk Register.

#### **Proposal**

17. The Board is asked to agree the draft Local Pension Budget and recommend to the Pension Fund Committee that this is included in the Fund's Administration budget for 2016-17.

MICHAEL HUDSON  
Treasurer to Pension Fund

Report Author: Rozalyn Vernon, Pension Fund Accountant

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Unpublished documents relied upon in the production of this report: *None*

## APPENDIX

### **Wiltshire Local Pension Board Proposed Budget 2017-18**

	2015-16 Actual	2016-17 Budget	2016-17 Actual (Apr-Dec)	2016-17 Forecast	Changes	2017-18 Budget
	£	£	£	£	£	£
Independent Chair Remuneration	8,832	9,214	4,612	9,214	0	9,214
Independent Advisor Fees	8,000	7,000	5,000	7,000	0	7,000
Training	1,440	12,000	3,500	6,000	-6,000	6,000
Printing	0	1,000	0	0	0	1,000
Committee Services Recharge	2,067	3,000	0	2,067	0	3,000
Travel & Subsistence & costs	1,210	800	252	800	0	800
Catering	207	400	0	200	0	400
	<u>21,756</u>	<u>33,414</u>	<u>13,364</u>	<u>25,281</u>	<u>-6,000</u>	<u>27,414</u>

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## WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD  
25 January 2017

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### Wiltshire Pension Fund Business Plan 2015-18 Priorities

#### Purpose of the Report

1. The purpose of this report is to provide the Board with an update on the implementation of the Wiltshire Pension Fund Business Plan 2015-18 specifically reviewing priorities and risks of resource sensitivity.

#### Background

2. The Wiltshire Pension Fund Business Plan was approved by the Committee at its meeting on 25 June 2015. The detailed plan can be found at the following link [Business Plan 2015-18](#) .
3. An annual update is provided on the implementation of the Plan to Committee and the Board.

#### Considerations for the Board

4. The attached Appendix present the current action plan from the 2015-18 Business Plan. This plan is colour coded to reflect the priority of each action and the perceived resource risk that may delay the completion of that action. The priority and resource risks are colour coded Red (high), Amber (medium) and Green (Low). Those actions completed are shaded grey.
5. The one action which is both a high priority and high risk in terms of resources remains *number 38 - the opportunity for collaboration with partners* which is effectively the on-going work with Investment Pooling and Brunel Pension Partnership Project. The additional resource requirement for the engagement on this project along with a need to cover maternity leave has impacted on the delivery of other actions. At the end of 2016, additional resources were agreed to assist in addressing this resourcing issue which provides officers with support to assist in meeting the overdue actions.
6. There are 3 actions that are high priorities with a medium resource risk. These relate to the 2016 Triennial Valuation, the implementation of performance reporting for employer and the GMP reconciliation project. These are all partially complete with resources prioritised to ensure completion.

#### Environmental Impact of the Proposal

7. Not applicable.

#### Financial Considerations & Risk Assessment

8. The financial implications of the Business Plan are considered in the budget set for the Fund. The mains risks highlighted above are incorporated into the Fund's Risk Register where appropriate, elsewhere on this agenda.

**Legal Implications**

9. There are no legal implications from this report.

**Safeguarding Considerations/Public Health Implications/Equalities Impact**

10. There are no known implications at this time.

**Reasons for Proposals**

11. To provide an update of the implementation of the Wiltshire Pension Fund Business Plan.

**Proposals**

12. The Board is asked to note the updated position from the Business Plan to date.

MICHAEL HUDSON  
Treasurer to the Pension Fund

Report Author: David Anthony, Head of Pensions

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Unpublished documents relied upon in the production of this report:       NONE

**WILTSHIRE PENSION FUND ACTION PLAN 2015-18**

Activity	Deadline	Links to Objective No.	Purpose	Priority	Resource Risk	Action Update January 2017
1 Refresh key policy documents: -Statement of Investment Pripls. - Communication Strategy - Administration Strategy - Admin Authority Directions Policy - Cessation Policy - Funding Strategy Statement - Governance Comp. Statement - Investment Strategy Statement	Annually 2015 June 2015 Sept 2015 Dec 2015 Dec 2016 Jan 2017 Mar 2017 Apr 2017	1	To seek Member approval and formally publish.	High	Low	All on target
Establish, train & agree work plan for the Local Pension Board	On-going from June 2015	3	To ensure the Local Pension Board becomes operational from 31 July 2015 in line with legislation.			
3 Rolling annual schedule of Pension Clinics	June 2015 onwards	6	To ensure a regular schedule of pension clinics take place every year.			
4 Review contract for Independent Governance Adviser	<b>July 2015</b>	3	In line with good governance contracts should be reviewed on a periodic basis and this contract has been in place for 5 years.	Low	Medium	Low priority and preference to maintain continuity of advice during period of significant change.

Activity	Deadline	Links to Objective No.	Purpose	Priority	Resource Risk	Action Update January 2017
5 Members' training: a) Specific issues b) Implement Plan c) Refresh Training Plan	As required, July 2015 Nov 2017	1 & 3	To provide training on specific issues ahead of relevant decisions by the Committee. To provide training for all Members of the Committee in line with the CIPFA Knowledge & Skills Framework as outlined in the current training plans.			
6 Gather external customers feedback on pension services & effectiveness	July 2015 onwards	8 & 6	To measure the quality and experience of the pension services being provided to see what developments are needed.			
7 Consider the Government's response to future of the LGPS consultation	Autumn 2015 onwards	10	To ensure the Fund is involved in trying to shape the future of the scheme and its implementation.			
8 Procurement & Implementation of new investment mandates resulting from Investment Review	Sept 2015 onwards	4	A number of new mandates could be required from the annual asset allocation review.			
9 Undertake overseas members existence exercise	Sept 2015	1 & 8	An audit requirement is that existence testing is carried out periodically on the membership to avoid overpayments. Separate exercise required for overseas pensioners.			

Activity		Deadline	Links to Objective No.	Purpose	Priority	Resource Risk	Action Update January 2017
10	Run Annual Employer / Pensioner Meetings and other more regular road shows/seminars	<b>Sept 2015 onwards</b>	8 & 6	To improve communications with the Fund's members and employers organisations in line with best practice.	<b>Low</b>	<b>Low</b>	Road shows and pension clinics on-going. Aim to hold AGM in April / May 2017
11	Implementation of regular covenant & risk review of employer bodies, including regular monitoring against the performance requirements within the Pension Administration Strategy	<b>Sept 2015 onwards</b>	7	To ensure regular engagement takes place with all employers and that risks to the Fund are periodically assessed.	<b>High</b>	<b>Medium</b>	Partially complete - covenant & risk review framework has been set up. Monitoring performance is being developed in line with Fund's internal KPIs (April 2017).
12	Set up a formal process for monitoring the performance of the Fund's advisors	<b>Oct 2015</b>	3	To ensure the Fund meets best practice and complies with the Myners Principle for Performance monitoring.	<b>Low</b>	<b>Medium</b>	Low priority
13	Review Pension Fund Website	Dec 2015	1, 6, 8	To ensure that the Fund's website provision has been reviewed, up-to-date, in line with best practice and serving the needs of our customers as well as possible.			
14	Implement Bi-annual Performance Reporting	<b>Dec 2015</b>	1 & 8	To improve management information to assist with performance monitoring and increase transparency.	<b>Medium</b>	<b>Medium</b>	Partially complete - currently being developed with the aim to have in place by April 2017.

Activity	Deadline	Links to Objective No.	Purpose	Priority	Resource Risk	Action Update January 2017	
15	Review / Retender Custody Contract	Dec 2015	1 & 5	To ensure that the Fund achieves best value for money in relation to its investment custody arrangements.			
16	Develop use of social media in development of communications strategy	<b>March 2016</b>	6	To consider all forms of digital communications / social media that may assist in communicating with the membership.	<b>Low</b>	<b>Low</b>	Partially complete - operational issues in use of Face book, Twitter now preferred & being developed (March 2017).
17	Set up a formal process for monitoring the performance of the Committee	<b>March 2016</b>	12	To ensure the Fund meets best practice and complies with the Myners Principle for Performance monitoring.	<b>Low</b>	<b>Medium</b>	Partially complete – have reviewed ISC, looking to see if same approach used for main committee
18	Retender print contract	March 2016	8 & 6	To ensure most cost-effective contract in place.			
19	Consider implementation of “flight path” liability monitoring framework	March 2016	4	To have a framework / plan in place should funding levels (i.e. gilt yields revert) improve that could reduce the future funding risk.			
20	Review potential to implement differing investment strategies for employers	March 2016	4 & 11	In light of the differing set of risks different employers in the Fund now face there is a potential need for different investment strategies when looking at ways for employers to address deficits.			
21	Monitor the Fund’s performance against the Pension Regulator’s Record	March 2016	1 & 8	To ensure the Fund has liaised with its employers, checked and cleansed its own data and have processes in place to			

Activity	Deadline	Links to Objective No.	Purpose	Priority	Resource Risk	Action Update January 2017
Keeping requirements and ensure plan in place to meet targets			ensure compliance, while developing the Fund's own data cleansing practices using mortality screening against governmental databases.			
22 Implement changes to tax liability information for members	April 2016	1 & 8	To provide the correct information to members for the changes in the tax relief allowances and ensure the systems are able to accommodate any additional procedures from an administration perspective.			
23 Full Actuarial Valuation (Actuary)	May - Oct 2016	1 & 8	To identify the Funding Level at a whole Fund and Employer level and the associated Employer Contribution Rates.			
24 Members' Handbook	<b>May 2016</b>	1 & 12	To refresh the Members' Handbook for the benefit of newly elected Members of the Committee.	<b>Low</b>	<b>Medium</b>	Partially complete – Board members handbook completed, Committee handbook to be reviewed but not needed until May 2017.
25 Review effectiveness and work plan of Investment Sub-Committee	<b>June 2016</b>	4	To consider the effectiveness of the recently established ISC and its contribution to overall governance.			
26 Discuss & agree Actuarial Valuation results with Committee & employers	<b>Oct - Dec 2016</b>	1 & 8	To have the Actuarial Valuation formally signed off by 31 December 2016 (three months ahead of statutory deadline).	<b>High</b>	<b>Medium</b>	Partially complete – on-going discussion with employers to finalise rates (March 2017).

Activity		Deadline	Links to Objective No.	Purpose	Priority	Resource Risk	Action Update January 2017
27	Draft separate Financial Standards for the Pension Fund	<b>Oct 2016</b>	1 & 5	The Pension Fund currently uses the Wiltshire Council standards which are not always applicable.	<b>Low</b>	<b>Low</b>	Low priority and resource availability. No current material operational issue from delay.
28	Implement scheme members self-service	<b>Dec 2016</b>	5, 6, 10	To improve the level of access for members for their benefits.	<b>Medium</b>	<b>Medium</b>	On-going – different systems have been reviewed. Aim to implement by Dec 2017.
29	Complete GMP reconciliations project	<b>Dec 2016</b>	1 & 8	To reconcile all the GMP members data on the pension database to ensure it matches with HMRC as HMRC are removing this support facility in 2016.	<b>High</b>	<b>Low</b>	On-going – timescale led by HMRC responses. All data reviewed for pensioners & deferred members. Target for completion December 2018.
30	Refresh Funding Strategy Statement	Jan 2017	1	To have an up-to-date Funding Strategy Statement, which is a statutory document required to set-out the longer-term view of how liabilities will be funded and the agreed level of compromise between stability and affordability of employer contributions.			
31	Review / Retender Altair Pension Software contract	Jan 2017	1 & 8	To ensure the Fund is achieving best value from its current contract.	<b>Medium</b>	<b>Low</b>	
32	Re-tender / drawdown from framework Actuarial Contract	Sept 2017	1 & 12	To ensure that there is an up-to-date and competitive actuarial contract in place.	<b>High</b>	<b>Low</b>	

Activity	Deadline	Links to Objective No.	Purpose	Priority	Resource Risk	Action Update January 2017	
33	Re-tender / drawdown from framework Investment Consultancy contract	Sept 2017	1 & 12	To ensure that there is an up-to-date and competitive investment consultancy contract in place.	High	Low	
34	Review pension payroll service	Jan 2018	1 & 8	To review the potential options for pension payroll.	Medium	Low	
35	Review, retendering and implementation of the Fund's ESG arrangements	Jan 2018	1 & 4	To ensure that the Fund is complying with best practice and is achieving best value in relation to environmental, social and governance issues.	Low	Low	
36	Review employers method of data submission & potential for self-service	Mar 2018	6, 8, 10	To improve the quality of data submission and access to employer bodies.	Medium	Low	
37	Continue to develop a high performing team	On-going	2	To have a highly motivated staff team with the necessary professional, managerial and customer skills to provide excellent service, implement changes and have the technical detail to meet the ever increasing complexities of the scheme.	Medium	Low	On-going – 5 members of the team now qualified CIPPS Pension Administrators.

Activity		Deadline	Links to Objective No.	Purpose	Priority	Resource Risk	Action Update January 2017
38	Continually review opportunities for further collaboration with partners	On-going	12	To continue to be involved and utilise national frameworks to reduce the procurement costs of adviser services and to benefit from bulk discounts.	High	High	On-going - Brunel Pension Partnership project reached Full Business Case stage.
39	Review potential for "opportunistic" investments and 'inward' investments as they arise	On-going	4	To keep abreast of potential opportunities for the Fund.	Medium	Low	

## WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD  
25 January 2017

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### **CIPFA PENSION FUND BENCHMARKING UPDATE**

#### **Purpose of the Report**

1. This report presents to the Committee the CIPFA Benchmarking club results for 2016.

#### **Introduction & Background**

2. The Wiltshire Pension Fund (WPF) joined the CIPFA benchmarking club in August 2010 with the intention to gain a better understanding of how WPF's service compares to those of its peers. The club compares the Fund against the other 37 LGPS authorities within the club.
3. The results of the 2016 survey are shown in the attached report. This covers the financial year 2015/16. Results of the 2015 survey are shown in brackets for comparison. It is important to remember this survey merely reviews costs and processes but doesn't test or have a measure for 'quality' of service. Lowest cost in itself does not necessarily represent the best outcome, if this is achieved at a cost to the quality of the service.
4. These statistics do come with a health warning. The survey is based on pension administration only. All authorities are set up with different structures. The WPF moved to a single team section including administration, accounting and investment activities in 2007. Most other authorities still include administration within their payroll section with the accounting and investments functions separate within their finance teams. The allocation of costs into the categories, especially the apportionment of overheads, can also be treated differently between authorities. Nevertheless, this data remains useful as it enables officers to question and challenge areas of performance.

#### **Main Considerations for the Board**

5. The Board is asked to note the attached report and officers will provide a verbal update at the meeting.

#### **Risk Assessment**

6. The risks associated with pension administration are highlighted on the risk register elsewhere on this agenda.

#### **Environmental Impact of the Proposals**

7. There are none.

#### **Financial Considerations & Risk Assessment**

8. The report considers the financial aspects from the CIPFA Benchmarking survey.

**Safeguarding Considerations/Public Health Implications/Equalities Impact**

9. There are no known implications at this time.

**Proposal**

10. The Board is asked to note the report.

MICHAEL HUDSON  
Treasurer to Pension Fund

Report Author: Catherine Dix, Strategic Pension Manager

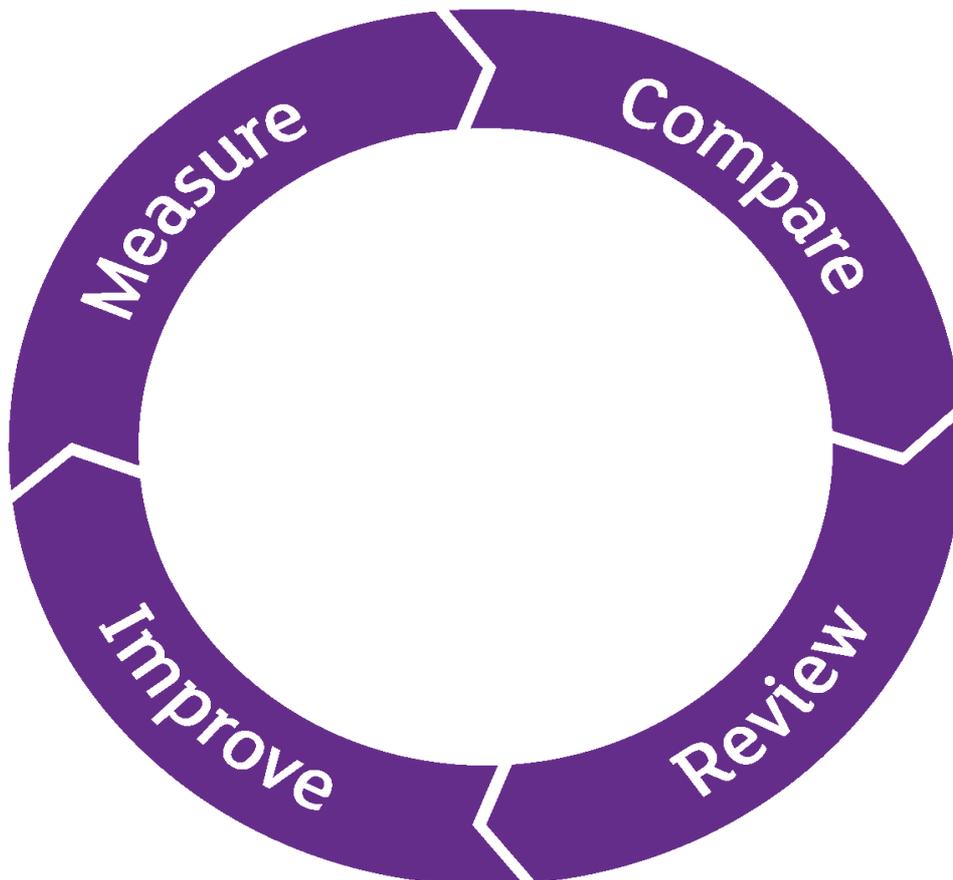
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Unpublished documents relied upon in the production of this report: *None*

Information Services

# pensions administration benchmarking club

2016 - Wiltshire Final Report



# PREFACE

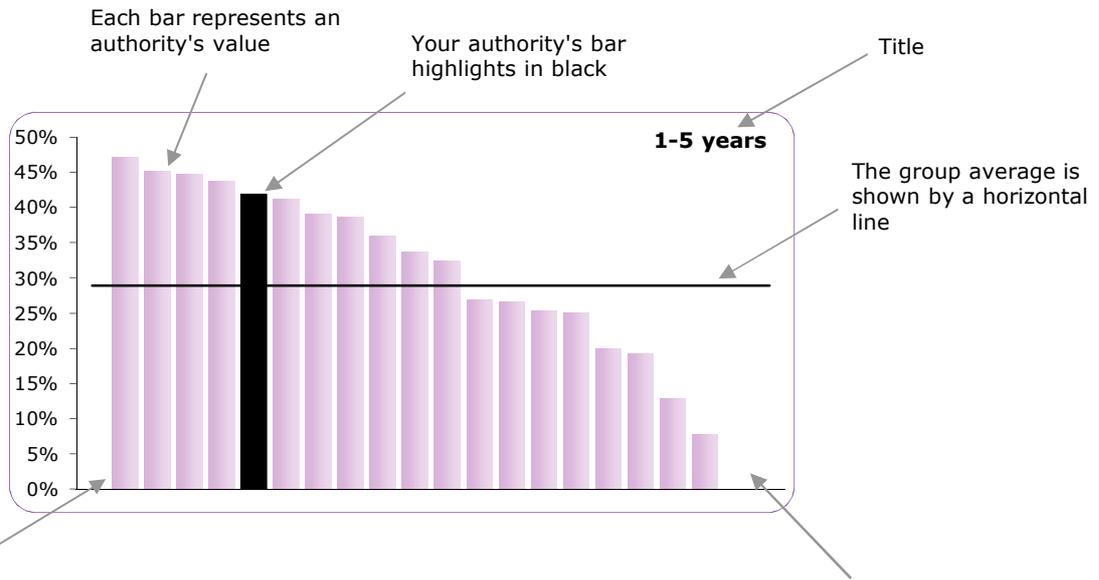
This report compares your data with the group of authorities specified on the title page.

Throughout the report your figures are shown in tables and in graphical form. If you are not familiar with our reports we hope this page will help you to better understand the way we present this data.

**Averages:** Almost all of our tables and charts compare your figure with a group average. The average is the unweighted mean value for the group. This average value ignores missing data, or data that we have excluded and for this reason sets of averages sometimes do not reconcile precisely.

**Charts:** We display a large amount of data on charts as this allows us to show the data for the entire group efficiently and gives far more information than a simple average (i.e. range of data, individual authority values etc.). Below we have annotated an example chart to help explain what they are showing.

**Bar Charts:** These are our standard method of displaying a full set of data



'Missing bars' on the left represent missing data or excluded data and are not included in calculating the average

Staff experience			
	FTE	%	Avg
< 1 year	1.5	10%	9%
<b>1-5 years</b>	<b>6.5</b>	<b>42%</b>	<b>29%</b>
5-10 years	3.5	23%	21%
> 10 yrs	4.0	26%	41%
<b>Total</b>	<b>15.5</b>		

'Missing bars' on the right represent zero values and are included in the average

# INTRODUCTION

This report compares your performance with the group of authorities specified on the title page. It is divided into the following sections.

	Page
1 Summary 2016	4
2 Cost Measures	5
3 Workload Measures	11
4 Staff Related Measures	22
5 Industry Standard Performance Indicators	26
6 Comparison by method of service delivery } <i>final reports</i>	27
7 Timeseries } <i>final reports only</i>	28

## Section 1 - Summary 2016

This page provides a brief summary of the most salient aspects of the report.

## Section 2 - Cost Measures

This section concentrates on cost/member ratios starting with total cost/member which is then broken down by staff costs, payroll costs, direct costs, overheads and income. Further analysis of direct costs and overheads is also provided in this section.

## Section 3 - Workload Measures

The first measure of workload is the number of members in the scheme, which is shown along with a breakdown by class of membership. This is followed by an analysis of the number and type of LGPS employers.

Other workload measures include:

- Joiners and leavers with a full analysis of the various types of retirements
- Number of quotations provided and actual events processed
- AVCs, ARCs and Added years
- Appeals

## Section 4 - Staff Related Measures

The measures included here are an analysis of staff numbers by pay band, sickness absence, pensions work experience, staff qualifications and staff turnover.

## Section 5 - Industry Standard Performance Indicators

In this section we show how authorities perform against each of the LGPC performance indicators.

## Section 6 - Comparison by Method of Service Delivery (final report only)

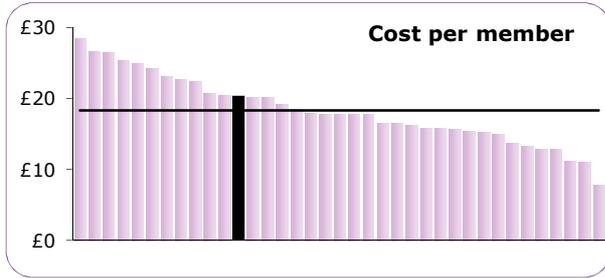
This shows members' costs and averages compared for in-house and externally managed pension schemes.

## Section 7 -Timeseries (final report only)

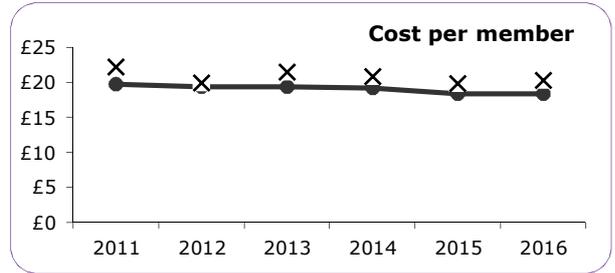
This shows the individual members' performance over time compared to the club average for cost per member, which is analysed over staff cost and other costs.

# SECTION 1 - SUMMARY 2015/16

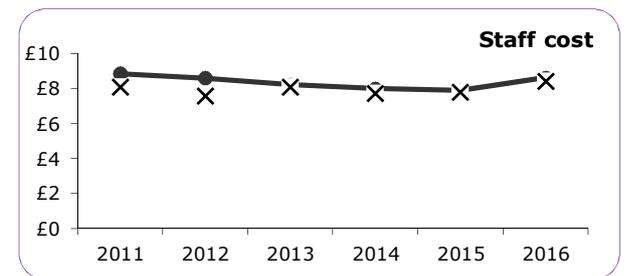
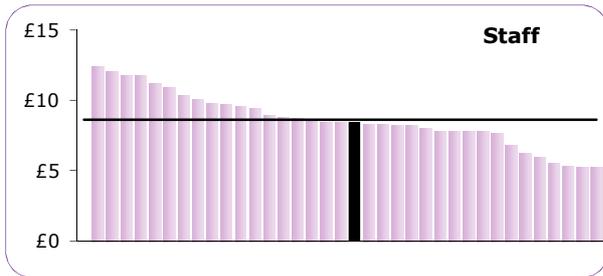
## NET COST / MEMBER 2015/16



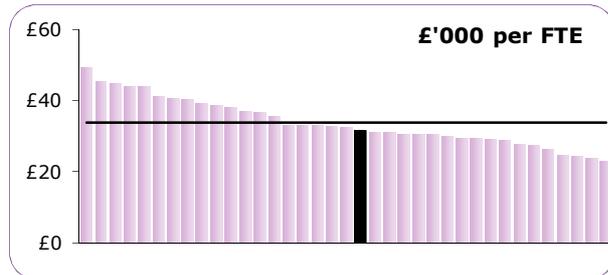
● Club average  
X Wiltshire



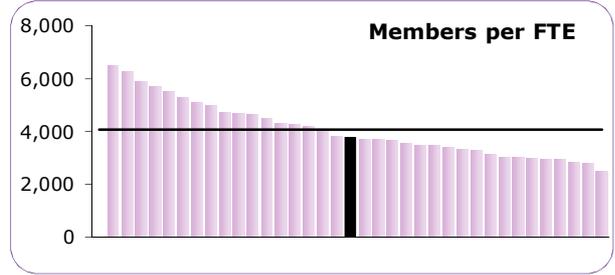
## STAFF COST / MEMBER 2015/16



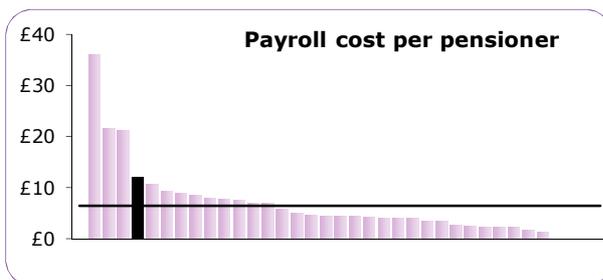
## COST £'000 / FTE



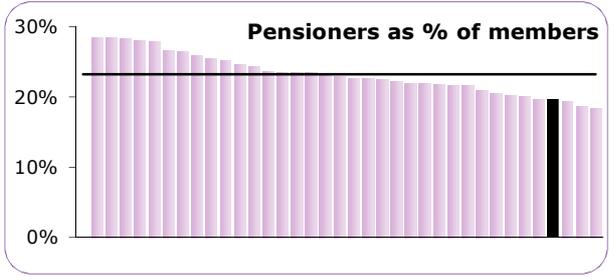
## MEMBERS LGPS / ADMIN FTE



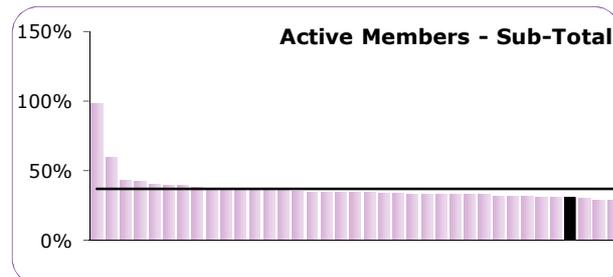
## PAYROLL COST / PENSIONER



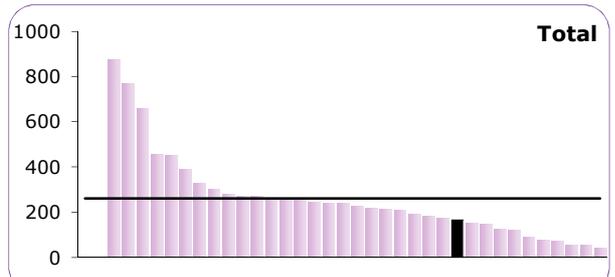
## PENSIONERS AS A % MEMBERS



## ACTIVES AS A % MEMBERS



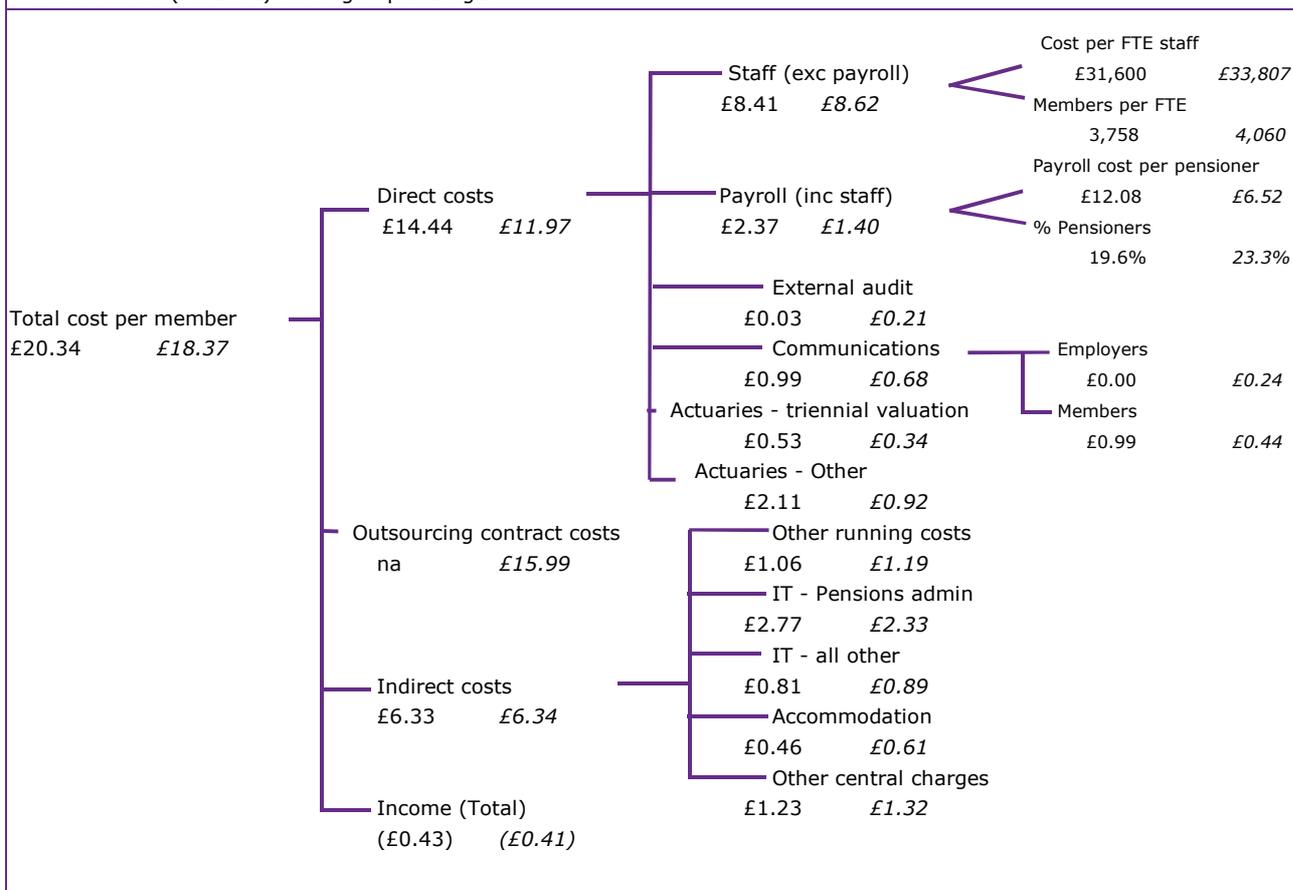
## NUMBER OF LGPS EMPLOYERS



## SECTION 2 - COST MEASURES

### COST/MEMBER TREE 2015/16

This tree diagram analyses the cost per member. For each benchmark two figures are given the first being the authority's cost and the second (in italics) is the group average.



FTE staff	
Pension Section total	27.6
<i>less</i>	
IT staff	4.0
Payroll staff	-
Communications staff	2.0
Employing authority work	-
Work for other schemes	0.5
Other work	3.6
<b>Admin of LGPS</b>	<b>17.5</b>

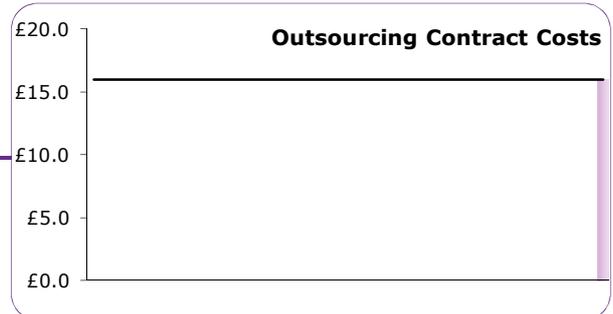
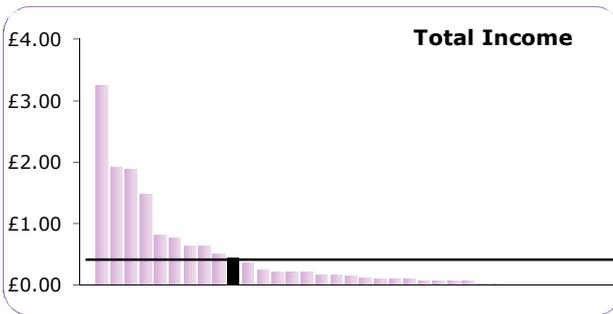
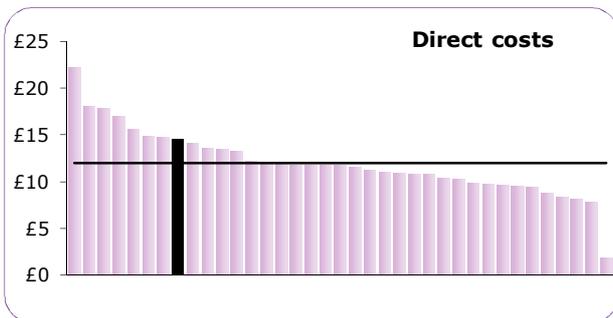
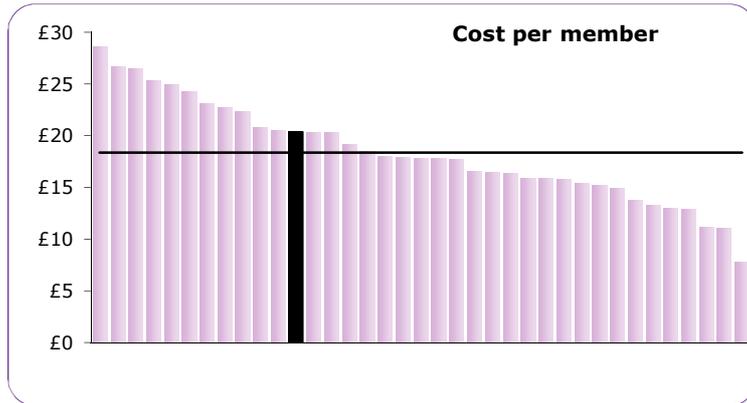
Net Costs £'000	
	£'000
Pension Section total	1,561
<i>less</i>	
Work for other schemes	12
Employing authority work	40
Other work	171
<b>Admin of LGPS</b>	<b>1,338</b>

Admin of LGPS costs	£'000	£ per member	Avg
Staff - administration	553	8.41	8.62
Staff - payroll	-	-	0.34
Payroll	156	2.37	1.06
Communications (Total)	65	0.99	0.68
Actuaries - triennial valuation	35	0.53	0.34
Actuaries - other	139	2.11	0.92
External audit	2	0.03	0.21
<b>Total Direct Costs</b>	<b>950</b>	<b>14.44</b>	<b>11.97</b>
<b>Outsourcing costs</b>	<b>-</b>	<b>na</b>	<b>15.99</b>
Other running costs	70	1.06	1.19
IT - Pensions admin	182	2.77	2.33
IT - All other	53	0.81	0.89
Accommodation	30	0.46	0.61
Other central charges	81	1.23	1.32
<b>Total Indirect Costs</b>	<b>416</b>	<b>6.33</b>	<b>6.34</b>
<b>Gross Cost</b>	<b>1,366</b>	<b>20.77</b>	<b>18.74</b>
Income - Members	-	-	(0.04)
Income - Employers	-	-	(0.14)
Income - Other	(28)	(0.43)	(0.23)
<b>Total Income</b>	<b>(28)</b>	<b>(0.43)</b>	<b>(0.41)</b>
<b>Net Cost</b>	<b>1,338</b>	<b>20.34</b>	<b>18.37</b>

**Total Scheme Membership 65,768**

\*Outsourcing Contract Costs average only includes those members who have outsourcing costs.

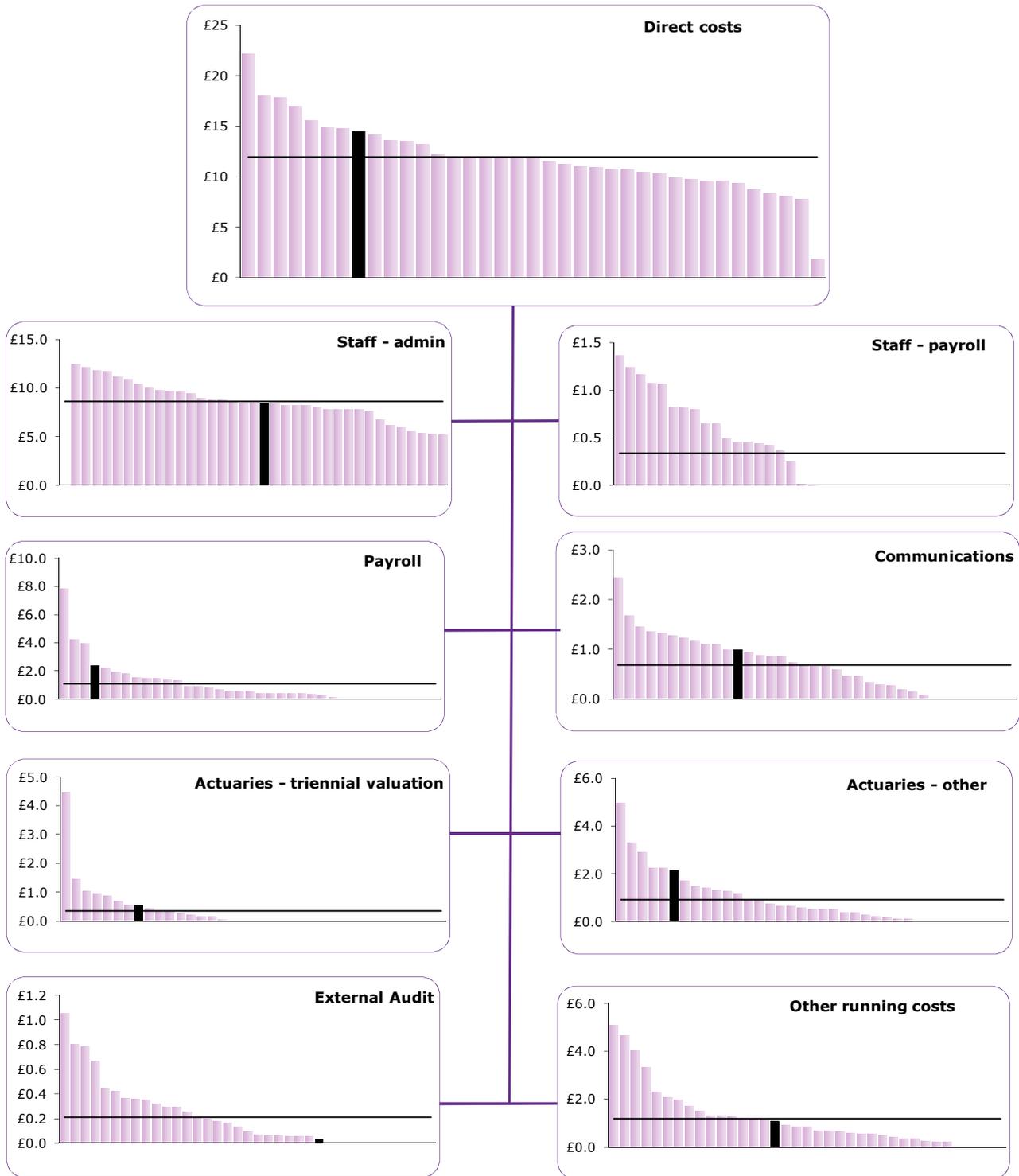
# COST PER MEMBER 2015-16



Admin of LGPS costs		£ per member	
	£'000		Avg
Total Direct Costs	950	14.44	11.97
Outsourcing costs	-	na	15.99
Total Indirect Costs	416	6.33	6.34
Total Income	(28)	(0.43)	(0.41)
<b>Net Cost</b>	<b>1,338</b>	<b>20.34</b>	<b>18.37</b>

**Total Scheme Membership 65,768**

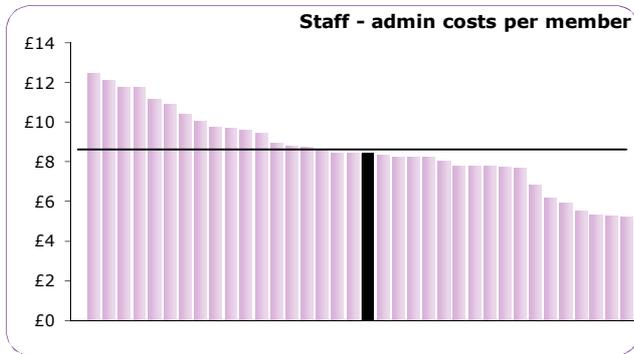
## COSTS PER MEMBER - Direct costs 2015/16



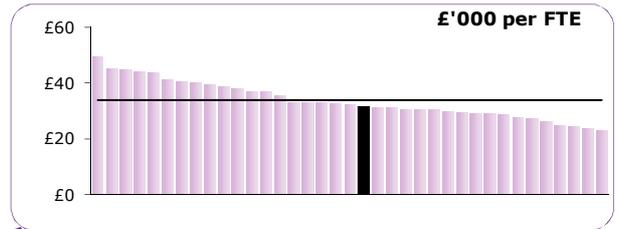
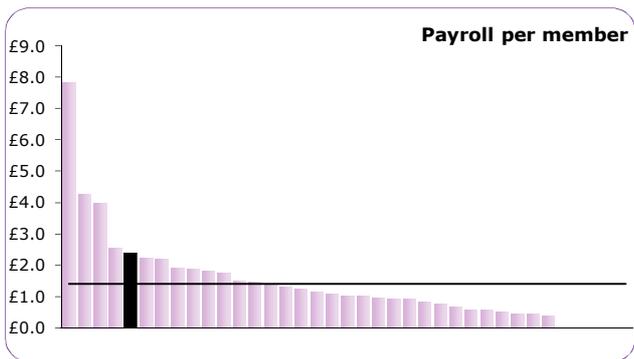
Direct costs	£'000	£ per member	Avg
Staff - admin	553	8.41	8.62
Staff - payroll	-	-	0.34
Payroll	156	2.37	1.06
Communications	65	0.99	0.68
Actuaries - triennial valuation	35	0.53	0.34
Actuaries - other	139	2.11	0.92
External audit	2	0.03	0.21
<b>Total</b>	<b>950</b>	<b>14.44</b>	<b>11.97</b>

**DIRECT COSTS PER MEMBER - Staff and Payroll costs 2015/16**

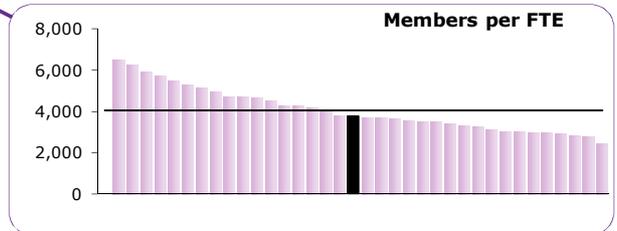
	£'000	£ per member	Avg
Staff - admin	553	8.41	8.62



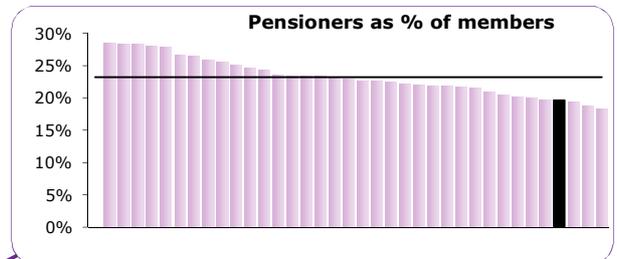
	£'000	£ per member	Avg
Payroll (combined)	156	2.37	1.40



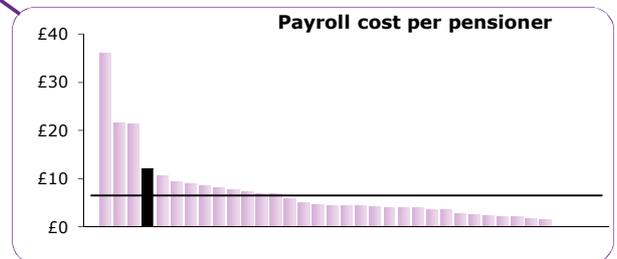
Wiltshire 31.6 Avg 33.8



Wiltshire 3,758 Avg 4,060

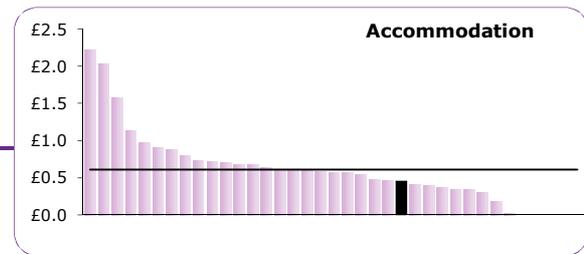
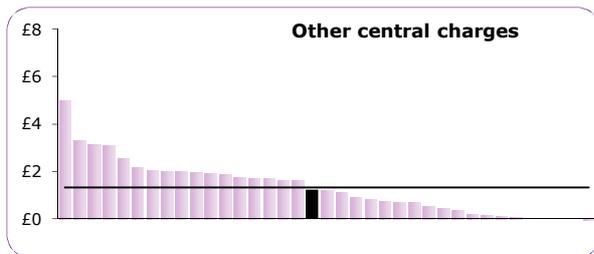
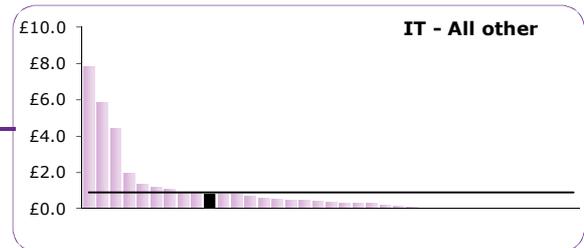
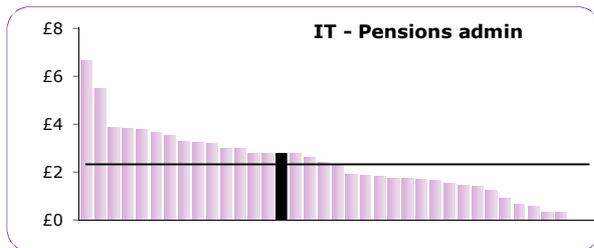
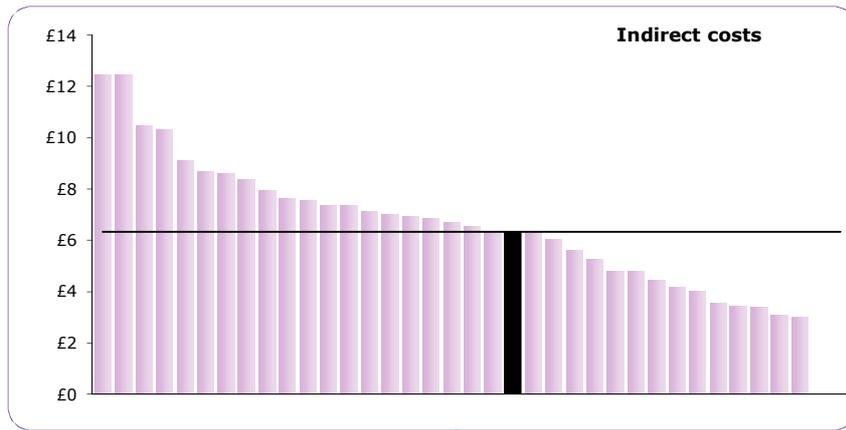


Wiltshire 20% Avg 23%



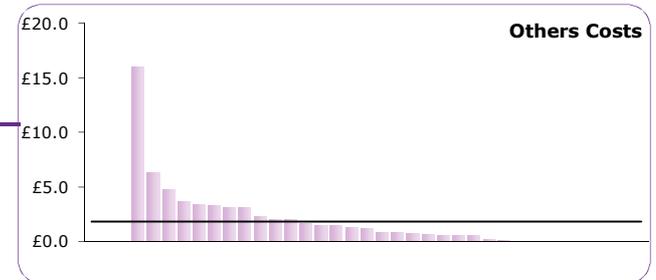
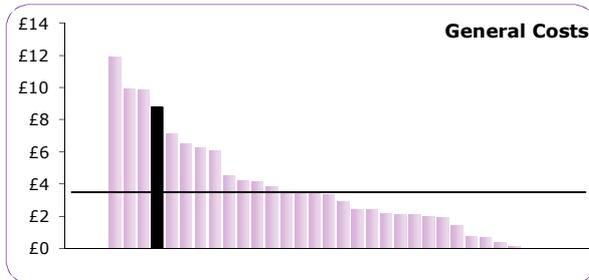
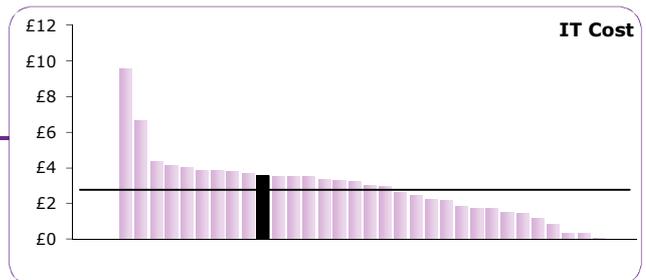
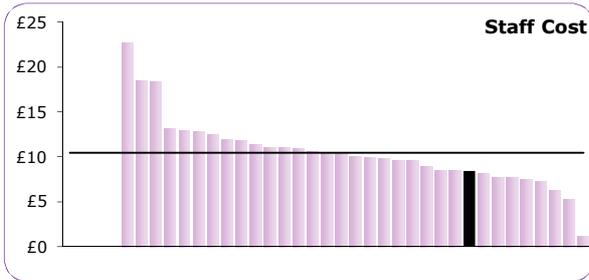
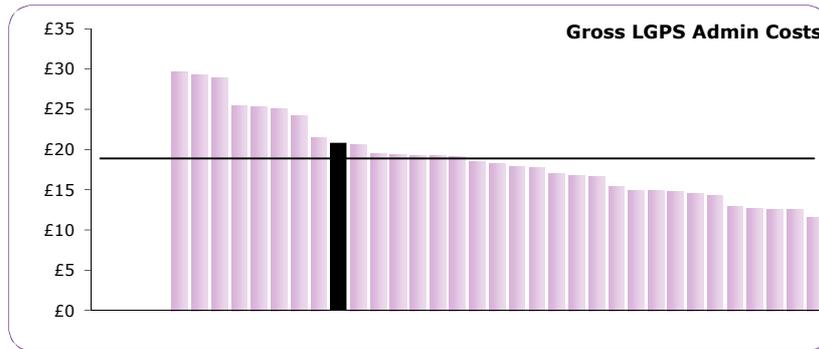
Wiltshire 12.1 Avg 6.5

## COSTS PER MEMBER - Indirect costs 2015/16



Indirect costs	£'000	£ per member	Avg
Other running costs	70	1.06	1.19
IT - Pensions admin	182	2.77	2.33
IT - All other	53	0.81	0.89
Accommodation	30	0.46	0.61
Other central charges	81	1.23	1.32
<b>Total</b>	<b>416</b>	<b>6.33</b>	<b>6.34</b>

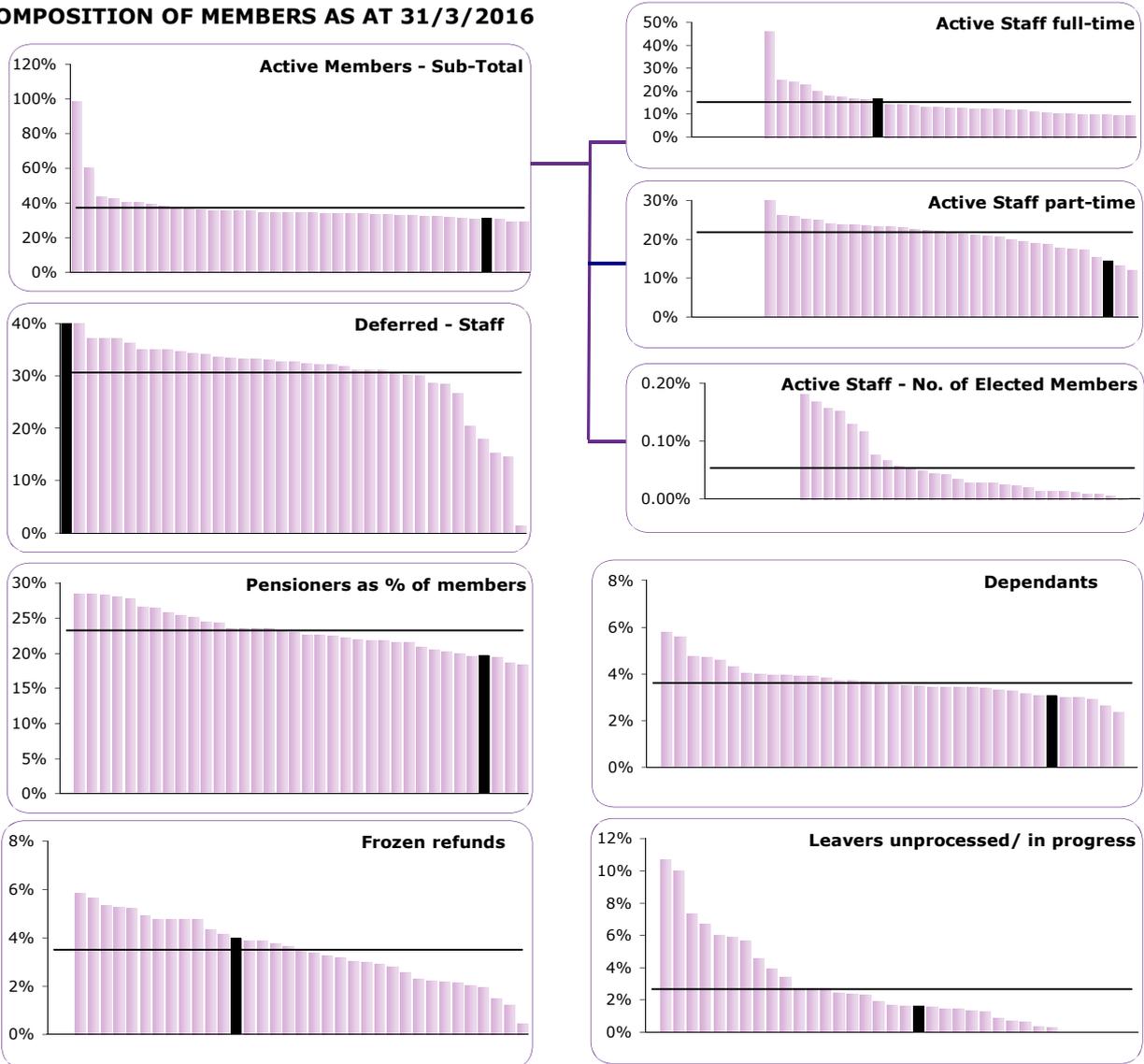
**COSTS PER MEMBER - LGPS Administration Expenses Analysis 2015/16**



LGPS Administration Expenses		£ per member	Avg
	£'000		
Staff Costs	553	8.41	10.47
IT Costs	235	3.57	2.78
General Costs	578	8.79	3.50
Other Costs	-	-	1.85
<b>Gross LGPS Admin Exp.</b>	<b>1,366</b>	<b>20.77</b>	<b>18.85</b>
<b>Gross LGPS Income</b>	<b>28</b>	<b>0.43</b>	<b>0.67</b>
<b>Net LGPS Admin Exp.</b>	<b>1,338</b>	<b>20.34</b>	<b>248.03</b>

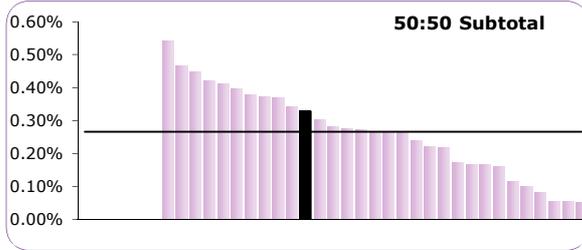
## SECTION 3 - WORKLOAD MEASURES

### COMPOSITION OF MEMBERS AS AT 31/3/2016



Composition of members				
	No.	%	Avg	Avg %
<b>Active:</b>				
- full-time	10,832	16.5%	17,825	15.1%
- part-time	9,548	14.5%	18,476	21.9%
- no. of elected Members	1	0.0%	38	0.05%
<b>- sub-total</b>	<b>20,381</b>	<b>31.0%</b>	<b>35,339</b>	<b>37.2%</b>
<b>Deferred:</b>				
- Staff	26,816	40.8%	30,930	30.7%
- Elected Members	8	0.0%	32	0.0%
Pensioners	12,909	19.6%	23,651	23.3%
Dependants	1,998	3.0%	3,946	3.6%
Frozen refunds	2,610	4.0%	3,250	3.5%
Leavers unprocessed/ in progress	1,046	1.6%	2,500	2.7%
<b>Total</b>	<b>65,768</b>		<b>99,647</b>	

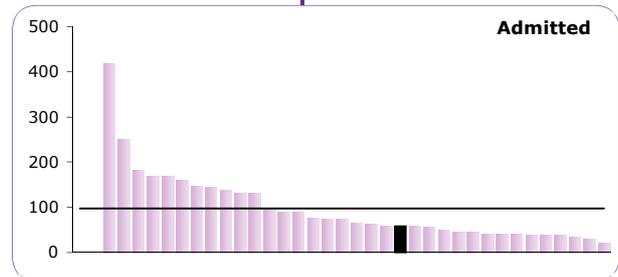
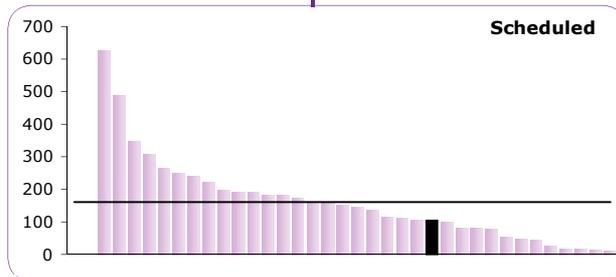
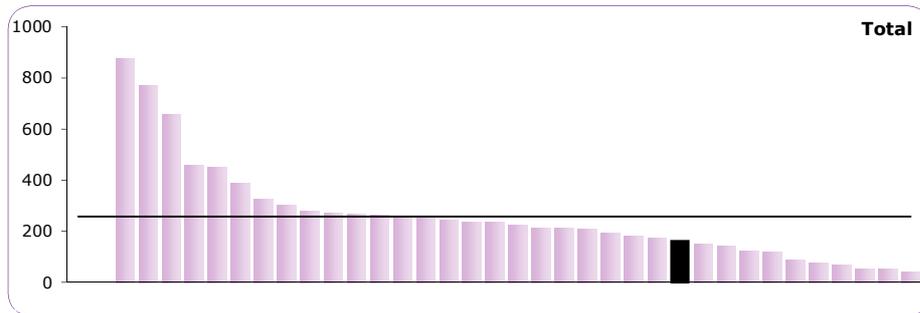
## COMPOSITION OF MEMBERS AS AT 31/03/2016



### Composition of active members

	No.	%	Avg
50:50	67	0.3%	0.3%

## NUMBER OF LGPS EMPLOYERS AS AT 31/03/2016



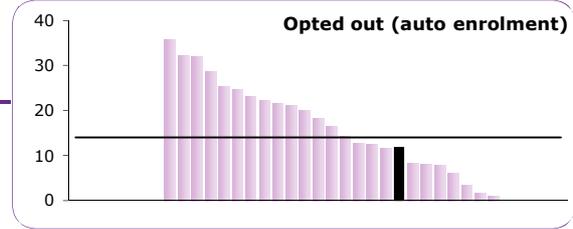
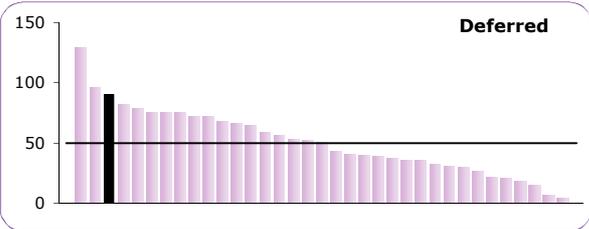
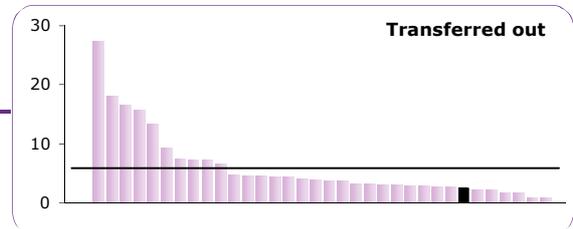
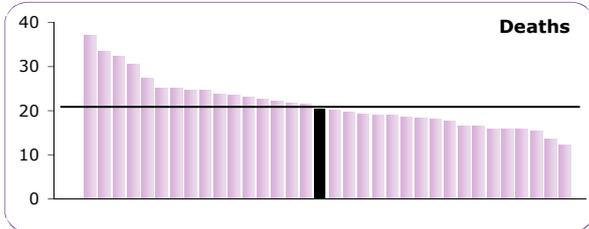
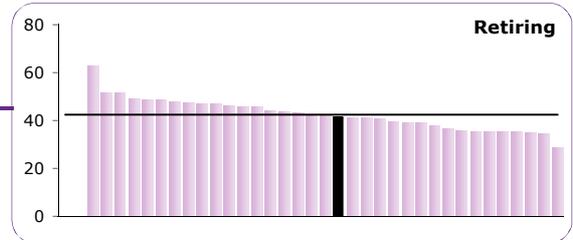
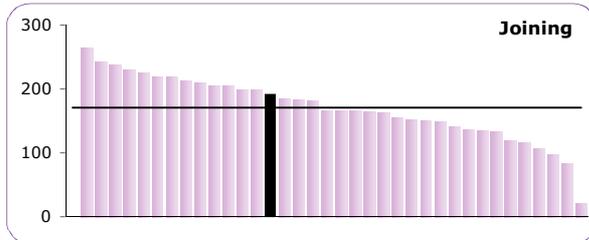
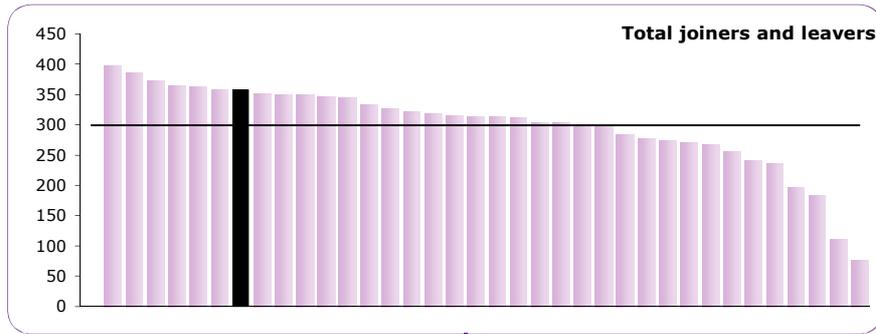
### LGPS employers (31/3/16)

	No.	Avg	of which:	No.	%	Avg
Scheduled	107	162	Local Authorities	2	2%	10%
Admitted	60	97	Transferee	45	75%	43%
<b>Total</b>	<b>167</b>	<b>259</b>				

### Employer changes 2015/16

	+/- Changes		Admitted		Leaving	
	No.	Avg	No.	Avg	No.	Avg
Scheduled	<min	2	1	12	1	1
Admitted	-	1	14	8	-	29

## JOINERS & LEAVERS (per '000 active members)



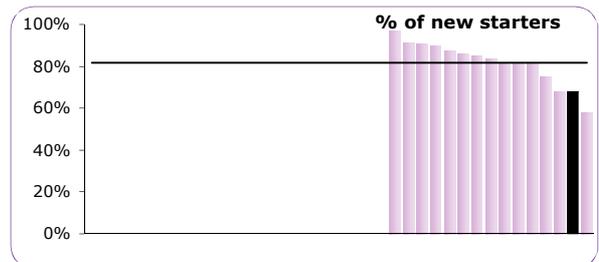
Joiners & leavers (per '000 active members)			
	No.	'000	Avg
Joining	3,911	192	171
Retiring	843	41	42
Deaths	413	20	21
Transferred out	48	2	6
Deferred	1,836	90	50
Opted out	239	12	14
<b>Total</b>	<b>7,290</b>	<b>358</b>	<b>299</b>

Active members
20,381

## LGPS members as % eligible employees

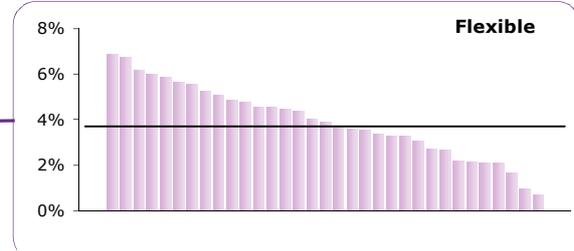
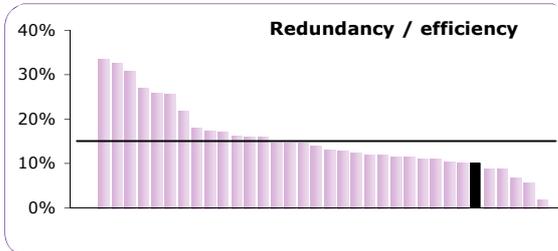
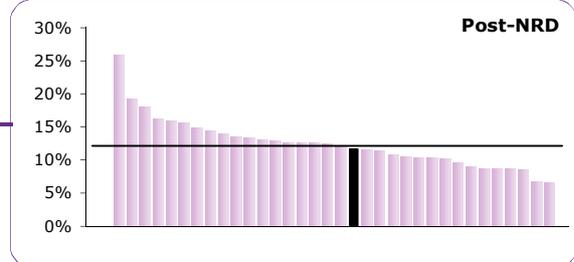
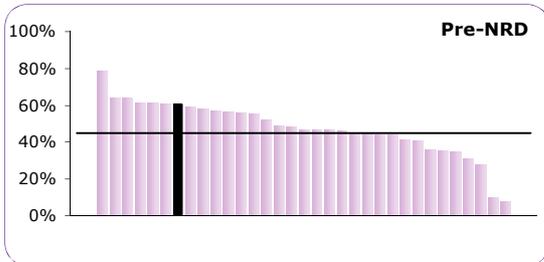
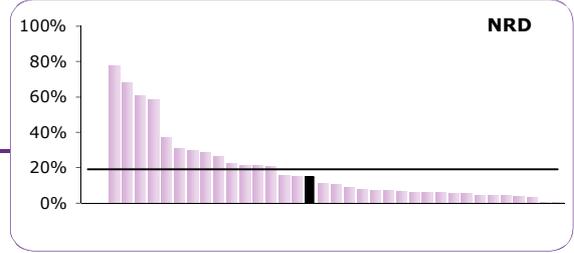
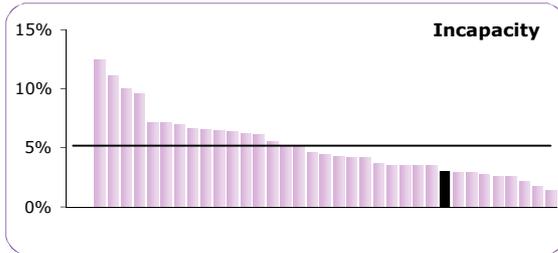
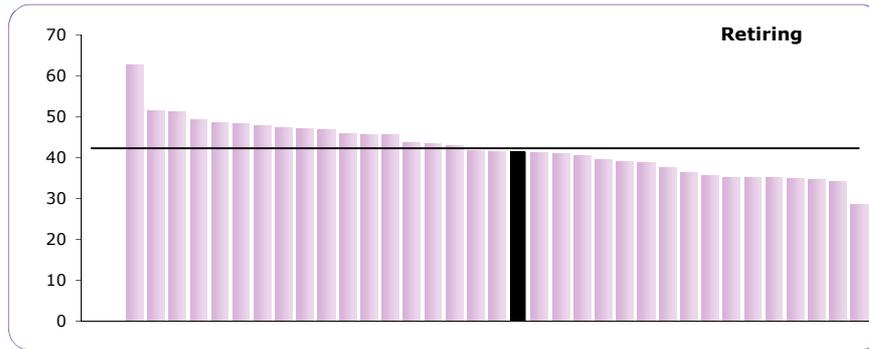


Wiltshire 68% Avg 82%



Wiltshire 68% Avg 82%

**RETIRING (per '000 active members)**

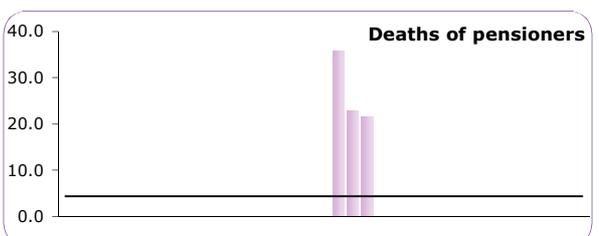
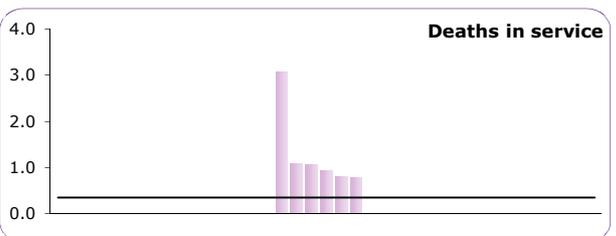
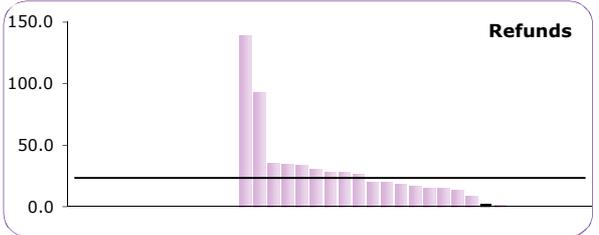
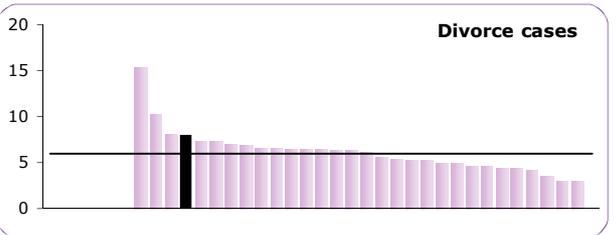
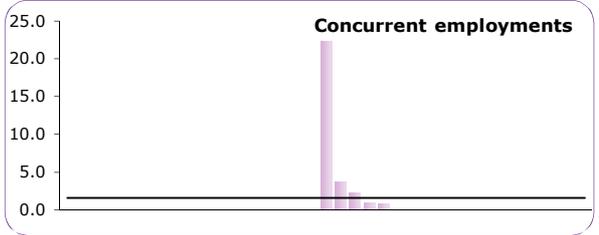
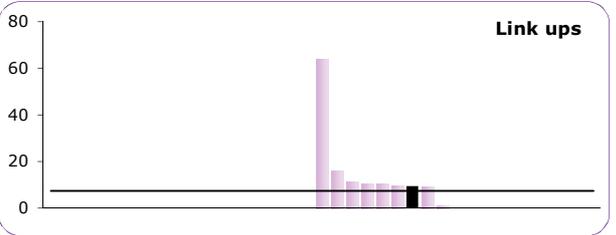
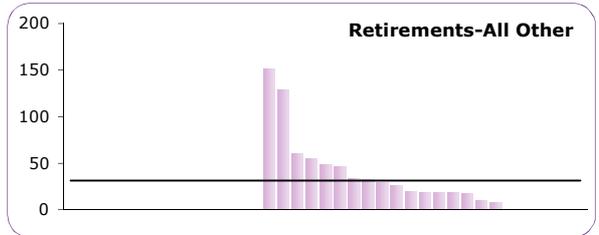
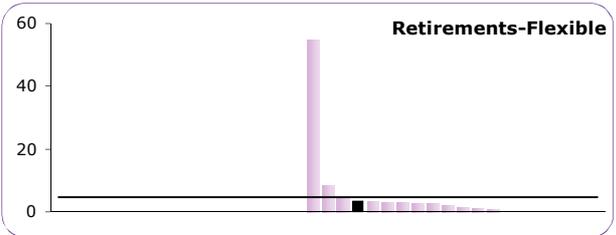
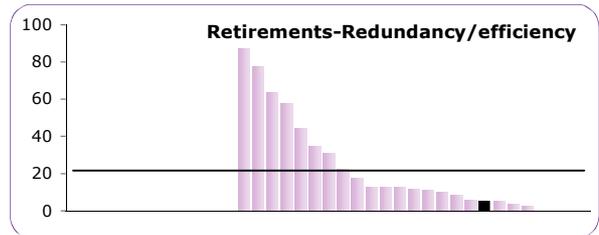
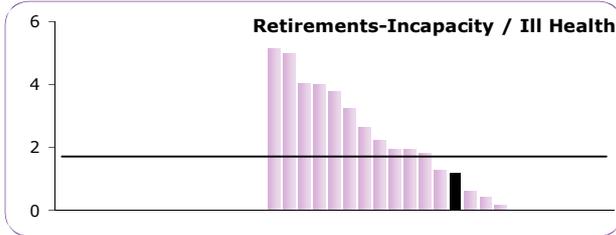
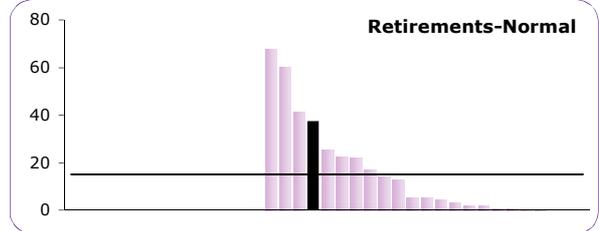
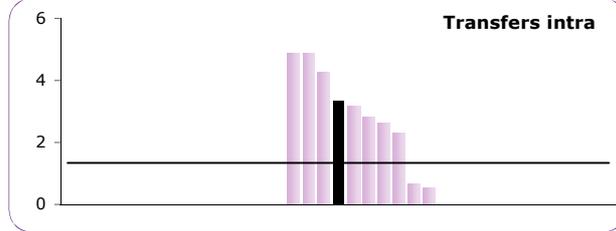
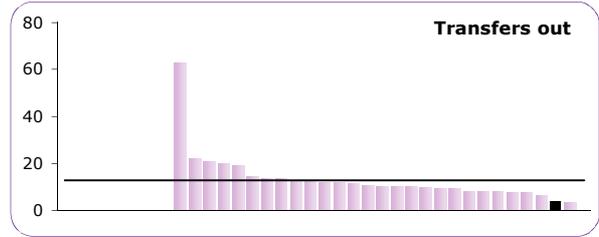
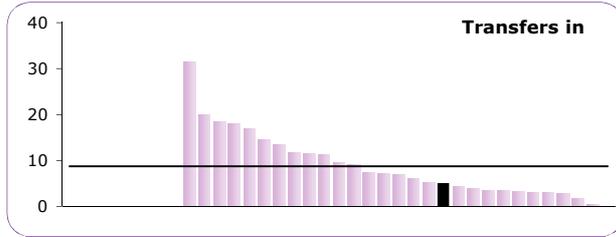


Retirements	No.	%	Avg
Incapacity	24	3%	5%
NRD	120	15%	19%
Pre-NRD	487	60%	45.0%
Post-NRD	94	12%	12%
Redundancy / efficiency	81	10%	15%
Flexible	-	0.0%	3.7%
<b>Total</b>	<b>806</b>		

Retiring (per '000 active members)			
	No.	'000	Avg
Retiring	806	41	42

Active members	
	20,381

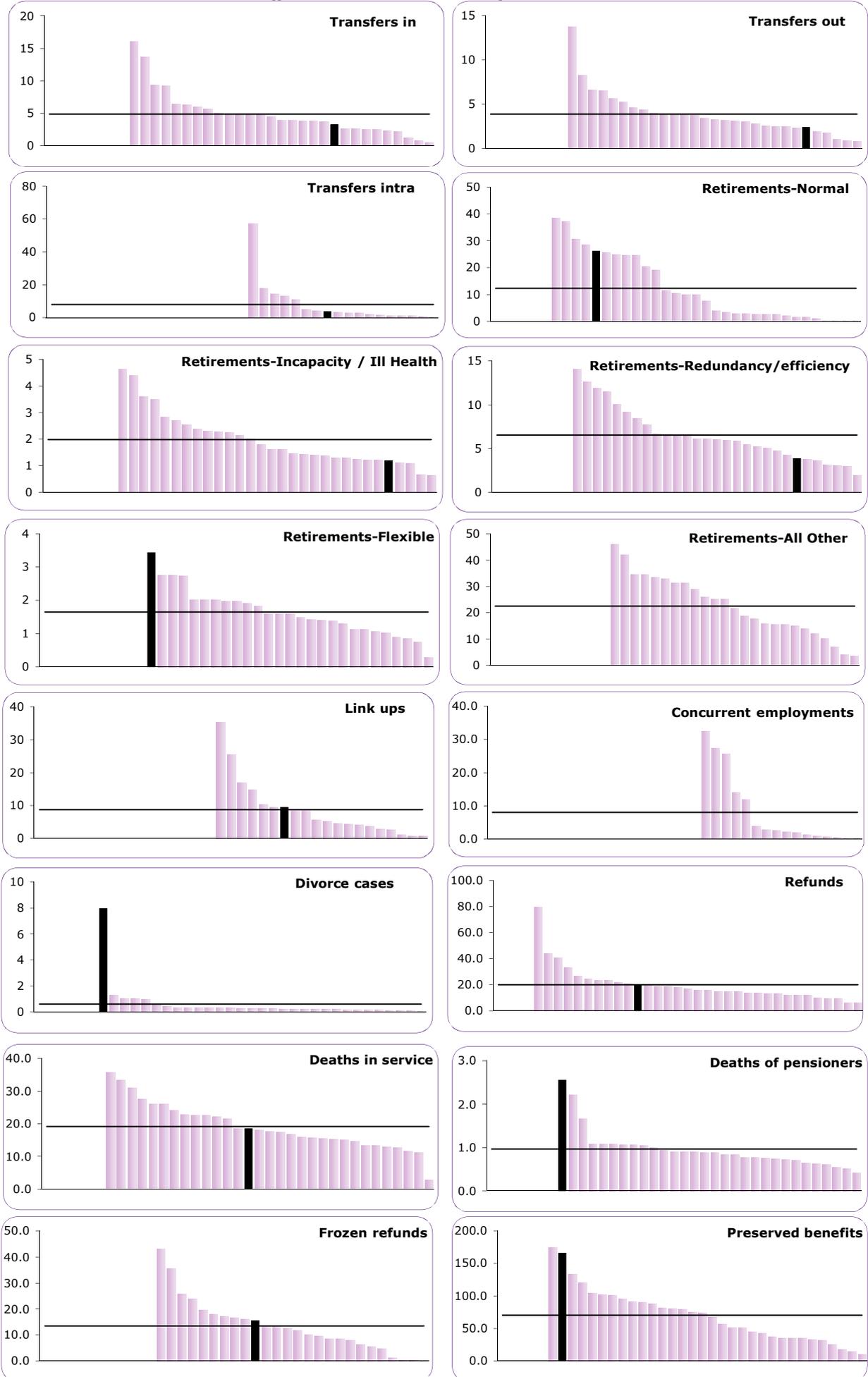
**NUMBER OF QUOTATIONS PROVIDED (per '000 active members)**



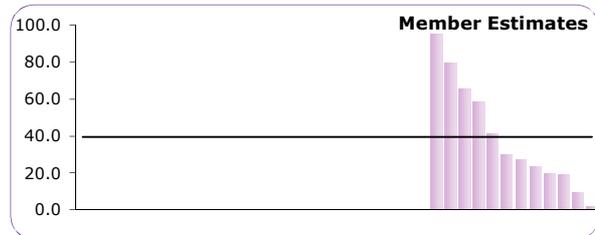
No of bulk transfers	No.	'000	Avg
TUPE -in	na	na	0
TUPE -out	na	na	0
Academies	na	na	0

Active members: 20,381		No.	'000	Avg
<b>Quotations provided</b>				
TUPE -in		na	na	0.0
TUPE -out		na	na	0.0
Academies		na	na	0.0
<b>Retirements:</b>				
- Normal		761	37	15.0
- Incapacity/ill-health		24	1	1.7
- Redundancy/efficiency		103	5	21.6
- Flexible		70	3	4.5
- All other		na	na	31.3
Transfers in		102	5	8.8
Transfers out		73	4	12.8
Transfers intra		68	3	1.3
Link ups		193	9	7.5
Concurrent employments		na	na	1.6
Refunds		49	2	23.3
Divorce cases		162	8	5.9
Deaths in service		na	na	0.4
Deaths of pensioners		na	na	4.5

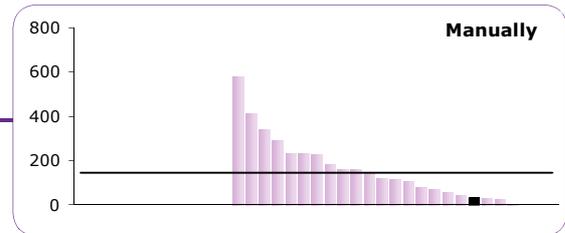
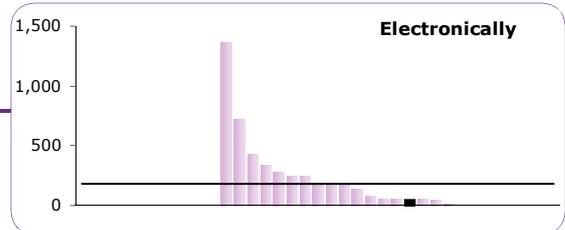
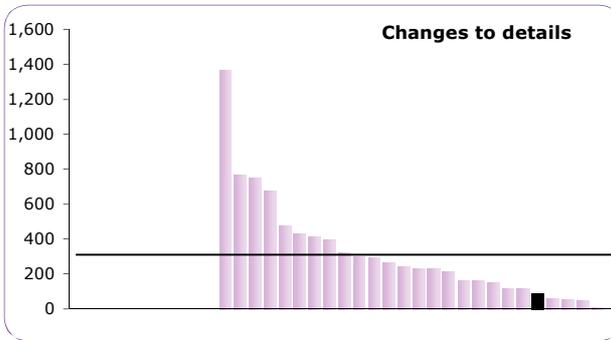
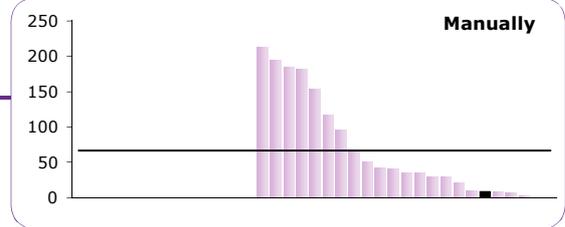
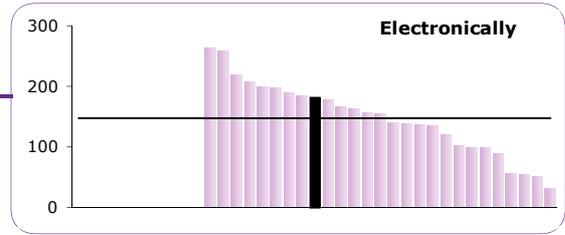
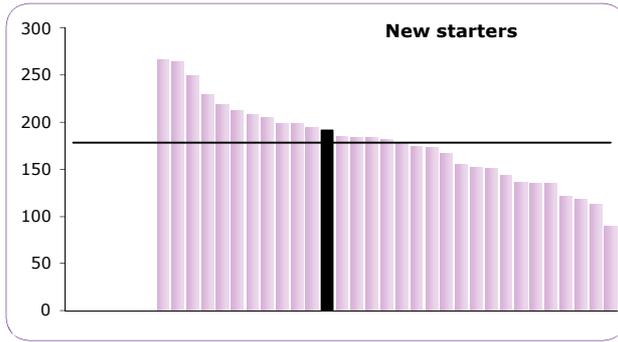
**NUMBER OF ACTUAL EVENTS (per '000 active members)**



<b>Active members:</b>		<b>20,381</b>		
<b>Actual events</b>	<b>No.</b>	<b>'000</b>	<b>Avg</b>	
TUPE -in	na	na	0	
TUPE -out	na	na	0	
Academies	na	na	10	
<b>Retirements:</b>				
- Normal	532	26	12	
- Incapacity/ill-health	24	1	2	
- Redundancy/efficiency	79	4	7	
- Flexible	70	3.4	2	
- All other	..	na	23	
Transfers in	64	3	5	
Transfers out	48	2	4	
Transfers intra	72	4	8	
Link ups	193	9	9	
Concurrent employments	na	na	8	
Refunds	411	20	20	
Frozen refunds	317	15.6	13	
Preserved benefits	3,378	166	71	
Divorce cases	162	8	1	
Deaths in service	377	18.5	19	
Death of pensioners	52	3	1	
Single Status / Job Evaluation	na	na	na	
Members Estimates	na	na	39	



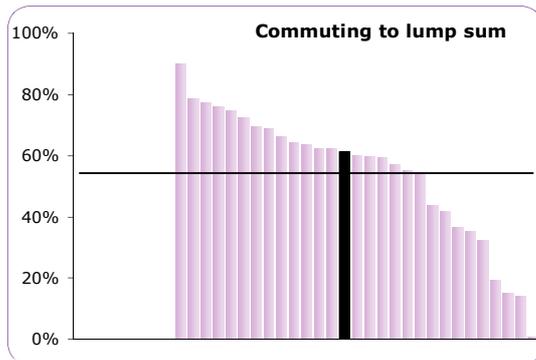
**ACTUAL CALCULATIONS (per '000 active members)**



**RETIREMENTS**

<b>Active members</b>
20,381

**Retirements commuting to lump sum**

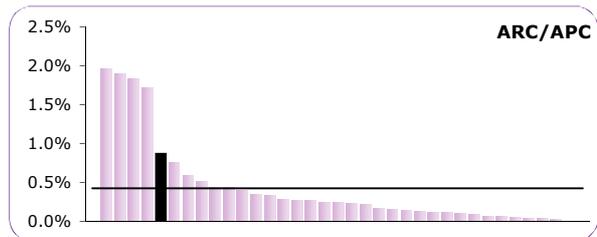
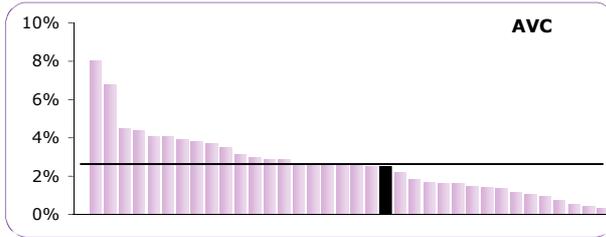


Actual calculations			
	No.	'000	Avg
<b>New starters</b>	<b>3,911</b>	<b>192</b>	<b>178</b>
- electronically	3,722	183	148
- manually	189	9	67
<b>Changes to details</b>	<b>1,798</b>	<b>88</b>	<b>309</b>
- electronically	1,129	55	180
- manually	669	33	146

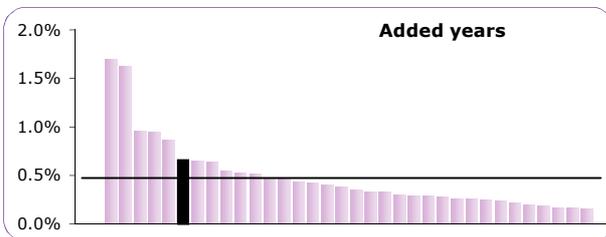
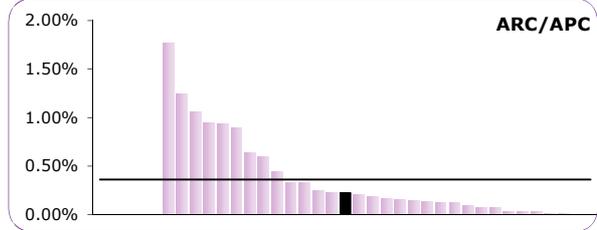
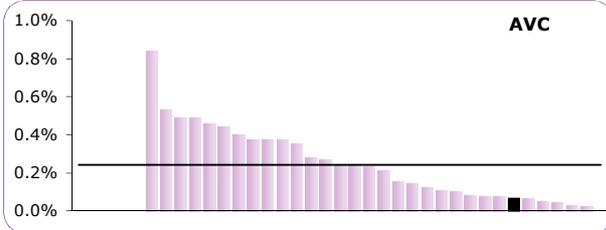
Retirements commuting lump sum		
Number	% total	Avg
495	61%	54%

## AVCs, ARCs and Added years

### % Currently contributing



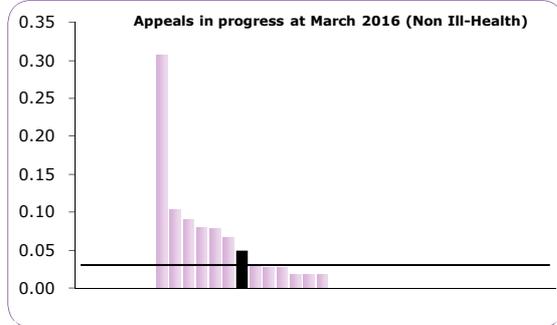
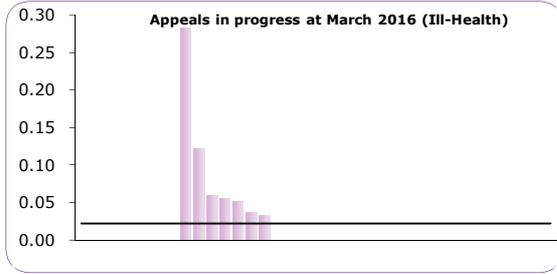
### % New contributors this year



Contributors to AVCs and ARCS			
	No.	%	Avg
<b>Currently contributing</b>			
- AVC	511	2.51%	2.64%
- ARC/APC	179	0.88%	0.42%
- Added years	136	0.67%	0.47%
Total	826	4.05%	3.43%
<b>New contributors this year</b>			
- AVC	14	0.07%	0.24%
- ARC/APC	46	0.23%	0.36%
Total	60	0.29%	0.52%

Active members
20,381

## APPEALS

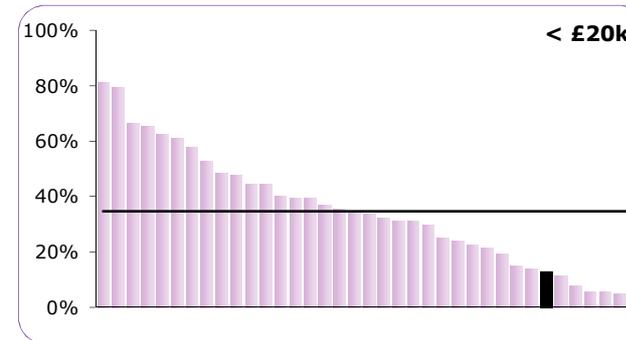
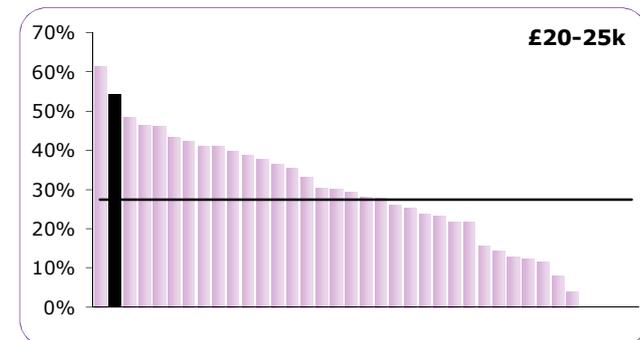
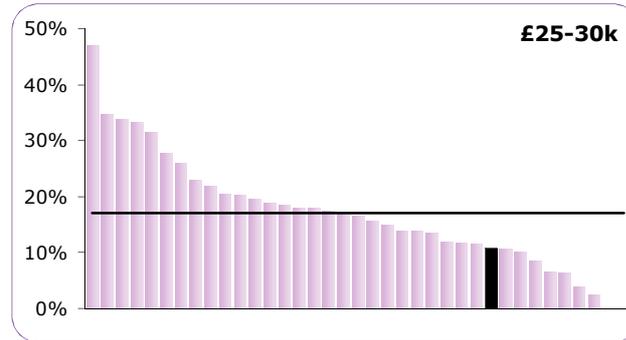
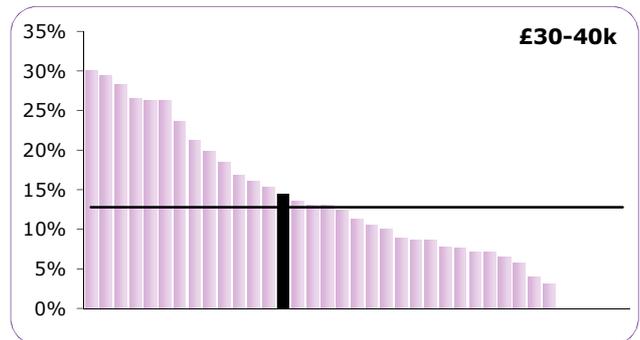
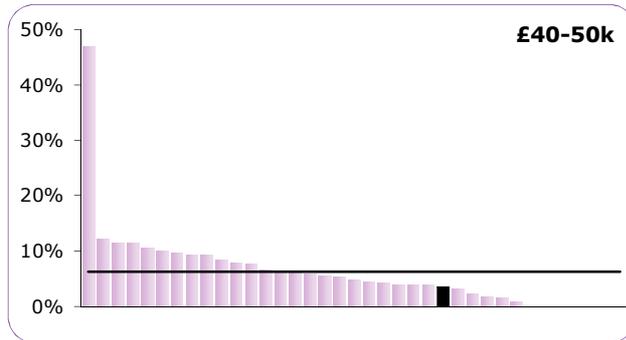
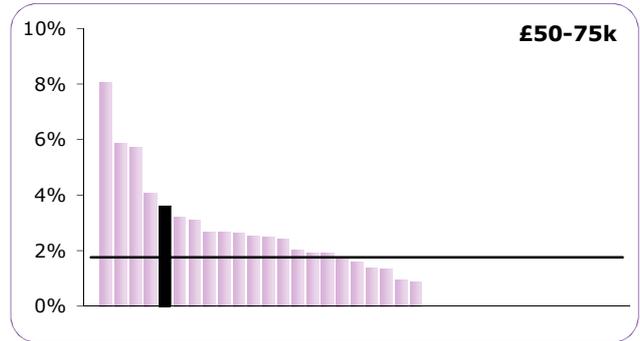
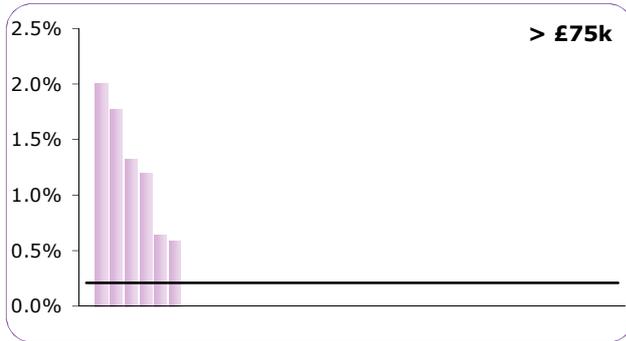


\*Club total: This shows the total for all the Benchmarking Club members 2016

Number of appeals	No.	Per '000 members	Avg	Club* total
<b>Ill-Health</b>				
In progress at start of year	0	0.00	0.03	25
In progress at end of year	0	0.00	0.02	29
<b>Non Ill-Health</b>				
In progress at start of year	0	0.00	0.04	31
In progress at end of year	1	0.05	0.03	27
<b>1st Stage</b>				
Appeals in Progress - 03.15	0	0.00	0.03	27
New Appeals in Year	3	0.15	0.14	194
Appeals Withdrawn	0	0.00	0.01	7
Appeals Upheld	1	0.05	0.03	36
Appeals Not Upheld	1	0.05	0.11	156
Appeals in Progress - 03.16	1	0.05	0.03	22
<b>2nd Stage</b>				
Appeals in Progress - 03.15	0	0.00	0.02	14
New Appeals in Year	0	0.00	0.00	59
Appeals Withdrawn	0	0.00	0.00	-
Appeals Upheld	0	0.00	0.02	17
Appeals Not Upheld	0	0.00	0.05	53
Appeals in Progress - 03.16	0	0.00	0.01	(2)
<b>Ombudsman Referrals</b>				
Appeals in Progress - 03.15	0	0.00	0.01	8
New Appeals in Year	0	0.00	0.01	13
Appeals Withdrawn	0	0.00	0.00	1
Appeals Upheld	0	0.00	0.00	1
Appeals Not Upheld	0	0.00	0.01	10
Appeals in Progress - 03.16	0	0.00	0.01	4

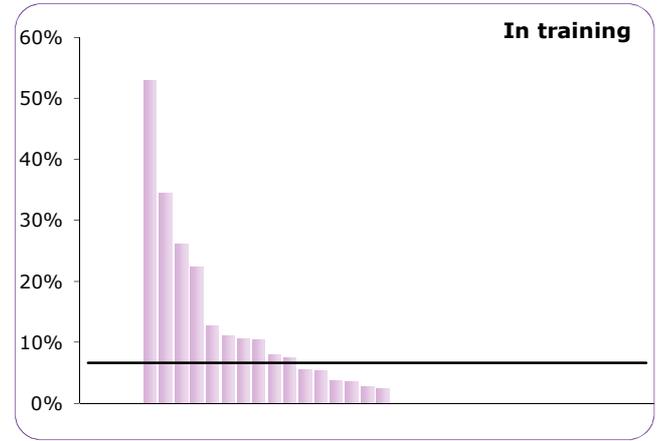
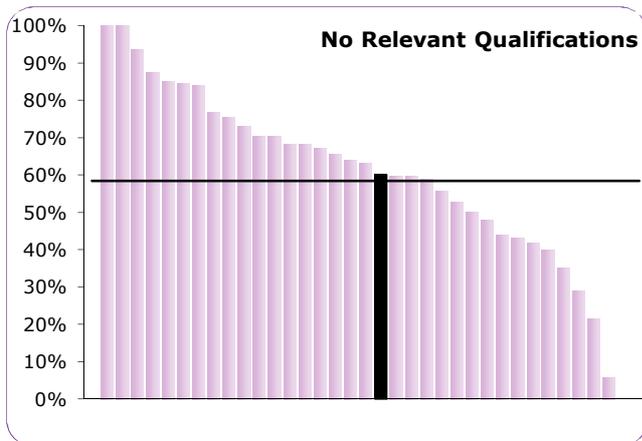
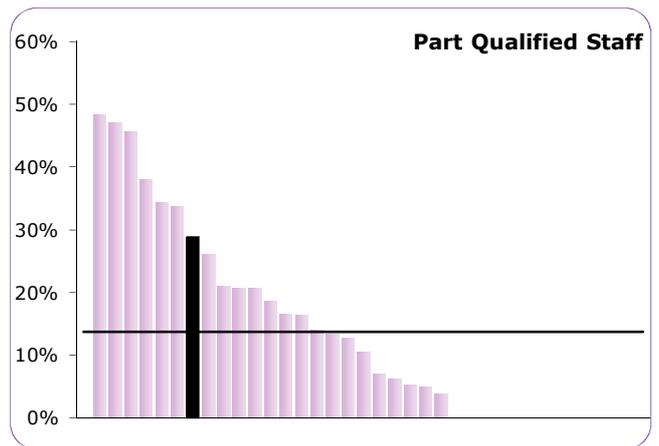
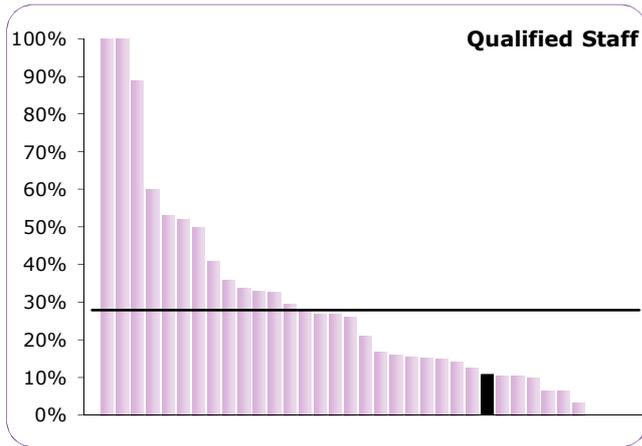
## SECTION 4 - STAFF RELATED MEASURES

### STAFF PAY



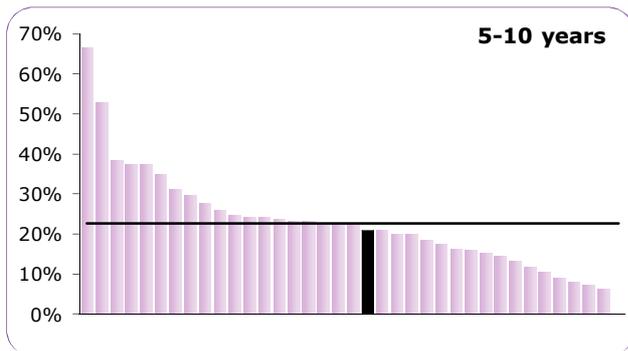
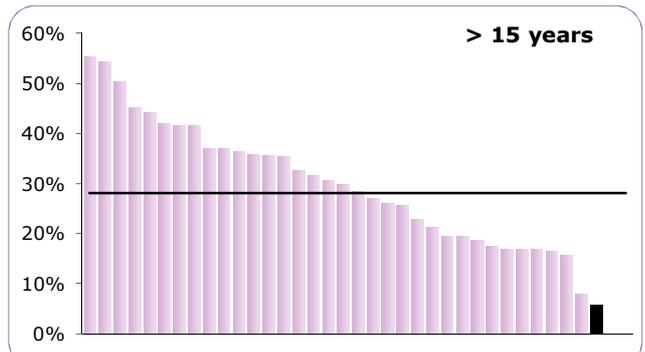
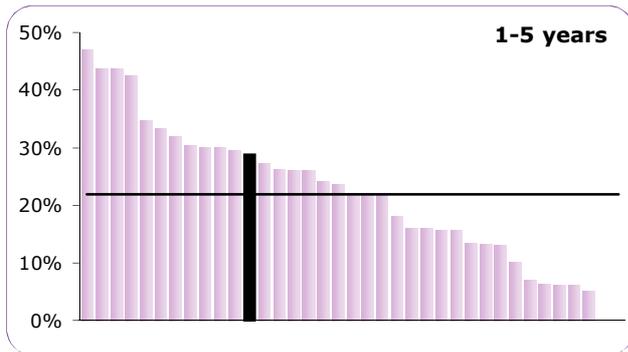
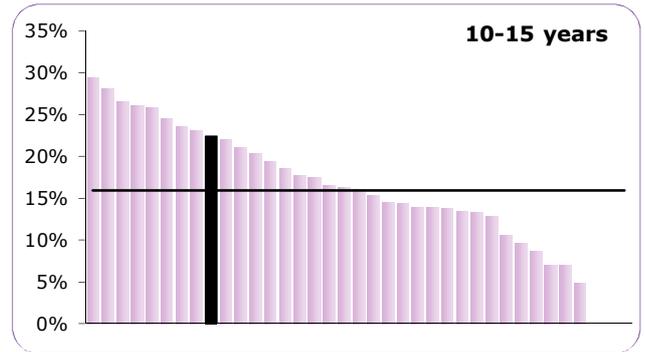
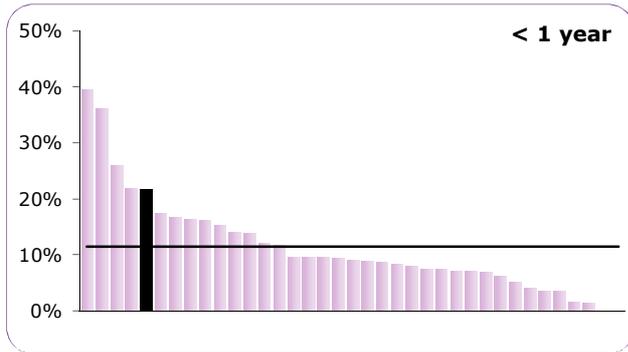
Staff pay			
	FTE	%	Avg
> £75k	0.0	0%	0.2%
£50-75k	1.0	4%	1.7%
£40-50k	1.0	4%	6.2%
£30-40k	4.0	14%	12.8%
£25-30k	3.0	11%	17.0%
£20-25k	15.0	54%	27.4%
< £20k	3.6	13%	34.7%
<b>Total</b>	<b>27.6</b>		

## STAFF QUALIFICATIONS



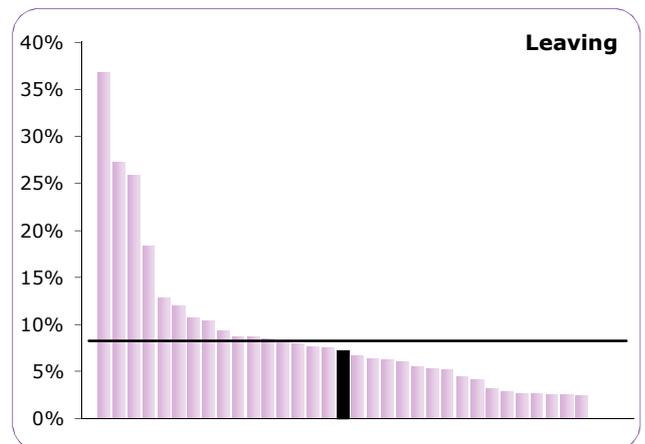
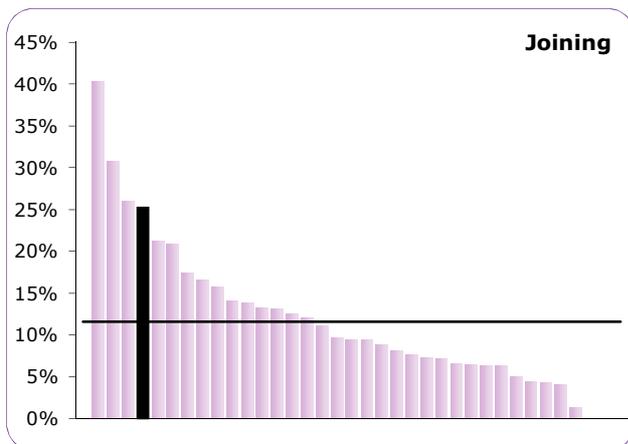
Staff qualifications			
	FTE	%	Avg
Qualified Staff	3.0	11%	28%
Part Qualified Staff	8.0	29%	14%
No Relevant Qualifications	16.6	60%	58%
<b>Total</b>	<b>27.6</b>		
Number in Training	..	na	7%

## STAFF PENSIONS EXPERIENCE



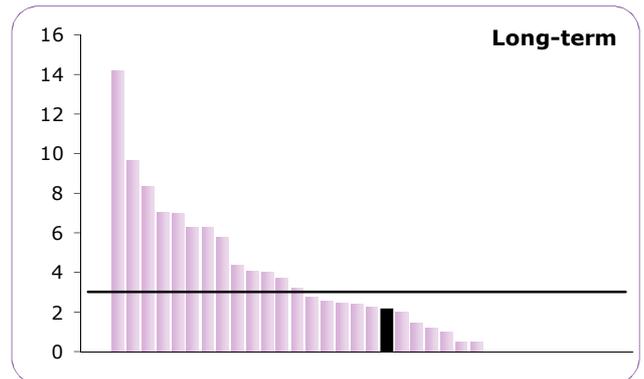
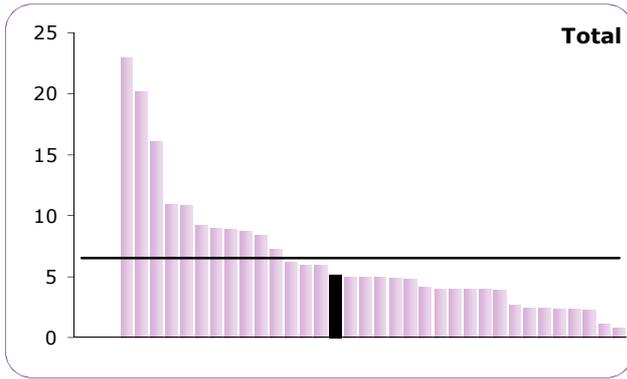
Staff experience			
	FTE	%	Avg
< 1 year	6.0	22%	11%
1-5 years	8.0	29%	22%
5-10 years	5.8	21%	23%
10-15 years	6.2	22%	16%
> 15 years	1.6	6%	28%
<b>Total</b>	<b>27.6</b>		

## STAFF TURNOVER



Staff Turnover			
	FTE	% change	Avg
Staff at 1/4/2015	22.6		
+ Staff joining Pension section	7.0	25.4%	11.6%
- Staff leaving Pension section	2.0	7.2%	8.3%
Staff at 31/3/2016	27.6	22.1%	4.6%

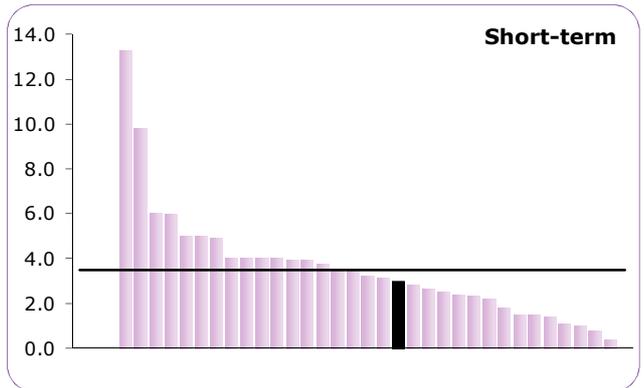
## SICKNESS ABSENCE



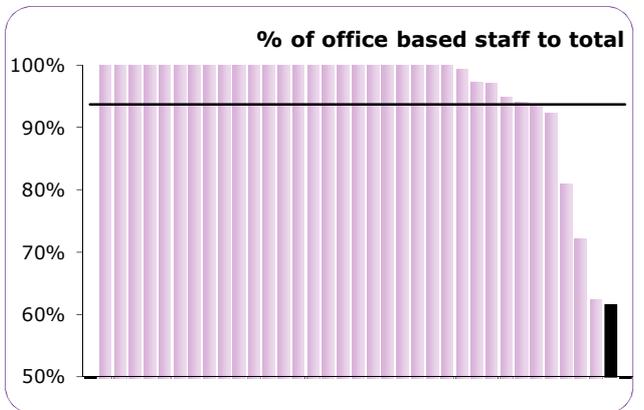
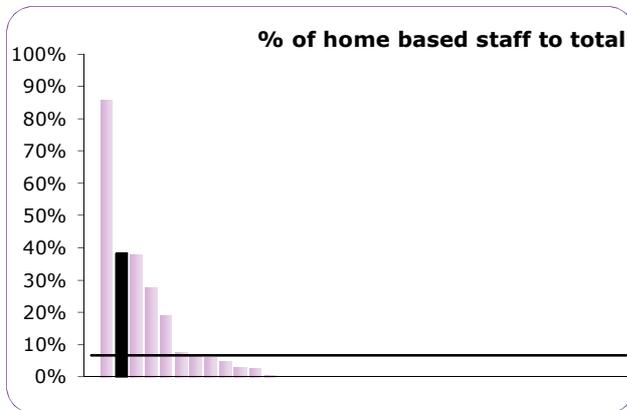
Sickness absence	Days/FTE	Avg
Long-term sickness	2.2	3.0
Short-term sickness	3.0	3.5
<b>Total</b>	<b>5.2</b>	<b>6.5</b>

Long-term sick (periods of sickness over 20 working days)

Short-term sick (periods of sickness of 20 days or less)



## STAFF LOCATION

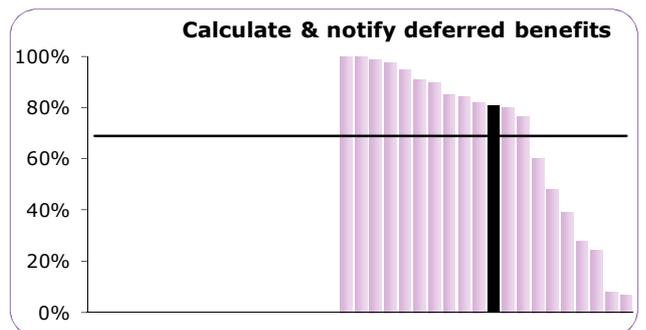
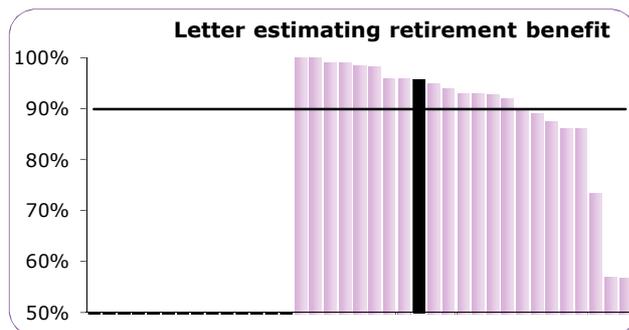
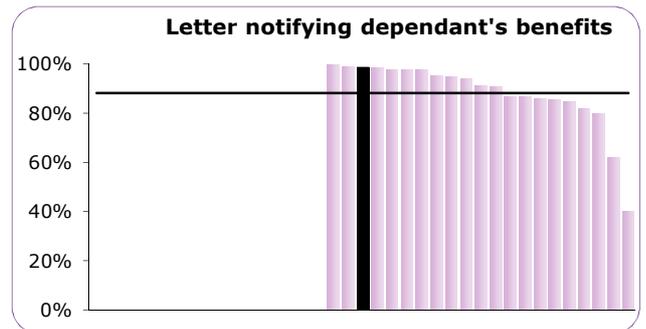
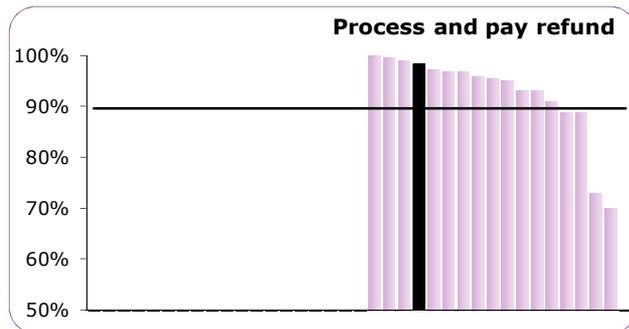
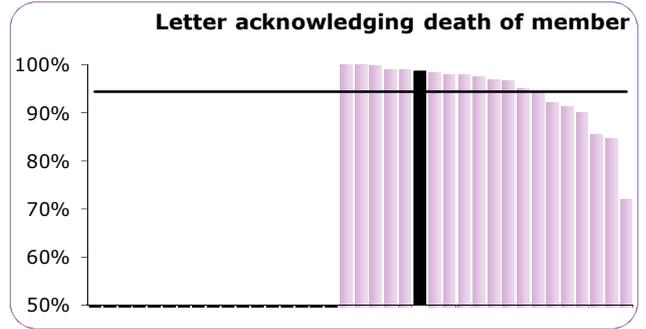
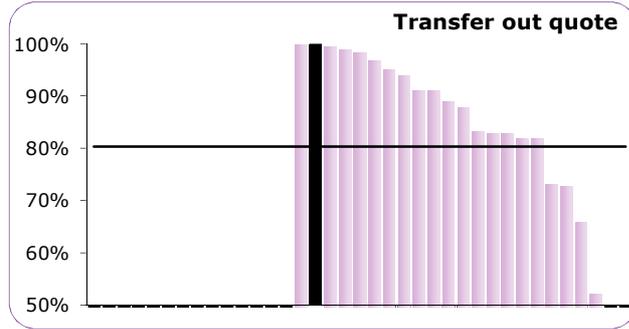
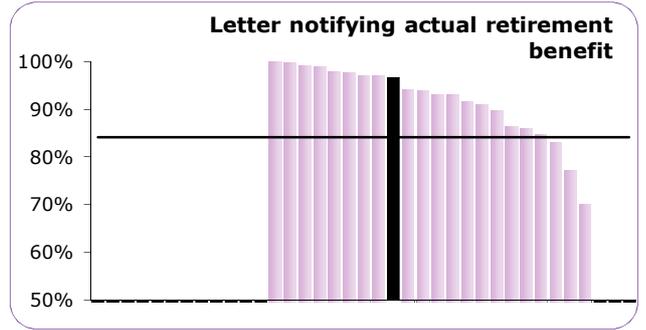
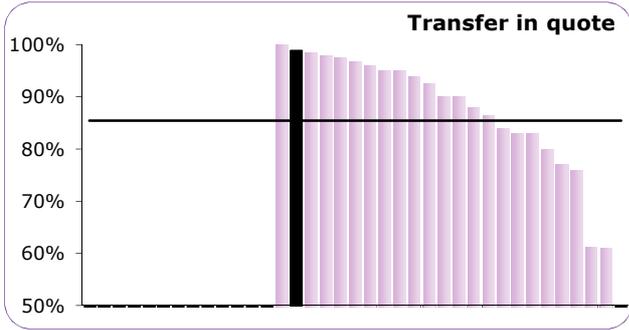


Staff location	FTE	Avg	% to total FTE	Avg
Home based	10.6	2.1	38%	7%
Office based	17.0	33.2	62%	94%
<b>Total</b>	<b>27.6</b>			

Office Based: Staff members who spend >50% of their contracted time working in the office

Home Based: Staff members who spend 50% of their contracted time working from home.

## SECTION 5 - INDUSTRY STANDARD PI's



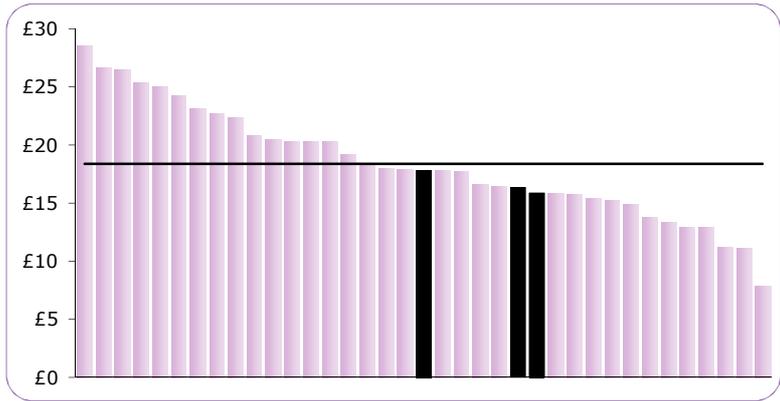
Industry Standard PI's	Target	Achieved	Avg
Letter detailing transfer in quote	10 days	99.0%	85.4%
Letter detailing transfer out quote	10 days	100.0%	80.3%
Process and pay refund	5 days	98.4%	89.6%
Letter notifying <b>estimate</b> of retirement benefit	10 days	95.8%	89.9%
Letter notifying <b>actual</b> retirement benefit	5 days	96.7%	84.1%
Process and pay lump sum retirement grant	5 days	99.0%	84.3%
Letter acknowledging death of member	5 days	98.7%	94.3%
Letter notifying amount of dependant's benefits	5 days	98.8%	88.1%
Calculate and notify deferred benefits	10 days	80.8%	68.8%

# SECTION 6 - COMPARISON BY METHOD OF SERVICE DELIVERY

## COMPARISON OF OUTSOURCED/IN-HOUSE MEMBERS

Total members with data:	38
Outsourced members:	3

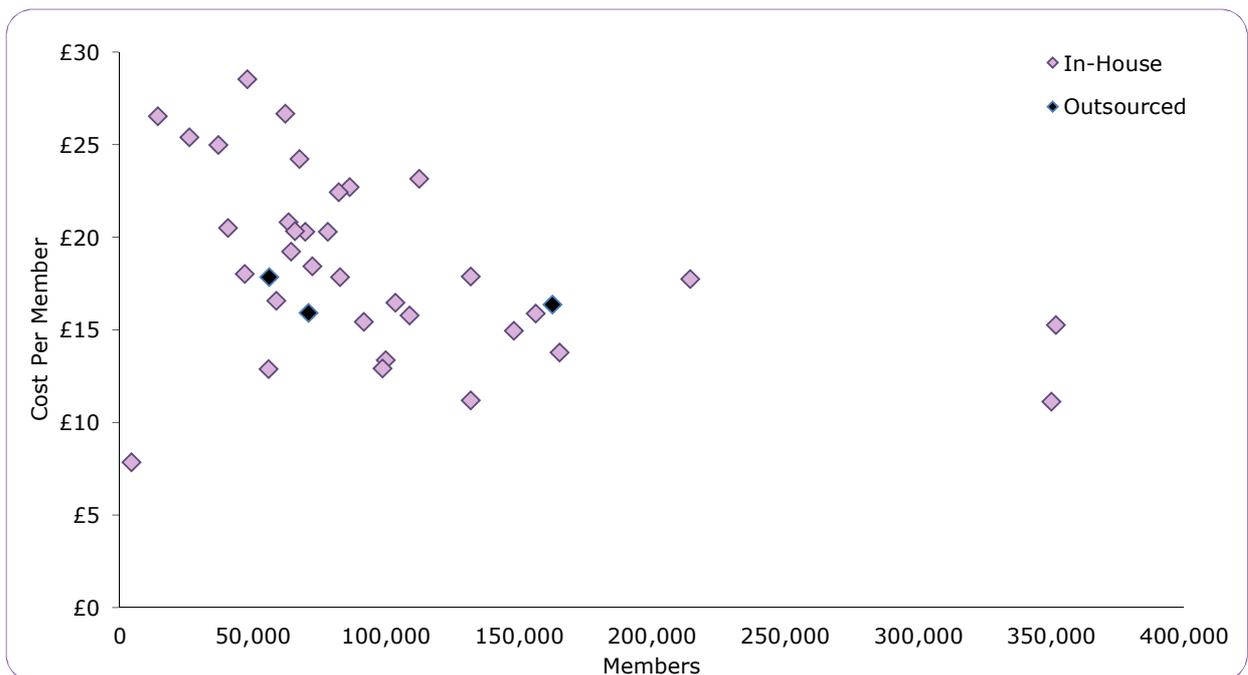
## LGPS ADMIN COST PER MEMBER (INCLUDING PAYROLL)



*Black bars show outsourced members*

	Cost	Members	Cost per Member
Wiltshire	£1,338	65,768	£20.34
Club average	£1,683	99,473	£18.37
Outsourced average	£1,595	96,455	£16.71
In-house average	£1,690	99,740	£18.52

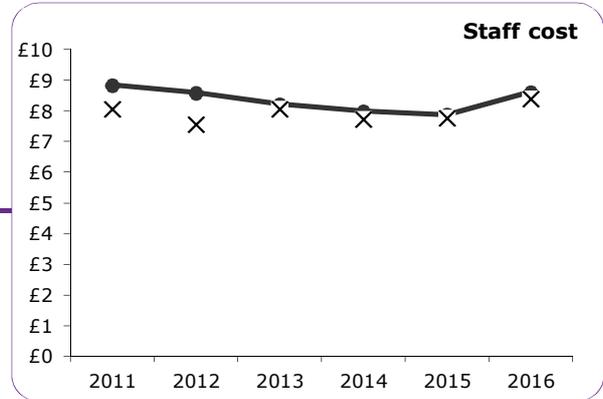
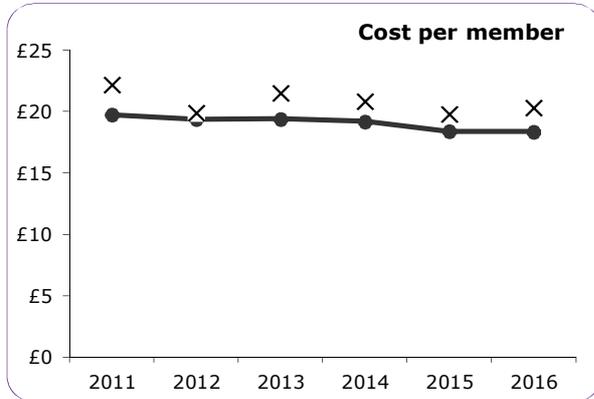
## COST PER MEMBER COMPARED WITH NUMBER OF MEMBERS



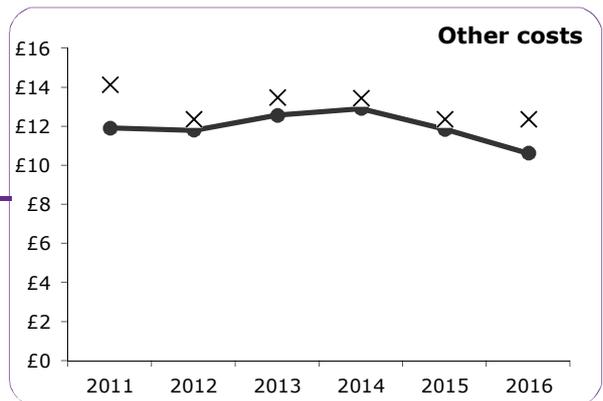
## SECTION 7 - TIMESERIES

The 2016 averages are the actual club averages.

For previous years, the averages shown here are scaled up or down from the 2015 figure based on the average rate of change in each year. This is calculated using data from members who supplied figures in consecutive years, otherwise the simple average in each year would be distorted by changes in the composition of the club from year to year.



**KEY:**  
 Club average  
 Wiltshire



Time series analysis						
	2011	2012	2013	2014	2015	2016
Members	51,751	54,122	56,585	60,212	63,319	65,768
Net cost (£'000)	1,149k	1,079k	1,219k	1,256k	1,256k	1,338k
Cost per member	£22.20	£19.94	£21.54	£20.86	£19.84	£20.34
Average	£19.75	£19.39	£19.40	£19.19	£18.41	£18.37
Staff cost	£8.08	£7.58	£8.08	£7.74	£7.79	£8.41
Average	£8.85	£8.60	£8.22	£7.99	£7.88	£8.62
Other costs	£14.12	£12.36	£13.47	£13.42	£12.35	£12.36
Average	£11.90	£11.79	£12.55	£12.90	£11.84	£10.61



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To learn more about other benchmarking clubs in areas such as Adult Social Care, Children's Services and Customer Contact, or to see our Value for Money indicator stream, please see our website:

[www.cipfa.org/services/benchmarking](http://www.cipfa.org/services/benchmarking)

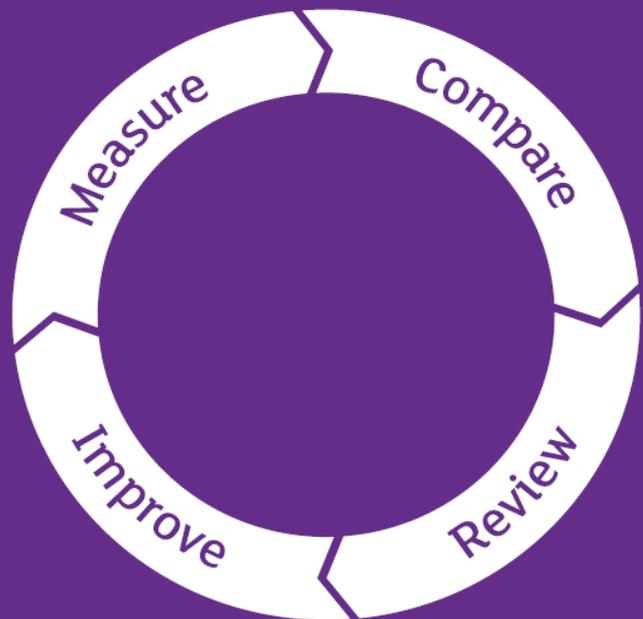
### Contact us

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[www.cipfa.org/corporateservices](http://www.cipfa.org/corporateservices)

For more information about how CIPFA Benchmarking can help your organisation or to sign up today contact:

E: [customerliaison@cipfa.org](mailto:customerliaison@cipfa.org) T: 020 7543 5600



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**LOCAL PENSION BOARD - WORK PLAN**

Meeting:	16-Jul-15	22-Oct-15	14-Jan-16	07-Apr-16	20-Jul-16	20-Oct-16	25-Jan-17	06-Apr-17	13-Jul-17	18-Oct-17	Jan 18	Apr 18	Jul 18	Oct 18	Jan 19
<b>Standard Items:</b>															
Membership	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Attendance of Non Members	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Apologies for absence	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Minutes of last Board & matters arising not on agenda		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Chairman's announcements	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Declaration of Interest	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Public Participation	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Date of Next Meeting	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Urgent Items	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>Main business items:</b>															
<b>Board Governance</b>															
Election of Vice Chair	✓				✓				✓				✓		
Board Budget setting			✓				✓				✓				✓
Board KPIs to monitor				✓	✓			✓				✓			
Board Annual Report				✓	✓			✓				✓			
Review Board's Terms of Reference (if and as required)	✓				✓				✓				✓		
Board Annual Training Plan Update	✓	✓	✓			✓				✓				✓	
Training Item relevant to agenda		COI & Code of Conduct	tPR Code 14 and record keeping	2016 Triennial Valuation	Investment Pooling & the Brunel Pension Partnership	Brunel Pension Partnership update		Data protection and quality standards	Complaints and dispute handling	Fraud prevention and mitigation	Annual Reporting requirements	TBC	TBC	TBC	TBC
Code of Conduct & Conflicts of Interest Policy	✓	✓				✓				✓				✓	
Role & purpose of the LPB	✓														
Forward Work Plan Review	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Review - how did the Board do?		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Meeting:	16-Jul-15	22-Oct-15	14-Jan-16	07-Apr-16	20-Jul-16	20-Oct-16	12-Jan-17	06-Apr-17	13-Jul-17	18-Oct-17	Jan 18	Apr 18	Jul 18	Oct 18	Jan 19
<b>Fund Governance</b>															
Scheme Legal, Regulatory & Fund update	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Review of Risk Register		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Fund update & comments on minutes of PC & ISC	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Review Governance Compliance Statement				✓				✓				✓			
Review Fund Training Programme			✓				✓				✓				✓
Review all Fund Declarations of Interest				✓				✓				✓			
tPR Code of Practice 14/record keeping compliance survey results				✓				✓				✓			
Results of national LGPS KPI survey and Funds own KPIs								✓		✓				✓	
Review external advisor appointments process/controls and internal SLAs										✓				✓	
Review Triennial Valuation Process						✓									
Review Triennial Valuation Results							✓								
Review fund delegations and internal controls									✓						✓
Review CIPFA Admin, WM investment and other Fund benchmarking results							✓				✓				✓
Meeting:	16-Jul-15	22-Oct-15	14-Jan-16	07-Apr-16	20-Jul-16	20-Oct-16	12-Jan-17	06-Apr-17	13-Jul-17	18-Oct-17	Jan 18	Apr 18	Jul 18	Oct 18	Jan 19
<b>Fund Plans, Policies &amp; Strategies</b>															
Review Fund Annual Business Plan	✓		✓				✓				✓				✓
Review Admin Strategy & Charge Out Rates			✓							✓	✓				✓
Review Admin Authority Discretions			✓								✓				
Review Funding Strategy Statement						✓									
Review Statement of Investment Principles/compliance with FRC stewardship code					✓				✓				✓		
Review Investment Strategy Statement								✓							

Meeting:	16-Jul-15	22-Oct-15	14-Jan-16	07-Apr-16	20-Jul-16	20-Oct-16	12-Jan-17	06-Apr-17	13-Jul-17	18-Oct-17	Jan 18	Apr 18	Jul 18	Oct 18	Jan 19
<b>Administration</b>															
Review employers compliance (data)									✓				✓		
Review Fund fraud risk prevention and mitigation measures										✓				✓	
Review Fund website contents/resilience									✓						✓
Review of Fund IDRPs procedures & cases									✓						✓
Review Fund Communications (employers/members)				✓				✓				✓			
Review of Data Security & Business Recovery									✓				✓		
Review GMP reconciliation process										✓					
Benchmark Annual Report with other Funds								✓							
Review of Annual Benefit Statement process						✓									
<b>Financials &amp; Audit</b>															
Review Fund Annual Report		✓				✓				✓				✓	
Review Fund Annual Accounts		✓			✓				✓				✓		
Review Internal Audit Report	✓	✓			✓				✓				✓		
Review External Audit Report		✓				✓				✓				✓	
Input to Annual External Audit Plan				✓				✓				✓			
Input to Annual Internal Audit Plan							✓			✓				✓	
<b>Total number of Agenda Items:</b>	21	24	24	25	25	25	23	28	28	28	24	25	25	26	26

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