

# AGENDA

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**Meeting:** Local Pension Board  
**Place:** West Wiltshire Room - County Hall, Bythesea Road, Trowbridge, BA14 8JN  
**Date:** Thursday 23 May 2019  
**Time:** 10.30 am

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Please direct any enquiries on this Agenda to Jim Brewster, of Democratic Services, County Hall, Bythesea Road, Trowbridge, direct line 01225 718242 or email [jim.brewster@wiltshire.gov.uk](mailto:jim.brewster@wiltshire.gov.uk)

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## Membership:

Howard Pearce (Chairman)  
Cllr Richard Britton  
Sarah Holbrook  
Barry Reed  
David Bowater  
Mike Pankiewicz

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Please see the agenda list on following pages for details of deadlines for submission of questions and statements for this meeting.

For extended details on meeting procedure, submission and scope of questions and other matters, please consult [Part 4 of the council's constitution](#).

The full constitution can be found at [this link](#).

For assistance on these and other matters please contact the officer named above for details

# Items to be considered

## PART 1

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

1 **Apologies**

To receive any apologies for absence.

2 **Local Pension Board Part 1 Minutes and LPB Action Log**  
*(Pages 7 - 18)*

To confirm as a true and correct record the minutes of the previous meeting held on 24 January 2019.

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

3 **Declarations of Interest**

To receive any declarations of disclosable interest.

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

4 **Chairman's Announcements**

To receive any announcements through the Chairman.

5 **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 Thursday 16 May 2019 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.

6 **Minutes and Key Decisions of the Wiltshire Pension Fund Committee and Investment Sub Committee** (Pages 19 - 26)

To consider the Part 1 (public) minutes of the Wiltshire Pension Fund Committee held on 14 March 2019.

7 **Training Item: Changes to the Annual Report & Accounts Guidance**

A short presentation by the Investment Manager on the changes made by CIPFA to the annual report and accounts guidance.

8 **Internal Audit Report** (Pages 27 - 50)

A paper summarising the outcome of latest Internal Audit reports on key controls, GDPR & Fund transfers. Internal Audit's reports are included in the appendix.

9 **Scheme legal, regulatory and Fund update** (Pages 51 - 56)

A report providing an update on the latest Scheme, Legal, Regulatory and Fund developments for the Board's information.

10 **Risk Register update** (Pages 57 - 68)

A report presenting the current Risk Register for the Wiltshire Pension Fund for review by the Board.

11 **Administration Key Performance Indicators** (Pages 69 - 78)

A report presenting the fund's administration key performance indicators for review by the board.

12 **WPF Business Plan 2019-2022** (Pages 79 - 90)

The new business plan which was approved by the Wiltshire Pension Fund Committee on 14 March 2019.

13 **Data Improvement Strategy and Plan** (Pages 91 - 106)

The new Data Improvement Plan which was approved by the Wiltshire Pension Fund Committee on 14 March 2019.

14 **Clarification of the roles of the Local Pension Board and Committee** (Pages 107 - 110)

An update of the developments since a focus group took place on

23 January 2019.

15 **Draft Local Pension Board Annual Report** *(Pages 111 - 140)*

The Chair and officers present the latest draft LPB annual report for approval by the board.

16 **How did the Board do?**

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

17 **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.

18 **Date of next meeting and Forward Plan** *(Pages 141 - 144)*

The next meeting of the Board will be held on 22 August 2019.

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

19 **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 20 – 22 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.

20 **Brunel Pension Partnership update**

A verbal update by the Investment Manager

21 **Minutes and Key Decisions of the Wiltshire Pension Fund Committee and Investment Sub-Committee and Brunel Partnership Oversight Board** *(Pages 145 - 174)*

To consider the Part 2 (private) minutes of the meetings of the Wiltshire Pension Fund Committee held on 14 March 2019 and the Investment Sub-Committee held on 21 February 2019.

To also consider the minutes of the Brunel Partnership Oversight Board held on 14 November 2018 and 31 January 2019.

22 **Private Part 2 Minutes LPB 24th-Jan-2019 10.00 Local Pension Board** *(Pages 175 - 184)*

To confirm the part 2 (confidential) minutes of the Local Pension Board meeting held on 24 January 2019.

## LOCAL PENSION BOARD

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### MINUTES OF THE LOCAL PENSION BOARD MEETING HELD ON 24 JANUARY 2019 AT WEST WILTS COMMITTEE ROOM, COUNTY HALL, BA14 8JN.

#### Present:

Cllr Richard Britton, Sarah Holbrook, Mike Pankiewicz, Howard Pearce (Chairman) and Barry Reed

#### Also Present:

Cllr Tony Deane and Cllr Tom Rounds

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#### 1 Welcome

The Chairman welcomed all to the meeting including the Associate Director for Finance & Procurement, Chair and members of Wiltshire Pension Fund Committee, officers from pensions team and a representative of the press.

#### 2 Apologies

Apologies were received from David Bowater.

#### 3 Minutes and action tracking

Officers reported that the action log had been edited and subject to revision due to considerations arising from ongoing internal review.

The following actions were subject to update.

Action 12.10 That the fund pays for its audit was confirmed.

Action 12.15 The planned review of Investment Strategy Statement and Strategic Asset Allocation will be conducted over the coming months. Factors arising from Environmental Social Governance concerns will be addressed throughout this process of planned review.

Action 13.2 - LPB Chairman's review of the Fund's Annual Report was classed as completed

Action 13.5 – Further details on the key contract costs be presented to the Wiltshire Pension Fund Committee was classed as completed

Action 13.9 - The Chairman to approach Multi-Academy Trusts for an Employer Member Representative was classed as completed

**Resolved:**

**The minutes from the previous Local Pension Board held on 11 October 2018 were confirmed.**

**Action 7.15 Revise parameters of benchmarking to base this work upon outputs that have been developed as standard metrics across similar funds and that are practical and affordable.**

**Action 8.7 The details of this action would be amended to note that the Fund will use the new Annual Report format produced by CIPFA as a means to identify the most meaningful and useful KPIs which can be compared across Funds. Due to methodological complications, metrics on costs-per-process would not be actioned. The recommendation to measure performance against statutory timeframes would remain. This basket of KPIs would be shared across Board and Committee.**

**4 Declarations of Interest**

There were no declaration of interests.

**5 Chairman's Announcements**

The Chair announced that members of the Board and an Officer had attended the LPGS Governance Conference in Bristol 17 and 18 January 2019. Horizon scanning at the conference covered anticipated case law, the introduction of four year valuation cycle, the pensions dashboard and member training.

**6 Public Participation and Councillors Questions**

There were no public questions or statements.

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

The Board considered the key decisions of the Wiltshire Pension Fund Committee meeting held on 12 December 2018 and noted the emergence of a new way of working between Board and Committee.

The Associate Director for Finance & Procurement, outlined ongoing discussion on how the benefits of each governing body could be fully realised so as to drive the pension fund forward through a more holistic approach to governance. The relationship between Board and Committee was emphasised as being iterative and two-way.



The Chair emphasised that the Board is not a decision-making body and that its primary focus was in supporting the Committee through advising on compliance.

Tony Deane, Chair of Wiltshire Pension Fund Committee, highlighted how the Hymans Robertson survey of members had surfaced duplication between Board and Committee that could be streamlined through better co-ordination.

Richard Britten requested that it be noted he was listed as being present as an elected member when he is not present in that capacity.

**Resolved:**

**The Board noted the minutes of the previous Wiltshire Pension Fund Committee held on 12 December 2018.**

**8 Training Item: Introduction of new software and use of new online services**

Officers talked through three new online services; Member Self-Service, Docmail, and iConnect. Member Self-Service allows members to manage key aspects of their account. Docmail improves member communications by enabling more efficient mailshot operations. iConnect allows data exchange between employers and the administering authority.

These changes should make for greater efficiency and could reduce costs. 100% take up of services by members was held to be an unrealistic aim whilst 30-40% take up of Member Self-Service would deliver significant cost savings. Implementation of these software applications were recognised as significant pieces of work and in some cases would take three to five years to complete.

**Resolved:**

**The Board noted the impact of the new services detailed in the report.**

**The Chair requested that an update be brought to Board and Committee in 12 months to allow assessment of efficiencies and cost-reductions derived from these services.**

**9 Governance Effectiveness Review**

Officers talked through the completed Hymans Robertson 'Effectiveness Review' highlighting the concerns and the room for improvement that it had evidenced. A discussion on priorities emphasised the inter-relation of the

aspects addressed by the review, but training was highlighted as being of pre-eminence.

Following discussion on the cost of the review, it was suggested that the review be repeated at regular intervals.

**Resolved:**

**The Board noted the value of the Effectiveness Review and agreed with proposal for officers to address the recommendations stated in the report.**

10 **LPB self-assessment against its achievement of its core functions 2015-2018**

Officers talked through a report that indicated the Local Pension Board to be achieving up to 75% of its core functions. Areas of development were to be included in a future programme of work. The impact of ongoing technological change was illustrated with reference to iConnect. iConnect granted more control over data exchange with employers and therefore would extend the range of functions that can be improved by the administration team.

The Chair suggested that the annual or quarterly iteration of core functions be reviewed to ensure a balance between operations and strategy within capacity limitations. Given the increasing quantity of guidance to local pension funds, ensuring that there is a well-understood, efficient and effective working relationship between Board and Committee is all the more necessary.

**Resolved:**

**The Board noted the self-assessment.**

**The Board recommended that the frequency of assessment against core functions be better balanced with capacity within the team to conduct this self-assessment.**

11 **LPB Training policy and plan for 2019-2020**

Officers talked through a tabled report that outlined a programme of training for the next three years.

The Chair thanked the team and expressed support for the whole document that enabled both Board and Committee to respond appropriately to the increasing demands of regulation and guidance. The value of shared training for Board and Committee was highlighted as well as the need for specific training targeted at either Board and Committee.

Cllr Tony Deane, Chair of Wiltshire Pension Fund Committee, raised concerns that training requirements do not become impediments to recruiting elected members to pensions roles. The need to make pensions an attractive area to

engage in for elected members was emphasised and the contribution that Democratic Services could make was noted.

Annual self-assessments would continue, a formal MiFID II competence review would take place whilst any overarching training review would move to a four-year cycle to align with committee appointments and to allow early identification of training needs.

**Resolved:**

**The Board noted the Training Policy and Plan.**

**The Training Policy and Plan would be made available to Board and Committee members.**

**The Investment Manager would coordinate the annual MiFID II competence arrangements.**

12 **LPB Budget 2019-2020**

Officers discussed the Local Pension Board budget report for 2019-20. The report forecast a £5,000 underspend in 2018-19. The detail of expenditure figures was questioned by Barry Reed. The Chair noted that anticipated expenditure on consultancy was unlikely to be spent within the year. The Chair indicated that provision should be maintained in relation to governance advice particularly concerning CIPFA benchmarking requirements

**Resolved:**

**The Board agreed the draft Local Pension Budget and recommended to the Pension Fund Committee that it was included in the Fund's Administration budget for 2019-20.**

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

Officers talked through a report that detailed anticipated regulatory changes and indicated the perceived risk of that change to Wiltshire Pension Fund. Whilst delays with HM Treasury and CIPFA projects were noted, the increased activity of The Pensions Regulator was highlighted. Fair Deal, dashboard project and cost-cap mechanism were all discussed in terms of progress to date as was their risk categorisation using the RAG schema as 'amber'.

The CIPFA guidance on production of the Annual Report was not deemed to have raised any issues. Production of the Annual Report was being scheduled to tie-in with closure of Annual Accounts at end of July 2019.

The Chair noted attendance of The Pensions Regulator at the previous Board meeting and asked that an invitation to attend in future be made.

The Chair sought clarification on a response to the consultation on pooling. Officers detailed workshops and outlined a planned collective response from the funds being pooled by Brunel Pension Partnership as a response to this consultation.

The Chair highlighted the 'McCloud case' that is currently subject to appeal and the potential ramifications of the case was discussed in broad terms.

**Resolved:**

**The Board noted the report on legal and regulatory issues.**

**The Fund Governance & Performance Manager would liaise with the Regulator concerning the content of their presentation to the Local Pension Board.**

#### 14 **Risk Register**

Officers reported that the risk register remains unchanged. A discussion of how to present inherent risk (the risk associated with an event) and residual risk (the risk associated with an event when mitigating action is taken into account) and its categorisation as either red, amber, green in keeping with a standard use of RAG schema followed. A discussion of targets and the extent of local control was held.

The Chair suggested that stating the extent of local control could be helpful whilst Richard Britton suggested stating the acceptance of risk or the extent to which it can be tolerated may be helpful.

Officers agreed that the risk registers targets could make the relationship of control and mitigating activity to risk clearer.

**Resolved:**

**The Board noted the attached Risk Register and the measures being taken to mitigate risks.**

**The review of the Risk Register would be used as a vehicle to clarify the distinct roles of Board and Committee in respect to the shared issue of risk management.**

**Officers would look into adopting a revised template for the risk register which uses inherent and residual risk as proposed by the Associate Director for Finance and Procurement.**

15 **Administration Key Performance Indicators**

Officers talked through a report on administration KPIs and two appendices that show the results of different reporting methods. The second method splits KPIs by Fund Administration and Employers.

Once presentational considerations have been addressed, this work was intended to build on an evidence-based approach to increasing employer engagement. Increasing employer engagement by improving communications through letters and forms needs to be balanced with the growing regulatory requirements required of those communications.

The Chair noted the difficulty of data management and reporting and thanked the team for their approach of continuous improvement in this area.

**Resolved:**

**The Board noted the Fund's performance against its KPIs and the proposed changes to future methodologies used to produce and report on KPIs to the Board.**

16 **How did the Board do?**

The Chair led a discussion of how effective the board was in conducting its business.

17 **Urgent items**

There were no urgent items.

18 **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 Numbers 19-21 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.**

19 **Brunel Pension Partnership update**

**Resolved:**

**The Board noted the verbal update on Brunel Pensions Partnership.**

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

**Resolved:**

**The minutes of the Wiltshire Pension Fund Committee were noted and approved.**

21 **Local Pension Board Minutes**

**Resolved:**

**The minutes of the Local Pension Board were noted and approved.**

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

The Chair reminded all that the Forward Plan needs to link into the overall business plan. Tony Deane, Chair of Wiltshire Pension Fund Committee, noted that the Committee would give this linkage expression through its co-ordinated work-plan.

The date of the next meeting was set for 23 May 2019 10.30 am.

(Duration of meeting: 10.00 am - 12.12 pm)

The Officer who has produced these minutes is Jim Brewster 01225 718242 of Democratic Services, direct line 01225 718242, e-mail [jim.brewster@wiltshire.gov.uk](mailto:jim.brewster@wiltshire.gov.uk)

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**Wiltshire Pension Fund Board - Actions Log**

<b>Minute reference</b>	<b>Section</b>	<b>Meeting Action</b>	<b>Task owner</b>	<b>Target date for completion</b>	<b>Date completed</b>
13 (25/01/17) (Was 7.15)	Governance (Internal Audit Report)	To request that SWAP benchmark the fund against other similar funds in a future audit report.	AC	22/08/2019 (Was 13/02/19)	
42 (13/07/17) (Was 9.9)	Governance (LPB Annual Report)	To delegate authority to officers, in consultation with the Chairman, to amend the LPB Annual report to track tPR checklist compliance and the implementation of Board recommendations using a RAG status	AC	22/08/2019 (Was Sep '19)	
44 (13/07/17) (Was 9.13)	Governance (SAB LPB Survey)	To review the timetabling and work plan of Board meetings following consideration of the SAB survey results	AC	23/05/2019 (Was 2019)	03/05/19
76 (18/10/17) (Was 10.10)	Investment (BPP Update)	To provide a flow chart to outline the delegated and reserved decision making process within Brunel Pension Partnership to improve transparency	JD	23/05/2019 (Was 2019)	
9 (15/03/18) (Was 11.4)	Governance (Annual Business Plan update)	To request that future Business Plans updates include new items which have occurred since the business plan was first produced and include items that have rolled-forward from previous plans	AC	23/05/2019 (Was 2019)	14/03/19

Minute reference	Section	Meeting Action	Task owner	Target date for completion	Date completed
31 (12/07/18) (Was 12.3)	Accounting	To recommend the following technical amendments to the accounts: 1) Under 'Local Pension Board' include a reference that the LPB also has an oversight function to ensure the Fund is compliant with the Pensions Regulator 2) Split the figures for cash and derivatives, or remove the figures for derivatives in the accounts where this is zero 3) Remove zero figures in the accounts 4) Under 'Basis of Preparation', wording to be updated to reflect the regulatory status of the approach taken 5) Include Brunel Pension Partnership, Local Pension Board 6) AVCs be included in the accounts, and the wording in accounts be amended to reflect this since there are specific requirements about which AVCs that should be disclosed transactions and key management remuneration in 'related party transactions' in the accounts. The note the CIPFA guidance recommends more disclosure over these transactions	MT	22/08/2019 (Was July 2019)	
31 (12/07/18) (Was 12.4)	Accounting	To recommend the compliance with the CIPFA disclosure agreement is factored into the 2018/19 accounts.	MT	22/08/2019 (Was July 2019)	
35 (12/07/18) (Was 12.9)	Governance	To request an update on actions to support compliance to tPR Code 14 within the next 6 months.	RB	22/08/2019 (Was January 2019)	
36 (12/07/18) (Was 12.11)	Governance	To request an update on action against internal audit recommendations at a future meeting.	AC	23/05/2019 (Was January 2019)	
37 (12/07/18) (Was 12.13)	Governance (Scheme Legal, Regulatory and Fund update)	To request new CIPFA updates and publications be included in future scheme updates.	AC	22/08/2019 (Was January 2019)	



Minute reference	Section	Meeting Action	Task owner	Target date for completion	Date completed
41 (12/07/18) (Was 12.15)	Investment (ISS)	To note the Investment Strategy Statement agreed for final publication. To recommend, upon next review of the Investment Strategy Statement by Committee, that: a) reference is made to ESG policy and that ESG policy is reviewed in light of a forthcoming government consultation paper on final salary pension schemes in respect of ESG b) an annex be included to illustrate the Fund's compliance with Regulation 7.	JD	01/11/2019 (Was October 2019)	
48 (12/07/18) (Was 12.18)	Investment (BPP Update)	To note the update on the progress of Brunel Pension Partnership and request an update in 2019 on whether the pool was on track with forecasting savings and transactions	JD	23/05/2019 (Was April 2019)	
59 (11/10/18) (Was 13.3)	Governance (Fund Delegations and Controls)	To request the development of a formal record of Brunel, Committee and officer delegations in respect of; a) clarifying where different responsibilities should sit; b) the flow of communications between the various parties; and c) the level of decision making assigned to each party	AC	01/11/2019 (ASAP)	
60 (11/10/18) (Was 13.4)	Governance (External Audit report)	Officers to discuss with the internal auditors about specific requirements for 2018/19 and the checking of compliance with previous audit recommendations	AC/RB	22/08/2019 (ASAP)	
64 (11/10/18) (Was 13.6)	Governance (tPR Presentation)	To request a further update from the Regulator in 12 months time	RB	26/09/2019 (Was Oct '19)	29/04/19
66 (11/10/18) (Was 13.7)	Governance (Scheme Legal, Regulatory and Fund update)	To request the addition of the DWP survey to future updates	AC	23/05/2019 (ASAP)	

Minute reference	Section	Meeting Action	Task owner	Target date for completion	Date completed
67 (11/10/18) (Was 13.8)	Governance (Risk register)	To request officers regularly review cyber security and add this to the Risk Register if appropriate	AC	23/05/2019 (Ongoing)	24/01/19
8 (24/01/19)	Administration (New Software)	With the introduction of new software and use of new online services an update should be brought by officers to Board and Committee in 12 months to allow assessment of efficiencies and cost-reductions derived from these services	AC	23/05/2019 (Was Jan '20)	24/01/19
11 (24/01/19)	Investment (Training policy)	The Investment Manager would coordinate the annual MiFID II competence arrangements	JD	01/11/2019 (Was Oct '19)	
13 (24/01/19)	Governance (tPR Presentation)	The Fund Governance & Performance Manager would liaise with the Regulator concerning the content of their presentation to the Local Pension Board	RB	26/09/2019 (Was Jul '19)	
14 (24/01/19)	Governance (tPR Presentation)	Officers would look into adopting a revised template for the risk register which uses inherent and residual risk as proposed by the Associate Director for Finance and Procurement	AC/RB	23/05/2019 (Was May '19)	

## **WILTSHIRE PENSION FUND COMMITTEE**

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**MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 14 MARCH 2019 AT KENNET ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.**

**Present:**

Cllr Steve Allsopp, Cllr Tony Deane (Chairman), Cllr George Jeans, Cllr Gordon King, Cllr Christopher Newbury and Cllr Roy While (Vice-Chairman)

**Also Present:**

Cllr Richard Britton, Mr Jim Edney, Mrs Diane Hall, Mr Mike Pankiewicz and Mr Howard Pearce

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**1 Apologies for Absence**

There were no apologies.

**2 Chairman's Announcements**

The Chair announced that George Jeans joined the committee and that Tom Rounds had left the committee.

Chris Moore was welcomed as an observer pending his appointment as employer representative on the committee.

The Chair announced that Jim Edney had decided to relinquish his role after 9 years as Independent Governance Adviser to the Fund. The Chair and the Committee thanked him for his valued service.

**3 Wiltshire Pension Fund Committee Minutes Part 1**

**Resolved**

**The minutes of the meeting held on 12 December 2018 were approved.**

**4 Declarations of Interest**

There were no declarations of interest.

**5 Public Participation**

There were no members of the public present.

**6 Minutes and Key Decisions of the Investment Sub-Committee**

**Resolved**

**The minutes of the Investment Sub-Committee from the meeting held on 21 February 2019 were approved.**

**7 Minutes and Key Decisions of the Local Pensions Board**

**Resolved**

**The minutes of the Local Pension Board held on 24 January 2019 were noted.**

**8 Scheme, Legal, Regulatory and Fund Update**

Officers talked through a report that updated the Committee on legal and regulatory issues.

Reform to public sector exit payments continued to be delayed. The Pensions Regulator (tPR) was very active, but currently focused on funds other than Wiltshire Pension Fund. The Fair Deal consultation released by MHCLG's aims was explained as being a step in the right direction but concerns still existed if the approach would be effective; officers will respond to the consultation. The cost cap mechanism had been stalled whilst the McCloud case was concluded. Wiltshire Pension fund enjoyed the highest level of compliance required by the Financial Reporting Council, and officers will review practice and report to Committee to maintain that status. CIPFA guidance remained unpublished.

The discussion addressed communications from tPR, the need for active scanning of tPR's work and priorities. The Committee gave assurances to officers that scrutiny beyond the 'light-touch' could be subject to representation to tPR from the Committee.

**Resolved**

**The Committee noted the report.**

**9 Pension Fund Risk Register**

Officers talked through the latest Risk Register, there were no changes since the last meeting. Officers plan to reformat the risk register to bring it in line with the latest corporate approach and to make it easier to understand how mitigating actions have affected the risk assessment.

**Resolved**

**The Committee noted the report.**

10 **Key Performance Indicators**

Officers talked through a report on key performance indicators (KPI).

The value of KPIs in identifying issues and clarifying paths to improved performance was discussed. Officers stated that KPIs indicate a snapshot of current performance whilst actions aimed at improved performance were detailed in further reports, for example, the Data Improvement Plan.

The Chair of the Local Pensions Board stated his concerns were about deadlines and workloads and emphasised that he was assured by the direction of travel towards compliance with statutory guidelines.

The Chair re-iterated the desire to manage backlogs within available resources to minimise costs and noted the work of the pensions team to reduce the occurrence of backlogs in the longer term.

**Resolved**

**The Committee noted the report.**

11 **AVC Training and Options**

Richard Bullen, Fund Governance & Performance Manager, introduced the provision of options for members to make Advanced Voluntary Contributions (AVC). The only open scheme for new members was the Prudential, the others being Equitable Life, Clerical Medical and NPI/Pheonix. A key update was the proposed buy-out of Equitable Life by Reliance Life and its parent company, the Life Company Consolidation Group, that may result in a capital distribution payment for members, subject to court rulings expected at the end of 2019.

A discussion also took place on the Fund's review arrangements for its AVC service providers and the impact of Wiltshire Council's AVC Wise campaign on officer resources, which were agreed to be currently sufficient.

The extent to which AVC options should be promoted was also considered and it was concluded that emphasis should be placed on ensuring no advice is provided, but ensuring that Scheme members are aware of the whole benefit structure offered by the Fund.

**Resolved**

**To continue to delegate management of AVC options for members to officers and for officers to report to committee by exception.**

12 **Additional Voluntary Contributions (AVCs) New Fund Proposals**

Officers talked through a report that detailed the work done in increasing the offer to members seeking to make Advanced Voluntary Contributions (AVC). A number of funds were identified as vehicles for widening the choice available to members.

### **Resolved**

**To approve the additions to funds to AVC fund choices as recommended by officers.**

**To approve the four new Lifestyle options and to adopt the cash options strategy for members who wish to take a tax free lump sum on retirement and the retirement options strategy.**

**To approve the retirement options Lifestyle strategy as the default option into which existing Lifestyle funds will be transferred on 22nd July.**

### 13 **Data Improvement Plan**

Officers talked through the report on Data Improvement that seeks to enhance the quality of data. The plan focused on tightening internal operations and improving reconciliation with external data sources, with the key intentions of enabling the Fund to operate more efficiently, ensuring members data is accurate and fulfilling the requirements laid down by the Pension Regulator. Two recently purchased software applications, i-Connect and member-self-service (MSS) were two initiatives that would assist in improving data quality over time.

The Chair of the Local Pensions Board suggested that the fund's understanding of its data quality would be improved by the process of its data being interrogated as part of the actuarial valuation and subsequent updating. Metrics on data queries arising from the valuation & MSS changes by members should therefore be recorded.

The Chair thanked officers for their work in clarifying where the fund stands in respect of data quality and the work done to date to create a direction of travel.

### **Resolved**

**To approve the report noting the comments of The Chair of the Local Pensions Board and to bring a report back to Committee in 12 months time.**

### 14 **Business Plan**

Officers talked through the Business Plan that set out a vision and actions for Year 1 (2019).

The business plan was welcomed by the Committee. Officers were asked to highlight the importance of training implicit in the plan to ensure that developing

people was understood as being central to organisational health over the longer term.

### **Resolved**

**To approve the business plan subject to any further comments provided by Committee members following circulation.**

#### 15 **Administration Budget 2019/2020**

The budget, which indicates an overall rise of 7.1%, was talked through by officers. The value of legal support, procurement issues and sur-charge costs were all discussed.

Diane Hall stated that the rise in recharges from Central Finance appeared disproportionate and questioned the method of arriving at the new figure.

### **Resolved**

**To approve the budget subject to the Chair obtaining clarification from the Section 151 Officer on how the rise in recharges was arrived at.**

#### 16 **Clarification of governance roles**

The Independent Adviser, Jim Edney, welcomed developments on governance and clarification of the relationship of Board to Committee as being what was required by the fund.

### **Resolved**

**The Committee noted the report.**

#### 17 **Committee's requests to the Board**

The committee made no specific requests for support or research of the Board.

#### 18 **Date of Next Meeting**

The next meeting of the pensions committee will be on 18 July 2109.

#### 19 **Urgent Items**

There were no urgent items.

#### 20 **Exclusion of the Public**

**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 Numbers 21-27 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.

21 **Triennial Valuation 2019**

Assumption on scaled withdrawals

**Resolved**

**To increase the default assumption by 40% for full-time males and 40% and 50% respectively for full-time and part-time females respectively and adopt the default assumption for part-time males.**

Assumption on death in service

**Resolved**

**To adopt the default assumption for death in service for both males and females.**

Assumption on salary scale

**Resolved**

**To adopt the default salary scale for both males and females.**

Assumption Ill Health

**Resolved**

**To adopt the default assumption for males and part-time females and apply scaling of 120% for full-time females.**

**To adopt the default assumption for tier 2 ill health retirements.**

Assumptions on demographics

**Resolved**

**To adopt Hymans Robertson's demographic assumptions.**

Assumptions on salary growth

**Resolved**

**To use the more prudent scenario 2 (RPI less 0.6%) and review at the next valuation.**

Establishing a level of prudence and its impact on the discount rate



**Resolved**

**To maintain the status quo in the level of prudence (two thirds probability of achieving returns) subject to final confirmation once the new investment strategy has been confirmed at the next meeting.**

**22 Brunel Pension Partnership update**

The Investment Manager gave a verbal update on Brunel pensions Partnership.

**23 Investment Quarterly Progress Report**

**Resolved**

**The committee approved the decision of Investment Sub-Committee to invest in listed infrastructure through with Magellan's Global Select Infrastructure Fund.**

**24 Investments - Listed Infrastructure Recommendation**

**Resolved**

**The committee approved the decision of Investment Sub-Committee to invest in listed infrastructure through with Magellan's Global Select Infrastructure Fund.**

**25 Part 2 Minutes and Key Decisions of the Investment Sub Committee**

**Resolved**

**The part 2 minutes of the Investment Sub Committee held on 21 February 2019 were approved.**

**26 Local pension Board Minutes Part 2**

**Resolved**

**The part 2 minutes of the Local Pension Board held on 24 January 2019 were noted.**

**27 Wiltshire Pension Fund Committee Minutes Part 2**

**Resolved**

**The minutes of the meeting held on 12 December 2018 were approved.**

(Duration of meeting: 10.30 am - 2.00 pm)

The Officer who has produced these minutes is Jim Brewster of Democratic Services,  
direct line 01225 718242, e-mail [jim.brewster@wiltshire.gov.uk](mailto:jim.brewster@wiltshire.gov.uk)

Press enquiries to Communications, direct line (01225) 713114/713115

## WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD  
23 May 2019

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### **INTERNAL & EXTERNAL AUDIT UPDATES**

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

1. The purpose of this report is to present the Final Internal Audit Report for the Wiltshire Pension Fund prepared by the South West Audit Partnership (SWAP) and provide an update on the progress of the annual external audit.

#### **Background**

2. There is a requirement for a separate annual audit to be carried out on the Wiltshire Pension Fund. The external audit will be carried out by Wiltshire Council's new external auditor, Deloitte.
3. Deloitte completed an interim audit visit in March 2019 but did not issue an interim report as there were no significant issues arising from this work. At the end of May, Deloitte will carry out the main audit.
4. An internal auditor undertook a report on key controls and GDPR during March and April and the final report is attached as an appendix to this paper. A further review was also carried out on the control and arrangements around transfer of assets to the Brunel Pension Partnership, and the final report is attached as an appendix to this paper.

#### **Considerations for the Committee**

5. The attached Final Audit Report on key controls and GDPR provides an opinion of 'reasonable assurance', stating

*"Generally, risks are well managed by some systems require the introduction or improvements of internal controls to ensure the achievement of objectives".*

6. However, the report makes two priority 2 recommendations and five priority 3 recommendations, as detailed in the report.

7. The report also states:

*"Although there are a number of recommendations, a reasonable assurance opinion has been offered in relation to this audit as the Management Team of the Pensions Fund had a high awareness of the current issues and have a number of projects underway or planned to improve the controls. This includes the implementation of i-connect, member self-service, Docmail, as well as undertaking an end-to-end review of the process to identify inefficiencies."*

8. For each recommendation, the Management team has agreed on actions and appropriate timescales and these are stated within the final report.
9. Work has already begun (or continued as relevant) to address each recommendation.

10. The attached Final Audit Report on the Funds Transfer Audit provides an opinion of 'substantial assurance', stating that:

*"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."*

11. There were no recommendations for this audit.

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

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

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

13. There are no known implications at this time.

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

14. There are no financial considerations resulting from this proposal although the paper reviews risk as part of the audit.

### **Proposals**

15. The Board is asked to:

- a) note the attached Final Audit Report;
- b) note the verbal update on the appointment of the Fund's external auditor; and
- c) recommend to officers any areas that should be covered in future.

ANDY CUNNINGHAM & JENNIFER DEVINE  
Head of Pensions Administration and Relations & Investment Manager

Report Author: Andy Cunningham, Head of Pensions Administration and Relations & Jennifer Devine, Investment Manager

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

### **Appendices:**

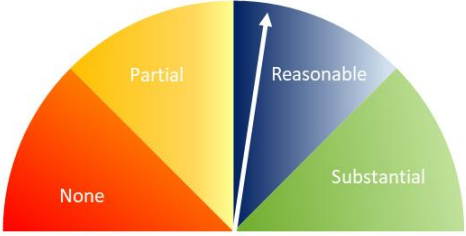
Appendix A – Final internal audit report (Key Controls and GDPR)  
Appendix B – Funds Transfer

# Pensions Administration 2018/19

Page 29  
Final Report

Issue Date: 30 April 2019

# Executive Summary

Audit Opinion		Recommendation Summary	
	<p>The assurance opinion we have been able to offer in relation to this audit is <b>Reasonable</b>.</p> <p>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.</p>	Priority	Number
		<b>Priority 1</b>	<b>0</b>
		<b>Priority 2</b>	<b>3</b>
		<b>Priority 3</b>	<b>5</b>
		<b>Total</b>	<b>8</b>

## Audit Conclusion

A total of three priority 2 recommendations and five priority 3 recommendations have been made. A summary of the audit recommendations made is below:

**1. Failure to have effective administration of the scheme resulting in incorrect payments, inefficiencies in the process and inadequate oversight over the fund.**

Two priority 2 recommendations and four priority 3 recommendations have been made for this area. The two priority 2 recommendations relate to addressing the high backlog in the team, the implementation of Key Performance Indicators (KPI) and a quality framework so the productivity and quality of the work being completed can be better monitored and managed.

The four priority 3 recommendations relate to reviewing the templates received from employers, ensuring there is an audit trail for amendments made on member files, and clearing the high value in the suspense account. A recommendation has also been carried over from last year's audit which is the reconciliation between the SAP payroll system and Altair.

**2. Non-compliance with GDPR due to ineffective operational and management processes resulting in fines, loss of reputation and potential consequence for the data subject.**

One priority two recommendation has been made in this area which relates to retaining client information for longer than required.

Although there are a number of recommendations, a reasonable assurance opinion has been offered in relation to this audit as the Management Team of the Pensions Fund had a high awareness of the current issues and have a number of projects underway or planned to improve the controls. This includes the implementation of i-connect, member self-service, Docmail, as well as undertaking an end-to-end review of the process to identify inefficiencies.

## Background

As part of the 2018/19 Internal Audit Plan for Wiltshire Council, an audit has been undertaken to assess the effectiveness of the controls in the end to end process for the administration of The Wiltshire Pension Fund. The audit reviewed the process from new member enrolment in the scheme through to payment.

The Wiltshire Pension Fund administer the Local Government Pension Scheme (LGPS) on behalf of over 190 participating employers, including Councils, Schools, Police and Fire Authorities, other public bodies, charities and private sector companies. As at 31 March 2019, total membership was reported at over 73,000 (including active, deferred members and pensioners) with holdings of over £2.5bn of investment assets.

## Corporate Risk Assessment

### Objective

To ensure key controls are operating effectively for the administration of the pension fund.

Risk	Inherent Risk Assessment	Manager's Initial Assessment	Auditor's Assessment
Failure to have effective administration of the scheme resulting in incorrect payments, inefficiencies in the process and inadequate oversight over the fund.	High	Medium	Medium
Non-compliance with GDPR due to ineffective operational and management processes resulting in fines, loss of reputation and potential consequence for the data subject.	High	Medium	Medium

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## Scope

The scope of the audit included the following:

- New scheme members and enrolment
- Contribution collection
- Payments
- Monitoring and reporting
- Complaint handling
- GDPR compliance

The scope did not include the investments processes or processes in place at third party organisations such as employers.

# Findings and Outcomes

## Summary of Control Framework

The Pension Fund have a number of effective processes that ensure the process is well controlled and have made good progress in addressing some of the control weaknesses.

**1. Failure to have effective administration of the scheme resulting in incorrect payments, inefficiencies in the process and inadequate oversight over the fund.**

All new scheme members are enrolled in to the scheme correctly and in line with process, payments from the Pension Fund are appropriately authorised and reviewed. All complaints are fully recorded and monitored in line with the complaints policy.

**2. Non-compliance with GDPR due to ineffective operational and management processes resulting in fines, loss of reputation and potential consequence for the data subject.**

The lawful basis for processing personal data and obtaining consent is supported by effective operational and management processes. Processes and procedures are well documented and support compliance with the GDPR including breach notifications and subject access requests.



<b>1.</b>	<b>Failure to have effective administration of the scheme resulting in incorrect payments, inefficiencies in the process and inadequate oversight over the fund.</b>	<b>Medium</b>
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<b>1.1 Finding and Action</b>
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<b>Issue</b>	<b>Risk</b>
There is a workload backlog within the team, and individual team members productivity is not being monitored.	Reputational risk if correspondence or documentation is not received in a timely manner. Risk of fines if legislative timeframes are not met.

<b>Findings</b>
There is currently a high volume of backlog within the team and the Head of Pensions Administration and Relations has developed an Improvement Plan to reduce the volume, this was presented and approved at the Wiltshire Pension Fund Committee meeting on 14 March 2019. Whilst the Management Team is aware of the size of the backlog, there is currently no time allocated for the completion of each task, so it is difficult to quantify the time it would take to clear.
There are also no KPI's in place for individual team members, or a framework for monitoring the productivity of team members. Performance reviews are also not occurring consistently making it difficult to identify any capability and capacity issues or bottlenecks in the process and could also potentially lead to staff performance issues.

<b>Recommendation</b>		
1. We recommend that the Improvement Plan be put in place, as intended, to prioritise the workflow and reduce the backlog of work.	<b>Priority Score</b>	<b>2</b>

<b>Agreed Action</b>	<b>Timescale</b>	31 March 2020
Officers will follow the details of the Data Improvement Sub Plan to aim to reduce down work in the identified areas of deferred benefit processing and aggregation to business as usual levels.	<b>Responsible Officer</b>	Andy Cunningham

<b>Recommendation</b>		
2. We recommend that KPIs are developed at an Individual and Team Manager level so performance and productivity can be monitored. A quality review system should also be developed which feeds into the KPIs.	<b>Priority Score</b>	<b>2</b>

<b>Agreed Action</b>	<b>Timescale</b>	31 December 2019
Officers will develop reporting capabilities to produce details of processing volumes at an individual level. Work on this area was already planned and has already begun.	<b>Responsible Officer</b>	Andy Cunningham

1.2 Finding and Action		
Issue	Risk	
Information received from employers is not always complete or protected.	Incomplete, inaccurate or unprotected data is received which could impact on the efficiency of the pension administration process and could also lead to inaccurate data being held for the member.	
Findings		
<p>The new enrolments process is very manual and relies on accurate and timely information being emailed from employers on a spreadsheet. The spreadsheets contain personal details about the member and the information received is not always being password protected or encrypted by the employer. Also the information received is not always complete or in the required format which impacts on the efficiency of processing. There are also a number of spreadsheets used within the team which are manually edited to enable the data to be uploaded on to the system.</p> <p>A contract has recently been agreed with i-Connect which will automate key steps in the process. This will give employers the ability to log in to provide the relevant information for their employees and the i-Connect system will then prompt the employer if required information is missing. i-Connect will also complete a monthly reconciliation of starters and leavers. It is therefore anticipated that this system, when implemented, will address the issue and risk identified.</p>		
Recommendation		
<p>As full implementation of the i-Connect system is several months away, we recommended that in the interim:</p> <ul style="list-style-type: none"> <li>• A review of the current templates in use is completed to ensure that only relevant data is requested and the template framework is not editable;</li> <li>• A review of the feedback process is undertaken for when employers are not complying (for documentation and late payments); and</li> <li>• Ensure employers are aware of their GDPR responsibilities.</li> </ul>	Priority Score	3
Agreed Action	Timescale	<p>I-connect: Implementation to start by end of 2019</p> <p>Other items: End of June 2019</p>
Officers will continue to work to implement I-connect and to feedback to employers on correct completion of the template and to remind them of their GDPR responsibilities.	Responsible Officer	Andy Cunningham

1.3 Finding and Action		
Issue	Risk	
Lack of an audit trail for member personal details amendments.	Incorrect information being held, privacy breaches and potential for fraud if personal information is changed without a clear audit trail.	
Findings		
One of the sample selected did not have a clear audit trail on the record to verify why an address change was made. It is likely the member had advised of a change of address via telephone, however there are no notes on files to confirm this. The address had been updated on Altair and documentation sent to the member. A separate similar occurrence was also noted on the Privacy Breach register.		
Recommendation		
We recommend that a process is put in place to ensure that an audit trail of amendments is evidenced on the members file record. For example, inputting case comments that the address change was made following a telephone call from the member and after validation completed.	Priority Score	3
Agreed Action	Timescale	31 July 2019
Officers will review the process for address changes and put in steps to make sure it is followed consistently.	Responsible Officer	Andy Cunningham

1.4 Finding and Action		
Issue	Risk	
There is a large unallocated balance in the suspense account.	Difficulty clearing transactions and also potential for fraud if a large value is left unallocated in the suspense account.	
Findings		
The Suspense account, as at March 2019, has an unallocated amount of just under £770,000, with the oldest transaction in the account being from November 2013. Transactions will be more difficult to clear as time passes, especially if there is minimal documentation as to why the transaction was initially placed in the account.		
Recommendation		
We recommend that the suspense account is reviewed and cleared.	Priority Score	3
Agreed Action	Timescale	30 April 2019
<p>The suspense account is made up of contributions received from employers who are still in the process of signing an admission agreement.</p> <p>We have reviewed the suspense account, and have now had notification from the member of staff responsible for employer relations that several more admission agreements have been signed. Therefore we have now been able to clear £588k from the account.</p> <p>Going forward, we will create new employer codes and begin posting contributions received there as soon as a rates and adjustments certificate is received from the Fund actuary. This will minimise the balance being built up in the suspense account while we are waiting for admission agreements to be signed.</p>	Responsible Officer	Jennifer Devine

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1.5 Finding and Action		
Issue	Risk	
Reconciliations to ensure accurate data is held is not being completed on a frequent basis.	Information is held on different systems that does not match or is inaccurate.	
<b>Findings</b>		
There is currently no reconciliation between Altair and the General Ledger being completed. This was a recommendation raised in last year's report with a due date of December 2019 and will therefore be carried over In this report.		
There are several reconciliations being completed on a varying frequency basis to ensure data held is accurate and complete. Some reconciliations are being performed annually which would benefit from being completed on a more frequent basis. For example, reconciliations of new starters are being completed annually and there is a risk that the team is not notified of a new starter. The new member would not receive, or return, the relevant documentation (i.e. expression of wish form).		
<b>Recommendation</b>		
1. We recommend that a full reconciliation be undertaken between Altair and SAP Payroll. This recommendation is carried over from last year's audit report.	Priority Score	3
Agreed Action	Timescale	1 December 2019
A full reconciliation between Altair and SAP Payroll will be completed.	Responsible Officer	Andy Cunningham
<b>Recommendation</b>		
2. We recommend that the reconciliations currently being completed are reviewed as part of the efficiency project to ensure they are accurately capturing key risks in the process and the frequency they are being undertaken is sufficient.	Priority Score	3
Agreed Action	Timescale	I-connect implementation: Start by 1 August 2019. End to end process: 31 December 2019
Officers will review and enhance reconciliations as part of end to end process review (efficiency project) and, more significantly, the introduction of I-connect will enable a number of reconciliations (such as new starters) to occur monthly.		Andy Cunningham

<b>2.</b>	<b>Non-compliance with GDPR due to ineffective operational and management processes resulting in fines, loss of reputation and potential consequence for the data subject.</b>	<b>Medium</b>
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<b>2.1 Finding and Action</b>		
Issue	Risk	
Personal Information is being kept for longer than required.	Breach of the GDPR if information is held for longer than required.	
Findings		
Under the right to erasure, the GDPR sets out under the storage limitation principle that information can only be kept for as long as required. If there is no legal or justifiable reason to hold the information the organisation must delete it. This is especially relevant to the leavers – no liability group of records, of which there are over 21,000. Data cleansing is not currently being carried out.		
Recommendation		
We recommend that the Fund liaise with the Information Governance team to help develop a plan to meet the GDPR requirements. The Fund needs to keep documented notes of the steps they are taking to meet the GDPR.	Priority Score	<b>2</b>
Agreed Action	Timescale	31 May 2019
The Fund will contact Information Governance to agree on an appropriate approach and will produce and maintain any additional documentation IG deem necessary.	Responsible Officer	Andy Cunningham

## Other Suggestions

Currently every calculation that leads to a payment is peer reviewed. This does not take in to account the amount to be paid and / or the experience of the staff member. A suggestion is therefore being made to review if this is appropriate and required or if a tiered system or other quality checks would be more efficient.

The mailing process is also inefficient and not cost effective. There are approximately 500 new member enrolments received each month. Once the member is entered on to the system, a new client pack is posted to them. This pack is currently being manually printed and therefore is a time consuming and costly process. A new Docmail system is due to be implemented and therefore the suggestion is to ensure the inefficiencies in the process have been resolved following the implementation.

# 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

In addition to the corporate risk assessment it is important that management know how important the recommendation is to their service. Each recommendation has been given a priority rating at service level with the following definitions:

<b>Priority 1</b>	Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of management.
<b>Priority 2</b>	Important findings that need to be resolved by management.
<b>Priority 3</b>	Finding that requires attention.



# Authors and Distribution

*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.*

## Report Authors

This report was produced and issued by:

David Hill	Executive Director
Gayle Costello	Senior Auditor
Charlotte Wilson	Principal Auditor

## Distribution List

This report has been distributed to the following individuals:

Andy Cunningham	Head of Pensions Administration and Relations
Jennifer Devine	Investments Manager
Becky Hellard	Director of Finance & Procurement, (S151 Officer)

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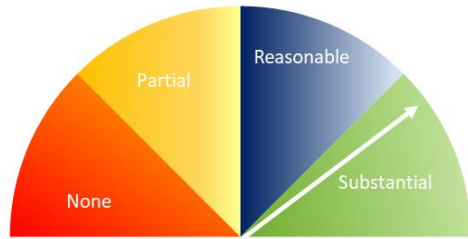
# Pension Fund Transfer 2018/19

Page 43  
Final Report

Issue Date: 12 March 2019

# Executive Summary

## Audit Opinion



The assurance opinion we have been able to offer in relation to this audit is **Substantial**. 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.

## Recommendation Summary

Priority	Number
Priority 1	0
Priority 2	0
Priority 3	0
<b>Total</b>	<b>0</b>

## Audit Conclusion

Overall the Pension Fund Investment transfer project is progressing in line with the timeframes set out in the business case and is on track to achieve the planned benefits and savings. One suggestion has been made which is that an annual audit be completed. This is due to the project being in its early stages and to ensure the project is progressing as intended.

## Background

In May 2014, the Government published a consultation which set out how savings might be achieved by Local Government Pension Scheme (LGPS) funds through greater use of pooled investment. As a result of this, Brunel Pension Partnership Ltd was set up in July 2017 with representatives from ten LGPS administering authorities, including Wiltshire Council. Brunel Ltd received authorisation in March 2018 from the Financial Conduct Authority (FCA) to act as a full scope investment firm. A full business case was prepared setting out how the planned savings would be achieved for Wiltshire following the transfer of all pension assets, with the exception of the direct property holdings.

Wiltshire Council has approximately £2.5 billion of funds held in thirteen portfolios, including cash and property. At the time of the audit, two portfolios had been transferred to Brunel. The next transfer is planned for November 2019 and the final transfer expected to take place in April 2021.

## Corporate Risk Assessment

### Objective

To review whether the Pension Fund Investment Transfer project is progressing as it should with anticipated benefits and savings being achieved as planned. A review of governance structure and the security surrounding the transfers will also take place.

Risk	Inherent Risk Assessment	Manager's Initial Assessment	Auditor's Assessment
1. The Pension Fund Investment Transfer project does not progress as it should resulting in the anticipated benefits and savings not being achieved as planned.	High	Medium	Low
2. The assets are not transferred securely or on time resulting in financial loss to the Pension Fund.	High	Medium	Low

### Scope

This review considered:

- Whether the Pension Fund Investment transfer project is progressing as intended and whether key milestones as set out in the business case have been met.
- What were the anticipated benefits and savings that the project was expected to deliver and to what extent these are being realised?
- The governance in place within Brunel Pension Partnership Ltd and the role that the Wiltshire Pension Fund Committee has within this structure.
- The security arrangements in place for the transfer of assets to Brunel Pension Partnership Ltd.

# Findings and Outcomes

## Summary of Control Framework

There are several effective controls and processes in place that are mitigating the risks. These are documented below under the relevant risk.

**1. The Pension Fund Investment Transfer project does not progress as it should resulting in the anticipated benefits and savings not being achieved as planned.**

Regular monitoring and reporting of the project's progress is being undertaken by relevant parties against the milestones and budget set out in the project plan. This includes monthly updates from the Investments Manager, quarterly reports to the Wiltshire Investments sub-committee, and regular reporting being received from Brunel. These reports monitor and record the anticipated benefits and savings that the project is expected to deliver.

There is also a clear governance framework in place within Brunel Pension Partnership Ltd, clearly setting out Wiltshire Councils role within this structure.

**2. The assets are not transferred securely or on time resulting in financial loss to the Pension Fund.**

There are formal arrangements in place for the transfer of assets to Brunel Pension Partnership Ltd, the transfers are well monitored and scrutinised by both Wiltshire Council and Brunel.

**1. The Pension Fund Investment Transfer project does not progress as it should resulting in the anticipated benefits and savings not being achieved as planned.**

Low

There are no significant findings under this risk.

**2. The Council does not collect the income it is entitled to receive from Council Tax due to administrative errors or omissions.**

Low

There are no significant findings under this risk.

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#### Other Suggestions

The transfers made so far have been successful however the majority of the Wiltshire Pension Fund is still to be transferred and therefore there is a risk that the anticipated benefits and savings are not achieved. The Wiltshire Pension Fund is projected to break even in 2023 in terms of administration costs. Due to the timeframes of the overall asset pooling project the Investments Management requested that an annual Internal audit be undertaken to completion, this request is supported and therefore an annual audit is recommended to provide assurance that the project is still progressing as it should and on track to achieve the anticipated benefits and savings and standardised reporting.

# 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

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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

In addition to the corporate risk assessment it is important that management know how important the recommendation is to their service. Each recommendation has been given a priority rating at service level with the following definitions:

<b>Priority 1</b>	Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of management.
<b>Priority 2</b>	Important findings that need to be resolved by management.
<b>Priority 3</b>	Finding that requires attention.



# Authors and Distribution

*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.*

## Report Authors

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Organisation	Subject	Link	Status	Comments	Risk
HM Treasury	Reforms to public sector exit payments.	<a href="https://services.parliament.uk/bills/2017-19/publicsectorexitpaymentslimitation.html">https://services.parliament.uk/bills/2017-19/publicsectorexitpaymentslimitation.html</a>	Updated	<p>A 'final' consultation has now been released which closes on 3 July 2019.</p> <p>The main proposal is that all employer costs (pension and non-pension) are capped at £95k when an employee leaves on grounds such as a compromise agreement or redundancy. For redundancy, the statutory redundancy payments must be paid so other benefits would need to be adjusted to ensure the £95k is not breached (although some exceptions apply).</p> <p>The consultation is not clear on how this would work in Schemes such as the LGPS. It is likely that LGPS Regulations would need to be changed such that an employee who leaves aged 55 over on redundancy grounds would face some reductions to their pension. For non-redundancy cases, existing employer discretions may become limited.</p> <p>Furthermore, the likely implementation date is also not clear.</p>	
CIPFA	Preparing the Annual Report: Guidance for LGPS Funds	<a href="https://www.cipfa.org/policy-and-guidance/consultations/lgps-%e2%80%93-preparing-the-annual-report,-c,-guidance-for-lgps-funds">https://www.cipfa.org/policy-and-guidance/consultations/lgps-%e2%80%93-preparing-the-annual-report,-c,-guidance-for-lgps-funds</a>	No change since the last meeting	<p>CIPFA released a consultation on proposed changes to the Annual Report to reflect changes to the operation of the Scheme since the last publication in 2014 (e.g. asset pools, legislation etc). The new guidance is considered statutory by MHCLG and includes new additions such as standardised KPIs and cost figures which appears to partially replace the purpose of the voluntary CIPFA benchmarking exercise.</p> <p>The consultation closed on 7 December 2018 and requirements have now been finalised.</p>	
	LGPS Administration Benchmarking and Resources	<b>CIPFA website</b>	New	<p>CIPFA Pensions Panel has issued an open letter concerning benchmarking (which now forms part of the Annual Report) and pressure on LGPS resources.</p> <p>Officers are supportive of the concept of industry benchmarking, and believe adding requirements to the Annual Report is a positive step, but then much more development is required to help ensure the data is meaningful and comparable between Funds.</p>	
HM Revenues & Customs	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">https://www.gov.uk/government/publications/revenue-and-customs-brief-14-2016-vat-deduction-of-vat-on-pension-fund-management</a>	No change since the last meeting	<p>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 at least 1st January 2018. Project Brunel will be keeping an eye on how it is evolving and take appropriate advice.</p>	

Organisation	Subject	Link	Status	Comments	Risk
		<a href="#">costs-following-court-of-justice-of-the-european-union-decision</a>			
MHCLG	Fair Deal Consultation	<a href="https://www.gov.uk/government/consultations/local-government-pension-scheme-fair-deal-strengthening-pension-protection">https://www.gov.uk/government/consultations/local-government-pension-scheme-fair-deal-strengthening-pension-protection</a>	Updated	Officers have responded to the consultation but have yet to hear anything further from MHCLG. The next step is likely to be either another consultation or the introduction of legislation.	
	<i>Changes to the Local Valuation Cycle and the Management of Employer risk Consultation</i>	<a href="https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/800321/LG_PS_valuation_cycle_reform_consultation.pdf">https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/800321/LG_PS_valuation_cycle_reform_consultation.pdf</a>	New	<p>This consultation covers the following areas:</p> <ol style="list-style-type: none"> <li>1). Amendments to the local fund valuations from the current three-year (triennial) to a four-year (quadrennial) cycle.</li> <li>2). A number of measures aimed at mitigating the risks of moving from triennial to quadrennial cycles.</li> <li>3). Proposals for flexibility on exit payments.</li> <li>4). Proposals for further policy changes to exit credits</li> <li>5). Proposals for policy changes to employers required to offer LGPS Membership.</li> </ol> <p>Section 5 proposes giving greater flexibility for further education corporations, sixth form college corporations and higher education corporations concerning membership of the LGPS and is the most surprising part of this proposal; current employees would be protected but future employees could be ineligible.</p> <p>The consultation closes on 31 July 2019.</p>	
The Department of Work and Pensions (DWP)	Pension dashboard project	<a href="https://pensionsdashboardproject.uk/industry/about-the-pensions-dashboard-project/">https://pensionsdashboardproject.uk/industry/about-the-pensions-dashboard-project/</a>	Updated	Discussions are still going on at a national level. Recent discussion suggests an implementation timeframe of 3-4 years.	

Organisation	Subject	Link	Status	Comments	Risk
Financial Reporting Council	Stewardship code consultation	<a href="https://www.frc.org.uk/news/january-2019-(1)/frc-strengthens-stewardship-code">https://www.frc.org.uk/news/january-2019-(1)/frc-strengthens-stewardship-code</a>	No change since the last meeting	The Financial Reporting Council (FRC) is consulting on a new Stewardship Code (PDF) that sets substantially higher expectations for investor stewardship policy and practice. The Code will focus on how effective stewardship delivers sustainable value for beneficiaries, the economy and society.	
Scheme Advisory Board (SAB)	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>	No change since the last meeting	<p>SAB commission PwC to produce a report on "Options for Academies in the LGPS" commissioned and the report was published in May 2017. The report identified and highlighted problems/issues experienced by stakeholders. No recommendations were made in the report, although the potential benefits of new approaches to the management of academies within the LGPS were highlighted. The proposals were wide ranging from minor alterations to academies being grouped together in a single LGPS Fund.</p> <p>SAB's work is still on-going and Bob Holloway from the LGA previously stated that a wide range of options in both work streams are still be considered. For example, changing the administration arrangements or putting academies into their own Fund etc. However, a consultation will be released on any changes proposed before they are put into force.</p>	
	Cost cap mechanism & McCloud case	<a href="#">Summary by Osborne Clarke (our external legal advisers)</a>	No change since the last meeting.	<p>In a fairly swift turn of events, the planned changes to the LGPS from 1 April 2019 have now been cancelled due to an on-going court case (referred to as the McCloud case) which may also result in changes to the LGPS and all other public service schemes.</p> <p>The SAB has decided to await the outcome to the court case before making any changes. This is far from ideal, as this could well mean we made to make onerous retrospective changes to the Scheme (w/e from April 2019 but not known until the end of 2019/early 2020) and that such changes would not be included within the triennial valuation.</p>	
	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>	No change since the last meeting	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.	

Organisation	Subject	Link	Status	Comments	Risk
				To assist LGPS funds in obtaining the data they require in order to report costs on a transparent basis SAB has published its Code of Transparency in May 2017. The Code is voluntary and asset managers who sign up will demonstrate their commitment to transparent reporting of costs. SAB will procure a third party to monitor compliance of those who sign up.	
	Tier 3 employers review	<a href="http://www.lgpsboard.org/index.php/board-publications/invitation-to-bid">http://www.lgpsboard.org/index.php/board-publications/invitation-to-bid</a>	No change since the last meeting	Covers those Fund employers with no tax raising powers or guarantee (excludes academies). SAB is keen to identify the issues and risks related to these employers' participation in the LGPS and to see if any improvements/changes can be made. There are currently two concurrent phases of work involved – collating data and identification of issues. SAB will then assess the risks to Funds and consider next steps. Aon Hewitt has recently produced a detailed report which is available on the SAB website which outlines its finding on the identification of issues but the report doesn't make any specific recommendations. SAB is yet to advise what actions it will take following receipt of the report.	
	Good Governance Project (formerly known as the Separation Project)	<a href="http://www.lgpsboard.org/images/PDF/BoardFeb18/PaperBItem50218.pdf">http://www.lgpsboard.org/images/PDF/BoardFeb18/PaperBItem50218.pdf</a>	Updated	Hymans-Robertson is leading on the latest stage of the review and they have issued a survey, which officers have circulated to Board and Committee members, as well as the S151 Officer to give them the option to complete.  An event is also taking place on 15 May 2019, which the Head of Pensions Administration and Relations is attending and can discuss at the meeting.	
	Guidance Project	<a href="http://www.lgpsboard.org/images/PDF/BoardFeb18/PaperBItem50218.pdf">http://www.lgpsboard.org/images/PDF/BoardFeb18/PaperBItem50218.pdf</a>	No change since the last meeting	The Guidance project will identify regulations which may be better sited within statutory guidance and to both propose the necessary amendments and assist HMCLG with the drafting of guidance.  This project is at an early stage and no further information is available at this time.	

Organisation	Subject	Link	Status	Comments	Risk
	Data Project	<a href="http://www.lgpsboard.org/images/PDF/BoardFeb18/PaperBItem50218.pdf">http://www.lgpsboard.org/images/PDF/BoardFeb18/PaperBItem50218.pdf</a>	No change since the last meeting	<p>The SAB describes this project as: The Data project will aim to assist administering authorities in meeting the Pension Regulators requirements for monitoring and improving data and include the identification of scheme specific conditional data and the production of guidance for authorities and employers.</p> <p>No further information is currently available from the SAB. However, the SAB did consult on a common set of data points for the part of the project relating to scheme specific conditional data over the last couple of months before deciding to postpone implementation until 2019, in time for the 2019 tPR Scheme Return.</p>	

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## **WILTSHIRE COUNCIL**

WILTSHIRE PENSION FUND LOCAL PENSION BOARD  
23 May 2019

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### **WILTSHIRE PENSION FUND RISK REGISTER**

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

1. The purpose of this report is to update the Local Pension Board in relation to changes to the Fund's Risk Register (see Appendix).
2. Following feedback by the Board and a recommendation made by the Director of Finance & Procurement to reformat the Risk Register, a review took place to ensure that the Risk Register remained an effective tool by which members of the Committee & Board can continue to monitor risks. The intention being to enable the Fund's risks to be managed in a consistent manner with the Council's wider corporate risk strategy.

#### **Background**

3. The Committee approved the current Risk Register for the Wiltshire Pension Fund at its meeting on 12 May 2009. At that meeting members requested that the highlights, particularly upward/downward movements in individual risks, be reported back to the Board and Committee on a quarterly basis.
4. However, since 2009 it has been observed that the current Risk Register format has become an increasingly static document & a more dynamic approach to managing the Fund's risks would be beneficial.

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

##### **a) In respect of the current Risk Register**

5. 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).
6. There has been one change to the risk categories or levels since the last meeting – PEN020: Pooling of LGPS assets has been downgraded to "medium" risk (Amber), as although the situation cannot be avoided, officers and members are fully engaged with this risk and are doing significant work to mitigate it.
7. Work continues to mitigate where possible the risks above along with the other remaining medium risks highlighted on the risk register.

##### **b) In respect of the new Corporate Risk Register**

8. To reclassify the risk categories to be consistent with CIPFA categories members are expected to attend too. The eight CIPFA categories are set out in the table below. A secondary classification of risk by Fund objective as laid out in the business plan, or Fund service function would in addition provide a more granular identification of risk.

Accounting & Auditing	Governance
Actuarial Method	Investment performance & risk
Administration	Legislation
Financial Markets & Products	Procurement & Relationship Mgt

9. To separate the Risk Register into 3 strategic silos, namely “Horizon risks”, “Dynamic risks” & “Ongoing risks”. It is anticipated that this strategy will enable the Fund to better identify potential new risks. Furthermore risks can be managed as they pass through the Risk Register from being identified on the horizon to becoming an ongoing risk with all the necessary mitigations being applied, as the risk is managed.
10. To help the Fund identify, quantify, manage & mitigate risks the Corporate Risk Register is accompanied by a guidance document which can be tailored to the Fund’s needs. Fund officers have already reviewed the Corporate Risk Register guidance document & are satisfied that minimal changes will be required to it, especially in relation to the identification of risk, to ensure that the new Risk Register is pertinent to the Fund’s needs.
11. In addition, a fourth strategic silo could be implemented whereby “Ongoing risks” which have remained unchanged for more than two years are reclassified as “Immaterial or ceased risks”. These risks will be removed from the Risk Register submitted to Committee & Board members meetings, but will continue to be monitored by officers. In the event that one of these risks adversely changes it will be reintroduced to the Risk Register presented to members. A record of all risks will continue to be published in all key documents such as the Annual Report & Accounts.
12. Regarding risk identification, it is recommended that the scoping of any new risks should be more specific to ensure that the Risk Register is more dynamic nature. In turn this will assist the management, monitoring & mitigation of risks. The guidance document will assist members & officers in scoping the specific nature of risks.

### **Financial Implications**

13. No, direct implications.

### **Legal Implications**

14. There are no known implications from the proposals.

### **Environmental Impacts of the Proposals**

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

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

16. There are no known implications currently.

### **Proposals**

17. The Board is asked to note the attached current Risk Register and measures being taken to mitigate risks.
18. The Board is asked to endorse the recommendation made by officers in respect of the new Risk Register format.

ANDY CUNNINGHAM

Head of Pensions Administration and Relations

Report Author: Andy Cunningham, Head of Pensions Administration and Relations & Richard Bullen,  
Governance Manager.

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

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Ref.	Risk	Risk Category	Cause	Impact	Risk Owner	Controls in place to manage	Current Risk Rating				Further Actions necessary	Risk Action Owner	Date for completion of action	Target Risk Rating				Direction of Travel
							Impact	Likelihood	x	Level of risk				Impact	Likelihood	x	Level of risk	
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	Andy Cunningham	Maintenance and update of Altair and SAP systems, sufficient staff cover arrangements.	2	2	4	Low	None	N/A	N/A	2	2	4	Low	→
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	Andy Cunningham	An updated Business Continuity Plan has now been drafted in line with the new Council	4	1	4	Low	None	N/A	N/A	4	1	4	Low	→
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	Andy Cunningham	Internal and External Audit regularly test that appropriate controls are in place and	4	1	4	Low	None	N/A	N/A	4	1	4	Low	→
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.	Andy Cunningham	The Fund has done an Equality Risk Assessment and has an Equality Implementation Plan	2	1	2	Low	None	N/A	N/A	2	1	2	Low	→
PEN021	Ability to Implement the Public Sector Exit Cap	Benefits Administration	Introduction of exit cap will require an additional burden on the administration team and is likely to effect all redundancy calculations.	Changes need to be communicated to individuals and employers and systems adapted once the revised regulations have been approved	Andy Cunningham	Officers are monitoring progress and developments.	2	2	4	Low	None	Andy Cunningham	N/A	1	3	3	Low	→
PEN022	Risks related to reconciliation of GMP records (increase in staff resource & reputational)	Benefits Administration	From 1 April 2016, State Second Pension ceases and HMRC no longer provides GMP data on members to Funds.	If GMP records for members are inaccurate there is the potential for incorrect liabilities being paid by the Fund.	Andy Cunningham	Large project is still ongoing and software from Heywood's is being used to	2	4	8	Medium	Still working with other south-west Funds to try to agree on a common approach and	Richard Bullen	Jun-19	1	3	3	Low	→

Ref.	Risk	Risk Category	Cause	Impact	Risk Owner	Controls in place to manage	Current Risk Rating				Further Actions necessary	Risk Action Owner	Date for completion of action	Target Risk Rating				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	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.	Jennifer Devine	Funding Strategy Statement, Investment Strategy, Triennial Valuations, membership of Club Vita, modelling	2	2	4	Low	This is factored into the Strategic Asset Allocation review, which is now in progress. Both the	Jennifer Devine	Oct-19	4	1	4	Low	→
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	Employer contribution rates become unacceptable, causing upward pressure on Council Tax and employers' costs.	Andy Cunningham	Longevity and bond yields are generally beyond the control of the Fund as are the values of the liabilities in general. However, the Fund	2	1	2	Low	None	Andy Cunningham	N/A	2	2	4	Low	→
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.	Andy Cunningham	As above	2	2	4	Low	As above	Andy Cunningham	N/A	2	2	4	Low	→
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	Jennifer Devine	Use of expert consultants in the selection of investment strategy and investment managers, regular monitoring of investment	2	1	2	Low	The implementation of the Stabilisation Policy limits increases for secure employers.	Jennifer Devine	N/A	2	1	2	Low	→

Ref.	Risk	Risk Category	Cause	Impact	Risk Owner	Controls in place to manage	Current Risk Rating				Further Actions necessary	Risk Action Owner	Date for completion of action	Target Risk Rating				Direction of Travel
							Impact	Likelihood	x	Level of risk				Impact	Likelihood	x	Level of risk	
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	Jennifer Devine	Use of expert consultants in the selection of investment strategy and investment managers, regular monitoring of investment	2	2	4	Low	A risk based framework is now in place to review employers long term financial stability. This informs the policy for the pension in	Jennifer Devine	N/A	2	2	4	Low	→
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	Andy Cunningham	The Pension Fund Committee approved a revised cessation policy on 20 September 2018 to address regulatory	2	2	4	Low	None	Andy Cunningham	N/A	2	1	2	Low	→
PEN016	Treasury Management	Funding & Investments	The Fund's treasury function is now segregated from Wiltshire Council. This includes the investment of	Exposure to counterparty risk with cash held with external deposit holders could impact of Funding level of the Fund	Jennifer Devine	The Pension Fund will review an updated Treasury Management Strategy	3	1	3	Low	The Council uses Sector's credit worthiness service using	Roz Vernon	N/A	3	1	3	Low	→
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.	Jennifer Devine	The Fund has liaised with its investment managers on the potential impact of an exit.	3	2	6	Medium	The markets and weightings are closely monitored as part of the "fightpath"	Jennifer Devine	On-going	3	1	3	Low	→

Ref.	Risk	Risk Category	Cause	Impact	Risk Owner	Controls in place to manage	Current Risk Rating				Further Actions necessary	Risk Action Owner	Date for completion of action	Target Risk Rating				Direction of Travel
							Impact	Likelihood	x	Level of risk				Impact	Likelihood	x	Level of risk	
PEN002	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	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.	Jennifer Devine	Robust maintenance and update of Altair and SAP systems, sufficient staff cover arrangements	2	2	4	Low	None	Roz Vernon	N/A	2	2	4	Low	→
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	Andy Cunningham	*Robust 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. *KPIs against statutory standards *Imbedding	2	2	4	Low	None	Andy Cunningham	N/A	2	2	4	Low	→
PEN009	Failure to comply with Data Protection Legislation (GDPR & Data Protection Act 2018)	Regulatory & Governance	Poor procedures for data transfer to partner organisations, poor security of system, poor data retention, disposal, backup and recovery	Poor data, lost or compromised, fines from the Information Commissioner, reputational risk of failure to meet Data Protection legislation.	Andy Cunningham	Compliance with Wiltshire Council's Data Protection & IT Policies. Annual Data Protection	3	3	9	Medium	Further reviews and changes in relation to the GDPR.	Andy Cunningham	On-going	2	1	2	Low	→
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.	Andy Cunningham	Data & systems Team constantly working to improve data quality, data	3	2	6	Medium	The Fund is currently addressing new data issues identified by a review of the tPR two key	Mark Anderson	Ongoing	2	1	2	Low	→



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	Bad decisions made may be made in relation to any of the areas on this register, but particularly in relation to investments.	Andy Cunningham	Officers ensure that they are trained and up-to-date in the key areas through attendance at relevant courses and	3	3	9	Medium	The Director of Finance & Procurement is still being filled on an interim basis.	Andy Cunningham/Corporate Directors	Ongoing	2	1	2	Low	→
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							Impact	Likelihood	x	Level of risk				Impact	Likelihood	x	Level of risk	
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	If someone leaves or becomes ill, a large knowledge gap could be left behind.	Andy Cunningham	Key people in the team are seeking to transfer specialist knowledge to colleagues	3	3	9	Medium	None - the risk will reduce once the existing team increases its level of knowledge	Andy Cunningham	Ongoing	2	1	2	Low	→
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 Funds to 'Comply or Explain' within their Annual Report on the skills knowledge	Andy Cunningham	Members are given Induction Training when they join the Committee, as well as subsequent opportunities to attend courses/se	2	3	6	Medium	The results of the knowledge assessment was presented to 12 Dec 2018 Committee and 24 January 2019 Local Pension Board. Overall	Richard Bullen		2	1	2	Low	→
PEN019	Maintenance of Local Pension Board & Investment Sub-Committee	Regulatory & Governance	Failure of Wiltshire Council to maintain a Local Pension Board, from finding suitable representatives and the officer time required to support the Board and sub-	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	Andy Cunningham	Officers are planning to review the terms of reference for the LPB and Committee in due course, partly to	2	2	4	Low	None	Andy Cunningham	N/A	1	3	3	Low	→

PEN020	Pooling of LGPS assets	Regulatory & Governance	The Fund needs to pool its LGPS assets with other Funds using the Brunel Pensions Partnership.	Poor implementation could be costly in terms of additional fees and poor investment returns.	Jennifer Devine	The Fund is working with Brunel Pension Partnership on pooling arrangements. Progress and updates regularly reported to Committee. The Fund's passive portfolios have been pooled with significant fee savings, but a budget increase has also been agreed. The final position is still uncertain.	3	3	9	Medium	Significant amount of resource still required by officers to progress this project.	Jennifer Devine	Ongoing	1	3	3	Low	↓
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Ref.	Risk	Risk Category	Cause	Impact	Risk Owner	Controls in place to manage	Current Risk Rating				Further Actions necessary	Risk Action Owner	Date for completion of action	Target Risk Rating				Direction of Travel
							Impact	Likelihood	x	Level of risk				Impact	Likelihood	x	Level of risk	
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 issues.	Andy Cunningham	More use of web links within the Committee papers to reduce the size of the packs. The adequacy of office resources will be monitored.	3	3	9	Medium	None at present but this varies from meeting to meeting depending on the demands and other work.	Andy Cunningham	N/A	1	2	2	Low	→
PEN025	Academisation of Schools, the possibility of MAT breakups and cross fund movements.	Regulatory & Governance	Potential for further schools to convert to academy status, MATs to breakdown	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 200 and 300.	Andy Cunningham	Regular communications with schools to understand their intentions. Revised cessation	2	3	6	Medium	The Fund is monitoring the SAB review of academies roles in the LGPS and will take	Andy Cunningham	N/A	1	1	1	Low	→
PEN027	Significant structural change to LGPS Funds or to our Fund	Regulatory & Governance	A merger, takeover from another Fund or of another Fund. Significant changes to how certain employer categories participate in	Depending on its nature and scale: a major impact on employer numbers, governance, control and operational matters.	Andy Cunningham	To keep abreast of any national development and respond to consultations when they occur. To take	4	2	8	Medium	None	Andy Cunningham	N/A	3	1	3	Low	→
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.	Andy Cunningham	The Fund has a Communications Manager and Employer Relationship Manager posts dedicated to these areas full-time, including	2	2	4	Low	None	Denise Robinson/ Ashleigh Salter	N/A	1	1	1	Low	→

## WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD  
23 May 2019

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### **PENSION FUND KEY PERFORMANCE INDICATORS**

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

1. The purpose of this report is to present the Fund's performance against its key performance indicators (KPIs) in relation to the administration of pension benefits.

#### **Background**

2. The Fund has committed to reporting administration KPIs in help improve management information, assist with performance monitoring and increase transparency of the administration performance. This objective fits in with our overriding objectives to ensure the effective management and governance of the Fund and to provide an effective, customer friendly benefits administration service.
3. This commitment is also in line with the Pensions Regulator's increased focus on governance of public service pension schemes resulting from the extension of its remit to cover public service pension schemes via the Public Service Pension Act 2013 and the resulting *Code of Practice 14 - Governance and administration of public service pension scheme* which sets out the wide-ranging governance requirements the Regulator expects to see adhered to.
4. As discussed at previous meetings, officers will continue to expand and evolve its range of reportable KPIs over time so these align with strategy documents such as the administration strategy and regulatory requirements and guidance. The current range of KPIs reported are shown in the Appendices to this report and the changes are explained below.

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

5. As part of the goal to improve the quality of KPI reporting, and in response to new guidance from CIPA, some changes to the appendices have been made as explained below:

##### **Appendix 1: Administration Strategy Targets - Fund**

- a). Table 1 now measures the Fund against its targets as currently set out within its Administration Strategy. The Administration Strategy targets are based on the Fund's self-determined, desired processing time and are not based on legislation. Officers are currently reviewing the Administration Strategy which may result in changes to the this table, in particular the targets.
  - b). Table 2 gives a graphical representation of changes over the last year.
  - c). Chart 1 illustrates the volumes of cases completed over the last year.
  - d). Chart 2 shows the number of completed cases during the period.
  - e). Chart 3 shows the number of outstanding cases.
6. **Appendix 2: Administration Strategy Targets - Employers**  
Table 1 measures participating employers (collectively) against the targets set in the Administration Strategy. Employer submissions currently focus on just three areas but will be expanded in line with planned improvements in our reporting capabilities.

7. Appendix 3: Disclosure Regulations

Following a request from the LPB, the Fund now includes an assessment against Disclosure legislation requirements. Whilst officers were working on an initial template for this information, CIPFA brought in guidance for Funds to publish a similar template and therefore officers have adopted the CIPFA template instead.

8. Appendix 4: tPR Measures

The Pension Regulator's Common Data percentage calculation (as at 21 February 2019). Officers have not included a measurement against the Conditional Data (Scheme Specific) measurement as the Scheme Advisory Board as yet to determine which data items should be included.

The choice of data items could have a material impact on the scores.

## **Conclusions**

### Administration Strategy KPIs – Fund (Appendix 1)

9. Table 1 shows the Fund is operating below its desired targets for most cases while Chart 2 some recent improvement in the areas of focus, such as Leavers to Deferred Status and Refunds of Contributions due to high processing volumes, but a mixed picture over the last 4 quarters.

10. Chart 2 shows the increase in the processing volumes in certain areas where backlogs have developed, which if sustained will start to decrease the number of outstanding cases. In the meantime, *Leaver to deferred* status backlogs continue to be issue, as illustrated in Chart 3, with many of which becoming more difficult to resolve due to outstanding aggregation issues which have become a gradually increasing issue since 2014. Overtime work continue to take place to help tackle the backlogs.

11. *Actives to Retirement* and *Deferred in to Retirement* are currently undergoing a process efficiency review with the desired outcome being to reduce down the average processing time. Part of these review will look to see if steps can be removed or changed in the process or if specific issues, for example delays with AVC providers, can be removed.

### Administration Strategy KPIs – Employers (Appendix 2)

12. In the majority of cases, employers provide Retirement information before the date the member leaves with 61% meeting the target time. The submission time for leavers and refunds are significantly longer with over half the leavers being submitted over two months late.

### Disclosure Regulations (Appendix 3)

13. The table in appendix 3 shows the Fund is generally performing well against the targets, which are more generous than our administration strategy targets, but further improvement is required against deferrals and retirements (as discussed above) and transfers out. Improvement against deferrals on the Disclosure Regulations basis, requirements both quicker submission by employers and quicker processing by the Fund.

### tPR Common and Conditional Data percentages (Appendix 4)

14. The Fund's Common Data percentage was 94.2% at the last date it was calculated. The main two causes of remaining failures are the processing of active to deferred status

cases, which the Fund has already has a sub-plan in place to help improve the situation, and incorrect scheme member addresses which is on-going issue that is difficult to resolve as the Fund relies on deferred and pensioner members telling us when they change address.

### **Environmental Impact**

15. There is no environmental impact from this report.

### **Financial Considerations**

16. There are no immediate financial considerations resulting from the reporting of the Fund's performance against its key performance indicators.

### **Risk Assessment**

17. There are no direct risks to the Fund associated with this reporting.

### **Legal Implications**

18. There are no immediate legal implications arising from this report.

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

19. There are no implications at this time.

### **Proposals**

20. The Board is requested to note the Fund's performance against the KPIs.

### **Andy Cunningham**

Head of Pensions Administration and Relations

Report Author: Andy Cunningham – Head of Pensions Administration and Relations

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## APPENDIX 1: Administration Strategy KPIs - Fund (Table 1)

### Wiltshire Pension Fund

#### Benefit Administration Key Performance Indicators

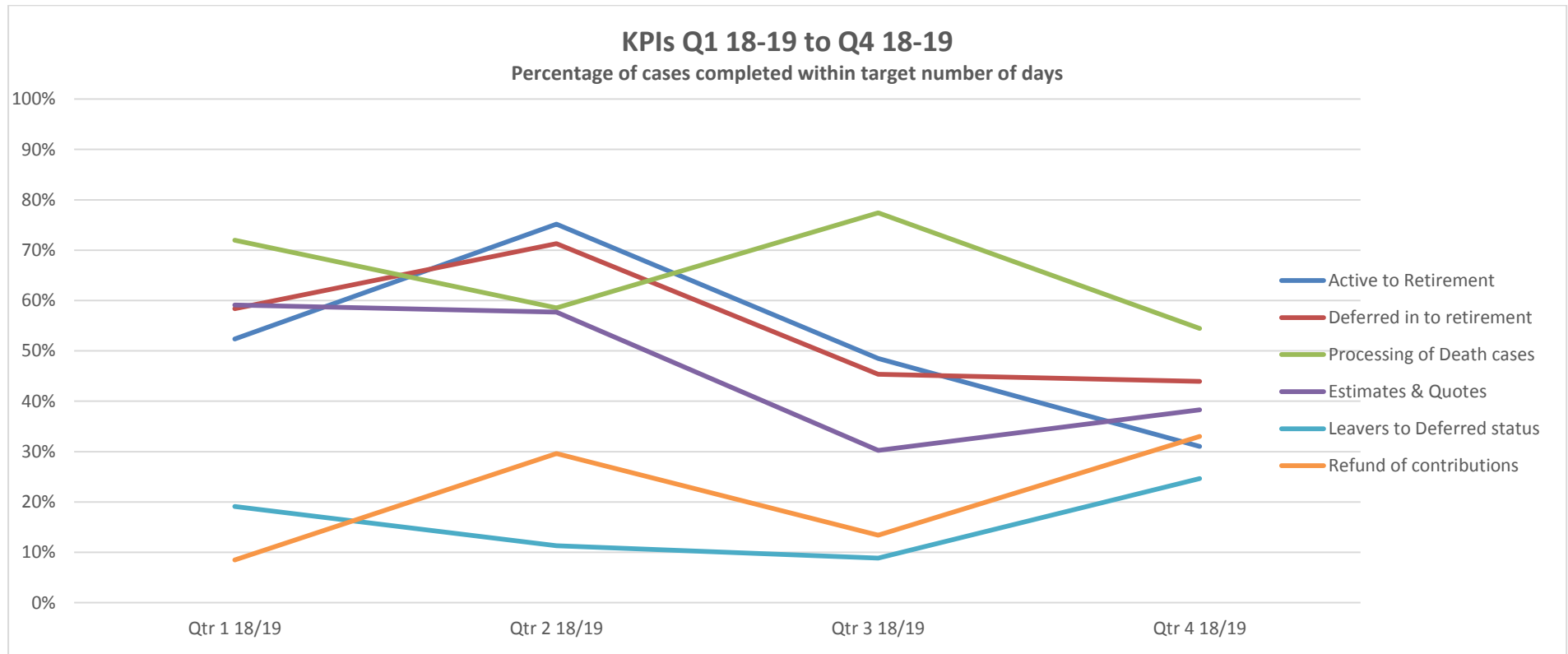
Period 01/01/2019 to 31/03/2019

Type of case	Open	Percentage	Time to complete						Total	Timescales % on target	Timescales working days
			0 - 5 days	6 - 10 days	11 - 15 days	16 - 20 days	21 - 40 days	40 days +			
Active to Retirement	116	0.51%	19	14	15	21	25	12	106	31%	10
Deferred in to retirement	77	0.25%	69	47	19	17	4	1	157	44%	5
Processing of Death cases	98	0.13%	73	33	11	6	3	8	134	54%	5
Estimates & Quotes	126	0.22%	122	125	119	57	129	93	645	38%	10
Leavers to Deferred status	1847	8.19%	71	71	41	45	253	445	926	25%	20
Refund of contributions*	196	0.87%	18	22	11	4	37	75	167	33%	20
<b>Grand Total</b>	<b>2460</b>		<b>372</b>	<b>312</b>	<b>216</b>	<b>150</b>	<b>451</b>	<b>634</b>	<b>2135</b>		
<b>Percentage</b>			<b>17%</b>	<b>15%</b>	<b>10%</b>	<b>7%</b>	<b>21%</b>	<b>30%</b>			

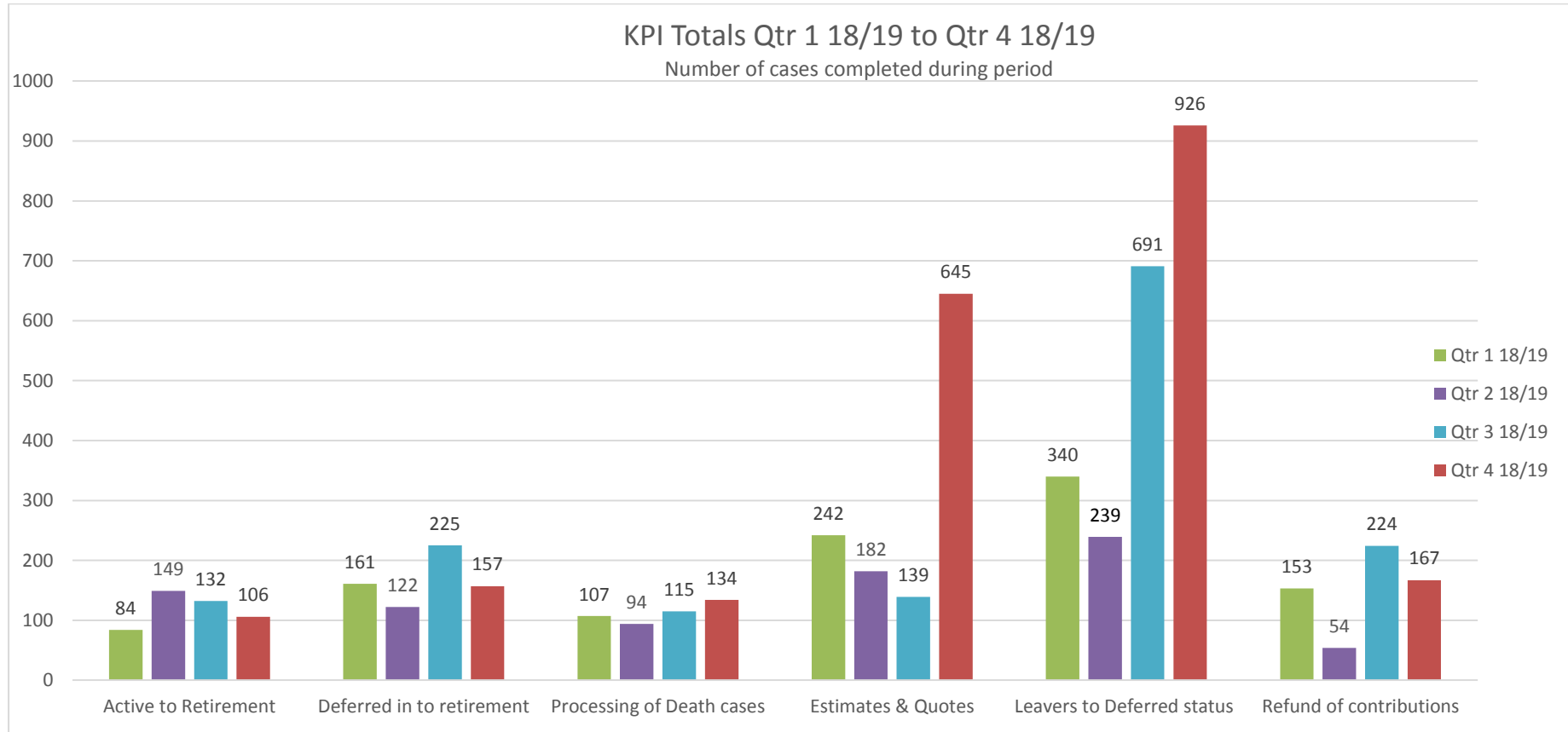
\* Refunds excludes 263 cases where the member failed to return the form for a refund and has been frozen pending future member request



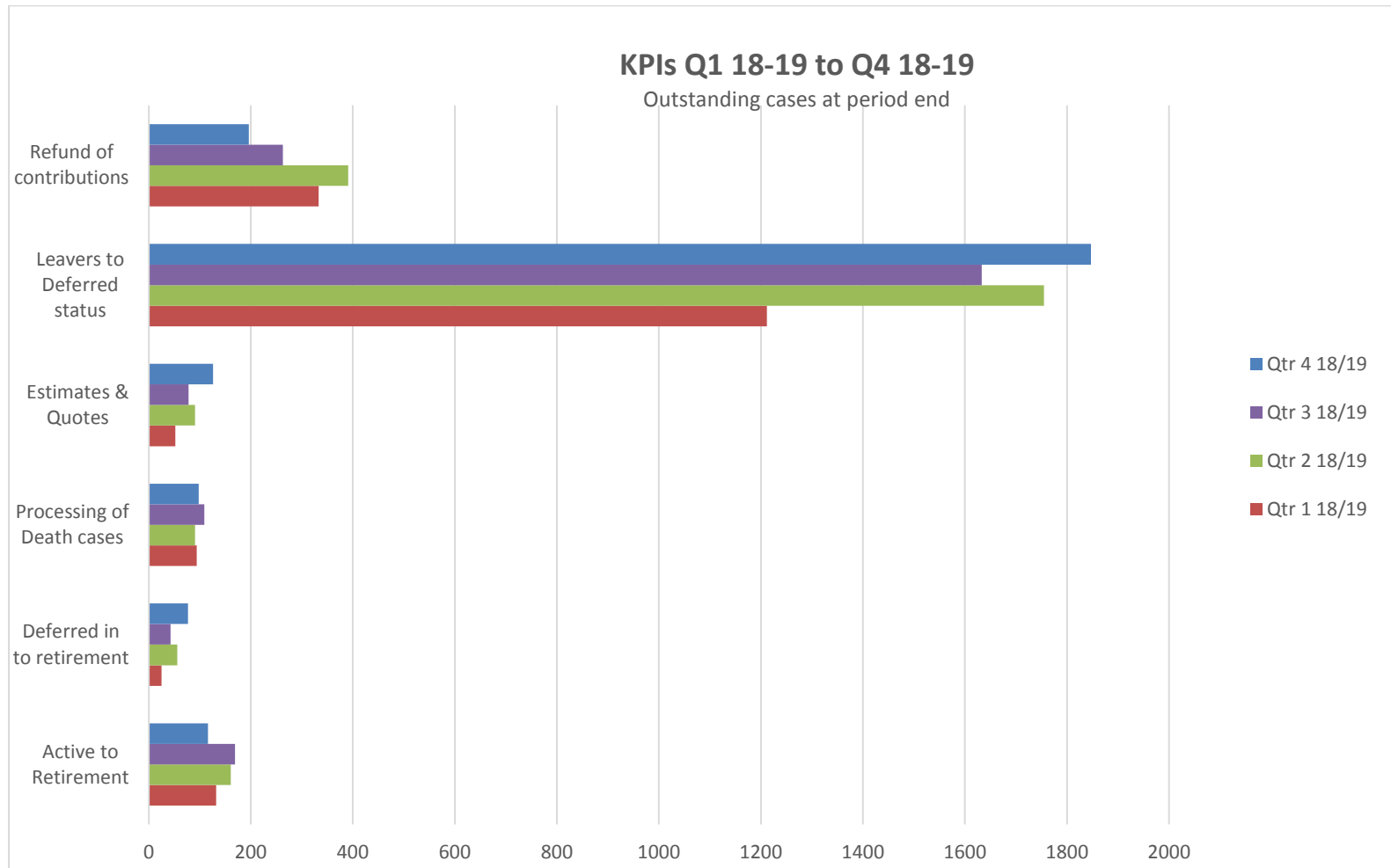
## APPENDIX 1: Administration Strategy KPIs - Fund (Chart 1)



## APPENDIX 1: Administration Strategy KPIs - Fund (Chart 2)



## APPENDIX 1: Administration Strategy KPIs - Fund (Chart 3)



## APPENDIX 2: Administration Strategy KPIs - Employers (Table 2)

Employer Key Performance Indicators

Administration Strategy

Period 01/01/2019 to 31/03/2019

Type of case	Time to advise							Total	Timescales	
	In Advance	0 - 5 days	6 - 10 days	11 - 15 days	16 - 20 days	21 - 40 days	40 days +		Admin Strategy % on target	Admin Strategy working days
<i>Retirement</i>	65	7	7	4	1	7	15	106	61%	0
<i>Leavers</i>	66	37	29	36	60	165	533	926	25%	20
<i>Refund of contributions</i>	36	12	18	25	31	68	240	430	28%	20
<b>Grand Total</b>	<b>167</b>	<b>56</b>	<b>54</b>	<b>65</b>	<b>92</b>	<b>240</b>	<b>788</b>	<b>1462</b>		
<b>Percentage</b>	<b>11%</b>	<b>4%</b>	<b>4%</b>	<b>4%</b>	<b>6%</b>	<b>16%</b>	<b>54%</b>			

## APPENDIX 3: Disclosure Requirements (CIPFA template)

### Benefit Administration Key Performance Indicators

#### Disclosure Regulations

Period **01/01/2019** to **31/03/2019**

Process name		Disclosure Requirement	Percentage meeting requirement	No. cases within Legal Timeframe
<b>Deaths</b> - initial letter acknowledging death		2 months	100.0%	134
<b>Deaths</b> - letter notifying amount of dependants pension		2 months	94.8%	127
<b>Retirements</b> - letter notifying estimate of retirement benefits	<b>Active</b>	2 months	n/a	n/a
	<b>Deferred</b>		n/a	n/a
	<b>Total</b>		88.1%	568
<b>Retirements</b> - letter notifying actual retirement benefits/process and pay benefits on time.	<b>Active</b>	2 months	77.4%	82
	<b>Deferred</b>		98.7%	155
	<b>Total</b>		90.1%	
<b>Deferment</b> - calculate and notify deferred benefits		2 months	20.7%	192
<b>Transfers in</b> - letter detailing transfer quote		2 months	89.7%	26
<b>Transfers out</b> - letter detailing transfer quote		2 months	66.5%	135
<b>Refund</b> - process and pay a refund		2 months	89.2%	149
<b>Divorce quote</b> - letter detailing cash equivalent value and other benefits		3 months	100.0%	46
<b>Divorce settlements</b> - letter detailing implementation of pension sharing order		3 months	100.0%	3
<b>Joiners</b> - notification of date of enrolment*		2 months		

\*Officers are still developing a report to produce this information.

## APPENDIX 4: tPR Data Quality scores

### a). tPR Common Data Percentage Breakdown (At 21 February 2019)

Failure type\Status	Active	Status 2	Deferrred	Pensioner	Dependent	Awaiting Entry	Frozen Refund	Totals	Percentage of total records
Fail 1: Status	0	2845	0	0	0	2	0	2847	3.7%
Fail 2: NI Number	3	4	21	0	70	0	140	238	0.3%
Fail 3: Addresses	171	67	732	19	6	0	585	1580	2.1%
<b>Totals</b>	<b>174</b>	<b>2916</b>	<b>753</b>	<b>19</b>	<b>76</b>	<b>2</b>	<b>725</b>	<b>4665</b>	<b>6.1%</b>
Percentage of total records	0.23%	3.78%	0.98%	0.02%	0.10%	0.00%	0.94%		

**Total score = 94.2%**

**Note:** Each record either passes or fails and hence there is no distinction in methodology between a single or multiple failures on a record. This is why the total failure rate of 6.1% does not match the total score failure rate of 5.8%.

### b). tPR Conditional Data Percentage

The Scheme Advisory Board has yet agree on a LGPS-wide methodology for this percentage. Once it does, the Fund will include these scores within this pack.

## WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD  
23 May 2019

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### **WILTSHIRE PENSION FUND BUSINESS PLAN 2019-2022**

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

1. The purpose of this report is to present to the Board the final Wiltshire Pension Fund Business Plan 2019-22 for them to note.

#### **Background**

2. The previous Business Plan was approved by this Committee on 25 July 2015 which set out a Forward Plan for the following three years (2015-18). Outstanding actions from that business plan have been incorporated into the 2019-2022 action plan.
3. The purpose of the Business Plan is to set out the key developments and major tasks for the period covered by the plan. The plan outlines the actions the Wiltshire Pension Fund will need to implement to meet its key objectives during the period.
4. The Business Plan 2019-2022 was approved by the Committee subject to the introduction of section on training and post meeting circulation and consideration of any further comments from Committee and Board members. The final Business Plan has now been published on the Fund website after consideration of the comments received.

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

5. The final Wiltshire Pension Fund Business Plan 2019-22 is attached as the Appendix. Officers have taken a revised approach to producing this Business Plan by starting with a specific vision, following by vision themes and then by actions for the 2019 years and aspirations for the remaining period.
6. Officers will initiate a new set of specific actions for each year towards the end of the preceding year and they will also report back to committee on the progression or completion of previously stated actions. Due to ever changing environment in which the Fund operates, it is impractical to assign specific actions a significant period ahead which is why officers recommend the annual setting of actions.

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

7. There is no environmental impact of this proposal.

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

8. Adoption of the Business Plan does not in itself commit any expenditure or increased risk. The financial implications of the proposed actions have either been or will be brought forward to the Committee in the usual way when each Fund Administration Budget is agreed. The risks of each development will be analysed in detail at the time, with the Committee approval sought if appropriate.

### **Legal Implications**

9. There are no material legal implications arising from the proposals.

### **Reasons for Proposals**

10. It's best practice to develop a Business Plan for Local Government Pension Funds.

### **Proposals**

11. The Board is asked to note the Wiltshire Pension Fund Business Plan 2019-2022.

ANDY CUNNINGHAM

Head of Pensions Administration and Relations.

Business Plan Authors:

Andy Cunningham, Head of Pensions Administration and Relations and Jennifer Devine, Investment Manager

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





# **Wiltshire Pension Fund**

## **Business Plan 2019-2022**

## Introduction

The purpose of the Wiltshire Pension Fund Business Plan 2019-2022 is to set out Wiltshire Pension Fund's (WPF) aspirations, strategic direction and goals and objectives during the period. The plan also outlines some of the specific actions WPF intends to take during 2019.

The Local Government Pension Scheme Funds have been, and continue to be, in an environment of transition and change. Over the last few years, the transition to asset pooling has had a major impact on all Funds, including WPF, while additional layers of oversight and scrutiny has been implemented in the form of Local Pension Boards, the Scheme Advisory Board and with an expanded role for the Pension Regulator. In terms of administration, these changes have also been coupled with ever increasing complexity from Scheme changes, the continual increase in outsourcings, academy changes and ceasing employers.

Many employers continue to face budget challenges which means they continue to look for new and innovative ways to make savings against their costs. The Fund is fully aware of its responsibility to try to maximise investments returns, keep employer contributions low and relatively stable and to minimise risk where possible. In this digital age, member requirements have also changed, not just in looking for online access to information but also to receive quicker and easy to read information to meet their needs.

WPF has two main types of customers: Scheme members and participating employers. Whilst both changes in the external environment and the needs of customers have created additional challenges for Funds, WPF, much like its host Wiltshire Council, is and will continue to be ambitious in setting itself objectives and goals. The starting point for this ambition is a clear vision.

## The vision

**“Wiltshire Pension Fund is an exemplar LGPS Fund”**

Wiltshire Pension Fund recognises that it not only has to meet its statutory requirements but it should also aspire to be cost effective, efficient, provide outstanding customer service and, importantly, to think and act with the long-term in mind. We are currently administering pensions that may not be paid out for over 50 years, so we also need to adapt, change and ensure the infrastructure is in place for future generations in terms of both administration and financing.

Subsequently, the vision outlined within this document is a long-term one and an important part of this vision is to put steps in place to plan for the long-term.

## Vision themes

Exemplar will have a different meaning to different individuals and hence WPF has broken down its vision into different themes and then derive specific actions from each of the themes. Many of the themes interact and actions will often relate to more than one theme.

- **Management of investments:** The Fund's investments need to be managed in accordance with the Strategic Asset Allocation, which is developed in consultation with the Fund actuary and investment consultants and approved by the WPF Committee, in order to ensure that the Fund is best placed to deliver the required investment returns

over the long term. The Fund will work with investment managers to monitor performance returns.

- **Working with other Funds to deliver investment pooling:** WPF is a member of the Brunel pool, and over the next few years investments will be transferred to the pool, in order to achieve reductions in investment management costs, by combining assets with other LGPS funds to achieve economies of scale. WPF will work with the other nine funds in the Brunel pool to ensure that pooling of investments delivers the required savings, and that the Funds hold Brunel to account successfully and effectively.
- **Innovative and secure Funding approaches:** The Fund's financial goals always need to be more than just reaching and maintaining a whole-fund funding level of 100%. We are a multiple employer fund with a wide variety of employers of different statuses, financial positions and risk appetites. The Fund, working closely with its actuary, strives to set contribution rates, and enact policies which both address this variety in the best way possible while managing the risk to the Fund.
- **Outstanding customer service and stakeholder relationships:** WPF exists to serve its customers and to be exemplar it needs to aspire to high levels of customer service. WPF is also reliant on a number of internal and external partners to operate successfully and it is essential to maintain strong working relations with them.
- **Lean processes, high performing and efficient with a culture of continuous improvement:** With ever changing complexity and technology, WPF needs to make sure its processes are, and remain, lean and customer focused but still well controlled to meet regulatory and business requirements.
- **Embracing Technology:** Technology has been, and continues, to change at a fast pace. It provides both opportunities and challenges for the Fund and it also changes customer expectations. WPF aims to embrace technological changes and use it to improve its service and efficiency, not just by using third party products aimed at the LGPS market but to look more widely at the use of technology across pension funds and beyond.
- **Robust and accurate service delivery:** We operate in a highly regulated, complex environment and handle large amounts of payments and hence an essential part of our core service is to meet the mantra of paying the right pension to the right person at the right time. A key part of this is effective processes and controls.
- **Thriving team and fluid governance:** Even with greater use of technology we are still heavily reliant on a strong and knowledgeable team to deliver our objectives against our strategy with appropriate oversight, scrutiny and decision making through our governance arrangements.
- **Effective governance, employer and staff training:** We need to ensure we equip our Committee and Board with the relevant level of knowledge to facilitate effective decision making and scrutiny. Similarly, for WPF officers and employer contacts, in such a complex area as pensions there is continual need for high quality training to maximise the levels of efficiency and minimise the risks of mistakes being made.
- **Strong accounting controls:** WPF has a strong accounting framework and will continue to assess and improve its processes. The accounts and the annual report will be delivered in line with reporting timescales and with all required content.

- **Sharing excellence and learning from others:** As one of over 80 LGPS administering authorities, together with a wider range of other pension funds and comparable organisations, there is plenty of opportunity to learn from others and share good ideas and to be exemplar the Fund needs to look at best practice elsewhere and share its best practice too.

The Fund has outlined the specific actions to plans to take place in 2019 within Appendix 1 and its aspirations for 2020-2022 in Appendix 2.

### **Measuring Success**

WPF will measure its success against its vision in a variety of ways. Initially, it will self-assess that it is completing the actions it has set itself and is working towards meeting its current aspirations and creating new ones. Over time, it will determine a series of key performance indicators and measures that it considers to be the attributes of an exemplar fund and it will measure itself against those, both in absolute sense and relative to other Funds. Furthermore, as the Fund is ultimately run for the benefit of its participating members and employers, the view of those customers is essential in determining if the Fund is truly exemplar.

### **Further Information**

Further information about the Wiltshire Pension Fund, including its governance structure, membership, employers and accounts can be found on its website [www.wiltshirepensionfund.org.uk](http://www.wiltshirepensionfund.org.uk)

### Appendix 1: Action plan for 2019 (areas for development only)

The table below focuses on actions which relate to developing the Fund and working towards its vision. All business as usual related actions such as renewing essential contracts, external reporting, updating existing policies and strategies and processing routine administration work are excluded from this table.

No	Vision Theme	Action	Target date (latest)
1	Embracing Technology	<u>Member Self Service (MSS)</u> : Complete stage 1 of the implementation of MSS by inviting all active and deferred members to sign up.	June 2019
2	Embracing Technology	<u>I-connect</u> : Start and complete the set-up of I-connect and commence onboarding several large and smaller employers on to the new system.	July 2019
3	Embracing Technology	<u>E-payslips</u> : To complete the rollout of e-payslips by inviting new and existing pensioner members to sign up.	December 2019
4	Embracing Technology & Robust and accurate service delivery	<u>Member payment instruction automation</u> : Automate the process for setting up all one-off (e.g. refunds, transfers, lump sums etc) and regular member payments (e.g. monthly pension payments).	August 2019
5	Embracing Technology & Outstanding customer service and stakeholder relationships	Rollout a new enhanced employer website with access to online training materials and webinars	September 2019

6	Innovative and secure Funding approaches	Implement separate employer investment strategies in conjunction with the 2019 triennial valuation.	December 2019
7	Innovative and secure Funding approaches	Review and update the Funding Strategy Statement to imbed the changes made to the cessation policy, and other changes made as part of the 2019 triennial valuation, to improve the way funding matters are dealt with.	December 2019
8	Management of investments	Complete the Strategic Asset Allocation review, and make necessary changes to the Fund's asset allocation to bring it in line with this review.	December 2019
9	Management of investments	Review and update the Investment Strategy Statement to bring it in line with the new Strategic Asset Allocation, and progress made in investment pooling	December 2019
10	Working with other Funds to deliver investment pooling	Complete the transition of assets to the Brunel high alpha equities portfolio. Continue to monitor fee savings and ensure that Brunel are effectively held to account.	December 2019
11	Strong accounting controls	Complete the Fund's account and annual report in line with updated CIPFA guidance. The deadline for the annual report will be brought forward this year to 31 July to bring it in line with the accounts deadline, and to improve the information available to stakeholders.	July 2019
12	Lean processes, high performing and efficient with a culture of continuous improvement	Start a Lean/Systems Thinking, end to end processing review of all repeatable processes in the section with the key objectives of improving the customer experience and identifying and realising efficiencies.	March 2019
13	Lean processes, high performing and efficient with a culture of	Set up a formal process for monitoring the performance of all supplier and adviser contracts.	October 2019

	continuous improvement		
14	Lean processes, high performing and efficient with a culture of continuous improvement	Introduce a new, semi-automatic work allocation system for all benefits work. The purpose of this is to help identify priority cases quicker with less analysis and discussion needed.	October 2019
15	Outstanding customer service and stakeholder relationships	Imbed the regular monitoring of employer covenant strengths and monitor active membership numbers for small employers to start cessation discussions prior to a crystallisation events.	October 2019
16	Outstanding customer service and stakeholder relationships	Review and update the Pension Administration Strategy and improve internal performance monitoring to ensure the Fund and employers are meeting the requirements of the Strategy and thus improving the administration performance of the Fund.	December 2019
17	Sharing Excellence and learning from others	Continue to take part in regional and national discussion groups and committees, volunteering where possible to take on responsibility and build networks across all key areas of the Fund.	Ongoing
18	Robust and Accurate Service Delivery	Complete the analysis of GMP-related pension in payment issues and agree a final approach on GMP rectification.	December 2019
19	Backlog processing	Implement the data improvement sub-plan for processing of administration backlogs and make reductions in backlog levels in line with the details of the sub-plan.	December 2019

20	Thriving team and fluid governance	Design and start populating an internal website-based, 'Knowledge hub' and 'interactive procedures' to help guide new and existing pension team members smoothly through the complexity of the LGPS whilst reducing risk and improving efficiency.	May 2019
21	Thriving team and fluid governance	Review and update the Terms of Reference for Committee, Local Pension Board and Investment Sub-Committee to provide clarity on the distinctions between each one and to help improve their effectiveness	December 2019
22	Thriving team and fluid governance	Improve the range of Key Performance Indicators (KPIs) produced for the Committee and Local Pension Board to help provide transparency and clearer oversight of administration performance.  Investigate and implement, where appropriate, benchmarking statistics.	November 2019
23	Effective governance, employer and staff training	<u>Employer Training</u> : The Fund will create a new, comprehensive training plan for all employers within the Fund. The plan will aim to make available a mixture of training approaches including presentations, webinars, 1-1 employer meetings and telephone calls. The plan will be proportionate to employer sizes, needs and their location.	May 2019
24	Effective governance, employer and staff training	<u>Governance Training</u> : The Fund will implement its three-year training strategy for all members approved by both the Committee & the Board. The strategy aims to ensure that members have sufficient knowledge & understanding to carry out their duties and are compliant with the LGPS Regulations, tPR Code of Practice 14, Data Protection legislation & MiFID II. In addition, it aims to address the CIPFA guidance on training standard.	April 2019
25	Effective governance, employer and staff training	<u>Staff Training</u> : The Fund will finalise a new modular based, onboarding process and policy for all new staff covering. For existing staff, it will put in place an annual plan to maintain and enhance knowledge and understanding through training as part of team meetings and other, separate bitesize sessions.	June 2019



## Appendix 2: Aspirations for 2020 to 2022

Given the ever-changing nature of the LGPS and the new and evolving challenges, it is difficult to set specific actions far in advance. Therefore, the Fund will produce a new set of actions at the beginning of each calendar year following consideration of progress to date of the previous year's actions, any changes in priorities and other developments which have occurred in the meantime.

No	Vision Theme	Aspiration
1	Embracing Technology	<u>Member Self Service (MSS)</u> : To achieve a sign-up rate of 40% with over 25% of members having logged in with the last 6 months and having switched from paper to electronic communications (e.g. for annual benefit statements, newsletters and other ad-hoc communications)
2	Embracing Technology	<u>I-connect</u> : All WPF employers are onboarded and successfully using I-connect.
3	Embracing Technology	<u>E-payslips</u> : Over 20% take up of all pensioners and over 50% take up of overseas pensioner residents.
4	Working with other Funds to deliver investment pooling	Assets will have continued to transition to the pool in line with the Brunel timetable, and the Fund will be realising significant fee savings in line with expectations.
5	Lean processes and a cultural of continuous improvement	The end to end processing review is complete, the benefits are realised and a culture of continuous improvement is imbedded.
6	Outstanding customer service and stakeholder relationships	Employers and the Fund are consistently meeting all KPIs and the Fund compares well against peers in key, comparable benchmarks such as the Pension Regulator data quality measures.

7	Robust and Accurate Service Delivery	GMP Rectification exercise is complete with minimal difficulties encountered.
8	Robust and Accurate Service Delivery	Continue to make improvements to data quality to reach a 'steady state' position where processing levels and data quality are maintained high levels.

## **WILTSHIRE COUNCIL**

WILTSHIRE LOCAL PENSION BOARD  
23 May 2019

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### **WILTSHIRE PENSION FUND DATA IMPROVEMENT STRATEGY & PLAN**

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

1. The purpose of this report is to present the final Data Improvement Strategy & Plan to the Board to note.

#### **Background**

2. The Pension Regulator recommends that all Funds should review their data quality at least annually and put a Data Improvement Plan in place should they identify any material data issues.
3. For many years, the Fund has recognised the importance of good quality data on nearly all aspects of the running the Fund efficiently and effectively. However, with increasing complexity, acceptance and awareness of the importance of good quality at a national level, officers recognise the need to prioritise data quality even more highly and formalise its approach.
4. The Plan represents a formalisation and summary of existing and new initiatives to improve the Fund's data quality.
5. The Plan was approved by Committee on 14 March 2019 but will continue to be subject to review.

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

6. The Strategy and Plan breakdowns down the issues between the categories 'obtaining good quality data' and 'maintaining good quality data'. The rationale for taking this approach is to make clear the need focus on taking a preventative approach to new data quality issues developing, in addition to resolving existing data issues.
7. Furthermore, some of the improvements planned can be further categorised as short-term or long-term improvements. Many of preventative style approaches identified are longer-term.
8. Existing, identified data issues have been summarised and broken down into the categories outlined in the sub-plans shown in Appendix 1 of the Strategy and Plan while preventative approaches are outlined in Appendix 2. Some of these sub-plans are already developed and in place while others are still due to be developed. Officers will continue to add additional sub-plans as and when required.

#### **Financial Implications**

9. There are no direct implications of this plan. The new data improvement plans currently plan to use existing resource or software that the Fund has already purchased (e.g. I-connect).

### **Risk Assessment**

10. This data improvement strategy and plan mainly relates to risk PEN010 on the risk register but also indirectly to other risks such as PEN001 and PEN008.

### **Legal Implications**

11. The proposals in this document will help strengthened the Fund compliance with legislation relating to data

### **Environmental Impacts of the Proposals**

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

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

13. There are no known implications at this time.

### **Proposals**

14. The Board is asked to note the Data Improvement Strategy and Plan.

ANDY CUNNINGHAM

Head of Pensions Administration and Relations

Report Author: Andy Cunningham, Head of Pensions Administration and Relations

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

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# **Data Improvement Strategy & Plan**

**March 2019**

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## 1. Introduction

This document outlines Wiltshire Pension Fund's Data Improvement Strategy & Plan.

Fundamentally, the purpose of the Fund is to pay the **correct pension benefits to its members when they become due**. It is therefore imperative that the Fund achieves and maintains the highest possible data quality standards, to comply with its core functions and to ensure the cost-effective use of resources. High quality data is also the basis for all fund valuations and effective decision making.

Keeping and maintaining high quality data is becoming increasingly difficult due to the continual diversification of the participating employer base, the increasing number of payroll providers, the large number of members and the complexity inherent in the scheme's design. However, the Fund is committed to meeting these challenges by using the approaches outlined in this strategy.

## 2. Legislative Framework

This Fund and its employers have a legal obligation and statutory duty to comply with a various regulations, standards and formal guidance; these include, but are not limited to:

- LGPS Regulations 2013, as amended;
- Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014;
- The Pensions Act 1995, 2004 and 2008;
- The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013;
- Data Protection Act 2018;
- Freedom of Information Act 2000;
- Pension Regulator's Code of Practice No.14

This document considers the requirements of these different pieces of legislation in determining the Fund's approach and its priorities.

### 'Common' & 'Conditional' Data

The Pension Regulator (tPR) acknowledges that complete, accurate scheme records are a vital part of the administrative function. tPR defines two types of data held in scheme records which can be broadly explained as follows:

**Common data:** Data used to identify scheme members and includes names, addresses, national insurance number and date of birth and other similar data.

**Conditional data:** Data which is essential to calculate benefit entitlements for the LGPS such as, member contributions, pensionable pay & service history. It also encompasses

data relating to events that occur during an individual's membership, for example transfers, purchase of additional pension and pension sharing orders.

Both types of data are equally important, but are defined separately for the purposes of measurement by tPR

### **3. Plan objectives**

The key objectives of this plan are:

- a). To ensure accurate records are maintained to calculate pension entitlements and employer liabilities; ensuring all information and data is communicated securely and accurately, within prescribed timescales.
- b). To ensure that the Fund is compliant with legislation and in particular, with the guidance of the Pension Regulator. Furthermore, in doing so, ensuring it establishes a robust, reviewable and transparent framework necessary for the acquisition and upkeep of accurate, complete and up-to-date records
- c). All actions agreed are proportionate to the risk posed, cost effective and efficient. As part of this, appropriate technology used will be used wherever possible to improve data quality standards, and the streamlining of operational processing across employer and Fund workstreams.
- d). To focus on making sure the Fund data is correct at source by using preventative approaches wherever possible (section 4). Data cleansing activities should very much be used as a second line of defence rather than the main strategy to hold clean data.
- e). To ensure clarity of roles and responsibilities between the Fund and employers, ensuring all parties are committed to the continuing engagement to improve data quality and promote accurate record keeping.
- f). To ensure that all data collection processes are clearly documented and regularly reviewed to check the validity of data. Internal managers will act as a second line of defence by periodically checking documented procedures are followed while an audit programme will be in place to act as a third line of defence on controls, the collection and processing of data.

### **4. Obtaining good quality data**

An essential part of any data improvement policy is to ensure that good quality data is received at source and accurate processing takes place to create new, accurate data items. The Fund's data requirements are outlined within its template forms and employer's guide both held on the website. Outlined in this section are the approaches that the Fund will use:



### a). I-connect and accurate data submissions

The Fund has recently purchased a software package called I-connect and a key part of this data improvement plan is to rollout the use of I-connect across the Fund's current and future participating employers. I-connect acts as a portal which sits between employers and the Fund and it helps ensure the data submitted from employers to the Fund passes a high number of data validation checks before it is uploaded on to the Fund's administration system, thus reducing the risk that poor quality data enters the system and discrepancies arise between employer's payroll software and the Fund's administration system. The Fund intends to rollout I-connect gradually across all employers between 2019 and 2021 in order to ensure that adequate testing takes place and employers have time to adjust their processes to a new way of working.

Complete and accurate data submissions are the cornerstone of high quality data. However, even with full roll-out of I-connect, the Fund will need to continue to rely on other forms of data submissions, mainly where the data sources are non-employer party such as other funds and members themselves. Further information on how the Fund will address these data matters are explained in the points below.

### b). Employer training, engagement and support

The Fund is reliant upon the accuracy, completeness and timeliness of data provision from participating employers and any third-party agencies they may utilise e.g. payroll providers.

To maintain complete and accurate records there needs to be a continual dialogue with participating employers regarding the provision of data, particularly as employer contacts change. Fund Officers will work with named employer representatives throughout the year to support the general activities of the Fund, clarifying information and data provided and actively seek to train employers on all aspects of pensions administration as necessary. It is an employer responsibility to both provide accurate data and to provide resources to respond to ad-hoc enquiries, bulk data activities such as year-end data submissions and data reconciliations.

The Fund will set out an employer training plan, review and improve all material available to employers such as the employer's guide and continue to provide other supplementary information through the mediums of newsletters, forums, the administration strategy, the website and webinars.

### c). Clear data submission templates and forms & timely deliver

The Fund recognises that due to the nature of the Scheme, it has relatively complex and time-consuming data requirements and it has a responsibility to ensure that its templates and forms are as simple as possible to understand and complete. As part of a current project

undertaking a review of repeatable processes, the Fund will analyse where errors and misunderstandings often occur in relation to its forms, letters and other templates, and make adjustments wherever possible to reduce the frequency of this occurrence by supporting employers.

Furthermore, the Fund needs to ensure the timescales outlined in the Administration Strategy are met to ensure the timely delivery of data by following the protocols stated within it and that it uses the Fund's escalation policy, where necessary, if other approaches are exhausted.

#### d). Effective internal controls and processes

All processes must be underpinned by suitable documentation, staff training and skills transfer to ensure ownership, understanding and compliance at both a Fund and employer level. As the Fund processes source data, it needs to ensure that the new data it creates is also accurate. It will do this by making sure clear and up to date procedures are in place and are being followed, the Altair pension administration system is up to date and any 'known errors' are communicated to processors, processes are adjusted where necessary and relevant managers undertake regular reviews of the work being processed and they make recommended improvements where necessary.

#### e). Timely receipt and processing of data

Another key element of ensuring data used is accurate is for the Fund to receive and process data in a timely manner. The Fund will aim to ensure it always has appropriate resource in place, work is prioritised appropriately and any mounting data backlogs are quickly identified and a plan is put in place for reducing the backlogs. The area links closely to the Fund's data improvement plan.

The Fund's desired processing levels are outlined in the Fund Administration Strategy while Disclosure Regulations and guidance issued by other bodies, such as CIPFA, provide further requirements and guidelines. Collectively, the Administration Strategy forms a set of Key Performance Indicators (KPIs) which officers and the Committee will monitor performance against and officers will put plans in place where KPIs are not being met and specific action is required to address the matter.

#### f). Fund Administration Strategy

The Fund will review its Fund Administration Strategy to make sure it is up to date and fit for purpose. It contains a detailed overview of Fund and employer responsibilities, performance standards and escalation policy. The Fund will also actively monitor employers and as well as its own performance against the details contained within the Strategy and take appropriate actions if issues arise.

## 5. Maintaining good quality data

Whilst the Fund will always strive to obtain good quality data at source and process it accurately, inevitably there will be scenarios where the Fund will become aware of out of date and incorrect data at a later date and these inaccuracies will need to be proactively identified and rectified. The Fund will do this by using the approaches below:

### a). Data Reconciliations:

A brief summary of key data reconciliation exercises that the Fund will undertake are outlined below.

Review activity	Monitoring Performance	Timescale
<p><u>Non i-Connect Employers</u> The Fund will undertake biannual data reconciliation exercises with all employers to identify discrepancies within member datasets, carrying out detailed analysis on any data gaps and rectifying them.</p> <p><u>i-Connect Employers</u> As above, but on a monthly basis.</p>	<p>Where the Fund identifies a pattern of data issues specifically with an employer it will speak to identify the root cause of the problem to try to limit the chance of a repeat. It when then take further action, as appropriate, which could include bespoke employer training or support, an action plan or a face to face meeting.</p> <p>Where common issues are identified across a range of employers, the Fund will take a similar approach but consider the need to take actions across a range of employers.</p>	<p><u>Non I-connect employers:</u> Twice yearly as part of the end of year exercise and during half year (autumn).</p> <p><u>I-connect employers:</u> Monthly.</p>
<p>Following year-end contribution return exercise, the Fund will provide employers with a detailed review of errors and data gaps encountered during the process.</p>	<p>The Fund will monitor progress against resolution of errors. Where errors are not resolved within timescales prescribed within the Pension Administration Strategy, employers may be subject to the Fund's escalation policy on charging employers for unsatisfactory performance</p>	<p>Within 30 days of receipt of complete and correct year end contribution return</p>

The Fund will undertake periodic data reconciliation exercises to ensure there are no inconsistencies between the pension payroll system and pension administration system.	Data quality reports will be designed to analysis the data and monitor improvement. The data quality reports will be consistent with the Service Level Agreement between the two service areas.	Will vary on the data being reviewed from monthly, to quarterly to annually.
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## b). Using Third Party Data Services

The Fund will make use of third party data services to improve the quality of its data and also support the administrative function. These are provided by outside organisations as either collaborative ventures (at no or minimal cost) or procured commercially. The Fund uses these approaches where it either does not have accessed to the necessary information or it is able to benefit from the specialist services of an outside company.

### i). LGPS National Insurance Database & ‘Tell Us Once’ Service

Administered by South Yorkshire Pension Fund Authority (SYPA) on behalf of the Local Government Association (LGA), the secure National Insurance Database was developed for LGPS administering authorities to share data to prevent the duplicate payment of death grants. This follows changes to Scheme Regulations in 2014, by virtue of which, payment of a death grant in respect of a member with entitlement to multiple membership categories, is restricted to an aggregate payment value in relation to any active or pensioner/deferred membership. When processing the death of a scheme member, officers will procedurally check the LGPS National Insurance Database for the existence of membership at other LGPS Funds.

The secure LGPS National Insurance Database also facilitates the integration of the Funds membership profile into the government ‘Tell Us Once’ service, as administered by the Department of Work & Pensions (DWP). The ‘Tell Us Once’ service allows a person registering a death to request that the DWP pass on the deceased’s information to other government departments and council services. If the deceased is a member of the Fund, as determined by the LGPS National Insurance Database, the Fund will identify this on a weekly basis by reviewing notifications on the data portal.

### ii). Target Professional Services Ltd

Target Professional Services Ltd enables officers amongst other services to find the most recent postal address of a member to whom contact has been lost and, where requested, provide next of kin details and death certificates. For addresses, the loss of contact will normally occur when a deferred or pensioner member fails to notify the Fund of a change of address.

### iii). Mortality Screening Services

Provided commercially, the Fund periodically engages in comparing its deferred and pensioner memberships against the national death register as administered by the General Register Office which is part of Her Majesty's Passport Office.

### iv). National Fraud Initiative (NFI)

Administered by the Cabinet Office, the NFI programme is a biennial exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. As a participant, the Fund receives a report of 'matches' to investigate, to take remedial actions and update records accordingly.

## 6. Improving current data quality

Following a review in early 2019, the Fund has identified a number of areas of new or continued focus for data improvement and maintenance. These are outlined in Appendices 1 & 2. The specific sub-plans for each of these areas will be produced by the Fund, maintained internally and detail the specific actions required and the timeframes for resolution.

As new areas of focus are identified, and existing areas dealt with, new sub-plans will be added and worked upon by Fund Officers.

## 7. Measuring success

The Fund's key measures of success are:

- a). **tPR's common and conditional (scheme specific) data targets:** The Pension Regulator set targets of 100% for both common and conditional (scheme specific) although the exact definition of conditional (scheme specific) data for the LGPS has yet to be confirmed by the Scheme Advisory Board. Therefore, the Fund will use measurements as benchmarks to measure its data quality.
- b). **Key Performance Indicators (KPIs):** As referred to early with this plan and as outlined in the Pension Administration Strategy which will be updated from time to time.
- c). **Percentage of Annual Benefit Statement sent on time:** The percentage sent by 31 August of each year. The official target is 100% and the Fund's target is to be as close to 100% as possible.

## **8. Plan review and monitoring**

The Fund will review this policy document periodically, and as required, to reflect changes in regulations and Fund working practices. Scrutiny and oversight will be provided as and when is required by the Local Pension Board, the Pension Fund Committee, the Pension Regulator and internal and external auditors.

## **9. Related Policy Statements**

The following related documents can be found on the Fund's website:

- Pension Administration Strategy (including escalation policy); and
- Fund Business Plan 2019-2022

This document has been presented, considered and approved by the Pensions Committee on 14 March 2019.

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## Appendix 1: Data Improvement sub-plans – resolving existing, identified data issues (section 5)

Ref & Priority	Data Area	Potential Impact	Mitigation	Review Frequency
<b>DI1 ADDRESSES</b>	Member Addresses, particularly deferred members	Unable to contact members to advise them their benefits are due. Incorrect addresses also count as failures against tPR common data score.	When any posted mail is returned, the details are passed on Target Professional Services Ltd to trace the person and obtain to date address.	Ongoing, as and when required.
<b>DI2 - EMPLOYER</b>	Consistent membership data between employers and the Fund.	Inability to ensure accurate payment of benefits within prescribed timescales.  Potential additional administration and legal costs to correct historical errors	The actions outlined in sections 4 & 5.	Monthly for I-connect employer and biannually for non I-connect employers or more frequently as required.
<b>DI3 - GMPs</b>	To ensure that GMP data and residual pension splits are accurate.	Incorrect GMP liability values will consistently lead to the incorrect value of benefits paid	Continue to engage with HMRC over the data provided.  Assess data to identify key factors such as database configuration issues & incremental increase requirements	Ongoing

<b>DI4 CONSISTENCY ERRORS</b>	Technical data inconsistencies within member records on the Altair database (pension administration system)	Incorrect data configuration leads to benefit calculation failure & reduces the effectiveness of the administration of the Fund	Training staff to ensure that data is applied to the database in a way the is consistent with Heywood's guidance on the management of the database.  Sample check member records and run regular consistency error reports.	Ongoing
<b>DI5 FUND BACKLOG PROCESSING</b>	Backlogs currently exist for work related to aggregation and deferment of records.	Whilst neither set of backlog results in any financial detriment to members, the backlogs have secondary impacts on the processing of other cases, causes inefficiencies and lower tPR scores.	Review of processes, procedures and notes to improve efficiencies. Reallocation of resource. Employer training to reduce queries.	Ongoing



## Appendix 2: Process and control strengthening – preventative approaches to data quality issues (section 4)

Ref & Priority	Data Area	Potential Impact	Mitigation	Review Frequency
<b>DP1 YEAR END</b>	<p>Year-end processes and controls:</p> <p>a). Correct allocation of CARE pay &amp; FTE pay data to member accounts (where members have multiple accounts)</p> <p>b). All CARE, FTE pay and other supporting data is correct and received in a timely manner for all records.</p> <p>c). Authorisation process for employers and any differences in contribution and membership data are fully reconciled.</p>	<p>Failure of Fund to fulfil its statutory requirement to ensure accurate payment of benefits within prescribed timescales.</p> <p>Impact on annual allowance calculation for members.</p> <p>Failure to comply with the requirements of the rates and adjustment certificate.</p> <p>Risk of fraudulent activity.</p>	<p>a). Transition of employers to I-connect.</p> <p>b). Continued liaison and development of bespoke automated annual return data linking for large scheme employers, relating to their current payroll system to enable accurate digital import of data</p> <p>c). Continued development of “sanity” checks on pay data submitted</p> <p>d). Regular revision and improvement of Fund pay tolerance levels</p> <p>e). Descriptive feedback to employers where anomalies are highlighted</p> <p>f). Robust authorisation controls including sign off by key employer contacts.</p> <p>g). Regular gap analysis of FTE Pay figures and CARE Data.</p>	<p>Annually – before commencement of year end contribution exercise</p>
<b>DP2 PENSIONER PAYROLL</b>	<p>Verification and authorisation of payroll data between the Pension Administration database and the Pension Payroll database</p>	<p>Non-verification and authorisation payroll data could result in failure to identify fraudulent</p>	<p>a). Robust authorisation controls – Covering both financial &amp; data transfers between databases</p>	<p>Annually – Financial reconciliation of the payroll before &amp; after each pension increase exercise.</p>

		<p>activity that may have financial consequences</p> <p>Failure to reconcile members &amp; their pensions could lead to maladministration</p>	<p>b). Incorporate a series of annual pre-pension increase checks to ensure both databases mirror each other.</p> <p>c). Initiate a programme of data quality reporting &amp; reconciliation</p>	<p>Monthly – Data reporting &amp; reconciliations to be undertaken</p>
<p><b>DP3</b></p> <p><b>CONSISTENCY</b></p> <p><b>ERRORS</b></p>	<p>Data entered on the pension administration system needs to be entered consistently and checked as part of the process.</p>	<p>Non-verification of data from 3<sup>rd</sup> parties such as other LGPSs may have financial or data quality consequences</p>	<p>Ensure that all transfer value data is verified on Altair, by reviewing their documentation &amp; update each member's records as required.</p> <p>Run consistency check routines</p>	<p>Ongoing</p>

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## WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD  
23 May 2019

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### PENSION FUND – CLARIFICATION OF GOVERNANCE ROLES

#### Purpose of the Report

1. The purpose of this report is to update Members on the progress made by a focus group of Committee, Board Members & officers of the Fund, following the identification within Hyman Robertson's effectiveness review report that the roles of the Wiltshire Pension Fund Committee & Board require clarification & restating.

#### Background

2. The Effectiveness review highlighted a number of overarching recommendations with regard to the roles of each group. These were;
  - Clarification to be given to the Committee on the role of the Board & why both groups have distinctively different roles & objectives
  - Ensuring that the Fund's objectives are clearly defined & processes are put in place to monitor them & report on progress
  - That the structure of meetings should be reviewed & that all parties would consider the way in which they need to communicate with each other
  - That the terms of reference would be restated for both the Committee & the Board,
3. Following discussion at the Committee meeting held on 12<sup>th</sup> December it was agreed that a focus group would be set up to consider the contents of the report and determine what practical steps should be taken to mitigate the findings identified. A meeting was held on 23<sup>rd</sup> January 2019.

#### Considerations for the Bpard

4. The focus group determined the following outcomes during their meeting;

##### **Roles & objectives**

- **Committee** – Takes full decision-making responsibility for all aspects of the administration & management of the Fund. Ensuring current & future pension liabilities can be met through the investment of fund assets, driving fund performance & risk management.
- **Board** – Is an independent statutory body with an advisory & scrutiny remit. It has no decision-making powers but will seek to hold the Committee to account in respect of its legal, compliance, governance & management of the Fund. If requested, it can also undertake research on behalf of the Committee.

##### **Actions being taken by the focus group**

- Terms of reference (ToR) – the Committee, Board & Investment sub-Committee's ToRs will be reviewed to ensure that they remain relevant to the statutory purpose of each group, harmonise the purpose of each group with the other groups & either increase the scope or become less prescriptive in nature so as to enable each group's practical operation.

Officers have started producing revised drafts in conjunction with Democratic Services.

- Communication – To enhance the communication between all groups by;
    - 1) Reviewing the design of the LPB Annual Report to actively indicate whether a Board recommendation has been acted upon & specifying a reason if not;
    - 2) To encourage email communication outside of set meetings. This communication will be underpinned by a monthly update report issued by both the Head of Pensions, Administration & Relations & Investment Manager covering their technical areas (this is now place). It will be issued to all Members & key officers, and;
    - 3) To foster cross-observation by Members, by attending each other's meetings.
  - Agenda setting & meetings – Agendas will be set in a manner which clarifies the roles & objectives of each group & which will minimise duplication, whilst embracing the contribution made by the other group(s). To facilitate this arrangement separate agenda setting meetings will be held & in addition, separate Chair's briefings to the main quarterly meetings will also be held at a different venue.
  - Developing a work programme – A unified, dynamic & ongoing programme of work will be maintained by the Committee, monitoring the progress of the Fund's objectives & which will prompt requests for support from the Board. This programme of work will be supported by regular meetings of both Chair's & senior officers at which policies will be developed & delegations agreed.
  - Induction training – Future training will include commentary on the different statutory roles of the Committee & Board & identify the combined needs of the Members of both groups, as well as specify the distinct and separate needs between each group.
5. At the Local Pension Board meeting in October 2018 the Board reviewed the Fund's delegation strategy. As the basis for comparing & contrasting the roles & objectives of each group the delegation strategy will also be reviewed on approval of each group's updated ToR. See Appendix 1.

### **Conclusions**

6. The focus group believe that the considerations addressed will lead to a better & stronger cooperation between the Committee & the Board. Clearly defining the roles & objectives of each group & with a greater level of communication, will also remove any uncertainty which may have historically developed.

### **Environmental Impact**

7. There is no environmental impact from this report.

### **Financial Considerations**

8. There are no immediate financial considerations.

### **Risk Assessment**

9. There are no risks identified at this time.

### **Legal Implications**

10. There are no immediate legal implications arising from this report.

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

11. There are no implications at this time.

### **Proposals**

12. The Board is asked to note the assessment made by Officers.

ANDY CUNNINGHAM

Head of Pensions Administration and Relations

Report Author: Richard Bullen – Fund Governance & Performance Manager

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## **WILTSHIRE COUNCIL**

WILTSHIRE LOCAL PENSION BOARD  
23 May 2019

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### **Draft Local Pension Board Annual Report**

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

1. The purpose of this report is to present the draft Local Pension Board's (LPB) Annual Report.

#### **Background**

2. As part of its terms of reference the LPB is required to publish an annual report on the work of the Board which will be referenced in the Fund's own annual report. This covers the Board's activities over the past 12 months and look forward to the proposed work plans for the forthcoming year.

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

3. Attached is the proposed draft 2019 LPB Annual Report for consideration by Members of the Board. The report is based on the structure agreed by the Board. The report will be published as a standalone report on the Wiltshire Pension Fund website.

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

4. The cost of the annual report is included with the LPB budget within the Fund's administration budget.
5. The annual report is an integral part of the LPB's role in ensuring the Fund is securing compliance with the Regulations and therefore forms another tool in mitigating the risks outlined on the Fund's Risk register.

#### **Legal Implications and Environmental Impact of the Proposal**

6. There are no material legal or environmental impacts of these proposals.

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

7. There are no known implications currently.

#### **Reasons for Proposals**

8. The draft LPB annual report is an important document in the governance of the Fund and the formal reporting of the activities of the Board. Therefore, its important Board Members approve the agreed document. The Report will also be used by the Wiltshire Pension Fund Committee to ensure that they have considered and taken forward all the recommendations made by the Board concerning the management of the Fund.

#### **Proposals**

9. The Board is asked to approve the attached draft LPB Annual Report subject to further amendments suggested and agreed by the Chairman.

Andy Cunningham

Head of Pensions Administration & Relations

**Report Author:** Richard Bullen, Fund Governance & Performance Manager

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





WILTSHIRE  
PENSION FUND

# Local Pension Board Annual Report

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23 May 2019

Wiltshire Council  
Where everybody matters

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## Chairman's introduction

Welcome to the third Annual Report of the Local Pension Board (LPB) of Wiltshire Pension Fund.

The Board, which comprised 7 members recruited by Wiltshire Council, was established in 2015.

This report covers the period from 1st April 2018 to 31st March 2019 during which the Board has held 3 meetings over this period. The focus of the LPB during 2018-19 has been on ensuring;

- a) the LPB governance complies with the statute and LGPS regulations that apply to it and best practice guidance issued by the national LGPS Advisory Board.
- b) its members are fully conversant with the LPB's statutory duties and responsibilities such as the requirements of the Pensions Regulator.
- c) the Wiltshire fund continues to fulfil its statutory duties.

I am delighted to say that with the support of the officers and advisors to the Wiltshire Pension Fund the LPB has made good progress in fulfilling its terms of reference in its fourth year.

The LPB made a number of recommendations to the Pensions Committee (see pages 10 to 20) and is pleased that the vast majority were accepted and have either been completed or are in the process of being completed. Perhaps the most important was in respect of management of resource risks in connection with the pooling of the fund's asset with the Brunel Pensions Partnership and the increasing administration pressures on the fund arising from the requirements of the TPR and growth in new employers, especially academies, joining the fund.

The LPB was pleased that the Administering Authority has addressed these concerns in the development of a new staffing structure for the fund which will help future proof it.

The LPB has undertaken a review of the compliance with the Pensions Regulators Code of Practice 14. The LPB welcomes the actions being implemented by the fund to ensure it fully complies with the Code.

The LPB has also reviewed the Pension Funds website and stressed the need for information to be kept up to date and the new fund website being user friendly for fund members and employers to increase its usage.

Looking ahead the LPB will seek to assist and support the Fund in respect of increased data quality requirements from the Pensions Regulator and the risks & opportunities arising from the next stages of pooling of the Fund's assets in the Brunel Pensions Partnership.

Last not least could I thank my fellow Board members for their commitment to their roles on the LPB and I commend this report to you.

Howard Pearce

Independent Chair

## Legal basis of LPB and annual reporting

The Local Government Pension Scheme Regulations 2013 (“the Regulations”) establish Wiltshire Council as the administering authority for the Wiltshire Pension Fund, with responsibility for managing and maintaining the Fund. The Regulations further require that Wiltshire Council in its capacity as administering authority, and in accordance with the Public Service Pensions Act 2013, establish a Local Pension Board for the purposes of assisting it;

- to secure compliance with the LGPS Regulations, other legislation relating to the governance and administration of the LGPS, and the requirements imposed by the Pension Regulator in relation to the LGPS; and
- to ensure the effective and efficient governance and administration of the LGPS

The functions of the Local Pension Board do not sit neatly within the typical arrangements that apply to local authority committees, including those that apply to the Wiltshire Pension Fund’s Pension Committee. Importantly, the Local Pension Board cannot be delegated to carry out the functions and responsibilities that legally pertain to the administering authority. The local pension board as has no decision-making authority.

The creation of a Local Pension Board does not change the core role of the administering authority or the way it delegates its pension functions. Instead the local pension board operates outside of the usual local authority committee structure and serves an advisory and compliance role for the Fund. The role of the Local Pension Board is sometimes likened to that of a “critical friend”.

The Regulations require that the Local Pension Board must be constituted of at least 4 members, two of whom must represent the membership of the fund and two of who must represent the fund’s employers. Employer and Scheme member representatives are required to have the capacity to represent their respective constituencies. While it is permissible for the local pension board to contain “independent” members i.e. those who are neither member nor employer representatives, such members are not permitted to vote. Details of how the Chair and members of the Local Pensions Board were and are appointed can be found in the terms of reference <http://www.wiltshirepensionfund.org.uk/media/3560/terms-of-reference-local-pension-board.pdf>

The Wiltshire Pension Fund Local Pension Board is comprised of;

- 3 scheme member representatives, and
- 3 employer representatives, and
- 1 non-voting Independent Chair

The Regulations do permit an administering authority to combine its Local Pension Board with the pension committee to which it has delegated some or all of its decision-making responsibilities in respect of the maintenance of the fund. Such a combined committee and board may only be created with the express permission of the Secretary of State for the Ministry of Housing, Communities and Local Government.

Wiltshire Council has chosen not to operate a combined local pension board and pension committee.

In addition to making Local Pension Boards a mandatory part of the LGPS governance structure the Public Service Pensions Act 2013 also brought about a new role for The Pensions Regulator. The

Regulator now has the role of overseeing good governance within all Public Service Schemes, which includes the LGPS. The Regulator can issue enforcement notices where it believes that LGPS Funds are not complying with certain pension legislation, including, in respect of Local Pension Boards, matters such as representation and ensuring that conflicts of interest do not exist on Boards.

While there is no statutory obligation for the Local Pension Board to publish a report, it is recognised as best practice for the Board to report on its activities for the year and its future plans.

The Public Service Pensions Act 2013 does require an administering authority to publish information about its pension board. The administering authority is required to publish a governance compliance statement which, in addition to information on the governance of the Fund, should include details of the terms, structure and operational procedures relating to its Local Pension Board.

The Board is accountable solely to the Administering Authority for the effective operation of its functions and reports to the Pension Committee at least annually and more often if deemed necessary. The subject of the Board's reports shall include;

- a) a summary of the work undertaken since the last report
- b) the work plan for last year and the programme for the next 12 months
- c) areas raised to the Board to be investigated since the last report and how they were dealt with
- d) any risks or other areas of potential concern it wishes to raise
- e) details of training received since the last report and planned
- f) details of all expenses and costs incurred over the past 12 months and projected for the next year
- g) details of any conflicts of interest identified since the last report and how they were dealt with

The Governance Compliance Statement of the Wiltshire Pension Fund can be found [http://www.wiltshirepensionfund.org.uk/media/4115/governance\\_compliance\\_statement.pdf](http://www.wiltshirepensionfund.org.uk/media/4115/governance_compliance_statement.pdf)

## LPB members register and declarations of interests

### Local Pension Board as at 31 March 2019

Role	Member	Date of Appointment	Number of meetings attended in 2019/20 (maximum 3)
<b>Independent Chairman</b>	Howard Pearce	12/05/2015	3
<b>Employer Member Representatives</b>	Sarah Holbrook	23/02/2016	3
	Cllr. Richard Britton	16/05/2017	2
<b>Scheme Member Representative</b>	David Bowater	14/07/2015	1
	Mike Pankiewicz	14/07/2015	3
	Barry Reed	14/07/2015	3

### Biographies of the Local Pension Board Members

#### Independent Chairman:

Howard Pearce, former Head of Pension Fund Management, Environment Agency.

#### Employer Member Representatives:

Sarah Holbrook, Finance Operations Manager, Office of the Police and Crime Commissioner

Richard Britton, Wiltshire Councillor

#### Scheme Member Representative:

David Bowater, Wiltshire Council employee, active member

Barry Reed, Unison representative, retired member

Mike Pankiewicz, Unison representative, active member

Full biographies for all Board Members can be found here

<http://www.wiltshirepensionfund.org.uk/wiltshire-pension-fund/about-us/local-pension-board/>

The register of interests for members of the Local Pension Board can be found here

<http://cms.wiltshire.gov.uk/ieListMeetings.aspx?CId=1280&Year=0>

## LPB approved training plan and members training logs

The Public Service Pensions Act 2013<sup>1</sup> requires that members of local pension boards have an appropriate level of knowledge and understanding in order to carry out their role. Any individual appointed to a local pension board must be conversant with;

- The regulations of the Local Government Pension Scheme, including historical regulations and transitional provisions, to the extent that they still affect members; and
- any document recording policy about the administration of the scheme

Local Pension Board members must also have knowledge and understanding of;

- the law relating to pensions, and
- such other matters as may be prescribed in other legislation

The degree of knowledge and understanding required by Board members is appropriate for the purposes of enabling the individual to properly exercise the functions of a member of the Local Pension Board.

The Wiltshire Pension Fund is committed to supporting Local Pension Board members to achieve the level of knowledge and understanding they require by providing the appropriate level of training and assistance.

### **Degree of Knowledge and Understanding**

Members of the local pension board are expected to be conversant with the rules of the LGPS and the policies of the Fund. "Being conversant with" implies a working knowledge of what is relevant to the subject under discussion. A Board member should have an understanding of what is relevant to their role and be able to identify and challenge a failure to comply with;

- the LGPS Regulations;
- other legislation relating to the governance and administration of the scheme;
- requirements imposed by the Pensions Regulator; and
- any failure to meet the standards and expectations set out in any relevant code of practice issued by the Pensions Regulator

### **Areas of Knowledge and Understanding**

The areas in which Local Pension Board Members would be expected to be conversant include, but are not limited to –

- Scheme approved policies (e.g. managing conflicts of interest, reporting breaches of the law or record keeping)
- Risk assessment and management
- Scheme booklets and other members' communications
- The role of Local Pension Board Members and the scheme manager (Wiltshire Pension Fund)
- Policies in relation to the exercise of discretions

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<sup>1</sup> The Public Service Pensions Act 2013 made amendments to the Pensions Act 2004 (see s248A)

- Communications with scheme members and employers
- Key policy documents on administration, funding, and investment (e.g. the administration strategy, Funding Strategy Statement or Investment Strategy Statement)

### Achieving the required level of knowledge and skills

At its meeting of 24<sup>th</sup> January 2019, the Board agreed to implement an updated training strategy from the 2015 version and develop the necessary level of knowledge and skills. Among the recommendations were;

- That all Local Pension Board members complete annual self-assessment form in order to supplement the on-line training assessments circulated by Hymans Robertson which included a National Confidence, Knowledge & Effectiveness review assessments to identify any areas on which they require immediate further training.
- To use the results of the self-assessment to develop a training programme.
- That new Board members would attend a 3 day LGPS Pensions Fundamentals Course presented by the Local Government Association, receive a copy of the Member's handbook and attend an Officer led Induction training session. It is intended that this suite of basic training of all the key areas of the LGPS will provide a thorough understanding of the scheme, its legislation and an appreciation of the different areas of work.
- In addition new Board members will complete the Pension Regulator's on-line toolkit designed to provide a sound understanding of the roles and responsibilities of public service pension board members.
- To continue to receive regular training as part of Local Pension Board meetings and to supplement knowledge by attendance at relevant seminars and conferences.

The Local Pension Board's training plan can be viewed here [Wiltshire Local Pension Board Training Plan](#)

This year the Local Pension Board has received the following training sessions:

Date of meeting	Topics Covered	HP	MP	DB	BR	SH	RB
12/07/2018	GDPR	✓	✓		✓	✓	✓
19/09/2018	Local Pension Board Induction Day	n/a	n/a	n/a	n/a	✓	✓
11/10/2018	Fund Delegations & Controls	✓	✓	✓	✓	✓	
11/10/2018	Contract Management	✓	✓	✓	✓	✓	
11/10/2018	tPR and its role in relation to the LGPS	✓	✓	✓	✓	✓	
24/01/2019	Introduction of new software and use of new online services	✓	✓		✓	✓	✓



The following were joint training sessions with the Pension Committee:

Date of meeting	Topics Covered	HP	MP	DB	BR	SH	RB
09/05/2018	Investment Away Day - Collateral Management - Mercer				✓	✓	
12/12/2018	Valuation training	✓	✓		✓		✓
14/03/2019	Enhancing your LGPS Pension - AVCs	✓	✓				
14/03/2019	Valuation training - Assumption setting	✓	✓				

The following was additional training opportunities undertaken by Board Members:

Date of meeting	Topics Covered	HP	MP	DB	BR	SH	RB
27/06/2018	CIPFA LPB annual conference	✓					
-	GAD S13/data workshops	✓					
10/10/2018	CIPFA Autumn seminar				✓		
14/11/2018	LPB Annual Conference	✓					
17/01/2019	Annual LGPS Governance Conference	✓	✓				

Key:

HP – Howard Pearce, Independent Chair

MP – Mike Pankiewicz, Member Representative

DB – David Bowater, Member Representative

MP – Barry Reed, Retired Member Representative

SH – Sarah Holbrook, Employer Representative

RB – Richard Britton, Employer Representative

## LPB Year 3 Work plan and outcomes

The primary function of the Local Pension Board (LPB) is to assist the Administering Authority in securing compliance with the LGPS Regulations, other legislation relating to the governance and administration of the Scheme and requirements imposed by the Pensions Regulator. In the pursuit of this aim it is for the LPB to set up a work plan that operates in conjunction with the workplan of the Fund whilst giving being committed to its own primary function.

The LPB's terms of reference require that it develop and report to the Wiltshire Pension Fund Committee, at least annually, on its work plan for the year. Examples of the areas that the Local Pension Board may wish to consider include (but are not limited to) the following;

- Review regular compliance monitoring reports which shall include reports to and decisions made under the Regulations by the Committee.
- Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, Relevant legislation and in particular the Pension Regulator's Code of Practice No. 14.
- Review the compliance of scheme employers with their duties under the Regulations and relevant legislation.
- Review such documentation as is required by the Regulations, including the Governance Compliance Statement, Funding Strategy Statement and Investment Strategy Statement.
- Review scheme members and employers' communications as required by the Regulations and relevant legislation.
- Monitor complaints and performance on the administration and governance of the scheme.
- Review the Internal Dispute Resolution Process and Pensions Ombudsman cases.
- Review the arrangements for the training of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme.
- Review the complete and proper exercise of employer and administering authority discretions.
- Review the outcome of internal and external audit reports.
- Review draft accounts and Fund annual report.

The second core function of the Local Pension Board is to ensure the effective and efficient governance and administration of the Scheme. Again, the Local Pension Board may determine the areas it wishes to consider, including but not restricted to:

- Monitor performance of administration, governance and investments against key performance targets and indicators.
- Review the effectiveness of processes for the appointment of advisors and suppliers to the Administering Authority.
- Monitor investment costs including custodian and transaction costs.
- Monitor internal and external audit reports.
- Review the risk register as it relates to the scheme manager function of the Administering Authority
- Review the outcome of actuarial reporting and valuations.
- Provide advice and make recommendations when required to the Committee on areas that may improve the effectiveness and efficient operation and governance of the Fund.

At its meeting on 24<sup>th</sup> January 2019 the Local Pension Board reviewed the delivery of its core functions and noted that it had achieved 75% of the core functions tasked to it since 2015.

## Outcomes and LPB recommendations made to the Administering Authority (Pension Committee)

Decisions about the running of the Pension Fund are made by the Wiltshire Pension Fund Committee and Investment Sub-Committee which are delegated to carry out that function by Wiltshire Council in its capacity as the Administering Authority for the Wiltshire Pension Fund.

The creation of the Local Pension Board does not change the core role of the Administering Authority nor the way it delegates its pension functions to the Pensions Committee or Investment Sub-Committee. The role of the Local Pension Board is to oversee decisions made by the Administering Authority and to make recommendations to improve the efficient and effective administration and governance of the pensions function, including funding and investments.

This year the Local Pension Board has fulfilled its role in the following ways;

	Area	Minute	Outcome
All meetings	Pension Committee and Investment Sub-Committee decision making	The Local Pension Board actively scrutinises all Pension Committee and Investment Sub-Committee papers and minutes.	Minuted in LPB minutes
All meetings	Scheme Legal, Regulatory & Fund update	Key updates included: the reforms to public sector exit payments, amendments to the LGPS regulations, the Pensions Dashboard, the Separation Project, to assist HMCLG in the drafting of guidance & a SAB project to assist authorities in meeting their tPR data management requirements. CIPFA were bringing out a number of new publications over the next year the Fund should be updated on. The delays with HM Treasury and CIPFA projects were noted & the increased activity of The Pensions Regulator was highlighted. The attendance of tPR at the previous Board meeting was noted and an invitation to attend a future meeting should be made. <b>Resolved:</b> <ul style="list-style-type: none"> <li>• To request the addition of the DWP, CIPFA, TPR, and Pensions Ombudsman guidance in future updates.</li> <li>• To liaise with the Regulator concerning the content of their presentation</li> </ul>	Board proposals to be taken forward
12 July 2018 (Min 25)	Minutes	Benchmarking of the Fund against other Funds in Brunel Pensions Partnership did not feature on the	It was recognised that the different basis on which Funds produce

	Area	Minute	Outcome
		action tracker, it was included in the Fund's Work Plan	their statistics have made comparison difficult. CIPFA's 2018/19 guidance in relation to the production of the Annual Report & Accounts introduced a section on Scheme KPI's which will offer a more consistent benchmarking framework for comparison
12 July 2018 (Min 30)	Key Decisions of the Wiltshire Pension Fund Committee	The Board's Code of Conduct requires further legal advice on which elements of the Register of Interest form. It was recommended the Conflict of Interest Policy be compared to the Pensions Regulator guidance. <b>Resolved:</b> To recommend the Conflict of Interest Policy be reviewed against the Pensions Regulator guidance.	Legal guidance was sought and changes to the Board's Conflict of Interest policy were approved by both the Board Chairman & the Committee at the Committee meeting held on 12 <sup>th</sup> December 2018 (Minute 77).
12 July 2018 (Min 31)	Draft Statement of Accounts	The Fund's Statement of Accounts were expecting a clean external audit. Additional resource in the next year may be required to support the new CIPFA disclosure requirements. The appointment of a new external auditor was discussed as well as the technical changes required to the accounts as detailed below. <b>Resolved:</b> To recommend the following amendments: <ul style="list-style-type: none"> <li>• Under 'Local Pension Board' include a reference that the LPB also has an oversight function to ensure tPR compliance</li> <li>• Split the figures for cash and derivatives or, remove the figures for derivatives in the accounts where this is zero.</li> <li>• Remove zero figures in the accounts.</li> <li>• Under 'Basis of Preparation', wording to be updated to reflect the regulatory status of the approach taken.</li> <li>• Include Brunel Pension Partnership, Local Pension Board</li> </ul>	The revisions were made, and the draft Annual Report & Accounts were approved by the Committee at their meeting on 20 <sup>th</sup> September 2018 (Minute 54). The Board further approved the Accounts on 11 <sup>th</sup> October 2018 (Minute 60) <p>Appointment of Deloitte's the new external auditor was made by the Administering Authority in Q4 2018.</p> <p>Officers can confirm that both training &amp; a review of processes have taken place to ensure the new CIPFA guidance will be factored into the 2018/19 accounts.</p>

	Area	Minute	Outcome
		<p>transactions and key management remuneration in the 'related party transactions' in the accounts. The note the CIPFA guidance recommends more disclosure over these transactions.</p> <ul style="list-style-type: none"> <li>• AVCs be included in the accounts, and the wording in accounts be amended to reflect this since there are specific requirements about which AVCs that should be disclosed.</li> <li>• To request an update on the process for the appointment of a new external auditor at the next meeting.</li> <li>• To recommend the compliance with the CIPFA disclosure agreement is factored into the 2018/19 accounts.</li> </ul>	
12 July 2018 (Min 32)	GDPR	<p>The Fund had mapped the data it held, sent out Privacy Notices, appointed a Data Protection Officer, issued training, updated policies and been in regular communication with employers. Next steps would include a review of service provider contracts and arranging for audits to verify processes were being followed correctly. It was explained the Fund was working with all its partners, managers, and employers in the fund to check their own processes were sound. It was recognised that this would make the fund more efficient moving forward processes.</p> <p><b>Resolved:</b> To recommend it reviews its interpretation of GDPR against the advice of the Scheme Advisory Board on &amp; to ensure the Fund focuses on the important and sensitive data it holds.</p>	<p>Officers were unable to establish clear guidance from SAB however officers have asked the South West Audit Partnership (SWAP) to undertake a GDPR audit. A report is due to be submitted to the Board at their meeting on 23<sup>rd</sup> May 2019.</p>
12 July 2018 (Min 34)	Local Pension Board Annual Report	<p>The Board considered its annual report and noted the requirement on members to advise officers of training events they had attended so this could be recorded. The Chairman recommended an additional Section be added to</p>	Completed

	Area	Minute	Outcome
		record whether recommendations of the Board had been adopted by the Committee/Fund. <b>Resolved:</b> To add an additional section to record the implementation of LPB recommendations	
12 July 2018 (Min 35)	TPR – Code of Practice 14 Record Keeping Compliance	A report which tested the Fund’s compliance against the Pension Regulators Code of Practice 14 Record Keeping Regulations & internal controls was reviewed. Overall the Fund was well managed, two areas had been improved since the last review, 13 others required improvement and one new risk had been added. The report set out an action plan to improve the risks identified. <b>Resolved:</b> To request an update on progress at a future meeting within the next 6 months.	Officers can confirm that the risks have been addressed & an independent Code of Practice review by the SWAP in 2019 will take place. A report is due to be submitted to the Board in August 2019.
12 July 2018 (Min 36)	Internal Audit Report	A “Reasonable Assurance” opinion was given by SWAP. There were no significant findings in the report, with one new priority 3 risk identified and two more priority 3 risks remaining from the 2016-2017 year (one of which was not due until December 2019). The new priority 3 risk related to the Fund Investment & Accounting Manager ensuring verification of reconciliations prepared by the Accounting Technician which were now in place and occurring monthly. For the two other risks, the monthly reconciliations of New Pensioners and New Dependents between the Altair Pension system and SAP Pension Payroll were currently being put in place while the full reconciliation between all Altair and Pension Payroll records was planned to start towards the end of 2018. Members sought assurance the Fund paid for the internal audit, rather than Wiltshire Council. <b>Resolved:</b> To request an update on progress against recommendations	Officers have introduced a Data Improvement Plan as recommended by tPR which has been published demonstrating the strategy for reconciling the Altair & SAP databases. With guidance required from MHCLG, SAB, HMRC, the Lloyds Court case concerning the equalisation of GMP’s & the Fund own legal adviser’s full reconciliation of the Payroll remains pending.  Officers can confirm that internal auditor fees are re-charged to the Fund

	Area	Minute	Outcome
12 July 2018 (Min 38)	Risk Register update	Since the last report to the Board, officers had downgraded PEN012 'Overreliance on key officers' as a number of key staffing roles had been filled. Officers advised that most operational and strategic decisions were made by the Head of Pensions Administrations and Relations or the Investment Manager, therefore the s151 vacancy did not impact on the running of the Fund day to day. The lack of strategic direction if this vacancy was not filled was expressed. <b>Resolved:</b> To recommend the Committee regularly review PEN012 due to the outstanding permanent vacancy for the Treasurer/Section 151 officer to the Fund	The Administering Authority have appointed a long term interim s151 Officer & the risk continues to be monitored by all stakeholders
12 July 2018 (Min 41)	Investment Strategy Statement	The Fund's Investment Strategy Statement was updated in respect of the de-risking of strategic asset allocation when the funding level increased & its current approach to decision making with Brunel Pension Partnership. The policy be updated, in respect of the Fund's approach to fossil fuel divestment and Environment, Social and Governance (ESG) approach. It was noted that investment managers considered ESG ratings in their investments, and the Committee should monitor Brunel's approach to decarbonisation. <b>Resolved:</b> To recommend, upon next review of the Investment Strategy Statement by Committee, that: <ul style="list-style-type: none"> <li>• reference is made to ESG policy and that ESG policy is reviewed in light of a forthcoming government consultation paper on final salary pension schemes in respect of ESG;</li> <li>• an annex be included to illustrate the Fund's compliance with Regulation 7.</li> </ul>	Officers noted the Board's recommendations and will incorporate the changes in the strategy review due in July 2019
12 July 2018 (Min 42)	LPB Training Strategy update 2018	Officers were confident the Board's training plan was compliant but would develop a more	A new 3-year training strategy was noted by the Board on 24 <sup>th</sup> January

	Area	Minute	Outcome
		comprehensive training strategy. The Chairman advised the Pensions Regulator was offering member training sessions and suggested the Fund take advantage of this. <b>Resolved:</b> To recommend officers contact the Pensions Regular about the offer of training events.	2019 (Minute 11). As part of that strategy Officers will invite tPR to present to the Committee in 2019
12 July 2018 (Min 47)	LPB Insurance Indemnity Policy update	The Board considered the extension of an insurance indemnity policy. <b>Resolved:</b> To recommend, and delegate to officers the continuation of an insurance policy for the Board.	New Board insurance implemented from October 2018
12 July 2018 (Min 48)	Brunel Pension Partnership update	<b>Resolved:</b> To note the update on the progress of Brunel Pension Partnership and request an update in 2019 on whether the pool was on track with forecasting savings and transactions.	To be taken forward into the 2019/20 Scheme year and will be reflected in future Annual Accounts
11 October 2018 (Min 59)	Fund Delegations & Controls	A report concerning the interaction of relevant committees and delegations to officers was presented. It was noted some responsibilities were set out in the Wiltshire Council Constitution, where the role of the Committee, Sub Committee and officers were defined. The s151 officer was then able to further delegate responsibilities to other officers. Officers considered the responsibility for making high level strategic decisions were clear, however the line between officer and committee responsibility on other decisions could vary according to circumstance. The Interim Investment Manager advised the governance framework would be strengthened as a result of more decision-making being done within Brunel since the company was FCA regulated. The Chairman confirmed the Board's role was to review the Administering Authority policies and decisions rather than to make them. <b>Resolved:</b> To request the development of a formal record of	A review of the formal record of Brunel, Committee and officer delegations has been incorporated as part of the Member Effectiveness review. Completion of the Terms of Reference review for each group will in turn clarify the cascade of delegations and this will be taken forward into the 2019/20 Scheme year.



	Area	Minute	Outcome
		<p>Brunel, Committee and officer delegations in respect of:</p> <ul style="list-style-type: none"> <li>• clarifying where different responsibilities should sit;</li> <li>• the flow of communications between the various parties; and</li> <li>• the level of decision making assigned to each party</li> </ul>	
11 October 2018 (Min 60)	External Audit Report	<p>The Interim Investment Manager confirmed that the auditor had been happy with the accounts. For 2018/19 the accounts were also expected to be challenging due to the Fund having new auditors and new accounting requirements. BPP was audited separately and the Fund would work with BPP to ensure all elements of the Fund's accounts reconciled. The Board requested internal audit check that the Fund had met previous internal audit recommendations. <b>Resolved:</b> To discuss with the internal auditors about the requirements for 2018/19 and the checking of compliance with previous audit recommendations.</p>	<p>The scope of the internal audits Financial Controls audit in May 2019 to be presented to the Board will include a check against previous internal audit recommendations.</p>
11 October 2018 (Min 61)	Review of Fund Procurement Processes	<p>Current procurement and contract management appointments of external advisors and other key contracts were reviewed. Reviews were driven by 3 overarching requirements: a) existing services which were approaching the end of their contractual term, b) ensuring compliance with GDPR, c) ensuring the procured services offered fitted the scope of service consistent to the Fund's needs. Members expressed an interest in understanding the largest contracts the Fund had in place. <b>Resolved:</b> To recommend further details on key contract costs be presented to the Wiltshire Pension Fund Committee.</p>	<p>Key contracted were reviewed by the Wiltshire Pension Fund Committee on 12<sup>th</sup> December 2018 (Minute 83)</p>
11 October 2018 (Min 64)	Presentation by tPR on its role in relation to the LGPS	<p>A training session on the role of tPR to regulate compliance with the governance and administration requirements of the Public Service Pensions Act 2013, to educate</p>	<p>To be taken forward into the 2019/20 Scheme year.</p>

	Area	Minute	Outcome
		members on requirements and enforce them & ensure consistency. The Regulator expected a fund to take all reasonable steps to ensure accurate data and acknowledged 100% accuracy for all data all of the time was not feasible and 95% was a more realistic aim. <b>Resolved:</b> To request an update on tPR progress in 12 months-time.	
11 October 2018 (Min 65)	Review of Annual Benefit Statements process 2018	In summary the majority of statements had been released on time, with members who did not have the correct address or had outstanding data being held back. Officers advised they logged and categorised queries the Fund received in response to Annual Benefit Statement to identify any themes. <b>Resolved:</b> To request information be provided to the next Board meeting on those employers whose end of year ABS data was repeatedly late, lacking, or incorrect over the last 3 years	Board considerations noted
11 October 2018 (Min 67)	Risk Register Update	In light of the presentation from the Pensions Regulator earlier in the meeting, members considered whether cyber security should be added to the risk register. The Board were assured that Wiltshire's IT security had been substantially upgraded in recent months. <b>Resolved:</b> To request officers regularly review cyber security and add this to the register if appropriate.	Officers have considered the Board's recommendation but consider that whilst cyber security is a critical risk, being a fully hosted service, the risk management of cyber security is beyond the remit of the Fund's risk register. Such risks would be managed separately through sub-contraction.
11 October 2018 (Min 69)	How did the Board do?	The vacant employer representative position on the Board was considered. It was suggested the Board approach large Multi Academy Trusts for a representative. <b>Resolved:</b> To request the Chairman approach Multi-Academy Trusts for an Employer Member Representative.	Direct approaches to MATs have been made, however the vacancy still remains open.
24 January	Minutes and action tracking	Officers reported that the action log had been edited and subject to	It was recognised that the different basis on

	Area	Minute	Outcome
2019 (Min 3)		<p>revision due to considerations arising from ongoing internal review. The following recommendations were made by the Board <b>Resolved:</b></p> <ul style="list-style-type: none"> <li>• Action 7.15 Revise parameters of benchmarking to base this work upon outputs that have been developed as standard metrics across similar funds and that are practical and affordable.</li> <li>• Action 8.7 Amended to note that the Fund will use the new Annual Report format produced by CIPFA as a means to identify the most meaningful and useful KPIs which can be compared across Funds. Due to methodological complications, metrics on costs-per-process would not be actioned. The recommendation to measure performance against statutory timeframes would remain.</li> </ul>	<p>which Funds produce their statistics have made comparison difficult. CIPFA's 2018/19 guidance in relation to the production all Funds Annual Report &amp; Accounts introduced a section on Scheme KPI's which Officers believe will offer a more consistent benchmarking framework for comparison between Funds. Whilst the importance for benchmarking was recognised, the basic need for such extensive benchmarking was challenged by officers</p>
24 January 2019 (Min 7)	Key Decisions of the Wiltshire Pension Fund Committee	<p>The Director for Finance &amp; Procurement outlined ongoing discussion on how the benefits of each governing body could be fully realised to drive the pension fund forward through a more holistic approach to governance. The relationship between Board and Committee was emphasised as being iterative and two-way.</p> <p><b>Resolved:</b> The Board noted the minutes of the previous Wiltshire Pension Fund Committee held on 12 December 2018.</p>	<p>A focus group based on the effectiveness review has been formed and each groups term of reference is currently being reviewed. To be taken forward into the 2019/20 Scheme year.</p>
24 January 2019 (Min 8)	Introduction of new software and use of on-line services	<p>Three new online services; Member Self-Service allows members to manage key aspects of their account. Docmail improves member communications by enabling more efficient mailshot operations. iConnect allows data exchange between employers and the administering authority. Implementation of these software applications was significant piece taking up to three to five years to complete. <b>Resolved:</b> An update will</p>	<p>To be taken forward into the 2019/20 Scheme year.</p>

	Area	Minute	Outcome
		be brought to Board and Committee in 12 months to allow assessment of efficiencies and cost-reductions derived from these services.	
24 January 2019 (Min 9)	Governance Effectiveness review	Officers talked through the completed Hymans Robertson 'Effectiveness Review' highlighting the concerns and the room for improvement that it had evidenced. It was suggested that the review be repeated at regular intervals. <b>Resolved:</b> The Board noted the value of the Effectiveness Review and agreed with proposal for officers to address the recommendations stated in the report.	To be taken forward into the 2019/20 Scheme year.
24 January 2019 (Min 10)	LBP self-assessment against its achievement of its core functions 2015-2018	A report that indicated the LBP achieved up to 75% of its core functions. Areas of development were to be included in a future programme of work. The Chair suggested that the annual or quarterly iteration of core functions be reviewed to ensure a balance between operations and strategy within capacity limitations. Ensuring that there is a well-understood, efficient and effective working relationship between Board and Committee is necessary. <b>Resolved:</b> That the frequency of assessment against its core functions be better balanced with capacity within the team to conduct this self-assessment.	To be taken forward into the 2019/20 Scheme year.
24 January 2019 (Min 11)	LBP Training policy and plan for 2019/22	A report outlining a programme of training for the next three years was presented. Annual self-assessments would continue, a formal MiFID II competence review would take place whilst any overarching training review would move to a four-year cycle to align with committee appointments and to allow early identification of training needs. <b>Resolved:</b> • The Training Policy and Plan would be	The policy & plan have been issued & a formal annual MiFID II review would take place each Autumn.

	Area	Minute	Outcome
		made available to Board and Committee members. <ul style="list-style-type: none"> <li>• The Investment Manager would coordinate the annual MiFID II competence arrangements.</li> </ul>	
24 January 2019 (Min 12)	LPB Budget 2019/20	The Chair indicated that provision should be maintained in relation to governance advice particularly concerning CIPFA benchmarking requirements <b>Resolved:</b> The Board recommended to the Pension Fund Committee that it was included in the Fund's Administration budget for 2019-20.	The budget was approved at the Committee meeting on 14 <sup>th</sup> March 2019 (Minute 15)
24 January 2019 (Min 14)	Risk Register	A discussion of how to present inherent risk and residual risk and its categorisation using RAG schema took place. Officers agreed that the risk registers targets could make the relationship of control and mitigating activity to risk clearer. <b>Resolved:</b> <ul style="list-style-type: none"> <li>• To review the Risk Register as a vehicle to clarify the distinct roles of Board and Committee.</li> <li>• Officers would look into adopting a revised template for the risk register which uses inherent and residual risk</li> </ul>	Officer will migrate to a new corporate risk register and submit it to the next Board meeting.
24 January 2019 (Min 15)	Administration Key Performance Indicators	It was intended to build on an evidence-based approach to increasing employer engagement. Increasing employer engagement needs to be balanced with the growing regulatory requirements required of those communications. <b>Resolved:</b> The Board noted the Fund's performance against its KPIs and proposed changes to future methodologies used to produce and report on KPIs to the Board.	Officers continue to develop and progress the KPI reports.
24 January 2019 (Min 22)	Date of next meeting & Forward Plan	The Forward Plan needs to link into the overall business plan. The Committee would give this linkage expression through its co-ordinated work-plan.	Board considerations noted & will be included in the Committee workplan

## LPB Actions log

At its meeting of the 22 October 2015 the Local Pension Board agreed that an Actions Log should be developed in order to track the progress of actions. The Actions Log forms part of the Board's minutes and is considered at every meeting.

## Review of LPB compliance with the Pension Regulator's Code of Practice No.14

From April 2015 the Pensions Regulator assumed a new oversight responsibility in respect of Public Service Pension Schemes, including the LGPS. To assist schemes in understanding the Regulator's expectations they have issued Code of Practice No. 14 that applies specifically to the governance and administration of public service pension schemes setting out the legal requirements in these specific matters. It also provides practical guidance and sets out standards of conduct and practice expected of those who exercise functions in relation to the legal requirements. This guidance can be viewed on the following link;

[Governance and administration of public service pension schemes | The Pensions Regulator](#)

One of the key responsibilities of the Local Pension Board is to assist the Administering Authority, Wiltshire Council, to ensure compliance with any requirements imposed by the Pensions Regulator in relation to the Scheme.

In June 2018 Officers of the Wiltshire Pension Fund undertook an internal review of compliance with the Regulators Code of Practice the results of which were submitted the Board in July 2018.

Outlined in the Officers report it was noted that officers operated to a questionnaire which posed 84 questions covering all areas of the Fund's internal controls & the answers to most of the areas reviewed were that they were found to be adequately controlled. On the whole risks were being well managed but some practices required improvement of their internal controls to ensure the achievement of objectives.

Of the 16 areas identified as requiring improvement 2 had shown improvement since the South West Audit Partnerships 2017 report and have moved from a greater risk to a lesser risk. This left 13 risks where no significant progress had been made & 1 new risk where the risk rating had worsened. The key risks identified where progress had worsened or no improvement had been made are set out below. Officers will set in place an updated Action Plan to address all risks falling below the required standard the details of which are summarised below, this will be monitored by the Board;

- Internal controls should be reflected in the Fund's service provider contracts.
- A review of internal controls is required to ensure all Fund procedures are up to date
- Ensuring that Employers provide timely & accurate information
- Implementing a data improvement plan
- Setting in place procedures to reconcile Fund & Employer records
- Ensuring AVC statements are compliant with legal requirements
- Ensuring Employers issue new Scheme members will all the essential basic Scheme information, that the format for issuing basic Scheme information to members in the required legal format & that all information to members is provided within the required legal timescales

- That not all features of the scheme's documented dispute resolution procedures required by the code are in place in the documents of the scheme
- That 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)

The full review of the Pension Regulator's Code of Practice 14 requirement will be made by the Local Pension Board as at of its meeting agenda in August 2019.

During 2018 the items identified in the auditor's report of 2017 were maintained. In particular;

- The meeting minutes record Board Members declaring their conflicts of interest and the register of interests continue to be updated. The Board Code of Conduct Policy & Conflict of Interest Policy Guidelines, including the attached form for registering Members interests was also updated
- The 2018 Annual Benefit Statements were issued within the regulatory timescale
- Work had been undertaken concerning the Fund's data cleansing process in line with the Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014 ('the Record Keeping Regulations'). Covering not only the ongoing Guaranteed Minimum Pension reconciliation exercise with HMRC'S records, but also the implementation of a Data Improvement Plan which was granted approved at the Committee meeting on 14<sup>th</sup> March 2019.
- The implementation of a new members training strategy covering the period 2018 to 2022. Details of which can be found in the Annual Report & Accounts for the period ending 31<sup>st</sup> March 2019. [\(Link\)](#)

For the Scheme year 2019/20 the Fund has commission a new audit to be conducted by the South West Audit Partnership, following an exercise by officers who will complete their questionnaire of 84 questions, in connection with the Fund's compliance with the requirements of the Code of Practice 14.

The Auditors assessment will be similar to an external audit and measure the performance in fulfilling the Fund's legal obligations as well the areas of the Code that function as practical guidance. The Code is broken down into 4 sections;

- Governing your scheme
- Managing risks
- Administration
- Resolving issues

The focus for Officers is to continue to undertake a review of the compliance requirements and carefully project plan to ensure compliance with any statutory deadlines.

The full officers Regulators Compliance check can be found here;  
<https://cms.wiltshire.gov.uk/ieListDocuments.aspx?CId=1280&MId=9433&Ver=4>



## Summary of LPB communications outlining links to the website

Under the LGPS Regulations each Fund must produce a statement setting out how it will communicate with its members, member's representatives, prospective members and the many employers who participate in the fund.

The Board noted the usefulness of the information provided to members by the Fund and emphasised the need to keep it up to date.

The Fund has launched a new website called My Wiltshire Pension for active and deferred members to see their pension online and for the Fund to provide further education and engagement with its membership. Members will be able to change their personal details, see the pension accrued to date and forecast what pension they could receive at a future date. The Fund is half way through the implementation phase with circa 51,050 members being contacted in a staged implementation.

The Fund also provide an online ePayslip facility for circa 16,300 pensioners to access their payslips. ePayslips provide pensioner members with quicker access to their payslips while making a saving in both paper and cost to the Fund.

The complete Communications Strategy can be seen here;

<http://www.wiltshirepensionfund.org.uk/media/3183/communications-policy.pdf>

The Wiltshire Pension Fund's current website is supported by the Fund's Actuarial Consultants. This website went live in April 2018 and forms part of the suite of electronic communications recently introduced that will support the Fund in delivering its communication strategy.

[www.wiltshirepensionfund.org.uk](http://www.wiltshirepensionfund.org.uk)

[@WiltsPensions](https://twitter.com/WiltsPensions) 

## LPB operational costs for 2018-19 & Budget for 2019-20

The cost of the Wiltshire Pension Fund Local Pension Board is part of the overall running costs of the Fund and should be seen in the context of its role in assisting with the good governance and administration of the Fund.

The budget for the Local Pension Board is approved by the Pension Fund Committee as part of the process of setting the Fund's budget for the year. Any expenditure in excess of the agreed budget must be approved by the Wiltshire Council Associate Director, Finance.

The budget for 2018-19 and 2019 – 20 can be seen below.

	<b>2018-19 Budget £</b>	<b>2018-19 Actual £</b>	<b>2019-20 Budget £</b>
Independent Chair Remuneration	9,214	9,216	9,214
Independent Advisor Fees	7,000	5,000	7,000
Training	4,200	800	4,200
Committee Services Recharge	3,000	3,000	3,000
Travel & Subsistence & costs	800	1,300	800
Catering	400	100	400
Insurance	2,800	2,800	2,800
<b>Total</b>	<b>27,414</b>	<b>22,216</b>	<b>27,414</b>

## Assurance of the LPB Annual Report

It is the role of the Local Pension Board to assist Wiltshire Pension Fund as the Administering Authority for the Wiltshire Pension Fund to secure compliance with;

- The LGPS Regulations and related legislation
- The requirements of the Pensions Regulator; and
- to ensure the effective and efficient governance and administration of the Scheme

The Local Pension Board is not intended to replace existing bodies such as the Wiltshire Pension Fund Committee or Investment Sub-Committee. Nor is the Board responsible for the auditing of the Wiltshire Pension Fund.

In carrying out its role, the Local Pension Board has;

- Considered the minutes of the Pension Fund Committee and Investment Sub-Committee
- Considered the main policies and documents of the Wiltshire Pension Fund
- Considered the Funds Business Plan, Audit Report and Risk Management Strategy
- Received a report on the Fund's compliance with the Pension Regulator's Code of Practice No. 14
- Received legal and regulatory updates on LGPS matters
- Received training from external advisers and Fund officers.

The funds external auditors have reviewed the LPB annual report as part of their annual audit of the Wiltshire Pension Fund, but they do not provide any assurance over its contents.

This Report is intended for the information of Wiltshire Council and the Scheme members and employers who participate in the Wiltshire Pension Fund. This Report has been formally noted by the Wiltshire Pension Fund Committee at their meeting of 23<sup>rd</sup> May 2019.

## LPB forward look to 2019-20 and proposed work plans

[The Board's workplan for 2019-20](#)

**LOCAL PENSION BOARD - WORK PLAN**

Meeting:	14/01/16	07/04/16	20/07/16	20/10/16	25/01/17	06/04/17	13/07/17	18/10/17	15/03/18	18/04/18	12/07/18	11/10/18	24/01/19
<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	✓				✓				✓				✓
Administration 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	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	New Admin Software being implemented
Code of Conduct & Conflicts of Interest Policy				✓					✓			✓	
Role & purpose of the LPB													✓
Forward Work Plan Review	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Review - how did the Board do?	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓



Meeting:	14/01/16	07/04/16	20/07/16	20/10/16	25/01/17	06/04/17	13/07/17	18/10/17	15/03/18	18/04/18	12/07/18	11/10/18	24/01/19
<b>Administration</b>													
Review employers compliance (data)											✓		
Review Fund fraud risk prevention and mitigation measures								✓				✓	
Review Fund website contents/resilience							✓						
Review of Fund IDRP 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>	24	25	25	25	24	22	26	23	29	25	25	27	22

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