

AGENDA

Meeting: Local Pension Board

Place: County Hall, Bythesea Road, Trowbridge, BA14 8JN

Date: Thursday 13 February 2020

Time: 10.30 am

Please direct any enquiries on this Agenda to Craig Player, of Democratic Services, County Hall, Bythesea Road, Trowbridge, direct line 01225 713191 or email craig.player@wiltshire.gov.uk

Press enquiries to Communications on direct lines (01225) 713114/713115.

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Membership:

Cllr Richard Britton
Sarah Holbrook
Ian Jones
Rod Lauder

Mike Pankiewicz
Howard Pearce (Chairman)
Barry Reed

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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

AGENDA

Part 1

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

1 **Membership**

To note any changes to the membership of the Board and any forthcoming election or appointments.

2 **Election of Vice-Chair**

To elect the Vice-Chairman of the Local Pension Board for the forthcoming year.

3 **Apologies**

To receive any apologies for absence.

4 **Minutes and action-tracking** (*Pages 7 - 18*)

To confirm as a true and correct record the minutes of the previous meeting held on 14 November 2019.

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

5 **Declarations of Interest**

To receive any declarations of disclosable interest.

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

6 **Chairman's Announcements**

To receive any announcements through the Chairman.

7 **Public Participation and Councillors Questions**

The Board welcomes contributions from members of the public.

Statements

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

Questions

Those wishing to ask questions are required to give notice of any such questions in writing to the officer named above (acting on behalf of the Corporate Director), no later than 5pm on 06 February 2020 in order to be

guaranteed a written response prior to the meeting. Any question received between the above deadline, and no later than 5pm two clear working days before the meeting, may only receive a verbal response at the meeting.

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

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

8 **Minutes and Key Decisions of the Wiltshire Pension Fund Committee and Investment Sub Committee** *(Pages 19 - 34)*

To consider the Part 1 (public) minutes of the Wiltshire Pension Fund Committee and Investment Sub Committee held on 17 December 2019 and 28 November 2019.

9 **Scheme legal, regulatory and Fund update** *(Pages 35 - 40)*

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

10 **Training Plan Review**

To receive a verbal update on the Training Plan Review from the Governance and Performance Manager.

11 **Business Plan** *(Pages 41 - 48)*

To receive a report reviewing the progress of actions set for 2019/20 and proposing new actions for 2020/21.

12 **Board Budget Setting** *(Pages 49 - 52)*

To receive a report proposing the Local Pension Board's budget for 2020/21 in advance of approval of the overall budget at the next Wiltshire Pension Fund Committee meeting.

13 **Risk Register Update** *(Pages 53 - 64)*

To receive a report presenting the Risk Register for the Wiltshire Pension Fund for review by the Board.

14 **Quarterly Update on Key Performance Indicators** *(Pages 65 - 78)*

To receive a report presenting the Wiltshire Pension Fund's Key Performance Indicators for review by the Board.

15 **Data Retention Strategy Update** *(Pages 79 - 86)*

To receive a written update on the data retention strategy.

16 **Member Effectiveness Review**

To receive a verbal update on the member effectiveness review from the Governance and Performance Manager.

17 **MiFID II Compliance Strategy** (*Pages 87 - 90*)

To receive a report on the MiFID II compliance strategy.

18 **External Audit Report** (*Pages 91 - 96*)

To receive a report on the position of external audits.

19 **Forward Work Plan Review**

To receive a verbal update on the forward work plan review from the Governance and Performance Manager.

20 **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.

21 **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.

22 **Date of next meeting and Forward Plan** (*Pages 97 - 102*)

The next meeting of the Board will be held on 21 May 2020 other future dates can be found [here](#).

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

23 **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 24-25 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraph 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

Part II

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

24 **Minutes and Key Decisions of the Wiltshire Pension Fund Committee and Investment Sub-Committee** (*Pages 103 - 122*)

To consider the Part 2 (private) minutes of the meetings of the Wiltshire Pension Fund Committee and Investment Sub-Committee held on 17 December 2019 and 28 November 2019.

25 **Minutes**

To confirm as a true and correct record the Part 2 minutes of the meeting held on 14 November 2020.

LOCAL PENSION BOARD

DRAFT MINUTES OF THE LOCAL PENSION BOARD MEETING HELD ON 14 NOVEMBER 2019 AT WEST WILTSHIRE ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

Present:

Cllr Richard Britton, Jones, Rod Lauder, Mike Pankiewicz and Howard Pearce (Chairman)

Also Present:

Cllr Simon Jacobs

69 Attendance of non-members of the Board

Cllr Simon Jacobs was present for the meeting as a non-voting member.

70 Membership

Richard Bullen, Fund Governance & Performance Manager, informed the Board that due to the Chairman Howard Pearce stepping down on 31 March 2020 and Sarah Holbrook on the 23 February 2020, replacement members were being sought. An advert was live to replace Howard, which was due to close on 29 November 2019, to allow for a formal hand over period.

Under the Board's terms of reference, Group 2 employers Swindon Borough Council and Wiltshire Police were responsible for finding a suitable candidate to replace Sarah Holbrook.

71 Apologies

Apologies were received from: Barry Reid and Sarah Holbrook.

72 Minutes and action-tracking

RESOLVED

The minutes of the Local Pension Board held on the 22 August 2019 were approved.

73 **Declarations of Interest**

There were no declarations of interest.

74 **Chairman's Announcements**

The Chairman reiterated the role of the Board as being a non-decision making body that sought to support the pension fund in being compliant with legislation and regulations

75 **Public Participation and Councillors Questions**

There were no members of the public present.

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

In response to questions asked it was noted that:

- On the 2 December 2019 the legacy funds would be transferred to Brunel. The WPFC would be updated on the progress of the transfer at the next meeting.
- There were no concerns of staff turnover or performance issues at Mercers. It was noted that the current contract with Mercers would run out at the end of 2019 with a re-tendering exercise due to take place. The retender would be via the national framework and involve scoping the areas of work Mercers would carry out.
- An internally logged amber Pension Regulator's breach was recorded due to only 92% of benefit statements being sent out by 31 August 2019, which was lower than expected. A project plan to address the issues faced this year had been developed to avoid the same issues occurring in 2020.
- I-connect had - initially gone live with 3 employers. It was hoped that each month 10 more employers would be added with Wiltshire Council planned to use the system before the end of the financial year.
- The continuing need for the Fund to be robust over compliance was noted. Additionally, the Chair commented on the Fund's need to manage its MiFID II compliance as well as ensure, that all the Fund's partners were compliant too.

Following the debate it was;

Recommended

For officers to produce metrics to compare the carbon footprint of the funds with the Environmental Health Agency;

For officers to set in place a compliance framework to monitor the Fund's MiFID II compliance.

RESOLVED

To note the Part 1 (public) minutes and key decisions of the Wiltshire Pension Fund Committee and Investment Sub Committee held on 03 October and 05 September 2019.

77 Annual training review: Board, Committee and Officers

The Fund Governance & Performance Manager referred to the report included with the agenda highlighted the framework of training strategies offered by the Wiltshire Pension Fund to Board & Committee members, Scheme Employers and Officers to ensure that the Administering Authority's commitment to training was fulfilled.

An annual self-assessment of member training needs had been carried out during October with two thirds of the questionnaires sent out being returned. Based on the feedback, the following key areas for training and development were identified: Governance & Legislation, Investment and Accounting & Audit.

The results showed that overall members of the Committee & Board felt that they operated at a "Skilled" level requiring only developmental training. The results also indicated that there were significant differences in the knowledge & understanding between members leading to a potential over reliance on knowledgeable members. It was hoped that by identifying the training themes, this would address the balance between members and eliminate this over reliance.

Members noted that the results should have been better, with members achieving a "highly skilled" rating to challenge and question reports and meet compliance requirements. The amount of training available was felt as good, although members were unsure which sessions were most relevant or useful considering members limited availability.

Officers explained that bespoke induction training for new WPF members would take place in January 2020 and one-to-one training was available if required. A training strategy for 2020 would be developed to implement the outcomes of the assessment.

The Governance & Performance Manager referred to the officer training policy which was designed to address the needs of all officers within the Pension Department including new inductees, the maintenance of knowledge & understanding for experienced officers and a developmental/advanced training strategy aimed at officers seeking to operate over & above a maintenance level.

The policy would be implemented as part of Wiltshire Council's appraisal process, where individual officer's needs would be assessed and a training plan developed.

Following the debate it was;

Recommended

The MiFID II compliance regulations be included on the risk register.

RESOLVED

The Board endorsed the Board & Committee member training self-assessment outcomes for 2020-21.

The Board endorsed the officer training policy.

78 Scheme legal, regulatory and Fund update

Andy Cunningham, Head of Pensions, introduced the report included in the agenda.

Discussion focused on the risks of the McCloud case on the WPF. Officers explained that it was unlikely to have a significant financial risk, there was more of a risk to the administration of the fund.

Following the debate it was;

Recommended

To keep the McCloud Case as a significant/red risk

RESOLVED

To note the schemes legal, regulatory and Fund update

79 Risk Register update

The Governance & Performance Manager introduced the Risk Register and gave an overview of the changes made to the register in the last quarter.

Cllr Simon Jacobs, Cabinet Member for Finance and Procurement, informed the Board that a recruitment exercise to appoint a permanent Finance & Procurement service director (s151 officer) had begun and that the Committee and Board would be updated accordingly.

It was noted that the risk register was a developing document which was updated routinely and used to develop action plans & assigning those actions to relevant managers, tasked to mitigate each risk identified.

Recommended

Risk PEN011: Should remain an amber risk.

Risk PEN042: Should remain- a red risk.

Risk PEN017: A lack of knowledge and expertise on the Pension Fund Committee – should be split into a) knowledge & understanding and b) Member compliance with all relevant regulations. Both risk would be given an amber rating.

RESOLVED

The risk register was noted.

80 Administration Key Performance Indicators

The Head of Pensions introduced the report giving an update on the Fund's performance against its key performance indicators (KPIs) in relation to the administration of pensions benefits.

It was noted that to improve the quality of KPI reporting, changes had been made to appendix 2 - tPR measures – common data & conditional data and appendix 4 – employer breakdown table.

Due to a variety of events throughout the year, the areas identified for improvement had not improved as hoped and without further resources being made available, it was unlikely that short term material improvements could be made. To resolve this issue officers planned to request more resources to help reduce the backlog of work.

That Chairman thanked officers for their improved reporting.

81 Internal Audit actions update

The Head of Pensions introduced the internal audit actions update report. It was noted that a majority of the actions were complete or on target. The external audit report had not been received due to the accounts not having been signed off yet, there were no issues with the Pensions accounts, the issue was that the new external auditors had a different process to calculating asset valuations and once that was corrected, the Pension accounts would be signed off.

Officers informed the Board that it was a good time to consider the internal audit plan for 2020/21 and to recommend areas to be audited. Officers have recommended that the transfer of assets into Brunel be audited.

Following the debate it was;

Recommended

To receive an update in 6 months on the progress against the internal audit actions.

RESOLVED

The Board noted the internal audit actions update

82 Pensions Administration Strategy

The Head of Pensions introduced the report, noting the key changes. The aim was to interlink all the elements, align the way work was managed with KPIs and to prioritise work more effectively. A consultation on the revised strategy with scheme employers was undertaken with no material feedback being received.

In response to questions asked it was noted that all the nominated contacts were updated and regularly reviewed. A plan to review the Employer Training Strategy was in place hoping that this would lead to improvements in the understanding of their roles and responsibilities.

The Chairman thanked officer for their work and at the end it was;

Recommended

When requesting additional resources from the WPFC, consideration should be given to the requirements to deliver the administration strategy.

To investigate whether employers should be expected to sign up to the strategy.

RESOLVED

The Board noted the Wiltshire Pension Fund Administration Strategy.

83 Communications Strategy

The Head of Pensions outlined the key changes in the report noting that the strategy had been reviewed extensively. The strategy had been updated to reflect changes to the business plan and a decision had been made to digitalise

all communication as much as possible. A process was in place to notify all those receiving communications of the changes.

Following the debate it was;

Recommended

When reviewing the required resources, it should be made clear which resources were required for communication purposes.

To track the take up of the digital communications so that adequate monitoring can take place and communication continued with those not using digital platforms.

Information on digitalisation should be made available on all platforms to avoid issues and meet compliance.

To note in the annual report that monitoring of digitalisation communications was taking place.

RESOLVED

The Board noted the communication strategy.

84 Fund's Data Retention Strategy

The Governance & Performance Manager introduced the Fund's data retention strategy which is distinct from the Fund's Data Improvement Strategy. The intention of the Data Retention Strategy is to ensure the Fund's compliance with the Data Protection Act 2018 and GDPR Article 29. To enable compliance officers proposed to implement some key actions, guiding principles and interim actions, a summary of which were included in the Data Retention strategy report included within the meeting pack. In brief it was intended that the Fund would operate a minimisation & deletion strategy consistent with the guidance provided by the LGA, where it could no longer justify holding personal data. It was noted that a holistic data retention strategy would be adopted whereby the Fund would also recommend to Scheme Employers the duration period in which they should also hold data. However, such recommendations would not be binding on the employer.

The complexity of the report was noted, and it was agreed that officers should provide greater clarity concerning the distinction between retaining data for 100 years from the member's or dependent's data of birth and the 15 year period after those benefits had stopped being paid.

At the end of the debate it was;

Recommended

Officers to engage with the Fund Actuary concerning the requirements of the Actuary's ongoing data needs and ensure that those needs are incorporated into the strategy.

Officers to clarify the 100-year requirement in respect of a member's & dependent's date of birth.

RESOLVED

The Board noted the data retention strategy.

85 Pension Regulator Engagement Report

The Head of Pensions referred to the tPR report which was handed out at the meeting. The report compared the findings and recommendations of the Pension Regulator's Governance & Administration Risks in Public Services Pension Scheme Engagement Report, against the WPF own governance and administration arrangements.

On review, officers considered that the Fund's current operational practices were being executed at the required standard, or that plans were in place to prepare or implement areas identified by officers as falling short of the Pension Regulator's requirements during the self-assessment. There were no areas, in the officer's opinion, where the Fund was failing to comply and only eight of the 46 tPR recommendations in which the Fund should take additional steps to ensure full compliance.

The Chairman thanked officers noting that it was a good exercise to undertake with reassuring results.

RESOLVED

The Board noted the officer self-assessment against the Pension Regulator Engagement Report & endorsed the officers' findings.

86 How did the Board do?

The Board members agreed that the meeting had been very constructive and informative with excellent reports. Officers present at the meeting and back office were praised for their hard work

87 Urgent items

There were no urgent items.

88 Date of next meeting and Forward Plan

The next meeting of the Local Pension Board would take place on the 13 February 2020.

It was noted that the 2020-21 forward work plan had been reformatted to ensure that all the responsibilities of the Board as set out in their terms of reference had been captured in the new plan. This plan would be reviewed before the next meeting.

Recommended

To review officer's *assessment of the look forward plan against terms or reference.*

To provide the Chairman with a copy of the forward work plan before the next Board meeting.

89 Exclusion of the Public

It was,

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 Item Numbers 90-91 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 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.

90 Minutes and Key Decisions of the Wiltshire Pension Fund Committee, Investment Sub-Committee and Brunel Oversight Board

It was;

RESOLVED

To note the Part 2 minutes of the Wiltshire Pension Fund Committee and the Investment Sub Committee held on the 03 October 2019 and 05 September 2019.

91 Minutes

It was;

RESOLVED

To approve as a true and correct record the Part 2 minutes of the meeting held on 22 August 2019.

(Duration of meeting: 10.30 am - 1.00 pm)

The Officer who has produced these minutes is Craig Player, of Democratic Services, direct line 01225 713191, e-mail craig.player@wiltshire.gov.uk

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

2b

Wiltshire Pension Fund Board - Actions Log

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	30/06/2020 (Was October 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)	
33 (23/05/19)	Administration (KPIs)	To implement changes to the Administration KPI reports submitted to the Board	AC	18/07/19	
35 (23/05/19)	Administration (Data Reconciliation)	A sub-plan had been prepared in respect of the Payroll & Pension database reconciliation. An update on the reconciliation would be provided in six months	AC	14/11/19	
53 (22/08/19)	Governance (tPR Breach reporting)	All members agreed that completion of tPR's on-line pension training toolkit should constitute a minimum training requirement and where a member had not completed that training it should be completed within 6 months of their appointment.	Members	13/02/20	

54 (22/08/19)	Governance (Internal Audit Report)	The Board noted the the action plan suggested by officers addressing the areas of non-compliance within the timeframes indicated. Officers would sample test responses received from managers during further self-assessments	RB	21/05/20	
59 (22/08/19)	Governance (LPB SAB Survey II)	The Chair agreed to submit the prepared responses to SAB on issuance of the formal survey	HP	14/11/19	
76 (14/11/19)	Investment	For officers to produce metrics to compare the carbon footprint of the funds with the Environmental Agency	JD	13/02/20	
76 (14/11/19)	Investment	For officers to set in place a compliance framework to monitor the Fund's MiFID II compliance	RB/JD	13/02/20	
81 (14/11/19)	Governance (Internal Audit Report)	Receive an update in 6 months on the progress against the 2019 internal audit actions	AC	21/05/20	
82 (14/11/19)	Administration (Pension Admin Strategy)	When requesting additional resources from the WPFC, consideration should be given to the requirements to deliver the administration strategy.	AC	13/02/20	
83 (14/11/19)	Administration (Communications Strategy)	When reviewing the required resources, it should be made clear which resources were required for communication purposes.	AC	13/02/20	
83 (14/11/19)	Administration (Communications Strategy)	To track the take up of the digital communications so that adequate monitoring can take place and communication continued with those not using digital platforms	AC	15/10/20	
83 (14/11/19)	Administration (Communications Strategy)	Information on digitalisation should be made available on all platforms to avoid issues and meet compliance	AC	15/10/20	
83 (14/11/19)	Administration (Communications Strategy)	To note in the annual report that monitoring of digitalisation communications was taking place.	RB	21/05/20	
84 (14/11/19)	Administration (Data Retention strategy)	Officers to clarify the 100-year requirement in respect of a member's & dependent's date of birth	RB	13/02/20	
88 (14/11/19)	Governance (Board Lookforward Plan)	To review officer's assessment of the look forward plan against terms or reference.	RB	13/02/20	

Wiltshire Pension Fund Committee

MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 17 DECEMBER 2019 AT KENNET ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

Present:

Cllr Steve Allsopp, Stuart Dark, Cllr Tony Deane (Chairman), Diane Hall, Cllr Simon Jacobs, Cllr George Jeans, Cllr Gordon King, Chris Moore, Cllr Christopher Newbury and Mike Pankiewicz

Also Present:

Cllr Richard Britton

Anthony Fletcher

88 Membership

It was noted that Cllr Simon Jacobs had been appointed as Vice Chairman to the Wiltshire Pension Fund Committee and the Investment Sub Committee.

89 Attendance of non-members of the Committee

Cllr Richard Britton was in attendance.

90 Apologies for Absence

Apologies were received from:

Howard Pearce (Chairman of the Local Pensions Board)

Barry Reed (Local Pension Board Member)

Cllr Brian Ford (Swindon)

Cllr Robert Jandy (Swindon)

91 Minutes

The Minutes of the WPFC held on the 3 October and the 25 October were discussed.

An amendment was made to the minutes of the 3 October to the resolution of minute 68 to include the words “by Brunel”.

The minutes were amended from:

The appointment of an Asset Transition Manager would be recorded on the risk register.

To:

The appointment of an Asset Transition Manager by Brunel would be recorded on the risk register.

RESOLVED

The minutes of the meetings held on the 3 and 25 October were approved with an amendment.

92 **Review of Actions Log**

The item was deferred due to the report not being available.

93 **Declarations of Interest**

There were no declarations of interest.

94 **Chairman's Announcements**

The Chairman notified the committee that ex Cllr and committee member Roy While had recently passed away and a minutes silence was held in his memory.

95 **Public Participation**

Formal questions had been received from Jane Laurie and a response to those questions was included in agenda supplement 2.

Jane Laurie gave a three minute statement.

Members commented highlighting that the committee relied on government and professional advice and that there were still benefits of investing in fossil fuels, although a measured approach focussing on engagement was needed. Disinvesting from fossil fuels too soon could cause issues for beneficiaries as such the whole approach needed to be carefully managed. It was noted that WPF supported Brunel in their approach to responsible investment, including a full consideration of climate change risk, and that they were moving in the right direction.

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

The Committee discussed the minutes and decisions of the Local Pension Board and the key points were:

- Minute 76 – it was noted that the recommendation to produce metrics for comparison was not for a formal report, but for inclusion in the press release on the transition to low carbon passive equities. Officers noted that it would be complex to produce the metrics with the possibility of fees involved, also if the Environment Agency had not produced metrics then a comparison would not be able to take place. A report on the transition of funds would be available in due course which would be shared with the committee. Members accepted the officers comments and welcomed a report instead of producing metrics.
- Minute 82 – Officers noted that they had investigated whether employers should be expected to sign up to the strategy and concluded that it was not practical to request all employers to sign up. The usual process had been followed where employers had been consulted, employers also had a legal responsibility which they were aware of. The administration strategy clearly set out the requirements of employers and the consequences of non-compliance.

Members were happy with the results of the investigation and decided that it was not necessary to have employers sign up to the strategy.

RESOLVED

The minutes and key decisions of the Local Pensions Board were noted and all of the recommendations were accepted, except the recommendation of minute 76 where members were happy to receive an update report.

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

Andy Cunningham, Head of Pensions, introduced the item referencing the report included with the agenda. Key areas highlighted were:

- The Pensions Regulator (tPR) had produced a report showing their findings from engagement with 10 Local Government Funds, selected from across the UK, to understand scheme managers' approaches to a number of key risks. tPR fed back what they see as good practice and suggested improvements that could be made.

A self-assessed was carried out looking at the Fund's performance against the tPR recommendations, which was presented at the Local Pension Board meeting on 14 November 2019, item 17. On review it was identified that most of the tPR recommendations were already in place

and plans were in place to prepare or implement recommendations which were not currently met.

- tPR had recently issued a Regulatory Intervention report for the London Borough of Barnet detailing the actions they had taken in relation to Barnet's Superannuation Fund in order for the Fund to make improvements. The notice had been issued due to not complying with some of the regulations.

It was the first time the tPR had issued an improvement notice to a LGPS Fund and provided a useful overview of the actions taken.

- The Terms of Reference for the Local Pension Board and Wiltshire Pension Fund Committee had been amended and were ready to be re-submitted to the Constitutional Focus Group before progressing to the Standards Committee and Full Council for approval in early 2020.
- The results of the triennial valuation were presented to the Committee and employers on 25 October 2019. The decision at the meeting on the 25 October was to delegate approval to officers, as such officers were now in the process of agreeing final contribution rates with employers within the parameters agreed by the Committee in the funding strategy statement. It was noted that March 2020 was the deadline to agree the final contribution rates, although it was hoped this would happen sooner.
- I-connect was now live with its first three employers after a period of testing and dual running. It was looking to on board on average 10 employers per month over a period for around 1.5 years. Officers noted that the exercise was labour intensive and resources would be reviewed in March.

98 **Fund Benchmarking**

The Fund Governance and Performance Manager introduced the item noting that new CIPFA guidance on accounting standards "Preparing the Annual Report: Guidance for Local Government Pension Scheme Funds (2019 Edition)" had come into effect. Previously, benchmark comparisons had been difficult to undertake due to the statistics being produced by different Fund's being based on different assumptions. It was hoped that the new guidance would attempt to make comparison easier. A number of the WPF's peer group had not yet adopted the new guidance therefore officers had only been able to make comparisons on the cost per member basis and not on administrative processing targets. Once more Funds had adopted the CIPFA guidance a more in depth analysis could take place.

It was noted that whilst there was a degree of comparability at a high level, caution should be exercised as at a more granular level there were material differences in how costs were attributed. The total cost per member value for funds ranged between about £150 & £300 per annum and as a broad

assessment against its peers, the WPF's cost per member results sat approximately of its peer group.

Members expressed the need for officers to communicate with other Funds and Brunel informally on the issue.

RESOLVED

The committee noted the report and the officers' intention to align future budget setting between the categories of Administration, Governance and Investment and to re-assess its approach to the SF3 categories.

The committee agreed for officers to discuss benchmarking issues with Brunel and informally with other Funds.

99 **Key Performance Indicators (KPIs)**

The Head of Pension Administration and Relations introduced the item noting that the following changes had been made to KPI's:

- Appendix 2: tPR Measures – The pension software provider, Heywood, were commissioned to produce revised Common and Conditional data in line with the approach agreed by the Pension Regulator and Scheme Advisory Board.

Previously there had been no guidance on the approach used to produce the data, this year a methodology was used by the Fund for self-assessing. This measure was more vigorous than the approach agreed between the Regulator and Heywood which resulted in the percentage score increase rather than an underlying improvement in data quality.

- Appendix 4: Employer breakdown - A breakdown of the figures shown in table 1 for the largest 5 employers was available for members to show where employer delays came from.

Officers expressed the desire to include a customer service KPI and the importance it had on monitoring the customers experience and ensuring consistent standards.

Officers were working to deliver projects to improve the overall administration infrastructure which would give longer-term benefits to processing figures, although material shorter term improvement was unlikely without further resources being available.

There had been an increase in cases which had caused the rate to go up and more resources would be needed to tackle the backlog, options to tackle the issues were currently being explored. It was noted that I-connect would have an impact once with more employers using the system.

Members discussed the issue of Refund of Contributions not being collected and that potentially the letter being sent out was difficult to understand. Officers explained that the letter was currently under review and they were working to ensure the Refunds of Contributions were claimed.

RESOLVED

The committee noted the Fund's performance against the KPI's and the offices intention to add benchmarked KPIs against other Funds each year following the publication of each Fund's Annual Report and Accounts.

100 **Budget Monitoring Report**

Rozalyn Vernon, Fund Investment & Accounting Manager introduced the item, key points included:

- There was a projected net over-spend of £47k against the controllable budgets which comprised of £22k projected underspend against Fund Scheme Administration and a £69k overspend against Fund Investment Costs.
- The cost of pooling was expected to be £395k higher than previously estimated. This was due to increased Brunel budgets and amended business case which was reviewed and approved by the Brunel Oversight Board, which had not been incorporated into the Pension Fund's budget

Members sought further clarification on the large increase and it was explained that Brunel had underestimated their original budget as well as changes to regulations meant Brunel required extra resources to deliver on their timeline. The Brunel Oversight Board had thoroughly examined the increase. The cost would be equally spread throughout the funds going forward. Due to a correction to the fee basis used in the business case, the breakeven date would now be in 2024. Additionally, currently Brunel did not offer stock lending and as a result officers were in the process of asking Brunel to implement this as a priority.

- The overspend against Fund Investment Costs included £50k overspend against Investment Administration. This related to agency costs from the previous financial year which were reported at the previous meeting.
- Investment overspend included a £19k overspend against Investment Consultancy fees. This related to greater than expected costs associated with developing the new strategic asset allocation.
- Investment consultancy costs had reduced in some areas where previously commissioned work was carried out in-house and officers would continue to monitor investment consultancy costs and endeavour

to keep costs as low as possible while ensuring that appropriate advice is sought when required;

- There was a projected £22k net underspend against the Administration budget as a result of projected underspend for external legal costs and increased bank interest rates received;

RESOLVED

The committee noted:

- **The projected outturn for 2019/20;**
- **The move to reporting and budgeting for Governance costs separately to Investment and Administration.**

101 **Pension Fund Risk Register**

Members accepted the changes to the risk register & the recommendations made by the Board, namely;

- PEN042 –should remain a red risk due to the potentially significant administrative impact;
- PEN011 – should remain amber until a s151 Officer is permanently appointed;
- PEN017 – should be split into two risks, PEN017a covering Committee members knowledge & understanding & PEN017b covering compliance with all relevant regulations;
- PEN049 – concerning the introduction of a MiFID II compliance risk;

RESOLVED

The risk register was noted

102 **Good Governance Report (Phase 2)**

The Head of Pension Administration & Relations presented the report of Phase II of the review commissioned by the Scheme Advisory Board (SAB) which was produced and published by Hymans Robertson in November 2019. The report examined the effectiveness of the current LGPS governance models and considered alternatives or enhancements which could strengthen LGPS governance going forward. The report made 16 recommendations, those highlighted were:

A.2: LGPS Senior Officer (*Each administering authority must have a single named officer who is responsible for the delivery of all LGPS related activity for that fund*) – Officers noted that they had concerns that this could cause unintended consequences and have passed their comments on.

D.1 & D.2 (*Introduce a requirement in the Guidance for key individuals within the LGPS, including LGPS officers and pensions committee members, to have the appropriate level of knowledge and understanding to carry out their duties effectively & D.2 - Introduce a requirement for s151 officers to carry out LGPS relevant training as part of their CPD requirements to ensure good levels of knowledge and understanding*) – Officers explained that the training requirements of the committee and S151 officer would need to develop further. Currently the training requirements for the committee were lower than for the LPB.

E.3. (*Each administering authority must report the fund's performance against an agreed set of indicators designed to measure standards of service*) – there were no comments made.

E.5 (*Each Administering Authority must give proper consideration to the utilisation of pay and recruitment policies, including as appropriate market supplements, relevant to the needs of their pension function. Administering Authorities should not simply apply general council staffing policies such as recruitment freezes to the pensions function*) – It was explained that this recommendation was for a separate approach to pay for the Fund to that of the host authority.

Officers noted that overall the recommendations were good. They had made comments and given feedback to the Scheme Advisory Board who were seeking feedback before going to consultation.

RESOLVED

The committee noted the report.

103 **Administration Strategy**

The Head of Pension Administration & Relations introduced the strategy explained that the administration strategy had been rewritten and modernised to align with KPI's although there were no significant changes.

RESOLVED

The committee approved the Wiltshire Pension Fund Administration Strategy.

104 **Communication Strategy**

The Head of Pension Administration & Relations introduced the Communications Strategy and explained that changes had been made to link the strategy with the business plan. The focus would be on moving to a digital approach to all communications, although members could opt in to receiving paper communications if they wanted to. The strategy was required by legislation and would be reviewed every two years. Officers were looking at a structured approach to receiving customer feedback.

RESOLVED

The committee approved the Communication Strategy.

105 **Annual Training Review**

The Fund Governance & Performance Manager referred to the report included with the agenda and highlighted the training strategies for the Board & Committee Members and Officers.

An annual self-assessment of member training needs was carried out during October. Based on the feedback, the following key areas for training and development were identified: Governance & Legislation, Investment and Accounting & Audit.

The results indicated that overall members felt that they operated at a “Skilled” level requiring only developmental training. The results also indicated that there were differences in the knowledge & understanding between members leading to a potential over reliance on knowledgeable members. It was hoped that through implementing the training strategies and identifying the training themes, this would bring the knowledge & understanding of all members to the same level and eliminate over reliance.

Members noted that officer training and competence was important as members relied upon their professional advice. It was explained that there was a training strategy in place for officers which included a training tool kit which would be implemented throughout the next appraisal cycle.

RESOLVED

The Board & Committee member training self-assessment outcomes for 2020-21 were approved

The officer training policy was approved.

106 **Audit Plan 2020-2021**

The Fund Governance & Performance Manager explained that to ensure good governance the committee needed to determine its audit plan each year. The scope of the plan would need to consider audits by the external auditors

(Deloitte), internal auditors (SWAP) and officers self-assessment. Officers would try to schedule the audits simultaneously to make them cost effective.

It was noted that although the Fund's annual accounts had been completed by the 31 July 2019, Deloitte's were unable to sign off their audit report due to an audit requirement connected with the Council's annual accounts. It was hoped that the audit report would be signed off in the near future.

Members discussed the merits of an independent review of Brunel's business plan. It was agreed that the matter would be raised at the next Brunel Oversight Board to assess whether such a review was shared by other Funds. Officers would check if auditing the business plan would increase fees and the permissions involved.

It was agreed to continue with the existing practice of combined Wiltshire Council & Fund accounts for the 2019/20 Scheme year annual report & accounts..

RESOLVED

The Committee approved the continued joint Wiltshire Council & Fund accounting arrangements for 2020.

The Committee approved the scope of the internal audits in 2020/21, covering the Fund's internal financial controls, MiFID II & Data Protection Act 2018/GDPR compliance.

The Committee approved that only an officer self-assessment of the Pension Regulator's Code of Practice 14 would take place in 2020, with an internal audit planned for 2021.

Lunch was held from 13:15 to 13:30.

Cllr George Jeans left the meeting at 13:15.

107 **Contract Management Review**

Officers explained that they had met with a number of the Fund's service providers to review their service standards, measure their performance over the last 12 months and provide an assessment of best value.

An update of the Fund's key service provider contracts was provided which detailed the reviews that had taken place in 2019 and the reviews which would form part of the Fund's best value reviews in 2020, to reassure members that a best value approach was being maintained as part of the Fund's overall procurement arrangements.

Members welcomed the report and requested that contract start and end dates were included in future.

RESOLVED

The committee noted the best value contract management review strategy.

Cllr Christopher Newbury left the meeting at 13:55.

108 **Date of Next Meeting**

The next meeting of the Wiltshire Pension Fund would take place on the 26 March 2020.

109 **Urgent Items**

There were no urgent items.

110 **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 Item Numbers 111-114 because it was 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.

111 **Brunel Pension Partnership update**

The Head of Pension Fund Investments gave a verbal update on the Brunel Pension Partnership.

112 **Investment Quarterly Progress Report**

The Head of Pension Fund Investments informed the committee that the incorrect report had been included with the agenda. Advice was sought and the decision was made that members were still able to make decisions based on the verbal update provided at the meeting.

RESOLVED

The Committee approved the ISC recommendations.

113 **Investment Sub-Committee Minutes**

It was noted that the agenda item should have been titled: Part 2 Minutes of the Wiltshire Pension Fund Committee with an action to confirm the Part 2 minutes of the meetings held on 3 October and 25 October, the correct minutes for approval were attached to the agenda.

RESOLVED

The Part 2 minutes of the Wiltshire Pension Fund Committee held on 3 October and 25 October were approved.

114 **Brunel Oversight Board Meeting Minutes**

No meeting of the Brunel Oversight Board had taken place.

(Duration of meeting: 10.35 am - 2.15 pm)

The Officer who has produced these minutes is Jessica Croman of Democratic Services, direct line 01225 718262, e-mail jessica.croman@wiltshire.gov.uk

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

Investment Sub-Committee

MINUTES OF THE INVESTMENT SUB-COMMITTEE MEETING HELD ON 28 NOVEMBER 2019 AT WEST WILTSHIRE ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

Present:

Cllr Tony Deane (Chairman), Cllr Simon Jacobs, Cllr Robert Jandy (Substitute) and Cllr Gordon King

Also Present:

Anthony Fletcher and Mike Pankiewicz

48 **Membership**

It was noted that Cllr Simon Jacobs had been appointed as Vice Chairman to the Wiltshire Pension Fund Committee and the Investment Sub Committee.

49 **Apologies**

Apologies were received from Cllr Brian Ford who was substituted by Cllr Robert Jandy.

50 **Minutes**

RESOLVED

The minutes of the meeting held on 5 September 2019 were approved as a true record and signed by the Chairman.

51 **Declarations of Interest**

There were no declarations of interest.

52 **Chairman's Announcements**

There were no announcements.

53 **Public Participation and Councillors Questions**

There were no members of the public present.

54 **MiFID II Compliance**

Richard Bullen, Fund Governance & Performance Manager, introduced the item noting that the Fund's training strategy for members during 2020/21 had been developed to incorporate the knowledge & understanding requirements expected for MiFID II compliance. Whilst not a requirement it was agreed that as a matter of good governance Investment sub-Committee (ISC) members would self-certify that they remained competent to carry out their duties and responsibilities associated with taking the investment decisions on behalf of the full committee of the Fund. To maintain the Fund's 'Professional Investor' status implemented on 3 January 2018, it was recognised that a framework of measures would occur enabling continued compliance which would include an annual baseline review of ISC member competence.

Anthony Fletcher, Independent Advisor at MJ Hudson Allenbridge, explained that as the WPF had opted for 'professional investor' status in 2018, it was subject to less investor protections than a retail client. It was noted that the Fund's appointment of professional advisers such as MJ Hudson Allenbridge & Mercer Ltd reinforced the Fund's test of MiFID II compliance agreed between the Scheme Advisory Board & the FCA. It was also commented that senior officers of the Council, notably the S151 Officer, should also have investment experience, however similar to ISC members this could be mitigated through the use of professional advisers by the Fund.

For completeness Mr Bullen asked both the Fund's professional advisers, Mr Fletcher of MJ Hudson Allenbridge & Mr Ross Palmer of Mercer Ltd to confirm their qualification to act as the Fund's advisers. Both parties confirmed that they were qualified, maintained a record of continued professional development & were consequently fully compliant with MiDFID II regulations.

There was a brief discussion on whether MiFID II self-certification should be requested of Wiltshire Pension Fund Committee (WPFC) members too. However, it was agreed that as it was the ISC members who took the decisions on behalf of the full committee only the ISC members should formally self-certify their competence. It was noted that all members of both committees would follow the 2020/21 training strategy.

RESOLVED

The members of the ISC agreed to sign the self-certification letter.

Confirmation was received from the Fund's Investment Advisers that they continued to remain competent to provide investment advice to the Wiltshire Pension Fund.

55 **Date of next meeting**

The next meeting of the ISC would take place on the 27 February 2020.

56 **Urgent items**

There were no urgent items.

57 **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 Item Numbers 58-65 because it was likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraphs 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.

58 **Investment Quarterly Progress Report**

Jenny Devine, Head of Pension Fund Investments, gave an update on the Fund's investment performance to 30 September 2019.

RESOLVED

The committee noted the reports and updates provided at the meeting;

59 **Investment Manager Database**

The Investment Manager introduced the item. Members noted that they were happy with the report and no questions were asked.

RESOLVED

The report was noted.

60 **Mercer's Quarterly Report**

A brief overview was given noting that no changes were recommended.

61 **Responsible Investment Quarterly Update Report**

The Investment Manager explained that the responsible investment quarterly update would be a standing item on the agenda going forward which would update members on responsible investment issues and welcomed feedback/questions on the report.

RESOLVED

The Committee noted the report and the progress that was being made towards implementing responsible investment related issues.

62 **Accounting Update Report**

The Investment Manager invited the committee to ask questions on the report in which there were none.

RESOLVED

The report was noted.

63 **Minutes**

RESOLVED

The minutes of the meeting held on the 5 September 2019 were approved.

64 **Presentation from CBRE**

The Committee received a presentation from CBRE on how the WPF's investments were being managed and had the opportunity to ask questions.

RESOLVED

The Committee thanked CBRE for their presentation

65 **Presentation from Investec**

The Committee received a presentation from Investec on how the WPF's investments were being managed and had the opportunity to ask questions.

RESOLVED

The Committee thanked Investec for their presentation

(Duration of meeting: 10.30 am - 2.15 pm)

The Officer who has produced these minutes is Jessica Croman of Democratic Services, direct line 01225 718262, e-mail jessica.croman@wiltshire.gov.uk

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Organisation	Subject	Link	Status	Comments	Risk Ref
HM Treasury	Reforms to public sector exit payments.	https://services.parliament.uk/bills/2017-19/publicsectorexitpaymentslimitation.html	No change since the last meeting	A 'final' consultation on this topic closed on 3 July 2019. 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). 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. Furthermore, the likely implementation date is also not clear.	PEN021
MHCLG	Fair Deal Consultation	https://www.gov.uk/government/consultations/local-government-pension-scheme-fair-deal-strengthening-pension-protection	No change since the last meeting	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.	PEN040
	<i>Changes to the Local Valuation Cycle and the Management of Employer risk</i> Consultation	https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/800321/LGPS_valuation_cycle_reform_consultation.pdf	No change since the last meeting	This consultation covers the following areas: 1). Amendments to the local fund valuations from the current three-year (triennial) to a four-year (quadrennial) cycle. 2). A number of measures aimed at mitigating the risks of moving from triennial to quadrennial cycles. 3). Proposals for flexibility on exit payments. 4). Proposals for further policy changes to exit credits 5). Proposals for policy changes to employers required to offer LGPS Membership. 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.	PEN044

Organisation	Subject	Link	Status	Comments	Risk Ref
				The consultation closed on 31 July 2019 and officers responded accordingly.	
The Department of Work and Pensions (DWP)	Pension dashboard project	https://pensionsdashboardproject.uk/industry/about-the-pensions-dashboard-project/	No change since the last meeting	Discussions are still going on at a national level. Recent discussion suggests an implementation timeframe of mid 2020s	PEN038
Financial Reporting Council	Proposed revision to the UK Stewardship Code	https://www.frc.org.uk/investors/uk-stewardship-code	Updated	<p>The Financial Reporting Council (FRC) published the revised Stewardship Code on 24th October 2019 which sets substantially higher expectations for investor stewardship policy and practice.</p> <p>Officers will now review Fund compliance to the new code and begin drafting a new Statement of Compliance for review by the FRC.</p>	None
Scheme Advisory Board (SAB)	Academies' review	http://www.lgpsboard.org/index.php/structure-reform/review-of-academies	No change since the last meeting	<p>SAB commissioned PwC to produce a report on "Options for Academies in the LGPS" 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>	None
	Cost cap mechanism & McCloud case	Summary by Osborne Clarke (our external legal advisers)	Minor update	The planned changes to the LGPS from 1 April 2019 were cancelled due to an on-going court case (referred to as the McCloud case) which looks likely to result in material changes to the LGPS and all other public service schemes.	PEN042

Organisation	Subject	Link	Status	Comments	Risk Ref
				<p>The Government asked to appeal against the conclusion from the original court case, but its appeal was turned down in early July 2019 which means changes are necessary.</p> <p>The SAB decided to await the outcome to the court case before making any changes. No changes are expected for some time, possibly until late 2020.</p>	
	Tier 3 employers review	http://www.lgpsboard.org/index.php/board-publications/invitation-to-bid	No change since the last meeting	<p>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.</p> <p>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.</p>	None
	Good Governance Project (formerly known as the Separation Project)	http://www.lgpsboard.org/images/PDF/BoardFeb18/PaperBItem50218.pdf	Updated	<p>Hymans-Robertson, on behalf of the SAB, has now released its report on phase II which outlines a number of specific recommendations.</p> <p>Hymans Robertson and SAB are now moving towards Phase III of the project. Before that occurs, there are series of roundtable discussions taking place where there is an opportunity to give feedback to the Phase II proposals.</p>	None
	Guidance Project	http://www.lgpsboard.org/images/PDF/BoardFeb18/PaperBItem50218.pdf	No change since the last meeting	<p>The Guidance project will identify regulations which may be better placed within statutory guidance and to both propose the necessary amendments and assist HMCLG with the drafting of guidance.</p> <p>This project is at an early stage and no further information is available at this time.</p>	PEN039

Organisation	Subject	Link	Status	Comments	Risk Ref
	Data Project	http://www.lgpsboard.org/images/PDF/BoardFeb18/PaperBItem50218.pdf	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>	None
Wiltshire Pension Fund	Miscellaneous Updates	None	Updated	<p>a). <u>Terms of reference:</u> The proposed Terms of Reference for the Local Pension Board and Wiltshire Pension Fund Committee have now been amended and were re-submitted to the Constitutional Focus Group in early January for a second time. However, due to a number of miscellaneous changes being requested, a further draft is needed before they are returned to the Focus Group for a third time. The ToR will then progress to the Standards Committee and Full Council for approval in early 2020.</p> <p>The Local Pension Board ToR have only had relatively minor changes while the Committee ToR have been updated to bring them up to a similar level of detail to the LPB.</p> <p>b). <u>Triennial valuation update:</u> Officers are still in the process of agreeing final contribution rates with employers within the parameters agreed by the Committee in the funding strategy statement. This has been proving time-consuming to complete for some employers of the circa 190 in the Fund due to range of issues including affordability issues, complications caused by risk-sharing arrangements and employers which are likely to cease within the next few years. However, we will still complete on time.</p> <p>c). <u>I-connect:</u> The Fund has seven employers fully onboarded and the project team are now fully focussed on Wiltshire Council and the academies which it does the payroll for (this will increase coverage to over 30 of the active membership).</p> <p>d). <u>New employer website:</u> We have launched a new employer website in early February, as per the business plan.</p>	None

Organisation	Subject	Link	Status	Comments	Risk Ref
				d). <u>End to end process reviews</u> : The main project manager is currently absent from work which has slowed the progress of these reviews although officers still hope to go live with the new starter process shortly and to undertake a review of the leaver/refund process as this is worse-performing area in the KPIs.	

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WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD
13 February 2020

BUSINESS PLAN ACTIONS

Purpose of the Report

1. The purpose of this report is to provide an update on the Fund's Business Plan actions for 2019-2020 and propose new actions for the 2020-2021.

Background

2. The Fund put into place a new business plan for the period 2019-2022 in early 2019. The Business Plan outlined the new vision of the Fund and themes which were identified to help meet that vision.
3. In a change from previous business plans, officers only set actions for one year at that point in time with the intention of setting further actions for each of two following years at the same time as each annual budget.
4. Importantly, officers have excluded all business as usual work and only included improvements, development and changes. The vast majority of staff time is taken up undertaking business as usual work but this will not change materially from year to year so this is not included in the Business Plan.
5. The approach of setting actions for one year is partly in recognition of the difficulty in setting specific actions for a period of up to three years into the future and also in response to feedback that the development of key events may not be reflected in triennial action setting.

Considerations for the Board

6. The Fund's progress of the desired actions for 2019-2020 are shown in **Appendix 1**. Most actions were complete, or will be completed with the 2019-2020 period, although some were not due the reasons identified in this Appendix. Where this is case, the action has been carried forward in all cases.
7. The Fund has identified 42 actions (included carried forward actions) for the period 2020-2021 and these are shown in **Appendix 2**. Furthermore, officers have amended the action template for 2020-2021 to help identify priority levels and the level of resource required (subject to budgetary approval). To a certain extent the actions are aspirational as the the ability to achieve these are dependent on business as usual workloads and resourcing levels available.
8. Whilst not available for this Board meeting, officers have used the identification of the new desired actions as a basis of identifying potential resourcing requirements and other costs for the setting of the Fund's budget. Whilst it is the intention of officers to complete all actions, progress will depend on other work pressures such as higher than expected business as usual work or other developments.

Conclusions

9. The completion of the actions shown to Appendix 1 to date shows good progress although much further progress is still needed to continuing the movement towards the Fund's vision hence the presence of a large number of actions in Appendix 2.

Environmental Impact

10. There is no environmental impact from this report.

Financial Considerations

11. There are no immediate financial considerations although some actions will required additional funding and this will form part of the next budget.

Risk Assessment

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

Legal Implications

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

14. There are no implications at this time.

Proposals

15. The Board is requested to note the Fund's progress against the actions from 2019-2020 and the proposed actions from 2020-2021 and to recommend and alterations, removals or additions.

Andy Cunningham & Jennifer Devine

Head of Pensions Administration and Relations & Head of Pensions Investments

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

No	Vision Theme	Action	Progress at 27 January 2020
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.	Complete
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.	Smaller employers: Complete, Larger employers: Need WC to complete (target date 31 March 2020)
3	Embracing Technology	<u>E-payslips</u> : To complete the rollout of e-payslips by inviting new and existing pensioner members to sign up.	Complete
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).	Started but not complete due to key staff absence. Action rollover to 2020/2021
5	Embracing Technology & Outstanding customer service and stakeholder relationships	Rollout a new enhanced employer website with access to online training materials and webinars	Complete
6	Innovative and secure Funding approaches	Implement separate employer investment strategies in conjunction with the 2019 triennial valuation.	Target still 31 March 2020, nearly complete
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.	Complete
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.	On target (nearly complete)
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	On target (due date moved to March 2020 in line with changes to the stewardship code and RI workshops being held by Brunel)
10	Working with other Funds to deliver investment pooling	Complete the transition of assets to the Brunel high alpha equities portfolio. Monitor fee savings and ensure that Brunel are effectively held to account.	Complete
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.	Complete
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.	Complete. Follow on action added for 2020/2021
13	Lean processes, high performing and efficient with a culture of continuous improvement	Set up a formal process for monitoring the performance of all supplier and adviser contracts.	Complete
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.	Complete
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.	Mostly complete, target date of 29 Feb 2020.
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.	Complete
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.	On-going
18	Robust and Accurate Service Delivery	Complete the analysis of GMP-related pension in payment issues and agree a final approach on GMP rectification.	Not complete due to delays gaining agreement from SAB and a key staff absence (Rollover to 2020/2021)
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.	Not complete due to large increase in workloads (Rollover to 2020/2021)
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.	Complete further developed needed now in 2020/2021.
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	Complete but subject to final approval steps

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.	Complete
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.	Partially complete – but further progress needed on webinar, 1-1 meetings/phone call set up. Rolled over to 2020/2021.
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.	Complete
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.	New staff – done. Existing staff – further development needed, rolled over to 2020/2021

No	Vision theme	Action	Expected Service Benefits	Resourcing Requirement	Resourcing Level Required	Service Priority	Target timeframe
1	Effective governance, employer and staff training	Employer Training: a). To produce and add a series of pre-recorded webinars, training material to the new employer website. b). To produce and instigate a programme of 1-1 employer liaison based on employer needs and performance.	Improved employer experience, such as improved decision-making and time-saved, better quality and more timely data submissions	Existing staff time/immaterial costs: Communications Manager and Employer Relationship Manager	Medium	Medium	30/11/20
2	Effective governance, employer and staff training	Review and update staff onboarding process: Align staff training so that there is greater consistency in the approach to training for all new operational staff	Consistent application of processes, new staff being able to add value to the service quicker and increased staff satisfaction/morale.	Existing staff time/immaterial costs: Communications Manager, Benefits Manager and Systems Manager	Low	Medium	31/10/20
3	Effective governance, employer and staff training	Staff Training Policy: Implement the Staff training policy by adding job-level training plans. Introduce TEC, a new training system for using Altair.	More knowledgeable and skilled staff will perform their roles more effectively.	Existing staff time/immaterial costs: Communications Manager, Benefits Manager and Systems Manager	Medium	Medium	31/10/20
4	Embracing Technology	i-Connect Rollout: Rollout of i-Connect to cover at least 40% of employers and at least 50% of the active membership	*Improved efficiencies, controls and data quality. *Substantial time-saving on current end of year processes. *Improved KPIs	Existing staff time: Project team & Data and Systems team. Costs include some additional recruitment (see action 11)	High	High	31/03/21
5	Embracing Technology	MSS Phase II enhancements: Introduce new document upload and download facility, consider adding additional calculator and make other presentational improvements.	Improved customer experience, administrative and process time-savings (electronic instead of post) and increased data security.	Existing staff time/immaterial costs: Communications Manager and Systems Manager	Medium	Low	31/12/20
6	Embracing Technology	MSS Sign-up rates: Improve MSS take up to above 30% of active membership (in line with industry norms)	In line with our Communications Strategy on digital communications, less reliance on paper communications which saves time and money and creates simplicity for mass communications.	Existing staff time/immaterial costs: Communications Manager and Projects Team	Low	Medium	31/03/21
7	Embracing Technology	Rollout online Annual Benefit Statements: Upload Annual Benefits Statement on to all members MSS accounts.	*More time is available to produce the statements by the statutory deadline as no allowance for printing time is required.	Existing staff time/immaterial costs: Communications Manager and Systems Manager	Low	Medium	31/08/20
8	Embracing Technology	E-Communication improvements: Remove the production of all paper member annual newsletters (except those who have opted in to paper communications) and move to system of communication by electronic means as and when required	*More frequent and timely communications due to ease of sending and removal of all material costs. *Administrative cost savings. *Significant savings in paper and postage, positive impact on the Fund's carbon footprint.	Existing staff time/immaterial costs: Communications Manager and Systems Manager	Low	Medium	31/12/20
9	Embracing Technology	SQL reporting: Implement access to SQL reporting from the Pension Administration Software and train staff to run reports using SQL	*Much improved reporting capabilities, easier to use and to recruit staff with existing knowledge of a widely-used reporting tool. *Improved access to data, time saved and greater assurance over reporting accuracy.	Potential small training cost plus time commitment from staff being trained.	Medium	Medium	31/08/20
10	Embracing Technology & Thriving Team and Fluid Governance	Staff realignment: Undertake a work and staff realignment process so ways of working align with the way i-Connect will operate.	*Streamlining of processes enabled by having staff undertaking all aspects of the process.	Management time	Medium	High	30/09/20

11	Lean processes, high performing and efficient with a culture of continuous improvement	Recruit additional staff: To deal with a range of historical issues and in reflection of increasing workloads (over 50%) through higher scheme membership (10% increase in 3 years) and changes to legislation.	*Greater adherence to required timeframes. *Reduction in backlogs. *Support to deliver required Fund improvements as outlined in this plan. *Improved customer service	*Management time plus investment in training *Cost of additional salaries will be a net increase although there will be some offset through removal of subscriptions and licenses no longer needed.	Medium	High	31/08/20
12	Lean processes, high performing and efficient with a culture of continuous improvement	Introduce a Performance Dashboard for Fund Management	Improved Management Information to allow managers to make data-driven decisions on workload management and identifying areas for improvement.	Fund Governance and Performance Manager & Data and Systems Team	Medium	Medium	31/03/21
13	Lean processes, high performing and efficient with a culture of continuous improvement	Review and improve End of Year Process (for remaining non-i-Connect users)	*Save officer time and limit the impact of End of Year processing on other regular work. *Improved level of ABS sent on time.	Data & Systems Team	Low	High	31/07/20
14	Lean processes, high performing and efficient with a culture of continuous improvement	Automate payment instructions (roll forward of Action 4 from 2019/2020)	*Efficiency improvement and more timely and controlled payments from the time a process is complete.	Projects and Benefits Team	Medium	Low	31/12/20
15	Lean processes, high performing and efficient with a culture of continuous improvement	End to end process project: Complete reviews of all high volume processes (Leavers, Refunds, Starters & Retirements). Roll forward of action 12 from 2019/2020 actions	*More efficient, lean processes with better controls and improved communications.	Projects Team	High	High	31/03/21
16	Lean processes, high performing and efficient with a culture of continuous improvement	Introduce automation software: Nova Sail or equivalent Council software.	*Efficiency improvements to automate repetitive, low skilled, time-consuming processes.	Projects Team and Data and Systems Team	Medium	Low	31/03/21
17	Management of Investments	Implement MiFID II Policy & procedures ensure continued compliance and embed processes into Investment Strategy Statement	Regulatory obligation	Investment and Accounting Team	Low	Medium	30/06/20
18	Management of Investments	Implement interim investment portfolios to match risk/return requirements before capital can be deployed into private markets	No cash drag on investment returns, ability to successfully implement strategic asset allocation	Investment and Accounting Team	High	High	30/09/20
19	Management of Investments	Review and update the Investment Strategy Statement to bring it in line with the new Strategic Asset Allocation, progress made in investment pooling, and updated responsible investment policies	Improved clarity for members of Committee and fund members about how we manage our investments	Investment and Accounting Team	Medium	High	30/09/20
20	Management of Investments	Develop Fund's approach to Responsible Investment: develop reporting to Committee, complete carbon footprinting exercise, and incorporate new RI policies in the investment strategy statement	Improved engagement with Committee members and investment managers on responsible investment issues	Investment and Accounting Team	Medium	High	31/03/21
21	Working with other Funds to deliver investment pooling	Ongoing monitoring: monitor fee savings and costs, ensure that Brunel are held to account	Strong governance around the Fund's investments, and management of the risk that savings via pooling are not achieved	Investment and Accounting Team	High	High	31/03/21
22	Working with other Funds to deliver investment pooling	Private markets: make initial commitments to private markets portfolios and develop methods of measuring success in early years	Assurance that investments are being made in line with expectations and are being properly managed	Investment and Accounting Team	Medium	High	31/03/21

23	Working with other Funds to deliver investment pooling	Multi asset credit: work with client group to ensure that MAC portfolio is appropriately spec'd and is implemented in line with agreed timescales	Assurance that investments are being made in line with expectations and are being properly managed	Investment and Accounting Team	Medium	High	31/12/20
24	Working with other Funds to deliver investment pooling	Property: work with Brunel to define what success will look like for this portfolio, and define reportable metrics for Committee to enable the decision to be made on when to commit to this portfolio	Assurance that investments are being made in line with expectations and are being properly managed	Investment and Accounting Team	Medium	Medium	31/12/20
25	Strong accounting controls	Complete the Fund's account and annual report in line with CIPFA guidance.	Statutory requirement	Investment and Accounting Team	High	High	31/07/20
26	Outstanding Customer Service and stakeholder relationships	Produce a new website for scheme members	*Improved information for Scheme Members on the website which should lead to a reduction in calls and email queries and a saving in time when responding to queries.	Communications Manager and Projects Manager	High	Low	31/03/21
27	Outstanding Customer Service and stakeholder relationships	Customer Service Policy and KPIs: Produce a customer service policy and produce and monitor customer service based KPIs (e.g. customer satisfaction, time to answer calls/emails, website)	*Ability to align, develop and improve the service after consideration of customer feedback and requirements	Communications Manager	Medium	High	31/12/20
28	Robust and accurate service delivery	Implement Data Retention strategy actions (employers and Fund)	Efficient working practices and compliance with regulatory requirements	Fund Governance and Performance Manager & Data and Systems Team	Medium	High	31/12/20
29	Robust and accurate service delivery	Second line reviews: Start a programme of internal second line reviews of internal processes to check for compliance with regulations, effective controls and adherence to procedures, policies and strategies.	Raise standards of working practice, assist the development of the procedure manual & address staffing concerns.	Fund Governance and Performance Manager and Technical and Compliance Manager plus support from the rest of the team.	Medium	Medium	30/06/20
30	Robust and accurate service delivery	Work Management: Make further improvements to the new auto-task allocation system and the management of work to ensure that work is prioritised in line with the Pension Administration Strategy	Optimising prioritisation of tasks in align with Administration Strategy.	Benefits Team and Data and Systems Manager	Medium	Medium	30/06/20
31	Robust and accurate service delivery	Knowledge Hub and procedures: Complete first six sets of explanatory notes and refined procedures (Roll forward of Action 20 from 2019/2020)	Improved controls and understanding from the team.	All of the team.	Medium	Medium	31/12/20
32	Robust and accurate service delivery	McCloud case data preparation: Update all part-time percentage histories from 1 April 2014 to date for all relevant active members and obtain and hold for all other members (waiting the outcome of the legislation)	Compliance with pending legislation	Data & Systems Team and Employers Administrators	High	Medium	31/03/2021 (or in line with i-Connect onboarding date if later)
33	Robust and accurate service delivery	Annual Benefit Statements: Improve percentage of active ABSs sent by the deadline to 99%.	Improved service to customers and greater compliance with regulation.	Data & Systems Team and Employers Administrators	High	High	31/08/20
34	Robust and accurate service delivery	GMP Reconciliation: Finalisation of policy on GMP reconciliation and begin adjustments to payments (Roll forward of Action 18 from 2019/2020)	Compliance with legislation and ensuring the correct pensions are in payment	Projects team and Technical and Compliance Manager	High	High	31/12/20
35	Robust and accurate service delivery	Backlog reductions: Improve Fund Disclosure target processing times of deferreds and refunds to >50% (Roll forward of Action 19 from 2019/2020).	Improve KPIs and compliance and better customer service.	Projects Team and Data and Systems Team. Employer administrators	High	High	31/03/21

36	Robust and accurate service delivery	Cessation Policy enhancements: In response to existing issues concerning McCloud and cessation surpluses	Ensuring the cessation processes produce fair employer outcomes.	Head of Pensions Administration and Relations and Actuary.	Medium	High	31/07/20
37	Robust and accurate service delivery	Peer-checking policy: a). Extend the use of the current internal peer-checking policy to cover more processes. b). Review the approach to peer-checking and making changes to way it is undertaken.	Efficient work practices.	Benefits Manager and team.	Medium	High	31/10/20
38	Robust and accurate service delivery	Pre-submission Data Validations: Introduce a suite of pre-submission data validations for all major data transfers (starters, leavers, retirements, end of year & i-Connect)	To improve the quality of data submitted by employers and members and to reduce the amount of officer time spent on resolving data queries resulting in better outcomes for members	Project, data and systems team.	Medium	Medium	31/08/20
39	Thriving team and fluid governance	Appraisal enhancements: Address key staff survey feedback, align staff goals with business plans and customer feedback. Ensure more regular reviews/121s	Staff morale & motivation, service delivery & Fund productivity & performance. Staff understanding their contribution	All managers	Medium	Medium	31/10/20
40	Thriving team and fluid governance	SAB Good Governance review: Implement all required reforms.	Improved governance practice and compliance with legislation.	Fund Governance and Performance Manager, Board, Committee and Heads of Service.	Medium	Medium	In line with dates required
41	Thriving team and fluid governance	Introduce a statement of fund principles	Clearer strategic guidance for managers when making decisions.	Senior Managers, the Committee and Board.	Medium	Medium	31/07/20
42	Thriving team and fluid governance	New Employer Policy: Complete a new admissions policy.	Ensure a consistent a fair approach to new employer admissions which deal with the changing way the Local Government organisations are operating.	Head of Pensions Administration and Relations and Actuary.	Medium	Medium	31/12/20

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND LOCAL PENSION BOARD
13 February 2020

Local Pension Board Budget

Purpose of the Report

1. The purpose of this report is to present a proposed Local Pension Board Budget for 2020-21 for the Board to consider and recommend to the Pension Fund Committee for its inclusion alongside the Wiltshire Pension Fund Administration Budget 2020-21.
2. The Wiltshire Pension Fund Committee will consider the Fund's budget at its meeting on 26 March 2020.

Background

3. To ensure good governance, budgets are required to monitor the stewardship of the Fund's expenditure and financial plans assist in mitigating risks by allocating necessary resources to develop the service. The Wiltshire Pension Fund Committee approves the Pension Fund budget each year.
4. The Scheme regulations state that the operational cost of the Local Pension Board must be borne as an expense to the administering Fund's budget. However, for monitoring purposes officers will now present the Local Pension Board budget separately to the other budgets of the Fund in order to better reflect the lines of responsibility for each budget.
5. Therefore, the Local Pension Board's budget is approved by the Pension Fund Committee when setting its budget for the year. Should any further expenditure be required beyond this, then approval must be obtained from the Wiltshire Council Director of Finance and Procurement.

Main Considerations for the Board

6. The main financial headings for the Local Pension Board Budget and key financial totals are presented in the table in appendix 1 below.
7. The overall projection is for an underspend in 2019-20 circa £11,200. The underspend is due to lower than expected spending on consultancy services and training during the year.
8. The overall proposed budget for 2021-21 is £27,400. This is a continuation of the total budget for 2019-20.
9. The budget for the Independent Chair has been updated and increased to £10,300 to reflect the fee of the new post holder. Following the end of the current term, the remuneration was reviewed and an index-linked increase was applied to keep at a level which is common for other Local Pension Boards. The increased fee has been offset by a reduction to the training budget (most of which was unused in 2018-19 and against which there has been no spend to date in the current year).
10. A continuation of the budget for insurance has been included in line with Scheme Advisory Board guidance.
11. The Committee Services budget is £3000 and to date there have been no charges against this line. We are proposing to retain this line in the budget and to recharge a

proportion of the Committee Services charge to it from the Governance budget to reflect the service that the board receives from that team.

Environmental Impact of the Proposals

12. There are none.

Legal Implications

13. There are no known implications at this time.

Financial Considerations & Risk Assessment

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

15. There are no known implications at this time.

Reason for Proposal

16. It is considered best practice for the Local Pension Board to recommend that its budget is approved with Pension Committee.

Proposal

17. The Board is asked to agree the draft Local Pension Budget and recommend to the Pension Fund Committee that this is included in the Fund's Administration budget for 2020-21.

18. It is proposed that the Local Pension Board monitor their budget on a quarterly basis. Local Pension Board budget monitoring will form part of the quarterly budget report which is reviewed by the Pension Fund Committee.

Rozalyn Vernon
Fund Investment & Accounting Manager

Report Author: Rozalyn Vernon, Fund Investment & Accounting Manager

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

Appendix 1

Wiltshire Local Pension Board Proposed Budget 2020-21

	2018-19 Actual £	2019-20 Budget £	2019-20 Forecast £	Budget changes £	2020-21 Budget £
Independent Chair Remuneration	9,216	9,214	9,216	1,086	10,300
Consultancy Services	6,470	7,000	-	- 500	6,500
Training	383	4,200	400	- 800	3,400
Committee Services	-	3,000	3,000	-	3,000
Travel & Subsistence costs	744	800	800	200	1,000
Catering	-	400	-	-	400
Insurance	2,800	2,800	2,800	-	2,800
	19,613	27,414	16,216	- 114	27,400

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WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD
13 February 2020

WILTSHIRE PENSION FUND RISK REGISTER

Purpose of the Report

1. The purpose of this report is to update the Board in relation to changes to the Fund's Risk Register (see Appendix).

Background

2. The Committee approved a Risk Register for the Wiltshire Pension Fund at its meeting on 12 May 2009. A reconfiguration of the Risk Register took place during 2019 to make it a more dynamic document and the new design was approved by the Committee on 18th July 2019. Members requested that whilst a full Risk Register is maintained by officers only the following risks need to be highlighted to Committee on a quarterly basis.
 - New risks;
 - Risks which have changed or been re-categorised;
 - Risks which are rated red; and
 - Risks which are considered to have been mitigated & stabilised & can be recommended for approval to the register's ceased/dormant category for continued monitoring by officers only.
3. Under the reconfigured Risk Register strategy, the identification of risks will be more evidence based using the Scheme update, Business Plan, Audit recommendations, Minutes of meetings, Fund's KPI dashboard and Brunel and investment pooling data as sources of information for risk identification.

Key Considerations for the Committee / Risk Assessment

4. The significance of risks is measured by the 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).
5. During the last quarter the following "new risks" were identified.
 - **PEN050: Implementation of the Pension Regulator's Code of Practice 15:** (Green) Over reliance by the Fund is potentially being placed on the Pension Regulator to simply combine & rationalise the existing Codes of Practice in a new Code of Practice 15. Certainty around the impact of internal controls & effective governance cannot be assessed until the details are released.
 - **PEN051: Fixed income portfolios are currently being scoped by Brunel, which client group have input into but may not be the best fit for Wiltshire:** (Green) Fixed income portfolios will transition to Brunel from late 2020 onwards. If the portfolios are not the best fit for Wiltshire, there is a risk that the investment strategy is not properly implemented, or that there is a delay before assets can transition

6. The evidence-based review of the register identified the following risks had changed or need to be recategorized;
- **PEN026: A lack of effectiveness of Committee meeting due to the impact of MiFID II Regulations:** (From Amber to Green) Guidance received from officers & the Independent Adviser to the Fund has mitigated the impact of MiFID II. Officers implemented a self-assessment return which was completed by members verifying their competence to maintain “professional client status”. A member training strategy for 2020/21 includes MiFID II related training. To be moved from Dynamic to the Ongoing section.
 - **PEN036: Failure to implement a Dashboard of KPIs for regular monitoring:** (From Amber to Green) A regular dashboard of KPIs monitoring the pension Fund’s activities are now being brought to the Board & Committee each quarter. The implementation of a new Pension Administration Strategy document will further enhance the flow KPI information to members. To be moved from Dynamic to the Ongoing section.
 - **PEN049: Failure to comply with the FCAs MiFID II compliance:** (From Amber to Green) A paper setting out the procedures was submitted to the Board on 13th February. The Fund will be audited in 2020 for its compliance with MiFID II. To be moved from Horizon to the Ongoing section.
7. Risks remaining “red”, high risk:
- **PEN042: Significant retrospective legislation changes related to the McCloud case:** It is still unclear exactly what impact there will be on the administration, although the impact actuarially speaking is likely to be minimal. Members requested that it be kept as a red risk until the administrative impact is clearer.
 - **PEN048: The transition of the pooling of LGPS assets with BPP fails to deliver the projected savings:** Progress and updates should continue to be regularly reported to Committee
8. It is recommended that two risks are removed from quarterly presentation to the Committee. These are;
- **PEN024: The implementation of Brexit causes investment volatility or unexpected legislative changes:** (From Amber to Green) The Brexit Treaty has been signed. If trade negotiation create a risk a new risk can be created relevant to the impact of the trade negotiations. It is recommended that this risk be moved from Dynamic to dormant.
 - **PEN030: Failure to procure & contract manage service providers appropriately:** (Green) A contract management framework has been developed by officers which is both managed & maintained, including regular reporting to members. The risk has reduced and it is recommended that it be moved from Dynamic to dormant.

Financial Implications

9. No direct implications.

Legal Implications

10. There are no known implications from the proposals.

Environmental Impacts of the Proposals

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

12. There are no known implications currently.

Proposals

13. The Board is asked to note the attached Risk Register and recommend the changes/actions made by officers in points 5 to 8 to the Committee.

ANDY CUNNINGHAM
Head of Pensions Administration and Relations

Report Author: Richard Bullen, Fund Governance & Performance Manager
Unpublished documents relied upon in the production of this report: NONE

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Ref.	Risk	Cause	Impact	Primary Risk Category (CIPFA)	Secondary Risk Category (Operational)	Risk Owner	Level of risk (Inherent)	Impact	Likelihood	Inherent risk score	Controls in place to manage the risk	Impact	Likelihood	Residual risk score	Further Actions necessary to manage the risk	Level of risk (Residual)	Direction of Travel	Risk Action Owner	Date for completion of action
Horizon Risks																			
PEN050	Failure to comply with tPR's Code of Practice 15	The new requirements for pension scheme governance came into force on 13 January 2019 as part of the transcription of the IORP II Directive into	Consequently the tPR is simplifying its codes of practice as part of its 'clearer, quicker, tougher' campaign and in response to new requirements for	GOVERNANCE	SERVICE FUNCTION	Richard Bullen	Low	2	2	4	It is anticipated that early focus will be on the codes that are most affected by the new regulations, starting with internal controls & effective governance. Trustees will need to be able to demonstrate that they have an effective system of governance within 12	3	1	3	None, until Code of Practice 15 is released	Low	←	Richard Bullen	N/A
PEN049	Failure to comply with the FCAs MiFID II compliance	The introduction of new financial & investment requirements with effect from 3rd January 2018 in which the Fund opted up to "Professional Investor" status	Committee members & key officers, particularly those sitting on the ISC need to ensure that they maintain a requisite level of knowledge & understanding to satisfy the "Professional Investor" requirements	FINANCIAL MARKETS & PRODUCTS	SERVICE FUNCTION	Jennifer Devine	Low	4	1	4	Controls include; 1) An annual review of training needs for members & officers 2) A self-certification by members that they continue to consider themselves "professional investor" competent 3) The implementation of a policy & procedure to ensure officers to manage the ongoing compliance framework & 4) For the MiFID II requirements to be included in the 2020-21 audit plan	4	1	4	A paper setting out the the procedures put in place was submitted to the Board on 13th February. The Fund will also be audit in 2020 for it compliance with MiFID II	Low	→	Jennifer Devine	N/A
PEN018	Failure to set in place appropriate Cyber Security measures	Over reliance by Fund is potentially being place on its Administering Authority's IT security arrangements & that of its key software database providers without proper scrutiny/reporting of their security arrangements	Impact is significant concerning the operational effectiveness of the Fund, notably in relation to the data held and the ability to calculate and process member benefits	ADMINISTRATION	SERVICE FUNCTION	Andy Cunningham	Low	4	1	4	Cyber security reports to be requested on an annual basis from both Wiltshire Council's IT department & the main database manager Heywood's. Further steps will be considered on the receipt of those reports	4	1	4	Officers attended a Cyber Security event in January 2020 hosted by Wiltshire Council's IT department.	Low	↑	Andy Cunningham	N/A
PEN045	GMP legislative changes	The Government has been planning to make a number of changes to way that GMPs work which brings about certain risks. In particular, changes to the indexation approach (which have been repeatedly delayed) and equalisation between males and females.	Both sets of plans could increase scheme costs and cause material amounts of additional administrative work.	ADMINISTRATION	SERVICE FUNCTION	Andy Cunningham	Low	2	2	4	Senior officers to keep themselves appraised of developments.	2	2	4	None	Low	→	Andy Cunningham	N/A
PEN044	Change to valuation cycle	The Government is consulting on changing the fund valuation cycle. In short term this could mean a one-off 5 year gap followed by quadrennial valuations.		GOVERNANCE	SERVICE FUNCTION	Andy Cunningham	Low	1	3	3	Officers will respond to the consultation stating they are not in favour of such a change	1	3	3		Low	→	Andy Cunningham	N/A
PEN043	Administration disruption and employer cost pressures cause by the Cost Cap review	The cost cap floor has been breached meaning the Scheme rules need to be adjusted.	<u>Administration:</u> Some impact on administration processes and communications - unknown at the moment as the details have not been finalised. <u>Cost:</u> Higher costs for employers	ADMINISTRATION	SERVICE FUNCTION	Andy Cunningham	Medium	2	4	8	None until further information is available. Note: this is unlikely to happen until the McCloud case changes are finalised, as McCloud will already increase costs in itself.	2	4	8	None	Medium	→	Andy Cunningham	N/A
PEN042	Significant retrospective legislation changes related to the McCloud case	An age discrimination case taken to Court by a group of firefighters and Judiciary employees	Increased contribution rates for employers and high levels of administration time and complication.	ADMINISTRATION	SERVICE FUNCTION	Andy Cunningham	High	3	4	12	None - Whilst it now appears almost certain that a change will take place, it is still unclear exactly what the change will be, its magnitude and how the Fund can mitigate it. It is noted that the Valuation results have made no allowance for the consequences of the McCloud case, primarily due to the prudence applied to the investment return expectations of 75%, but also due to the implementation of actuarial guidance.	2	4	8	On actuarial guidance it is anticipated that whilst a review will be required the financial impact may be minimal as in most cases the underpin check for a member's benefits will not bite	Medium	→	Andy Cunningham	N/A

PEN040	The Fund's inability to implement the conclusion of the Fair Deal Consultation	This consultation contains proposals which would strengthen the pensions protections that apply when an employee of an LGPS employer is compulsorily transferred to the employment of a service provide	The proposed amendments to the LGPS Regulations 2013 would, in most cases, give transferred staff a continued right to membership of the LGPS. Failure to implement the changes would have a significant impact on affected members benefits.	GOVERNANCE	SERVICE FUNCTION	Andy Cunningham	Low	2	2	4	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. Officers will continue to monitor developments to help ensure it is prepared to make any changes required.	2	2	4	None	Low	→	Denise Robinson	N/A
PEN039	The Fund's inability to implement the reforms associated with the Good Governance Project	SAB has requested a review of governance structures for the LGPS using a criteria of four possible governance models which might help funds to deliver good governance for their employers and members. A final consultation report is due in July 2019	Poor governance has a reputational risk impact, leading to poor service for Fund stakeholders, a lack of clarity of roles & responsibilities and potential conflicts of interest emerging	GOVERNANCE	SERVICE FUNCTION	Andy Cunningham	Low	2	2	4	Officers have contributed feedback to the consultation exercise in May 2019 and taken part in various discussions. This has helped officers gain an understanding of the likely direction of travel and help ensure the Fund is aligned and prepared (for example by making certain adjustments to the terms of reference).	2	2	4	None	Low	→	Richard Bullock	N/A
PEN038	The Fund's inability to implement the DWP's Dashboard within a notified timescale.	Late communication by the DWP to specify their requirements for the Fund to comply with this new nationwide Dashboard. Potential for unexpected implementation costs and/or the Fund being unable to meet the reporting requirements.	Non-compliance would lead to a reputational risk for the Fund. A statutory requirement to contribute may also be created.	ADMINISTRATION	SERVICE FUNCTION	Andy Cunningham	Low	1	2	2	Senior officers to keep themselves appraised of developments and seek more detailed information as the project develops.	1	2	2	None	Low	→	Mark Anderson	N/A
PEN021	Ineffective implementation of the Public Sector Exit Cap	The Treasury is consulting on draft regulations to introduce a cap of £95,000 on exit payments in the public sector, in response to concerns about the number of exit payments that exceed or come close to £100,000 and the	Changes need to be communicated to individuals and employers and systems adapted once the revised regulations have been approved. LGPS Fund's could be in breach of the legislation in they are logistically unable to implement the	LEGISLATIVE	SERVICE FUNCTION	Andy Cunningham	Low	2	2	4	Currently monitoring the progress of the developments to allow adequate time to take any actions necessary. We are not anticipating any changes to occur quickly and, depending on the final outcomes, WPF will set up a project cover; discussions with employers and changes to employer discretions policies, benefit and systems calculations and the associate communications	2	2	4	None	Low	→	Andy Cunningham	N/A

Dynamic Risks																			
PEN051	There is a risk that the fixed income portfolios which are currently being	Fixed income portfolios will transition to Brunel from late 2020 onwards	If the portfolios are not the best fit for Wiltshire, there is a risk that the investment strategy is not properly	INVESTMENT PERFORMANCE & RISK	BUSINESS PLAN (App 1 - 10)	Jennifer Devine	Low	4	1	4	Officers are working with Brunel to ensure that the portfolio specifications for the fixed income portfolios will meet Wiltshire's strategic requirements	4	1	4	Continue to work with Brunel to review and feedback on portfolio specifications as they are developed	Low	→	Jennifer Devine	Mar-20
PEN047	There is uncertainty around the ability of Brunel to	It is intended that property assets will transfer to Brunel in late 2019	If Brunel are not adequately resourced, this could result in the portfolio not being	INVESTMENT PERFORMANCE & RISK	BUSINESS PLAN (App 1 - 10)	Jennifer Devine	Low	4	1	4	Officers are working with the Brunel client group to ensure that Brunel are able to give adequate assurance that they are appropriately resourced	4	1	4	None	Low	→	Jennifer Devine	Jun-20
PEN046	The transition of assets to the Brunel global high alpha equities portfolio does not go according to plan resulting in investment losses.	The portfolio has now transitioned in, and client group will be reviewing the post-transition report in February 2020.	If assets do not transfer successfully this could result in financial loss.	INVESTMENT PERFORMANCE & RISK	BUSINESS PLAN (App 1 - 10)	Jennifer Devine	Low	4	1	4	Officers are working with the Brunel client group to ensure that Brunel properly follow procedures to ensure that no financial loss is incurred and that the transition occurs successfully.	4	1	4	None	Low	→	Jennifer Devine	Feb-20

PEN037	Failure to implement a strategy to address the administration backlogs	Failure to effectively administer the scheme could result in incorrect payments, inefficiencies in the process, failure to meet disclosure timeframes, complaints and inadequate oversight over the fund.	Poor administration resulting in incorrect payments and can lead to reputational risk issues. The mitigation of this risk is contingent on the mitigation of other risks such as PEN034 & PEN036	ADMINISTRATION	BUSINESS PLAN (App 1 - 19) SWAP Key controls audit 2018/19	Andy Cunningham	Medium	3	3	9	The implementation of PEN034 & PEN036 along with addressing the internal auditors comments in their 2018/19 Key Controls report should mitigate this risk	3	2	6	Medium	→	Jennie Green	On-going
PEN036	Failure to implement a Dashboard of KPIs for regular monitoring	Difficulties in extracting the required data from the workflow section of the administration system. Improve the range of Key Performance Indicators (KPIs) produced for the Committee and Local Pension Board to help provide transparency and clearer oversight & management of administration performance.	Failure to implement a dashboard of comparable benchmarks, will be counter to the Pension Regulator's requirements on factors such as data quality measures	ADMINISTRATION	BUSINESS PLAN (App 1 - 22) (App 2 - 6)	Andy Cunningham	Low	2	2	4	Officers have implemented a suite of KPIs to be utilised at different levels. Namely, at a Statutory level, for the Committee & the Board, for use between Employers & the Fund & at management level for use at an operational level within the Pension's dept. The introduction of a new PAS document will enhance the flow of KPI information to members	2	1	2	Low	↓	Mark Anderson	On-going
PEN034	Failure to implement Lean process review	Low KPI performance has been identified, particularly in relation to the disclosure requirements, as a result of inefficient processes and insufficient training and support.	An end to end processing review of all repeatable processes with the key objectives of improving the customer experience and identifying and realising efficiencies. Semi-automated work allocation is required to target key items of casework more quickly	ADMINISTRATION	BUSINESS PLAN (App 1 - 12,14)	Andy Cunningham	Medium	3	2	6	The Fund's Project team has started a programme of work over a 2 year timeframe to review repetitive processes within the dept.	3	1	3	Low	→	Mark Brigg	On-going
PEN032	Failure to manage Fund budgets & controllable costs	During a period of chain management involving the introduction of new staff, new software & new working practices the cost control against the Fund's approved budget requires close management	Poor budget setting & cost control can lead to over expenditure and a loss of value in the services being offered by the Fund. As a public sector Scheme there is also a reputational risk associated with the poor management of funds.	GOVERNANCE	SERVICE FUNCTION	Andy Cunningham	Low	3	1	3	Annual Fund budgets are approved in the 1st quarter of each year. Expenditure against the budget are monitored by Senior Officers. Senior Officers work with the Council's Treasury team to ensure accurate specification of charges made to the Fund. Senior Officers maintain a contract management framework to monitor the fees of service providers. All invoices are compared against estimates before payment is made.	2	1	2	Low	→	Jennifer Devi	On-going
PEN030	Failure to procure & contract manage service providers appropriately	GDPR, the migration of Managers to BPP & a review of Fund contracts were undertaken in 2018 in conjunction with the Procurement dept. to establish the position of the Fund existing suite of contracts	A lack of a contract management framework will create an inability to manage existing service provider arrangements, limit the updating of service scopes so that the Fund's requirements remain to contracts & anticipate the incorporation of new legislation & regulations. This will lead to increased costs & risks to the Fund.	PROCUREMENT & RELATIONSHIP MANAGEMENT	BUSINESS PLAN (App 1 - 13)	Andy Cunningham	Low	1	2	2	A contract management framework has been developed by officers to anticipate the review of Fund contracts as they fall due. Fund officers have also attended Contract Management training provided by the Council's Procurement Department.	3	1	3	Low	→	Richard Bull	On-going
PEN029	Failure to implement the effectiveness review between the Committee & Board	An effectiveness review conducted by Hymans was undertaken in 2018, following which a report was produced and a focus group created of key Wiltshire Council stakeholders to act on the outcomes of the Report. The review covered the Committee, Board & ISC.	An ineffective Committee & Board could lead to a poorly run Pension Fund, which has a lack of governance and internal controls. Defining the roles & responsibilities of all groups & stakeholders enable clarity of purpose & efficient management.	GOVERNANCE	BUSINESS PLAN (App 1 - 21,24)	Andy Cunningham	Medium	3	3	9	Creation of a Focus steering group to implement the recommendations of the Hymans report. A review of Governance documentation, such as Terms of Reference of the Committee, Board & ISC to bring it up to date and ensure that all documentation is consistent & integrated with the other documentation around it.	2	2	4	Low	→	Richard Bull	On-going

PEN028	Failure to introduce new administration software effectively	Implementation of new software including MSS, I-connect, e-payslips, payment instruction automation, a new website & semi-automated workflow allocation. All to be completed by 2022.	Delay in the payment of member benefit, poorer data quality, sub-standard communication arrangements with members & employers & slower delivery times leading to a more costly service	ADMINISTRATI ON	BUSINESS PLAN (App 1 - 1,2,3,4,5,14) (App 2 - 1,2,3)	Andy Cunningh am	Low	2	2	4	Individual project plan have been prepared for each implementation of software, including their GDPR implications, with individual project issue logs and risk registers. A bespoke Project team has also been established within the pension's dept. who initiate formal handovers to officers on completion of the new implementation.	2	1	2	None.	Low	→	Mark Briggs	On-going
PEN026	A lack of effectiveness of Committee meeting due to the impact of MiFID II Regulations	MiFID 2 investment regulations from Jan 2018 will classify LGPS Funds as "retail" investors. They will need to opt up to the	If Wiltshire Pension Fund is unable to maintain "professional" status it will limit the range of investments available and may lead to the arrangements by which the UK leaves the EU may produce short term volatile market movements which could	INVESTMENT PERFORMANC E & RISK	ERVICE FUNCTI	Jennifer Devine	Low	2	2	4	Wiltshire Fund is now being treated as a Professional Client, having followed due process. Maintenance of the Fund's Professional Client status will require on-going compliance with the requirements including competence	3	1	3	Guidance received from officers & the Independent Adviser to the Fund has mitigated the impact of MiFID II. Officers implemented a self-assessment return completed	Low	↓	Jennifer Devine	On-going
PEN024	implementation of Brexit causes investment volatility or	EU referendum result.	The arrangements by which the UK leaves the EU may produce short term volatile market movements which could	FINANCIAL MARKETS & PRODUCTS	ERVICE FUNCTI	Jennifer Devine	Low	2	2	4	The Fund had liaised with its investment managers on the potential impact of an exit. Since that decision the Fund has undertaken a valuation & in parallel reset its investment	3	1	3	The markets appear to have now factored in the Brexit effect.	Low	↓	Jennifer Devine	On-going
PEN022	The rectification of records with GMP issues is time-consuming, costly & causes reputational damage.	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.	ADMINISTRATI ON	BUSINESS PLAN (App 1 - 18) (App 2 - 7)	Andy Cunningh am	Medium	2	4	8	Large project is still ongoing and software from Heywood's is being used to process amendments to Allair on bulk. Progress has been delayed due to the Fund trying to engage with Government to agree on a nationwide approach and in order to undertake further analysis of the problems identified.	2	4	8	Still working with other south-west Funds to try to agree on a common approach and present it to Government Departments. SABs to review a further letter from the SW Pension Fund's Group on 3rd February. It is hoped that a more positive approach will be received from SAB this time.	Medium	↓	Mark Briggs	u/k

Ongoing Risks																			
PEN048	The transition to pooling of LGPS assets with BPP fails to deliver the projected savings	The Fund needs to pool its LGPS assets with other Funds using the Brunel Pensions Partnership.	Poor implementation could be costly in terms of unanticipated costs and/or savings less than projected.	INVESTMENT PERFORMANC E & RISK	BUSINESS PLAN (App 1 - 10)	Jennifer Devine	High	4	3	12	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 is also currently being proposed. The final position is still uncertain.	3	3	9	Significant amount of resource still required by officers to progress this project.	Medium	→	Jennifer Devine	On-going
PEN041	The Fund's inability to implement a strategy to ensure Climate Change considerations are integral to its investment strategy	There is a global climate change emergency, as declared by Wiltshire Council in February 2019.	Failure to embed climate change considerations in the investment strategy could cause a negative impact on investment returns over the long term.	FINANCIAL MARKETS & PRODUCTS	ERVICE FUNCTI	Jennifer Devine	Medium	3	3	9	Work is being done within the Brunel pool to address this risk. The Committee needs to use the support offered by Brunel to help define policies in this area and implement them via the Investment Strategy Statement.	2	2	4	None	Low	↓	Jennifer Devine	On-going
PEN033	Failure to manage AVC providers	The Fund is a Data Controller with four AVC providers under management who operate to a system of policies & endorsements rather than service provider contracts. Consequently, there is a risk due to the mismatch between Fund responsibility & control in relation to the assets under management.	Failure of a AVC provider can lead to issues of reputational risk to the Fund, as well as being exposed to adverse governance & financial implications.	ACCOUNTING & AUDITING	ERVICE FUNCTI	Jennifer D	Low	2	2	4	A minimum of annual service review reviews have been implemented with all AVC providers, managed by the Investment & Accounting team. The review will cover customer service & investment performance.	2	1	2	None.	Low	→	Roz Vernoi	On-going

PEN025	Further academeisation of Schools, the possibility of MAT breakups and cross fund movements.	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 180 to between 400 and 500.	GOVERNANCE	REGULATORY COMPLIANCE	Andy Cunningham	Low	2	2	4	Regular communications with schools to understand their intentions. Revised cessation policy aims to address some of the risks relating to MAT breakups.	2	2	4	The Fund is monitoring the SAB review of academies roles in the LGPS and will take actions (e.g. respond to consultations) as necessary to try to mitigate this risk further.	Low	→	Andy Cunningham	N/A
PEN017	A lack of knowledge and expertise on the Pension Fund Committee	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	GOVERNANCE	BUSINESS PLAN (App 1 - 24)	Andy Cunningham	Medium	2	3	6	Members are given induction training when they join the Committee, as well as subsequent opportunities to attend courses/seminars and specialist training at Committee ahead of key decisions. There is a Members' Training Plan and Governance Policy. Further training and advice can be called on from our consultants.	2	1	2	The results of the knowledge assessment was presented to 12 Dec 2018 Committee and 24 January 2019 Local Pension Board. Overall, their level of knowledge was deemed good but there were areas of improvement identified that Officers will	Low	→	Richard Bullen	On-going
PEN017	A lack of Committee Member compliance with	Lack of Member willingness or awareness to be compliant with new	Over reliance on officers & advisers to ensure compliance leading to a lack of oversight	GOVERNANCE	BUSINESS PLAN (App 1 - 24)	Andy Cunningham	Medium	2	3	6	Member attendance at conferences & seminars enables independent information sources. Update of the Look forward plan including the introduction of	2	1	2	None	Low	→	Richard Bullen	On-going
PEN016	A lack of effectiveness in respect of the Fund's Treasury Management Services	The Fund's treasury function is now segregated from Wiltshire Council. This includes the investment of surplus cash in money markets.	Exposure to counterparty risk with cash held with external deposit holders could impact of Funding level of the Fund	INVESTMENT PERFORMANCE & RISK	REGULATORY COMPLIANCE	Jennifer Devine	Low	3	1	3	The Pension Fund will review an updated Treasury Management Strategy annually which follows the same criteria adopted by Wiltshire Council but limits individual investments with a single counterparty to £6m. The Fund will also review in Treasury Management Agreement with the Council in 2019.	2	1	2	The Council uses Sector's credit worthiness service using ratings from three rating agencies to provide a score. Surplus cash is transferred to the Custodian at month end ensuring cash balances are minimal. A minimum of annual updates by the Council need to be presented to the ISC	Low	→	Roz Vernon	N/A
PEN015	Failure to collect payments from ceasing employers	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	ACTUARIAL METHOD	BUSINESS PLAN (App 1 - 7,15)	Andy Cunningham	Medium	3	2	6	The Pension Fund Committee approved a revised cessation policy on 20 September 2018 to address regulatory changes made in May 2018 and certain scenarios which had arisen which the previous policy did not adequately address. Furthermore, all new admitted bodies require a guarantor to join the Fund which means that a stable Scheme Employer is required to act as the ultimate guarantor.	2	1	2	None	Low	→	Andy Cunningham	On-going
PEN014	Failure to provide the service in accordance with sound equality principles	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.	ADMINISTRATION	REGULATORY COMPLIANCE	Andy Cunningham	Low	2	1	2	The Fund has done an Equality Risk Assessment and has an Equality Implementation Plan in place	2	1	2	None	Low	→	Luke Webster/Jennie Green	On-going
PEN013	Failure to communicate properly with stakeholders	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.	GOVERNANCE	BUSINESS PLAN (App 1 - 23)	Andy Cunningham	Low	2	2	4	The Fund has a Communications Manager and Employer Relationship Manager posts dedicated to these areas full-time, including keeping the website up-to-date, which is a key communications resource. The Fund also has a Communications Policy.	2	1	2	None	Low	→	Denise Robinson / Ashleigh Salter	N/A
PEN011	Lack of expertise of Pension Fund Officers and Service Director, Finance	Lack of training, continuous professional development and continuous self assessment of skills	Bad decisions made may be made in relation to any of the areas on this register, but particularly in relation to	GOVERNANCE	BUSINESS PLAN (App 1 - 20,25)	Andy Cunningham	Medium	3	2	6	Officers ensure that they are trained and up-to-date in the key areas through attendance at relevant courses and seminars, reading, discussions with consultants and	2	1	2	The Director of Finance & Procurement is still being filled on an interim basis but other senior officer roles in the Pension Fund are now filled by	Low	→	Andy Cunningham / Corporate	On-going
PEN010	Failure to keep pension records up-to-date and accurate	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.	GOVERNANCE	BUSINESS PLAN (App 2 - 8)	Andy Cunningham	Medium	3	2	6	Data & systems Team constantly working to improve data quality, data validation checks carried out through external partners (e.g. the Fund's actuaries and tracing agencies), proactive checks done through national fraud initiative and the Fund's Data Improvement Plan.	3	1	3	The Fund is currently addressing new data issues identified by a review of the IPR two key data standards and other data reviews while ensuring data is of high quality is an on-going responsibility.	Low	→	Mark Anderson	On-going

PEN008	Failure to comply with LGPS and other regulations	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	ADMINISTRATION	BUSINESS PLAN (App 1 - 20,25)	Andy Cunningham	Low	2	2	4	*Sufficient staffing, training and regulatory updates. *Competent software provider and external consultants. *Technical & Compliance post reviews process and procedures and maintains training programme for the team. *KPIs against statutory standards *Imbedding checks and controls into all processes. *Audits & internal reviews to maintain best practice	2	2	4	None	Low	→	Luke Webster/ Jennie Green	N/A
PEN007b	Significant rises in employer contributions for non-secure employers due to poor/negative investment returns	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	FINANCIAL MARKETS & PRODUCTS	BUSINESS PLAN (App 1 - 8,9) (App 2 - 4)	Jennifer Devine	Medium	3	2	6	Use of expert consultants in the selection of investment strategy and investment managers, regular monitoring of investment managers (1/4ly), regular reviews of investment strategy (annually). Monthly review of % of Fund held in each mandate. Also a flight path strategy implemented to take off risk as funding levels improve. Fund member of LAPFF & uses PIRC to proxy vote on shares in line with agreed policy for ESG issues. Compliance with Stewardship code.	2	2	4	A risk based framework is now in place to review employers long term financial stability. This informs the policy for stepping in contribution rates where requested by an employer. It will be continuously reviewed, as part of the updating of the Investment Strategy Statement. Query over covenant reviews following expiry of PWC contract.	Low	→	Jennifer Devine	On-going
PEN007a	Significant rises in employer contributions for secure employers due to poor/negative investment returns	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	INVESTMENT PERFORMANCE & RISK	BUSINESS PLAN (App 1 - 8,9) (App 2 - 4)	Jennifer Devine	Low	2	1	2	Use of expert consultants in the selection of investment strategy and investment managers, regular monitoring of investment managers (1/4ly), regular reviews of investment strategy (annually). Monthly review of % of Fund held in each mandate. Also a flight path strategy implemented to take off risk as funding levels improve. Fund member of LAPFF & uses PIRC to proxy vote on shares in line with agreed policy for ESG issues. Compliance with Stewardship code.	2	1	2	The implementation of the Stabilisation Policy limits increases for secure employers.	Low	→	Jennifer Devine	On-going
PEN006b	Significant rises in employer contributions for non-secure employers due to increases in liabilities	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.	ACTUARIAL METHOD	BUSINESS PLAN (App 1 - 6)	Andy Cunningham	Low	2	2	4	As above	2	2	4	As above	Low	→	Andy Cunningham	On-going
PEN006a	Significant rises in employer contributions for secure employers due to increases in liabilities	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.	ACTUARIAL METHOD	BUSINESS PLAN (App 1 - 6)	Andy Cunningham	Low	2	2	4	Longevity and bond yields are generally beyond the control of the Fund as are the values of the liabilities in general. However, the Fund has started the 2019 Triennial Valuation process and it is concurrently reviewing its investment strategy and implementing separate employer investment strategies. Furthermore, the Fund and each employer must have a Discretions Policy in place to help control discretionary costs (e.g. early retirements, augmented service, etc).	2	2	4	None	Low	→	Andy Cunningham	On-going
PEN005	Loss of funds through fraud or misappropriation	Fraud or misappropriation of funds by an employer, agent or contractor	Financial loss to the Fund	ACCOUNTING & AUDITING	SERVICE FUNCTION	Jennifer Devine	Low	4	1	4	Internal and External Audit regularly test that appropriate controls are in place and working. Regulatory control reports from investment managers, custodian, etc, are also reviewed by audit. Due Diligence is carried out whenever a new manager is appointed. Reliance is also placed in Financial Services Authority registration.	4	1	4	Officers completed an Anti-Money Laundering questionnaire issued by Deloitte's & returned to the Accountancy firm in January 2020. The responses will form part of the Auditor's audit strategy.	Low	→	Roz Vernon	On-going

PEN002	Failure to collect and account for contributions from employers and employees on time	Non-availability of SAP systems, key staff, error, omission, failure of employers' financial systems, failure to communicate with employers effectively. LGPS 2014	Adverse audit opinion for failure to collect contributions by 19th of month, potential delays to employers' FRS17 year-end accounting reports and to the Fund's own year-end accounts.	ACCOUNTING & AUDITING	SERVICE FUNCTION	Jennifer Devine	Low	2	2	4	Robust maintenance and update of Altair and SAP systems, sufficient staff cover arrangements, sufficient staff training and QA checking of work. Officers regularly work with employers to ensure they understand their responsibilities to pay by 19th of the month. The Breaches framework now require the Fund to log material late payments.	2	2	4	None	Low	→	Roz Vernon	On-going
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WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD
13 February 2020

ADMINISTRATION 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 order to 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.

Considerations for the Board

4. As part of the goal to improve the quality of KPI reporting the following changes have been made to this quarter (the first two are as requested by the Local Pension Board):
 - a). The inclusion of a trend graph for the Disclosure Regulations (see Appendix 1);
 - b). Inclusion of the missing Disclosure Regulations KPI for starters; and
 - c). Alignment of the Administration Strategy KPIs in line with new Administration Strategy.

Conclusions

General comments

Disclosure Regulations (Appendix 1)

5. The table in appendix 1 shows the Fund is generally performing well against these targets, with the exception of the following two areas:
 - a). Deferrals and refunds: This measure continues to be low due to a mixture of slow submissions by employers, which means the Fund is often already outside of the required timeframe by the time it receives the information, and Fund processing speed. Fund processing speed has been effected by an approximate 60% increase in leavers and refund cases being set up in 2019 compared to 2018. Without such an increase, timeframes and backlogs would be improved and materially decreased. This suggests increase resourcing is required.

Actions:

- i). Further onboarding on to i-Connect will force employers to submit more quickly. We anticipate that over 50% of the active membership covered by 31 March 2020 and over 30% by 31 March 2019.
- ii). Officers are currently implementing escalating procedures to chase employers for later submissions.
- iii). Officers plan to change the leaver and refund process so that it provides the required disclosure information soon after receipt, even if the processing occurs some time later. Other changes to process will also make the process more efficient.
- iv). The Fund is seeking to apply more resource to this area using a mixture of internal resource (reassigning responsibilities) and new external resource (subject to budgetary approval).

b). Starters: Whilst there are no material backlogs with starter set-ups, the previous process was inefficient and caused delays but in transitioning across to the new process, this has caused a dip in this percentage in this KPI to 38.6%. i-Connect will automatically set up starters, and a new process will also be in place in the next few weeks, so this percentage should increase materially in future quarters.

- 6. Each of the areas of focus require quicker submission by employers (see Appendix 4) as well as quicker processing by the Fund (see Appendix 3). Employer performance related to the above areas of concern should improve over time with the rollout of i-Connect, the new administration strategy (including the escalation policy) and rollout of i-Connect.

tPR Common and Conditional Data percentages (Appendix 2)

- 7. There are no change in these figures since the last meeting but these figures are reported again for completeness.

Administration Strategy KPIs – Fund (Appendix 3)

- 8. Chart 1 shows the Fund is operating below its desired targets for most cases mainly for the same reasons as outlined in paragraph 5. Officers intend to increase resourcing in the benefits team and are gradually reviewing processes to improve efficiency and meet our desired timeframes.

Administration Strategy KPIs – Employers (Appendix 4)

- 9. In the majority of cases, employers provide Retirement information before the date the member retires. Employer performance also appears to be fairly consistent across different employers.
- 10. The submission time for leavers and refunds are significantly longer with over half the leavers being submitted over two months late, which contributes to the issues identified in the Disclosure KPIs (Appendix 1) and paragraph 5. Table 2 also shows considerable variation across the major employers for leavers and refunds (which are submitted together). Employers timeliness should improve with the use of i-Connect, Wiltshire Council will be going live shortly will makes up a material proportion of the active membership.

Environmental Impact

- 11. There is no environmental impact from this report.

Financial Considerations

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

Risk Assessment

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

Legal Implications

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

15. There are no implications at this time.

Proposals

16. The Board is asked to note the current situation and the Fund's plans for improvement.

Andy Cunningham

Head of Pensions Administration and Relations

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

APPENDIX 1 Table 1: Disclosure Requirements (CIPFA template)

Benefit Administration Key Performance Indicators

Disclosure Regulations

Period: 01/10/2019 to 31/12/2019

Process		Legal Requirement	%	No. cases within Leg Req
Deaths - initial letter acknowledging death		2 months	100.0%	98
Deaths - letter notifying amount of dependants pension		2 months	96.3%	94
Retirements - letter notifying estimate of retirement benefits	Active	2 months	n/a	n/a
	Deferred		n/a	n/a
	Total		99.0%	349
Retirements - letter notifying actual retirement benefits + process and pay benefits on time	Active	2 months	99.0%	116
	Deferred		100.0%	171
	Total		99.5%	287
Deferment - calculate and notify deferred benefits		2 months	10.2%	28
Transfers in - letter detailing transfer quote		2 months	100.0%	18
Transfers out - letter detailing transfer quote		2 months	95.0%	127
Refund - process and pay a refund		2 months	34.3%	59
Divorce quote - letter detailing cash equivalent value and other benefits		3 months	100.0%	65
Divorce settlements - letter detailing implementation of pension sharing order		3 months	0.0%	1
Joiners - notification of date of enrolment		2 months	38.6%	767

APPENDIX 1, Chart 1: Disclosure Requirements



APPENDIX 2: tPR Data Quality scores

a). tPR Common Data Percentage Breakdown (At 11 October 2019)

Total score = 97.9% (from 94.2%)

b). tPR Conditional Data Percentage

Total score = 95.4%

Note: Heywood are still in process of producing the a report which detail what the failures are attributed to.

APPENDIX 3: Administration Strategy KPIs - Fund (Table 1)

Wiltshire Pension Fund

Benefit Administration Key Performance Indicators

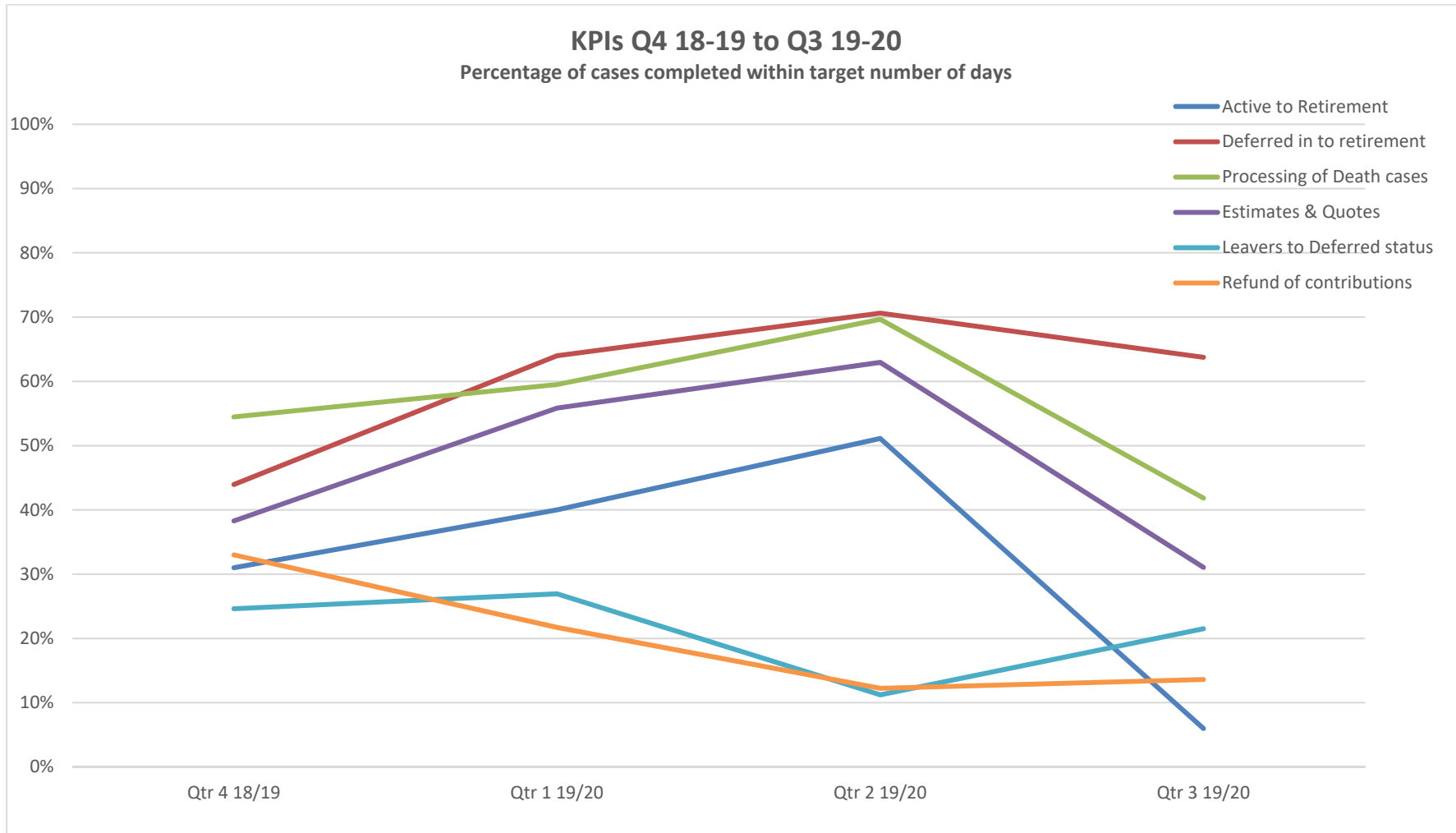
Administration Strategy

Period 01/10/2019 to 31/12/2019

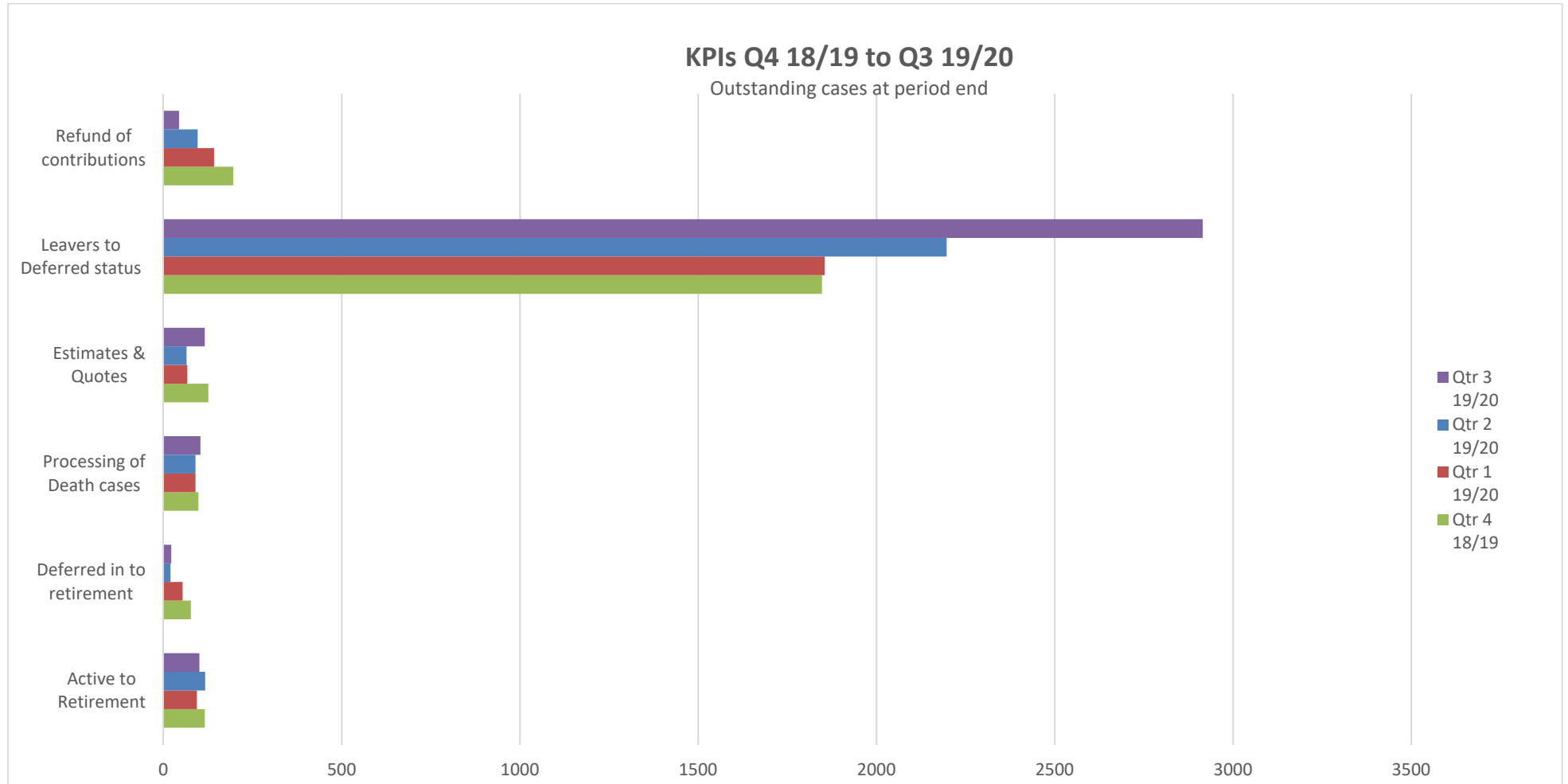
Type of case	Created cases in period	Open cases at period end	Percentage against membership	Completed cases time to complete						Total	Timescales	
				0 - 5 days	6 - 10 days	11 - 15 days	16 - 20 days	20 - 40 days	40 + days		Admin Strategy % on target	Admin Strategy working days
Active to Retirement*	95	101	0.45%	7	20	29	23	30	8	117	6%	5
Deferred in to retirement	182	22	0.07%	109	34	25	3	0	0	171	64%	5
Processing of Death cases	118	104	0.13%	41	38	7	5	3	4	98	42%	5
Benefit Estimates	464	116	0.51%	49	60	84	91	62	5	351	31%	10
Leavers to Deferred status	1606	2915	12.94%	32	18	8	5	46	184	293	22%	20
Refund of contributions*	25	44	0.20%	19	7	2	3	12	148	191	14%	10
Grand Total	2490	3302		257	177	155	130	153	349	1221		
Percentage				21%	14%	13%	11%	13%	29%			

*Note: The case types highlighted have had a reduction in the target working days.

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

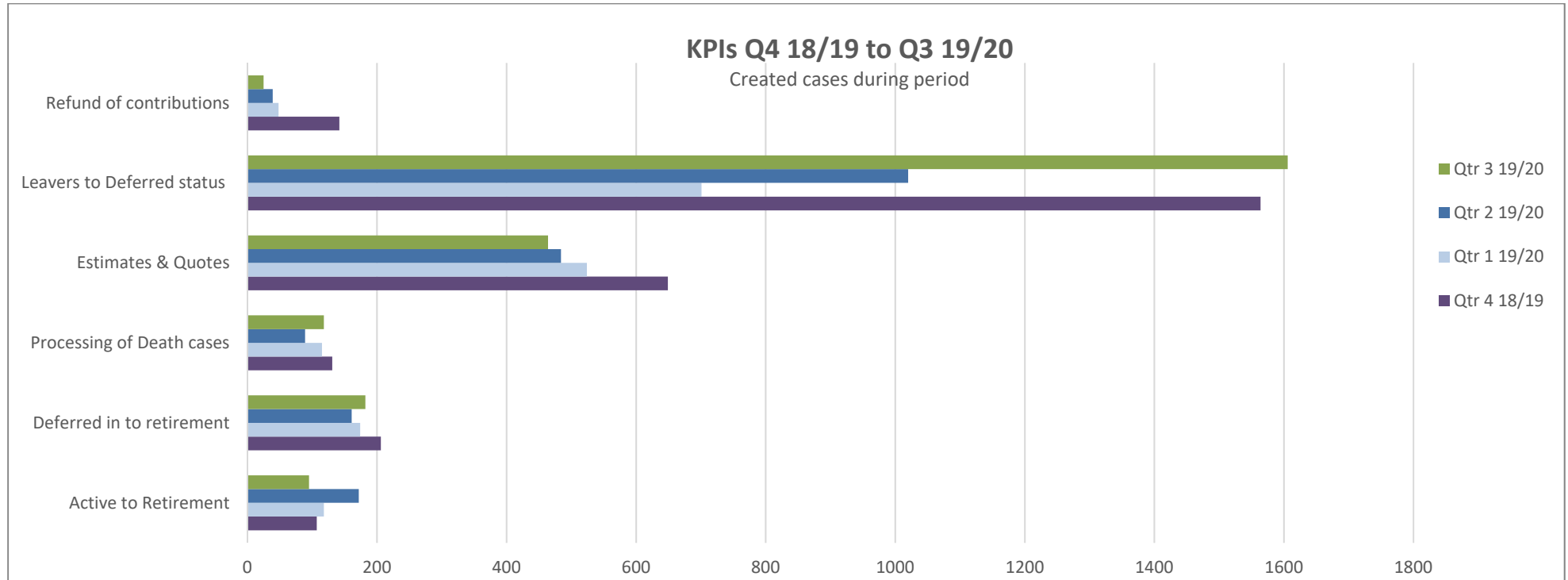


APPENDIX 3: Administration Strategy KPIs - Fund (Chart 2)

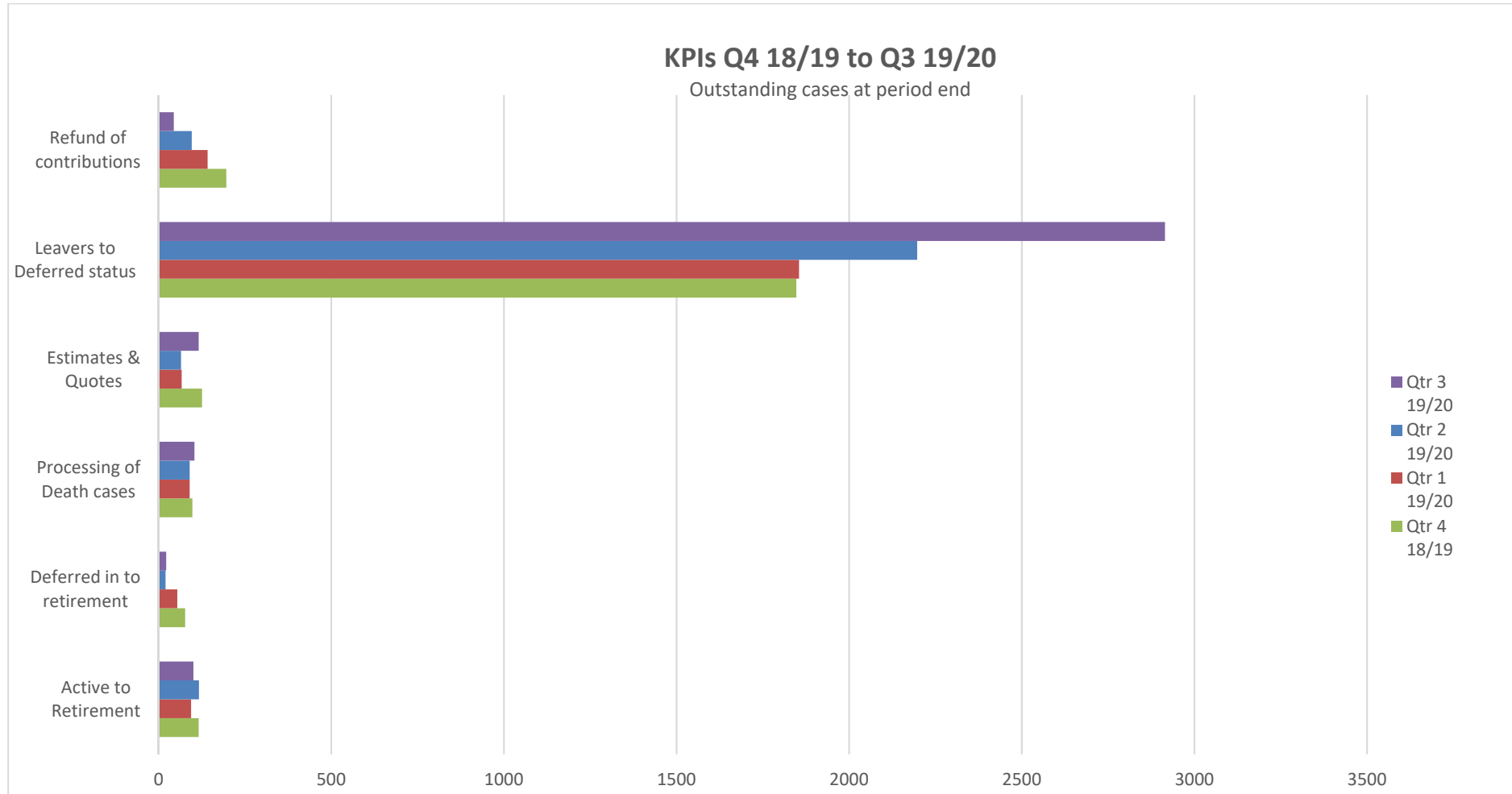


Note: Leaver to Deferred Status includes cases which will be later determined to be refund of contributions.

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



APPENDIX 3: Administration Strategy KPIs - Fund (Chart 4)



APPENDIX 4: Administration Strategy KPIs - Employers (Table 1)

Employer Key Performance Indicators

Administration Strategy

Period 01/10/2019 to 31/12/2019

Type of case	Time to advise							Total	Timescales	
	In Advance	Target - 5 days	6 - 10 days	11 - 15 days	16 - 20 days	20 - 40 days	40 days +		Admin Strategy % on target	Admin Strategy working days
<i>Retirement *</i>	71	6	15	2	7	7	9	117	61%	-2
<i>Leavers</i>	29	17	9	13	13	54	158	293	28%	20
<i>Refund of contributions</i>	14	4	7	11	8	33	114	191	23%	20
Grand Total	114	27	31	26	28	94	281	601		
Percentage	19%	4%	5%	4%	5%	16%	47%			
<i>*Revised Administration Strategy target</i>										

APPENDIX 4: Administration Strategy KPIs - Employers (Table 2)

5 Largest "Managed" Employers

Employer	Managed Records	Time to advise - Retirements							Total	Admin Strategy	Admin Strategy
		In Advance	Target - 5 days	6 - 10 days	11 - 15 days	16 - 20 days	20 - 40 days	40 days +		% on target	working days
Wiltshire Council	34,154	31	4	9	0	3	0	5	52	60%	-2*
Swindon Borough Council	15,721	12	2	2	1	2	4	1	24	50%	-2*
Police Civilians	2,840	3	0	0	0	0	0	0	3	100%	-2*
White Horse Federation	1,922	2	0	0	0	1	0	0	3	67%	-2*
Wiltshire College	1,859	3	0	0	0	0	0	0	3	100%	-2*
Others	18,263	19	1	4	1	1	3	3	32	59%	-2*
		46	6	11	1	5	4	6	117		
		39%	5%	9%	1%	4%	3%	5%			

*Revised timeframe

Employer	Managed Records	Time to advise - Leavers							Total	Admin Strategy	Admin Strategy
		In Advance	0 - 5 days	6 - 10 days	11 - 15 days	16 - 20 days	20 - 40 days	40 days +		% on target	working days
Wiltshire Council	34,154	1	1	0	0	0	26	83	111	2%	20
Swindon Borough Council	15,721	4	11	6	7	5	11	8	52	63%	20
Police Civilians	2,840	0	1	0	1	3	3	0	8	63%	20
White Horse Federation	1,922	2	1	0	2	2	1	2	10	70%	20
Wiltshire College	1,859	2	1	0	0	0	1	3	7	43%	20
Others	18,263	20	2	3	3	3	12	62	105	30%	20
		29	17	9	13	13	54	158	293		
		10%	6%	3%	4%	4%	18%	54%			

		Time to advise - Refunds								Admin Strategy	Admin Strategy
Employer	Managed Records	In Advance	0 - 5 days	6 - 10 days	11 - 15 days	16 - 20 days	20 - 40 days	40 days +	Total	% on target	working days
Wiltshire Council	34,154	5	0	1	1	0	10	54	71	10%	20
Swindon Borough Council	15,721	5	1	0	3	3	12	9	33	36%	20
Police Civilians	2,840	0	1	0	0	3	0	0	4	100%	20
White Horse Federation	1,922	0	0	1	1	1	1	1	5	60%	20
Wiltshire College	1,859	2	0	3	1	0	0	2	8	75%	20
Others	18,263	2	2	2	5	1	10	48	70	17%	20
		14	4	7	11	8	33	114	191		
		7%	2%	4%	6%	4%	17%	60%			

WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD
13 February 2020

Data Retention Strategy

Purpose of the Report

1. To clarify the elements of the Fund's Data Retention Strategy report presented to Board members on 14th November 2019 which were raised during that meeting. A copy of the original report has been included within the meeting pack as an appendix to this report.

Background

2. The two elements requiring clarification are;
 - To engage with the Fund Actuary concerning the requirements of the Actuary's ongoing data needs and ensure that those needs are incorporated into the strategy;
 - To clarify the 100 years requirement in respect of members & dependents dates of birth;

Considerations for the Board

The Fund Actuary's data requirements

3. The Actuary indicated that a Data Retention Strategy wasn't an exact science & as a result tended towards adopting a similar approach to retention to that of HMRC in terms of timescale i.e. the last 6 years, plus a current year approach. This would at least mean that any retention and destruction policy adopted by the Fund would follow a similar pattern to that required by payroll services, as a form of best practice.

Hyman's other holistic observation was around the Fund's ability to respond to events outside of its control, such as "McCloud" or where retrospective changes to survivor entitlements for civil partners would be required in the event of records being destroyed too quickly. They indicated that the survivor benefits issue for civil partners were perhaps the most pertinent here, as it is via the Fund's own records that survivors might be identified in respect of any entitlement to a benefit, following the retrospective changes introduced in January 2019.

In essence, they suggested that a risk based strategy should be in place to ensure that those individuals who might make a claim against the Fund are considered, to avoid the Fund being unable to prove or justify entitlement to a benefit.

Officer Comment – Whilst Hyman's comments are welcomed, officers have concluded that they may have misunderstood the Fund's brief given to them. As set out in the officers report to members in November, only records that do not retain a direct liability (or linked liability) would be considered for deletion. This was the same information that was submitted to the Actuary.

Furthermore, where it had been established that a no liability record remained it would first be minimised after 4 years & then only deleted after 15 years, which was significantly longer than that suggested in Hyman's response of 7 years.

The Actuary provided no additional feedback in connection with their own requirements.

Clarification of the "duration of retained data"

4. The LGA's guidance from its legal advisers circulated to all LGPS Fund throughout England & Wales concerning data retention durations is stated below;

Part 1 – "100 years from date of birth" and "last payment of benefits to the Member/Beneficiary plus 15 years" definition.

The greater of "100 years from date of birth" and "last payment of benefits to the Member/Beneficiary plus 15 years", is intended to ensure that Administering Authorities are acting in line with the Pensions Regulator's Code of Practice 14 (Public Service Pension Schemes) which notes that data will need to be held for long periods of time and schemes will need to retain some records for a Member even after that individual has retired, ensuring that pension benefits can be properly administered over the lifetime of the Member and their Beneficiaries.

The suggested period of "100 years from date of birth" is based on the guidelines by the National Archives and the ICO's retention policy.

Part 2 – "last payment of benefits plus 15 years" definition

The suggested period of "last payment of benefits plus 15 years" is based on the current maximum statutory limitation period, as any complaints about the payment of those benefits would usually need to be brought within that timeframe.

Officer Comment – In effect officers have observed the "last payment of benefits plus 15 years" definition in all cases for the purposes of the Fund's Data Retention Strategy & ignored the "100 years from date of birth" definition. Officers have taken the view that whilst a liability continues to exist, or any associated liability to the original liability, a record should not be deleted.

In arriving at this view officers felt that the "100 years from date of birth" definition could be seen as being inconsistent with the data retention requirement of retaining data for no longer than can be justified. For example, if a member dies in service on their 30th birthday & a dependent's pension becomes payable until the dependent dies, at say aged 60, all liability would then cease. In this eventuality officers could not see any scenario or justification in which the data would need to be retained after a further 15 years, even though under the 100 year definition the data could potentially be retained until the dependent's 100th birthday, plus 15 years.

This is of course notwithstanding the fact the protection of personal data ceases on the death of an individual.

Conclusions

5. Hyman's raised no comment over any actuarial requirement to retain data for the purposes of completing their work such as valuations, only in relation to the Fund's wider obligations. Therefore giving consideration to the fact that any actuarial work would only involve records containing a liability which the Fund would not be deleting, officers saw no conflict with the Fund's existing Data Retention Strategy in this area.

6. In respect of the 7 year term raised by Hyman's, officers have considered this in the context of minimisation rather than deletion and concluded that it would be prudent to extend the Fund's strategy concerning the implementation of minimising no liability data from 4 years to 7 years.

Environmental Impact of the Proposal

7. Not applicable.

Financial Considerations & Risk Assessment

8. There are no financial considerations in addition to those commented on in the original report.

Legal Implications

9. There are no material legal implications from this report.

Safeguarding Considerations/Public Health Implications/Equalities Impact

10. There are no known implications at this time.

Reasons for Proposals

11. To comply with GDPR & the Data Protection Act 2018.

Proposals

12. The Board is asked to endorse the change in term prior to the minimisation of a no liability record taking place from 4 years to 7 years.

Andy Cunningham
Head of Pensions, Administration & Relations

Report Author: Richard Bullen, Fund Governance & Performance Manager

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

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Data Retention Strategy (Appendix 1)

Purpose of the Report

1. Following the introduction of GDPR & the Data Protection Act 2018 the purpose of this report is to set out the Wiltshire Pension Fund's (WPF) proposed Data Retention Strategy. In setting out this policy the Fund's seeks to make a clear distinction between its Data Improvement Strategy addressing its current & future data quality requirements as determined by the Pension Regulator and its Data Retention Strategy which aims to manage the minimisation & deletion of data which it can no longer justify holding.

Background

2. GDPR Article 29 of the Working Party guidelines on retention periods states that meaningful information about the likely period for retaining data should be provided to data subjects. A retention strategy for the Fund should therefore set a defined period beyond which personal data will no longer be held, preferably by category of the data concerned. Administering Authorities & their Pension Fund's should therefore not hold personal data any longer than is "**necessary**" noting that if they do not attempt to give a defined period for which personal data is held, strictly speaking they are not complying with GDPR. The relevant GDPR articles associated with this requirement are Articles 5(1) and 5(2), and in particular Article 5(1)(c) - (e). Recital 39 should also be noted.
3. The South West Audit Partnership conducted an internal audit at the request of officers and in their Pension Administration report dated 30th April 2019 presented to the Board in May, it stated that the Fund would need to develop a strategy concerning its retention of personal member data;

2.1 – 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 with the GDPR.

4. Officers have since approached the Information Governance team who stated that they can only contribute in relation to the statutory guidance and that the determination of '**necessary**' is purely an operational decision.
5. Over the last 18 months the LGA in conjunction with its legal advisers Squire Patton & Boggs (UK) LLP have developed guidance for LGPSs in relation to developing a data retention strategy, the last of which was issued in July 2019. The key elements of that guidance summarised below;

Personal data will be retained for **the greater of**;

- such period as the Member (or any Beneficiary who receives benefits after the Member's death) are entitled to benefits from the Fund and for a period 15 years after those benefits stop being paid;
- 100 years from the members DOB;

- 100 years from the DOB of any beneficiary who received benefits from the Fund after the Member's death.
6. Fund officers propose to implement the LGA's guidance into WPF policy & based on the guidance Fund officers either intend to, or have already undertaken the following key actions;
- Incorporate the LGPSs defined periods into the Fund's privacy statement & where necessary into its Memorandum of Understanding and Pension Administration Strategy documents;
 - Develop & implement a Data Retention Strategy covering all the databases in which personal member data is held, which will first seek to minimise and then delete data the Fund can no longer justify holding, whilst also giving consideration to the Fund's wider obligations in relation to audit and valuation cycles;
 - Update existing & introduce new retention policies and procedures concerning the management of data;
 - Work with its Scheme Employers to provide a co-ordinated Data Retention policy framework. Officers will recommend to Employers that they should retain data for up to 28 years, including 15 years after an employee has left an employers service; &
 - Liaise with the Fund's key database managers concerning the management of data on their respective databases.

Considerations for the Board

7. A draft Data Retention Strategy has been prepared by Officers which will operate in accordance with the following guiding principles;
- Where a member record holds "No Liability", the data will be minimised after 4 years. This will ensure that following a liability being extinguished no data will be removed until one further valuation cycle has been completed. The minimisation of data on a record will be the removal of all data (excluding documents) from a database, other than that data which enables the Fund to track what happened to that liability. For example, the basic details stating where a member's benefit was transferred to;
 - After 15 years has passed the remaining record including any documentation will be deleted. This includes pension payroll data held on SAP, although Wiltshire Council's payroll department may seek to delete extinguished records after 7 years in accordance with their only policy;
 - Due to the historic format in which documents have been held, no retention dates were recorded. It is therefore not possible to minimise documents in the same manner as other electronic data;
 - Going forward it is the intention to apply retention dates to all documents, using the same 4 year and 15 year strategy as its corresponding cellular data;
 - Where a member has more than one record & only one record is recorded as "No Liability" all records will be retained until the last linked or associated record has been extinguished, minimisation & deletion will then be completed as specified above;
 - Annual data retention reviews will be conducted by officers and incorporated into officer procedures;
 - Minimisation & deletion of records will be driven primarily by the Fund's Altair database & any records identified will be reported so that subordinate databases can be reviewed and cleaned as required;

- 3rd party service providers will be monitored annually to ensure that they operate in accordance with the data retention specifications set out in their contracts;
8. At present the Fund's primary database provider Heywood's does not offer a bulk automated minimisation & deletion function to enable Fund officers to minimise or remove member data from Altair. Therefore in the interim the following actions are proposed;
- An ad-hoc report of all "No Liability" records on Altair will be run for records which have not held a liability for more than 30 years. Heywood's will then be asked to delete all data and documents associated with those records identified. These old records are classed as very low risk & chosen to trial this interim process;
 - Subject to successful completion of the deletion of "No liability" records older than 30 years, a second ad-hoc reporting request will be made for records more than 15 years old;
 - Thereafter annual data retention reviews will be conducted as specified above by requesting Heywood's to delete "No Liability" records until such time as they have developed the functionality for officers to complete the exercise themselves.
9. The Management User Group which comprises a selection of LGPSs officers across the UK is currently liaising with Heywood's to develop the appropriate functionality.

Environmental Impact of the Proposal

10. Not applicable.

Financial Considerations & Risk Assessment

11. There are no financial considerations at this time, however there will be costs associated with the ad-hoc bulk deletion requests & the possibility of developing software by 3rd party service providers, particularly Heywood's, in order to allow officers to manage the data retention task themselves.

Legal Implications

12. There are no material legal implications from this report.

Safeguarding Considerations/Public Health Implications/Equalities Impact

13. There are no known implications at this time.

Reasons for Proposals

14. To comply with GDPR & the Data Protection Act 2018.

Proposals

15. The Board is asked to endorse the guiding principles outlined in point 6 by which the Fund's Data Retention Strategy has been formulated to Committee.
16. The Board is asked to endorse the outlined scope of the Fund's Data Retention Strategy set out in point 7 to Committee.

17. The Board is asked to recommend to the Committee the proposed interim measures for managing the Fund's compliance with current data retention legislation, prior to officers being provided with the software capability by their service providers. Outlined in point 8.

Andy Cunningham
Head of Pensions, Administration & Relations

Report Author: Richard Bullen, Fund Governance & Performance Manager

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

WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD
13 February 2020

PENSION FUND – MIFID II COMPLIANCE

Purpose of the Report

1. The purpose of this report is to update the Board on the approach taken by the Wiltshire Pension Fund in ensuring that it is compliant with the FCA's MiFID II regulations in relation to its "Professional Investor" status.

Background

2. The Markets in Financial Instruments Directive (2004/39/EC) (MiFID) was originally introduced in November 2007 with the aim of becoming the cornerstone of the EU's regulation of financial markets, seeking to improve their competitiveness by creating a single market for investment services and activities and ensuring a high degree of harmonised protection for investors in financial instruments. MiFID II which came into effect on 3 January 2018 sought to build on this vision by enabling greater transparency of the markets & further protections for investors, through product governance, independent investment advice & better reporting requirements to clients.
3. Note: The legislative reference in connection with MiFID II is Directive 2014/65/EU of the European Parliament, including the markets in financial instruments and amending Directives 2002/92/EC and 2011/61/EU.
4. The Scheme Advisory Board (SAB) along with other stakeholders successfully lobbied for the opt up test to "Professional Investor" status proposed in the 2016 FCA consultation on MiFID II to be applied to administering authorities to better reflect their constitutions and decision-making processes. This lobbying enabled Wiltshire Council to opt up & maximise the advantages gained by the new regulations during its implementation period between the 3 July 2017 and 3 January 2018.
5. The key benefit for Wiltshire Council as the Scheme Manager of the Fund in adopting its "Professional Investor" status is that enables the Fund to take advantage of the full range of investment options in the financial markets. However, to maintain its "Professional Investor" status good governance arrangements needed to be set in place to ensure members selected to oversee the Fund's investment matters continue to discharge their duties & responsibilities in accordance with the regulations.
6. In light of this requirement good governance arrangements have been introduced by officers to avoid the Fund being reclassified as a "Retail Client" from a "Professional Investor" by developing a framework of actions which should be completed at least annually.

Considerations for the Board

7. The administrative actions to maintain the Fund's "Professional Investor" status include;
 - A member training strategy, reviewed annually, which gives active consideration to the requirements of MiFID II;

- Annual self-certification by members of the Investment sub-Committee that they have undertaken the necessary training to ensure that they remain competent to carry out the duties and responsibilities associated with sitting on that Committee;
 - Implementation of officer procedures to ensure;
 - a) Both members & relevant officers are competent
 - b) Confirmation from the Fund's professional advisers that they remain qualified to provide advice to the Fund
 - c) That a record of "Professional Investor" status is held by all third parties, including their confirmations to accept our status. Third parties being Investment Managers, Advisers & the Fund's custodian
 - d) That appropriate triggers are in place to identify any impact on the Fund's "Professional Investor" status & that an annual overall self-assessment of the Fund status is undertaken, similar in nature to that of the Code of Practice 14 review
 - e) Notification of material changes to the Fund's "Professional Investor" status is communicated to third parties on a timely basis
 - f) That officers will monitor FCA guidance in order to take into account any updates relating to MiFID II
 - That an internal annual audit of compliance with MiFID II will be undertaken of the Fund
 - Reviewing & ensuring that all relevant contracts have given consideration to the requirements of MiFID II
 - That a policy in connection with the Fund's compliance will be included within the Investment Strategy Statement
 - That the Council's constitution is consistent with the requirements of MiFID II
8. Organisations can be fined up to 5 million euros, or 10% of their global turnover. The FCA have demonstrated their intent to ensure MiFID II compliance & will fine organisations where malpractice has occurred. Although the Fund is a client & not an investment manager, the FCA's stance should be considered by the Fund in terms of the consequences of any reputational damage that may be caused where an investment manager may not have been compliant. It should consider what steps it would take in the event of such a situation. It is recommended therefore that the Fund needs to ensure that its Managers are acting in a transparent manner and completing their transaction reporting obligations daily.

Conclusions

9. Whilst much is stated about the requirement to comply with MiFID II & the need for the Fund to maintain its "Professional Investor" status, there is much less prescription about how this should be achieved. For example, MiFID II standards cover market structure, product governance and research unbundling, but even the FCA appear to struggle with the practical implementation of such compliance in these areas & to date focus primarily on trade & transaction reporting which are much easier to quantify.
10. Maintenance of the Fund's "Professional Investor" status can be subjective in nature, for example the quantification of triggers by which the Fund's status may be affected, the definition of "timely" when communicating material changes to status and the administrative arrangements of the Fund's investment managers who should be ensuring that the Fund remains competent to hold such a status.
11. Consequently, officers have taken a best practice approach in constructing these arrangements & will seek to enhance these practices as improved guidance becomes available.

Environmental Impact

12. There is no environmental impact from this report.

Financial Considerations

13. There are no immediate financial considerations.

Risk Assessment

14. There are no risks identified at this time.

Legal Implications

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

16. There are no implications at this time.

Proposals

17. The Board is asked to endorse the arrangements set out within this report concerning the Fund's compliance with MiFID II & the maintenance of its "Professional Investor" status.

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
13 February 2020

AUDIT UPDATE

Purpose of the Report

1. The purpose of this report is to provide an update on the internal and external audit positions and to outline the draft recommendations made from last year's external audit and the Fund's response to these.

Background

2. The internal audit plan for the forthcoming year was agreed at the last Local Pension Board and Committee meetings and has been submitted to CLT so they can form part of the South West Audit Partnership's workplan. Officers have not heard anything further concerning proposed timings.
3. Wiltshire Pension Fund is required to have a separate annual external audit. Wiltshire Pension Fund uses Wiltshire Council's external auditor, Deloitte.
4. Deloitte completed last year's audit in the summer of last year but a final audit paper has not been completed due to some outstanding matters in Wiltshire Council's audit (unrelated to the pension fund). Since then, Deloitte have completed an interim audit ahead of the 2020/2021 year although they have not issued a report, as is normal practice. In May to June 2020, Deloitte will carry out the main audit.
5. As last year's external audit report has not been completed, officers have been unable to publish the report but have instead shown the draft recommendations in Appendix 1 and officers' responses to each.

Considerations for the Board

6. The draft external audit report made two sets of recommendations in relation to internal controls and risk managements and two sets of recommendations in relation to IT. The observations, Deloitte's recommendations and Pension Fund's response can be found in Appendix 1.

Environmental Impact of the Proposal

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

8. There are no known implications at this time.

Financial Considerations & Risk Assessment

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

Proposals

10. The Board is asked to note this update.

ANDY CUNNINGHAM & JENNIFER DEVINE

Head of Pensions Administration and Relations & Head of Pensions Investments

Report Author: Andy Cunningham, Head of Pensions Administration and Relations & Jennifer Devine, Head of Pension Investments

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

Observation	Deloitte recommendation	Fund response
<p>Pension Fund - We identified that the Pension Manager could not supply a membership number reconciliation between 2017-18 and 2018-19. The reconciliation should show movements of members in the financial year and retrospective changes that revised any prior-year figures. This reconciliation this would enhance the robustness of admin procedures and allow for more accurate financial reporting of the fund account reflecting membership movements and would allow us to audit the movement of member numbers, which we have not been able to do.</p>	<p>a). It is recommended that the Pension Manager develops an Altair report that can count the total (and identify individual) retrospective changes to membership data.</p> <p>b). In addition, it is recommended that the Pension Database Administrator runs a data extract of Membership data on, or as close to 31 March as possible.</p> <p>c). It is also recommended that the Pension Fund Manager performs a reconciliation between prior-year reported membership numbers and revised membership numbers.</p> <p>d). In addition we concur with the internal audit recommendations that the Fund should be:</p> <p>i). Reconciling New Pensioners and New Dependants between the Altair Pension system and SAP Pensions Payroll monthly.</p> <p>ii). Carrying out a full reconciliation of Altair and SAP Payroll to provide further assurance that payments made to pensioners cast and provide the basis for a monthly reconciliation of cumulative balances.</p> <p>iii). Service to demonstrate that monthly reconciliations are verified, and an advisory recommendation has been made to ensure payment authorisations are always retained or recorded to show who approves each payment.</p>	<p><i>a) & c) Complete. A report already exists and is run periodically.</i></p> <p><i>b). Complete. Officers did this for 31 March 2019 (prior to the audit) and will continue to do this each year thereafter.</i></p> <p><i>d)i. Complete. This has been in place since before the date of the external audit.</i></p> <p><i>ii). Outstanding. This is proving highly time-consuming and complex and has been affected by a key staff absence. Officers are currently reviewing resourcing needs in order to determine a revised deadline.</i></p> <p><i>iii). Complete. This has been in place since before the date of the external audit.</i></p>

<p>Pension Fund - The admin team perform a review of all of the inputs for benefit calculations however only a high level reasonableness assessment is performed over the output of the calculations. The team are heavily reliant on the initial design and calibration of Altair to calculate pensions and lump sum benefits.</p>	<p>Some schemes of the size and nature of the Fund have at least one of the below controls:</p> <ol style="list-style-type: none"> 1. A formal compliance team whose role it is to check whether the correct decisions have been made through the benefits system. Best practice is to independently test a risk based sample of up to 10% of benefit calculations. 2. A formal pensions internal audit team either through a co-sourced or outsourced arrangement who will focus on a number of activities and include routine benefit calculations periodically in their reviews. 3. A 100% manual check on the different calculation routines impacted by system or actuarial factor updates. 4. A periodic 'deep-dive' which is undertaken by the pensions team on instruction by the audit committee. <p>Given the size and nature of the Fund and the tailoring of Intellipen specific for Fund purposes we recommend that the AC considers points 1 and 2 above.</p>	<p><i>We test and check all systems updates to Altair which have any impact on calculations (including all factor table changes) which gives us comfort that at the implementation of a calculation routine or any known change, that the system is functioning correctly.</i></p> <p><i>We accept that this approach will not capture any changes to the underlying system after that date, and we will implement a sample check to ensure, that the correct process is being followed and that the output of the calculations are correct, on a monthly basis.</i></p> <p>Planned implementation date: 31 March 2020.</p>
<p>The following opportunities for control improvement were identified pertaining to user access right management controls:</p> <ul style="list-style-type: none"> - No user access right reviews are performed to ensure that existing users have the appropriate access based on their job roles and responsibility. - The leavers' process on the Altair platform is not formally documented. No notifications are received from HR and access is removed based on the Systems Team's knowledge of 	<p>Without strong controls over ongoing appropriateness of access, there is a risk that people who change role within the organisation may accumulate excessive privileges or that accounts held by former employees may remain active. Redundant access for leavers constitutes a risk for inappropriate access by other active employees or for external intruders.</p>	<p><i>An approach to access rights is already in place although the Fund accepts this is largely informal and lacks sufficient controls although we still see this in practice as low risk. The Fund will formalise a Systems access policy in place to address the points raised in an appropriate manner.</i></p> <p><i>As a relatively small team (circa 33 staff), we consider it unnecessary for HR or payroll to advise us of starters or leavers as this are</i></p>

<p>the current employees at Wiltshire Pension Fund.</p> <ul style="list-style-type: none"> - The starters' process on the Altair platform is not formally documented. No formal documentation is available with regards to which seniority of access is appropriate for each user level. We have been further informed that the role profiles available within Altair do not match up exactly with job titles in use at Wiltshire Pension Fund. 	<p>Management should implement the following activities to reduce the associated risk:</p> <ul style="list-style-type: none"> - A process to grant new accesses to employees and to disable dormant accounts; - A periodic check of movers and leavers should be performed using HR or payroll records to ensure that any required changes to IT access rights have been notified by line managers and actioned; - Introduction of a formal review of user accounts and access rights at least annually to detect accounts with excessive privileges. 	<p><i>obvious and can remain the responsibility of the line manager.</i></p> <p>Planned implementation date: 30 April 2020</p>
<p>Disaster Recovery Plan Testing</p> <p>Although IT disaster recovery arrangements have been put in place, formal set of policies and procedures as part of the recovery plan is not formally documented and tested to assist employees in the event of disaster.</p>	<p>Disaster recovery forms a big part of a company's business continuity plan. Thus we recommend that it is formally documented, approved and tested on a regular basis to ensure it works and meet organizations defined recovery point objective (RPO) and recovery time objective (RTO) requirements. Testing procedures should involve integration of DRP testing results into planned maintenance and staff training programs.</p>	<p><i>The Fund generally considers DRP testing to be the responsible of the Council's IT; in particular for all Council hosted software. However, the Fund will work with its pension administration software provider to determine an appropriate approach to testing the disaster recovery testing of the Altair platform. For example, testing that the daily backup date procedure works in practice.</i></p> <p>Planned implementation date: 30 June 2020</p>

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LOCAL PENSION BOARD - WORK PLAN					
Meetin	23/05/19	22/08/19	14/11/19	13/02/20	21/05/20
Standard Items:					
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	✓	✓	✓	✓	✓
Main business items:					
Board Governance					
Election of Vice Chair				✓	
Board Budget setting				✓	
Board KPIs to monitor	✓	✓	✓	✓	✓
Board Annual Report	✓				✓
Review Board's Terms of Reference (if and as required)			✓		
Board Annual Training Plan Update			✓		
Training Item relevant to agenda	CIPFA Accounting changes	TPR Breach reporting	Fund Delegations		
Code of Conduct & Conflicts of Interest Policy					
Role & purpose of the LPB				✓	
Forward Work Plan Review	✓	✓	✓	✓	✓
Review - how did the Board do?	✓	✓	✓	✓	✓
Fund Governance					
Scheme Legal, Regulatory & Fund update	✓	✓	✓	✓	✓
Review of Risk Register	✓	✓	✓	✓	✓
Fund update & comments on minutes of PC & ISC	✓	✓	✓	✓	✓
Review Governance Compliance Statement					
Review Fund Training Programme					✓
Review all Fund Declarations of Interest					
TPR Code of Practice 14/record keeping compliance survey results		✓			
Results of national LGPS KPI survey and Funds own KPIs					
Review external advisor appointments process/controls and internal SLAs			✓		
Review Triennial Valuation Process				✓	
Review Triennial Valuation Results				✓	
Review fund delegations and internal controls			✓		
Review CIPFA Admin, WM investment and other Fund benchmarking results					✓

Fund Plans, Policies & Strategies					
Review Fund Annual Business Plan	✓				✓
Review Admin Strategy & Charge Out Rates	✓				✓
Review Admin Authority Discretions			✓		
Review Funding Strategy Statement				✓	
Review Statement of Investment Principles/compliance with FRC stewardship code			✓		
Review Investment Strategy Statement					✓
Meeting:	23/05/19	22/08/19	14/11/19	13/02/20	21/05/20
Administration					
Review employers compliance (data)			✓		
Review Fund fraud risk prevention and mitigation measures			✓		
Review Fund website contents/resilience		✓			
Review of Fund IDRPs procedures & cases		✓			
Review Fund Communications (employers/members)			✓		
Review of Data Security & Business Recovery		✓			
Review GMP reconciliation process		✓			
Benchmark Annual Report with other Funds			✓		
Review of Annual Benefit Statement process			✓		
Financials & Audit					
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			✓		
Total number of Agenda Items:	23	28	33	24	26

LOCAL PENSION BOARD - WORK PLAN 2020-21

Meeting:	LPB Term of Reference item	Description of scope as defined by the LPB ToR	21/05/20	06/08/20	15/10/20	11/02/21	May 2021	Guidance comments
GOVERNANCE - Board Specific								Comments
Election of Vice Chair	n/a	Appointments made as defined in the Board's Term of Reference	✓				✓	Annual appointment between Member & Employer Reps. Member reps to be appointed in odd years
Board Annual Report	n/a	Recommendation under the legislation	✓				✓	Draft submission to the Board for there approval
Board Budget setting	n/a	Review & recommend to the Committee the budgetary requirements for the Board during the next Scheme year				✓		Review in conjunction with the Look Forward plan in order to anticipate future costs
Review Board's Terms of Reference (if and as required)	86g	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.						This review should be in conjunction with the Committee & ISC's ToR review to ensure continuity. Lasted reviewed in January 2020 and a 3 year cycle may be viewed as good governance
Board Annual Training Plan Update	85i	Review arrangements for training of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme.	✓				✓	To be completed following each Scheme year for subsequent inclusion in the Board's Annual Report & the Fund's AR&A
Training Item relevant to agenda	85i	Review arrangements for training of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme.	✓	✓	✓	✓	✓	To be consistent with Member's training & development strategy
Code of Conduct & Conflicts of Interest Policy	85d	Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.				✓		2 year plan last approved on 12/12/2020. Annual reviews should be undertaken by Democratic Services in each Q4
Effectiveness review	86g	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.				✓		3 year plan last raised with the Board on 12/12/2018. The LPB should also compare itself against its own core functions as set out in its ToR. Last completed on 24/01/2019
Forward Work Plan Review	n/a	Maintained by officers to enable Members manage their responsibilities	✓	✓	✓	✓	✓	Officers to update the next Scheme year's plan in time for the new Scheme year. Annual reviews to therefore be undertaken in Q1
GOVERNANCE - Fund Specific								Comments
Review of Risk Register	86e	Review the risk register as it relates to the scheme manager function of the Administering Authority	✓	✓	✓	✓	✓	Quarterly review. Recommendations are made to the Committee, via LPB minutes
Fund update & comments on minutes of PC & ISC	85a	Review regular compliance monitoring reports which shall include reports to and decisions made under the Regulations by the Committee.	✓	✓	✓	✓	✓	Amongst other purposes Members should use the minutes to identify risks which can be added to the register
Review Governance Compliance Statement	85d	Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.						4 year plan last approved on 21/06/2018. (Note: To be reviewed on receipt of final SAB Good Governance report)

Review Fund Training Programme	85i	Review arrangements for training of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme.			✓			Complete 3 year training plan last approved on 12/12/2018. Annual reviews undertaken in Q4 each year.
Review all Fund Declarations of Interest	85d	Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.			✓			2 year plan last approved on 12/12/2020. Annual reviews should be undertaken by Democratic Services in each Q4
tPR Code of Practice 14/record keeping compliance survey results	85b	Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, Relevant Legislation and in particular the Code.	✓				✓	Annual exercise of Self-assessment by officers & review by Members. Every other year the self-assessment will be independently audited
Review fund delegations and internal controls. Include the Fund's escalation policy	85b	Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, Relevant Legislation and in particular the Code.						3 year plan last raised with the Board on 11/10/2018
Scheme Legal, Regulatory & Fund update	n/a	A summary for Board members the latest legal, regulatory and Fund issues affecting the Pension Fund	✓	✓	✓	✓	✓	Quarterly update by the Head of Pensions
Review external advisor appointments process/controls and internal SLAs	86b	Review the effectiveness of processes for the appointment of advisors and suppliers to the Administering Authority.			✓			Committee requested Board annually review advisors & services providers. Plus the Procurement framework by which it is done
Monitor Internal Audit Report	86d	Monitor internal and external audit reports			✓			Audit recommendations actioned
Monitor External Audit Report	86d	Monitor internal and external audit reports			✓			Audit recommendations actioned
Input to Annual External Audit Plan	n/a	Recommend to Committee the audit scope & timetable to be commissioned in the next Scheme year			✓			Committee to liaise with the Audit Committee concerning the scope of Deloitte's audit
Input to Annual Internal Audit Plan	n/a	Recommend to Committee the audit scope & timetable to be commissioned in the next Scheme year			✓			Committee to liaise with the Audit Committee concerning the scope of SWAP's audit
GOVERNANCE - Fund Plans, policies & strategies								Comments
Review Business Plan	85d	Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.					✓	3 year plan last approved on 24/03/2019
Review Pension Administration Strategy	85d	Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.						3 year plan last approved on 17/12/2019
Review Communication strategy	85e	Review scheme members and employers communications as required by the Regulations and Relevant Legislation						3 year plan last approved on 17/12/2019
Review Data Improvement Plan	85d	Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.					✓	2 year plan last approved on 24/03/2019
Review Admin Charging Policy	85d	Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.					✓	2 year plan last approved on 12/12/2018
Review Admin Authority Discretions	85j	Review the complete and proper exercise of employer and administering authority discretions						4 year plan last approved in December 2015

Review Cessations policy	85d	Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.							3 year plan last approved in September 2018
Review Funding Strategy Statement	85d	Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.							3 year plan last approved on 17/12/2019
Review Compliance with FRC stewardship code	85d	Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.					✓		Annually
Review Investment Strategy Statement	85d	Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.							3 year plan last approved on 17/12/2019 (Ensure inclusion of MiFID II arrangements)
Review Fund "Responsible Investment Strategy"	n/a			✓					
Review the Fund's Annual Report & Accounts	85l	Review draft accounts and Fund annual Report	✓					✓	To ensure CIPFA compliance requirements have been applied
Review Internal Audit Report	85k	Review the outcome of internal and external audit reports			✓				Annually covers Key Controls & Pension Fund Transfers. Every two years Code of Practice 14
Review External Audit Report	85k	Review the outcome of internal and external audit reports			✓				Published by 1st December
ADMINISTRATION									Comments
Review employers compliance (data)	85c	Review the compliance of scheme employers with their duties under the Regulations and Relevant Legislation				✓	✓		Incorporate with ABS review process & update on Fund's Data Improvement Plan.
Review Fund fraud risk prevention and mitigation measures	85b	Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, Relevant Legislation and in particular the Code.			✓				Completed every 2 years and will be an update of the Fund's NFI & Certificate of Existence exercises
Review Fund website contents/resilience	85b	Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, Relevant Legislation and in particular the Code.			✓				To also cover Cyber Security reporting on an annual basis
Receive an annual report of an complaint & IDPR cases, including a review of the Fund's procedures	85f, 85g & 85h	Monitor complaints and performance on the administration and governance of the scheme & review the Internal Dispute Resolution Process & Pensions Ombudsman cases			✓				To cover Muse Advisory & annual confirmation of the appointment of an adjudicator by each Employer
Review Fund Communications (employers/members)	85e	Review scheme members and employers communications as required by the Regulations and Relevant Legislation				✓			To provide templates of key Fund documentation & evidence its compliance
Review of Data Security & Business Recovery	85b	Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, Relevant Legislation and in particular the Code.			✓				Report set out the arrangements in place & when they were last tested
Review GMP reconciliation process	86a	Monitor performance of administration, governance and investments against key performance targets and indicators				✓			Annual update of SAP & Altair reconciliations, plus GMP Rectification process
Board KPIs to monitor	86a	Monitor performance of administration, governance and investments against key performance targets and indicators	✓	✓	✓	✓	✓	✓	Quarterly Administration performance reporting

Benchmark KPIs in Annual Report & Accounts information with other Funds	85f	Monitor complaints and performance on the administration and governance of the scheme				✓		Annual Report & Accounts must be disclosed each 1st December
Review of Annual Benefit Statement process	86a	Monitor performance of administration, governance and investments against key performance targets and indicators			✓			Percentage issued, action plan to issue outstanding ABSs & process improvement review
FUNDING & INVESTMENTS								Comments
Review Triennial Valuation Process	n/a	Consider how the whole valuation exercise was executed & what recommendations may be made to improve the process next time	✓					Next valuation currently due 31/03/2022
Review Triennial Valuation Results	86f	Review the outcome of actuarial reporting and valuations	✓					Verify that the FSS, ISS & Valuation results are consistent
Cost transparency of BPP, Managers & the Custodian	86c	Monitor investment costs including custodian and transaction costs.	✓				✓	To be presented in conjunction with the draft Annual Report & Accounts
Review Investment performance against Fund's benchmarking criteria	86a	Monitor performance of administration, governance and investments against key performance targets and indicators	✓				✓	To be presented in conjunction with the draft Annual Report & Accounts
Total number of Agenda Items:			15	13	17	15	13	

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