

AGENDA

Meeting: Wiltshire Pension Fund Committee
Place: [View the Online Meeting of the WPFC Here](#)
Date: Thursday 17 December 2020
Time: 10.30 am

Please direct any enquiries on this Agenda to Ellen Ghey, of Democratic Services, County Hall, Bythesea Road, Trowbridge, direct line 01225 718259 or email ellen.ghey@wiltshire.gov.uk

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

This Agenda and all the documents referred to within it are available on the Council's website at www.wiltshire.gov.uk

Membership:

Voting Membership

Wiltshire Council Members:

Cllr Pauline Church (Vice-Chairman)
Cllr Tony Deane (Chairman)
Cllr George Jeans
Cllr Gordon King
Cllr Christopher Newbury

Substitute Members

Cllr Derek Brown OBE
Cllr Matthew Dean
Cllr Sarah Gibson
Cllr Gavin Grant
Cllr Bob Jones MBE
Cllr Fleur de Rhé-Philippe MBE
Cllr Ian Thorn

Swindon Borough Council Members

Cllr Steve Allsopp
Cllr Robert Jandy

Substitute Members

Cllr Brian Ford

Employer Body Representatives

Tracy Adams
Chris Moore

Non-voting Membership

Observers

Stuart Dark
Mike Pankiewicz

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PART I

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

1 **Membership**

To note any changes to the membership of the Committee.

2 **Apologies for Absence**

To receive any apologies for absence or substitutions for the meeting.

3 **Minutes** *(Pages 9 - 22)*

To approve as a true and correct record the Part 1 (public) minutes of the meeting held on 24 September 2020.

4 **Review of Actions Log** *(Pages 23 - 24)*

5 **Declarations of Interest**

To receive any declarations of disclosable interests or dispensations granted by the Standards Committee.

6 **Chairman's Announcements**

To receive any announcements through the Chairman.

7 **Public Participation**

The Council welcomes contributions from members of the public. During the ongoing COVID-19 situation the Council is operating revised procedures and the public are able participate in meetings online after registering with the officer named on this agenda, and in accordance with the deadlines below.

[Guidance on how to participate in this meeting online.](#)

Statements

Members of the public who wish to submit a statement in relation to an item on this agenda should submit this is electronically to the officer named on this agenda no later than 5pm on **Tuesday 15 December 2020.**

Statements should:

- State whom the statement is from (including if representing another person or organisation)
- Clearly state the key points
- If read aloud, be readable in approximately 3 minutes

Up to three speakers are allowed for each item on the agenda.

Questions

Those wishing to ask questions are required to give notice of any such questions electronically to the officer named on the front of this agenda no later than 5pm on **Thursday 10 December 2020** in order to be guaranteed of a written response. In order to receive a verbal response questions must be submitted no later than 5pm on **Monday 14 December 2020.**

Please contact the officer named on the front 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 members prior to the meeting and made available at the meeting and on the Council's website; they will be taken as read at the meeting.

8 **Minutes and Key Decisions of the Local Pensions Board**
(Pages 25 - 40)

To consider the Part 1 (public) minutes, and recommendations arising, from the Local Pension Board meeting held on 15 October 2020.

9 **Training Update** (Pages 41 - 52)

To consider the results of the self-assessment returns and MiFID II self-certification forms.

10 **Scheme, Legal, Regulatory and Fund Update** (Pages 53 - 58)

To receive a report from officers updating the Committee on various developments.

11 **Key Performance Indicators (KPIs)** (Pages 59 - 70)

To receive a revised report summarising the latest KPIs in a changed format for the period 1 July 2020 to 30 September 2020.

12 **Budget Monitoring** (Pages 71 - 74)

To receive a report outlining the budget monitoring for the period 1 July 2020 to 30 September 2020.

13 **Internal Audit Report** (Pages 75 - 94)

To receive a report updating members on SWAP's Internal Audit recommendations for 2020-21.

14 **Fund Audit Strategy for 2021-22** (Pages 95 - 98)

To receive a report outlining the Board's recommendations for inclusion in the Pension Committee's audit strategy for 2021-22.

15 **Employer Cessation Policy**

To receive a report from officers outlining the amendments made to the Fund's current policy following further guidance released in September 2020.

Report to follow as an agenda supplement.

16 **Pension Fund Risk Register** (Pages 99 - 106)

To consider an updated Risk Register.

17 **Data Protection Policy** (Pages 107 - 124)

To receive a brief report to note the Fund's new Data Protection Policy.

18 **Look Forward Plan Review** (Pages 125 - 130)

To consider the plan for the remainder of 2020-21.

19 **Date of Next Meeting**

To note that the next ordinary meeting of the Committee will be held on 25 March 2021.

20 **Urgent Items**

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

21 **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 22 – 31 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraphs 1 & 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

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

- 22 **Pensioner Payroll Database Reconciliation** (Pages 131 - 136)
To receive a report from officers updating the Committee on the progress of this reconciliation project.
- 23 **Employer Ill-Health Insurance Proposal** (Pages 137 - 140)
To receive a report from officers summarising the protection arrangements and options available to the Fund's Scheme Employer and proposing a revised approach.
- 24 **Brunel Pension Partnership Update**
To receive a report by the Head of Pension Fund Investments on the Brunel Pension Partnership governance arrangements.
Report to follow as an agenda supplement.
- 25 **Key Financial Controls** (Pages 141 - 146)
To receive a report by the Head of Pension Fund Investments outlining the operational accounting arrangements being undertaken by officers.
- 26 **Responsible Investment Update** (Pages 147 - 162)
To receive a report by the Head of Pension Fund Investments summarising the findings of the climate change workshop on 19 November 2020, including recommendations.
- 27 **Minutes and Key Decisions of the Investment Sub-Committee and Local Pension Board** (Pages 163 - 180)
To consider the Part 2 (private) minutes, and recommendations arising, from the last meetings of the Investment Sub-Committee and Local Pension Board held on 2 December 2020 and 15 October 2020 respectively.
ISC Minutes to follow as an agenda supplement.
- 28 **Investment Quarterly Progress Report** (Pages 181 - 226)
To receive a report in relation to the Fund's investment performance.

29 **COVID-19 Impact Report** *(Pages 227 - 232)*

To receive a report summarising the effects of the pandemic on global markets and the Pension Fund's investment portfolio.

30 **Fund Data Security, Cyber Resilience & Business Continuity Planning**

To receive a verbal update from Wiltshire Council's ICT team outlining the arrangements ICT make on behalf of the Fund in connection with the Fund's compliance with the Pension Regulator's guidance on cyber security resilience.

31 **Minutes** *(Pages 233 - 250)*

To approve as a true and correct record the Part 2 (private) minutes of the meeting held on 24 September 2020.

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Wiltshire Pension Fund Committee

MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 24 SEPTEMBER 2020 AT ONLINE MEETING.

Present:

Cllr Steve Allsopp, Cllr Pauline Church (Vice-Chairman), Cllr Tony Deane (Chairman), Cllr Robert Jandy, Cllr Gordon King and Cllr Christopher Newbury

Also Present:

Tracy Adams, Andy Brown, Richard Bullen, Andy Cunningham, Jennifer Devine, Anthony Fletcher and Kieran Harkin

176 **Membership**

There were no impending changes to the membership of the Wiltshire Pension Fund Committee.

177 **Apologies for Absence**

Apologies were received from:

- Cllr George Jeans
- Mike Pankiewicz
- Chris Moore
- Stuart Dark

178 **Minutes**

Resolved

The Part 1 (public) minutes of the previous meeting held on 16 July 2020 were approved as a true and correct record.

179 **Review of Actions Log**

Richard Bullen, Fund Governance and Performance Manager, introduced the item and noted that the actions highlighted in yellow were due to be reviewed but not included in the meeting agenda. It was intended that the AVC review would be brought to a future meeting of the Committee.

180 **Declarations of Interest**

There were no declarations of interest.

181 **Chairman's Announcements**

There were no Chairman's Announcements.

182 **Public Participation**

Two public statements were received and read out by the Democratic Services Officer, Ellen Ghey.

Firstly, in response to statements and questions from Jane Laurie, the Head of Pension Fund Investments, Jennifer Devine, gave a verbal response that outlined the following points:

- The Pension Fund acknowledged Wiltshire Council's own carbon reduction targets and noted significant work in the definition of their own approach, policies, reporting and monitoring in regard to setting more defined and specific targets in the near future; details of which could be found in the Fund's 2019-20 Annual Report.
- Brunel's own work in regard to carbon reduction targets was explained to be driven by shareholder demands, and the evolution of the portfolios commented upon as potentially leading to amended targets.
- Work on climate change modelling was discussed and was noted to have looked at both the current strategic asset allocation and one with a more sustainable tilt, that would generate simulations of investment returns for these model portfolios against a number of climate change scenarios.
- It was noted that the results of the climate change modelling would be analysed, would consider all implications and would include communications with employer organisations via the Annual Report, with more direct engagement also considered.

Secondly, in response to a statement from Sigurd Reimers, Jennifer Devine gave a verbal response that outlined the following points:

- It was highlighted that investments in renewable energy was through exposure to public equities of companies that invest in renewable energy, or via holdings in renewable assets in the Fund's unlisted infrastructure portfolio.
- It was confirmed that future commitments to infrastructure would be managed via Brunel; the Fund's investment pooling company. £80m was clarified to have been committed over the next two years, 50% of which would be invested in renewable funds or directly in renewable assets.

- Wiltshire had also committed £250m to Brunel's secured income portfolio, £100m of which would be committed to a fund which invests in long term renewable energy projects such as solar, wind and biofuels.
- As a long-term investor, it was noted that the Committee assessed investment risks and understood that in order to secure future returns, investments would be made for the future, would include renewable energy sources and expected this to exposure to rise.
- It was clarified that there was no specific target to increase exposure at the current time, but that a lot of work had been made in the area.

One member of the Committee commented upon the poor performance of the fossil fuel sector and expressed surprise that the investment rate into renewables had remained at approximately 1%. Said member noted concerns at investments driven by non-financial matters and commented upon the need to choose outcomes that would bring the best returns to the beneficiaries of the Fund and not as purely a response to a climate strategy or agenda.

The Chairman noted that during a Brunel Oversight Board meeting it was clarified that the focus was to balance assets and liabilities and not be influenced by external pressures. Officers clarified that the Fund was a long-term investor and therefore needed to invest in a sustainable way in order to ensure positive investment returns into the future, and that securing the long term returns of the Fund was driving the move towards lower carbon and renewable investments.

183 **Minutes and Key Decisions of the Local Pension Board**

Resolved

The Part 1 (public) minutes, and recommendations arising, from the Local Pension Board meeting held on 6 August 2020 were noted.

184 **Training Item on Investments**

Hill Gaston, Mercer, delivered a presentation on investments that included the work commissioned on climate change modelling.

Within the presentation, the importance of climate change from an investor perspective, evidence of the global climate change crisis from the public perspective, and the evolving risks and opportunity across the Global Risks Landscape was discussed.

During the section that discussed investment objectives and the achievement of ESG goals, members questioned how returns had changed over time in regard to sustainable investment. In response, Mercer made reference to a study by Deutsche Asset Management and the University of Hamburg which provided academic evidence that suggested companies who integrated ESG factors into the investment process achieved a non-negative, positive to neutral

performance correlation. As a follow up, it was asked whether these correlations were against traditional investment methods. It was clarified that the study in question considered different asset classes for ESG investments such as emerging markets, corporate bonds and green real estate, and provided a more holistic and generalisable view point.

It was noted that sustainably focussed funds had outperformed their peers throughout COVID-19 with positive performance returns, but there were a lot of dependants such as different sectors and asset classes.

The difference between average American fossil fuel consumption in comparison with average European consumption was discussed and it was asked how the Wiltshire Pension Fund can exert more influence. It was suggested that in light of China's recent pledge to become carbon neutral by 2060, they would consider the market advantages of becoming a competitive leader ahead of the USA and would strive to transition quickly, which could in turn force the USA's hand to follow suit.

One member of the Committee questioned when the TCFD (Task Force on Climate-related Financial Disclosures) recommended framework would be written into UK law, to which it was clarified that exact timelines were uncertain, but it was confirmed that occupational pension schemes of greater than £5 billion in assets would be expected to report in line with the TCFD no later than the end of 2022, and schemes of £1-5 billion in assets would be expected to report in line by the end of 2023.

Another member of the Committee raised concerns as to the content of the Mercer presentation which they felt was slanted towards a political agenda as opposed to concentrating on politically neutral investment strategies. Officers reiterated that the intention of the presentation was to provide a wealth of background context and information to the work that Mercer would undertake, and that a more substantial and detailed report would be prepared for December. Said report would set out specific figures for the performance of the portfolio under different scenarios to enable informed decision making in regard to optimal strategic positioning.

Mercer's climate change approach and analysis was discussed in which different scenarios, risk factors and timeframes were discussed in regard to incremental 1°C temperature rises. Rapid changes to the market were noted with different stresses and strains due to the dynamic nature of climate change, along with the need for significant technological breakthroughs. Reference was made to the physical damages of climate change which included the rise of frequent hurricanes, the availability of natural resources, and how these manifestations would impact returns. It was confirmed that if the global warming trajectory shifted towards a 2°C - 4°C pathway then swift stress testing would be implemented to provide practicable results to redesign and align strategic asset allocations to resemble the current strategy and assist in the understanding of the key differences between results.

The four ways that Mercer would analysis the portfolio were discussed, and it was confirmed that the modelling would focus on the impact of the various

scenarios on both the existing strategic asset allocation, and one with a more sustainable tilt. It would also consider asset classes to prioritise the risks and opportunities, would evaluate portfolio construction and would look at stress testing as mentioned above. The possible outcomes of actions that Mercer recommended to implement as a result of the modelling were briefly discussed and the need for a strategic perspective to understand key risks and opportunities to enable a holistic approach to dealing with climate change risks was highlighted.

The Chairman reiterated that the Committee was the body that set the investment strategy and direction and that Brunel selects and monitors the Fund managers.

In response to a question from the Committee in regard to asset classes, the mitigation aspects of insurance linked securities and whether this would be included in the analysis, it was confirmed that the model showed negative results from those strategies. Officers noted that as a consequence of a past training item on strategic asset allocation that considered private debt, private equity and insurance linked securities, it was concluded that this asset class was too high a risk to the WPF as the confidence of returns into the future when considering climate change scenarios posed too much uncertainty.

Members noted their anticipation of a more detailed report and the results of the analysis.

Members took a comfort break from 11:40am – 11:50am.

As an aside, Richard Bullen, Fund Governance and Performance Manager, reminded members of a self-assessment review being circulated in October that would allow them to provide details of any training needs for 2021-22. An online training portal created by Hymans Robertson that included a series of modules was put forward to members, due to the inability to attend seminars and conferences, which would enable members to maintain their current knowledge and understanding across topical pension issues.

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

Andy Cunningham, Head of Pension Administration and Relations, updated the Committee on the various Scheme, Legal, Regulatory and Fund developments.

Among the key updates discussed, exit caps were highlighted as being particularly challenging in respect of the proposed changes to the primary legislation. This meant that the Fund could be legally required to follow two pieces of legislation that contradicted one another for a period of time, in regard to the payment of exit and pension packages in line with the LGPS regulations. It was highlighted that more information such as timeframes was needed before further action could be taken. It was noted that advice was being sought from the Scheme Advisory Board and MHCLG, and that the risk had been increased on the risk register but as more information continued to come to light this would be reviewed again.

Members questioned the amount of people that were likely to be caught up in this process to which it was confirmed by officers that the impact on the Fund would be minimal in terms of the number of members, but the impact on the individual scheme members themselves would be more significant. From an employer perspective it was noted that it was complicated for them to communicate with scheme members about the changes, and that timing in the short term was the biggest issue as organisations could be looking at redundancy exercises and this would cause a barrier to undertake such analysis due to the complexity of the legislative position.

The Vice-Chair confirmed that she would meet with both Andy Cunningham and Andy Brown, Director of Finance and Procurement, in the near future to understand the situation further in order to ensure that the impact on employers and scheme members was minimal.

Employer risk management was discussed, and it was noted that the Government had made changes that apply from 23 September 2020 and that the Fund needed to implement policy changes to reflect these (mainly to the Cessation Policy and Fund Strategy Statement). This had led to newly available options, notably employer contribution rates to change into valuation as long as certain conditions were met such as material changes in circumstances specific to each employer. These would be requested by an employer subject to the Fund's agreement, or the Fund could insist on a change in employer contribution rate.

The changes to the LGPS Regulations enable the Fund to implement a more flexible approach. An example of which was the ability to allow employers leaving the Fund to enter into an agreement to spread any cessation debt across a specified period of time. Additionally, the possibility to allow employers to delay the crystallisation of the final calculation was discussed.

It was confirmed that draft changes to the cessation policy was being undertaken and any proposals would be brought forth to the next Committee meeting.

The McCloud case was explored, and it was confirmed that further analysis was being undertaken to provide a targeted, proportional administrative approach to the issues faced. It was clarified that although the McCloud rulings would affect a small number of members, these members needed to be identified to avoid unnecessary administrative work. The cost impact was expected to be relatively small compared to the Fund as a whole, but it was reiterated that these were estimations due to the McCloud case's focus on the future circumstances of the members.

One member of the Committee questioned the differences to the impacts of McCloud on unfunded schemes as opposed to the LGPS. In response, the officer confirmed that from a financial and member perspective within unfunded schemes the impact would be bigger, but that was due to the significant changes and reforms made to those schemes in 2015. It was noted that any

financial impacts despite being more significant would be less transparent due to the nature of the schemes being unfunded.

The Goodwin Case was introduced to the Committee; it was noted that it was similar to McCloud in so much as it was a discrimination case but instead related to sexual orientation, and was not as far advanced as the McCloud case. Although this would mean changes to the legislation the funding, administration and communicative costs were expected to be smaller than McCloud. It was confirmed that as soon as the case developed, and more information was available, it would be circulated to the Committee.

In respect to the Fund update, it was confirmed that an alternative investment strategy that was discussed in previous Committee meetings in the 2019 was now in place despite delays, with a few employers involved. It was clarified that this strategy was put in place as a tool to use in respect to employers in certain situations such as wanting to leave the Fund. This was noted as fitting well with the reforms that the Government had made as it provided employers with the ability to de-risk when leaving the Fund and allowed Fund officers to manage their exit in a more controlled manner.

A review of the employer ill health insurance policy would be taking place, looking at an alternative way to provide similar cover, which is more cost effective for employers. Work was being done with the actuary and a proposal would be brought back to Committee.

Resolved

The Committee noted the scheme, legal, regulatory and Fund update.

186 **Budget Monitoring**

Jennifer Devine, Head of Pension Fund Investments, introduced the report that presented the projected outturn on the Fund's financial activities against the 2020-21 budget, as at 30 June 2020.

Following conversations between Fund officers concerning investment manager fees, it was suggested that these should be omitted from the budget report and instead presented separately. Officers noted that this was to enable Committee members to focus on the budget's figures as the costs of managing the investment portfolios were such large amounts and detracted from the monitoring of the controllable budget in regard to potential under or overspends.

In response to a question from the Chairman, it was clarified that the projected underspend was £68k and it was explained that this was due to staffing costs, holding vacancies and restructuring, and because less legal advice was sought than anticipated.

Resolved

- 1) The Committee noted the projected outturn for 2020-21.**

- 2) **The Committee approved that going forward, the costs of managing the investment portfolios are reported separately to the controllable budget, on an annual basis.**

187 **Fund Annual Report and Accounts**

Jennifer Devine, Head of Pension Fund Investments, introduced a report that updated members on the draft Annual Report and Accounts 2019-20.

It was noted that COVID-19 delayed the finalisation of the report, but it was confirmed that this was close to completion and no further material changes were anticipated. It was also noted that the Audit Report had not yet been signed off, so the Annual Report would be published as unaudited. This was due to the delays in respect to the approval of the Council's 2018-19 and 2019-20 accounts. In response to a question from one member, it was confirmed that the paper would make clear the reasoning behind the pending Audit Report in regard to the distinction between the Fund and Council accounts.

Officers stated that the paper had been circulated to members of the Board prior to the Committee meeting for feedback to which there was no changes suggested. Officers requested any further feedback from Committee members be emailed to Jennifer Devine.

Members of the Committee expressed positive notions towards the document and its quality.

Resolved

- 1) **The Committee noted the attached annual report for the year to 31 March 2020.**
- 2) **The Committee authorised the officers to make any necessary minor amendments to the annual report prior to publication, such as those to the reclassification of some property funds.**
- 3) **The Committee approved the annual report for online publication.**
- 4) **The Committee recommended to the Audit Committee that the accounts be approved.**

188 **Key Performance Indicators (KPIs)**

Andy Cunningham, Head of Pension Administration and Relations, introduced a revised report that summarised the latest KPIs for the period of 1 April 2020 to 30 June 2020, in a changed format.

It was noted that due to the timings of the meetings a full quarter had not yet passed, therefore the figures had not changed as such, but based on feedback during the last Committee meeting, changes had been made to the layout of the presented data.

The main changes described were: Appendix 3 now included a column which benchmarked processing times against the CIPFA measures; a new Appendix 4 and 5; revised methodology for the payment of refunds; and a separation between i-Connect and non i-Connect cases in regard to backlog work.

In response to a question from the Chairman in regard to increased workload in producing data, officers clarified that there was only a small increase but that this benefitted the Fund in the long term as it allowed to both ensure and measure the KPIs in line with national standards, CIPFA definitions and expectations.

Members questioned the progress of the migration and transferal of data from existing systems onto i-Connect. It was highlighted that the new Appendix 4 showed the current position and it was noted that as the bulk of work on the distribution of benefit statements had been completed, the focus was on the onboarding of employers. It was noted that work was being undertaken to onboard Swindon Borough Council which as the second biggest employer would bring the figures up significantly, although this would take some months.

Delays were cited as being as a result of the move to remote working, and the dual process of implementing and receiving McCloud data concurrently alongside the onboarding, which meant short-term delays but long-term time saving.

Resolved

The Committee noted the current situation and the Fund's plans for improvement.

189 **Annual Benefit Statements**

Andy Cunningham, Head of Pension Administration and Relations, introduced a report that summarised the outcome of this year's Annual Benefit Statements (ABS) exercise for the year ending 31 March 2020.

Officers explained that the legal deadline for statements to be distributed was 31 August each year, but that there was some flexibility on how to produce them in terms of posting to home addresses or onto an online portal where members were given the opportunity to sign in to receive it or to opt out and instead receive the paper copy. As the online portal would be linked to i-Connect it allowed members to view their financial position on a monthly basis which would be more up to date than the annual statement.

It was noted that due to the impact of COVID-19 on some participating employers, their returns were sent in late which led to Fund officers having less time to respond to queries and undertake standard data checks. These delays were cited as part of the reason for the goal of 99% active ABS being produced not being met. It was confirmed that the Fund's production rate was instead 96.9% which although less than target was an improvement on last year's 95%.

It was noted that the onboarding of employers onto i-Connect would naturally improve this figure as well as it enabled the Fund to receive more up to date records earlier in the year, spreading out the queries and make the work needed at the end of year minimal.

The remaining 3.1% of active ABS were confirmed to be focussed on being produced as quickly as possible. Additionally, 99.9% of deferred members' ABS were published but that a technical error meant that 0.1% did not receive their statement on time.

Resolved:

The Committee noted the current situation and the Fund's plans for next year.

190 **Pension Fund Risk Register**

Richard Bullen, Fund Governance and Performance Manager, updated the Committee in relation to the changes made to the Fund's Risk Register.

It was noted that the items that went forth to the last meeting of the Local Pension Board were approved, however there were two issues that were raised as a result of the discussions. The first of which involved the Fund's cyber security which was subsequently raised from a Green to an Amber, and the second being the Brunel Pension Partnership's cost transparency.

Since the Board's review of the risk register in August, four risks had been updated on the report for consideration by the Pension Committee. These included the Goodwin case and the Public Sector Exit Caps which had been discussed thoroughly during Item 10, as well as the collection of payments for ceasing employers due to further Government changes in policy issues in September 2020, and the McCloud case following the release of a Government consultation in July 2020. It was briefly noted that Fund officers were awaiting more detailed information in a number of these areas to allow strategies to be put in place to understand and tackle these risks as a matter of practice.

Resolved

- 1) The Committee approved the attached Risk Register and accepted the recommendations for changes/actions made submitted by the Board in points 5 to 8.**
- 2) The Committee approved the four changes made to the Risk Register since the Board meeting on 6 August 2020. These changes are highlighted in italics within this report.**

191 **Administering Authority Discretions Policy**

Andy Cunningham, Head of Pension Administration and Relations, introduced a report from officers that proposed amendments to three of the Fund's regulatory discretions.

It was noted that the last time the Policy was approved was in December 2015. In parts of the LGPS Regulations, the Fund was afforded discretion over how the rules of the Scheme operate, thus a degree of localised decision making was allowed.

An employer had approached the Fund and requested a change to the Policy which officers agreed to bring forth to Committee along with the other proposed changes as part of a wider review. The four discretions proposed to be changed were: acceptance of certain 'non-club' transfers in; death grants; child pensions; and medical certificate requirements for APCs. It was noted that officers wanted to undertake a review of the rest of the Policy and bring this back to the next Committee meeting in December 2020.

Officers responded to a question from the Vice-Chair which sought clarification as to the circumstances under which a private non-club pension would not be allowed to be transferred in. They explained that this would be open to agreement between the Fund and the employers on a case by case situation dependant on the context which meant in practice this restriction would be likely to affect only a small group of members.

Resolved

The Committee approved the proposed amendments to the Administering Authority Discretions Policy.

192 **Fraud Risk Prevention & Mitigation Measures**

Andy Cunningham, Head of Pension Administration and Relations, introduced a report that explained the current safeguards in place and available to officers, the Wiltshire Pension Fund Committee and Local Pension Board to identify and manage fraud in the WPF.

It was noted that this was brought forth to the Committee as a result of the conversations that arose during the last meeting of the Local Pension Board. Officers confirmed that they had identified and implemented measures and controls that limited the possibility of fraud occurring either in relation to officers, Committee members or other parties unrelated to the Fund who attempted to defraud a scheme member.

The Chairman asked if there had been an upsurge in people trying to access scheme member's pension payments, to which officers confirmed that there had been an increase of scams in that area. It was noted that such fraud was achieved through cold calls or doorstep sales people who had encouraged scheme members to transfer out their pension into fraudulent companies and subsequently had lost some or all of their funds. Officers reassured members that the Fund was required to have multiple levels of checks in place to ensure that the companies that scheme members wish to transfer in to were registered and legitimate to limit the risk of members losing their benefits, and that the Fund had taken action to make the checks more robust.

Resolved

The Committee noted the contents of the paper.

193 **Look Forward Plan Review**

Andy Cunningham, Head of Pension Administration and Relations, and Richard Bullen, Fund Governance and Performance Manager introduced the Look Forward Plan for the remainder of 2020-21 and highlighted the plans for the upcoming future meetings based on past cycles.

Officers noted that the internal audits were underway and as such, they should be in a position to present the findings at the next Committee meeting in December 2020.

Resolved

The Committee noted the plan for the remainder of 2020-21.

194 **Date of Next Meeting**

The next regular meeting of the Wiltshire Pension Fund Committee would be held on 17 December 2020.

195 **Urgent Items**

There were no urgent items.

196 **Exclusion of the Public**

One member of the Committee requested a formal vote via roll call take place to decide the resolution of the agenda item, after which 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 22 to 26 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraphs 1 and 3 of Part 1 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.

Members took a break for lunch between 12:50pm – 13:20pm.

197 **Fund Data Security, Cyber Resilience & Business Continuity Planning**

Richard Bullen, Fund Governance and Performance Manager, introduced a paper that outlined the Fund's cyber security arrangements with its two key software providers, and its compliance with the Regulator's guidance.

Resolved

The Committee approved the Fund's existing cyber resilience, data security and business continuity planning strategy and the various actions outlined in the considerations section of this report (points 12 to 15).

198 **Brunel Pension Partnership Update**

Jennifer Devine, Head of Pension Fund Investments, introduced a report on the Brunel Pension Partnership governance arrangements.

Resolved

The Committee noted the update and agreed to continue to monitor and progress the situation.

199 **Minutes and Key Decisions of the Investment Sub-Committee and Local Pension Board**

Resolved

The Part 2 (private) minutes and recommendations arising, from the last meetings of the Investment Sub-Committee and Local Pension Board on 10 September 2020 and 6 August 2020 respectively were noted.

200 **Investment Quarterly Progress Report**

Jennifer Devine, Head of Pension Fund Investments, introduced a report in relation to the Fund's investment performance to 30 June 2020.

Resolved

The Committee noted the investment reports and the update provided by officers and advisers at the meeting.

201 **Minutes**

Resolved

The Part 2 (private) minutes of the previous meeting held on 16 July 2020 were approved as a true and correct record.

(Duration of meeting: 10.30 am - 2.45 pm)

The Officer who has produced these minutes is Ellen Ghey of Democratic Services,
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Wiltshire Pension Fund Committee - Actions Log

Minute reference	Section	Meeting Action	Task owner	Target date for completion	Date completed
64 (03/10/19)	Administration	Officers to implement the strategy to improve the issuance of member Benefit Statements	AC	31/08/20	24/09/20
72 (03/10/19)	Administration (AVCs)	Officers would report the results of their AVC reviews annually to Committee on an exception basis & that future reporting should focus on funds primarily used by members	JD	24/09/20	
72 (03/10/19)	Administration (AVCs)	Future AVC reporting should recommend whether AVC investment choices need to altered	JD	24/09/20	
73 (03/10/19)	Investment (Alternative Employer Investment Strategy)	For officers to wait until they see what the take up is before exploring the possibility of introducing a further alternative investment strategy where they consider it would appear to be beneficial for employers and the Fund	JD	24/09/20	24/09/20
98 (17/12/19)	Governance (Fund Benchmarking)	The committee agreed for officers to discuss benchmarking issues with Brunel and informally with other Funds	AC/JD	24/09/20	
158 (16/07/20)	Governance (MiFID II)	Members agreed with the Local Pension Board's recommendation that Substitute Committee Members should self-certify annually that they remain MiFID II competent	RB	17/12/20	24/09/20
164 (16/07/20)	Audit (SWAP)	Officers to liaise with SWAP to timetable commissioned audits and to make enquiries with SWAP concerning the scope of any MiFID II audits they had been asked to undertake by other pension funds.	RB	30/09/20	On 17/12/20 agenda

187 (24/09/20)	Accounts (Annual Report & Accounts)	The Committee authorised any necessary minor amendments to the annual report prior to publication, such as those to the reclassification of some property funds	JD	30/11/20	01/10/20
197 (24/09/20)	Governance (Cyber Security)	The Committee requested that a representative from the Council's ICT team should attend to next meeting to comments on the Fund's security arrangements	AC	17/12/20	On 17/12/20 agenda

Local Pension Board

MINUTES OF THE LOCAL PENSION BOARD MEETING HELD ON 15 OCTOBER 2020 AT ONLINE MEETING.

Present:

Mike Pankiewicz, Paul Smith, Mark Spilsbury (Chair), Cllr Richard Britton, Ian Jones and Rod Lauder

Also Present:

Richard Bullen, Marlene Corbey, Andy Cunningham, Jennifer Devine and Ashleigh Salter

77 Membership

The following change in membership was noted:

- Marlene Corbey would be appointed as a new member of the Local Pension Board, replacing Barry Reed as a Scheme Member Union representative, following confirmation of the appointment at the next meeting of Full Council on 20 October 2020.

The Chairman welcomed Marlene to the Board, and noted that Board member, Paul Smith, had completed The Pensions Regulator (tPR) toolkit training.

78 Apologies

There were no apologies for absence received.

79 Minutes

The minutes of the previous meeting held on 6 August 2020 were considered, and it was:

Resolved

The Part 1 (public) minutes of the previous meeting held on 6 August 2020 were approved as a true and correct record, and the Board's action log was noted.

80 Declarations of Interest

There were no declarations of interest.

81 **Chairman's Announcements**

The Chairman reiterated the role of the Board as a non-decision-making body that seeks to support the Pension Fund in being compliant with legislation and regulations.

82 **Public Participation and Councillors Questions**

There were no statements or questions from the public or Councillors.

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

The minutes of the Wiltshire Pension Fund Committee and Investment Sub-Committee held on 24 September 2020 and 10 September 2020 respectively were considered, and it was:

Resolved

The Part 1 (public) minutes of the Wiltshire Pension Fund Committee and Investment Sub-Committee held on 24 September 2020 and 10 September 2020 respectively were noted.

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

Andy Cunningham, Head of Pension Administration and Relations, updated the Board on the various Scheme, Legal, Regulatory and Fund developments.

Reforms to public sector exit payments were highlighted as being particularly challenging in respect of the proposed changes to the primary legislation. This meant that the Fund could be legally required to follow two pieces of legislation that contradicted one another for a period of time, in regard to the payment of exit and pension packages in line with the LGPS regulations. It was noted that as this was a national issue, and not one that just affected the Wiltshire Pension Fund, advice was being sought from the Scheme Advisory Board, LGA and MHCLG with updates and further information provided on a regular basis. It was noted that further clarity was needed to enable Fund officers to understand how best to administer the issues correctly and form subsequent operational actions to minimise the impact on scheme members. However, these issues were commented upon as being short term until the solution was formed.

In response to a question, officers clarified that the changes were twofold, with the first stage having been approved by Parliament. It was confirmed that once the legislation had been signed off then the changes would take 21 days to be applied and this 21 day 'countdown' would signify the start of the contradictory legislative position.

Members of the Board questioned the national impact and what actions could be taken by the Board to support the concerns already discussed, to which

officers clarified that they were pursuing all options in regard to seeking advice from national pension bodies and putting appropriate policies in place. From an employer perspective it was noted that it was complicated for them to communicate with scheme members about the changes, and that timing in the short term was the biggest issue as organisations could be looking at redundancy exercises and this would cause a barrier to undertake such analysis due to the complexity of the legislative position. It was confirmed that officers were taking a cautious approach until more information was gleaned and were not providing any redundancy estimates to larger employers at present to mitigate the risk of providing incorrect figures.

After a question from the Chairman, Andy Cunningham confirmed that this topic would remain on this agenda item and would be brought forward to all future meetings until the issues were resolved. However, it was reiterated that once the reforms were fully in place and the transition phase settled, then business as usual would return in the long term.

Employer risk management was discussed, and it was noted that the Government had made changes that applied from 23 September 2020 and that the Fund needed to implement policy changes to reflect these (mainly to the Cessation Policy and Funding Strategy Statement). This had led to newly available options, notably employer contribution rates can change inter valuation as long as certain conditions were met, such as material changes in circumstances specific to an employer. These would be requested by an employer subject to the Fund's agreement, or the Fund could insist on a change in employer contribution rate.

The changes to the LGPS Regulations enabled the Fund to implement a more flexible approach. An example of which was the ability to allow employers leaving the Fund to enter into an agreement to spread any cessation debt across a specified period of time. Additionally, the possibility to allow employers to delay the crystallisation of the final calculation was discussed.

It was confirmed that draft changes to the Cessation Policy was being undertaken and any proposals would be brought forth to the next Wiltshire Pension Fund Committee (WPFC) meeting. Once these changes had been examined by the Actuary, any feedback would be collated, and a revised version would be brought forward to the Board and WPFC for approval.

The McCloud case was explored, and it was confirmed that further analysis was being undertaken to provide a targeted, proportional administrative approach to the issues faced. It was clarified that although the McCloud rulings would ultimately affect only a small number of members, these members needed to be identified to avoid unnecessary administrative work in relation to members which would not have been impacted. The cost impact was expected to be relatively small compared to the Fund as a whole, but it was reiterated that these were estimations due to the McCloud case's focus on the future circumstances of the members.

The Goodwin Case was introduced to the Board; it was noted that it was similar to McCloud in so much as it was a discrimination case but instead related to

sexual orientation, and was not legally as far advanced as the McCloud case. Although this would mean changes to the legislation the funding, administration and communicative costs were expected to be smaller than McCloud. It was confirmed that as soon as the case developed, and more information was available, updates would be circulated to the Board.

The Vice-Chairman questioned a figure presented in the McCloud analysis table on page 39 of the agenda pack; specifically, 45% of active members under the 'Rectified' column, and sought an explanation. Officers confirmed that this table was an estimate of how many members they believed would be affected and how many members' cases and records had been prepared for the McCloud changes. It was noted that for active members, the main task was ensuring that Fund officers have the relevant members' hours histories up to date on the system, as this process was stopped in 2014 due to the introduction of a new CARE system. It was explained that as employers were onboarded onto i-Connect, Fund officers were backtracking and updating these histories from 2015 as part of the new process which had been completed for 45% of active members. It was noted that once the legislations and systems were place and when the active members leave it would then be an automatically programmed system that would ease administration work for the long term.

The Chairman raised a question in relation to the Fund update concerning the employer ill health insurance policy review and asked when the proposed review would be completed and to confirm if it would also be brought forward to the Board as well as the WPFCA. In response, officers confirmed that work was being undertaken with the Actuary to provide firmer clarity on costs and approaches in order to limit the risk for employers but to provide similar cover that was more cost effective.

It was noted that the impact on the Fund's budget was neutral as the external insurers charged a large premium cost that was passed onto the employers themselves. The current administration was highlighted as being quite complex, particularly the financial aspects, but that this would be explained in more detail in the future paper brought forward to the Board. A further question as to if the current arrangement required certain categories of employers to have the insurance, officers clarified that it was optional, but it would be assumed that all the current insured employers would wish to continue to be covered by any replacement product. It was noted that the Fund's largest employers decided to not take part in the cover because they felt they could self-insure, which was commented upon as being common within larger employers in comparison to the smaller employers who had all bought it.

Resolved

The Board noted the noted the scheme, legal, regulatory and Fund update.

85 **Training Update**

Richard Bullen, Fund Governance and Performance Manager, updated the Board on a new training and online development portal offered by Hymans Robertson.

Members were reminded to complete a self-assessment review that had been circulated that allowed them to provide officers with details of any training needs and strategy for 2021-22. Appreciations were also given to those members who had completed and returned their questionnaire.

Due to the COVID-19 restrictions preventing members from attending conferences, seminars and other events to aid in maintaining their current knowledge and understanding across topical pensions issues, alternative training methods had been considered. The online training platform from Hymans Robertson was noted as containing a broad range of subjects, with modules lasting approximately 10-20 minutes, at a cost-effective price. Members were asked to provide feedback on the subject and whether this proposal should be extended to members of the WPFC and Investment Sub-Committee (ISC).

In response to a question from the Vice-Chairman, it was clarified that this portal would be as an addition to the existing member training assessments through the CIPFA Knowledge and Skills Framework and tPR toolkit. It was also noted by officers that this portal contained a module concerning the MiFID II requirements and would aid training for members of the WPFC and ISC alongside any additional training workshops and sessions held within the meetings.

One member of the Board stated that the ability to have different and innovative training tools on demand to facilitate in maintaining the level of education and skills necessary to understand the extent of complex historical and current pensions related topics and issues would be beneficial. The length of modules was also cited as being advantageous in consideration of maintaining a sensible work-life balance.

It was raised that unlike tPR toolkits there would not be any certifications for completion of the modules on the Hymans platform as the training would have a rolling element due to the continued introduction of newer modules. However, it was stated that there was a monitoring process involved which would produce a report of who had undertaken/completed modules which officers noted would be beneficial when gathering information ahead of the construction of future Local Pension Board Annual Reports and the Fund's Annual Report and Accounts.

It was agreed by officers and members of the Board that in the event that the recommendations to the WPFC for all Committee members and substitutes to adopt the training platform was not approved, then members of the Board would still be signed up and would have access to the platform alongside certain Fund officers.

Resolved

- 1) The Board unanimously approved their own use of this training platform.**
- 2) The Board unanimously recommended that the Committee members & their substitutes also adopt the introduction of this training platform for the next two years.**

86 Administering Authority Discretions Policy

Andy Cunningham, Head of Pension Administration and Relations, introduced a report from officers that proposed amendments to four of the Fund's regulatory discretions.

It was noted that the last time the Policy was updated and approved was in December 2015. In parts of the LGPS Regulations, the Fund was afforded discretion over how the rules of the Scheme operate, thus a degree of localised decision making was possible.

An employer had approached the Fund and requested a change to the Policy which officers agreed to bring forth to Board and WPFC, along with the other proposed changes, as part of a wider review. It was stated that the requested change was to mitigate a large financial issue for the employer; officers noted the need for the Fund to balance the protection of employers and the rights of members. The four discretions proposed to be changed were: acceptance of only certain 'non-club' transfers in; death grants; child pensions; and medical certificate requirements for APCs. It was clarified that the acceptance of any 'non-club' transfers in would be subject to agreement between the Fund and the employers on a case by case situation dependant on the context which meant in practice this restriction would be likely to affect only a small group of members.

It was confirmed by officers that the completed review report would be brought to the Board for feedback before being submitted to the WPFC.

Resolved

The Board noted the recently approved amendments to the Administering Authority Discretions Policy and the plans to undertake a further review either later in 2020 or early 2021.

The Board requested that the next update be brought to the Board first for comments before submission to Committee for approval.

87 LPB Budget Monitoring

Jennifer Devine, Head of Pension Fund Investments, delivered a verbal update on the Local Pension Board year to date budget outturn.

It was highlighted that due to the move to virtual working, there had been a significant travel and training underspend projected. Additionally, there was an underspend noted for consultancy charges which had not been used during the past financial year. Officers noted that although the underspend was projected as being relatively high, if the online training platform discussed in Item 9 was approved, the underspend figure would be lower.

88 **Board Insurance**

Richard Bullen, Fund Governance and Performance Manager, delivered a verbal update on the Local Pension Board insurance cover.

It was noted that the Board's insurance arrangement was put in place to protect the Board against certain claims and that this was due for renewal on 9 October 2020. Officers confirmed that they were liaising with insurance providers on the insurable interest and premium amounts, which were £2,500 plus VAT but it was noted that this would increase to £2,850 plus VAT, including commission.

Officers highlighted that the Scheme Advisory Board (SAB) was approached with regard to the need for insurance as the Local Government Association (LGA) had provided advice in the past and officers wanted to check that this legal advice had been updated with regard to Local Pension Board insurance requirements. It was noted that past advice stated insurance should be in place, but that this was during the inception of Local Pension Boards as there was uncertainty on how Boards would establish themselves. Officers had been informed by the SAB that the topic would be discussed in a meeting at the beginning of October 2020, with a subsequent survey intended to be circulated to all Boards for feedback. It was noted that officers were working alongside the Wiltshire Council insurance team and were exploring alternative providers to attain a more competitive insurance policy for the Board. Additionally, officers noted that the existing insurance provider had been approached to glean some more details surrounding their claims experience, but it could not be obtained as it was deemed commercially sensitive. Members were informed that the provider had offered an extension for the Board to allow for a decision to be made on how best to proceed.

The Chairman noted that the previous Chairman of the Board had felt insurance was needed to protect against the risk to members but that he felt that there was not an insurable risk due to the nature of the Board being a non-decision-making body. However, the Chairman noted his reluctance to terminate the cover as he felt it was inappropriate to do so unless all members of the Board agreed. It was noted that more information was needed before a final decision could be made. Officers noted that they had written to the Wiltshire Council Corporate Leadership Team and had asked for guidance on the matter and whether it was possible for a level of assurance to be provided to the Board to ensure that no action would be taken against them under any circumstances.

Members of the Board questioned an alternative route by contacting other Local Pension Boards to query if they had experienced similar issues. Officers noted that this had been done on an informal basis but that the majority of feedback

had confirmed that many other Boards did not have insurance in place. Members explored the idea of not renewing the insurance cover but also discussed the adoption of a more cautious approach to not withdraw the insurance without hearing a response back from Wiltshire Council as to some assurance surrounding the wider cover, if that would include the Board, and a statement affirming that no action would be taken against the Board.

The Chairman agreed with the cautious approach and suggested that if the assurance was not able to be obtained within the renewal extension period, then the Board should consider committing to insurance cover for one year to determine the level of risk, thus allowing for a more informed decision. Officers noted the length of time until the next meeting of the Board and suggested a conditional style recommendation that would enable to officers to communicate and take action before the next meeting. The Chairman agreed with the addition of the conditional recommendation and asked if any members of the Board did not support, to which one member of the Board expressed unease to go ahead with such if the explicit assurance desired was not provided. Said member suggested an amendment to the recommendation that stated that in the event that no assurance was forthcoming, the Board would again review the need for insurance. Officers stated that the assurance was likely to be obtained but that the cover under Wiltshire Council's existing insurance had been checked and confirmed that the Board would not be eligible for cover under the Council's wider insurance due to the limited inclusion of pension areas in general and the separation of the Board and the Council.

The Chairman stated that he did not want any of the discussions to lead Board members feeling that they were not content to continue on the Board without insurance. Therefore, it was:

Resolved

The Board recommended to extend the insurance cover for one year and to seek written assurances from Wiltshire Council and to await the updated SAB advice before deciding to withdraw or extend the insurance policy. In the event that no assurance was obtained, a further review on the need for insurance would be undertaken.

89 **Internal Audit 2020-21 (Part 1)**

Andy Cunningham, Head of Pension Administration and Relations, and Richard Bullen, Fund Governance and Performance Manager, presented a report on the findings of the final Internal Audit Report for 2020-21 prepared by the South West Audit Partnership (SWAP), in respect of the Wiltshire Pension Fund.

The audit covered the Fund's processes concerning its key financial controls, the Data Protection Act 2018/GDPR and MiFID II, and gave an opinion of "reasonable assurance". Five areas of review were also highlighted: three were low priority and two were medium priority. Officers noted that under the GDPR item, SWAP conducted a survey on Fund officers for breach reporting and data protection which resulted in positive comments and a good level of

understanding of the processes, roles and responsibilities. Members were informed that officers had requested that SWAP contact other Funds with regard to MiFID II and whether their approaches were similar to that of the WPF. It was confirmed that nine other Funds had been approached and the general feedback was varied but the underlying theme was that the WPF's good practice approach for MiFID II was very high and officers expressed satisfaction at the recognition for the high-quality management of the area.

Jennifer Devine, Head of Pension Fund Investments, spoke of the i-Connect contribution issues discussed within the report. It was confirmed that the issues weren't a risk in terms of the implementation of i-Connect, it was more the posting of the contributions data to the general ledger that caused issues within the accounting team. However, it was clarified that the problem had been identified and actions were being implemented to resolve those issues such as ensuring that employers were submitting simplified returns, and the development of spreadsheets that automatically uploaded the data onto the ledger system which would subsequently minimise the risk of errors. It was also noted that the accounting and investment team were developing a monitoring report that would be sent to the administration team to help the two teams work in tandem with more clarity.

Andy Cunningham followed on from this and highlighted one of the benefits of i-Connect; the ability to view data on a monthly basis instead of waiting for the end of year figures, thus allowing Fund officers to identify and solve any data issues at a faster rate. Officers noted that the short to medium term had produced complications and delays due to officers striving to simplify the process, but that the end result would put the Fund in a far better position for checking data with minimal errors. It was highlighted that this had been raised within the report, but that it was already being actioned by officers prior to the audit. Further improvements were cited as potential action points but that this was reliant on the software providers improving their reporting capabilities.

The recommendations were noted as having been accepted by officers, and actions were taking place, with a report to such being taken to the next meeting of the WPF in December 2020 if completed. The Chairman noted that he had felt there was a risk of delaying employers onto i-Connect as a result but that he felt reassured that this was not the case and that officers were actioning the recommendations.

One member of the Board raised that the covering paper stated that the report contained the management responses but that he could not find reference of such, therefore they felt that it was not clear whether each individual recommendation had been accepted or disputed by management. Said member also expressed disappointment that there were outstanding recommendations still attached from the 2018-19 audit. Officers clarified that management responses were under the title "Agreed Action" but acknowledged that it could have been emphasised more clearly. Officers additionally clarified that the recommendations that had been carried over had been agreed upon by officers but that the recommendations themselves were rather complex and difficult, therefore they were taking officers a long time to resolve. It was noted that the

specific issue concerning the reconciliation of administration and payroll databases had been referred to within the Fund update in Agenda Item 8. Officers were hopeful that an updated report would be brought forth to the December 2020 meeting of the WPFC.

Officers noted that the turnaround between the finalised audit report and this meeting of the Board had been tight which meant that they could not fulfil all subsequent suggestions such as including a process log on the implementation of recommendations but confirmed that this would be raised with SWAP to be included within future audit reports. Officers also confirmed that an update on any outstanding recommendations would be brought forth to the next meeting of the Board in February 2021 to reassure members that action was being taken.

Resolved

The Board noted the findings of the SWAP audit report and the management responses stated within the report.

90 **Internal Audit 2021-22 (Part 2)**

Richard Bullen, Fund Governance and Performance Manager, presented a report that outlined the scope of the recommended auditing proposals to the WPFC, for inclusion in the Fund's audit plan for 2021-22.

It was explained by officers that the established procedure was to put forward proposals that members could consider as WPFC recommendations for next year's commissioning of audits; internal, external and self-assessments, with the primary purpose intended to retain consistency but to also challenge the Fund with new or topical items such as MiFID II. The Chairman requested an update on the recommendations made to the WPFC at the last Board meeting on 6 August 2020 concerning the inclusion into the 2021-22 audits of a review into the Brunel cost savings. It was confirmed by officers that the request had been considered and agreed upon and would be recommended to the WPFC. Officer also confirmed that the goal was to challenge the Fund with regard to i-Connect, GDPR and access controls and so forth in order to provide a complete scope of audit challenges and changes.

The Vice-Chairman highlighted the last sentence of Section 4 of the report concerning the request by the Fund of SWAP audits from other service areas within Wiltshire Council, and asked whether these requests would be for information only. Officers responded and informed members that this would be for key audits pertinent to the Fund, such as Wiltshire Council's ICT systems audits following on from the cyber security item discussed at the last meeting of the Board. It was noted that any payroll audit reports could be beneficial for members to provide some oversight on how sizeable services that the Fund shares with the Council operate. Members noted that this could be advantageous for Fund officers in the event that the recommendations would adversely affect the Fund. After deliberations by members and subject to the respect for Council protocols, it was agreed that officers could request copies of the reports on behalf of the Fund.

The Chairman made a recommendation to the WPFC that Fund officers had sight of key financial systems reports for information, unless there were concerns, in which case the reports would be brought forth before the Board.

Cllr Richard Britton highlighted the update on Paragraph 6 of the report concerning the outstanding external audit of the 2018-19 Wiltshire Council accounts. It was noted that a lot of work had been undertaken but a satisfactory conclusion had not been found, and a decision had been taken between the Audit Committee (AC) and Deloitte to sign off the accounts at the AC November 2020 meeting leading to a qualification by the auditors. The Chairman noted the consideration written in the report by officers and proposed that the first recommendation be amended to include that if the AC does not approve the accounts at their November 2020 meeting then the Board would require a written explanation, but only if they are not signed off.

Newer members of the Board asked for a brief explanation of what the technical issues were in regard to the delayed sign off of the 2018-19 accounts to which Cllr Richard Britton and Jennifer Devine clarified that it was not related to the Pension Fund's accounts but solely with the main Council's accounts and that a separate audit could not be undertaken for the Fund's accounts. It was noted that the issue was as a result of the historical valuation of the Council's assets and the basis on which those valuations were completed. Officers noted that they had requested that a written explanation be included with the Annual Report & Accounts to clarify that the issue was not part of the Pension Fund's accounts.

The third recommendation concerning an officer self-assessment against tPR Code of Practice 14 was raised and members were asked if they wanted to proceed. The Chairman asked whether the report of the self-assessments would be brought forth to the Board and WPFC, to which officers confirmed that it would be. The Chairman then noted that if the self-assessment reports were to be brought forward then he felt that the third recommendation for approval did not seem appropriate. Therefore, it was agreed by members to remove this recommendation and to consider it once the self-assessment reports had been reviewed by the Board.

Resolved

- 1) The Board recommended that in the event that the Audit Committee approved the signing off of the qualified 2018-19 Annual Report & Accounts, no further action was required. However, if the sign off did not take place, then the Pension Fund Committee should request a written report outlining a resolution from the Audit Committee. This also included the 2019-20 accounts.**
- 2) The Board recommended that the Committee approved the scope of the internal SWAP audits in 2021-22, covering the Fund's Pension Transfer arrangements, its internal financial controls, data Protection Act 2018/GDPR compliance and Brunel cost savings.**

- 3) **The Board recommended that Fund officers request sight of SWAP Internal Audit reports from other key services areas, subject to the adherence of Wiltshire Council protocols. Such reports should be provided to the Board and Committee to fulfil their oversight functions.**

91 **The LPB's Register of Interests & Conflict of Interests Policy**

Richard Bullen, Fund Governance and Performance Manager, introduced a brief report on the Local Pension Board Code of Conduct, Register and Conflict of Interests Policy's.

It was noted that these were last reviewed in the Summer of 2018, and that the only material change highlighted within the past two years was the review of the Council's Constitution with regards to the approval of Protocol's 2A in respect of the WPFC, and 2B in respect of the Board. Changes to Protocol 2B effectively require the Board's Code of Practice to be aligned to the administering authority's Code of Practice, rather than operate as a standalone arrangement.

The Democratic Services Officer reminded all members that had not already to review their Register of Interests forms and to highlight any changes.

Resolved

- 1) **The Board approved the officer recommendations outlined in paragraph 5 of the report:**
 - a) **That any declaration made on their own Register of Interests form continues to be complete and accurate;**
 - b) **To consider extending the cycle of the current review period from two years to three, subject to c) below;**
 - c) **On receipt of any updated guidance from the Pension's Regulator in connection with tPR's anticipated new "Single Code of Practice", replacing the current Code of Practice 14, the policy is reviewed.**
- 2) **Officers agreed to update the Board's Code of Conduct, Register and Conflicts of Interests Policy to reflect Protocol 2B.**

92 **Risk Register Update**

Richard Bullen, Fund Governance and Performance Manager, presented an update to the Board in relation to changes made to the Fund's Risk Register.

It was explained that the register had been updated to reflect the internal audit findings in terms of GDPR and MiFID II compliance (PEN009 and PEN049), and it was noted that PEN012, over reliance on key officers, had been raised to an Amber status due to the bespoke and specialist role that was being recruited for within the Accounting and Investment team. It was additionally highlighted that officers had become aware of a requirement for the Fund to make

improvements to the website concerning accessibility for members who had additional needs such as impaired sight or hearing. Officers noted that they would be undertaking a project to ensure that the Fund was compliant and that it would be added to the Risk Register.

The Chairman noted his support at raising PEN012 to Amber and suggested that the topic be further explored within Agenda Item 22. The Vice-Chairman highlighted the use of the word “appear” within the Risk Register report in relation to PEN012 and asked for further clarification to which officers detailed the historic recruitment and logistical issues when approaching the search for a suitable appointment to the specific role.

Resolved

- 1) The Board noted the attached Risk Register.**
- 2) The Board recommended the changes/actions made by officers in points 5 to 8 to the Committee.**
- 3) The Board requested that the matter of Accessibility Regulations be added to the Risk Register.**

93 Administration Quarterly Key Performance Indicators

Andy Cunningham, Head of Pension Administration and Relations, presented a report on the Fund’s performance against its Key Performance Indicators (KPIs) in relation to the administration of pension benefits.

Attention was drawn to Appendix 2 (tPR Data Quality Scores) and it was noted that the Fund paid their software providers to undertake the required analysis annual due to the fees involved and the requirement for annual figures to be submitted to tPR. It was highlighted that the current figures were outdated, and it was confirmed that the Fund had already commissioned their software providers to update the figures which would be brought to the next meeting of the Board in February 2021.

The Chairman noted the positive nature of the report, particularly in relation to Appendix 1 and 2, and highlighted the fact that most Funds use the same provider for analysis which provided reliable benchmarking statistics for the WPF’s data quality results.

Resolved

The Board noted the current situation and the Fund’s plans for improvement.

94 Annual Benefit Statement Update

Andy Cunningham, Head of Pension Administration and Relations, presented a report that summarised the outcome of this year’s Annual Benefit Statements (ABS) exercise for the year ending 31 March 2020.

Officers explained that the legal deadline for statements to be distributed was 31 August each year, but that there was some flexibility on how to produce them in terms of posting to home addresses or onto an online portal where members were given the opportunity to sign in to receive it or to opt out and instead receive the paper copy. As the online portal would be linked to i-Connect it allowed members to view their financial position on a monthly basis which would be more up to date than the annual statement.

It was noted that some participating employers sent their end of year returns in late, which led to Fund officers having less time to send queries and undertake standard data checks. These delays were cited as part of the reason for the goal of 99% active ABS being produced not being met. It was confirmed that the Fund's production rate was instead 96.9% which although less than target was an improvement on last year's 95%. However, it was highlighted that work was continued on those remaining ABS throughout September, bringing the total percentage up to 97.8% by the end of the month. It was noted that the onboarding of employers onto i-Connect would naturally improve this figure as well as it enabled the Fund to receive more up to date records earlier in the year, spreading out the queries and make the work needed at the end of year minimal.

Resolved

The Board noted the current situation and the Fund's plans for next year.

95 **Urgent Items**

There were no urgent items.

96 **Date of Next Meeting and Forward Plan**

The next meeting of the Board would be held on 11 February 2021.

It was noted that the Board's Forward Work Plan was attached to the agenda pack for members' consideration.

97 **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 22 - 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.

98 **Accounting Update Report**

Jennifer Devine, Head of Pension Fund Investments, in relation to the Fund's accounting to 30 June 2020.

Resolved

The Board noted the report.

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

The minutes of the Wiltshire Pension Fund Committee and Investment Sub-Committee held on 24 September 2020 and 10 September 2020 respectively were considered, and it was:

Resolved

The Part 2 (private) minutes of the Wiltshire Pension Fund Committee and Investment Sub-Committee held on 24 September 2020 and 10 September 2020 respectively were noted.

100 **Brunel Governance Review Update**

Jennifer Devine, Head of Pension Fund Investments, updated the Board on the Brunel Pension Partnership governance arrangements.

Resolved

The Board noted the report.

101 **Minutes**

The minutes of the previous meeting held on 6 August 2020 were considered, and it was:

Resolved

The Part 2 (private) minutes of the previous meeting held on 6 August 2020 were approved as a true and correct record.

(Duration of meeting: 10.30 am - 1.05 pm)

The Officer who has produced these minutes is Ellen Ghey of Democratic Services, direct line 01225 718259, e-mail ellen.ghey@wiltshire.gov.uk

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

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
17 DECEMBER 2020

Fund Training Strategy Update

Purpose of the Report

1. To provide the Committee with an update in connection with the Fund's training strategy for Committee & Board members & Committee member self-certification in respect of MiFID II.

Background

2. As outlined in the Director of Finance & Procurement's (s151 Officer) written statement in the Scheme Administration Report of the Fund's Annual Account Report & Accounts, the training strategy for Committee & Board is annually reviewed to ensure that it remains pertinent to the needs of its target audience.
3. The current Board & Committee Member training policy was approved by the Pension Fund Committee on 12th December 2018 & was designed to ensure that all members achieve and maintain a sufficient level of knowledge and understanding (K&U) to carry out their roles, as a crucial area of compliance for the Fund. It is noted that whilst Board members have a statutory obligation to ensure that they maintain their training and development requirements in accordance with the Public Services Pension Act 2013, good practice is being adopted by Committee members to ensure that they too abide by the spirit specified in the Pension Regulator's code of practice 14 & the Pension Act 2004 sections 247 to 249.
4. Following the Committee's decision on 16th July 2020 to require its substitute members to self-certify that they hold the requisite K&U to fulfil the Fund's MiFID II compliance obligations the Fund's training strategy & self-certification requirements were extended to substitute members too.
5. To ensure that the members training strategy remains pertinent a questionnaire covering the eight key areas specified by CIPFA's guidance on member training was circulated during October asking for each member's confidential feedback on their training needs.
6. Additionally, the Local Pension Board at their meeting on 15th October reviewed their own current K&U requirements & unanimously approved their registration to the new Hymans on-line training platform due to be released in the Autumn of 2020. As part of this unanimous approval the Board made a recommendation to the Committee (Minute 85) that Committee members too, should register with Hymans new training platform. (See Appendix 1).

Considerations for the Committee

7. Based on the forms received during October, officers have set out the following summary;

Committee members

- Six of the eleven members (including observers) responded to the training questionnaire, down from eight in 2019; &
- None of the seven Substitute members responded to the training questionnaire.

MiFID II self-certification

- Five of the nine voting Committee members completed their self-certification forms;
- Of the four voting members sitting on the ISC, three members completed the form; &
- No Substitute members completed their form.

Board training requirements

- Six of the seven members responded, up from four in 2019.

Whilst not all members responded, officers received a sufficient number of responses to be able to compile a representative training strategy for 2021/22.

8. On analysis of the feedback of scores recorded by members & based on those responses from “No Knowledge” = 1 to “Highly Skilled” = 5 for each question, the following summary of key areas within the CIPFA K&U framework have been identified as development needs. In addition, Appendix 2, splits out the results provided by Committee & Board members in each CIPFA category;

Governance & Legislation

- Understanding LGPS discretions & how they operate;
- The role of the Scheme Advisory Board; &
- Knowledge of MiFID II, CIPFA and SOLACE guidance.

Investment

- Understanding how the pension fund interacts with the taxation system in the UK and overseas in relation to benefits administration;
- Awareness of the range of investment support services, who supplies them and the nature of the performance monitoring regime;
- Understanding tax in relation to Fund investments, both in the UK and overseas investments
- Understanding the regulatory investment restrictions placed on LGPSs, including the impact of the Myners Principles & Social Responsible Investments on investment performance

9. The results show that overall the Committee & the Board feel that they operated at a “Good” level (a reduction from the “Skilled” rating identified in 2019). Consequently, whilst it is recognised that there may be significant differences in the levels of K&U between individual members, a reduction in the overall rating could be seen as a cause for concern which ought to be remedied by members. It should be noted that whilst the training themes above seek to address identified areas of development, training in these areas would not be sufficient to achieve the “High Skilled” rating which is desired.

Conclusion

10. In light of the feedback received officers have drawn the following conclusions;

- a) That Committee members may wish to revisit their 16th July decision concerning the requirement for Substitute members to complete a MiFID II self-certification form, which in turn requires them to participate in the Fund’s training strategy. In revisiting this decision members may wish that an optant in strategy is preferred, whereby a

substitute member will only fulfil their training requirements if they are actually appointed to the Committee;

- b) That as a result of members own self-assessments, which has identified a fall in the perceived level of K&U from “Skilled” to “Good” it would be prudent for Committee members to follow the recommendation of Board members and register for the new Hymans on-line training portal.

Environmental Impact of the Proposal

11. Not applicable.

Financial Considerations & Risk Assessment

12. The financial considerations of all training & development are expected to be minimal. Where a cost to the Fund is to be incurred it will form part of the budget setting process approved by Committee prior to the beginning of each Scheme year.

Legal Implications

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

14. There are no known implications at this time.

Proposals

- 15. The Committee is asked to approve the Board & Committee member training self-assessment outcomes identified for 2021-22. Officers will implement these outcomes in the form of structured training;
- 16. The Committee is asked to approve the removal of their requirement that substitute members complete the MiFID II self-certification form & in turn participate in member training, except on an optant in basis;
- 17. The Committee is asked to require any members who have not completed their K&U self-certification of MiFID II compliance to do so; &
- 18. The Committee is asked to accept the recommendation made by the Board that they register & take part in the on-line training platform to be released by Hymans Robertson.

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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Navigating the LGPS

Online training for Pension Committee and Local Pension Board members

There is a growing need for LGPS funds to demonstrate that their committees and board members have an adequate level of knowledge to carry out their roles effectively.

With the introduction of a refreshed CIPFA Knowledge & Skills Framework, the Scheme Advisory Board's Good Governance project, MiFID II and increasing scrutiny from The Pensions Regulator, the expectation on funds has never been greater.

We recognise this is a challenge - it's difficult to cover the extensive training requirements at quarterly meetings; meanwhile elected members have limited time to dedicate to long training sessions outside of these meetings. That's why we've developed an online course to make it easier for your members to obtain the knowledge they require, in a more efficient and engaging way.

How we can help

Our online training course for committee and board members covers all the key areas that members need to understand in order to successfully manage the running of a fund, including:

1. An introduction to LGPS oversight bodies, governance, legislation and guidance
2. LGPS administration, including policies and procedures, pension fund auditing and accounting
3. LGPS valuations, funding strategy and LGPS employers
4. Investment strategy, pooling and responsible investment
5. Performance monitoring and procurement
6. Current issues in the LGPS

The benefits of going online



Short and engaging 10 – 20 minute videos with extra learning materials



Members can go at their own pace



Regular reporting to funds on progress of their members



Funds can easily evidence their members' knowledge and skills



Limits the need for officers to create training material



More cost effective than delivering training in person



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Want to know more?

Please speak to your usual Hymans Robertson consultant or get in touch with:



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Wiltshire Pension Fund

Summary of Members Training Survey – October 2020

Scoring

No Knowledge	A Little	Good	Skilled	Highly Skilled
0% – 20%	21% – 40%	41% - 60%	61% - 80%	81% - 100%
1	2	3	4	5
Have never heard of the item	Awareness of the item only	Awareness of the item and brief understanding of its impact on the Pension Fund	Understand the item and its impact on the Pension Fund	A detailed knowledge of the item and fully understand the impact on the Pension Fund

Results

1. Pensions legislation	Committee Member summary	Board Member summary	Combined Member summary	Comments
A general understanding of the pension’s legislative framework in the UK.	Good	Good	Good	
An overall understanding of the legislation and statutory guidance specific to the scheme and the main features relating to benefits, administration and investment.	Good	Good	Good	
An appreciation of LGPS discretions and how the formulation of the discretionary policies impacts on the pension fund, employers and local taxpayers.	Good	A Little	Good	Although classed as “Good”, it was tending towards “A Little”
A regularly updated appreciation of the latest changes to the scheme rules.	Good	Good	Good	
Sub-total	12	11	11.5	Out of 20
2. Pensions governance	Committee Member summary	Board Member summary	Combined Member summary	Comments

Knowledge of the role of the administering authority in relation to the LGPS.	Good	Good	Good	
An understanding of how the roles and powers of the MHCLG, TPR, ICO and the Pensions Ombudsman relate to the workings of the scheme.	Good	Good	Good	
Knowledge of the role of the Scheme Advisory Board and how it interacts with other bodies in the governance structure.	Good	A Little	Good	Although classed as “Good”, it was tending towards “A Little”
A broad understanding of the role of pension fund committees in relation to the fund, the administering authority, employing authorities, scheme members and taxpayers.	Good	Good	Good	
An awareness of the role and statutory responsibilities of the treasurer and monitoring officer.	Good	Good	Good	
Knowledge of the MiFID II, Myners principles and associated CIPFA and SOLACE guidance.	Good	A Little	Good	Although classed as “Good”, it was tending towards “A Little”
A detailed knowledge of the duties and responsibilities of pension board members.	Good	Good	Good	
Knowledge of the stakeholders of the pension fund and the nature of their interests.	Good	Good	Good	
Knowledge of consultation, communication and involvement options relevant to the stakeholders.	Good	Good	Good	
Knowledge of how pension fund management risk is monitored and managed.	Good	Good	Good	
An understanding of how conflicts of interest are identified and managed.	Good	Good	Good	
An understanding of how breaches in law are reported.	Good	Good	Good	
Sub-total	37	33	35	Out of 60
3. Pensions administration	Committee Member summary	Board Member summary	Combined Member summary	Comments
An understanding of best practice in pensions administration e.g. performance and cost measures.	Good	Good	Good	

Understanding of the required and adopted scheme policies and procedures relating to: <ul style="list-style-type: none"> • member data maintenance and record-keeping processes • internal dispute resolution • contributions collection • scheme communication and materials 	Good	Good	Good	
Knowledge of how discretionary powers operate.	A Little	A Little	A Little	Suggested key area of training for both groups
Knowledge of the pension's administration strategy and delivery (including, where applicable, the use of third-party suppliers, their selection, performance management and assurance processes).	Good	Good	Good	
An understanding of how the pension fund interacts with the taxation system in the UK and overseas in relation to benefits administration.	A Little	A Little	A Little	Suggested key area of training for both groups (Item also highlighted in 2019)
An understanding of what AVC arrangements exist and the principles relating to the operation of those arrangements, the choice of investments to be offered to members, the provider's investment and fund performance report and the payment schedule for such arrangements.	Good	Good	Good	
Sub-total	16	16	16	Out of 30
4. Pensions accounting and auditing standards	Committee Member summary	Board Member summary	Combined Member summary	Comments
An understanding of the Accounts and Audit Regulations and legislative requirements relating to internal controls and proper accounting practice.	Good	Skilled	Good	Tending towards "Good", rather than "Skilled"
An understanding of the role of both internal and external audit in the governance and assurance process.	Good	Skilled	Good	Tending towards "Good", rather than "Skilled"
An understanding of the role played by third party assurance providers.	Good	Good	Good	
Sub-total	8	10	9	Out of 15

5. Pensions services procurement and relationship management	Committee Member summary	Board Member summary	Combined Member summary	Comments
An understanding of the background to current public procurement policy and procedures, and of the values and scope of public procurement and the roles of key decision-makers and organisations.	Good	Good	Good	
A general understanding of the main public procurement requirements of UK and EU legislation.	Good	Good	Good	
An understanding of the nature and scope of risks for the pension fund and of the importance of considering risk factors when selecting third parties.	Good	Good	Good	
An understanding of how the pension fund monitors and manages the performance of their outsourced providers.	Good	Good	Good	
Sub-total	11	12	11.5	Out of 20
6. Investment performance & risk management	Committee Member summary	Board Member summary	Combined Member summary	Comments
An understanding of the importance of monitoring asset returns relative to the liabilities and a broad understanding of ways of assessing long-term risks.	Good	Skilled	Good	Tending towards “Good”, rather than “Skilled”
An awareness of the impact that the Myners principles & SRI has on performance management and the approach adopted by the administering authority.	A Little	A Little	A Little	Suggested key area of training for both groups
Awareness of the range of support services, who supplies them and the nature of the performance monitoring regime.	Good	A Little	A Little	Suggested key area of training for both groups. Tending towards “A Little”, rather than “Good”
Sub-total	8	8	8	Out of 15
7. Financial markets & products knowledge	Committee Member summary	Board Member summary	Combined Member summary	Comments

An understanding of the risk and return characteristics of the main asset classes (equities, bonds, property etc).	Skilled	Good	Good	Tending towards "Good", rather than "Skilled"
An understanding of the role of these asset classes in long-term pension fund investing.	Good	Good	Good	
An understanding of the primary importance of the fund's investment strategy statement and its investment strategy decisions.	Good	Good	Good	
A broad understanding of the workings of the financial markets and of the investment vehicles available to the pension fund and the nature of the associated risks.	Good	Good	Good	
An understanding of the limits placed by regulation on the investment activities of local government pension funds.	A Little	Good	A Little	Suggested key area of training for both groups. Tending towards "A Little", rather than "Good"
An understanding of how the pension fund interacts with the taxation system in the UK and overseas in relation to investments.	A Little	A Little	A Little	Suggested key area of training for both groups
Sub-total	18	18	18	Out of 30
8. Actuarial methods, standards and practices	Committee Member summary	Board Member summary	Combined Member summary	Comments
A general understanding of the role of the fund actuary.	Good	Good	Good	
Knowledge of the valuation process, including developing the funding strategy in conjunction with the fund actuary, and inter-valuation monitoring.	Good	Good	Good	
An awareness of the importance of monitoring early and ill health retirement strain costs.	Good	Good	Good	
A broad understanding of the implications of including new employers into the fund and of the cessation of existing employers.	Good	Good	Good	
A general understanding of the relevant considerations in relation to outsourcings and bulk transfers.	Good	Good	Good	

A general understanding of the importance of the employer covenant and the relative strengths of the covenant across the fund employers.	Good	Good	Good	
Sub-total	18	18	18	Out of 30
Summary	Committee Member summary	Board Member summary	Combined Member summary	Comments
Number of respondents	6	6	11	
Total number of Members	11	7	18	
Average overall score of respondents	128	126	127	
Maximum score	220	220	220	
Overall average percentage rating	58.0%	56.6%	57.3%	
Overall self-assessment rating	Good	Good	Good	

Scheme, legal, regulatory and Fund update

Organisation	Subject	Link	Status	Comments	Risk Ref
HM Treasury	Reforms to public sector exit payments.	https://www.gov.uk/government/consultations/restricting-exit-payments-in-the-public-sector Hymans summary	Updated	The Restrictions on Public Sector Exit Payment Regulations came into force from 4 November 2020 which has left the Fund in a position of operating under conflicting legislation for scenarios whereby the total 'costs' exceed £95k. At the moment, the Fund is trying to stockpile or encourage employers to delay taking action until the situation is clearer. Fortunately, most redundancy cases at present are falling under the cap. Officers are also exploring early adopting the new calculation factors which will likely reduce the numbers exceeding the cap still further.	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	No movement for some time on this. 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. Due to the Parliamentary backlog, further progress may not be seen until 2021.	PEN040
	<i>Changes to the Local Valuation Cycle and the Management of Employer risk Consultation</i>	https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/800321/LGPS_valuation_cycle_reform_consultation.pdf	Updated	Scope: 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 (allowing further education, sixth form colleges to close entry to new employees) Reform progress: The Government has introduced legislation in relation to items 3 and 4. The changes resulting from item 4 are already embedded in the Fund's cessation policy and the changes from item 3 are covered in a paper revising the Fund's cessation policy in the December 2020 committee pack.	PEN044

Organisation	Subject	Link	Status	Comments	Risk Ref
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	No change since the last meeting	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. Officers will now review Fund compliance to the new code and begin drafting a new Statement of Compliance for review by the FRC, but 31 March 2021.	None
Scheme Advisory Board (SAB)	Academies' review	http://www.lgpsboard.org/index.php/structure-reform/review-of-academies	No change since the last meeting	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. 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.	None
	Cost cap mechanism & McCloud case	Summary by Hymans Robertson following release of the consultation (ADD LINK)	Updated	The McCloud consultation has now closed and officers await to see the final outcome. As part of the i-Connect, officers continue to update part-time hours histories for active staff. For other categories, there is little work officers can do until the final remedy is released and the administration software is updated.	PEN042

Organisation	Subject	Link	Status	Comments	Risk Ref
	Goodwin Case		No change	In a similar vein to the McCloud case, a new case is now on the horizon called the Goodwin case. It is another discrimination case affecting public service schemes including the LGPS, this time on the grounds of sexual orientation. Again, although the funding costs are small, this will be a further administration and communication burden to address. It is still early stages in terms of the nature of the subsequent reform which will be required so officers are unable to assess the impact at present until further details emerge.	PEN056
	Tier 3 employers review	http://www.lgpsboard.org/index.php/board-publications/invitation-to-bid	No change since the last meeting	Covers those Fund employers with no tax raising powers or guarantee (excludes academies). SAB is keen to identify the issues and risks related to these employers' participation in the LGPS and to see if any improvements/changes can be made. There are currently two concurrent phases of work involved – collating data and identification of issues. SAB will then assess the risks to Funds and consider next steps. In 2019, Aon Hewitt 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.	None
	Good Governance Project (formerly known as the Separation Project)	http://www.lgpsboard.org/images/PDF/BoardFeb18/PaperBItem50218.pdf	No change since the last meeting	Hymans-Robertson, on behalf of the SAB, has released its report on phase II which outlines a number of specific recommendations. Hymans Robertson and SAB are now moving towards Phase III of the project. In preparation of this, a series of roundtable discussions took place where there is an opportunity to give feedback to the Phase II proposals. Again, due to legislative delays caused by COVID-19, we understand the timeframes for this project have been postponed.	None

Organisation	Subject	Link	Status	Comments	Risk Ref
	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
	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

Note: Wiltshire Pension Fund updates are now shown in a separate table.

Fund updates

Area	Description	Business Plan reference/Risk Register (if applicable)
COVID-19 update	<p>(Unchanged) It is still largely business as usual from an operational point of view as Fund officers are able to all work from home without major issues. However, in terms of impacts and risks faced by the Fund:</p> <ul style="list-style-type: none"> i). <u>Funding level</u> –The funding level is close to pre-lockdown levels after significant falls in March 2020. ii). <u>Employer risk</u>: There is still a risk of employers failing to pay contributions or provide data as a result of the situation. However, so far there has been no increase in late payments and the Fund already has guarantees in place for most higher risk employers. <p>Annual data returns came in later than expected from some employers which has put some additional pressure on the end of year process and annual benefit statements (see below)</p> <p>Officers are keeping both areas under review.</p> <ul style="list-style-type: none"> iii). <u>Service provider risk</u>: Early on in the crisis, officers contacted all major service providers and all confirmed they were able to remain operational largely as normal; officers have only seen some minor/short-term impact service availability which has shown good resistance to this issue. 	N/A on Business Plan Risk PEN052
Terms of reference	Officers are currently working with internal legal regarding the terms of reference for the Investment Sub-Committee (which will follow a simpler process to the review of the Board and Committee ToR) and to update the Governance Compliance statement accordingly.	N/A
Pensioner payroll reconciliation	With additional resource now available again, officers have focused again on this area but unfortunately a number of software limitations have made this even more difficult than expected to progress as hoped. See separate paper on this item for further information.	Business Plan action 34

Employer ill-health insurance review	The current provision put in place in 2017 is highly expensive and has caused a number of administrative difficulties. Officers are currently working with the actuary to put a replacement approach in place; the proposal will be taken to Committee for approval once ready. See separate paper on this item.	N/A
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WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
17 December 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. In the interests of transparency and to help monitor overall administration performance, officers agreed with Committee and Board to publish quarterly benefits administration key performance indicators (KPIs)
3. KPIs are an important aspect of providing an efficient and effective customer-focussed benefits administration service.

Considerations for the Committee

4. The figures in this report cover the period 1 July 2020 to 30 September 2020 unless otherwise indicated.
5. Overall, the focus of officers continues to be very much on making long-term improvements to processes. During 2020/2021, officers are particularly focussed on onboarding as many employers as possible on to the i-Connect platform (see Appendix 4). With time, this will help directly or indirectly improve the measures shown within but in the short-term some decreases in these metrics may be visible.
6. Furthermore, there is a significant focus on improving controls and accuracy, which are not visible within this figures are a key part of improving the robustness of the Fund.
7. In addition to the standard KPI measures, the tPR has recently released the results from its annual survey which has allowed one piece of benchmarking to take place on a key tPR metric:
Annual Benefit Statements: On average, public service pension schemes send 95% of benefit statements on time, while the LGPS average is 96% and Wiltshire Pension Fund's percentage was 96.9% this year (albeit 95% last year, at the time of the survey). As stated previously, greater onboarding on to i-Connect should increase this figure further.

Conclusions

General comments

Disclosure Regulations (Appendix 1)

8. The table in appendix 1 shows the Fund continues to perform well against these targets. The deferreds and refunds disclosure level have increased over time due to change in the process, further improvements are anticipated with greater onboarding on to i-Connect and with the bedding in of other process improvements.

9. In relation to the measures which are lower than desired, an explanation of the reason for each are given below:
- a). Transfers out quote (75%): These cases have been treated as a lower priority in comparison to the payment of benefits, resulting in a lower percentage although this is now being re-assessed to improve the turnaround times (which have improved from the last quarter)
 - b). New joiners (72%) & Deferments (65%): Staff have focused on end of year submissions and i-Connect onboarding during the quarter. This figure should improve with greater onboarding of employers onto i-Connect and with further bedding in of new processes.

tPR Common and Conditional Data percentages (Appendix 2)

10. These figures have now been updated and are shown in appendix 2. Our common data figure is now 98.5% and the conditional/scheme specific figure is 96.4% (both improvements since last year).
11. At the moment, no comparisons on these metrics are available with peers for this year's figures but last year (with lower percentages), our scores were above average and top quartile in both cases which provides a level of assurance.
12. Furthermore, officers are currently awaiting for its pension administration software provider to rollout a new piece of Business Information (BI) reporting software which should allow more regular updates of these figures (along with numerous other benefits).

Administration Strategy KPIs – Fund (Appendix 3)

13. Chart 1 shows the Fund is operating below its desired targets for most cases mainly for the same reasons as outlined in paragraph 6, although the percentages are stronger against the newly-added CIPFA metrics. Officers have recently increased resourcing in the benefits team and are gradually reviewing processes to improve efficiency and meet our desired timeframes however this is a slow process. The initial focus is on the compliance (disclosure) measures outlined in Appendix 1 whilst time is dedicated to delivering long-term improvements and reforms.

i-Connect and My Wiltshire Pension (MSS) onboarding (Appendix 4)

14. i-Connect take up has not changed materially over the last few months as resource was focussed on completing the end of year process, however staff are now re-focussed on onboarding new employers, in line with the Business plan, so the number onboarded should improve more steadily in future over the next two quarters.
15. However, one of the main barriers, particularly for payrolls covering a large number of school staff, is the updating of part-time hours histories since 1 April 2014 in order to make records 'McCloud ready'. We still aim to have over 70% of the active membership covered by 31 March 2020 but this largely depends on how much of a delay is caused by the need to update part-time hours histories.
16. MSS sign-ups are broadly in line with industry-norms after successful attempts to encourage more members to sign up.

Backlog monitoring (Appendix 5)

17. Whilst the current backlogs are not leading to a material number of complaints, they are still an issue which needs further attention to improve overall efficiency and customer service. An additional resource request is made in the budget monitoring paper.

Administration Strategy KPIs – Employers (Appendix 6)

18. In the majority of cases, employers provide retirement information before the date the member retires, as the Fund requests. Employers timeliness in relation to leavers and refunds should improve with greater use of i-Connect.

19. Further onboarding on to i-Connect will force employers to submit more quickly for certain data, including deferments and refunds. Officers have now implemented escalation procedures to chase employers for later submissions.

Environmental Impact

20. There is no environmental impact from this report.

Financial Considerations

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

Risk Assessment

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

Legal Implications

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

24. There are no implications at this time.

Proposals

25. The Committee 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

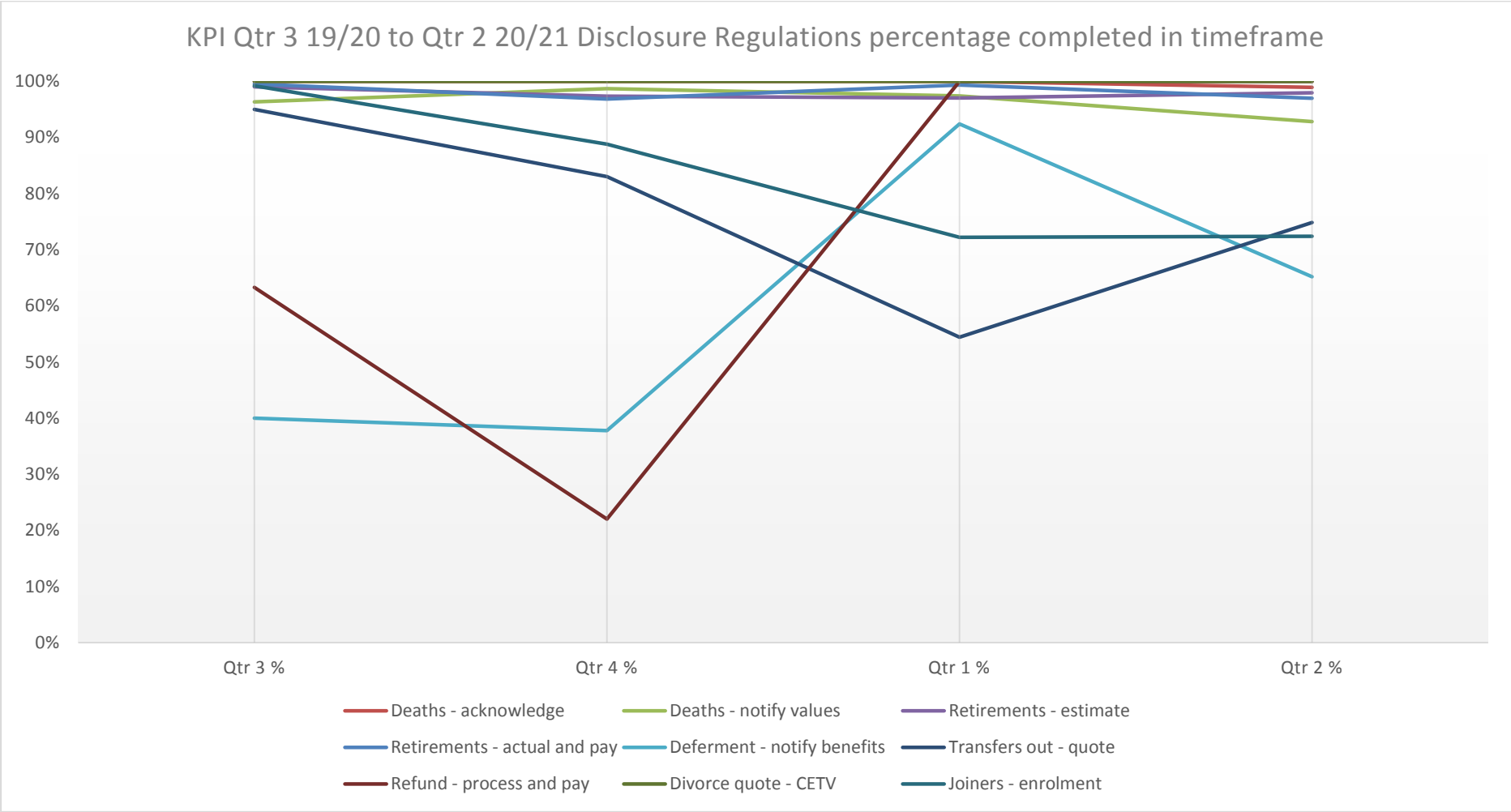
Disclosure Regulations

Period **01/07/2020** to **30/09/2020**

Process name		Disclosure Requirement	%	No. cases within Legal Timeframe
Deaths - initial letter acknowledging death		2 months	99%	82
Deaths - letter notifying amount of dependants pension		2 months	93%	77
Retirements - letter notifying estimate of retirement benefits	Active	2 months	n/a	n/a
	Deferred		n/a	n/a
	Total		98%	449
Retirements - letter notifying actual retirement benefits + process and pay benefits on time	Active	2 months	94%	95
	Deferred		100%	167
	Total		97%	262
Deferment - calculate and notify deferred benefits		2 months	65%	253
Transfers out - letter detailing transfer quote		2 months	75%	49
Refund - process and pay a refund*		2 months	100%	49
Divorce quote - letter detailing cash equivalent value and other benefits		3 months	100%	65
Joiners - notification of date of enrolment		2 months	72%	382

*This measure has risen due to a change in methodology.

APPENDIX 1, Chart 1: Disclosure Requirements



Note: Refunds have increased due to a change in methodology.

APPENDIX 2: tPR Data Quality scores

The Fund scores against the two the Pension Regulator (tPR) key data scores are as follow:

Both scores are based on data held as at 12 October 2020:

a). tPR Common Data Percentage Breakdown
Total score = 98.5% (+0.6% since 11/10/2019)

b). tPR Conditional Data Percentage
Total score = 96.4% (+1.0% since 11/10/2019)

Officers commission Aquila Heywood (our software provider) to re-calculate these percentages annually, in line with our requirement to report these figures to tPR. The target for both figures is 100%.

A comparison graph with other Funds is not current available (as other Funds are still undertaking their calculations) but once it is, this will be shared.

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

Wiltshire Pension Fund

Administration Strategy

Benefit Administration Key Performance Indicators

Period **01/07/2020** to **30/09/2020**

Type of case	Created cases in period	Open cases at period end	Percentage against membership	Completed cases time to complete						Total	Timescales		Notes
				0 - 5 days	6 - 10 days	11 - 15 days	16 - 20 days	20 - 40 days	40 + days		CIPFA (Admin Strategy)		
											% on target (CIPFA)	% on target	
Active to Retirement	167	130	0.6%	7	19	16	15	27	17	101	42%	7%	15 (5)
Deferred in to retirement	191	30	0.1%	91	36	32	5	3	0	167	95%	54%	15 (5)
Processing of Death cases	103	123	0.2%	6	7	26	15	22	7	83	16%	7%	10 (5)
Benefit Estimates	543	65	0.3%	54	74	70	62	174	24	458	43%	28%	15 (10)
Leavers to Deferred status	648	3542	15.7%	28	12	5	1	13	200	259	20%	18%	30 (20)
Leavers to Deferred status (i-Connect)	605	428	1.9%	17	3	18	13	9	14	74	75%	69%	30 (20)
Refund of contributions*	62	18	0.1%	8	23	13	4	1	0	49	99%	98%	10 (10)
Grand Total	2319	4336		211	174	180	115	249	262	1191			
Percentage				18%	15%	15%	10%	21%	22%				

*Note: Refunds as now calculated using a revised methodology to reflect improvements in the process used.

APPENDIX 4: i-Connect and My Wiltshire Pension (Member portal) progress

i-Connect

The following table shows the progress in onboarding employers on to i-Connect. The long-term target is to onboard all employers on to i-Connect and to onboard as many as possible by the end of 2020/2021. Data is based on 6 October 2020, the comparison is to position in July 2020 (the position is similar at 2 December 2020).

	Number onboarded	Number left to onboard	Completion rate
Active members	10,347(+93)	12,357 (Total = 22,704)	45.57% (+0.99%)
Employers	41 (+1)	133 (Total = 174)	23.56% (+0.58%)

MSS (My Wiltshire Pension)

A table summarising the position as at 2 December 2020 is shown below. The differences in brackets show the change since 2 Oct 2020. Only 'pension record' level figures, rather than member level, as this is easier to report and there is little difference in the percentages.

RECORDS	
ACTIVE	2 Dec 2020
Registered	8,632 (+134)
Total	23,122
Percentage	37.43% (-0.1%)
DEFERRED	
Registered	9,603 (+169)
Total	31,220
Percentage	30.76% (+0.48%)
TOTAL	
Registered	18,235
Total	54,342
Percentage	33.55%

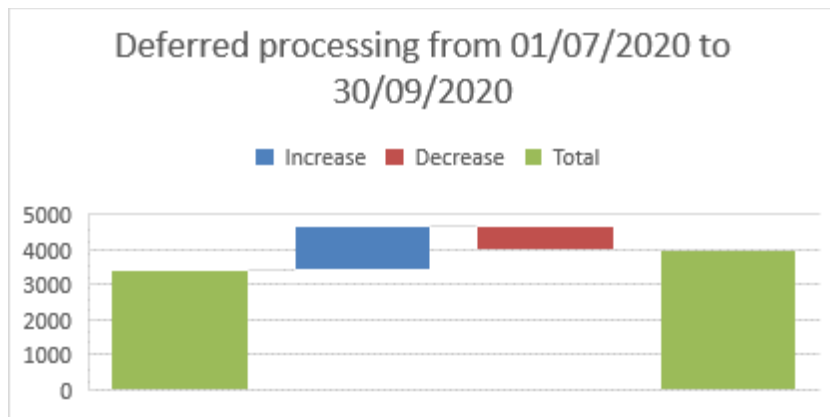
APPENDIX 5: Backlog monitoring

Prior to making a number of process improvements to the refunds, deferreds and aggregations processes, the Fund accumulated processing backlogs in certain areas. Officers have defined a backlog for a process where there are more than 250 outstanding cases. Where this is the case, officers plan to ring-fence this area of work and manage the backlog area of work separately although this is not in place as at the date of this report.

At present, there are two areas which meet this criteria and current situation in respect of these processes are outlined:

a). Deferred/Refunds

Cases where the member has left and we need to calculate their pension entitlement, but they are not old enough to be able to start receiving their benefits.



b). Internal aggregation cases

These cases are where the member has more than one record at Wiltshire Pension Fund which should be combined together. Members are not financially disadvantaged by delays in completing this work.

Cases currently outstanding: 3,275 (+234 since the last quarter)

(Analysis similar to the above will be available in future, once developed)

APPENDIX 6: Administration Strategy KPIs - Employers (Table 1)

Employer Key Performance Indicators

Administration
Strategy

Period 01/07/2020 to 30/09/2020

Type of case	Time to advise							Total	Timescales	
	To Target	Target - 5 days	6 - 10 days	11 - 15 days	16 - 20 days	20 - 40 days	40 days +		Admin Strategy % on target	working days
<i>Retirement</i>	70	2	7	1	4	3	14	101	71%	2
<i>Leavers</i>	11	8	6	8	6	21	273	333	12%	20
<i>Refund of contributions</i>	76	0	0	2	1	1	69	149	53%	20
Grand Total	157	10	13	11	11	25	356	583		
Percentage	27%	2%	2%	2%	2%	4%	61%			

APPENDIX 6: Administration Strategy KPIs - Employers (Table 2)

5 Largest "Managed" Employers

Employer	Managed Records	Time to advise - Retirements							Admin Strategy	Admin Strategy	
		To Target	Target - 5 days	6 - 10 days	11 - 15 days	16 - 20 days	20 - 40 days	40 days +	Total	% on target	working days
Wiltshire Council	34154	25	0	2	0	1	0	6	34	74%	2
Swindon Borough Council	15721	6	1	1	0	1	1	4	14	43%	2
Police Civilians	2840	4	1	1	0	0	0	0	6	67%	2
White Horse Federation	1922	1	0	0	0	0	0	0	1	100%	2
Wiltshire College	1859	2	0	0	0	0	0	0	2	100%	2
Others	18263	32	0	3	1	2	2	4	44	73%	2
		70	2	7	1	4	3	14	101		
		69%	2%	7%	1%	4%	3%	14%			

Employer	Managed Records	Time to advise - Leavers							Admin Strategy	Admin Strategy	
		To Target	Target - 5 days	6 - 10 days	11 - 15 days	16 - 20 days	20 - 40 days	40 days +	Total	% on target	working days
Wiltshire Council	34154	1	1	0	2	0	3	119	126	3%	20
Swindon Borough Council	15721	3	1	0	0	3	7	31	45	16%	20
Police Civilians	2840	1	0	0	1	0	2	3	7	29%	20
White Horse Federation	1922	0	0	1	1	0	1	10	13	15%	20
Wiltshire College	1859	0	0	0	1	0	3	6	10	10%	20
Others	18263	6	6	5	3	3	5	104	132	17%	20
		11	8	6	8	6	21	273	333		
		3%	2%	2%	2%	2%	6%	82%			

		Time to advise - Refunds							Admin Strategy	Admin Strategy	
Employer	Managed Records	To Target	Target - 5 days	6 - 10 days	11 - 15 days	16 - 20 days	20 - 40 days	40 days +	Total	% on target	working days
Wiltshire Council	34154	22	0	0	0	0	1	10	33	67%	20
Swindon Borough Council	15721	19	0	0	0	0	0	18	37	51%	20
Police Civilians	2840	3	0	0	0	0	0	5	8	38%	20
White Horse Federation	1922	6	0	0	1	1	0	8	16	50%	20
Wiltshire College	1859	5	0	0	1	0	0	7	13	46%	20
Others	18263	21	0	0	0	0	0	21	42	50%	20
		76	0	0	2	1	1	69	149		
		51%	0%	0%	1%	1%	1%	46%			

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
17 December 2020

WILTSHIRE PENSION FUND FORECAST OUTTURN 2020/21

Purpose of the Report

1. This paper presents a projected outturn on the Fund's financial activities against the 2020/21 budget, as at 30 September 2020.

Key variances against 2020/21 budget

1. As at 30 September 2020, a net underspend of £17k was being projected against the budget, i.e. an underspend of 0.6%. However, this figure includes an additional £15k of spend on a review of Brunel's portfolios by Mercer, which was commissioned by the Committee. Taking this into account, the projected underspend is £32k.
2. The key variances that contributed towards the net underspend against budget were:
 - a) Lower than expected spend on external legal advice year to date, which is unlikely to occur later in the year;
 - b) The additional £15k on the Mercer review of the Brunel portfolios, as mentioned above;
 - c) Lower than budgeted spend against the local pension board budget;
 - d) Higher postage and printing (within other administration costs), which is a result of higher than anticipated use of Docmail (remote printing organisation), due to home working;
 - e) Higher than anticipated actuarial costs due to some additional projects, such as advice on reviewing the arrangements around the ill-health insurance. These costs can be hard to plan exactly, so the final position is still not quite certain.

2021/2022 Budget

3. Whilst the full 2021/2022 Budget (and Business plan) will be brought to the next Committee meeting in March 2021, officers request that some additional staff spending is approved at this meeting so that recruitment exercises and appointments can begin in advance in relation to the added work caused by McCloud, the early indications from the payroll reconciliation (see part 2 paper) and to help clear backlogs as outlined in the KPI paper.

Environmental Impact of the Proposal

4. There are no known environmental impacts from these proposals.

Risk Considerations

5. There are no known implications at this time.

Proposals

6. The Committee is asked to:
 - a) note the projected outturn for 2020/21

- b) Approve additional staff/resource spending of £105,000 to help fund temporary support to deal with the following areas:
 - i. The additional work created by the McCloud ruling, mostly immediately, collecting and processing the retrospective data needed back to April 2014 (as discussed in the Scheme update paper)
 - ii. Dedicated resource in relation to tackle administrative backlogs (as shown in appendix 5 of the KPI paper)
 - iii. Reconciliation and rectification work (as later explained in item 23).

Note: Most of the additional spending requested is likely to occur within the 2021/2022 financial year but it is requested now so the recruitment can start shortly.

JENNIFER DEVINE Head of Pension Fund Investments

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

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

Budget vs Forecast for 2020/21 as at 30 September 2020

	2020/21	2020/21		
	Budget £	Forecast as at Sep-20 £	Variance £	Comment
Investment Administration				
Investment Administration Staffing Costs	123,364	127,560	-4,196	
Investment Administration Travel/Conferences/Training	3,600	1,000	2,600	
INVESTMENT ADMINISTRATION COSTS	126,964	128,560	-1,596	-1.3%
Scheme Administration				
Pension Scheme Administration Staffing Costs	1,071,844	1,059,168	12,676	1.2% There have been some changes in staffing as a result of a team restructure
Staff Training	32,200	32,200	0	0.0%
Corporate charges	311,450	311,450	0	0.0%
Pension Administration systems and data cleansing	353,600	336,319	17,281	4.9%
Other Administration Costs	79,000	89,250	-10,250	-13.0% Higher than anticipated use of Docmail, due to remote working
SCHEME ADMINISTRATION COSTS	1,848,094	1,828,387	19,707	1.1%
Oversight and Governance				
Staffing and Related	181,945	192,626	-10,681	-5.9%
Training and Conferences	8,000	5,500	2,500	31.3%
Subscriptions, memberships and levies	44,950	43,950	1,000	2.2%
Actuarial Services	156,000	171,806	-15,806	-10.1% Spend can be variable, this year has included advice on ill-health insurance and some other project work
Audit	27,300	27,300	0	0.0%
Legal Fees	58,250	35,200	23,050	39.6% Lower than budgeted spend on external advice in the first quarter of the year
Advisory Fees (Investment and Independent Advisor)	169,500	183,909	-14,409	-8.5% An additional £15k of spend on a review of Brunel's portfolios was commissioned by the Committee post setting of the budget
Corporate Charges & other costs	146,250	146,250	0	0.0%
OVERSIGHT AND GOVERNANCE COSTS	792,195	806,540	-14,345	-1.8%
LOCAL PENSION BOARD COSTS	27,400	14,000	13,400	48.9% Lower than budgeted spend on consultancy support
GRAND TOTAL	2,794,653	2,777,487	17,166	0.6%

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WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
17 December 2020

INTERNAL AUDIT UPDATE

Purpose of the Report

1. The purpose of this report is to present to members the final Internal Audit Report prepared by the South West Audit Partnership (SWAP) in respect of the Wiltshire Pension Fund. This report was issued on 7 October 2020.

Background

2. The internal auditor undertook an audit covering the Fund's processes concerning its key financial controls, the Data Protection Act 2018/GDPR & MiFID II during September. The final report, including agreed management actions was reviewed by the Local Pension Board at their meeting on 15 October & is attached for consideration by the Pension's Committee (see Appendix A).

3. In summary the final Audit Report on all three areas gave an opinion of 'reasonable assurance', stating;

"generally sound system of governance, risk management and controls were in place. However, some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the areas audited".

4. The auditor made five recommendations for improvements, all of which are contained in the attached report. In addition, Appendix B (recommended by the Board as an action) sets out the progress made by officers on all outstanding audit recommendations.

Considerations for the Board

5. For members information the five recommendations were;
 - a) **Page 7** – Officers to liaise with each other to ensure that a review of the member contribution issues raised are undertaken promptly, to future-proof the processes used and ensure appropriate efficiencies have been made (**Medium priority**);
 - b) **Page 8** – To ensure that the Altair workflow for processing death grants is updated to include the check on the NI database, on notification of a death at the beginning of the process (**Low priority**);
 - c) **Page 9** – To ensure that a Data Officer is set up with the access required to the Fund's Docmail system and inducted on its use (**Low priority**);
 - d) **Page 10** – The Head of Pension Administration and Relations will ensure (**Medium priority**):
 - 1) That officers complete a review of the Docmail system's DPIA to ensure that all risks relating to the processing of personal data have been captured and appropriately mitigated; &
 - 2) That all staff and managers with specific responsibilities for the completion of DPIAs receive any further training required to complete the procedure effectively.
 - e) **Page 11** – The Governance and Performance Manager will ensure (**Low priority**):
 - 1) That a review of the current DPIA procedure and standard DPIA template takes place so that they consistently reflect the procedures & are clear and easy to follow, providing both a risk scoring methodology and assessment guidance; &

- 2) The above documents should then be re-communicated to all relevant staff and managers and their feedback invited to ensure good understanding of the procedures.

Environmental Impact of the Proposal

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

7. There are no known implications at this time.

Financial Considerations & Risk Assessment

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

Proposals

9. The Committee is asked to note the findings of the SWAP audit report (Appendix A) and the management of recommendations made outlined in Appendix B.

ANDY CUNNINGHAM

Head of Pensions Administration and Relations

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

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

Appendices:

Appendix A – SWAP Audit Report.

Appendix B – Progress against recommendations report

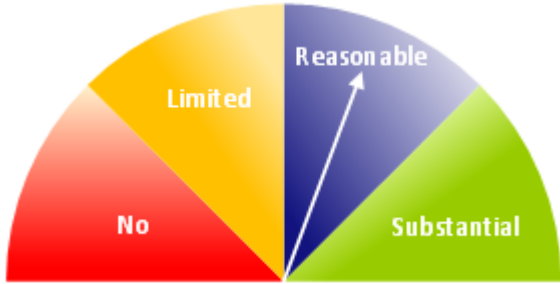
Pension Fund Key Control Review

Page 77

Final Report

Issue Date: 6th October 2020

Executive Summary

Assurance Opinion		Recommendation Summary	
	Reasonable	Priority	Number
	<p>There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.</p>	Priority 1	0
		Priority 2	2
		Priority 3	3
		Total	5

Audit Conclusion

Page 78

A total of two Priority 2 recommendations and three Priority 3 recommendations have been made within this review. The key findings we identified during our review have been summarised as follows:

1. Inefficiencies in the administration of the pension fund could lead to service disruption, financial loss, legal challenge, and reputational damage.

Some weaknesses and inefficiencies have been identified in relation to the new procedure for the iConnect system, which have been met with a priority 2 recommendation. Two priority 3 recommendations have also been made regarding National Insurance database checks not having been completed as expected or integrated into the relevant workflow task list, and relating to a Data Officer not being set up to use the automated mail distribution system, Docmail.

Two recommendations made in our previous 2018-19 audit also remain outstanding. These relate to the reconciliation process between the pensions system and SAP Payroll as well as the implementation of an improvement plan to assist in clearing a workload backlog relating to the processing of data aggregations and record deferments.

2. Non-compliance with legislative requirements could lead to legal challenge, fines, and reputational damage.

Two recommendations have been made in relation to the guidance and training, as well as the completion of Data Protection Impact Assessments (DPIA).

Aside from one observation made in respect of MiFID II compliance which was discussed with and actioned by management prior to distribution of this final report, we made no adverse findings in relation to the Fund's handling of compliance with MiFID II.

We made some other observations during process walkthroughs that have since been resolved. These were discussed with Senior Management during the close out meeting and so not included in the wider distribution of this report.

Although there are a number of recommendations and some other observations made, a reasonable assurance opinion is given overall as we found the Fund’s management team to have a high awareness of the weaknesses identified, and to have made significant progress towards implementing several projects to improve the efficiency of the Fund’s administrative processes. This includes the continued implementation of workflow processes, the iConnect system, Member Self Service, and other process efficiencies. Good practice observations and actions taken to resolve issues identified during our previous audit review have been summarised in the “Summary of Control Framework” section of this report.

Background

As part of the 2020/21 Internal Audit Plan for Wiltshire Council, an audit has been undertaken to assess the effectiveness of the controls in the end to end process for the administration of The Wiltshire Pension Fund. The audit reviewed the process from new member enrolment in the scheme through to payment and considered the adequacy of the Fund's protection of personal data. In addition to this, the Fund's compliance with their responsibilities under MiFID II were also assessed to provide assurance in this respect to the Pension Fund Board and Committee.

The Wiltshire Pension Fund administer the Local Government Pension Scheme (LGPS) on behalf of over 170 participating employers, including Councils, Schools, Police and Fire Authorities, other public bodies, charities, and private sector companies. As at 24th September 2020, total membership was reported at over 77,000 (including active, deferred members and pensioners) with holdings of over £2.8bn of investment assets, an increase of c£3m since March 2019.

Corporate Risk Assessment

Objective

To provide assurances in respect of the end-to-end key financial controls in place for the pensions scheme and to ensure compliance with the data protection legislation and the Markets in Financial Instruments Directive (MiFID) II.

Risk	Inherent Risk Assessment	Manager's Initial Assessment	Auditor's Assessment
1. Inefficiencies in the administration of the pension fund could lead to service disruption, financial loss, legal challenge, and reputational damage.	High	Medium	Medium
2. Non-compliance with legislative requirements could lead to legal challenge, fines, and reputational damage.	High	Medium	Medium

Scope

The scope of our review included the following expected controls:

1. New scheme members are enrolled appropriately, with amendments and any payments to and from the fund being correctly authorised, processed and reviewed (including member contributions, lump sums out on death, and payroll transfers).
2. Key steps in the process are well monitored, are evidenced through an effective audit trail, and are accurately reported.
3. All complaints are fully recorded, appropriately actioned, and monitored in accordance with the Complaints Policy.
4. The service has appropriate Data Protection Policy and procedures in place which are subject to regular review, understood by staff and are implemented effectively in practice. The areas selected for audit testing were the Data Protection Policy, staff's data protection awareness and training, data breaches, data retention procedures, and Data Protection Impact Assessments (DPIAs).
5. The service has taken appropriate steps to align their Pension Fund processes to the principles of the EU Markets in Financial Instruments Directive (MiFID) II, to maintain its "Professional Investor" status.

Insurance coverage to share the risk of any financial loss due to third-party non-compliance was not covered within the scope of this audit review. The Fund have implemented various controls to reduce the inherent medium risk of their PI status-related investments to an overall low residual risk. However, the Fund could also consider whether it would be prudent to ensure they hold evidence of their third-party Investment Manager's insurance policies, to ensure there are satisfactory arrangements in place that the Fund could leverage to absorb any large financial shortfall that might otherwise significantly compromise the Fund's investment(s) if the investment product purchased was found to be non-compliant.

Our audit process included interviews and process walkthroughs with various Pension Fund employees and Managers and was also informed by the collation of relevant documentation to support our findings. The arrangements in respect of MiFID II were compared with results from an information gathering exercise across SWAP's professional networks, and from other research, to ensure a balanced-opinion could be granted in respect of the Fund's efforts to ensure compliance with this legislation.

Findings and Outcomes

Summary of Control Framework

Pensions Administration and compliance with the General Data Protection Regulations (GDPR)

The Pension Fund have several effective controls which ensure their administrative processes are well controlled and have made good progress in addressing some of the control weaknesses identified in previous audit reviews.

New enrolment process weaknesses identified in last year's audit have been resolved through process simplification and will be further strengthened through the implementation of the iConnect system, whereby employers enter their data directly without manual intervention by the Fund's Officers. Manual printing and distribution of new client packs has also been removed through the introduction of an automated mailing system, Docmail. Employers have also been issued with the Fund's Pension Administration Strategy, containing the Fund's expectations of them and an issue escalation policy.

Last year it was found that an unallocated amount of approx. £770,000 sat within the Fund's suspense account, with the oldest transaction in the account being from November 2013. Since then, the balance has been reduced to approx. £38,000. This reduction in unallocated funds related to improvements in the employee administration agreement process, whereby they are now actioned more promptly – as soon as a rates and adjustments certificate is received from the Fund actuary. A new income code has also been implemented to better manage unallocated funds.

Further to a suggestion in our previous audit report to make their payment calculation process more efficient, the Fund are imminently introducing a tiered system of self and peer reviews for those calculations which lead to payment. This more risk-based system of quality checks is based on peer review result data collated by Fund management.

A Data Minimisation and Retention Strategy has been written and approved by the Local Pension Board. Work to develop and document procedures by which to apply the Strategy in practice is underway.

Other good practices identified during our audit have included:

- Monitoring of staff productivity among other Fund performance measures through quarterly Board performance reports.
- The recent introduction of a Death Grant Policy to aid Officers in making well-informed, consistent decisions during the Death Grant process.
- A quality review system is due to be introduced imminently, whereby sample audits will be completed by Fund management across various processes involving all members of Pension staff. The purpose of these audits is to review random cases and provide feedback to staff re: the findings of the audits. The findings will also be shared among the management team in terms of any lessons which can be learnt and process improvement opportunities.
- The Fund are due to deliver additional training to staff in respect of complaint handling among other topics, following a recent training needs assessment.

Markets in Financial Instruments Directive (MiFID II)

The Fund have set about introducing good governance arrangements to ensure they maintain their “Professional Investor” status in respect of relevant investments made with their third-party Investment Managers, and to ensure they can continue to ‘opt-up’ to PI status for future investment opportunities.

We reviewed these governance arrangements as part of our audit and deemed these arrangements to be satisfactory. Our observations were as follows:

- A risk assessment of non-conformance with the PI status had been undertaken, and a supporting plan of actions to reduce the inherent risk from medium to low has been put in place and progressed by the Head of Pensions Fund Investments.
- Fund Officer’s knowledge and awareness of the requirements of MiFID II compliance was deemed to meet the requirements of the Fund.
- Annual training plans have included, and continue to include, investment-related topics and specific sessions around MiFID II compliance. Members of the Fund’s Investment Sub-Committee, and substitute committee members, have also been required to self-certify they hold sufficient qualifications and have an appropriate level of MiFID II awareness required to advise and oversee the Fund’s investments. This self-certification will be renewed annually. There are also plans to seek self-certification from members of the full Pension Fund Committee in respect of their oversight role too, pending their agreement.
- A record of confirmation by the Fund’s Professional Advisors that they continue to be appropriately qualified to advise the Fund on their investments was obtained and confirmation was also obtained from the Fund’s Investment Partnership that they will treat the Fund’s relevant investments in accordance with their PI status under MiFID II.
- Formal acceptance from the Fund’s third-party Investment Managers was received confirming that they will treat the Fund’s relevant investments in accordance with their PI status.
- The Fund’s Investment Strategy was adapted to align with MiFID II, as was Protocol 2 (part a) regarding the Pension Fund Committee’s terms of reference, which is reflected in the Council’s Constitution. A review of the terms of reference of the Investment Sub-Committee has also been scheduled to align it with the updated Protocol 2a and ensure member’s accountabilities are fully documented.

1.	Inefficiencies in the administration of the pension fund could lead to service disruption, financial loss, legal challenge, and reputational damage.	Medium
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1.1 Finding and Action

Issue

Some weaknesses and inefficiencies identified in relation to the new procedure for the iConnect system.

Findings

The iConnect system had been introduced to approx. 17 of the Fund’s smaller employers at the time of the audit. These employers are now required to complete their monthly submissions through the iConnect platform with the Fund following an updated procedure to process these payments, and to reconcile them. However, there were two weaknesses highlighted during our review in relation to this new procedure, as detailed below:

- The iConnect procedure is not capturing the total amount of contributions being paid, nor the total value of their deficit and amount of deficit contributions being paid. This is leading to inefficiencies in the process the Accounting Technician completes to ensure these are banked and coded correctly.
- There is a manual workaround currently being used during the employer contribution process, due to the lack of current capability within the iConnect platform. The manual workaround involves a vast amount of pension and personal data being taken from iConnect and manually entered into a Master Monthly Submissions Spreadsheet for these c17 employers in order to calculate their contribution totals among other necessary figures to administrate pensions; resulting in potential for errors to be made, for alteration of data and of variances between the data held within the spreadsheet to that held in Altair and SAP.

Concerns were brought to our attention during the audit process that the issues noted above regarding the capability of the new iConnect contribution process have not been captured by any immediate plans to mitigate the risks they pose. If not resolved, the issues experienced now will increase in terms of risk as the remaining approx. 150 employers are brought into the iConnect process. We are also informed that the issues noted have also led to a current blur in the different team’s responsibilities for administration of these payments.

Recommendation	Priority Score	2
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We recommend that the Head of Pension Administration and Relations liaises with the Head of Pension Fund Investment to ensure that a review of the member contribution issues raised in our finding is undertaken promptly, to future-proof the processes used and ensure appropriate efficiencies are made.
SWAP Ref: 44260

Agreed Action

We have agreed to work together to find a satisfactory solution which enables the appropriate checks to take place in an efficient way.

Responsible Officer	Head of Pension Administration and Relations, and Head of Pension Fund Investment	Timescale	31 st December 2020
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1.2 Finding and Action

Issue

Checks of the “National Insurance” (NI) database are not consistently completed during the early stages of the sampled death grant payments.

Findings

NI database checks should be completed by Pensions Officers on receipt of notification of a death where a death grant will need to be processed. It is important that this check is completed at the beginning of the process as the highest-valued fund (which may not necessarily be the one held by WPF) should be used to calculate the death grant payment.

On conducting the walkthrough of relevant samples with the Senior Pensions Officer, an NI database check had been completed in each case to see whether any other pension pots are held by the deceased members and no other funds were identified for the cases we sampled. However, the NI checks for our sampled cases were completed at the later payment authorisation stage, which could have led to incorrect actions being taken by the Fund resulting in inefficiency.

The Senior Pensions Officer and Benefits Manager identified that although this check forms part of the standard procedure completed by Officers, there is no workflow task in Altair currently to prompt the completion of this NI database check at the beginning of the processes.

Recommendation

Priority Score

3

We recommend that the Head of Pensions Administration and Relations ensures that the Altair workflow for processing death grants is updated to include the check of the NI database on notification of death at the beginning of the process. This is to ensure efficiency by the Fund acting accordingly where it is identified that the member has an alternative pension fund of higher value than that held with WPF.

SWAP Ref: 44232

Agreed Action

We agree with the recommendation and we will make this change.

Responsible Officer

Head of Pensions Administration and Relations

Timescale

30th November 2020

1.3 Finding and Action

Issue

A Data Officer has not yet been set up to use the automated Docmail system.

Findings

During the process walkthrough of the new enrolments process with the Data Officer, it was established that they could not use the Fund's Docmail system themselves, and are currently relying on a workaround whereby a colleague completes the mailing of new starter packs on their behalf. The Officer had recently returned from long-term annual leave and was yet to be added as a user and inducted in the Docmail system at the time of this audit.

Recommendation	Priority Score	3
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We recommend that the Head of Pensions Administration and Relations ensures that the Data Officer is set up with the access required to the Docmail system and inducted on its use as required.

SWAP Ref: 44215

Agreed Action

We agree with this action and we will ensure the data officer concerned, as well as other relevant new staff, are set up on Docmail. Part of the set process requires involvements from IT which may cause some delay.

Responsible Officer	Head of Pensions Administration and Relations	Timescale	31 st October 2020
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Page 86

2. Non-compliance with legislative requirements could lead to legal challenge, fines, and reputational damage.

Medium

2.1 Finding and Action

Issue

We identified several issues in relation to the guidance and training for, and the completion of, Data Protection Impact Assessments (DPIA).

Findings

We sampled the DPIA completed for the Fund's 'Docmail' system. A DPIA was required as the Fund were introducing an automated mailing system online to replace their manual, paper-based print and post procedure; therefore, the procedures used to process personal data had changed.

However, we identified the following issues with the completion of that DPIA:

- The DPIA form was sent to the Docmail system owners to complete, and not further completed by the Project Manager themselves, or by the Information Governance (IG) Team as required. There were multiple references within the form "To be specified by the Data Controller", aka the Fund, which were incomplete.
- There was no record of the issues posed by the change to processing within the form, nor a completed assessment of the potential data protection risks. The Project's Planning spreadsheet was used to begin recording related data protection risks; however, this was not completed in full to stipulate what action should be taken, nor by whom.

We also identified that those responsible for the completion of DPIAs have not received any formal training or other awareness raising in respect of their DPIA responsibilities, other than being issued with a copy of the Fund's DPIA procedural guidance and template, the latter of which was found to contain some conflicting instructions and was not clear or easy to follow. The procedural guidance would also benefit from the inclusion of risk assessment methodology and guidance, which is not currently given within.

Recommendation

Priority Score

2

We recommend that the Head of Pension Administration and Relations:

- Completes a review of the Docmail system's DPIA to ensure that all risks relating to the processing of personal data have been captured and appropriately mitigated to the satisfaction of the Fund.
- Ensures that all staff and managers with specific responsibilities for the completion of DPIAs receive any further training required to complete the procedure effectively.

SWAP Ref: 44252

Agreed Action

We agree with this recommendation and we will action accordingly.

Responsible Officer

Head of Pension Administration and Relations

Timescale

31st December 2020

Recommendation		Priority Score	3
<p>We recommend that the Governance and Performance Manager:</p> <ul style="list-style-type: none"> • Reviews the current DPIA procedure and standard DPIA template to ensure they consistently reflect the procedures, are clear and easy to follow, and to provide risk scoring methodology and assessment guidance. • The above documents should then be re-communicated to relevant staff and managers and their feedback invited to ensure they have a good understanding of the procedures to be used. <p style="text-align: right;"><i>SWAP Ref: 44174</i></p>			
Agreed Action			
We agree with this recommendation and we will action accordingly.			
Responsible Officer	Governance and Performance Manager	Timescale	31 st December 2020

Other Observations

At the time of this audit the Data Protection Policy had undergone a review by the Governance and Performance Manager to align it with the current data protection procedures employed by the Fund. This is expected to be submitted to both the Fund's Committee and Board for their approval by the end of December 2020.

There has been no reconciliation of the Fund's and Information Governance team's record by the Fund, nor any statistical reports received from the Information Governance team regarding breaches. On speaking with an Information Governance Officer, they confirmed that a new process is due to be implemented imminently, whereby a shared MS SharePoint site will be used to collate all records relating to data breaches. This will be accessible by Directors and other management who report breaches or otherwise have interest in such incidents (i.e. the Fund's Governance and Performance Manager and Head of Pensions Administration and Relations). We are informed that the introduction of a Share point site should reduce the need for duplicate record-keeping by the Fund, and reduce any reliance on reporting by the Information Governance team to ensure their records agree, as management will have direct access to the live breach information for their respective areas. We reconciled the Fund and the Information Governance team's data breach records and found no conflicting or missing entries. As such, we suggest that the Governance and Performance Manager liaises with the Information Governance team to ensure they can access the Information Governance SharePoint site once this is available. The Fund's Data Breach Procedure document should also be updated to reflect the SharePoint process once implemented.

During the audit we distributed a Data Protection Survey to a selection of 25 Fund employees to gain a view of their confidence regarding data protection, the results of which are included within **Appendix 1**. Results returned a positive picture of employee's understanding of their roles and responsibilities over the protection of the personal data they process. Some of the questions asked scored an average of below 4.5/5 (5 representing a "high level of confidence"). Based on the lower-rated results represented in **Appendix 1**, the Fund could consider re-communication of the Fund's main Data Protection Procedures to all staff, inviting questions from anyone who is unsure of their related responsibilities, to further mitigate the low risks posed by the survey results with an aim to raise all employee's confidence on the procedures to a high level. This could be repeated on an annual basis to continually refresh and raise employee's awareness of the procedures.

We are informed by the Technical and Compliance Manager that, to their knowledge, there have been no requests for policies in alternative formats to date, although the Fund should be able to obtain alternative formats (such as braille) from their approved printing supplier on request. On review of the Fund's website to obtain policies for the audit, we identified that there is no clear prompt for customers to request policies (or any associated guidance) in alternative formats should they, or their dependents, require them. Contact details for the Fund are readily available, but the Fund could also consider adding a statement within relevant pages of the website inviting customers to seek alternative formats if needed, to ensure inclusivity of disabled customers, or those with other impairments.

Audit Framework and Definitions

Assurance Definitions

None	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Substantial	A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Definition of Corporate Risks

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

Categorisation of Recommendations

In addition to the corporate risk assessment it is important that management know how important the recommendation is to their service. Each recommendation has been given a priority rating at service level with the following definitions:	
Priority 1	Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of management.
Priority 2	Important findings that need to be resolved by management.
Priority 3	Finding that requires attention.

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

If you require the report in an alternative format, please contact SWAP Head Office.

Appendix 1:

Table 1 – Key Controls Report 30/04/2019 - Progress against internal audit recommendations:

No	Priority score	Issue	Recommendation	Agreed management action	Agreed management timescale	Progress at 12 August 2020
1	2	There is a workload backlog within the team, and individual team members productivity is not being monitored.	We recommend that the Improvement Plan be put in place, as intended, to prioritise the workflow and reduce the backlog of work.	Officers will follow the details of the Data Improvement Sub Plan to aim to reduce down work in the identified areas of deferred benefit processing and aggregation to business as usual levels.	31 March 2020	<u>Behind target:</u> *Initiatives introduced: Auto-task allocation, revised starter process, revised leaver process (stage 1, stage 2 in progress), continuing rollout of i-Connect, realignment of aggregation workflows and *Staff are continuing to work overtime to help with resourcing. *Further staff resource and funding is being sought at the Committee meeting on 17 December 2020.
6	3	Reconciliations to ensure accurate data is held is not being completed on a frequent basis.	We recommend that a full reconciliation be undertaken between Altair and SAP Payroll. This recommendation is carried over from last year's audit report.	A full reconciliation between Altair and SAP Payroll will be completed.	1 December 2019	<u>Behind target:</u> Analysis of GMP and payroll reconciliation close to completion. Rectification due to be undertaken in 2021. We are now receiving monthly data cuts from Payroll. A paper detailing the current position of this whole Fund reconciliation is to be presented to the Pension Committee at their meeting on 17 December 2020.

Page 91

Table 2 – Pensions Fund Key Controls Review 06/10/2020 - Progress against internal audit recommendations:

No	Priority score	Issue	Recommendation	Agreed management action	Agreed management timescale	Progress at 17 December 2020
1	2	Some weaknesses and inefficiencies identified in relation to the new procedure for the i-Connect system.	We recommend that senior officers liaise to ensure that a review of the member contribution issues raised in our finding is undertaken promptly, to future-proof the processes used and ensure appropriate efficiencies are made.	Senior Officers to find a satisfactory solution which enables the appropriate checks to take place in an efficient way.	January 2020	<u>On target:</u> Since early November i-Connect now has a reporting tool which will produce a report of all contributions (date specific) in an Excel file. This is now being used in preference to manually typing in contributions value from i-Connect into a master spreadsheet. The Fund's accounting team have rolled out a new approach to receiving remittance advice from employers which once fully embraced by employers will lead to easier cross-checks between contributions paid and contributions expected based on the membership data.

2	3	Checks of the “National Insurance” (NI) database are not consistently completed during the early stages of the sampled death grant payments.	We recommend officers ensure that the Altair workflow for processing death grants is updated to include the check of the NI database on notification of death at the beginning of the process. This is to ensure efficiency by the Fund acting accordingly where it is identified that the member has an alternative pension fund of higher value than that held with WPF.	Officers agree with the recommendation and will make this change.	30 November 2020	Completed: This has now been added to all relevant workflow tasks (i.e. sooner in the process that was previously being undertaken) and the written procedure has also been updated.
3	3	A Data Officer has not yet been set up to use the automated Docmail system.	We recommend that the Data Officer is set up with the access required to the Docmail system and is inducted on its use as required.	We agree with this action and will ensure that the data officer concerned, as well as other relevant new staff, are set up on Docmail. Part of the set-up process requires involvements from IT which may cause some delay.	31 October 2020	Completed: The officer is now successfully set up and printing from Docmail, in addition to receiving training on how to use the printing tool. It is a Pension Dept. requirement that all new starters have access to a Docmail account and receive the relevant training.
2	2	We identified several issues in relation to the guidance and training for, and the completion of, Data Protection Impact Assessments (DPIA).	We recommend that officers: Complete a review of the Docmail system's DPIA to ensure that all risks relating to the processing of personal data have been captured and appropriately mitigated to the satisfaction of the Fund. Ensure that all staff and managers with specific responsibilities for the completion of DPIAs receive any further training required to complete the procedure effectively.	We agree with this recommendation and we will action accordingly.	17 December 2020	On target: 1. The Docmail system's project plan & DPIA has been reviewed by the Fund's Project Manager & both documents are being updated to demonstrate that control of this exercise has been maintained. Completed: 2. After discussion with relevant staff and managers with specific responsibilities for the completion of DPIAs determined that additional training was not required. The outcome of the discussion discovered that knowledge & understanding were not the source of the issue, but the pressure of overall work commitments was, which had led to a shortfall in the completion of good administrative housekeeping within the department.

5	3	We identified several issues in relation to the guidance and training for, and the completion of, Data Protection Impact Assessments (DPIA).	We recommend that the Governance and Performance Manager: 1.Reviews the current DPIA procedure and standard DPIA template to ensure they consistently reflect the procedures, are clear and easy to follow, and to provide risk scoring methodology and assessment guidance. 2.The above documents should then be re-communicated to relevant staff and managers and their feedback invited to ensure they have a good understanding of the procedures to be used.	We agree with this recommendation and we will action accordingly	17 December 2020	On target: 1. It is noted that pages 7 & 8 of the Fund's Privacy Impact Assessment should be completed by Information Governance (IG) and signed off on page 10 by IG. However, as IG have no form of their own, or completed the Fund's form, Fund Officers propose to change the Fund's DPIA form in order to manage the outcome & just request IG provide an indication of approval for our DPIA. Namely an email response. Consequently, our policy & procedure can then remain unchanged. Completed: 2. The Fund's Project Manager consulted on the use of current DPIA procedure and standard DPIA template, the outcome of which is specified in 1 above.
6	3	The Fund has not received formal acceptance from one of their Investment Managers of their wish to be treated as a 'Professional Investor' in relation to the MiFID II.	We recommend that officers seek a formal, written acceptance of the Fund's re-categorisation as Professional Investors and how they will be treated in respect of this status, from any Investment Managers who have not yet returned a formal acceptance.	We agree with this recommendation and we will action accordingly	tbc	Completed: Officers have written to the outstanding investment manager concern the Fund's wish to be treated as a 'Professional Investor' in relation to the MiFID II and a positive response has been received.

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WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE

17 December 2020

Fund Audit Plan – 2021/22

Purpose of the Report

1. To enable members of the Committee to consider commissioning a range of Pension Fund audits which can be included within the Fund's audit plan for 2021/22.

Background

2. The following range of audits have been recommended by the Board at their meeting on 15 October for consideration by the Pension Fund Committee. The scope of these audits covers three external audits with Deloitte auditing the Annual Report & Account's (AR&A), possibly Shaw Trust auditing the Fund's Accessibility Regulations compliance & the South West Audit Partnership (SWAP) auditing Brunel's Cost Savings. In addition, internal audits will also be conducted by SWAP the covering the Fund's compliance with various regulations such as the LGPS regulations, its internal financial controls & its compliance with the Data Protection Act 2018/GDPR requirements.
3. **Deloitte Audit** – The Wiltshire Pension Fund (WPF) will employ the services of Wiltshire Council's external auditor in conjunction with the requirements of the Council's Audit Committee. It is anticipated that officers will prepare an audit timetable including an interim (virtual) site visit by Deloitte in December 2020 or January 2021, prior to the preparation of the draft accounts in May. Deloitte's will then undertake a further site visit in May/June after which officers will submit the draft report & accounts for 2020/21 to both the Board & Committee in July. It is intended that the AR&A's for 2020/21 will be completed and by 31st July.
4. **Accessibility Audit** – Officers propose to employ the services of an external auditor, possibly Shaw Trust, on behalf of the Fund in order to audit the Fund's compliance with with the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018, the Equality Act 2010 & adhere to the Web Content Accessibility WCAG 2.1 guidelines which came into full force from September 2020. Officers have developed a project plan to implement the Fund's compliance requirements.
5. **SWAP Audits** – Each year a risk identification approach is employed by Wiltshire Council to determine the terms of reference of its internal auditors. As part of this determination the Pension Fund Committee should make recommendations to the Audit Committee on areas of compliance which it considers to be relevant. In 2021/22 it is recommended that SWAP complete a site visit undertaking a review of the Fund's Pension Transfer arrangements to BPP, its internal financial controls & the Data Protection Act 2018/GDPR. It is also recommended that SWAP be appointed to conduct an audit of Brunel's Cost Savings. In addition, as part of the Fund's internal audit strategy it is recommended that requests should be made for copies of key SWAP audits conducted on other Wiltshire Council service areas which provide significant services to the Fund.
6. After discussion by the Board it was agreed that recommendations to the Committee should not be made for the Scheme Year 2021/22 in respect of internal audits covering

the Pension Regulator's Code of Practice 14 & MiFID II. It was noted that an internal audit in connection with Pension Regulator's Code of Practice should be delayed until the Regulator's new Single Code of Practice has been introduced. In light of the good governance arrangements observed by SWAP in relation to the Fund's implementation of its MiFID II compliance in 2020/21, no requirement for an audit was felt necessary in 2021/22.

7. The Board noted that officers intend to set out the Fund's self-assessment arrangements against the requirements of the Taskforce Climate-related Financial Disclosures (TCFD) currently due to be implemented from 2023, to ensure its compliance.

Considerations for the Committee

Deloitte Audits

8. The Board recommended that in the event that the Audit Committee had not approved the signing off of the qualified 2018-19 Annual Report & Account the Pension's Committee should request a written report outlining a resolution from the Audit Committee. This would also include the 2019-20 accounts. On review of the Audit Committee's meeting minutes dated 18 November the Audit Committee had signed off the qualified 2018-19 accounts, however signing off of the 2019-20 accounts had been deferred until the Audit Committee's expected February 2021 meeting. For the purpose of pension assurance though it was noted by the Audit Committee that they should approve the Pension Fund accounts for 2019/20.

SWAP Audits

9. Annual audits are essential to cover the Fund's key financial controls & Pension Transfer arrangements with BPP. With regard to the Fund's key financial controls audit the Board recommended that additional focus on the Fund's newer significant processes in connection with its i-Connect, MSS & treasury management arrangements should take place. It also recommended that a limited audit takes place concerning the Fund's Data Protection Act 2018/GDPR compliance revolving around its newly implemented System & Security Access control arrangements.

Environmental Impact of the Proposal

10. Not applicable.

Financial Considerations & Risk Assessment

11. There are no known implications at this time.

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.

Proposals

14. For the Pension Fund Committee to approve the commissioning of the external & internal audits outlined within this report & for officers to notify to the Audit Committee & CLT, as required, in respect of the recommendations agreed.

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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WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
17 DECEMBER 2020

WILTSHIRE PENSION FUND RISK REGISTER

Purpose of the Report

1. The purpose of this report is to update the Committee 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.
 - **PEN056: Failure to implement Accessibility Regulations:** (Green) The Fund needs to comply with the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018, the Equality Act 2010 & adhere to the Web Content Accessibility WCAG 2.1 guidelines which came into full force from September 2020. Officers have set in place a project plan to ensure compliance in an external audit.
6. The evidence-based review of the register identified the following risks had changed or need to be recategorized;
 - **PEN002: Failure to collect and account for contributions from employers and employees on time:** (From Green to Amber) The 2020 SWAP internal audit report highlighted a Priority 2 risk requesting officers ensure that a review of the

member contribution processes raised in their report are undertaken promptly & to future-proof those processes to ensure appropriate efficiencies are made.

Risks returned for quarterly consideration

- **PEN012: Over-reliance on key officers:** (From Green to Amber) The inability of the Fund to appoint a suitable full-time member of staff to support the Head of Pension Fund Investments should be recognised as a key person risk. Strategic appointments of this nature appear to fall outside of the Council's standard approach to appointments.
- **PEN009: Failure to comply with Data Protection Legislation (GDPR & Data Protection Act 2018):** (From Green to Amber) The 2020 SWAP internal audit report highlighted a Priority 2 risk requesting officers undertake several actions in relation to the Fund's Data Protection Impact Assessments (DPIAs).
- **PEN024: The implementation of Brexit causing investment volatility or unexpected legislative changes:** (From Green to Amber) With 31st December approaching and at the time of writing this reports the UK & EU's trading agreement still uncertain officers view is for the Fund to "accept the risk" on the basis that the level of risk is impossible to quantify. Being the last standard Committee meeting prior to 31st December, officers welcome Members comment on the Fund's approach to this risk.

7. Risks remaining "red", high risk:

- **PEN042: Significant retrospective legislation changes related to the McCloud case:** (Red) Following the release of the Government's consultation document in July (which has since closed), analysis of the Scheme's members who may be affected has been undertaken. Early indications suggest that potentially c27k members may be affected, as well as increasing the work on several supplementary administrative tasks. The impact actuarially speaking is likely to be minimal. Members requested that it be kept as a red risk until the administrative impact is completely clear.
- **PEN048: The transition of the pooling of LGPS assets with BPP fails to deliver the projected savings:** (Red) Progress and updates should continue to be regularly reported to Committee. A Board recommendation to introduce a monitoring & reporting timetable of BPP was approved by the Committee.
- **PEN052: COVID-19:** (Red) An infectious global virus which WHO has classed as a pandemic. Its multiple impacts on the Fund continue to be continuously monitored & managed, until the risk(s) subside. With the first approval of a vaccine by the UK, it is hoped that this risk can begin to reduce in 2021.
- **PEN055: Failure by Brunel Pension Partnership to properly address shareholder concerns via the governance review:** (Red) Governance arrangements set in place at the outset of Brunel's creation are due for review and it is vitally important that Wiltshire and all the shareholders are satisfied with the breadth and depth of this review and any resulting changes.

8. There are two risks on the risk register recommended for removal from quarterly presentation to the Committee. In addition, there were two risks which the internal auditor has identified as a Priority 2 risks in their annual report & these have been returned for quarterly consideration by members. In addition, the Brexit risk has also been returned. All three risks have been included within paragraph 6.

- **PEN029: Failure to implement the effectiveness review between the Committee & Board:** (Green) Following approval of the Pension Committee & Local Pension Board's updated terms of reference by Full Council on 20th July, along with changes to the Fund's internal controls such as the management of

meeting cycles, the introduction planning meetings & a clear training strategy officers now consider the effectiveness review to have been implemented.

- **PEN049: Failure to comply with the FCAs MiFID II compliance:** (Green) The findings of SWAP's 2020 internal audit which covered a compliance review of the Fund's MiFID II arrangements found only Priority 3 risks, which although require attention by officers are considered to be issues of a minor or best practice nature. Consequently, officers consider this compliance requirement to be fulfilled.

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 Committee is asked to approve the attached Risk Register and accept the recommendations for changes/actions made submitted by the Board in points 5 to 8.

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
PEN057	Failure to implement the Accessibility Regulations	For the Fund to comply with the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018, the Equality Act 2010 & subject to understanding the Web Content Accessibility WCAG 2.1 guidelines which came into full force from September 2020.	Government Digital Service (GDS) monitors public sector bodies' compliance on behalf of the Minister for the Cabinet Office. If GDS decides that a public sector body has failed to publish an accessibility statement, or that the accessibility statement is incorrect, it will publish the name of that body & a copy of the decision. In addition organisations in breach of the Equality Act 2010 and the Disability Discrimination Act 1995 may be liable to investigations, unlawful act notices and court action leading to reputational damage.	GOVERNANCE	SERVICE FUNCTION	Andy Cunningham	Low	1	1	1	Although not strictly a Pension Fund responsibility, the Administering Authority determined that as the Pension Fund operated a separate URL in respect of the Pension Fund's website it would view it as a separate entity & therefore required the Fund to make its own compliance arrangements. Fund officers have therefore initiated a project team to implement website compliance which will include an independent audit of its website compliance. The Fund's initial accessibility meeting took place on 5th November to scope its strategy.	1	1	1	The key actions agreed on 5th November are;	Low	↑	Ashleigh Salter	N/A
PEN056	Failure to implement the findings of the Goodwin vs the UK case in relation to discrimination which will affect public service pension schemes on the grounds of sexual orientation	Following a male to female transsexual post operative procedure the claimant stated that her human rights had been infringed when she was still treated as a man for National Insurance contributions purposes, as she continued to make payments after the age at which a woman would have ceased payments, thus causing harassment. A second similar claimant stated she was unable to obtain work as she was unable to provide her birth certificate revealing her gender history.	There is no remedy proposed yet, although some auditors are pressing for an allowance to be included in 2020 IAS19/FRS102 reports. Whilst the funding costs are expected to be small, this will be a further administration and communication burden to address.	ADMINISTRATION	SERVICE FUNCTION	Andy Cunningham	Low	1	1	1	The implementation of risk controls will be introduced on communication of remedies.	1	1	1		Low	↑	Andy Cunningham	N/A
PEN055	Failure of the Brunel Pension Partnership to properly address shareholders concerns via the governance review	Governance arrangements set in place at the outset of Brunel are due for review and it is vitally important that Wiltshire and all shareholders are satisfied with the breadth and depth of the review, and the resulting changes.	With the Wiltshire Pension Fund & other stakeholders being required to invest significant sums of money with BPP, robust governance arrangements are vital to ensure that shareholders are able to take assurance over the running of the partnership	GOVERNANCE	SERVICE FUNCTION	Andy Brown	High	4	4	16	Brunel's governance review is ongoing and is due to complete by the end of 2020. Wiltshire has actively engaged with Brunel, by sending a letter on behalf of Committee members, to make Wiltshire's expectations clear, and also via the Head of Pension Fund Investments' input at a client group level.	4	2	8	Officers will regularly monitor the progress of the governance review and engage at all possible opportunities. Committee members will be kept informed of all developments.	Medium	→	Andy Brown	N/A
PEN050	Failure to comply with IPR's anticipated new Single Code of Practice Statement	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 UK law. The new EU Directive covers the activities and supervision of Institutions for occupational retirement provision (IORP)	Consequently the IPR is simplifying its codes of practice as part of its 'clearer, quicker, tougher' campaign and in response to new requirements for scheme governance, the Occupational Pension Schemes (Governance) (Amendment) Regulations 2018. Codes combined notably relate to 9, 13, 14 & 15.	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 months of its publication	3	1	3	None, until the Single Code of Practice Statement is released which not anticipated until 2021.	Low	←	Richard Bullen	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	Medium	4	2	8	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. The next valuation will be in 2022 but it is unclear when the next one will follow.		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.	Administration: Some impact on administration processes and communications - unknown at the moment as the details have not been finalised. Cost: 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	BUSINESS PLAN 2020/21 (Objective(s) 32)	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	a) 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. b) Following the release of the Government's consultation document in July analysis of the Scheme's members who may be affected has been undertaken. Early indications suggest that c27k members from all status types will need to be reviewed, however cases where the underpin bites continues to be considerably less. Supplementary impacts such as the Annual Allowance, transfers & dependent benefits will also need to be considered, as well as changes to the Fund's internal controls to ensure that cases are reviewed as the liability falls due & that those which have been reviewed are marked accordingly.	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	BUSINESS PLAN 2020/21 (Objective(s) 40,41)	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	Officer to introduce a statement of Fund principles, beliefs & precedents.	Low	→	Richard Bullen	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 need to ensure they represent value for money. This will include changes to LGPS regulations. Introduction of exit cap will require an additional burden on the administration team as it is likely to effect all redundancy calculations. Funds are often given little time to implement changes which brings about this risk.	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 cost cap mechanism once introduced. Engagement with the relevant public service HR dept's in relation to the implementation of the Exit will be essential.	LEGISLATIVE	SERVICE FUNCTION	Andy Cunningham	Medium	3	3	9	The consultation is due to be completed on 9th November. Key risk controls should include; 1) Fund officers should ensure that relevant HR officers understand the implications of the Cap. 2) Review the Compensatory Regulations after they've been re-written and LGPS Regulations too as a priority 3) Ensure Fund officers understand the new regulations & draft proforma to manually calculate options, prior to the delivery of automated calculation routines 4) Consider any TUPE transfer implications 5) Liaise with HR department concerning potential redundancy exercises in 2021 & 6) Undertake a review of Fund's documentation to include disclaimers	2	3	6	A further review of resources may need to be considered following a review of the final detail & feedback from HR departments	Medium	↑	Andy Cunningham	N/A

Dynamic Risks

PEN054	Failure to implement an interim investment portfolio, private markets & multi asset credit arrangements as required	The implementation does not match risk/return requirements before capital can be deployed into private markets & a strategic asset allocation cash drag occurs on the investments	A loss on assets to the Fund. Assurance is required that investments are being made in line with expectations & being managed properly	FINANCIAL MARKETS & PRODUCTS	BUSINESS PLAN 2020/21 (Objective(s) 18,22,23)	Jennifer Devine	Medium	3	2	6	ISC to be updated at each quarterly meeting on the progress of the investment	2	2	4		Low	←	Jenny Devine	N/A
PEN053	Failure to implement Fund's Data Retention Strategy	Poorly implemented strategies agreed by the Board & Committee to ensure that the retention of data is properly executed in respect of both the Fund & Scheme Employers may occur.	A failure to adhere to the strategy could potentially breach GDPR compliance & create service issue in the event of data being inadvertently minimised or deleted.	ADMINISTRATION	BUSINESS PLAN 2020/21 (Objective(s) 28)	Mark Anderson	Low	1	2	2	Heywood (Altair Database manager) to introduce a tool to minimise & delete records. Includes an export function to identify records managed via this process which can be reported on. This can be cross referenced against the membership statistics if required.	1	2	2		Low	←	Mark Anderson	N/A
PEN052	COVID-19	COVID-19 is an infectious global virus which WHO has classed as a pandemic. The UK could be taking similar actions to other countries bad affected by this virus such as China & Italy which will cause significant business continuity issues to the pension fund	In a worst case scenario the Council's officers & service provider offices will be closed making remote working essential but difficult. In addition, it is expected that up to 20% of people will be off sick & needing to self-isolate causing service issues. Consequently issues around staffing, investment returns, employers supplying data, management of employer covenants, support from suppliers & contractors are all likely to be factors in the management of the Fund.	GOVERNANCE	SERVICE FUNCTION	Andy Cunningham/ Jenny Devine	High	4	4	16	The Council's/Fund's Business Continuity Plan will need to be activated. Regular communication with key services & service providers should be maintained. Fund officers have already taken a series of steps to ensure ongoing service & are giving consideration to the daily government updates & Council policy in the taking of those decisions.	4	4	16	The series of steps have been specifically identified to manage this risk. In particular, maintaining the movement of money, communication with all stakeholders & essential operating practices; Consequently the following risks were focussed upon; Movement of money PEN001, PEN002, PEN003, PEN015 & PEN033. Communication with stakeholders PEN013, PEN030 & PEN033 & Essential operating practices PEN004, PEN010 & PEN037. A survey was also sent to Employers requesting information about their circumstances & a close monitoring of actual employer behaviour has been adopted & will continue to be in relation to their service obligations.	High	↕	Andy Brown/ Andy Cunningham/ Jenny Devine	N/A
PEN051	There is a risk that the fixed income portfolios which are currently being scoped by Brunel & which the client group have had input into, may not be the best fit for Wiltshire	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	INVESTMENT PERFORMANCE & RISK	BUSINESS PLAN 2020/21 (Objective(s) 19)	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. A review of the ISS will take place to ensure that it is consistent with the prevailing strategy asset allocation.	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 resource its property portfolio offering	It is intended that property assets will transfer to Brunel in late 2020.	If Brunel are not adequately resourced, this could result in the portfolio not being effectively managed, and/or costs being higher than expected.	INVESTMENT PERFORMANCE & RISK	BUSINESS PLAN 2020/21 (Objective(s) 24)	Jennifer Devine	Low	4	1	4	Officers are working with Brunel to ensure that the transition plan is appropriate before proceeding with this transition. Define reporting metrics for the Committee to make a decision.	4	1	4	None	Low	→	Jennifer Devine	Jun-20
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 apprised of developments and seek more detailed information as the project develops.	1	2	2	None	Low	→	Mark Anderson	N/A
PEN037	Failure to implement a strategy to address the administration backlogs	Failure to effectively administration 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 2020/21 (Objective(s) 1,35,37)	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. As part of the 2020/2021 budget, approval for more resource is available to help mitigate this risk although this could take time to use given the impact of COVID-19 on office based working.	3	2	6	Employer training to be enhanced to assist the provision of information to officers & efficient management of backlogs. Improving peer review policy to enhance they way work is checked.	Medium	→	Jennie Green	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 2020/21 (Objective(s) 3,13,15,29)	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. As at April 2020, revised processes are in place for starters, leavers/refunds, aggregation and child pension reviews. Other processes will be looked at based on priorities with the intention of completing the reviews during 2020/2021.	3	1	3	Officer training to be enhanced to assist with the efficient processing practices. Officers have introduced a 2nd line of review strategy, where experienced officers conduct internal audits at a technical level, not just at a process level.	Low	→	Samantha Wooster	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	SERVICE FUNCTION	Andy Cunningham	Low	2	2	4	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	To avoid a reputational risk & action by the Government or the Pension Regulator, close attention is paid to communications from the Regulator & SAB on best practice and the outcomes implemented. Guidance from the LGA is also adopted into Fund working practices.	Low	↓	Richard Bullen	On-going
PEN028	Failure to introduce new administration software effectively	Implementation of new software including I-connect, payment instruction automation and a new member website. All to be completed during 2021/2022.	Delay in the payment of member benefit, poorer data quality, standard communication arrangements with members & employers & slower delivery times leading to a more costly service	ADMINISTRATION	BUSINESS PLAN 2020/21 (Objective(s) 4,5,6,8,9,14,16,26,30)	Andy Cunningham	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. I-Connect, which will have the largest impact, is partially delivered with around a third of active members onboarded. Large project is still ongoing and software from Heywood's is being used to process amendments to Altair 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	1	2	SQL capability to be developed within team to enhance reporting & verify effective implementation. Nova Sail will also be introduced to leverage & optimise the software capability employed by the Fund.	Low	→	Samantha Wooster	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. The Fund is looking to complete the reconciliation during the 2020/2021 year.	If GMP records for members are inaccurate there is the potential for incorrect liabilities being paid by the Fund.	ADMINISTRATION	BUSINESS PLAN 2020/21 (Objective(s) 34)	Andy Cunningham	Medium	2	4	8	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. NONE RECEIVED.	2	4	8		Medium	↓	Samantha Wooster	u/k

Ongoing Risks

PEN049	Failure to comply with the FCA's 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	BUSINESS PLAN 2020/21 (Objective(s) 17)	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 procedures put in place was submitted to the Board on 13th February. The Fund will also be audited in 2020 for its compliance with MIFID II. To be reduced to a Green risk on completion of a satisfactory internal audit.	Low	↓	Jennifer Devine	N/A
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 PERFORMANCE & RISK	BUSINESS PLAN 2020/21 (Objective(s) 21)	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. On 13th February 2020 the Board recommended that a monitoring & reporting timetable being put in place concerning BPP's transition to help mitigate this risk.	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	BUSINESS PLAN 2020/21 (Objective(s) 20)	Jennifer Devine	Low	3	1	3	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
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 2020/21 (Objective(s) 12,27)	Andy Cunningham	Low	1	2	2	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. Further work is required to introduce a suite of customer service based KPIs.	1	2	2		Low	↓	Mark Anderson	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	SERVICE FUNCTION	Jennifer Devine	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 Vernon	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 professional status	If Wiltshire Pension Fund is unable to maintain "professional" status it will limit the range of investments available and may lead to the forced sale of assets.	INVESTMENT PERFORMANCE & RISK	BUSINESS PLAN 2020/21 (Objective(s) 17)	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	2	2	4	Guidance received from officers & the Independent Adviser to the Fund has mitigated the impact of MIFID II. Officers implemented a self-assessment return completed by members concerning their competence to maintain "professional client status". A member training strategy for 2020/21 includes MIFID II related training	Low	↓	Jennifer Devine	On-going
PEN025	Further academisation 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	SERVICE FUNCTION	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
PEN024	The implementation of Brexit causes investment volatility or unexpected legislative changes	With 31 st December approaching the UK & EU's trading agreement is still uncertain	The arrangements by which the UK leaves the EU may produce short term volatile market movements which could impact on asset performance.	FINANCIAL MARKETS & PRODUCTS	SERVICE FUNCTION	Jennifer Devine	Medium	3	3	9	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 strategy. The dominant factors of the investment strategy continue to be the traditional funding of liabilities to pay its pensions, climate change & a possible global recession.	3	1	3	The markets appear to have now factored in the Brexit effect.	Low	↑	Jennifer Devine	On-going
PEN017a	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 Annual Report on the skills knowledge of members of the Committee	GOVERNANCE	SERVICE FUNCTION	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, independent advisors and investment managers too.	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 consider when looking at future training plans. Pensions is a complex subject, so the training needs of the Committee will need to be continued reviewed. Generally both Committee & Board members are taking a more active approach to training and requesting structured training in key areas	Low	→	Richard Bullen	On-going
PEN017b	A lack of Committee Member compliance with all regulations	Lack of Member willingness or awareness to be compliant with new regulations as they come into force leading to breaches of legislation and reportable offences	Over reliance on officers & advisers to ensure compliance leading to a lack of oversight challenge	GOVERNANCE	SERVICE FUNCTION	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 an annual audit plan to ensure the fund's compliance requirements are implemented & the results of the audit reported to Committee	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	SERVICE FUNCTION	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. The impact of COVID-19 on financial markets means the likelihood is currently increased.	Failure to collect cessation payments means the cost of funding future liabilities will fall against the Wiltshire Pension Fund	ACTUARIAL METHOD	BUSINESS PLAN 2020/21 (Objective(s) 36,42)	Andy Cunningham	Low	2	2	4	The Pension Fund Committee approved a revised cessation policy on 26 March 2020 to address regulatory changes made in March 2020 (backdated to May 2018). 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. Due to the current impact on COVID-19 situation on investment returns, we are currently encouraging employers to delay cessation crystallisation events where possible to avoid crystallise a large deficit.	2	1	2	A new employer cessation policy was approved in March 2020, however since then further guidance has been published nationally setting out Fund discretionary payment plans already introduced by Wiltshire. It should be noted that whatever determination the Fund makes there is a risk it will be open to challenge. In summary the Fund needs to amend our FSS & consider how this should work best and communicate out to employers accordingly. Furthermore, with regards to the spreading of exit payments & deferred debt agreements officers need to consider what changes to the existing cessation policy (sections 7 and 9) are needed for the Fund to be compliant	Low	↓	Andy Cunningham	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	SERVICE FUNCTION	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/ Samantha Wooster	N/A
PEN012	Over-reliance on key officers	The specialist nature of the work means that there are inevitably relatively experts in investments and the local authority pension regulations	If someone leaves or becomes ill, a large knowledge gap could be left behind.	GOVERNANCE	SERVICE FUNCTION	Andy Cunningham	Medium	3	2	6	Key people in the team are seeking to transfer specialist knowledge to colleagues by documenting procedures and notes. In the event of a knowledge gap, however, we can call on our external consultants and independent advisors for help in the short-term.	2	1	2	None - the risk will reduce once the existing team increases its level of knowledge and experience through greater time in their roles. A knowledge hub is being developed within the Fund and the LGA may create a practitioners bible which would work as a reference document for officers. Following the Accounting & Investment team restructure a key person risk has emerged in relation to supporting the Head of Pension Fund Investments.	Low	↑	Andy Cunningham/ Jennifer Devine	18/07/19

PEN011	Lack of expertise of Pension Fund Officers and Service Director, Finance	Lack of training, continuous professional development and continuous self assessment of skills gap to ensure knowledge levels are adequate to carry out roles to the best of their ability. Resourcing issues due to holding a vacancy in a key role in the investments team.	Bad decisions may be made in relation to any of the areas on this register, but particularly in relation to investments. Risk of being unable to fulfil statutory obligations and/or maintain key financial controls.	GOVERNANCE	BUSINESS PLAN 2020/21 (Objective(s) 2,3,31)	Andy Cunningham/ Jennifer Devine	Medium	3	3	9	Officers ensure that they are trained and up-to-date in the key areas through attendance at relevant courses and seminars, reading, discussions with consultants and peers, etc. Formulated annual Training Plans relevant to officers are also reviewed against the CIPFA Knowledge & Skills Framework to ensure adequate expertise exists. A Fund knowledge hub is being developed.	2	3	6	The Director of Finance & Procurement is now filled on a permanent basis and other senior officer roles in the Pension Fund are now filled by permanent staff for a significant period of time. Officer training to be enhanced to assist knowledge & understanding.	Medium	→	Andy Cunningham/ Jennifer Devine/ Corporate Directors	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. Early indications suggest the likelihood is increased due to the impacts of COVID-19 on employers and Fund officers.	Incorrect records held, leading to incorrect estimates being issued to members and incorrect pensions potentially being paid.	GOVERNANCE	BUSINESS PLAN 2020/21 (Objective(s) 38)	Andy Cunningham	Medium	3	3	9	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
PEN009	Failure to comply with Data Protection Legislation (GDPR & Data Protection Act 2018)	Poor procedures for data transfer to partner organisations, poor security of system, poor data retention, disposal, backup and recovery policies and procedures.	Poor data, lost or compromised, fines from the Information Commissioner, reputational risk of failure to meet Data Protection legislation.	LEGISLATIVE	SERVICE FUNCTION	Andy Cunningham	Medium	2	3	6	Compliance with Wiltshire Council's Data Protection & IT Policies. Annual Data Protection training given to the team. On-going cleansing of data undertaken by Systems Team. The Fund has produced a new suite of procedures and controls following the introduction of GDPR.	2	1	2	Further reviews and changes in relation to the GDPR. First internal audit (Key Controls - April 2019) identified a lack of clarity in relation to the Fund's Data Retention strategy, where no justification for retaining personal data can be made, notably Exit No-liability records. Data Cleaning must be carried out. Officers to agree with IG Data Cleaning approach. The 2nd internal audit identified the need for improvements to the Fund's DPIA arrangements.	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 2020/21 (Objective(s) 7,33)	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	Review of ABS requirements to ensure on-line delivery is compliant with disclosure requirements	Low	→	Luke Webster/ Jennie Green	N/A
PEN007b	Significant rises in employer contributions 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	SERVICE FUNCTION	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 to assist in affordability issues 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 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	SERVICE FUNCTION	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 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	SERVICE FUNCTION	Andy Cunningham	Low	2	2	4	As above	2	2	4	As above	Low	→	Andy Cunningham	On-going
PEN006a	Significant rises in employer contributions 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	SERVICE FUNCTION	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	Medium	3	2	6	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	The 2020 SWAP internal audit report highlighted a Priority 2 risk requesting officers ensure that a review of the member contribution processes raised in their report are undertaken promptly & to future-proof those processes to ensure appropriate efficiencies are made	Low	↑	Roz Vernon	On-going

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
17 December 2020

PENSION FUND – DATA PROTECTION POLICY

Purpose of the Report

1. This report presents to the Pension Fund Committee the Fund's updated Data Protection Policy.

Background

2. This is the last in a suite of high-level documents within the Fund's documentation hierarchy introduced as a result of the General Data Protection Regulation 2016 (GDPR) on 25 May 2018. GDPR 2016 being superseded by the Data Protection Act 2018. The Fund's other high-level documents being;
 - The Privacy Notice – last amended June 2020;
 - The Memorandum of Understanding – last amended April 2018;
 - The Data Improvement Strategy & Plan – last amended March 2019; &
 - The Data Retention Policy – last amended February 2020.
3. Its introduction replaces the Fund's reliance on Wiltshire Council's Data Protection Policy & provides a more pension specific approach to the management of the Wiltshire Pension Fund's data.

Considerations for the Committee

4. This Data Protection Policy defines the Fund's responsibilities under Data Protection Act 2018 & provide assurance to its members that their data is managed in compliance with the statutory obligations placed upon it.

This policy applies to all employees, officers, Committee Members, Pension Board Members, contractors and partner agencies who;

- Process personal data as part of their role, or on behalf of the Fund;
 - Have access to the Fund's member software system(s) for the purposes of maintenance and or/service provision in line with a contracted duty; &
 - Have access to buildings where personal data is stored.
5. The content of the Policy is split into fourteen sections which are believed to be self-explanatory.

Environmental Impact

6. There is no environmental impact from this report.

Financial Considerations

7. There are no immediate financial considerations.

Risk Assessment

8. There are no risks identified at this time.

Legal Implications

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

10. There are no implications at this time.

Proposals

11. The Committee is asked to note the introduction of the Fund's Data Protection Policy prepared by officers.

ANDY CUNNINGHAM
Head of Pensions Administration and Relations

Report Author: Richard Bullen – Fund Governance and Performance Manager.



WILTSHIRE PENSION FUND

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DATA PROTECTION POLICY 2018

EU General Data Protection Regulations

UK Data Protection Act 2018

1. Introduction

The Wiltshire Pension Fund is a Local Government Pension and manages the pension records of approx. 81,000 members as at 31st March 2020. The Fund is not a legal entity in its own right, it sits as a function of Wiltshire Council who hold the capacity of Administering Authority.

The Council, and therefore the Fund, are classed as a Data Controller under the General Data Protection Regulations (GDPR) and the Data Protection Act 2018 as it collects, stores and controls how personal information relating to its members is managed.

Consequently, it is required to hold, manage and process any personal data fairly, lawfully and in accordance with all Data Protection legislation.

2. Purpose

The purpose of this policy is to define the Fund's responsibilities under GDPR & provide assurance to its members that their data is managed in compliance with the statutory obligations placed upon the Fund.

This policy is designed to give members an overview of how the Fund complies with GDPR in its working practices and to provide an overview to Fund officers of how GDPR should be applied to inform their decisions and day to day work by providing a legal background to the processing of personal data.

3. Scope

This policy applies to all employees, officers, Committee Members, Pension Board Members, contractors and partner agencies who;

- Process personal data as part of their role, or on behalf of the Fund (including contracted service providers);
- Have access to the Fund's member software system(s) for the purposes of maintenance and or/service provision in line with a contracted duty; &
- Have access to buildings where personal data is stored.

4. Policy Statement

This policy sits within the Council's Information Governance Framework which includes policies on Cyber Security and Freedom of Information. This policy will be reviewed as required, or at least every three years as part of the Fund's information governance assurance program.

5. Definitions

- a) Personal Data** – any information relating to an identified or identifiable natural person which includes members, next of kin and any other associated individual;
- b) Sensitive Personal Data** – data consisting of racial or ethnic origin, political opinions, religious or philosophical beliefs, trade union membership, genetic data, biometric data, data concerning health, data concerning a natural person's sex life or sexual orientation;
- c) Processing Personal Data** – is essentially any action involving personal data, this can include storing, sharing, creating, altering, organising or deleting. It is not limited to these examples and applies to both physical and electronically held data;
- d) Data Subject** – is an individual who is the subject of personal data;
- e) Data Controller** – is a person or organisation who decides the purposes for processing personal data. The Wiltshire Pension Fund is a data controller;

- f) Information Security Officer (ISO)** – Is the person within the organisation that is responsible for the development and implementation of information security policies to protect the organisation’s information assets. Information Security relates to more than just personal data. Information Security for the Wiltshire Pension Fund is coordinated by two parties; &
- 1) the Head of ICT at Wiltshire Council; &
 - 2) the Solutions Architect within Wiltshire Council’s Information Governance team.
- g) Data Protection Officer (DPO)** – Is the designated person within an organisation that has responsibility for ensuring ‘legal’ compliance with GDPR, which relates only to personal data. The DPO for the Wiltshire Pension Fund is Andy Holyoake.

6. Categories of Individuals

The Fund, in providing pension benefits to its members, categorises its membership into distinct profiles;

- 6.1 Active Members**
This relates to members of the Fund who are in current employment with a Fund employer and are contributing to their pension benefits. The Fund distinguishes these members from other categories of data as the personal data held by the Fund is jointly-controlled by the Fund and the Employer;
- 6.2 Deferred Members - employed**
This relates to members of the Fund who are employed by a Fund employer and who in the past have contributed to their pension benefits, but have chosen not to currently continue contributing to their pension benefits. The Fund is a joint data controller with the employer for these individuals;
- 6.3 Deferred Members – no longer employed**
This relates to members of the Fund who are no longer employed by a Fund employer, but who have retained their pension account. The Fund distinguishes these from the category of member above as the Fund is now the only data controller. This is due to members no longer having a contractual relationship with the employer and the employer no longer having access to their personal data;
- 6.4 Pensioner Members**
These are members who are in receipt of their pension benefits. The Fund is the data controller for these members;
- 6.5 Beneficiary Pensioners**
These are members who have inherited pension rights from their spouse or family member. The Fund is the data controller for these members;
- 6.6 Other third party data**
The Fund may hold information relating to members’ next of kin, for example on a nomination form. The Fund is a data controller for these persons and holds the information under Schedule 1 (16) of the Data Protection 2018 as the holding of the information is necessary for the purpose of making a determination in connection with eligibility for pension benefits.

7. Categories of Data

The Fund has identified that it holds data in the following distinct categories;

- 7.1 **Special categories of data**
This relates to sensitive personal information as defined in the GDPR's and may relate to members of the Fund or other third-party data. This may also include medical history where relevant to the Fund's assessment on entitlement of benefits in line with the regulations;
- 7.2 **Personal data**
This relates to data about an individual which is not classed as a special category of data and can include information relating to contracts of employment and salary;
- 7.3 **Pensions data**
This may relate to information relating to a member's previous pension benefits accrued either with this Fund, or another fund which will need to be considered when assessing entitlement; &
- 7.4 **Employer data**
This is information relating to the Fund's employers for who the Fund may hold individual officer contact details.

8. Overseas Data Transfer

The Fund does have a number of overseas members who reside in countries other than the UK. The Fund does not transfer data relating to overseas members to anyone other than the individual.

9. The Six Principles of GDPR

The GDPR data protection principles set out the main responsibilities for organisations with the most significant addition being the accountability principle which requires organisations to show **how** they comply with the following principles.

The table below sets out how the Fund adheres to these principles.

Principles	Fund position
1. Processed lawfully, fairly and in a transparent manner in relation to individuals.	<p>The Fund provides pension benefits to over 81,000 members most of whom were automatically enrolled into the fund on commencing their employment with an eligible employer.</p> <p>Active members are provided with joiner information by their employer which notifies them of their enrollment in the Fund and they also receive an electronic joiner information pack from the Fund confirming their membership of the Fund.</p> <p>The new joiner information pack contains details of the Fund's Data Protection Policy, including directing members to the Privacy Notice (PN) confirming how their information is used, and with whom it is shared.</p>

	<p>The member's rights are also outlined in the PN and provide details on how a member can ask questions or request information relating to these rights.</p>
<p>2. Collected for specific, explicit and legitimate purposes and not further processed in a manner that is incompatible with those purposes; further processing for archiving, purposes in the public interest, scientific, or historic research purposes, or statistical purposes shall be considered compatible with the initial purpose.</p>	<p>The Fund collects information from the member's employer regarding that member's employment (salary, contact information and past service details). Information is also obtained from the member direct about any other pension benefits they hold which they may choose to amalgamate. This information is required by statute in order to process a member's pension account.</p> <p>The Fund, in reviewing the data it holds has undertaken a data mapping exercise to review the information received from employers ensuring it is relevant to the performance of its duty as a local government pension provider. This ensures that the information it holds is specific and relevant for the purposes it was collected.</p> <p>The Fund may hold information which is not immediately relevant (nomination details of third parties for example) however, due to the nature of the pension provision, the benefits may become payable at any given date and it has been determined that the information would be relevant and required at the point the pension benefits are payable. The Fund therefore has assessed that this information as relevant and specific to meeting its duties as an LGPS fund.</p>
<p>3. Adequate, relevant and limited to what is necessary in relation to the purposes for which it permits identification of data subjects for no longer than is necessary for the purposes for which the personal data processed.</p>	<p>The Fund will use personal data for matters relating to the Fund, including its administration management. This include the following purposes;</p> <ul style="list-style-type: none"> • to contact you. • to assess eligibility for, calculate and provide you (and, if you are a member of the Fund, your beneficiaries upon your death) with benefits. • to identify your potential or actual benefit options and, where relevant, implement those options. • to allow alternative ways of delivering your benefits, for example, through the use of

	<p>insurance products and transfers to or mergers with other pension arrangements.</p> <ul style="list-style-type: none"> • for statistical and financial modelling and reference purposes (for example, when we assess how much money is needed to provide members' benefits and how that money should be invested). • to comply with our legal and regulatory obligations as the administering authority of the Fund. • to address queries from members and other beneficiaries and to respond to any actual or potential disputes concerning the Fund. • the management of the Fund's liabilities, including the entering into of insurance arrangements and selection of Fund investments. • in connection with the sale, merger or corporate reorganisation of or transfer of a business by the employers that participate in the Fund and their group companies.
<p>4. Accurate and where necessary, kept up to date; every reasonable step must be taken to ensure that personal data that is inaccurate, having regard to the purposes for which they are processed, is erased or rectified without delay</p>	<p>The Fund Pensions Portal has (Member Self Service (MSS)), a self-service platform for members of the Fund to obtain details of their pension benefits and log into their own account to check and update their details. This platform serves as a useful tool for ensuring the information held about members is accurate.</p> <p>The Fund manages a monthly submission platform with employers (i-Connect). This requires employers to submit a monthly data file about their employees who are members of the Fund confirming the information held by the Fund is accurate.</p> <p>In relation to the Fund's deferred members, who may have moved away and lost contact with the Fund, the Fund has reached out to this group to encourage their sign up to the Pensions Portal (MSS) and had undertaken a deferred member data management project. This project requires the Fund to undertake a tracing program for deferred members with a retirement date in the forthcoming 3 years to ensure the information we hold is accurate at the point of retirement.</p>

	<p>The Fund has published a PN which outlines a member's rights to request rectification of their data and how to make this request.</p>
<p>5. Kept in a form which permits identification of data subjects for no longer than is necessary for the purposes for which the personal data is processed; personal data may be stored for longer periods insofar as the personal data will be processed solely for archiving purposes in the public interest, scientific or historical research purposes or statistical purposes subject to implementation of the appropriate technical and organisational measures required by the GDPR in order to safeguard the rights and freedoms of individuals.</p>	<p>The Fund, in providing statutory duties under the regulations has determined that it must permanently delete a member's record after 15 years of no liability continuing to be present for that member, or their dependents. Should a member for example, transfer out of the scheme, the Fund will retain a basic record confirming the member's name, contact details, date of birth and national insurance number, known as minimisation, but will endeavour to delete any other information including any documents relating to the member. The basic record is to enable the Fund to comply with statutory and legal obligations such as fraud prevention and the GMP reconciliation.</p> <p>Personal data will be processed in the public interest, scientific or historical research purposes or statistical purposes subject to implementation of the appropriate technical and organisational measures to enable to assess the future funding needs to pay all member benefits.</p>
<p>6. Processed in a manner that ensures appropriate security of the personal data, including protection against unauthorised or unlawful processing and will ensure against accidental loss, destruction or damage, using appropriate technical or organisational measures.</p>	<p>The Fund, as part of its Information Governance toolkit, has adopted the Administering Authority's Network Security policy which outlines how the Fund protects members' data from incidents of Cyber Crime and risk of hacking together with outlining the Fund's control mechanisms for its pension administration software system. The protection of data is a key consideration when awarding a contract to the software supplier.</p> <p>When contracting with third parties the Fund will require all service providers to enter into a data sharing agreement, which sets out the Fund's expectations of the service provider in its protection of information. Furthermore, the Fund will require confirmation by the service provider that are conversant with their duties under GDPR and are able to comply with them.</p> <p>When engaging with members, the Fund has implemented a 3 stage identity check process</p>

	which requires members to pass 3 identification questions on contacting the Fund.
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Article 5(2) of the GDPR requires that ‘the controller’ (i.e. The Fund) shall be responsible for, and be able to demonstrate, compliance with the principles.

10. Notable GDPR sections

This policy aims to meet that requirement.

10.1 Lawfulness of processing conditions

Under GDPR, organisations need to identify a lawful basis on which they can process an individual’s data. These are referred to as the “conditions for processing”.

An organisation will be required to ensure that it meets the conditions for processing and will need to explain to individuals whose data it holds, how it meets those conditions and what the individuals’ rights are to ensure their data is managed appropriately.

The table below sets out the lawful basis for processing personal data and how the Fund manages members’ data in line with this.

Condition	Fund position
6 (1) (a) Consent of the data subject	<p>The Fund, as a Local Government Pension Scheme Fund provides statutory pension benefits to all its members.</p> <p>Members are automatically enrolled into the Fund through their employment contract and have the option to opt-out once in employment.</p> <p>Consent is therefore established by virtue of the Pensions Act 2008 whereby it is a statutory requirement to automatically enrol eligible members into the scheme.</p>
6 (1) (b) Processing is necessary for the performance of a contract with the data subject, or to take steps to enter into a contract	<p>As a statutory scheme, there is no formal contract with individual members, however the statutory duty to provide pension benefits to eligible employees creates a binding agreement.</p>
6 (1) (c) Processing is necessary for compliance with a legal obligation	<p>The Fund, as a Local Government Pension Scheme Fund provides statutory pension benefits to all its members and may rely on this condition when processing member data. Namely the Local Government Pension Scheme Regulations 2013 & the Local</p>

	Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended from time to time).
6 (1) (d) Processing is necessary to protect the vital interests of a data subject or another person.	As a pension provider, the Fund may hold details of a member's next of kin/family member/associate whose details it will hold for the purpose of beneficiary pensions and/or death grant nominations. The information will be provided by the member. The Fund considers that it holds this data in line with this condition as it may be required to pay pension benefits to those individuals at some point in the future.
6 (1) (e) Processing is necessary for the performance of a task carried out in the public interest or in the exercise of official authority vested in the controller.	The Administering Authority, as the Scheme Manager of a Local Government Pension Scheme provides statutory pension benefits to all its members & may exercise its official authority in its capacity as a public body.
6 (1) (f) Necessary for the purposes of legitimate interests pursued by the data controller.	While at first, this condition may appear to be relevant to local authorities in the performance of their duties, guidance from the Information Commissioner (ICO) states that authorities cannot rely on this condition when processing personal data. However, the Administering Authority considers its legitimate interests to be calculating, securing & paying benefits & performing our obligations and exercising any rights, duties & discretions the Authority has in relation to the Fund.

10.2 Special conditions for sensitive personal data

In addition to the above conditions, where an organisation processes sensitive personal data, it must also comply with Article 9 of the GDPR. The table below sets out how the Fund complies with this Article;

Condition	Fund position
9 (2) (a) Explicit consent of the data subject, unless reliance on consent is prohibited by EU or Member State Law	Members are automatically enrolled into the Fund through their employment contract and have the option to opt-out once in employment. As part of the standard enrolment process no sensitive personal data will be requested.

<p>9 (2) (b) Processing is necessary for carrying out obligations under employment, social security or social protection law, or a collective agreement</p>	<p>To fulfil the Fund’s statutory pension benefits obligations sensitive personal data may be required. In all cases the retention of that data will be maintained in conjunction with the special consent obtained from the member for both past & present retention of data & only for the duration for which it is required.</p>
<p>9 (2) (c) Processing is necessary to protect the vital interests of a data subject or another individual where the data subject is physically or legally incapable of giving consent.</p>	<p>The Fund may have members of the scheme who operate under a Power of Attorney/court order whereby responsibility for their affairs is granted to family members or guardians. The Fund may rely on this condition when processing the sensitive data of those members and their families.</p>
<p>9 (2) (d) Processing carried out by a not-for-profit body with a political, philosophical, religious or trade union aim provided the processing relates only to member or former members.</p>	<p>This condition is not relevant to the work of the Fund</p>
<p>9 (2) (e) Processing relates to personal data manifestly made public by the data subject.</p>	<p>This condition is unlikely to be relevant to the work of the Fund.</p>
<p>9 (2) (f) Processing is necessary for the establishment, exercise, or in defence of legal claims or where courts are acting in their judicial capacity.</p>	<p>This condition may apply to the Fund as it strives to prevent fraud or duplicate claims from individuals. The Fund may also be subject to challenge under the Internal Dispute Resolution Process and may require the retention of personal data to defend such claims.</p>
<p>9 (2) (g) Processing is necessary for reasons of substantial public interest on the basis of Union or Member State Law which is proportionate to the aim pursued and which contains appropriate safeguards.</p>	<p>This condition is unlikely to be relevant to the work of the Fund.</p>
<p>9 (2) (h) Processing is necessary for the purposes of preventative or occupational medicine, for assessing the working capacity of the employee, medical diagnosis, the provision of health or social care or treatment or management of health or social care systems and services on the basis of Union or Member State Law or a contract with a health professional.</p>	<p>This condition is not relevant to the work of the Fund.</p>
<p>9 (2) (i) Processing is necessary for the reasons of public interest in the area of public</p>	<p>This condition is not relevant to the work of the Fund.</p>

health, such as protecting against serious cross-border threats to health or ensuring high standards of healthcare and of medicinal products or medical devices.	
9 (2) (j) Processing is necessary for archiving purposes in the public interest, or scientific and historical research purposes or statistical purposes in accordance with the GDPR.	Processing of data by the Fund for statistical and financial modelling and for reference purposes will be undertaken only to the extent that the Fund can assess how much money is needed to provide members' benefits and how that money should be invested and to manage liabilities and administer the Fund generally.

10.3 Individuals' Rights

One of the key obligations on organisations who manage and control individuals' data is to ensure the individual is informed about their rights under GDPR which gives them control over how their information is used and by whom.

These rights are detailed as follows

a) The right to be informed

This is the right to know how information is used and who it will be shared with. The Fund will publish on its website a Privacy Notice which outlines what personal information the Fund will hold, who it will share it with and for how long the information will be held.

Should an individual feel that the information supplied in the Privacy Notice is inadequate or that it doesn't inform them about the how their information is used by the Fund, the Fund will work with the Fund's Data Protection Officer to offer more guidance & information to provide further assistance to the individual.

b) The right of access

This is an individual's right to obtain;

- confirmation that data is being processed
- access to personal data
- access to policies and information held by the Fund about how it uses data

This right enables individuals to verify that the Fund is using data appropriately as well as providing access to obtain copies of information it holds.

Individuals are entitled to see the information held and can request a copy by emailing pensionenquiries@wiltshire.gov.uk, or by submitting a completed copy of the Fund's standard request form held on the website.

Copies of the information held will be provided within one month of receiving a request, however should a request be more complex, the Fund may write informing the individual that their request may take longer, confirming the date when the information will be provided.

c) The right to rectification

Individuals have a right to have information amended or rectified if they believe it is inaccurate or incomplete.

If you believe any information we hold about you to be incorrect, please email pensionenquiries@wiltshire.gov.uk and we will amend the information accordingly.

The Wiltshire Pension Fund operates a self-service platform called “MSS” where members can amend details the Fund holds about them, including name, address & other basic details and nominations. Members are encouraged to use this platform to ensure the information the Fund holds about them is accurate and up to date.

d) The right to erasure/ right to be forgotten

This right allows individuals to request a company or body to delete any or all information they hold about them.

However, the right to erasure does not provide an absolute ‘right to be forgotten’. Individuals have a right to have personal data erased and to prevent processing in specific circumstances:

- Where the personal data is no longer necessary in relation to the purpose for which it was originally collected/processed.
- When the individual withdraws consent.
- When the individual objects to the processing and there is no overriding legitimate interest for continuing the processing.
- The personal data was unlawfully processed (i.e. otherwise in breach of the GDPR).
- The personal data has to be erased in order to comply with a legal obligation.

The Fund, in providing statutory duties under the regulations has determined that it cannot permanently delete a member’s record. Should a member transfer out of the scheme, the Fund will retain a basic record confirming the member’s name, contact, date of birth, national insurance number details and sufficient information to determine what happened to the member’s benefits, but will endeavour to delete any other information including any documents relating to the member. The basic member details are required to be retained to enable the Fund to comply with statutory and legal obligations such as fraud prevention and GMP reconciliation.

It should be noted that in making a determination to not permanently delete a member’s record where an individual has requested the right to erasure, the Fund will outline the consequences of their decision to them, namely the loss of pension entitlement that they have accrued. Where necessary the Fund will take further guidance before exercising the individual’s right to erasure, or to be forgotten.

e) The right to restrict processing

Individuals have a right to limit how the Fund uses data, including who it shares it with. A request for information to be used for limited purposes will not delete the information the Fund holds.

The Fund publishes a Privacy Notice which outlines how it uses data and who it shares it with. Should you wish the Fund to limit how we use your data please email pensionenquiries@wiltshire.gov.uk with the reasons for your request.

f) The right to data portability

This right enables individuals to obtain copies of the information the Fund holds in a format that is easily transferred to either individuals or another organisation.

This is particularly relevant to members who may choose to transfer out of the Fund to another pension provider. The Fund will provide the information it holds to a new pension provider in a format that they can use. The transfer would not take place without the individual's consent.

g) The right to object

In addition to the right to limit the use of data, individuals also have a right to object to the use of data for certain actions.

The Fund may share information with third parties, for example where we outsource our printing & mailing of documents (e.g. payslips, P60's & benefit statements). Under GDPR you can object to the Fund sharing your data with these third parties.

Should an individual exercise their right to object, it will not limit the information they receive from the Fund, as it may still be required by law to provide certain information. In cases such the Fund will take appropriate steps to ensure requests are complied with, but that it also fulfils any legal obligation it has to provide information or supply services.

h) Children's data

The General Data Protection Regulations specifically ensures the protection of children's data as children may be less aware of the risks and consequences associated with the processing of their personal data.

Any information held by the Fund which relates to the personal data of a child under 13 is held with the consent of a parent, or the person with parental responsibility.

Children aged 13 – 16 are generally regarded as having the appropriate level of understanding to provide their own consent for the use of their data, provided the Privacy Notice has been written in a way they can understand.

The Fund's Privacy Notice has been reviewed using the Plan English Mark of Quality to ensure it is easily understood by children of 13 years or older.

11 Process for requests

Where an individual data subject has a question or complaint regarding how their rights under GDPR are upheld, they are encouraged to make contact in writing to the Fund's general email address in the first instance pensionenquiries@wiltshire.gov.uk.

Data subjects who consider that data is inaccurate or out of date are encouraged to use the online Pensions Portal (MSS) to check the data held by the Fund and to attempt to rectify it

themselves. Where that is not possible, they may also request, in writing, that the information be corrected or erased. They will receive a written response indicating whether or not the Fund agrees and if so, the action to be taken. In the event that the Fund disagrees (e.g. the data is held for a legal purpose), the data subject may request their objection be recorded with the relevant record.

A notice may be served by the data subject objecting to the processing and/or way in which the information is being processed, requesting the Fund to cease doing so on the basis that this may cause substantial unwarranted damage or distress to the data subject. A written response indicating the Fund's intentions will be given within 21 days of receiving the request. This will explain whether or not the Fund intends to comply with the request, including any parts of the request which the Fund considers unjustified.

Data subjects may ask the Fund for an explanation of any decision likely to significantly affect them which has been, or may be taken solely by wholly automated means, this will apply most specifically in the electronic calculation of pension benefits using the Fund's software management system. The Fund will consider a request and consider reviewing a decision which has been taken, or consider taking a new decision on a different basis, in circumstances where either course of action is appropriate and timely, unless the automated decision qualifies as an exempt decision.

If a data subject remains dissatisfied with a response received, they may ask for the matter to be dealt with under the Fund's Internal Dispute Resolution Procedure.

Ultimately if a data subject continues to be dissatisfied, she/he has the right to ask the Information Commissioner's Office (ICO) to carry out an assessment of their case and/or pursue a legal remedy.

12 Process for reasons of legal duty

The Fund may receive requests for information from various sources. This can include court orders, or requests in relation to Crime & Taxation or Legal Proceedings set out in sections of the Data Protection Act 2018.

All external agencies, contractors or Service Level Entities (SLEs) that the Fund contracts with must demonstrate the technical and legislative ability to uphold the principles of the Act and the rights of the individual when handling or receiving Fund owned personal data.

The Fund will write, uphold and regularly review Data Sharing Agreements & Memorandums of Understanding (MOU) when sharing information with Joint Data Controllers. The Fund will ensure that appropriate contracts & data processing agreements are in place when using third party contractors as data processors. All of the Fund's data sharing and data processing arrangements are written in line with the ICO's Data Sharing Code of Practice, ICO's guidance on the role of Data Controllers and Data Processors and the Administering Authority's Information Sharing Policy.

13 Responsibilities

The Fund's Data Protection Officer is responsible for ensuring compliance with this policy and overall information governance across the Fund. However, on a day to day basis this is delegated to the Head of Pensions Administration & Relations as the designated Information Asset Owner.

The Fund will ensure that all employees responsible for handling personal data will receive appropriate training in the use and control of this data. Fund officers responsible for sensitive personal data will also receive training appropriate to their roles.

The Fund will implement a process to ensure all officers handling personal information know when and how to report any actual or suspected data breach, and that appropriately trained officers manage these breaches correctly, lawfully and in a timely manner.

All Fund officers must complete GDPR awareness training and more in depth training if they are involved in the processing of personal data.

The Fund will monitor and review its processing activities to ensure these are consistent with the principles and individual rights under GDPR legislation and will ensure that its notifications are kept up-to-date.

The Fund will ensure that any new or altered processing identifies and assesses the impact on a data subject's privacy as a result of any processing of their personal data, and that appropriate Privacy Notices are maintained to inform data subjects of how their data will be used. These will be assessed in line with the Privacy Impact Assessment Procedure.

The Fund will review and update this policy to ensure it remains consistent with the Law, and any Compliance Advice and Codes of Practice issued by the ICO.

14 Breaches of policy

Breaches of this policy and/or security incidents can be defined as events which could have, or have resulted in, loss or damage to an individual's personal data which is in breach of the Fund's security procedures and policies and the GDPR.

The GDPR imposes a duty on all organisations to report certain types of data breaches to the relevant supervisory authority within 72 hours of becoming aware, and in some cases to the individuals affected.

All employees, Committee members, partner agencies, contractors and vendors have a responsibility to report security incidents and breaches of this policy as quickly as possible through the Fund's Data Protection Breach Procedure. This obligation also extends to any external organisation contracted to support or access the information systems of the Fund.

In the case of third-party vendors, consultants or contractor's non-compliance could result in the immediate removal of access to the system. If damage or compromise of the Fund's ICT systems or network results from the non-compliance, the Fund may consider legal action against the third party. The Fund will take appropriate measures to remedy any breach of the policy through the relevant frameworks in place. In the case of an individual then the matter may be dealt with under the Administering Authority's disciplinary process.

Any incidents of data breach or near miss should be reported in the first instance to the Fund Governance & Performance Manager or alternatively the Fund's Data Protection Officer (see Data Protection Breach Procedure).

Document Control Information	
Document title	Data Protection Policy
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Version History			
Version	Date	Detail	Authors
1.0	January 2019	1st draft based on existing documents, and ICO guidance	Richard Bullen, FG&PM
<u>2.0</u>	<u>August 2020</u>	<u>1st draft based on existing documents, and ICO guidance</u>	<u>Richard Bullen, FG&PM</u>

Contacts	
Data Protection Officer	InformationGovernance@wiltshire.gov.uk
General Fund enquiries	pensionenquiries@wiltshire.gov.uk
Information Commissioner Officer	https://ico.org.uk/global/contact-us

Wiltshire Pension Fund Committee

Meeting:	16/07/20	24/09/20	17/12/20	25/03/21	Q2 2021	Guidance comments
GOVERNANCE - Committee Specific						Comments
Confirmation of annual election of Chair & Vice Chair	✓				✓	Annual appointments made by Full Council
Review Committee's Terms of Reference (if and as required)						This review should be in conjunction with the Board & ISC's ToR review to ensure continuity. Lasted reviewed in July 2020 and a 3 year cycle may be viewed as good governance
Fund's annual budget setting				✓		Prior to 31st March each year
Budget Monitoring	✓	✓	✓	✓	✓	Quarterly spend & allocation of costs review against budget
Budget Outturn	✓				✓	Annual actual review of financial pension fund spend against the previous year's budget
Committee Annual Training Plan Update	✓				✓	To be completed following each Scheme year for subsequent inclusion in the Fund's AR&A
Training Item relevant to agenda	✓	✓	✓	✓	✓	To be consistent with Member's training & development strategy
Members Hand Book	✓					Hyman's standard adopted in preference of WPF specific Hand Book
Committee effectiveness review						3 year plan last raised with the Committee on 12/12/2018. The Committee should also compare itself against its own core functions.

Forward Work Plan Review	✓	✓	✓	✓	✓	Officers to update the next Scheme year's plan in time for the new Scheme year. Annual reviews to therefore be undertaken in calendar Q1
GOVERNANCE - Fund Specific						Comments
Scheme Legal, Regulatory & Fund update	✓	✓	✓	✓	✓	Quarterly update by the Head of Pension Administration & Relations
Review of Risk Register	✓	✓	✓	✓	✓	Quarterly review. Request risks to be added & changes made by officers approved. Review recommendations made by the LPB
Fund update & comments on minutes of ISC Board	✓	✓	✓	✓	✓	Amongst other purposes Members should use the minutes to identify risks which can be added to the risk register
ISB Report - Review recommendations	✓				✓	Ensure that Committee minutes during the past year have either actioned the recommendations, or commented on why the recommendations were not accepted
Review Governance Compliance Statement						4 year cycle. Last approved on 21/06/2018
Review tPR Code of Practice 14 annual internal assessment	✓				✓	Expected to become a single tPR Code of Practice during 2021
Review Fund Training Programme			✓			Complete 3 year training plan last approved on 12/12/2018. Annual reviews undertaken in Q4 each year
Actuarial Valuation						Next valuation currently due 31/03/2022

Club Vita update			✓			As at 31st August each year & to be submitted by 1st week of October to Hymans. Purpose - statistical analysis
Review the Fund's Annual Report & Accounts	✓				✓	Annual Report & Accounts to be completed by 31st July & published by statutory deadline of 1st December
Approve Internal Audit Report scope				✓		Annually covers Key Controls & Pension Fund Transfers. Every two years tPR Code of Practice 14 also included
Monitor Internal Audit Report		✓				Audit recommendations actioned
Monitor External Audit Report		✓				Audit recommendations actioned
Input to Annual External Audit Plan			✓			Committee to liaise with the Audit Committee concerning the scope of Deloitte's audit
Input to Annual Internal Audit Plan			✓			Committee to commission its own internal audit plan & liaise with the CLT/Audit Committee concerning the scope of SWAP audit
Treasury Strategy				✓		Annual review of strategy. To include performance report of short-term cash investments & setting of preferred bank account balance to maintain business cashflow needs
Review external advisor appointments effectiveness, processes & controls			✓			Committee to receive an annual update from the Board on the effectiveness of the Fund's advisers

Review internal SLA effectiveness, processes & controls			✓			Covers services connected with the Wiltshire Council recharge. Namely, Legal, Procurement, IG, Payroll, Treasury Management, Internal & External Audit, Democratic Services, FM, ICT, HR & Communications
Review Actions from previous meetings	✓	✓	✓	✓	✓	Address primarily during pre-meeting planning meeting
GOVERNANCE - Fund Plans, policies & strategies						Comments
Review Business Plan						3 year plan last approved on 24/03/2019
Review Pension Administration Strategy						3 year plan last approved on 17/12/2019
Review Communication strategy						3 year plan last approved on 17/12/2019
Review Data Improvement Plan				✓		2 year plan last approved on 24/03/2019
Review Admin Charging Policy				✓		2 year plan last approved on 12/09/2018
Review Admin Authority Discretions	✓					4 year plan last approved in December 2015
Review Cessations policy						3 year plan last approved in March 2020
Review Funding Strategy Statement	✓					3 year plan last approved on 17/12/2019
Review Compliance with FRC stewardship code	✓				✓	Annually reviewed. Updated Stewardship Code released in May 2020
Review Investment Strategy Statement	✓				✓	Annually reviewed - May 2020
ADMINISTRATION						Comments

Review employers compliance (data)		✓		✓		Incorporate with ABS review process & update on Fund's Data Improvement Plan.
Review Fund fraud risk prevention and mitigation measures		✓				Completed every 2 years and will be an update of the Fund's NFI & Certificate of Existence exercises
Review Fund website contents/resilience			✓			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	✓					To cover Muse Advisory & annual confirmation of the appointment of an adjudicator by each Employer
Review Fund Communications (employers/members)		✓				To provide templates of key Fund documentation & evidence its compliance
Review of Data Security & Business Recovery			✓			Report set out the arrangements in place & when they were last tested
Review GMP reconciliation process			✓			Annual update of SAP & Altair reconciliations, plus GMP Rectification process
Committee KPIs to monitor	✓	✓	✓	✓	✓	Quarterly Administration performance reporting
Benchmark KPIs in Annual Report & Accounts information with other Funds			✓			Annual Report & Accounts must be disclosed each 1st December
Review of Annual Benefit Statement process		✓		✓		Percentage issued, action plan to issue outstanding ABSs & process improvement review
Members Self-service update		✓				Progress report on take up and functional developments
INVESTMENT PERFORMANCE & RISK						Comments

Investment Quarterly Progress Report	✓	✓	✓	✓	✓	Provided by each Investment Manager & the Investment Adviser Mercer who summaries the information and offers an independent assessment of the market generally
Review Investment performance against Fund's benchmarking criteria	✓				✓	To be presented in conjunction with the draft Annual Report & Accounts
Investment Strategy Review / Asset Allocation Review			✓			Annual review of strategy document last updated in December 2019. To cover topical changes relating to BPP & ESG
Review individual employer investment strategies			✓			Monitoring the alternative investment strategy for certain employer, not covered by the main strategy
Governance update relating to BPP				✓		In terms of the investment oversight arrangements, manager research function & WPF's arrangements as a shareholder
Cost transparency of BPP, Managers & the Custodian	✓				✓	To be presented in conjunction with the draft Annual Report & Accounts
Independent Adviser market update				✓		To provide an independent annual report to members on the financial markets, BPP & the governance arrangements of both entities
Flight Path monitoring				✓		In relation to the financial performance of the Fund
Flight Path monitoring				✓		In relation to the ESG, SRI & Climate change arrangements of the Fund
Total number of Agenda Items:	23	17	22	20	19	

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of the Local Government Act 1972.

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