

AGENDA

Meeting: Local Pension Board
Place: Online Meeting [Access meeting online here.](#)
Date: Thursday 15 October 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.

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Membership:

Mike Pankiewicz
Paul Smith
Mark Spilsbury (Chair)

Cllr Richard Britton
Ian Jones
Rod Lauder

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Public Participation

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

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

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

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

PART 1

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

1 **Membership**

To note any changes to the membership of the Board.

2 **Apologies**

To receive any apologies for absence.

3 **Minutes** (*Pages 7 - 20*)

To confirm as a true and correct record the minutes of the previous meeting held on 6 August 2020.

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

4 **Declarations of Interest**

To receive any declarations of disclosable interest.

5 **Chairman's Announcements**

To receive any announcements through the Chairman.

6 **Public Participation and Councillors Questions**

The Council welcomes contributions from members of the public.

Statements

Members of the public who wish to submit a statement in relation to an item on this agenda should submit it to the officer named on this agenda no later than 5pm on **Monday 12 October 2020**.

Statements should:

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

Statements in accordance with the Constitution will be included in an agenda supplement.

Questions

Those wishing to ask questions in relation to an item on this agenda are required to give notice of any such questions in writing to the officer named on the front of this agenda no later than 5pm on **Thursday 8 October 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 12 October 2020**. Please contact the officer named on the front of this agenda for further advice.

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.

7 **Minutes and Key Decisions of the Wiltshire Pension Fund Committee and Investment Sub Committee** *(Pages 21 - 34)*

To consider the Part 1 (public) minutes of the Wiltshire Pension Fund Committee on 24 September 2020. Minutes of the Investment Sub Committee attached under Part 2 of this agenda.

To note the outstanding audit report for the Fund's Accounts.

8 **Scheme, Legal, Regulatory and Fund Update** *(Pages 35 - 44)*

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

9 **Training Update** *(Pages 45 - 46)*

To receive a brief report of Hymans online training platform and to remind members concerning the completion of the self-assessment questionnaire.

10 **Administering Authority Discretions Policy** *(Pages 47 - 52)*

To receive a brief report and review the changes to the Administering Authority Discretions Policy.

11 **LPB Budget Monitoring**

To receive a verbal update on the LPB year to date budget outturn.

12 **Board Insurance**

To receive a verbal update on the LPB insurance cover.

13 **Internal Audit 2020-21 (Part 1)** *(Pages 53 - 70)*

To receive a report presenting the findings of the 2020-21 internal audits covering the Fund's internal financial controls, MiFID II & Data Protection Act 2018/GDPR compliance.

14 **Internal Audit 2021-22 (Part 2)** (Pages 71 - 74)

To receive a report outlining the scope of recommended audits to the Committee which could be commissioned by the Committee.

15 **The LPB's Register of Interests & Conflict of Interests Policy** (Pages 75 - 88)

To receive a brief report reviewing the Board's Register of Interest & Conflict of Interest Policy.

16 **Risk Register Update** (Pages 89 - 96)

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

17 **Administration Quarterly Key Performance Indicators** (Pages 97 - 108)

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

18 **Annual Benefit Statement Update** (Pages 109 - 112)

To receive a report on the issuance of the 2020 Annual Benefit Statements by 31 August 2020.

19 **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.

20 **Date of Next Meeting and Forward Plan** (Pages 113 - 116)

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

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

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

PART II

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

22 **Accounting Update Report** *(Pages 117 - 122)*

The Board is asked to note the report from the Head of Pension Fund Investments in relation to the Fund's accounting.

23 **Minutes and Key Decisions of the Wiltshire Pension Fund Committee and Investment Sub-Committee** *(Pages 123 - 146)*

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

24 **Brunel Governance Review Update** *(Pages 147 - 154)*

To receive an update on the Brunel Pension Partnership governance arrangements by the Head of Pension Fund Investments.

25 **Minutes** *(Pages 155 - 168)*

To confirm as a true and correct record the Part 2 (private) minutes of the meeting held on 6 August 2020.

Local Pension Board

MINUTES OF THE LOCAL PENSION BOARD MEETING HELD ON 6 AUGUST 2020 AT ONLINE MEETING.

Present:

Cllr Richard Britton, Mike Pankiewicz, Barry Reed and Mark Spilsbury

Also Present:

Andy Brown, Richard Bullen, Cllr Pauline Church, Andy Cunningham, Cllr Tony Deane, Jennifer Devine and Ellen Ghey

53 Membership

The following changes in membership were noted:

- Barry Reed had stepped down as a member of the Local Pension Board;
- Officers were in the process of seeking a replacement and had contacted the Unions to put forward a recommendation for another representative, it was hoped the new Member would attend the next LPB meeting in October 2020.

The Chairman thanked Barry for his contribution to the Board and wished him well.

54 Attendance of non-members of the Board

It was noted that there were two non-members of the Board in attendance:

Cllr Tony Deane

Cllr Pauline Church

55 Apologies

Apologies were received from:

Rod Lauder

Ian Jones

Paul Smith

56 **Minutes**

Resolved

The Part 1 (public) minutes of the previous meeting held on 21 May 2020 were approved as a true and correct record and the Board's action log was noted.

57 **Declarations of Interest**

There were no declarations of interest.

58 **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.

59 **Public Participation and Councillors Questions**

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

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

Resolved

To note the Part 1 (public) minutes of the Wiltshire Pension Fund Committee and Investment Sub-Committee held on 16 July 2020 and 2 July 2020.

61 **Scheme legal, regulatory and Fund update**

Andy Cunningham, Head of Pension Administration and Relations, presented a report on the latest Scheme, Legal, Regulatory and Fund developments for the Board's information.

The three main areas of focus were; reforms to public sector exit payments, cost cap mechanism and the McCloud case, and the Good Governance Project.

Following a consultation on reforms to public sector exit payments in 2019, HM Treasury recently responded confirming that they were going ahead as originally planned. The Scheme Advisory Board had been involved with the working group and were starting to get some insight on the reforms. As this was a change to primary legislation, there would be a need to change the secondary legislation such as the LGPS regulations. No action would be taken until further details were available.

The changes to the Scheme relating to McCloud and the cost cap mechanism were discussed. The McCloud consultation, specifically related to the LGPS, was live and due to close in October. The details of the consultation were in line

with officer expectations and officers have put in place an internal project team to analyse the likely resourcing needs and administrative impact of the final legislation, looking at what actions could be taken now and later.

From the cost perspective and based on estimates from the actuary at a national level, it was commented that there were not any significant changes or concerns. Contribution rates would be looked at during the next valuation as there would not be any material financial impact on the funding level at present. The cost cap mechanism had previously been postponed due to the McCloud case, now that the McCloud case has progressed, the cost cap would be looked at again. Officers would monitor the review as it could result in Scheme changes.

There were no specific updates regarding the Fund's COVID-19 response and it was noted that it was continuing for the most part as business as usual.

The Local Pension Board (LPB) and Wiltshire Pension Fund Committee (WPFC) Terms of Reference (ToR) were approved at the Full Council meeting on 21 July 2020. The ToR and Governance Compliance Statement for the Investment Sub-Committee (ISC) were in the process of being reviewed.

Officers had set themselves a target to issue 99% of benefit statements by the end of year (from 95% last year). This was unlikely to be achieved and instead a figure of 96-98% was expected.

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.

In response to a question from the Board regarding McCloud and refining the numbers to downgrade the risk in the register, it was noted that the administrative impacts were more significant than the financial. However, the financial impact was dependant on a lot of future unknowns such as salary increases which was based on actuary assumptions and therefore uncertain. It was stated that once the administrative impacts had been fully analysed and further information available then the risk could be reviewed again.

Resolved

To note the scheme, legal, regulatory and Fund update.

62 Training item

Richard Bullen, Fund Governance and Performance Manager presented the training item on the National Fraud Initiative and Certificate of Existence Exercise.

Within the training item, the mortality screening process, the services provided by Target Professional Services, existence exercise for the overseas pensioners, and the LGPS National Insurance Database were discussed.

The differences between the mortality register and access to records between the UK and overseas, alongside the methods of determining the death of a member were discussed.

The Chair questioned how the Fund used the database to prevent duplicate grant payments in the case of a member's death. In response, officers discussed the communication and escalation processes between themselves and other Funds, as well as record checking to ensure that correct amounts are paid out.

Resolved

To note the training item as detailed above.

63 Fund Annual Report and Accounts and Audit Update

Jennifer Devine, the Head of Pension Fund Investments, gave an update on the Fund's annual report and accounts.

It was noted that there was a more detailed version of the report currently being produced which would be ready in September.

Andy Brown, Director of Finance and Procurement, provided reassurance to the Board that the delays in signing off the 2018/19 accounts related to the Council's accounts and not the Board's.

Resolved

To note the update on the 2018/19 and 2019/20 audits, and to approve the process for the approval and publication of the annual report.

64 Internal Audit Update

Jennifer Devine, the Head of Pension Fund Investments gave an update on the Internal Audit into Pension Fund investment transfers.

It was noted that this was the same audit as conducted the previous year, and was specifically looking at Wiltshire Council's processes to ensure they were appropriate and adequate, but did not extend to Brunel's processes. It was commented that the auditors (SWAP) were requested to come back due to the continual development of the area. SWAP made a recommendation that officers ensured that Brunel shared their cost transparency information with them in a timely manner, which was welcomed by officers.

The Board sought clarification on the transfer 1 and transfer 2 figures outlined in the report. It was clarified that the transfer 1 figures included contributions from

several Fund's for the launch of a new portfolio and was therefore a larger total transfer with different assurance processes and reporting. Comparatively, transfer 2 only involved the WPF transitioning into an existing portfolio; so although larger for Wiltshire, was much smaller overall.

Further questions were asked as to comments within the appendix, which states that SWAP's internal audit was asked to look at the savings arising from the pooling with Brunel and to see whether these are being realised. It was noted that as it was still an evolving area, the long-term savings position was unclear. SWAP had looked at the calculations in use by officers and were satisfied that officers were on top of the situation.

Members of the Board recognised that it was still too early to understand the exact savings, although they agreed that SWAP should undertake a more focussed look at the issue in the next financial year.

Richard Bullen informed the Board that SWAP had appointed a new auditor and hoped to have the current audits completed by the 30 September which would be reported by the start of the new year.

Resolved

To note the pensions transfers audit report and to recommend to the Wiltshire Pension Fund Committee that an audit into the Brunel cost savings should be included next financial year, 2020/21.

65 **Employer Training Policy**

Richard Bullen, Fund Governance and Performance Manager, presented the Fund's new Scheme Employer training policy.

It was noted that emphasis was given to ensuring the process was efficient. The Board was given four key areas for consideration and the creation of a new categorisation and monitoring system for employers was discussed; namely a Gold, Silver and Bronze classification in regard to report quality and training development areas.

It was highlighted that there would be a focus on developments to web-based training in order to ease flexibility and accessibility for information and training materials. Officers stated that the principal aim was to build and improve communication and relationships between themselves and employers, and to understand and identify if errors or poor data quality was a result of training issues or lack of engagement.

Once officers had a better understanding of these issues, they would be able to make more informed decisions of when or how to approach an employer and if it was appropriate to begin an escalation process.

A question was asked if the annual report would go to both the WPFC and the LPB, and if there could be updates in the administrative report showing the number of employers in each category and their movements since the previous report. Officer agreed that once the strategy had been implemented officers would provide the relevant information and confirmed that the annual report would go to the WPFC and the LPB.

Resolved

To endorse the employer training policy.

66 **Fraud Risk Prevention & Mitigation Measures**

Andy Cunningham, Head of Pension Administration and Relations, presented a report which detailed the current safeguards that were in place and available to officers, the WPFC and the LPB to identify and manage fraud in the Wiltshire Pension Fund.

It was noted that this was a wide-ranging topic and its general principles were split into a number of different areas.

The internal Council financial risk controls such as the different Committees and Boards, alongside the different levels of authorisation and approval were discussed; specifically, around the different layers of checking dependant on the level and amount of payments.

A question was raised from a member of the Board as to the possibility of an increase in the risk of fraud as an impact of COVID-19. Officers were not aware of any evidence that COVID-19 increased the risk of fraud but stated there was an increase in cases of fraud linked to transfers out.

Resolved

To note the contents of the paper.

67 **Risk Register update**

Richard Bullen, Fund Governance and Performance Manager, updated the Board on the Wiltshire Pension Fund Risk Register and highlighted the key points.

It was noted that most of the changes had moved risks from an Amber to Green categorisation. Councillor Pauline Church, Vice-Chair of the WPFC, had commented in the previous Committee meeting on 16 July 2020 that she felt PEN018 relating to cyber security measures, should be re-categorised from Green to Amber. The feedback was taken on board and as such the risk was re-categorised as Amber, to which the Board agreed.

In response to a question from the Board around the details of the process of updating the risk register, officers reiterated that an evidential approach was taken when identifying risks and through these pieces of evidence the register

was altered and categorised accordingly. Risks usually began as Red or Amber once recognised, then mitigations were put in place to better manage and reduce the risk; to lower its categorisation. It was emphasised that alongside the risks mentioned and discussed within the Board and Committee meetings, there were also dormant risks in which the statuses had not changed for some time. These dormant risks together with the risk register were monitored by officers each quarter, and in the event that they needed to be reviewed, they would be brought back to the LPB and WPFC meetings.

The Chair highlighted PEN048 concerning the transition of the pooling of LGPS assets with BPP and its failure to deliver the projected savings, and when it would be brought to the Board following its approval by Committee. Officers stated that timescales would need to be reviewed but confirmed that a report would be brought forward to the Board.

Resolved

To note the attached Risk Register and recommend the changes/actions made by officers in points 5 to 8 to the Committee.

The Board took a comfort break from 11.57am to 12.10pm.

68 Quarterly Update on Key Performance Indicators

Andy Cunningham, Head of Pension Administration and Relations, updated the Board on the Administration Key Performance Indicators.

It was noted that following feedback from the Committee regarding the aspirational targets, an additional column was added to Appendix 3 alongside the CIPFA targets to show measures on both bases. A new appendix was also added which illustrated the progress of onboarding employers onto i-Connect and members onto My Wiltshire Pension, as these figures and pieces of software were vital to the administration strategy and central to performance improvement. Therefore, it was noted that these were useful to monitor as they were also interlinked to an extent with the other KPI's.

The issue of backlogs was commented upon, noting that a new Appendix 5 had been added with an aim to more effectively split out backlog cases. Officers intended to ring fence the backlog work to deal with them separately as the processes changed. Future reports would not show the backlog work which would give a better illustration of the impacts of the changes that were being made.

Regarding the figures themselves, the disclosure targets are predominantly high bar a few; in particular refunds. This was stated to be due to the knock-on effect with the system change, however officers are actioning a revised refund process, alongside a different calculation methodology to improve the figures.

Officers noted that as the onboarding of employers onto i-Connect progresses, the joiners figures would improve concurrently and bring them closer to 100% from the current state of around 72.2%. Officers clarified that although some of the timeframes on Appendix 6 were at present, fairly low, once the employers were onboarded to i-Connect, the figures would improve.

It was noted that the transfers out had also dropped, this was due to a reprioritisation of work, specifically focussing on retirements ahead of transfers out. However, due to the drop it was noted that officers would look back and review the transfers out and ensure that they worked to find the correct balance.

The Chair noted that the changes to the monitoring against the CIPFA targets were appropriate and gave further clarity to the financial position and performance improvement. The Chair raised a question in respect to Appendix 3 and the reasoning behind approximately 50% of refund contributions being actioned within 0-5 days and the other approximate 50% being actioned within 40+ days. Officers stated that this was due to the difference in calculations, hence why there would be a review to the methodology as aforementioned. However, it was noted that the figures were expected to be unusual due to the process change which was being actioned within the team.

Resolved

To note the current situation and the Fund's plans for improvement.

69 **Member Effectiveness Review**

Richard Bullen, Fund Governance and Performance Manager, updated the Board on the changes to the ToR for both the WPFC and the LPB as part of the Member Effectiveness Review.

It was noted that since the start of the project there had been a lot of changes to the membership of the Board, therefore the report gave a summary of the past 18 to 24 months for the benefit of newer Board members. The changes to the WPFC and LPB terms of reference were approved at the last Full Council meeting on 21 July 2020 and a review of the ISC ToR and Governance Compliance Statement would be undertaken to ensure consistency.

In response to a question from the Board, it was agreed that copies of the full ToR documents would be circulated to Board and Committee members in due course.

Resolved

To note the changes to the Pension Fund Committee and Board's terms of reference and the next steps outlined under point 7.

70 **Urgent items**

There were no urgent items.

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

The next meeting of the Board will be held on 15 October 2020.

Officers referred to an action in the actions log (17 – 13/02/2020) requesting it be removed. It concerned an item regarding MiFID II and gaining approval from Brunel for the acceptance of the Fund's compliance arrangements. Officers felt that they did not need Brunel's approval. The Board members agreed and endorsed the removal of the item.

Resolved

It was agreed to remove the item “*To raise the Fund’s MiFID II arrangements with BPP for their acceptance*”, from the actions log.

72 **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 20 - 24 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.

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

Richard Bullen, Fund Governance and Performance Manager, presented the report and updated the Board on the approach taken by the Fund in managing its cyber resilience, data security and business continuity planning (BCP).

RESOLVED

To endorse the Fund’s existing cyber resilience, data security and business continuity planning strategy and the various actions outlined within the report.

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

Resolved

The Part 2 (private) minutes of the Wiltshire Pension Fund Committee and Investment Sub Committee held on 16 July 2020 and 2 July 2020 were noted.

75 **Brunel Pension Partnership update**

Jennifer Devine, the Head of Pension Fund Investments, gave an update on the Brunel Pension partnership.

Resolved

The report was noted.

76 **Brunel Pension Partnership Cost Transparency**

Jennifer Devine, the Head of Pension Fund Investments, updated the Board on the Brunel business plan and budget, and cost transparency reporting.

Resolved

The report was noted.

(Duration of meeting: 10.30 am - 1.00 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 Pension Fund Board - Actions Log

Minute reference	Section	Meeting Action	Task owner	Target date for completion	Completed and reported to last meeting
59 (11/10/18) (Was 13.3)	Governance (Fund Delegations and Controls)	To request the development of a formal record of Brunel, Committee and officer delegations in respect of; a) clarifying where different responsibilities should sit; b) the flow of communications between the various parties; and c) the level of decision making assigned to each party	AC	31/03/2021 (ASAP)	
35 (23/05/19)	Administration (Data Reconciliation)	A sub-plan had been prepared in respect of the Payroll & Pension database reconciliation. An update on the reconciliation would be provided in six months.	AC	14/11/19	
83 (14/11/19)	Administration (Communications Strategy)	To track the take up of the digital communications so that adequate monitoring can take place and communication continued with those not using digital platforms	AC	15/10/20	Agenda items 18 & 19
83 (14/11/19)	Administration (Communications Strategy)	Information on digitalisation should be made available on all platforms to avoid issues and meet compliance	AC	15/10/20	Agenda items 18 & 19
8 (13/02/20)	Governance (MiFID II Compliance)	The Board recommended that substitute Committee members ensure that they are MiFID II compliant should they need to stand in for a member	JD	03/12/20	16/07/2020 - Committee Minute 158
12 (13/02/20)	Governance (LPB Budget)	To propose that the Local Pension Board monitor their budget on a quarterly basis. The Local Pension Board budget monitoring will form part of the quarterly budget report which is reviewed by the Wiltshire Pension Fund Committee	JD	16/07/20	Agenda item 12

12 (13/02/20)	Governance (LPB Budget)	Officers to approach Wiltshire Council's Insurance team to enquire about cover provided by alternative providers for LPB insurance	RB	15/10/20	Agenda item 13
17 (13/02/20)	Governance (MiFID II Compliance Strategy)	To raise the Fund's MiFID II arrangements with BPP for their acceptance	JD	27/02/20	06/08/2020 - Minute 71 (Remove as an action)
18 (13/02/20)	Governance (Audit Report)	Officers to liaise with Wiltshire Council's IT dept, & Heywood's concerning the essential oversight arrangements that the Fund should develop	RB	15/10/20	06/08/2020 - Minute 73
42 (21/05/20)	Governance (Risk Register)	To note the risk register and recommend the changes/actions made by officers in points 5 and 8 of their report be submitted to the Committee.	RB	16/07/20	16/07/2020 - Committee Minute 166
46 (21/05/20)	Actuarial (Valuation)	The Head of Pensions Administration and Relations to circulate a link to the final valuation report to the Board following the meeting	AC	31/05/20	Completed soon after the last meeting
64 (06/08/20)	Accounting (Audit)	To recommend to Committee that an audit into the Brunel cost savings should be included in the next financial year, 2020/21	JD	31/07/21	
73 (06/08/20)	Governance (Cyber Security)	Fund officers to work with ICT to develop an annual report for submission to the Fund's Board & Committee	RB	31/08/21	
73 (06/08/20)	Governance (Cyber Security)	From 2021 the scope of the SWAP internal audit on GDPR is broadened to include internal controls relating to system access & request key security audits of ICT	RB	31/08/21	
73 (06/08/20)	Governance (Cyber Security)	To recommend that the report is submitted to the WPFC, and that a senior officer from ICT alongside the Cabinet Member for ICT, attend the Committee meeting, to give a technical briefing on the Council incident in February and the actions being taken to implement improvements in that area going forward	RB	24/09/20	24/09/2020 - Committee Minute 166

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Wiltshire Pension Fund Committee

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

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, Hill Gaston, Kieran Harkin and Ross Palmer

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 approved.

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.

198 **Brunel Pension Partnership Update**

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

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 approved.

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.

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, direct line 01225 718259, e-mail ellen.ghey@wiltshire.gov.uk

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

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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	<p>Scope</p> <p>At present, employees who are 55+ and made redundant receive their pension unreduced (without exception). The planned reforms mean this will no longer be the case.</p> <p>The reforms are somewhat complex but broadly speaking, the reforms will put a cap on all employer costs (pension and non-pension) at £95k when an employee leaves on grounds such as a compromise agreement or redundancy (for eligible LGPS employers only). For redundancy, the statutory redundancy payments must be paid so pension benefits would need to be adjusted to ensure the £95k is not breached (although some exceptions apply) or severance payments removed.</p> <p>Even for members with costs incurred of less than £95k, a certain amount of offsetting with still apply leaving members with potentially 4-5 options available to them, including choosing to defer receipt of the pension.</p> <p>Progress of reforms</p> <p>HM Treasury's final consultation on this topic closed on 3 July 2019 and on 21 July 2020, HM Treasury issued a response to the consultation confirming they were planning to press ahead albeit with some unnamed changes and no stated implementation date. However, proposed regulations called <i>Restrictions to Exit Payments in the Public Sector Regulations</i> have gone before the Commons and Lords and are back before the Commons awaiting a vote (with no debate) this could happen anytime from now onwards.</p> <p>On 7 September 2020, MHCLG produced a consultation on how this would apply specifically to Local Government, including to Local Government Pensions; this consultation closes on 9 November – this consultation is not looking to re-open HMT proposals but instead determine how these apply although MHCLG go beyond the HMT reforms.</p>	PEN021

Organisation	Subject	Link	Status	Comments	Risk Ref
				<p>Draft amendment to various regulations (Compensation Regulations and LGPS Regulations) are due in September, as are draft GAD factor changes.</p> <p>Comment and impact on the Fund</p> <p>The process and communications with members will be much more complicated under the reforms. At the time of writing (early October), there is lack of confusion within the industry over the details of the reforms and officers are waiting for further information to become available.</p> <p>The risk of error appears higher than expected because these reforms are being rushed through which leaves little time to update systems.</p> <p>There is little time for MHCLG to change secondary legislation, GAD to produce new factors, system providers to amend their systems and, finally, for the Fund to amend processes.</p> <p>There is a risk that officers will be required to apply the reforms before they have the tools to do so, potentially meaning stock-piling cases or doing manual workarounds (increasing risk). There appears little in the way of mitigations that are possible against this.</p>	
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	<p>No movement for some time on this.</p> <p>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.</p>	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	<p>Scope:</p> <ol style="list-style-type: none"> 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) 	PEN044

Organisation	Subject	Link	Status	Comments	Risk Ref
				<p>Reform progress: This consultation covered the following areas and closed on 31 July 2019, with officers responding before that date.</p> <p>The Government is responding and implementing changes in stages:</p> <p><u>Section 4:</u> The Government passed amendments to the LGPS Regulations which applied from 20 March 2020, but with retrospective effect to 14 May 2018, broadly giving Funds discretion over whether an exit credit was paid and for how much.</p> <p><u>Section 3:</u> In early September 2020, the Government issued a consultation response and new legislation which broadly falls into three areas:</p> <p>a). <u>Allowing reviews of employer contribution rates inter-valuation:</u> This can be either Fund or employer led and are only possible in certain circumstances. The Fund needs to have a policy on this and amend the Funding Strategy Statement (FSS)</p> <p>b). <u>Spreading exit payments:</u> More explicitly allows what is already current practice in many Funds (including WPF) of allowing cessation debt to be paid over a period of time. Our cessation policy (referenced from the FSS) already covers our approach to this (see section 7)</p> <p>c). <u>Deferred debt agreement:</u> Essentially allows an employer to cease to active members but remain 'on risk' and just have Again, we already have a policy on this (see section 9 of our <u>cessation policy</u>), but this will be needed to be amended to reflect the new regulations.</p> <p>Fund impact and comment: <u>Section 4:</u> Officers amended the Fund's cessation policy which was approved by Committee on 26 March 2020. The consultation period with employers closed with no comments of note (just clarification questions) and hence the new cessation policy is now in place. The latest changes have created a Fund discretion although this is being challenged nationally by some employers and Funds and advisers are still unclear on how it should go about using its discretion. There is risk that whatever determination the Fund makes will be open to challenge.</p>	

Organisation	Subject	Link	Status	Comments	Risk Ref
				Section 3: For a). we will need to amend our FSS, consider how this should work best and communicate out to employers accordingly. For b). and c), officers need to consider what changes to the existing cessation policy (sections 7 and 9) are needed for us to be compliant (unfortunately there was no time to do this prior to the September Committee)	
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	<p>The Financial Reporting Council (FRC) published the revised Stewardship Code on 24th October 2019 which sets substantially higher expectations for investor stewardship policy and practice.</p> <p>Officers will now review Fund compliance to the new code and begin drafting a new Statement of Compliance for review by the FRC, but 31 March 2021.</p>	None
Scheme Advisory Board (SAB)	Academies' review	http://www.lgpsboard.org/index.php/structure-reform/review-of-academies	No change since the last meeting	<p>SAB commissioned PwC to produce a report on "Options for Academies in the LGPS" and the report was published in May 2017. The report identified and highlighted problems/issues experienced by stakeholders. No recommendations were made in the report, although the potential benefits of new approaches to the management of academies within the LGPS were highlighted. The proposals were wide ranging from minor alterations to academies being grouped together in a single LGPS Fund.</p> <p>SAB's work is still on-going and Bob Holloway from the LGA previously stated that a wide range of options in both work streams are still be considered. For example, changing the administration arrangements or putting academies into their own Fund etc. However, a consultation will be released on any changes proposed before they are put into force.</p>	None

Organisation	Subject	Link	Status	Comments	Risk Ref																								
	Cost cap mechanism & McCloud case	Summary by Hymans Robertson following release of the consultation (ADD LINK)	Updated	<p>On the 16 July 2020, the Government released a much-anticipated consultation on changes to the Scheme relating to McCloud.</p> <p>Early analysis suggests an increased impact on liabilities of around £5m-£25m (around 0.2%-1%), although the percentage impact will vary by employer.</p> <p>Officers are currently analysing the likely administrative impact of the final legislation if it goes ahead as proposed.</p> <p>Hymans Robertson have produced a useful summary (see left)</p> <p>McCloud analysis</p> <p>Officers have spent some time estimating the number of potential cases, and the specific members, although this was not complete in time for this meeting:</p> <table border="1"> <thead> <tr> <th>Status</th> <th>Estimated eligible for reform (a)</th> <th>Estimated number where underpin may apply (b)</th> <th>Rectified</th> </tr> </thead> <tbody> <tr> <td>Active</td> <td>c23,000</td> <td>c23,000</td> <td>45%</td> </tr> <tr> <td>Deferred</td> <td>4,000</td> <td>100-200</td> <td>0% (not possible yet)</td> </tr> <tr> <td>Pensioners (from deferred status)</td> <td>290</td> <td>5</td> <td>0% (not possible yet)</td> </tr> <tr> <td>Pensions (from active status)</td> <td>TBC</td> <td>TBC</td> <td>0% (not possible yet)</td> </tr> <tr> <td>Annual Allowance, aggregations Transfers, survivors benefits etc</td> <td colspan="3">No analysis undertaken</td> </tr> </tbody> </table> <p>Most of data need for active members is being collected as part of the i-Connect rollout. For other categories, and separate approach will be needed.</p>	Status	Estimated eligible for reform (a)	Estimated number where underpin may apply (b)	Rectified	Active	c23,000	c23,000	45%	Deferred	4,000	100-200	0% (not possible yet)	Pensioners (from deferred status)	290	5	0% (not possible yet)	Pensions (from active status)	TBC	TBC	0% (not possible yet)	Annual Allowance, aggregations Transfers, survivors benefits etc	No analysis undertaken			PEN042
Status	Estimated eligible for reform (a)	Estimated number where underpin may apply (b)	Rectified																										
Active	c23,000	c23,000	45%																										
Deferred	4,000	100-200	0% (not possible yet)																										
Pensioners (from deferred status)	290	5	0% (not possible yet)																										
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Annual Allowance, aggregations Transfers, survivors benefits etc	No analysis undertaken																												

Organisation	Subject	Link	Status	Comments	Risk Ref
				Officers are spending some time analysis which members are more likely to be affected so that they can focus resource on correcting records for those members, potentially reducing the amount of time significantly. Some further analysis will continue in anticipation of the current proposal being finalised.	
	Goodwin Case		New	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.	None

Organisation	Subject	Link	Status	Comments	Risk Ref
				Again, due to legislative delays caused by COVID-19, we understand the timeframes for this project have been postponed.	
	Guidance Project	http://www.lgpsboard.org/images/PDF/BoardFeb18/PaperBItem50218.pdf	No change since the last meeting	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. This project is at an early stage and no further information is available at this time.	PEN039
	Data Project	http://www.lgpsboard.org/images/PDF/BoardFeb18/PaperBItem50218.pdf	No change since the last meeting	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. 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.	None

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

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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
Annual Benefit Statements (End of year)	See separate paper on this item.	Business Plan actions 7, 13 & 33 (No 13 set the 99% target)
Alternative employer investment strategy	After some material delays, we have now put in place the alternative employer investment strategy with effect from 1 August 2020. Initially this just applies to two employers but it is also a useful option for employers which wish to de-risk pre-cessation, so we will encouraging its use with employers in those circumstances as well as any others which we think it will be appropriate.	Business Plan action 6

Terms of reference	<p>The revised Terms of Reference for the Local Pension Board and Wiltshire Pension Fund Committee have now passed through all internal approval stages and have been approved by Full Council.</p> <p>We are now looking at the terms of reference for the Investment Sub-Committee (which will follow a simpler process) and to update the Governance Compliance statement accordingly.</p>	N/A
Pensioner payroll reconciliation	<p>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. Officers hoped to bring a summary paper and proposal to the December Committee meeting.</p>	Business Plan action 34
Employer ill-health insurance review	<p>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.</p>	N/A

WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD
15 OCTOBER 2020

PENSION FUND – TRAINING UPDATE

Purpose of the Report

1. In light of the restrictions due to COVID-19 which have prevented members from attending conferences, seminars & other events the purpose of this report is to update members on a new training & development portal being offered by Hymans Robertson.

Background

2. The Public Service Pensions Act 2013 requires all members of local pension boards to have an appropriate level of knowledge and understanding (K&U) in order that they can carry out their roles.
3. To facilitate this function Hymans Robertson have developed a new on-line training platform which will enable members to maintain their K&U, track a member's progress and issue automatic reminders, if required, to ensure the fulfilment of their statutory obligation. The platform, which is due to be released in Autumn 2020 can also provide progress reports for both new & long servicing members, which will feed into the publication of the Fund's training programme, including the Annual Report & Accounts & Local Pension Board Annual Report.
4. Whilst the final pricing is still under review, it is anticipated that it will be based on the number of users which have signed up. Initial guidance from Hymans suggests that if 10 people sign up for the course it would cost around £300 per person. However, this would gradually fall on a sliding scale whereby if 20 people signed up for the service it would cost £200 per person & would cover a minimum contractual term of two years.
5. On the basis that all Committee members, their substitutes & board members are enrolled a total membership of 24 could be expected to benefit from this service. Ten, Seven & seven members respectively.

Considerations for the Board

6. It is anticipated that each on-line training module will last between 10 & 20 minutes & will cover a range of practice areas. In addition, it is expected that these modules will be added too & updated in order that the content remains relevant. The expected list of modules will include;

Current subjects	
LGPS Legislation & Guidance	AVCs
LGPS Regulators and Oversight Bodies	Pension Fund Accounting & Audit
LGPS Governance	Investments - Strategy
LGPS Business Planning & Service Delivery	Investment - Pooling
Funding Strategy	Investment – Performance Monitoring
Actuarial Valuations	Investment – Responsible Investment
LGPS Employers	Investment – MiFID II

LGPS Administration	LGPS Suppliers and Public Procurement
Policies and Procedures	Cost Sharing*
McCloud*	Goodwin Case*

7. *Modules not currently prepared but anticipated will follow.
8. Along with officer training provided at meetings & other training activities such as tPR toolkit, this introduction of this training portal will ensure that all members maintain the level of recognised K&U expected under the CIPFA knowledge & skills framework.

Conclusions

9. Officers continue to liaise with Hymans concerning the contractual details associated with the introduction of this product, in particular its costs, however it is felt that in principle this product would be a beneficial addition to the members training & development programme.

Environmental Impact

10. There is no environmental impact from this report.

Financial Considerations

11. There are no immediate financial considerations.

Risk Assessment

12. There are no risks identified at this time.

Legal Implications

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

14. There are no implications at this time.

Proposals

15. The Board is asked to approve their own use of this training platform. In addition, they are asked to recommend that the Committee members & their substitutes also adopt the introduction of this training platform for the next two years.

ANDY CUNNINGHAM
Head of Pensions Administration and Relations

Report Author: Richard Bullen – Fund Governance & Performance Manager

WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD

15 October 2020

Administering Authorities Discretions Policy

Purpose of the Report

1. To note the amendment of four of the Fund's regulatory discretions.

Background

2. In various parts of the LGPS Regulations, the Fund is afforded discretion over how the rules of Scheme operate, allowing a degree of localised decision making.
3. In line with best practice, the Fund summarises its approach to all of these areas of discretion in an Administering Authority Discretions Policy. This whole policy was last reviewed and approved by the Committee on 10 December 2015.
4. As with all key policies and strategies, it is good practice to review the contents periodically, normally every 2 to 3 years for policies of this nature.
5. This report was presented to the Wiltshire Pension Fund Committee on 24 September 2020 and the proposed changes were approved by the Committee.
6. Officers will review the remaining discretions either later in 2020 or in early 2021, depending on other work priorities.

Considerations for the Board

7. Due to time constraints, officers have not undertaken a full review of all discretions but due to certain issues arising recently, officers propose changing the discretions outlined in paragraph 8 now and undertaking a full review of the other discretions at a later date.
8. The Board is asked to note, that whilst it is common place to summarise all discretions into a single document, the discretions themselves are wide-ranging and are mostly independent of one another which is why a partial review was deemed a reasonable way forward.
9. Officers proposed changes in relation to the following discretions were made at the Committee meeting (see the **Appendix** for details of the discretion area, the current and proposed wording and the explanation for the proposed change):
 - a). **Acceptance of certain 'non-club' transfer in** (broadly speaking, private sector, defined contribution pensions)
 - b). **Death grants:** The Fund has discretion over to whom any death grants are paid.
 - c). **Child pensions:** The approach as to whether child pensions are suspended during a break in higher education.

d). **Medical certificate requirements for APCs:** The Fund has discretion over whether to ask for a medical certificate when someone takes out an APC.

Environmental Impact of the Proposal

10. Not applicable.

Financial Considerations & Risk Assessment

11. There are no specific financial and risk assessments resulting from this report.

Legal Implications

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

13. There are no known implications at this time.

Reasons for Proposals

14. To rectify the issues relating to each discretion as outlined in the Appendix.

Proposals

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

Andy Cunningham
Head of Pensions, Administration & Relations

Report Author: Andy Cunningham

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

Appendix

Proposed changes to discretion’s policy (approved by Committee on 24 September 2020)

Discretion	Current Wording	Proposed wording	Reason for change
<p>Allow transfer of pension rights into the Fund (the discretion applies to non-club transfers only)</p>	<p><i>“WPF will allow members to transfer in pension rights in subject to the transferring scheme meeting legislative requirements. WPF reserves the right to obtain actuarial advice if the Fund feels that the acceptance of a transfer may create a substantial liability to the Fund.”</i></p>	<p><i>“The Fund accepts all non-club transfers in unless it is agreed otherwise in the terms of the employer’s admission agreement or in a separate, formal written agreement between the Fund and employer (and its guarantor, if deemed necessary by the Fund).”</i></p>	<p>The Fund is obliged to accept all club transfers in (and some, rare types of non-club transfers) but it has discretion of most non-club transfers (generally, private sector pensions). The assets received for non-club transfers tend to be less the estimate liabilities, which can materially impact funding levels, and hence one employer in the Fund has requested that we alter our discretion policy to provide some room for restrictions. Following advice from the LGA, we have altered the discretion in such a way that the default is the member still has this benefit but</p>
<p>Decide to whom death grant is paid</p> <p>LGPS Regulations 40(2), 43(2) and 46(2) (Amongst other transitional and historical equivalent ones)</p>	<p><i>“WPF will endeavour to comply with the members wishes by taking into consideration the nominee(s) stated on a completed WPF ‘expression of wish’ form. However, if WPF has a reasonable reason to believe the member would have no longer wished the stated person(s) to be the nominee(s), or because their nomination is no longer valid</i></p>	<p><i>“Wiltshire Pension Fund (WPF) has absolute discretion when deciding to whom any death grant shall be paid upon the member’s death. In exercising this discretion, WPF will endeavour to comply with the member’s wishes by taking into consideration the nominee(s) stated on a completed ‘expression of wish’ form, where one exists. Where WPF reasonably believes any expression of wish to be invalid or inappropriate for any reason, including if it believes the expression of wish may</i></p>	<p>Whilst the general approach is unchanged, there are some technical and logical flaws in the existing wording which we have sought to rectify. Furthermore, it is highly unusual to pay a death grant to the estate directly as this could trigger an inheritance tax-charge so the final position has been amended to become less rigid and to reflect current practice.</p>

	<i>(i.e. they have died), or WPF have reasons to believe that alternative beneficiaries should be taken into consideration then WPF reserves the right to use its absolute discretion when deciding to whom any death grant is to be paid upon the members' death. Where WPF is unable to pay the death grant to a stated nominee, either because none is stated or for the reasons above, WPF will make payment to the person's estate."</i>	<i>not have reflected the member's final wishes, it reserves the right, in accordance with its absolute discretion, to ignore any such wishes as expressed. Where no expression of wish has been made, WPF will consider the claims of anyone appearing to be a relative or dependant of the member and exercise its absolute discretion accordingly, taking into account the contents of the Will (if one exists). In exceptional circumstances, WPF also reserves the right to pay the death grant to the estate via the personal representatives, if it considers this an appropriate form of action</i>	
Decide to treat child as being in continuous education or training despite a break Regulations Schedule 1	<i>"WPF will treat a child as being in continuous education or training in all cases where the child is under age 18. Where the child is aged between 18 and 23, WPF will ignore all breaks up to 6 months.</i>	<i>"WPF will treat a child as being in continuous education or training in all cases where the child is under age 18. Where the child is aged between 18 and 23, WPF will ignore all breaks up to 6 months and will ignore longer breaks in exceptional circumstances."</i>	We have come across a couple of occasions where the gap in education has been due to reasons such as sickness or care for a relative, rather because the person has permanently left education and has become financial independent. Therefore, we propose this discretion is altered to give officers' greater flexibility.
Whether to require a satisfactory Medical before agreeing to an application to pay an Additional	<i>WPF will require that any member wishing to take up APC/SCAPC where the contributions will be paid monthly, obtains a medical</i>	<i>WPF will require that a medical certificate from a GP, or another appropriate qualified practitioner, is provided to the Fund by any member wishing to take up an APC/SCAPC for</i>	The current discretion has caused some confusion in that it has been applied to cases whereby the member is buying back service for a period of time when they were on unpaid leave (e.g. maternity).

<p>Pension Contribution (APC) or Shared Cost APC</p>	<p><i>certificate from a GP or another appropriate qualified medical practitioner at the cost of the member stating that as far as they are aware, or can reasonably assess, that they have no reason to believe that the member will retire on health grounds before the age of 65 or the members State Pension Age if later."</i></p>	<p><i>extra pension which would buy upon completion at least £500 of annual pension (in one or more APCs). The certificate must state that as far as GP or appropriate qualified practitioner are aware, or can reasonably assess, that there is no reason to believe that the member will retire on ill health grounds before the age of 65 or the member's State Pension Age if later. Any costs obtaining the certificate will be paid for the member.</i></p> <p><i>For the avoidance of doubt, all APCs for "lost pension" do not require a medical certificate"</i></p>	<p>Further it seems disproportionate to ask for a certificate where the amount of pension being purchased is small and hence a £500p/a minimum threshold is proposed.</p>
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WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD
15 October 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, is attached for consideration by the Local Pension Board (see Appendix A).
3. In summary the final Audit Report on all three of these 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.

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.

6. The appendix to the audit report, also included within this pack, shows the responses from the majority of the team in respect to a short survey from SWAP concerning data protection. The results from this survey was positive and showed a good level of confidence in individual's roles and responsibilities.

Environmental Impact of the Proposal

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

8. There are no known implications at this time.

Financial Considerations & Risk Assessment

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

Proposals

10. The Board is asked to note the findings of the SWAP audit report and the management responses stated within the report.

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:

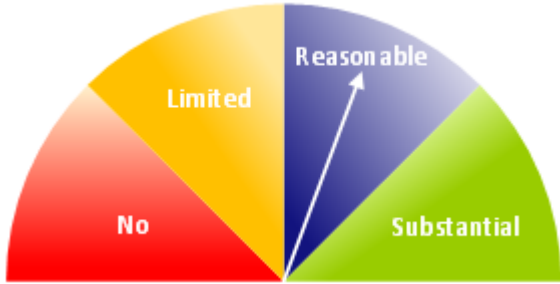
- Appendix 1 – SWAP Audit Report.
- Appendix 2 – Appendix to SWAP Audit report

Pension Fund Key Control Review

Page 55
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 56

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 deferrals.

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
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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.			
<i>SWAP Ref: 44232</i>			
Agreed Action			
We agree with the recommendation and we will make this change.			
Responsible Officer	Head of Pensions Administration and Relations	Timescale	30 th November 2020

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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

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

31st October 2020

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.

The survey was distributed to 25 employees of the Fund, and there were 19 respondents.

6 of the respondents represented the Benefits team, and 6 represented the Systems and Data team. The remaining respondents did not provide their team’s name and are classed as ‘other respondents’ within our analysis below.

We asked respondents to signify their level of confidence in their understanding of their data protection roles and responsibilities, by providing a rating between 1-5 (1 being “Not confident” and 5 “Highly confident”).

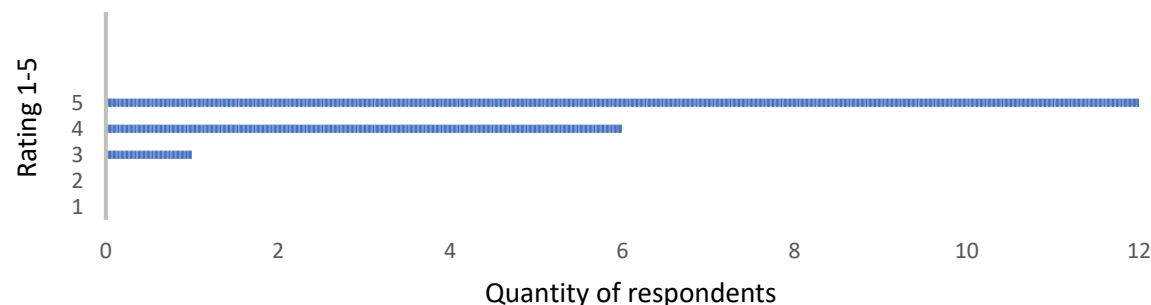
**HOW CONFIDENT ARE YOU
GENERALLY IN UNDERSTANDING
YOUR ROLE AND RESPONSIBILITIES
TO PROTECT THE PERSONAL DATA
YOU PROCESS FOR THE FUND?**

Average result:

4.6/5

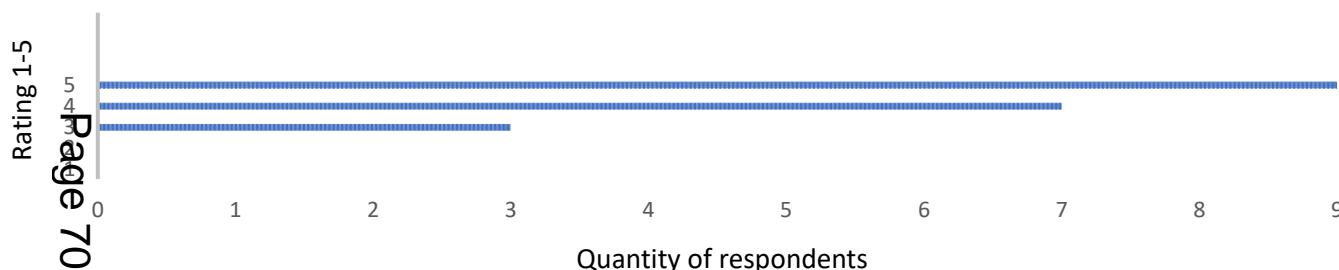
In respect of the Benefits team, their average response was 4.2/5, and the Systems and Data team averaged 4.8/5 for this question. The other respondents returned 4.7/5 on average.

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We asked how respondents would rate their understanding of what constitutes a data protection breach, and when they should be reported to management. Again, a rating system of 1-5 was used.

HOW WOULD YOU RATE YOUR UNDERSTANDING OF WHAT CONSTITUTES A DATA PROTECTION BREACH, AND WHEN THIS SHOULD BE REPORTED TO MANAGEMENT?



Average result:

4.3/5

In respect of the Benefits team, their average response was 4.2/5, and the Systems and Data team averaged 4.7/5 for this question. The other respondents returned 4.1/5 on average.

We asked who respondents would report a data breach to in the first instance. **10 respondents highlighted that they would report a data breach to their Line Managers** in the first instance (these being the Benefits Manager, System and Data Manager or the Heads of Pension Fund and Relations and of Investments), with **8 respondents confirming that they would report breaches to the Governance and Performance Manager**. One respondent confirmed that they would email the dataprotection@wiltshirepensionfund.co.uk address, to inform of a data breach, which we believe is monitored by the Governance and Performance Manager.

We asked if any training in respect of data protection had been requested over and above the required 4 modules, and if it had been requested, whether it had been received. If this was not applicable to the respondent, they were asked to reply “N/A”. **Most respondents responded “N/A”**. **Two stated “Yes”** indicating that further training to the 4 modules had been provided. **One respondent stated “No”**, indicating that they have requested further data protection training, but this has not yet been received. The respondent who stated “No” to this question was categorised as an “other respondent”.

In respect of whether employees are confident that a breach would be handled appropriately should they report one, the respondents returned a unanimous “Yes”, indicating a high level of trust and confidence in the Fund’s handling of breaches. This also indicates a low level of risk that employees would not report a breach if they identified one.

WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD

15 October 2020

Fund Audit Plan – 2021/22

Purpose of the Report

1. To enable members of the Board to recommend auditing proposals to the Pensions Committee for inclusion in the Fund's audit plan for 2021/22.

Background

2. The scope of the plan will need to consider audits conducted by the externally appointed auditor Deloitte for the completion of the Annual Report & Account's (AR&A) & the internal audits offered by the South West Audit Partnership (SWAP) covering the Fund's compliance with various regulations such as the LGPS regulations, its internal financial controls, the Data Protection Act 2018/GDPR & the Fund's FCA's MiFID II compliance.
3. **External Audits** – 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. Consequently it is anticipated that officers will prepare an audit timetable including an interim site visit by Deloitte in December 2020, 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. **Internal 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 anticipated that SWAP should therefore 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. In addition, as part of the Fund's internal audit strategy it should also request copies of key SWAP audits conducted on other Wiltshire Council service areas which provide significant services to the Fund.
5. **Officer self-assessments** – Officers have also sought to introduce an additional layer of forensic review conducted by subject matter experts within the Pension's Department. In addition to another self-assessment of the Pension Regulator's Code of Practice 14, which has been suggested this year as a result of the Regulator delaying its implementation of their new Single Code of Practice, this range of second line reviews will be intended to focus on operationally strategic functions being undertaken by the Fund. For example, in 2020 officers undertook second line reviews on their Systems Access controls, the Annual Allowance process & the Fund's fulfilment of its statutory returns.

Officers also intend to set out the Fund's self-assessment arrangements against the requirements of the Taskforce Climate-rated Financial Disclosures (TCFD) due to be implemented from 2023, to ensure its compliance.

Considerations for the Board

External Audits

6. As a result of the Fund's AR&A's for 2018/19 still not being signed off by Deloitte & at the time of writing this report the AR&A's for 2019/20, has not been signed off either, the Board is asked to consider whether any next steps should be taken. In light of the delays connected with the signing off of Council's annual accounts, Board members are asked to consider whether they should receive a written update detailing the continued nature of the delay, along with a strategy for resolution which has been agreed between the Council & the Auditor. It is noted by officers that a paper on this issue has been submitted to the Council's Audit Committee.

Internal Audits

7. 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 it should additional focus on the Fund's newer significant processes in particular i-Connect, MSS & its treasury management arrangements. It is also recommended that a limited audit takes place concerning the Fund's Data Protection Act 2018/GDPR compliance resolving around its newly implemented System & Security Access controls.

Officer self-assessments

8. In addition to the officer self-assessment undertake in respect of the existing Pension Regulator's Code of Practice 14 requirements, officers will also conduct a series of second line reviews, which at the time of writing this report are likely to cover;
 - a) The Aggregation of benefits process;
 - b) The tier two Ill health early retirements process;
 - c) Transfers in & out; &
 - d) Death Benefits.

Environmental Impact of the Proposal

9. Not applicable.

Financial Considerations & Risk Assessment

10. There are no known implications at this time.

Legal Implications

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

12. There are no known implications at this time.

Proposals

13. For the LPB to recommend that the Pension's Committee request a written report outlining a resolution which will enable the sign off of the Fund's AR&As.

14. For the LPB to recommend that the Committee approve the scope of the internal SWAP audits in 2020/21, covering the Fund's Pension Transfers arrangements, its internal financial controls & Data Protection Act 2018/GDPR compliance.
15. For the LPB to recommend that the Committee approve an officer self-assessment of the Pension Regulator's Code of Practice 14 during 2021.

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 LOCAL PENSION BOARD
15 October 2020

PENSION FUND – REGISTER OF INTERESTS & CONFLICT OF INTEREST POLICY

Purpose of the Report

1. The purpose of this report is for Members to review their Local Pension Board Code of Conduct and Conflict of Interest Policy (Copy attached).

Background

2. The Local Pension Board Code of Conduct and Conflict of Interest Policy was last reviewed in the summer of 2018, to ensure that it remained relevant to the prevailing guidance and regulations. In particular, it compared the conflict of interest policy with the Pension Regulator's guidance. During the 2018 review members raised the following queries concerning the policy;
 - a) The legal need to declare 'none' where no interests exist;
 - b) Whether members were legally obliged to declare their interests as they could be explicitly identified from other requests; &
 - c) Whether the interests of the member and their spouse, civil partner's or cohabitee needed to be separated.
3. After taking legal advice on the Register of Interests form changes were implemented in connection with the points highlighted & a new form was introduced highlighting the statutory & non-statutory elements which needed to be declared. In addition, it was noted that the documentation continued to be consistent with the Regulator's guidance.
4. Following that review it was agreed that the Code of Conduct and Conflict of Interest Policy would be reviewed again in two years-time and since 2018 the only material change which has taken place is in relation to the Board's updated terms of reference dated July 2020. Paragraph 52 of the terms of reference now states that any conflict of interest will now be managed in line with the internal procedures of the Administering Authority, the requirements of the Act, the requirements of the Code and the requirements of Relevant Legislation on conflict of interest for Board members. In essence, officers now consider that rather than it being a standalone policy it will now be consistent with the Local Government Act 1986 & Part 12 of the Council's constitution.

Considerations for the Board

5. In light of the background to the Board's Code of Conduct and Conflict of Interest Policy, the Board is asked to review it again & in comment on the following items;
 - a) That any declaration made on their own Register of Interests form continues to be complete & 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.

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 Board is asked to approve the officer recommendations outlined in paragraph 5 of this report.

ANDY CUNNINGHAM
Head of Pensions Administration and Relations

Report Author: Richard Bullen – Fund Governance & Performance Manager

This document is not a part of the constitution and is a policy document for the Local Pension Board.

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

Status of this document

The Terms of Reference for the Board set out:

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

Duties of the Board

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

Conflicts of interest

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

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

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

This document contains the Committee's policy guidelines on conduct of Board members and conflicts of interest. These guidelines will be reviewed and approved by the Committee at least every two years, or upon any material changes to the Regulations, relevant legislation and scheme guidance.

Objectives of this document

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

This document is not a part of the constitution and is a policy document for the Local Pension Board.

Definitions used in this document

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

This document is not a part of the constitution and is a policy document for the Local Pension Board.

1. Code of Conduct for Board members

Government guidance on conduct of local pension board members

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

Code of Conduct

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

The Seven Principles of Public Life are:

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

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

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

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

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

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

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

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

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

This document is not a part of the constitution and is a policy document for the Local Pension Board.

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

2. Conflict of Interest Policy Guidelines

What is a Conflict of Interest?

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

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

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

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

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

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

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

Relevant Legislation

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

Regulation 108 of the Regulations states:

108 Local pension boards: conflict of interest

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

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

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

This document is not a part of the constitution and is a policy document for the Local Pension Board.

the purposes of paragraph (1).

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

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

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

The Pensions Regulator's Code: Conflicts of Interest

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

Other Guidance on Conflicts of Interest

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

Policy Guidelines

1. Identifying and monitoring Conflicts of Interest

The Board must:

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

This document is not a part of the constitution and is a policy document for the Local Pension Board.

All Board members must:

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

Democratic Services (the Board Secretary) will:

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

The Administering Authority must:

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

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- keep this document under regular review.

2. Managing Conflicts of Interest

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

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

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

3. Perceived Conflicts of Interest

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

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

4. Confidential Information

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

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

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

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

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

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

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5. Adviser and Officer Conflicts

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

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

6. Examples of conflicts of interest

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

Example 1

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

Example 2

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

Example 3

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

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

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

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

Appendix 1: Declaration of Interest Form

This form is prepared in two parts to reflect and fulfil requirements of the following legislation and policy;

- The Code of Conduct & Conflict of Interest Policy Guidelines for Members of the Wiltshire Pension Fund Local Pension Board
- The General Data Protection Regulations 2016 & the Data Protection Act 2018
- The Public Services Pension Act 2013, Section 5.

Part 1 requires mandatory completion & is for public disclosure

Part 2 requires mandatory completion, is for retention by the Administering Authority & is not for public disclosure

PART 1 - For Public Disclosure

I,

a member of the Wiltshire Pension Fund Local Pension Board (the "Board") declare that I, and to the best of my knowledge my spouse, civil partner or cohabitee hold the following financial or other interests **likely to be prejudicial to the exercise of my function as a member of the Board** (Please state none where appropriate).

1. Employment, office, trade, profession or vocation

You should disclose any employment, office (e.g. director or trustee), trade, profession or vocation carried on including the name and address of the employer/appointor.

Member

Spouse/Civil Partner/Cohabitee

2. Contracts

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

Member

Spouse/Civil Partner/Cohabitee

3. Securities

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

Member

Spouse/Civil Partner/Cohabitee

4. Disclosure of Gifts and Hospitality

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

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

Part 2 – For retention by the Administering Authority, Wiltshire Council

I declare also that I and to the best of my knowledge my spouse, civil partner or cohabitee holds the following **Relevant Interests** as defined in the Code of Conduct and Conflict of Interest Policy Guidelines for Members of the Wiltshire Pension Fund Local Pension Board (i.e. a company directorship, trusteeship, other post (whether remunerated or not), financial interest or personal interest **where such interest is likely to be affected by, or relevant to, the work of the Board** - Please state none where appropriate).

1. Employment, office, trade, profession or vocation

You should disclose any employment, office (e.g. director or trustee), trade, profession or vocation carried on including the name and address of the employer/appointor.

Member

Spouse/Civil Partner/Cohabitee

2. Contracts

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

Member

Spouse/Civil Partner/Cohabitee

3. Securities

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

Member

Spouse/Civil Partner/Cohabitee

4. Disclosure of Gifts and Hospitality

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

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

5. Other Interests which may be Relevant Interests under the Committee’s Conflict of Interest Policy Guidelines

Member

Spouse/Civil Partner/Cohabitee

6. Changes to Registered Interests

I understand that I must notify the Board Secretary at the earliest opportunity of any changes or additions to the interests as set out at Part 1 and 2 above.

Signed:

Date:

WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD
15 October 2020

WILTSHIRE PENSION FUND RISK REGISTER

Purpose of the Report

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

Background

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

Key Considerations for the Committee / Risk Assessment

4. The significance of risks is measured by the interaction of the likelihood of occurrence (likelihood) and the potential impact of such an occurrence (impact). This register uses the Council's standard "4x4" approach, which produces a risk status of Red, Amber or Green (RAG).
5. During the last quarter the following "new risks" were identified.
 - **PEN056: Failure to implement the findings of the Goodwin case:** (Green) To ensure that on receipt of the proposed remedies the Fund mitigates any accidental discrimination in respect of a member's sexual orientation, by implementing those remedies (*For information, as this has already been considered by the Committee at their meeting on 24th September*).
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).

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

ANDY CUNNINGHAM
Head of Pensions Administration and Relations

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

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Ref.	Risk	Cause	Impact	Primary Risk Category (CIPFA)	Secondary Risk Category (Operational)	Risk Owner	Level of risk (Inherent)	Impact	Likelihood	Inherent risk score	Controls in place to manage the risk	Impact	Likelihood	Residual risk score	Further Actions necessary to manage the risk	Level of risk (Residual)	Direction of Travel	Risk Action Owner	Date for completion of action
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 tPR'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 tPR 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 apprised 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 caused 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
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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 their 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, sub-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.	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	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	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.	Medium	↓	Samantha Wooster	u/k

Ongoing Risks

PEN049	Failure to comply with the FCAs MIFID II compliance	The introduction of new financial & investment requirements with effect from 3rd January 2018 in which the Fund opted up to "Professional Investor" status	Committee members & key officers, particularly those sitting on the ISC need to ensure that they maintain a requisite level of knowledge & understanding to satisfy the "Professional Investor" requirements	FINANCIAL MARKETS & PRODUCTS	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
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 issues 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 for non-secure employers due to poor/negative investment returns	Poor economic conditions, wrong investment strategy, poor selection of investment managers, poor consideration of all financial & non-financial risks including ESG issues.	Poor/negative investment returns, leading to increased employer contribution rates	FINANCIAL MARKETS & PRODUCTS	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 for secure employers due to poor/negative investment returns	Poor economic conditions, wrong investment strategy, poor selection of investment managers, poor consideration of all financial & non-financial risks including ESG issues.	Poor/negative investment returns, leading to increased employer contribution rates	INVESTMENT PERFORMANCE & RISK	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 for non-secure employers due to increases in liabilities	Scheme liabilities increase disproportionately as a result of increased longevity, falling bond yields, slack employer policies, etc. The current price of gilts lead to a worsening Funding Position.	Employer contribution rates become unacceptable, causing upward pressure on Council Tax and employers' costs.	ACTUARIAL METHOD	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 for secure employers due to increases in liabilities	Scheme liabilities increase disproportionately as a result of increased longevity, falling bond yields, slack employer policies, etc. The current price of gilts lead to a worsening Funding Position.	Employer contribution rates become unacceptable, causing upward pressure on Council Tax and employers' costs.	ACTUARIAL METHOD	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 LOCAL PENSION BOARD
15 October 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 Board

4. Following feedback by the Committee in the July 2020, officers made some changes to the structure of this report which now remain in place.
5. Most of the figures in this report cover the period 1 July 2020 to 30 September 2020 unless otherwise indicated.
6. 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.
7. 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.

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.

iPR Common and Conditional Data percentages (Appendix 2)

10. There are no change in these figures since last year however they are included for completeness and show how the Fund compares against other Funds on a like with like basis. Our scores were 97.9% (Common) and 95.4% (Conditional) are above average and top quartile compared against peers in both cases which is reassuring on a relative level although further absolute improvement is still desired.

11. As these figures are revised annually, new figures will be available shortly.

Administration Strategy KPIs – Fund (Appendix 3)

12. 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)

13. i-Connect take up has not changed materially over the quarter 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.

14. MSS sign-ups are broadly in line with industry-norms after successful attempts to encourage more members to sign up.

Administration Strategy KPIs – Employers (Appendix 6)

15. 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.

16. Further onboarding on to i-Connect will force employers to submit more quickly for certain data, including deferments and refunds. We anticipate that over 70% of the active membership covered by 31 March 2020, and potentially much higher. Officers have now implemented escalation procedures to chase employers for later submissions.

Environmental Impact

17. There is no environmental impact from this report.

Financial Considerations

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

Risk Assessment

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

Legal Implications

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

21. There are no implications at this time.

Proposals

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

Andy Cunningham

Head of Pensions Administration and Relations

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

APPENDIX 1 Table 1: Disclosure Requirements (CIPFA template)

Benefit Administration Key Performance Indicators

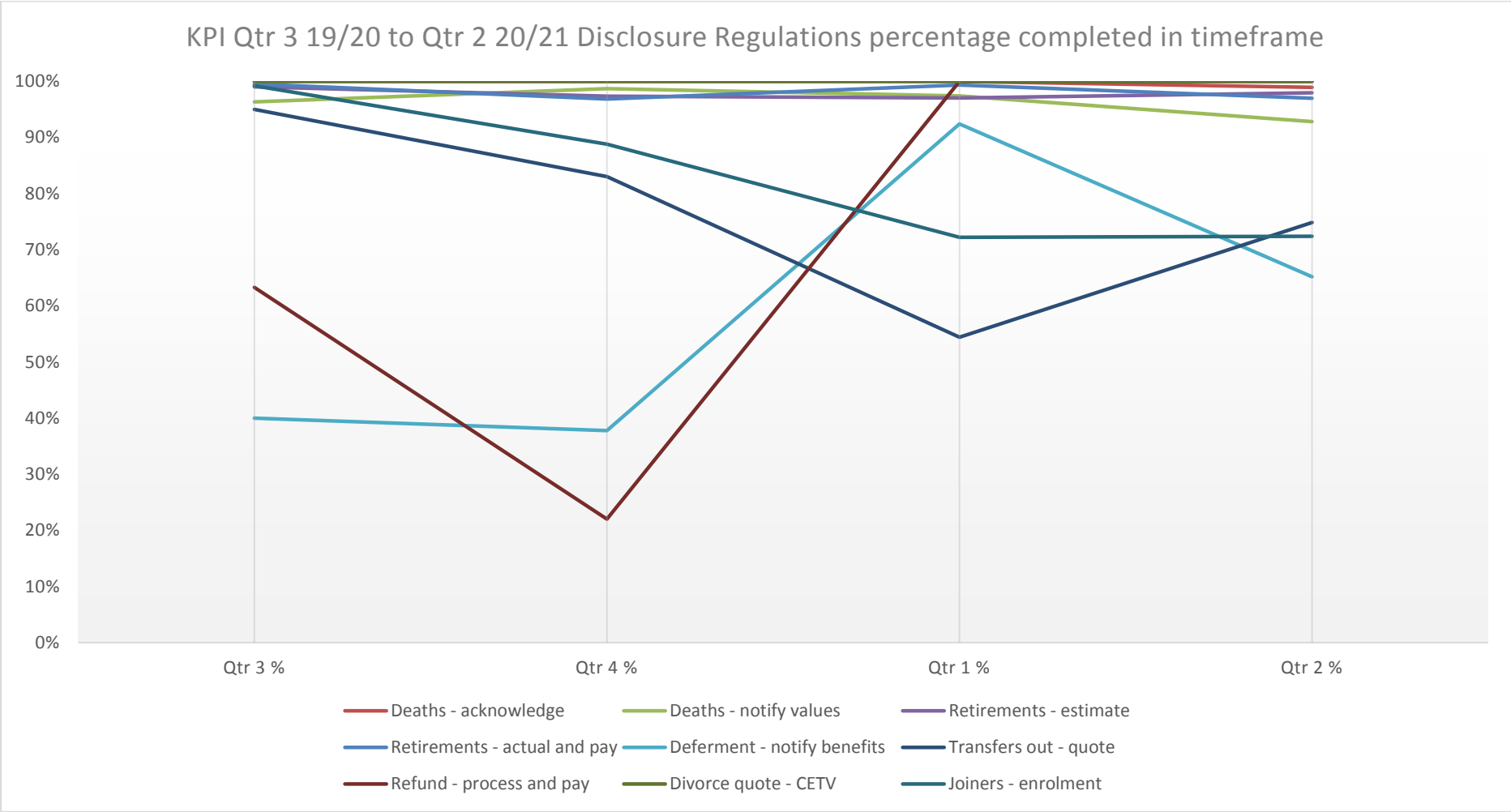
Disclosure Regulations

Period **01/07/2020** 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



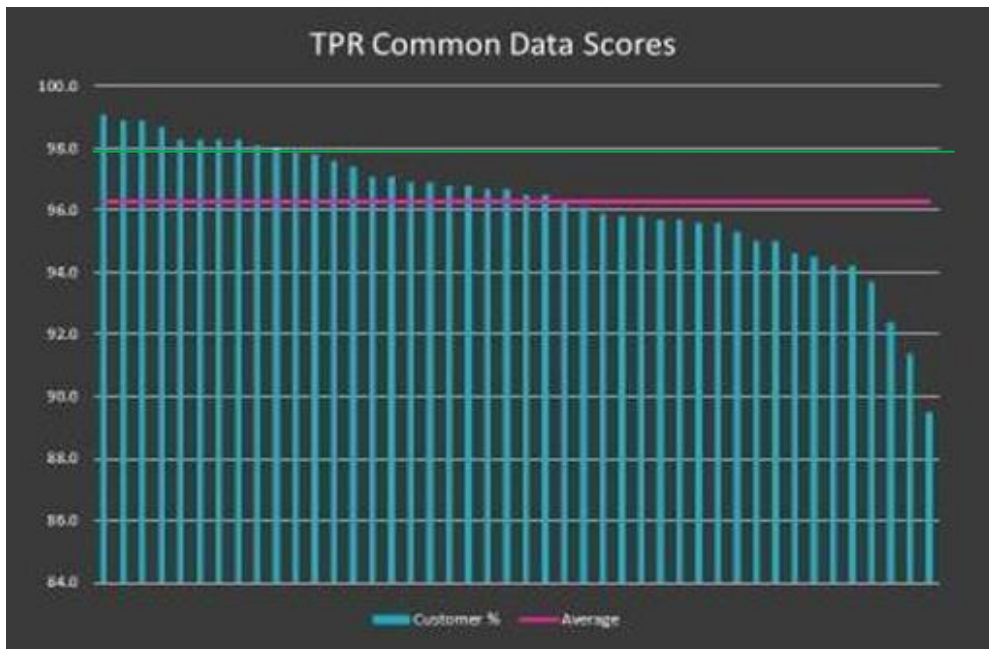
Note: Refunds have increased due to a change in methodology.

APPENDIX 2: tPR Data Quality scores

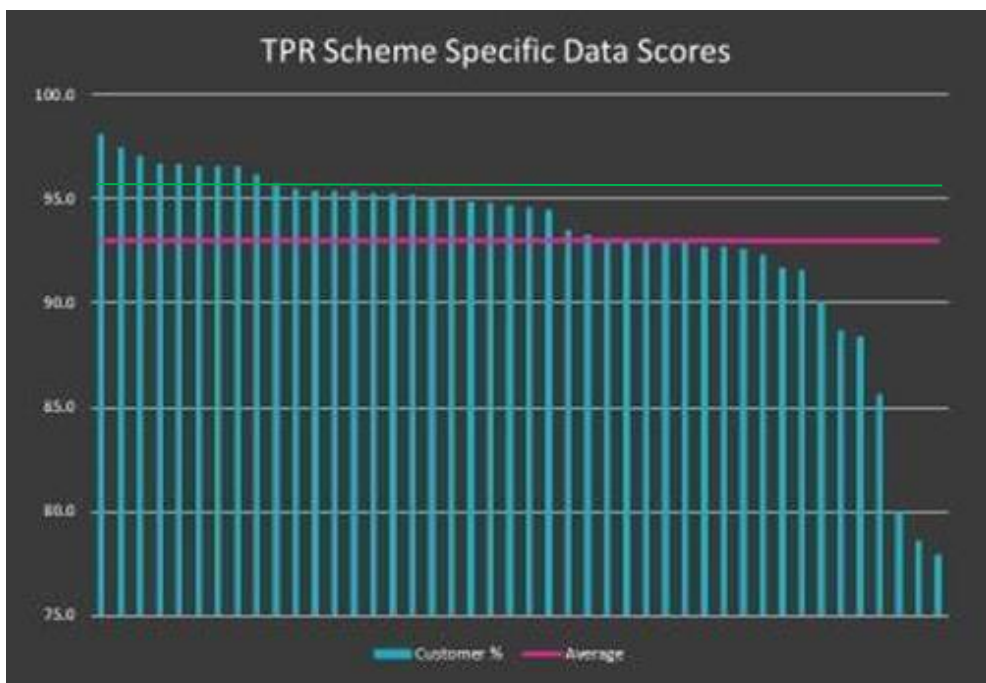
a). tPR Common Data Percentage Breakdown (At 11 October 2019)
Total score = 97.9% (from 94.2%)

b). tPR Conditional Data Percentage
Total score = 95.4%

The charts below show scores across Heywood clients which used the Heywood data quality report on like with like methodology basis.



Wiltshire Pension Fund



Wiltshire Pension Fund

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.

	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 October 2020 is shown below. In future we just show the record figures as this is easier to report.

	RECORDS	MEMBERS
ACTIVE		
Registered	8498	7195
Total	22704	18966
Percentage	37.43%	37.94%
DEFERRED		
Registered	9434	6977
Total	31155	23190
Percentage	30.28%	30.09%
TOTAL		
Registered	17932	12543
Total	53859	37804
Percentage	33.29%	33.18%

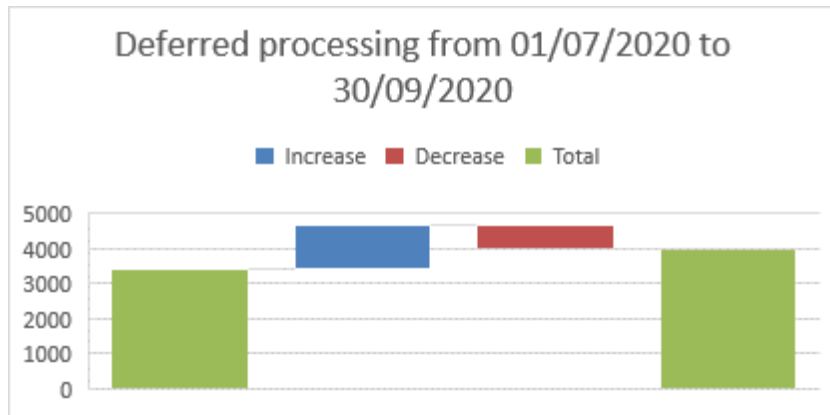
APPENDIX 5: Backlog monitoring

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 +		% 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%			

Employer

Wiltshire Council
Swindon Borough
Council
Police Civilians
White Horse
Federation
Wiltshire College
Others

Managed
Records

34154
15721
2840
1922
1859
18263

Time to advise - Refunds								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
22	0	0	0	0	1	10	33	67%	20
19	0	0	0	0	0	18	37	51%	20
3	0	0	0	0	0	5	8	38%	20
6	0	0	1	1	0	8	16	50%	20
5	0	0	1	0	0	7	13	46%	20
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 LOCAL PENSION BOARD
15 October 2020

ANNUAL BENEFIT STATEMENTS EXERCISE 2020 REVIEW

Purpose of the Report

1. The purpose of this report is to present a summary of the outcome of Fund's Annual Benefit Statement (ABS) process for consideration by Board members.

Background

2. As part of the LGPS Regulations 2013, the Fund is required to produce ABSs for all active and deferred members by the 31 August each year, showing the value of their benefits as at the 31 March of the same year.
3. The Pension Regulator (tPR) oversees this requirement within the LGPS and, as with other regulatory requirements, the Fund is due to log any breach of regulation and to report to tPR any breach which it considers may be of material significance to them.
4. tPR primarily focuses on the percentage of active ABSs and as such, the Fund set out within its Business Plan actions for 2020/2021 to produce 99% of active ABS by the 31 August 2020. The production rate for 2019/2020 was 95%.
5. Unfortunately, due to the impact of COVID-19 on some of our participating employers, some employer returns from key employers were sent late, leaving reduced time to undertake our standard data checks.
6. Furthermore, in line with changes to the Fund's Communications Strategy and after twice giving notice to all members, this year the Fund took the approach of uploading ABSs to member's online accounts through the member portal (*My Wiltshire Pension*) in all cases. In addition, if a member 'opted in' to receive paper copies, officers now send paper copies to them until they notify us of a change of preference.
7. The new approach has allowed the Fund to be able to analyse the levels of engagement with members and effectiveness of the approach used.
8. An earlier version of this report was presented to the Wiltshire Pension Fund Committee on 24 September 2020.

Considerations for the Board

9. Active ABSs
The Fund produced **96.9%** of ABSs by the 31 August 2020 (adjusting for exclusions), which translates as 680 statements not being produced on time.
10. Out of those 680 statements not produced, nearly all of these relate to cases where the employer had failed to resolve a data query.
11. By the 30 September, the total completion rate stood at **97.8%**, due to mixture of more records being updated and some incorrect record set ups being identified.

12. Officers continue to work with employers to resolve these queries and use our escalation policy when the employer fails to engage with us. Once a data query is resolved, a statement will be produced. It is also important to complete this work as preparation for i-Connect.
13. Deferred ABSs
The Fund produced 99.9% of ABS for members which were deferred as at 31 March 2020. A small number of records (19) had a technical issue which prevented a statement being produced.
14. Note: The deferred ABS percentage does not include an allowance for the number of records which are on a holding status because they are yet to be processed (which would either result in a deferred benefit, refund or aggregation of benefits).
15. Member engagement and system access
The Fund sent out an email notification to the 13,055 unique members with accounts (note: a number of members have multiple pension records). Out of those notifications sent, around 10,132 members opened the message sent and 5,594 clicked on the link to log in. A small number of emails bounced back (just 61).
16. Despite nearly 2,500 members managing to access their My Wiltshire Pension on the day the notification was sent out, the date of notification unfortunately coincided with system downtime due to issues experienced by our software provider. The issue was intermittent and only lasted 1-2 days but this may have affected the sign in rate. As such, officers will send out a reminder email shortly which should also act as a reminder to members who took no action on initial receipt of the email regardless of the systems (other than opening the message).
17. The software provider has undertaken a detailed review of the access issues experience and is putting steps in place to limit the chances of a repeat.
18. Furthermore, the Fund also gave members access to an explanatory video, produced by officers to help explain the details of each ABS.

Conclusions

19. Whilst the active ABS production rate was lower than hoped, it still represented an improvement on last year and should be considered within the context of lockdown restrictions causing certain employers some operational difficulties.
20. Officers consider the percentages to be sufficiently high level to not be considered a material breach by the tPR, although we will record the matter internally. Furthermore, tPR issued guidance that it would take a more relaxed approach to enforcement due to operational difficulties caused by COVID-19.
21. As officers re-start the work to onboard more employers on to the i-Connect platform, this should yield a number of benefits related to the Annual Benefit Statement process for onboarded employers including:
- No need for an end of year process;
 - Data being checked and reconciled during the year;
 - An opportunity to space out ABS notifications, reducing the risk of system failure impacting the members along with spreading out emails and phone calls to the team, reducing the impact on business as usual work;
 - Potential to issue ABSs earlier (better customer service);

- Bringing forward the ABS exercise would allow the annual allowance yearly exercise to take place earlier (deadline of 5 October each year and needs to follow the end of year exercise as well)

Environmental Impact

22. There is no environmental impact from this report.

Financial Considerations

23. There are no financial considerations related to this report.

Risk Assessment

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

Legal Implications

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

26. There are no implications at this time.

Proposals

27. The Board is asked to note the current situation and the Fund's plans for next year.

Andy Cunningham

Head of Pensions Administration and Relations

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

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LOCAL PENSION BOARD - WORK PLAN 2020-21

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

Review Fund Training Programme	85i	Review arrangements for training of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme.			✓			Complete 3 year training plan last approved on 12/12/2018. Annual reviews undertaken in Q4 each year.
Review all Fund Declarations of Interest	85d	Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.			✓			2 year plan last approved on 12/12/2020. Annual reviews should be undertaken by Democratic Services in each Q4
tPR Code of Practice 14/record keeping compliance survey results	85b	Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, Relevant Legislation and in particular the Code.	✓				✓	Annual exercise of Self-assessment by officers & review by Members. Every other year the self-assessment will be independently audited
Review fund delegations and internal controls. Include the Fund's escalation policy	85b	Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, Relevant Legislation and in particular the Code.						3 year plan last raised with the Board on 11/10/2018
Scheme Legal, Regulatory & Fund update	n/a	A summary for Board members the latest legal, regulatory and Fund issues affecting the Pension Fund	✓	✓	✓	✓	✓	Quarterly update by the Head of Pensions
Review external advisor appointments process/controls and internal SLAs	86b	Review the effectiveness of processes for the appointment of advisors and suppliers to the Administering Authority.			✓			Committee requested Board annually review advisors & services providers. Plus the Procurement framework by which it is done
Monitor Internal Audit Report	86d	Monitor internal and external audit reports			✓			Audit recommendations actioned
Monitor External Audit Report	86d	Monitor internal and external audit reports			✓			Audit recommendations actioned
Input to Annual External Audit Plan	n/a	Recommend to Committee the audit scope & timetable to be commissioned in the next Scheme year			✓			Committee to liaise with the Audit Committee concerning the scope of Deloitte's audit
Input to Annual Internal Audit Plan	n/a	Recommend to Committee the audit scope & timetable to be commissioned in the next Scheme year			✓			Committee to liaise with the Audit Committee concerning the scope of SWAP's audit
GOVERNANCE - Fund Plans, policies & strategies								Comments
Review Business Plan	85d	Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.				✓		3 year plan last approved on 24/03/2019 Intermin review 26/03/2020
Review Pension Administration Strategy	85d	Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.						3 year plan last approved on 17/12/2019
Review Communication strategy	85e	Review scheme members and employers communications as required by the Regulations and Relevant Legislation	✓				✓	3 year plan last approved on 17/12/2019. E-communication strategy update
Review Data Improvement Plan	85d	Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.				✓		2 year plan last approved on 24/03/2019. To include a Data Retention Strategy update
Review Admin Charging Policy	85d	Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.				✓		2 year plan last approved on 12/12/2018
Review Admin Authority Discretions	85j	Review the complete and proper exercise of employer and administering authority discretions		✓				4 year plan last approved in December 2015

Review Cessations policy	85d	Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.						3 year plan last approved in September 2018
Review Funding Strategy Statement	85d	Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.						3 year plan last approved on 17/12/2019
Review Compliance with FRC stewardship code	85d	Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.				✓		Annually
Review Investment Strategy Statement	85d	Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.	✓					3 year plan last approved on 17/12/2019 (Ensure inclusion of MiFID II arrangements)
Review Fund "Responsible Investment Strategy"	n/a		✓					
Review the Fund's Annual Report & Accounts	85l	Review draft accounts and Fund annual Report		✓			✓	To ensure CIPFA compliance requirements have been applied
Review Internal Audit Report	85k	Review the outcome of internal and external audit reports		✓				Annually covers Key Controls, MiFID II, GDPR & Pension Fund Transfers. Every two years Code of Practice 14
Review External Audit Report	85k	Review the outcome of internal and external audit reports		✓				Published by 1st December
New Employer Admissions Policy	n/a	Policy drafted as part of the 2020/21 Business Plan	✓					
New Employer Training Policy	n/a	Policy drafted as part of the 2020/21 Business Plan		✓				
ADMINISTRATION								Comments
Review employers compliance (data)	85c	Review the compliance of scheme employers with their duties under the Regulations and Relevant Legislation			✓	✓		Incorporate with ABS review process & update on Fund's Data Improvement Plan.
Review Fund fraud risk prevention and mitigation measures	85b	Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, Relevant Legislation and in particular the Code.		✓				Completed every 2 years and will be an update of the Fund's NFI & Certificate of Existence exercises
Review Fund website contents/resilience	85b	Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, Relevant Legislation and in particular the Code.		✓				To also cover Cyber Security reporting on an annual basis
Receive an annual report of an complaint & IDPR cases, including a review of the Fund's procedures	85f, 85g & 85h	Monitor complaints and performance on the administration and governance of the scheme & review the Internal Dispute Resolution Process & Pensions Ombudsman cases	✓					To cover Muse Advisory & annual confirmation of the appointment of an adjudicator by each Employer
Review Fund Communications (employers/members)	85e	Review scheme members and employers communications as required by the Regulations and Relevant Legislation			✓			To provide templates of key Fund documentation & evidence its compliance
Review of Data Security & Business Recovery	85b	Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, Relevant Legislation and in particular the Code.		✓				Report set out the arrangements in place & when they were last tested
Review GMP reconciliation process	86a	Monitor performance of administration, governance and investments against key performance targets and indicators			✓			Annual update of SAP & Altair reconciliations, plus GMP Rectification process

Board KPIs to monitor	86a	Monitor performance of administration, governance and investments against key performance targets and indicators	✓	✓	✓	✓	✓	Quarterly Administration performance reporting
Benchmark KPIs in Annual Report & Accounts information with other Funds	85f	Monitor complaints and performance on the administration and governance of the scheme				✓		Annual Report & Accounts must be disclosed each 1st December
Review of Annual Benefit Statement process	86a	Monitor performance of administration, governance and investments against key performance targets and indicators			✓			Percentage issued, action plan to issue outstanding ABSs & process improvement review
FUNDING & INVESTMENTS								Comments
Review Triennial Valuation Process	n/a	Consider how the whole valuation exercise was executed & what recommendations may be made to improve the process next time	✓					Next valuation currently due 31/03/2022
Review Triennial Valuation Results	86f	Review the outcome of actuarial reporting and valuations	✓					Verify that the FSS, ISS & Valuation results are consistent
Cost transparency of BPP, Managers & the Custodian	86c	Monitor investment costs including custodian and transaction costs.	✓				✓	To be presented in conjunction with the draft Annual Report & Accounts
Review Investment performance against Fund's benchmarking criteria	86a	Monitor performance of administration, governance and investments against key performance targets and indicators	✓				✓	To be presented in conjunction with the draft Annual Report & Accounts
Total number of Agenda Items:			17	14	17	16	13	

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