

## AGENDA

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**Meeting:** Wiltshire Pension Fund Committee  
**Place:** Kennet Room - County Hall, Trowbridge BA14 8JN  
**Date:** Wednesday 4 December 2013  
**Time:** 10.30 am

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Please direct any enquiries on this Agenda to Kieran Elliott of Democratic Services, County Hall, Bythesea Road, Trowbridge, direct line 01225 718504 or email [kieran.elliott@wiltshire.gov.uk](mailto:kieran.elliott@wiltshire.gov.uk)

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<b>Briefing arrangements:</b>	<b>Date</b>	<b>Time</b>	<b>Place</b>
Chairman's Briefing	4 Dec 2013	09.30	Kennet Room, County Hall

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### **Membership:**

#### Wiltshire Council Members:

CLlr Tony Deane (Chairman)  
CLlr Charles Howard (Vice-Chair)  
CLlr Mark Packard  
CLlr Sheila Parker  
CLlr Roy While

#### Substitute Members

CLlr David Jenkins  
CLlr Bill Moss  
CLlr Fleur de Rhé-Philippe  
CLlr Ian Thorn  
CLlr Philip Whitehead  
CLlr Graham Wright

#### Swindon Borough Council Members

CLlr Brian Ford  
CLlr Des Moffatt

#### Substitute Members

CLlr Oliver Donachie

#### Employer Body Representatives

Mr Tim Jackson  
Mrs Lynda Croft

#### Observers

Mr Tony Gravier  
Mr Mike Pankiewicz

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## **PART I**

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

1 **Membership**

To note any changes to Membership of the Committee

2 **Attendance of Non-Members of the Committee**

To note the attendance of any non-members of the Committee.

3 **Apologies for Absence**

To receive any apologies or substitutions for the meeting.

4 **Minutes** (*Pages 1 - 12*)

To confirm the minutes of the ordinary meeting held on 19 September 2013 and the extraordinary meeting on the 10 October 2013.

5 **Chairman's Announcements**

To receive any announcements through the Chair.

6 **Declarations of Interest**

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

7 **Public Participation and Councillors' Questions**

The Council welcomes contributions from members of the public.

#### **Statements**

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

#### **Questions**

To receive any questions from members of the public or members of the Council received in accordance with the constitution. Those wishing to ask questions are required to give notice of any such questions in writing to the officer named above, no later than 5pm on Wednesday 27 November 2013.

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

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

8 **Pension Fund Risk Register** *(Pages 13 - 20)*

An update from the Associate Director, Finance (Section 151 Officer) Revenues and Benefits, Pensions, on the Wiltshire Pension Fund Risk Register is circulated for Members' to note.

9 **CIPFA Business Services Update**

A verbal update by Robert Summers (CIPFA Business Services) on current activities and the latest developments/issues within the LGPS sector for Members' information.

10 **Date of Next Meeting**

To note that the next regular meeting of the Committee will be held on Thursday 6 March 2014 in the Kennet Room, County Hall, Trowbridge.

11 **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.

12 **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 13 – 16 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**

13 **CIPFA Pension Administration Benchmarking Club Report** *(Pages 21 - 46)*

A confidential report reviewing the Fund's performance compared to the other members of the CIPFA Pension Administration Benchmarking Club for the Committee to note.

14 **Investments Quarterly Progress Report** *(Pages 47 - 104)*

Two confidential reports are circulated updating the Committee on the performance of the Fund's investments for the quarter.

15 **Berenberg - Review of 2012-13 & Plans for the Future**

A confidential report from Berenberg bank is attached and Members are asked to consider this along with the verbal report at the meeting.

16 **CBRE- Review of 2012-13 and Plans for the Future**

A confidential Annual Report from CBRE is attached and Members are asked to consider this along with the verbal report at the meeting.

## **WILTSHIRE PENSION FUND COMMITTEE**

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**DRAFT MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 19 SEPTEMBER 2013 AT CIVIC CENTRE, ST STEPHENS PLACE, TROWBRIDGE. BA14 8AH.**

**Present:**

Cllr Tony Deane (Chairman), Cllr Charles Howard (Vice-Chair), Cllr Des Moffatt, Cllr Mark Packard, Mr Mike Pankiewicz, Cllr Roy While (Substitute) and Cllr Philip Whitehead (Substitute)

**Also Present:**

Jim Edney, Joanne Holden (Mercers), Catherine McFayden (Hymans) and Cllr Dick Tonge

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59 **Membership**

There were no changes to the membership of the Committee.

60 **Attendance of Non-Members of the Committee**

Councillor Richard Tonge.

61 **Apologies for Absence**

Apologies for absence were received from Councillors Sheila Parker and Graham Payne, and Mrs Lynda Croft and Mr Tim Jackson.

Councillor Parker was substituted by Councillor Phillip Whitehead.

Councillor Payne was substituted by Councillor Roy While.

62 **Minutes**

The minutes of the meeting held on 25 July 2013 were presented for consideration. It was,

**Resolved:**

**To APPROVE as a true and correct record and sign the minutes.**

63 **Chairman's Announcements**

Through the Chair it was announced that the Pensions team would be making presentations for Swindon Academies on 01 October 2013 and Wiltshire Academies on 21 October 2013. The Chair encouraged Members to attend the next Schools Forum on 03 October 2013 to familiarise themselves with some of the issues for Schools and Academies that was relevant to their work on the Pension Fund Committee.

64 **Declarations of Interest**

There were no declarations.

65 **Public Participation and Councillors' Questions**

There were no questions or statements submitted.

66 **External Audit Report**

Duncan Laird from KPMG presented the Final External Audit Report 2012/13. It was stated that very few adjustments, mostly of a presentational nature, had been recommended prior to KPMG signing off their positive opinion of the council's accounts on 4 September 2013.

A discussion followed the presentation of the report, and in response to queries it was stated that it could be possible for KPMG to sign off the accounts by the end of July in future, depending on how quickly the council was able to finalize the work, and it was a goal of the council to ready the accounts in such a time. In response to comments about IT effectiveness it was confirmed the issues related to council wide issues with the SAP system, not Pensions specific issues, and that the issues did not pose a financial risk.

It was,

**Resolved:**

- 1) **To thank KPMG for their report and accept the Final External Audit Report 2012/13, and**
- 2) **To thank officers for their work which resulted in the very positive report.**

67 **Pension Fund Risk Register**

The Head of Pensions presented the updated Pensions Fund Risk Register, noting there had been no significant changes since the last Committee meeting.

Attention was drawn to an update to PEN003 - Failure to implement the LGPS 2014 Reforms - where work was continuing on a communications strategy on the implementation of their reforms, and that the website for the fund would contain a tool to allow members to compare their benefits between the old and new schemes.

It was also noted that with regards risks PEN011 and PEN012 regarding lack of expertise of Pension Fund officers and overreliance on key officers due to a vacancy within the Pension team, the vacancy had not yet been filled due to the current uncertainty facing the structure of funds nationally and the outcome of the current 'Call for evidence' from the Government. As part of the Lord Hutton review of Public Sector Pensions funds were being encouraged to work more collaboratively so officers continue to discuss with other administering authorities to explore possible areas of collaboration or sharing of resources. Therefore this post will be recruited on a seconded basis until plans for structural reforms are issued by the Government in May 2014.

A discussion followed where the issue of liquidity within the Fund was raised, and it was stated that currently there was still more money coming into the Fund than being paid out, although this would change at some point in the future, and that there was £25 million of investment income made available to cover any temporary shortfall. In response to queries it was stated the Fund's position was about average for its peers.

At the conclusion of discussion, it was,

**Resolved:**

**To note the update and the measures being undertaken to mitigate the current medium risks.**

68 **Budget Monitoring 2013-14 Report**

The Fund Accounting and Investment Manager presented a report on the current budget monitoring position for the Wiltshire Pension Fund for the year 2013/14. It was stated there had been a £1.2 million underspend to date. This was mainly a result of lower investment manager fees due to both performance fee levels not being triggered for Baillie Gifford, and the termination of the Edinburgh Partners mandate and its funds transferred to the passive L&G mandate.

A discussion followed where an overspend for Actuarial Services was queried, and it was explained this was the result of additional cost arising from benefits advice to cover the vacant Pension Manager position, along with an increased costs for the triennial Valuation as a result of the increasing number of employers within the Fund.

It was,

**Resolved:**

**To note the current position.**

69 **Officers' Training Update**

A verbal update from the Head of Pensions on Officer training was presented. It was re-iterated that this was important that the relevant skills and knowledge were held and maintained within the team to mitigate risk PEN11: Lack of Expertise of Pension Officers on the Risk Register. It was stated that training plans were progressing well and that the Pensions team had a training budget of £17,500, with approximately £4,000 remaining unallocated.

Details were sought on the specifics of officer training, and it was explained that there was training for the administration team included regular monthly bite-size sessions on areas so as Data Protection, LGPS 2014 changes, handling benefit statements, annual allowances changes and other scenarios, and that external courses were organized were necessary. For qualifications, it was noted that three staff were undertaking a foundation degree in Pension Administration, with a further two undertaking a diploma in the same.

It was also stated that a focus on efficiency prevailed throughout all training. It was,

**Resolved:**

**To note the update.**

70 **Funding Strategy Statement**

The Head of Pensions introduced the draft Funding Strategy Statement for the Fund, noting that the draft would undergo a 20 day consultation period. Additional details on understanding employer obligations, changing maturities and risk among issues were noted.

It was,

**Resolved:**

- 1. To approve the draft Wiltshire Pension Fund - Funding Strategy Statement 2013; and**
- 2. To publish the Funding Strategy Statement following the completion of the consultation period.**

71 **'Call for Evidence' Draft Response**

As requested by the Committee at its meeting on 25 July 2013, the Head of Pensions presented a draft response to the Department of Communities and Local Government (DCLG) 'Call for Evidence' responding to questions on the proposed Local Government Pension Scheme (LGPS) reforms, which needed to be sent to the DCLG by 27 September 2013.

It was stated further evidence from the advisers to the Fund had been submitted since the publication of the draft response, should be incorporated into the



response. It was also noted by members that the emphasis was on good governance. Reducing operational costs, while a significant objective, had a low impact on a Fund's overall funding level which were far greater impacted by market fluctuations, and that a focus on manager's fees was not very useful without context, where low fees might be an indicator of poor performance or a less robust investment strategy.

The Committee discussed the questions from the DCLG, and whether the merger of Funds in future or merely increased co-operation was a more efficient structure, and assessed the draft responses proposed.

At the conclusion of debate, it was,

**Resolved:**

**To delegate to the Chairman of the Wiltshire Pension Fund Committee, Head of Pensions and Service Director (Finance) to approve the final response to the DCLG, following the inclusion of the latest evidence into the responses and taking into account the comments from the Committee.**

72 **Proposed Appointment to the Investment Sub-Committee**

At the meeting on 25 July 2013, the Committee approved the setting up of an Investment Sub-Committee (ISC) for the purpose of Opportunistic Investing. The Membership was to include three voting members of the Pension Fund Committee

It was noted that all Members were welcome to attend ISC meetings, but that only the Members as listed in the report would have voting rights, and that two of the three ISC members would be the Chairman and Vice-Chairman of the Committee unless unable to attend, where another Member would be appointed in their place.

Following discussion, it was,

**Resolved:**

**To agree that the third voting member of the ISC is allocated to a Swindon Borough Council representative on the Wiltshire Pension Fund Committee.**

73 **Date of Next Meeting**

It was confirmed that the next regular meeting of this Committee would be held on **Wednesday 6 December 2013**. There would be an additional meeting on **Thursday 10 October 2013** at 10.30am at St John's Parish Centre for the presentation of the 2013 Triennial Valuation results.

74 **Urgent Items**

There were no urgent items.

75 **Exclusion of the Public**

**Resolved:**

To agree that in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the business specified in Minute Numbers 76-80 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.

*Paragraph 3 - information relating to the financial or business affairs of any particular person (including the authority holding that information).*

76 **Update on 2013 Triennial Valuation**

A verbal update from the Fund Actuary, Hymans, on the progress of the 2013 Triennial Valuation was presented. It was stated that the update was regarding initial calculations and that a full report would follow at the special meeting of the Committee on 10 October 2013.

It was further stated that the Fund Stabilization Policy as previously agreed was unchanged, although the deficit had grown in monetary terms by 50%.

Questions were raised regarding the planned rise in employer contributions, and it was also confirmed there were no retrospective changes to the current Stabilisation Policy and Contribution Rate Relief being offered to employers to manage these increases.

At the end of discussion it was,

**Resolved:**

**To note the update.**

77 **Investments Quarterly Progress Report**

The Fund Investment and Accounting Manager presented the Investments Quarterly Progress Report, highlighting the performance against the benchmark for various mandates of the fund, along with a confidential report from the advisers to the Fund, Mercers.

The Committee discussed the reports and noted those mandates which had been underperforming, but also that the Fund had undergone many changes in the past few years, and that at the current time it was decided to keep on watch those mandates which were underperforming and await further reports.

It was,

**Resolved:**

**To note the updates and thank Mercers for their report.**

78 **Investment Review - Proposed Amendment to Property Mandate**

The Head of Pensions presented a confidential report updating the Committee on the implementation of the investment strategy and proposing an amendment to the current Property mandate with CBRE.

The Committee discussed the merits of the proposed amendments to the listed mandates and any associated risks.

At the end of discussion, it was,

**Resolved:**

- a) **to note the progress made transitioning assets between Edinburgh Partners and Legal and General;**
- b) **to note the progress made with the procurement exercise to appoint an Emerging Market Multi Asset manager;**
- c) **to agree the expansion of the property mandate to include a global element of initially 25% Global 75% UK, with the intention of moving to 50% Global 50% UK in the longer term.**

79 **Partners Group - Review of 2012-13 & Plans for the Future**

Sarah Brewer and Michael Barben from Partners Group gave a presentation and report on their mandate of the Pension Fund, and took questions from the Committee on the progress and future plans for that mandate.

Following which, it was,

**Resolved:**

**To thank the representatives from Partners Group for their attendance and presentation.**

80 **M&G - Review of 2012-13 & Plans for the Future**

Gary Parker and John Atkin from M & G gave a presentation and report on the review of their mandate of the Pension Fund and future plans, and took questions from the Committee.

Following which, it was,

**Resolved:**

**To thank the representatives from M & G for their attendance and presentation.**

(Duration of meeting: 10.40 am - 2.10 pm)

The Officer who has produced these minutes is Kieran Elliott of Democratic Services, direct line 01225 718504, e-mail [kieran.elliott@wiltshire.gov.uk](mailto:kieran.elliott@wiltshire.gov.uk)

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## WILTSHIRE PENSION FUND COMMITTEE

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**DRAFT MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 10 OCTOBER 2013 AT SUITE 2 - ST JOHN'S PARISH CENTRE, 2 WINGFIELD ROAD, TROWBRIDGE, BA14 9EA.**

**Present:**

Cllr Tony Deane (Chairman), Cllr Brian Ford, Cllr Charles Howard (Vice-Chair), Cllr Des Moffatt, Cllr Mark Packard, Mr Mike Pankiewicz and Cllr Sheila Parker

**Also Present:**

Jim Edney, Catherine McFayden (Hymans), Robbie McInroy (Hymans)

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**81 Membership Changes**

It was reported that Cllr Oliver Donachie had been appointed as the Swindon Borough Council Substitute Member of the Committee.

The Committee noted that due to extensive reorganisation at Wiltshire College, Mrs Lynda Croft would not likely be able to attend the Committee until 2014.

The Committee also noted there had been a request for the Committee to contain a representative of Wiltshire Academies.

**82 Attendance of Non-Members of the Committee**

None.

**83 Apologies for Absence**

Apologies were received from Mr Tim Jackson, Mrs Lynda Croft, Cllr Graham Payne and Cllr Dick Tonge, Cabinet Member with responsibility for Finance.

Cllr Sheila Parker gave apologies she would be late and arrived at the meeting at 1230.

**84 Chairman's Announcements**

The Committee was updates on the Council response to the DCLG 'Call for Evidence' as detailed at the meeting of the Committee on 19 September 2013 and was awaiting a response from central government.

It was stated that the Chairman had been placed on the Value or Money and Collaboration Sub-Committee of the Shadow Local Government Pension Scheme Advisory Board, and the Head of Pensions appointed as a Member of the Governance and Standards Sub-Committee.

The Committee was also updated on the recent meeting of the Schools Forum where a paper was presented by the Head of Pensions in relation to the Fund's approach to academies and to update on the latest developments.

It was also announced that a consultation had just been issued by the Government on "Pooling arrangements for Academies within the Local Government Pension Scheme". As the closing day of 15 November 2013 was prior to the next Committee meeting, the draft response from the Wiltshire Pension Fund would be agreed with the Chairman and circulated by email to the Committee members for comment prior to submission.

It was also announced that there had only been one response to the employer consultation on the Funding Strategy Statement. The comments were noted but it was felt it did not require any material change to the document. Consequently, the draft Funding Strategy Statement would be published as agreed in draft form at the last committee meeting.

85 **Declarations of Interest**

There were no declarations.

86 **Public Participation and Councillors' Questions**

There were no questions or statements submitted.

87 **Date of Next Meeting**

The date of the next meeting was confirmed as Wednesday 04 December 2013.

88 **Urgent Items**

There were no urgent items.

89 **Exclusion of the Public**

In accordance with the motion listed in the agenda, by assent 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 Minute Number 90 because it was 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 outweighed the public interest in disclosing the information to the public.**

*Paragraph 3 - information relating to the financial or business affairs of any particular person (including the authority holding that information).*

90 **2013 Actuarial Valuation Report**

A confidential report was introduced by the Head of Pensions, including the attached confidential appendix, on the outcome of the 2013 Actuarial Valuation of the Wiltshire Pension Fund, detailing the legislative requirement for a triennial valuation, the main considerations for the Committee including the process of the valuation, actuarial assumptions utilised during the process, Investment Returns and deficit recovery periods.

It was also reported that officers would be discussing with employer bodies theoretical contribution rates for the coming three years after the meeting of the Committee.

The Committee then received a presentation on the valuation results in further detail from Catherine McFayden and Robbie McInroy from Hymans Robertson, the Actuaries of the Fund.

A discussion followed, where questions on the impact of assumptions including of life expectancy, asset performance, interest rate adjustments, the 2014 Local Government Pension Scheme changes and other factors were raised, along with queries on the level of liabilities and the market value of the Fund assets.

At the conclusion of debate it was,

**Resolved:**

- a) **To receive the paper and verbal report of the Actuary;**
- b) **To note the assumptions that have been agreed with the Actuary, as set out in paragraphs 13 to 25 of the report;**
- c) **To note the summary outcomes of the valuation as set out in paragraphs 29 to 31 of the report;**
- d) **To note the theoretical contribution rates for the next three years as summarised in the Appendix to the report, for presentation to the employer bodies on 10 October 2013 after the Committee meeting; and,**
- e) **To note that discussions will be held with those non-secure employer bodies regarding Contribution Rate Relief and that an update will be presented to the December Committee meeting.**

(Duration of meeting: 10.35 am - 12.45 pm)

The Officer who has produced these minutes is Kieran Elliott of Democratic Services, direct line 01225 718504, e-mail [kieran.elliott@wiltshire.gov.uk](mailto:kieran.elliott@wiltshire.gov.uk)

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Wiltshire Council

Wiltshire Pension Fund Committee

4 December 2013

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## Wiltshire Pension Fund Risk Register

### Purpose of the Report

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

### Background

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

### Key Considerations for the Committee / Risk Assessment / Financial Implications

3. The significance of risks is measured by interaction of the likelihood of occurrence (likelihood) and by the potential damage that might be caused by an occurrence (impact). This register uses the Council's standard "4x4" approach, which produces a risk status of Red, Amber or Green (RAG).
4. There have been no significant changes since the last report in September 2013.
5. As an update to ***PEN018 Failure to implement the LGPS 2014 Reforms*** work continues on implementation of the LGPS 2014 scheme. The new scheme effectively comes into force in 4 months time. Work has been continuing on the communications strategy through collaboration with South West funds to share the work of developing booklets, leaflets, presentations, and posters for the new scheme. The Fund has also procured a tool for its website that will enable members to compare their benefits between the old and new scheme. Communications to members have commenced with a newsletter early in the year and leaflets enclosed with the 2013 Annual Benefits Statements. Presentations are being provided on request from employers and more structured roadshows will be taking place across the 3 main hubs in Wiltshire and at Swindon Borough Council early in the New Year.
6. Officers from the Systems team remain in constant touch with the software supplier (Heywood) regarding the implementation of the software for the new scheme. They are monitoring the testing process currently being undertaken by a number of Local Government Schemes. All published progress is being relayed to the rest of the Pension section. At present the release of the software is planned for February 2014.

## **Environmental Impacts of the Proposals**

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

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

8. There are no known implications at this time.

## **Proposals**

9. The Committee is asked to note the attached Risk Register and measures being taken to mitigate the current medium risks.

## **Michael Hudson**

Associate Director, Associate Director, Finance (Section 151 Officer) Revenues and Benefits, Pensions and Treasurer to the Pension Fund

Report Author: Catherine Dix , Fund Investment & Accounting Manager

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

Appendix - Risk Register

Wiltshire Pension Fund Risk Register				04-Dec-13			Current Risk Rating				Target Risk Rating								
Ref.	Risk	Risk Category	Cause	Impact	Risk Owner	Controls in place to manage the risk	Impact	Likelihood	x	Level of risk	Further Actions necessary to manage the risk	Risk Action Owner	Date for completion of action	Impact	Likelihood	x	Level of risk	Date of Review	Direction of Travel
PEN001	Failure to process pension payments and lump sums on time	Service Delivery	Non-availability of ALTAIR pensions system, SAP payroll system, key staff, or error, omission, etc.	Retiring staff will be paid late, which may have implications for their own finances. It also has reputational risk for the Fund and a financial cost to the employers if interest has to be paid to the members.	David Anthony	Maintenance and update of ALTAIR and SAP systems, sufficient staff cover arrangements, sufficient staff training and QA checking of work.	2	2	4	Low	Regular review of ALTAIR calculations are more thoroughly tested, especially to ensure regulations changes are correctly processed.	David Anthony		2	2	4	Low	4 Dec 2013	→→→
PEN002	Failure to collect and account for contributions from employers and employees on time	Finance	Non-availability of CRS/SAP systems, key staff, error, omission, failure of employers' financial systems, failure to communicate with employers effectively. LGPS 2014	Adverse audit opinion for failure to collect contributions by 19th of month, potential delays to employers' FRS17 year-end accounting reports and to the Fund's own year-end accounts.	David Anthony	Robust maintenance and update of ALTAIR and SAP systems, sufficient staff cover arrangements, sufficient staff training and QA checking of work. We constantly work with employers to ensure they understand their responsibilities to pay by 19th of the month.	2	1	2	Low	New electronic forms rolled out to all employers to allow collation of membership and contributions detail by member to facilitate monthly reconciliations ahead of year end.	Catherine Dix		2	2	4	Low	4 Dec 2013	→→→
PEN003	Insufficient funds to meet liabilities as they fall due	Service Delivery	Contributions from employees / employers too low, failure of investment strategy to deliver adequate returns, significant increases in longevity, etc.	Immediate cash injections would be required from the scheme employers. This shouldn't be an issue for the Fund but it looks likely that investment income might need to be used within the next 12 months.	David Anthony	Funding Strategy Statement, Investment Strategy, Triennial Valuations, membership of Club Vita, modelling of future cashflows.	2	3	6	Medium	The "maturity" profile of cashflows is changing as a result of employers outsourcing and redundancy programmes. The cashflow profile is now being carefully monitored as benefits paid look to exceed receipts (excluding investment income) during the current financial year.	David Anthony	Mar-14	4	1	4	Low	4 Dec 2013	→→→
PEN004	Inability to keep service going due to loss of main office, computer system or staff	Service Delivery	Fire, bomb, flood, etc.	Temporary loss of ability to provide service	David Anthony	Business Continuity Plan in place. The team have the ability to work from home or remotely if required. The pension system is also hosted by its supplier, which reduces the risk should Wiltshire Council's IT servers fail.	4	1	4	Low	Business Continuity Plan has been refreshed in and approved by the CFO in Oct 2011. All the team now have laptops that would mean they can access ALTAIR remotely if required.	Andy Cunningham		4	1	4	Low	4 Dec 2013	→→→
PEN005	Loss of funds through fraud or misappropriation	Fraud / Integrity	Fraud or misappropriation of funds by an employer, agent or contractor	Financial loss to the Fund	David Anthony	Internal and External Audit regularly test that appropriate controls are in place and working. Regulatory control reports from investment managers, custodian, etc, are also reviewed by audit. Due Diligence is carried out whenever a new manager is appointed. Reliance is also placed in Financial Services Authority registration.	4	1	4	Low	None	Catherine Dix		4	1	4	Low	4 Dec 2013	→→→

Ref.	Risk	Risk Category	Cause	Impact	Risk Owner	Controls in place to manage the risk	Current Risk Rating				Further Actions necessary to manage the risk	Risk Action Owner	Date for completion of action	Target Risk Rating				Date of Review	Direction of Travel
							Impact	Likelihood	x	Level of risk				Impact	Likelihood	x	Level of risk		
PEN006a	Significant rises in employer contributions for secure employers due to increases in liabilities	Economic	Scheme liabilities increase disproportionately as a result of increased longevity, falling bond yields, slack employer policies, etc. The current increase in Quantative Easing by the Government is forcing up the price of gilts leading to a worsening Funding Position.	Employer contribution rates become unacceptable, causing upward pressure on Council Tax and employers' costs.	David Anthony	Longevity and bond yields are really beyond the control of the Fund although some Funds have considered buying longevity insurance through the use of SWAPS. However, the Fund and each employer must have a Discretions Policy in place to help control discretionary costs (e.g.. early retirements, augmented service, etc). Quarterly monitoring in liabilities movements is undertaken providing advance warning to employers.	2	3	6	Medium	The Stabilisation Policy has limited increases for secure employer. Monitor cashflow profiles to review Fund's maturity. This policy was reviewed at the July 2013 Committee meeting and is to be maintained for the 2013 Valuation.	David Anthony / Andy Cunningham	Mar-14	3	2	6	Medium	4 Dec 2013	--->
PEN006b	Significant rises in employer contributions for non-secure employers due to increases in liabilities	Economic	Scheme liabilities increase disproportionately as a result of increased longevity, falling bond yields, slack employer policies, etc. The current increase in Quantative Easing by the Government is forcing up the price of gilts leading to a worsening Funding Position.	Employer contribution rates become unacceptable, causing upward pressure on Council Tax and employers' costs.	David Anthony	Longevity and bond yields are really beyond the control of the Fund although some Funds have considered buying longevity insurance through the use of SWAPS. However, the Fund and each employer must have a Discretions Policy in place to help control discretionary costs (e.g.. early retirements, augmented service, etc). Quarterly monitoring as described above.	2	3	6	Medium	The rates for the 2010 Valuation were agreed and through the use of stepping in of contribution rate increases where requested the need for large increases was avoided for certain employers. This "contribution relief" policy was reviewed and maintained at the July 2013 Committee meeting for the 2013 Valuation process. Monitor cashflow profiles to review Fund's maturity.	David Anthony / Andy Cunningham	Mar-14	3	2	6	Medium	4 Dec 2013	--->
PEN007a	Significant rises in employer contributions for secure employers due to poor/negative investment returns	Economic	Poor economic conditions, wrong investment strategy, poor selection of investment managers	Poor/negative investment returns, leading to increased employer contribution rates	David Anthony	Use of expert consultants in the selection of investment strategy and selection of investment managers, regular monitoring of investment managers (1/4ly), regular reviews of investment strategy (annually). There is a monthly review of the % of the Fund held in each mandate and strategy.	2	2	4	Low	The implementation of the Stabilisation Policy limits increases for secure employer. This policy was reviewed at the July 2013 Committee meeting and is to be maintained for the 2013 Valuation.	Catherine Dix	Mar-14	2	2	4	Low	4 Dec 2013	--->
PEN007b	Significant rises in employer contributions for non-secure employers due to poor/negative investment returns	Economic	Poor economic conditions, wrong investment strategy, poor selection of investment managers	Poor/negative investment returns, leading to increased employer contribution rates	David Anthony	Use of expert consultants in the selection of investment strategy and selection of investment managers, regular monitoring of investment managers (1/4ly), regular reviews of investment strategy (annually). There is a monthly review of the % of the Fund held in each mandate and strategy.	2	2	4	Low	The review of employers long term financial stability and the policy for stepping in of contribution rates assists in affordability issues and this "contribution relief" policy was reviewed and maintained at the July 2013 Committee meeting for the 2013 Valuation process.	Catherine Dix	Mar-14	2	2	4	Low	4 Dec 2013	--->

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							Impact	Likelihood	x	Level of risk				Impact	Likelihood	x	Level of risk		
PEN008	Failure to comply with LGPS and other regulations	Legal / Statutory	Lack of technical expertise / staff resources to research regulations, IT systems not kept up-to-date with legislation, etc	Wrong pension payments made or estimates given. Investment in disallowed investment vehicles or failure to comply with governance standards. Effect: Unhappy customers, tribunals, Ombudsman rulings, fines, adverse audit reports, etc	David Anthony	Sufficient staffing, training and regulatory updates. Competent software provider and external consultants.	3	3	9	Medium	Pension team structure review has been implemented which ensures staff with the relevant skills & knowledge are in post. The Technical & Compliance Manager is currently formulating a training plan for the team. There is a project plan for the new scheme. The new regulations have been published however we are still awaiting the transitional regulations.	David Anthony	Dec-13	1	2	2	Low	4 Dec 2013	→→→
PEN009	Failure to hold personal data securely	Legal / Statutory	Poor procedures for data transfer to partner organisations, poor security of system, poor data retention, disposal, backup and recovery policies and procedures.	Poor data, lost or compromised	David Anthony	Compliance with Wiltshire Council's Data Protection & IT Policies.	2	2	4	Low	It is intended to do a full data protection audit for the Fund. An imaging system has now been implemented which will improve retention of documents and ultimately will lead to a paperless working environment.	Tim O'Connor	Dec-13	2	1	2	Low	4 Dec 2013	→→→
PEN010	Failure to keep pension records up-to-date and accurate	Knowledge / Data / Info	Poor or non-existent notification to us by employers and members of new starters, changes, leavers, etc	Incorrect records held, leading to incorrect estimates being issues to members and incorrect pensions potentially being paid.	David Anthony	Systems Team set-up and 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.	2	4	8	Medium	Further reconciliations have been implemented between Wiltshire Council payroll and the Fund's data. The data cleaning exercise is complete in relation to 2013 Valuation exercise.	Martin Downes	Dec-13	2	1	2	Low	4 Dec 2013	→→→
PEN011	Lack of expertise of Pension Fund Officers and Service Director, Finance	Professional judgement & activities	Lack of training, continuous professional development and continuous self assessment of skills gap to ensure knowledge levels are adequate to carry out roles to the best of their ability	Bad decisions made may be made in relation to any of the areas on this register, but particularly in relation to investments.	David Anthony	Officers ensure that they are trained and up-to-date in the key areas through attendance at relevant courses and seminars, reading, discussions with consultants and peers, etc. The Technical & Compliance Manager has formulated annual Training Plans and Relevant officers are also reviewed against the CIPFA Knowledge & Skills Framework to ensure adequate expertise exists.	2	3	6	Medium	The team restructure now provides better technical knowledge at the right levels. The vacancy for the Pension Manager post leaves a short term knowledge and resource gap and a procurement process is underway to address this.	David Anthony	Dec-13	2	1	2	Low	4 Dec 2013	→→→

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PEN012	Over-reliance on key officers	Organisation Management / HR	The specialist nature of the work means that there are inevitably relatively experts in investments and the local authority pension regulations	If someone leaves or becomes ill, a big knowledge gap if less behind.	David Anthony	Key people in the Section are seeking to transfer specialist knowledge to colleagues. In the event of a knowledge gap, however, we can call on our external consultants and independent advisors for help in the short-term.	2	3	6	Medium	As described above the loss of the Pension Manager does provide a gap but with the team restructure knowledge levels are in the right place and external consultants are in place to use for any specific issue until a replacement is appointed.	David Anthony	Dec-13	2	1	2	Low	4 Dec 2013	→
PEN013	Failure to communicate properly with stakeholders	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 and they may misadvise their employees.	David Anthony	The Fund has a Communications Manager and Employer Relationship Manager dedicated to these areas full-time, including keeping the website up-to-date, which is a key communications resource. The Fund also has a Communications Policy.	2	3	6	Medium	Now the proposed changes to the LGPS scheme are known updated information can be circulated to employers and members. The Fund has formulated its strategy to inform members of the changes and where possible working with key stakeholders. Employers are also being reminded of their responsibilities for Autoenrolment.	Zoe Stannard & Andy Cunningham	Feb-14	1	1	1	Low	4 Dec 2013	→
PEN014	Failure to provide the service in accordance with sound equality principles	Corporate / Leadership / Organisation (Reputation)	Failure to recognise that different customers have different needs and sensitivities.	Some customers may not be able to access the service properly or may be offended and raise complaints. At worst case, this could result in a court case, etc.	David Anthony	The Fund has done an Equality Risk Assessment and has an Equality Implementation Plan in place	2	1	2	Low	None	David Anthony		2	1	2	Low	4 Dec 2013	→
PEN015	Failure to collect payments from ceasing employers	Finance	When an employer no longer has any active members a cessation valuation is triggered and a payment is required if a funding deficit exists to meet future liabilities	Failure to collect cessation payments means the cost of funding future liabilities will fall against the Wiltshire Pension Fund	David Anthony	The Pension Fund Committee approved a Cessation Policy in February 2010 to provide an agreed framework for recovery of payments. All new admitted bodies now require a guarantor to join the Fund.	2	2	4	Low	Work is on-going to develop monitoring of admitted bodies who are close to cessation to enable the Fund to have an early dialogue with them to ensure costs are met.	Andrew Cunningham	Feb-14	2	1	2	Low	4 Dec 2013	→
PEN016	Treasury Management	Finance	The Fund's treasury function is now segregated from Wiltshire Council. This includes the investment of surplus cash in money markets.	Exposure to counterparty risk with cash held with external deposit holders could impact of Funding level of the Fund	David Anthony	The Pension Fund approved an updated Treasury Management Strategy in Feb 2013 which follows the same criteria adopted by Wiltshire Council but limits individual investments with a single counterparty to £6m.	3	1	3	Low	The Council uses Sector's credit worthiness service using ratings from three rating agencies to provide a score. Surplus cash is transferred to the Custodian at month end ensuring cash balances are minimal.	Catherine Dix		3	1	3	Low	4 Dec 2013	→

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PEN017	Lack of expertise on Pension Fund Committee	Professional judgement & activities	Lack of structured training and continuous self assessment of skills gap to ensure knowledge levels are adequate to carry out roles to the best of their ability	Bad decisions made may be made in relation to any of the areas on this register, but particularly in relation to investments. There is also a requirement for Fund's to 'Comply or Explain' within their Annual Report on the skills knowledge of members of the Committee	David Anthony	Members are given Induction Training when they join the Committee, as well as subsequent opportunities to attend courses/seminars and specialist training at Committee ahead of key decisions. There is a Members' Training Plan and Governance Policy. Help can be called on from our consultants and independent advisors too.	2	2	4	Low	The CIPFA Local Government Pension Fund Knowledge & Skills Framework require members of the committee to be regularly assessed to identify knowledge gaps and ensure training is provided to address these. Members have been assessed and a training plan set which is being implemented over the next two years.	David Anthony		2	1	2	Low	4 Dec 2013	→
PEN018	Failure to implement the LGPS 2014 Reforms	Service Delivery	Failure to implement the LGPS 2014 in time for April 2014 in terms of systems changes, data requirements, communications and training.	Unable to meet the new legislative requirements of the scheme and to administer the Fund correctly.	David Anthony	A communication policy has been set up to inform all members of the changes. Systems team in close contact with Software are providers to ensure developments will be actioned. Consultations being responded to ensure issues are raised with CLG.	3	2	6	Medium	The draft regulations were issued (June 2013) but implementation timeframe remain extremely tight. Communications is being developed with the South West Funds to be used from the autumn onwards and the Fund is working with its software provider to review its CARE module.	David Anthony		2	2	4	Low	4 Dec 2013	→

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