

AGENDA

Meeting: Local Pension Board
Place: Kennet Room - County Hall, Trowbridge BA14 8JN
Date: Thursday 7 April 2016
Time: 10.30 am

Please direct any enquiries on this Agenda to Libby Beale, of Democratic Services, County Hall, Bythesea Road, Trowbridge, direct line 01225 718214 or email elizabeth.beale@wiltshire.gov.uk

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

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Chairman's Briefing:

Thursday 7 April, Kennet Room County Hall- 9:30am

Membership:

Howard Pearce (Chairman)
Mike Pankiewicz (Vice-Chairman)
David Bowater
Barry Reed

Lynda Croft
Cllr Christopher Newbury
Sarah Holbrook

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AGENDA

Part 1

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

1 **Membership**

To note any changes to the membership of the Board.

2 **Attendance of non-members of the Board**

To note the attendance of any non-members of the Board present.

3 **Apologies**

To receive any apologies for absence.

4 **Minutes** (*Pages 7 - 22*)

To confirm as a true and correct record the minutes of the previous meeting held on 14 January 2016.

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

5 **Declarations of Interest**

To receive any declarations of disclosable interest.

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

6 **Chairman's Announcements**

To welcome Sarah Holbrook, Finance Operations Manager to the Office of the Police and Crime Commissioner, as an Employer Member Representative to the Board.

Sarah's bio is available on the Board [website](#).

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 (acting on behalf of the Corporate Director), no later than 5pm on **Thursday 31 March 2016**. Please contact the officer named on the first page of this agenda for further advice. Questions may be asked without notice if the Chairman decides that the matter is urgent.

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

8 **Minutes and Key Decisions of the Wiltshire Pension Fund Committee and Investment Sub-Committee** *(Pages 23 - 40)*

To consider the Part 1 (public) minutes of the meetings of the Wiltshire Pension Fund Committee held on 1 February and 10 March 2016 and the meeting of the Investment Sub-Committee held on 25 February 2016.

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

A verbal update will be provided by the Head of Pensions.

10 **Training Item- Triennial Valuation 2016**

A training session will be presented by Hymans Robertson outlining the purpose and process for the 2016 triennial valuation.

11 **Wiltshire Pension Fund Risk Register** *(Pages 41 - 48)*

A report presents the current Risk Register for the Wiltshire Pension Fund for review.

12 **High Level Assessment on Compliance with the Pension Regulator Code of Practice Code 14** *(Pages 49 - 62)*

A report presents the officers review of the Wiltshire Pension Fund's compliance with the Regulators Code of Practice.

The Board is asked to note the outcome from this review of the tPRs Code of Practice No. 14 and recommend the implementation of the proposed actions to the Pension Fund Committee to ensure the Fund secures compliance with this guidance.

13 **Review of the Wiltshire Pension Fund Governance Compliance Statement** *(Pages 63 - 70)*

A report shows the current Governance Compliance Statement for review.

14 **Internal and External Audit Plans for 2016** *(Pages 71 - 76)*

A report outlines the audit plans for 2016 for review.

The Board is asked to note the audit process and proposed plans for 2016.

15 **Review of the Wiltshire Pension Fund Communications Strategy** *(Pages 77 - 88)*

A report presents the current Communications Strategy and the Fund's Communication Manager will present the Fund's website.

16 **Assessing the Impact of the Local Pension Board** *(Pages 89 - 92)*

A report from the Chairman will outline potential performance indicators that could be used to measure the impact and performance of the Board for consideration.

The Board is requested to discuss Annex 1 and consider amendments to be re-considered and approved by the Board at its July meeting.

17 **Local Pension Board Annual Report Draft Structure** *(Pages 93 - 94)*

A report outlines the proposed contents for an Annual report for the Board for consideration.

18 **How did the Board do?**

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

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 95 - 98*)

The next meeting of the Board will be held on 20 July 2016.

The current Forward Work Plan is attached for 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 Number 22 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraph 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

Part II

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

22 **Minutes and Key Decisions of the Wiltshire Pension Fund Committee and Investment Sub-Committee** (*Pages 99 - 118*)

To consider the Part 2 (confidential) minutes of the meetings of the Wiltshire Pension Fund Committee held on 1 February and 10 March 2016 and the meeting of the Investment Sub-Committee held on 25 February 2016.

LOCAL PENSION BOARD

MINUTES OF THE LOCAL PENSION BOARD MEETING HELD ON 14 JANUARY 2016 AT SALISBURY ROOM - COUNTY HALL, TROWBRIDGE.

Present:

David Bowater, Lynda Croft, Cllr Christopher Newbury, Mike Pankiewicz, Howard Pearce (Chairman) and Barry Reed

Also Present:

Ian Colvin, Michael Hudson, Catherine Dix, Craig Holden and Lucy Hook.

1 **Membership**

There had been no changes to the membership of the Board since the last meeting, however David Anthony, Head of Pensions, updated that the recruitment for the vacant Group 2 position on the Board was underway and had received one expression of interest.

Resolved:

To note the update.

2 **Attendance of non-members of the Board**

Ian Colvin (Hymans Robertson), Michael Hudson, Catherine Dix, Craig Payne and Lucy Hook were in attendance.

3 **Apologies**

There were no apologies for absence.

4 **Minutes**

The Board received the minutes of the last meeting and attached action-log tracking the progress of actions and recommendations.

The Chairman requested an update on the process for selecting and reviewing auditors. Michael Hudson (Treasurer to the Pension Fund) advised that since the demise of the Audit Commission, local authorities would have to appoint

their own external auditors using an independent panel however the guidance was unclear as to the requirements on pension authorities. The Treasurer was awaiting a response to his queries and guidance on whether funds in the South West could appoint an external auditor together, as well as the timescales for this, and would report back to the Board.

Resolved:

To confirm the minutes of the meeting held on 22 October 2015.

To note the progress of actions recorded in the Board's action log.

To request that the process for reviewing external audit or appointment arrangements be reported to the next meeting of the Board.

5 Declarations of Interest

There were no declarations of interest.

6 Chairman's Announcements

There were no Chairman's Announcements.

7 Public Participation and Councillors Questions

There was no public participation.

8 Part 1 Minutes and Key Decisions of the Wiltshire Pension Fund Committee and Investment Sub-Committee

Members considered the draft public minutes of the Investment Sub-Committee held on 23 November 2015 and Wiltshire Pension Fund Committee held on 10 December 2015. Key points of note were that the Fund had adopted the Conflict of Interest Policy and Breaches Policy for the Board and had been updated on the Fund's Triennial valuation and latest news from the LGPS sector.

Resolved:

To note the minutes of the Investment Sub-Committee held on 23 November 2015 and Wiltshire Pension Fund Committee held on 10 December 2015

9 Scheme Legal, Regulatory and Fund update

The Head of Pensions updated members on recent consultations published since the last meeting. The Government's consultation on the pooling of assets was to close on 19 February 2016, by which date the Fund was expected to submit high-level proposals on pooling with other funds in the South West, with

detailed proposals required by 15 July 2016. The comprehensive proposals would need to include details of liquidity (determining how quickly pooling could take place), proposed infrastructure investments and governance arrangements. The pools were required to total £25bn in assets which the Government had described as 6 wealth funds. A change to the Investment Regulations would also be necessary arising from this pooling and the Government was currently consulting on this.

The Board heard that that a feasibility study for pooling funds in the South West had been commissioned and currently was considering a range of options from Collective Investment Pools to a joint-committee approach. A special Pension Fund Committee meeting had been set for 1 February 2016 to discuss the proposed response to the consultation. Board members commented that the most transparent approach would be their preference.

Resolved:

To note the attached consultation documents and the proposed timescale and process for formulating a Wiltshire Pension Fund response;

To encourage the Pension Fund Committee to ensure that robust governance requirements, clear auditing mechanisms and transparency are identified for the proposals arising from pooling and that the impact of pooling arrangements be communicated to Fund members.

10 **Review of the Risk Register**

The Board was presented with the current Risk Register for the Wiltshire Pension Fund, it was noted that the categorisation of the register had been undertaken following recommendations at the last meeting of the Board. Three new risks reflecting new developments in the LGPS had been identified on the register. Officers advised that the Pension Fund Committee had identified lengthy agendas as a risk and they would be cutting down the length of reports by increasing the use of hyperlinks, Board members were happy for this approach to also be applied to Board administration. The Chairman suggested that the date for completion of actions for mitigating risks should be reviewed to ensure that risks be continually reduced.

Questions were raised over the implications for employees arising from the Public Sector Exit Cap and it was confirmed that implications would be communicated to members once known.

Resolved:

To note the Risk Register and actions being taken to mitigate risks.

To recommend a review of the timescales for measures to reduce risks.

To recommend that officers communicate the implications of the public sector exit cap to the Fund's members once known.

11 Training Items: the Pension Regulators Code of Practice no 14 and 2014 Record Keeping Regulations

Members received training from Ian Colvin, Hymans Robertson, on the Pension Regulator Code of Practice no. 14 and Record Keeping Regulations; the Board was expected to keep abreast of these to consider direct requirements under Public Sector Pensions Act 2013 and to assist the scheme manager in securing compliance and reporting breaches. The content of the Code was covered, including: Governance (key knowledge that members should have), Managing Risk (internal controls required for the scheme manager), Administration (records needed), and Resolving issues (internal dispute resolution and reporting breaches).

The Chairman suggested that officers review the response that other Funds in the South West had given to the Pension Regulator's governance survey since governance was important to pooling. Board members noted that the Code and Regulations required Fund members to receive scheme information in a simple and engaging way however acknowledged that this was difficult to achieve. It was confirmed that where administration of benefits was being undertaken jointly (eg. in Devon and Somerset) the responsibility for governance still rested with the administering authority of that particular fund.

Resolved:

To thank Ian Colvin for the informative training session and to note the requirements placed upon the Board by the Pension Regulator's Code of Practice No.14 and 2014 Record Keeping Regulations.

To suggest that officers investigate the responses of other funds in the South West to the Pension Regulator's Survey as part of the due diligence work for potential asset pooling.

12 The Pension Regulator Governance Survey

A report presented the Pension Regulator's survey and its findings on the review of governance in public sector pension schemes for the Board's consideration.

The Head of Pensions advised that the Fund was currently focussing on record keeping and was investigating new addresses for Funds members where their details were now out of date. Members acknowledged that the Board had a duty to review key issues and risks for compliance with tPR's Code of Practice No.14 and that it may commission an independent advisor to assess the current level

of compliance against tPR's code to reinforce the work undertaken by officers. The Chairman requested that the Treasurer discuss this issue with audit partners in the South West and report back at the next meeting.

Resolved:

To note the survey and its findings on the review of governance arrangements.

To request that officers report back at the next meeting on the options for an independent review of Wiltshire Pension Fund compliance with tPR new requirements following discussion with audit partners in the South West.

13 **Training Plans Update**

Members considered their responses to self-assessment and the proposed training plan for the Board. It was understood that Board members were required to have a good level of working knowledge and would be supported to develop this. The Pensions Regulator had a toolkit to assist with training, members would also receive bespoke training sessions, a handbook and briefing notes. Training plans would be based on members' self-assessments and would be recorded and training logs published in the Pension Board Annual Report. Members felt it would be unrealistic to expect all of them to be very knowledgeable about all aspects of the LGPS and concluded that the Board should aim to move towards a 'Good' rating within a year and aspire for the 'Skilled' level thereafter. It was noted that a handbook was necessary to record resources used for training to ensure the members always had a point of reference. It was recommended that a 'traffic light system' be used to track progress made on training.

Resolved:

- a) to approve the attached Board Members Training Plan as proposed in Appendix 2;**
- b) to note the Framework for Training outlined in the report;**
- c) to complete the tPR on-line toolkit within 12 months of appointment; and**
- d) to recommend that progress on training be monitored using colour-coding.**

14 **CIPFA Pensions Administration Benchmarking**

The outcomes of the 2015 CIPFA Benchmarking survey were presented for the Board to consider. The survey compared the Fund against the other 44 LGPS

authorities within the club; the Board agreed the benchmarking was a useful review of performance and noted its annual cost of £680. An overview of administration costs, memberships, administration, and staff matters was provided. The Wiltshire Pension Fund was broadly in line with other LGPS schemes in terms of work being processed, the areas where the Fund was higher was a reflection of the proactive approach being taken in respect of communicating with members, improving its ICT capabilities and monitoring and managing its liability risks through its work with the actuary. Questions were raised over the high number of retirements commuting to a lump sum and officers considered it was down to preference.

Resolved:

To note the outcome of the survey.

15 Review of the Wiltshire Pension Fund Administration Strategy

A report presented the revised Pension Administration Strategy approved by the Pension Fund Committee on 10 December 2015 for review. The strategy set out the quality and performance standard expected of all Scheme employers and admitted bodies within the Wiltshire Pension Fund. The Board discussed that it planned to examine performance indicators at its next meeting and requested that officers review the charge-out rate compared to other LGPS funds. Only a few material changes to the strategy had been made and all the timeframes for the delivery of information remained the same for Scheme employers, with the exception of year end returns that had been brought forward a week as the Fund now had to deliver Annual Benefits Statements by 31 August. Employers had been consulted on the new strategy and were generally in support of it.

Resolved:

To note the Administration Strategy for the Fund.

To recommend that officers review the charge-out rate for the calculation of costs from persistent failure to meet targets or resolve cases to ensure it is in line with other Funds.

16 Review of the Administering Authorities Discretion Policy

Craig Payne, Technical and Compliance Manager, presented a summary of the updated Administering Authorities Discretion Policy approved by the Pension Fund Committee on 10 December 2015. New discretions were required to ensure an up to date policy to comply with latest LGPS regulations; an overview of mandatory and key optional discretions was provided.

Questions were raised over the Fund's use of discretions in comparison to other Funds and how discretions were implemented by the Associate Director for Finance. It was confirmed that the Fund was broadly in-line with others and took into account the impact of decisions on the Fund, the employer and the individual to ensure balanced decisions. Costs were considered in decision-making but were not the principle factor. Michael Hudson, Associate Director for Finance, and also Treasurer to the Pension Fund, advised that when discretions were to be decided by him he often delegated this responsibility to a deputy or took advice from the Legal team to avoid any conflict of interest. Significant decisions could be referred to the Wiltshire Pension Fund Committee.

Resolved:

To note the updated Administering Authorities Discretion Policy.

17 Review of the 2015 Business Plan

The Board was updated on the implementation of the actions identified in the 2015 Business Plan. The report detailed actions which were still outstanding however members were reassured that these were not business critical and would be addressed now that the Fund had more resource. It was noted that the implementation of regular covenants and risk reviews of employer bodies would be addressed in the Triennial Valuation.

Resolved:

To note the update on actions identified in the Business Plan.

18 Review of the Local Pension Board Work Plan for 2016

Members considered the draft work plan for the Board and the Chairman advised this would be a standing item on agendas to ensure the Board was working towards its priorities. It was confirmed that the Board could regularly be updated on asset pooling under the Scheme legal, regulatory and fund update item.

Resolved:

To approve the draft work plan.

19 Local Pension Board Budget 2016-2017

The Board considered its proposed budget for 2016-17 and noted that it had increased by £6,000 from the previous year, mainly due to the need for investment in training. Should the budget need to be changed, for instance to allow for further spending on independent advisors, this could be done with the agreement of Michael Hudson, Treasurer to the Fund, and reported back to a future meeting of the Wiltshire Pension Fund Committee. Funding could be

moved between budget headings in exceptional circumstances provided this was reported to ensure transparency. Members agreed to keep refreshment costs to a minimum.

Resolved:

To recommend to the Wiltshire Pension Fund Committee that the proposed Local Pension Board Budget be included in the Fund's Administration Budget for 2016-17.

20 **How did the Board do?**

Members agreed that training items were particularly useful.

Resolved:

To thank Ian Colvin for his training session on the Pension Regulators Code of Practice No.14 and Record Keeping regulations.

21 **Date of next meeting**

The next meeting of the Board was to be held on 7 April 2016.

22 **Urgent items**

There were no urgent items.

23 **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 Number 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.

24 **Part 2 Minutes and Key Decisions of the Wiltshire Pension Fund Committee and Investment Sub-Committee**

The Board considered the Part 2 minutes of the last meeting of the Investment Sub-Committee and Wiltshire Pension Fund Committee.

Resolved:

To note the Part 2 confidential minutes of the meetings of the Investment Sub-Committee on 23 November 2015 and Wiltshire Pension Fund Committee held on 10 December 2015.

(Duration of meeting: 10.30 am - 1.10 pm)

The Officer who has produced these minutes is Libby Beale (Democratic Services Officer), of Democratic Services, direct line 01225 718214 , e-mail elizabeth.beale@wiltshire.gov.uk

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

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Local Pension Board Action log

Action	Who	Deadline	Completed
July 2015			
Briefing Note to be prepared on effect of budget announcement	DA	ASAP	
ToR to be amended following LPB recommendations & agreed by Section 151 officer	DA/MH	October 2015	
ToR to be amended following officer suggestions and ratification at October meeting	DA/MH	October 2015	
Conflict of interest and register of interest policy to be developed and relevant training provided	DA/EL/LB	October 2015	
Develop breaches policy	DA/EL	On-going	
Full minutes of ISC and WPF to be submitted to the LPB	LB	On-going	
Develop a training plan for members in line with additional recommendations made by LPB	DA	On-going	
LPB members to receive WPF and ISC meeting dates and list of LPB member contact details	LB	ASAP	
Website to show LPB contact details via Board Secretary	LB	ASAP	
Fund website to show info prescribed in ToR	DA	ASAP	

Develop a Forward Work Plan showing future agenda items and record issues considered. This should include: training and review of the Valuation process, review of discretions policy, and internal policies of the Fund.	DA	October 2015	
To add the following items to the work plan: <ul style="list-style-type: none"> to examine the Fund's compliance with tPR code of practice to review governance arrangements of the WPF and ISC to review and compare attitudes to the risk register and consider aligning the work programme to risks to develop a success criteria for the LPB to examine the Fund's Statement of Investment Principles to examine the potential impact from pooling investments and input into the forthcoming Government consultation to input into the consultation process for the audit plans. to review the SWAP audit report and action plan to explore officer support for the Board in the context of overlap with supporting the management of the Fund. to explore the effectiveness of the Fund's Communications Policy 	DA		
Recommend prioritising items on the Business Plan and acknowledge resource sensitivity and risk and update the LPB on these issues	DA	July 2016	
October 2015			
To produce an action tracker for each meeting.	LB	October 2015	
Register of Interest to be circulated to members for completion, and then published online	LB	January 2016	
Terms of Reference to be signed by Associate Director and published online	LB	ASAP	
To recommend to the Wiltshire Pension Funds that plans are put in place with employers and printers so all Annual Benefit Statements are issued by the 31st August 2016.	DA	August 2016	

To recommend to the Wiltshire Pension Fund that full consideration is given to the legal duties of the Fund and the administration of assets arising from pooling assets in a Collective Investment Vehicle.	DA	June 2016	
To recommend to the Wiltshire Pension Fund that changes arising from the public sector exit cap be communicated to employers and members and that the impact of changes on the Funds valuation be considered.	DA	December 2015	
To recommend that future annual reports to contain details of governance earlier in the report, a five-year timeline for performance, and details of breaches reported to the regulator.	DA	September 2016	
Officers to confirm the process for appointing auditors/reviewing arrangements	DA	January 2016	
To recommend that the 2015/16 Annual Report, Accounts and the external auditors report are reviewed by the Board prior to external publication.	DA	December 2016	
To recommend officers consider adding the pooling of investments and the public sector exit cap to the risk register	DA	ASAP	
To recommend the risks categorising of the risk register	DA	ASAP	
Head of Pensions to circulate slides from Ian Colvin, Hymans Robertson training on COI & Breaches Policy	DA	ASAP	
Members to be added to Hymans Robertson distribution list	LB	ASAP	
LPB member conflicts of interest to be disclosed and published	LB/DA	On going	
To recommend that the Conflict of Interest Policy be adopted by the Administering Authority.	DA	December 2015	
To recommend to the WPF to adopt the draft breaches policy subject to an additional note that breaches be reported to the Board, published in the Fund's annual report and	DA	December 2015	

also on the website.			
To recommend that the Pension Fund Committee consider whether the Monitoring Officer should be responsible for the reporting of breaches instead of the Section 151 officer	DA	December 2015	
To recommend that future amendments to the Breaches Policy be reported to the Local Pension Board.	DA/LB	Ongoing	
To recommend to the Pension Fund Committee that its members undertake tPR training	DA	On-going	
The Pensions regulator toolkit to be circulated to members	DA	ASAP	
To receive an update at the next meeting on self-assessment forms	DA	January 2016	
Feedback from conferences LPB members have attended to be a standing item on each agenda	LB	On-going	
To include LPB members training records in the Annual Report.	DA	June 2016	
To categorise the LPB work plan, and the July 2015 meeting be added to track progress	DA	ASAP	
To report the work plan to the Pension Fund Committee.	DA	December 2015	
The biographies of members to be published on the website.	LB	January 2016	
To recruit a new member to the LPB to replace Kirsty Cole.	DA	March 2016	
January 2016			
To request that the process for reviewing external audit or appointment arrangements be reported to the next meeting of the Board.	MH	April 2016	
To encourage the Pension Fund Committee to ensure that robust governance	DA	February 2016	

requirements, clear auditing mechanisms, and transparency are identified for the proposals arising from pooling and that the impact of pooling arrangements be communicated to Fund members.			
Officers to make increased use of hyperlinks to reduce length of reports for the Local Pension Board.	DA/LB	Ongoing	
To recommend a review of the timescales for measures to reduce risks.	DA	March 2016	
To recommend that officers communicate the implications of the public sector exit cap to the Fund's members once known	DA	ASAP	
To suggest that officers investigate the responses of other funds in the South West to the Pension Regulator's Survey as part of the due diligence work for potential asset pooling.	DA	April 2016	
To request that officers report back at the next meeting on the options for an independent review of Wiltshire Pension Fund compliance with TPR new requirements following discussion with audit partners in the South West.	MH	April 2016	
To include training slides from Hymans Robertson in members handbook.	DA	ASAP	
To check that members are on the Hymans Robertson distribution list.	LB	ASAP	
Board members to complete the tPR on-line toolkit within 12 months of appointment	DA	July 2016	
To recommend that progress on training be monitored using colour-coding.	DA	January 2017	
To recommend that officers review the charge-out rate for the calculation of costs from persistent failure to meet targets or resolve cases to ensure it is in line with other Funds.	DA	September 2018	
To recommend to the Wiltshire Pension Fund Committee that the proposed Local Pension Board Budget be included in the Fund's Administration Budget for 2016-17.	MH	March 2016	

To assess the Board's Registers of Interest and the method of reviewing them.	LB	April 2016	
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WILTSHIRE PENSION FUND COMMITTEE

PART 1 MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 1 FEBRUARY 2016 AT KENNET ROOM - COUNTY HALL, TROWBRIDGE BA14 8JN.

Present:

Cllr Tony Deane (Chairman), Diane Hall, Cllr Charles Howard (Vice Chairman),
Cllr Mark Packard, Mike Pankiewicz, Cllr Sheila Parker, Cllr Roy While, Michael Hudson,
Joanne Holden and Jim Edney.

Also Present:

Cllr Gordon King, Cllr Bill Moss and Barry Reed

1 Membership

There were no changes to the membership of the Committee.

2 Attendance of non-members of the Committee

Barry Reed (Local Pension Board member) and substitute members of the
Committee, Cllr Bill Moss and Cllr Gordon King were in attendance.

3 Apologies for Absence

Apologies for absence were received from Linda Stuart, Cllr Steve Weisinger,
Cllr Steve Allsopp and Howard Pearce (Chairman of the Local Pension Board).

4 Declarations of Interest

There were no declarations of interest.

5 Chairman's Announcements

There were no Chairman's Announcements.

6 Public Participation and Councillors' Questions

There was no public participation.

7 **Investment Regulations Consultation**

A report proposed a response from the Wiltshire Pension Fund to the Government's consultation on the amendments to the Local Government Pension Scheme (LGPS) Investment Regulations for consideration by the Committee.

The Chairman thanked Catherine Dix, Strategic Pension Manager, for the detailed and thorough response she had prepared to the consultation. It was noted that the proposed new Investment Regulations would give the Secretary of State the power to intervene in Funds to ensure they were pooling their assets.

On Question 1 in the response letter the Committee requested that it be highlighted in the response that the Fund did not wish to see an increased cost incurred from increased use of consultants arising from the deregulation. On Question 2, the Chairman was concerned as to whether the 'Myners principles' would be known to the Government officers, however officers reassured that this terminology would be known to them and offered to include a hyperlink to this term in the response if appropriate.

The Committee discussed Question 3, on whether six months was the appropriate period for the transitional arrangements to remain in place, and was reassured by officers that this should be sufficient time since the Investment Strategy Statement would contain similar information to the Fund's existing Statement of Investment Principles.

Members agreed that Question 4 on derivatives was a very pertinent question and the Fund's advisors agreed that clarification was needed on whether hedge funds would be a permitted investment under the new Regulations. Officers agreed to make this question explicit in their response letter. On the matter of evidence required for Secretary of State intervention discussed in Question 5, the Committee considered that an adverse report from the Pension Fund should be included in the list. On discussion of Question 6 the Committee requested that it be stressed that a timescale be included in the Regulations for Authorities to review their Investment Strategy Statement or to provide evidence following consultation by the Secretary of State (SoS) and that Wiltshire recommended a timescale of 2 months. Questions were raised over Question 7 and whether SoS intervention would be in line with the Fund's investment strategy or whether the Fund could be instructed to update its investment strategy at the request of the SoS. It was agreed that the proposed response addressed the fact that it was unclear what form intervention would look like. Members considered Question 8 and the suggested response that clear guidance was vital and agreed priority should be given to immediately preparing best practice guidance.

The conclusion to the response letter was debated and members asked that an amendment be made to reflect that the Fund expected a response to its

feedback and answers to questions raised by 1 April 2016, as a delayed response could affect the July deadline for detailed submissions on pooling.

Resolved:

To agree the proposed consultation response subject to the following amendments:

- **That under Q1, it be highlighted that the Fund does not expect to incur additional costs arising from the increased use of consultants as a result of deregulation;**
- **That under Q4, the question be explicitly asked as to whether hedge funds would be a permitted investment;**
- **That under Q5, an adverse report from the Pension Fund be a used as evidence of failure requiring Secretary of State intervention;**
- **That under Q6, it be stressed that a timescale be included in the Regulations for Authorities to review their Investment Strategy Statement or to provide evidence following consultation by the Secretary of State and that Wiltshire recommends a timescale of 2 months;**
- **That the conclusion includes a statement indicating that the Fund expects a response to its feedback and answers to questions raised by 1 April 2016 as failure to respond by such a deadline could impact upon the July deadline for details on the Fund's proposed approach to pooling.**

8 Date of Next Meeting

The next ordinary meeting of the Committee was to be held on 10 March 2016.

9 Urgent Items

There were no urgent items.

10 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 Number 11 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraphs 1 & 3 of Part I of Schedule 12A to the Act and the

public interest in withholding the information outweighs the public interest in disclosing the information to the public.

11 **LGPS Investment Reform Criteria Consultation and Proposed Options for Pooling of Investment Assets**

A confidential report outlined the current options with regards to pooling of assets in the South West and proposed a draft response to the Government's consultation for Committee's consideration.

Resolved:

- a) to support the proposed submission to DCLG in response to the Government's LGPS Investment Reforms consultation as outlined in Appendix 1; and**
- b) to authorise the Chairman of the Pension Committee to sign the accompanying letter, as amended, on behalf of the Fund in support of the Project Brunel proposal.**

(Duration of meeting: 3.00 - 4.35 pm)

The Officer who has produced these minutes is Libby Beale, of Democratic Services, direct line 01225 718214, e-mail elizabeth.beale@wiltshire.gov.uk

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WILTSHIRE PENSION FUND COMMITTEE

PART 1 MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 10 MARCH 2016 AT KENNET ROOM - COUNTY HALL, TROWBRIDGE BA14 8JN.

Present:

Cllr Steve Allsopp, Cllr Tony Deane (Chairman), Cllr Charles Howard (Vice Chairman), Cllr Gordon King (Substitute), Mike Pankiewicz, Cllr Sheila Parker, Linda Stuart and Cllr Roy While

Also Present:

Cllr Bill Moss, Jim Edney and Michael Hudson.

12 **Membership**

There had been no changes to the membership of the Committee.

13 **Attendance of non-members of the Committee**

Catherine McFadyen (Hymans Robertson) was in attendance.

14 **Apologies for Absence**

Apologies for absence were received from Diane Hall, Tony Gravier, Cllr Steve Weisinger and Cllr Mark Packard who was substituted by Cllr Gordon King.

15 **Minutes**

Resolved:

To confirm the Part 1 (public) minutes of the meetings held on 10 December 2015 and 1 February 2016.

16 **Chairman's Announcements**

The Chairman drew Committee's attention to the South West Audit Partnership report and advised that the Fund had followed recommendations outlined in the report.

17 **Declarations of Interest**

There were no declarations of interest.

18 **Public Participation and Councillors' Questions**

There was no public participation.

19 **Treasury Management Strategy**

The Committee considered a report presenting an updated Treasury Management Strategy for 2016-17 which had been amended to reflect the need for compliance with the Local Government Pension Scheme (LGPS) 2016 Regulation on management and investment of Funds. It was confirmed that officers would continue to monitor the numbers of transfers out of the Fund resulting from the new freedoms in accessing Defined Contributions pension savings which had commenced in April 2015. Key points of the Treasury Management Strategy were outlined in the report. A question was raised as to whether the Strategy provided sufficient protection against changes in the banking sector; officers and advisors considered the protection to be sufficient and advised that the situation would continually be reviewed.

Resolved:

To approve the Treasury Management Strategy for 2016-17.

20 **Pension Fund Risk Register**

The Head of Pensions updated on the Wiltshire Pension Fund Risk Register which now included an additional risk 'PEN023 Resources of Officers and Members to Meet Expansion of Business Items'. The risk had been added in response to additional pressure faced from the current number of consultations, regulatory changes to the scheme, governance requirements and investment issues. In response to the new risk, officers were increasing the use of internet links in reports to reduce the volume of committee paperwork. 'PEN006b Significant rises in employer contributions for non-secure employers due to increases in liabilities' and 'PEN007b Significant rises in employer contributions for non-secure employers due to poor/negative investment returns' had been upgraded to a medium risk to highlight concern that current market conditions had worsened as the Fund approached the Triennial Valuation.

The Chairman acknowledged the increased pressure on officers arising from the Government's proposals for the pooling of assets and the financial cost of this scoping work. Officers advised that at this early stage the full costs and resource requirement of pooling were not known however this would be calculated for the July 2016 Government deadline for submissions.

Resolved:

To note the attached Risk register and measures being taken to mitigate risks.

21 **Triennial Valuation Update**

Catherine McFadyen, Fund Actuary, outlined the process for the 2016 Valuation and the proposed approach for reviewing employers. It was explained that the valuation was designed to ensure the Fund has sufficient cash available to pay pensions as they fell due. The valuation process has already begun by way of communications with employers and between April and June 2016 employers would be asked to submit their year-end data, the whole Fund valuation results would be available and reported to the Committee in September. The key performance indicators of the Fund would also be reported to the Scheme Advisory Board in September 2016.

At the 2016 valuation the Fund would determine employer contributions using a risk-based approach however, unlike previous valuations, for certain employers, in specific circumstances, a different investment strategy could be recommended as the whole fund strategy may not support their funding objectives. The Actuary considered that most employers within the Fund would follow the central strategy; however a handful of employers may follow a different strategy. The bespoke employer risk plans would be a result of their risk analysis, funding objective and contribution strategy.

Officers confirmed that the impact of the few bespoke plans would not be felt at full Fund level and would not impact upon the pooling with other funds. The approach would allow greater flexibility for employers, however the Fund would still hold the same assets. Members raised questions on the communication between the Fund and members and were advised that a newsletter had recently been issued and early warning report for the valuation would be sent to employers. It was confirmed that since an Employer Relations Manager had been appointed, meetings would be organised with employers to explain the valuation to them. The Chairman questioned how the Fund would develop bespoke strategies and was advised that this would be done with the assistance of its investment advisors and that employers needing similar strategies would be grouped. The Committee heard that the Actuary would provide guidance on guarantors for employers and would discuss with employers the risks they were running in following a central investment strategy. It was acknowledged that the 2016 Valuation would be challenging due to current market conditions.

Resolved:

To note the proposed approach to the 2016 Valuation.

22 **Employers Cessation Policy**

The Head of Pensions updated on the implementation of a revised Wiltshire Pension Fund Employer Cessation Policy which had originally been approved in 2010. The Fund was currently experiencing cessation situations frequently, with increasingly complexities of dealing with such events, officers suggested that an updated policy would assist in managing the risk to the Fund by allowing an element of flexibility to address different cessations whilst ensuring a consistent and fair approach to all employers. The framework would allow employers to plan cessation payments on a more flexible basis by spreading the costs.

It was explained that currently employers who could not afford to stay in the scheme may be in the situation where they could neither afford to leave the scheme due to the lump-sum payment required; the new policy would allow employers to spread the exit payments. In response to questions, it was confirmed that over the last 12 months approximately 4 employers had applied for cessation and officers would now be addressing the issue of affordability for employers in advance.

Resolved:

To approve the Wiltshire Pension Fund Cessation Policy, to take effect from 1 April 2016.

23 **Wiltshire Pension Fund Administration Budget Monitoring**

An update was provided on the current projected outturn of the Wiltshire Pension Fund budget and it was noted that the current Fund investment costs were close to budget.

Resolved:

To note the update on Budget Monitoring.

24 **Wiltshire Pension Fund Administration Budget 2016-19**

A report by the Head of Pensions outlined the proposed administration budget for 2016/17 and planned expenditure in 2017/18 and 2018/19. It was explained that the Fund's budget (excluding investment management fees) was projected to require £115,000 extra funding due to an increase in actuary fees for the 2016 Triennial Valuation, an increase in Pension Administration Recharge, additional salary costs and additional software costs. Furthermore, additional funding was required to support the Local Pension Board.

Following questions from the Committee, it was confirmed that costs arising from pooling funds would need to be detailed in submission to Government in July therefore the Committee would be informed prior to this date. The pooling of funds was not expected to have a significant impact on staffing however

additional support could be employed as and when required. The Treasurer to the Pension Fund advised that the budget was funded from member and employer contributions and investment returns; any reduction in staffing would primarily make savings for the Fund but have no direct impact on Wiltshire Council budgets.

Resolved:

To approve the Pension Fund Administration Budget for 2016-17 shown in the Appendix totalling £10.201m.

To note the indicative budget allocations for 2017-18 and 2018-19.

25 **Pension Website Demonstration**

The Chairman invited Zoe Stannard, the Fund's Communications Manager, to provide a tour of the website which included information to members, employers and other stakeholders. The officer advised that a future aspiration was for members to be able to access their statements online via this website.

The Committee acknowledged that many Pensioners in Wiltshire did not have access to the internet, but was reassured that correspondence to members would continue to be sent as a hard copy in the post in addition to information available online.

Resolved:

To thank Zoe Stannard for the informative presentation.

26 **Review of Actuarial, Benefits and Investment Advisers Contract**

A report by the Strategic Pension Manager outlined proposals for the extension of the call-off contract period for both Actuarial/Benefits Advisory Services and Investment Advisory Services. In 2011 the Fund had worked with six other South West funds to tender the contracts for actuarial, benefits and investment services, as a result of the process a framework had been established running for 7 years, covering two valuation cycles. Wiltshire Pension Fund had appointed Hymans Robertson for Lots 1 & 2 and Mercers for Lot 3. The call off-contracts were originally for a period of 4 years with an option to extend for a further period. The possible extension for Hymans Robertson was for 3 years, whereas the Mercers extension was for 3 years 11 months.

The Head of Pensions was pleased with the service provided by Hymans and Mercers and proposed that the contacts be extended. The Committee highlighted the importance that the Fund achieves value for money and questioned whether a discounted fee could be sought. Officers advised that a reasonable rate for services had been agreed at the time of the original tender due to the economies of scale involved and the framework was designed to

prevent the need for a re-tender process. Officers also expected to experience reduced fees as a result of pooling with other Funds. Members acknowledged that in the current climate, continuity was preferable however re-tendering should be undertaken when the contracts expired in 3 years time.

Resolved:

To agree for the continuation of the call off contracts with Hymans Robertson as provider of Actuarial & benefits services and with Mercer as provider of Investment Services.

27 **Update from the Local Pension Board**

The Committee considered the minutes and recommendations of the Local Pension Board meeting held on 14 January 2016 heard that Board members had undertaken training on the Pensions Regulator Code of Practice no.14. The Pensions Regulator Toolkit was also available to members of this Committee and provided training on the governance of Funds.

Resolved:

To note the recommendations of the Local Pension Board.

28 **Date of Next Meeting**

The next regular meeting of the Committee was to be held on 30 June 2016.

29 **Urgent Items**

There were no urgent items.

30 **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 number 31-33 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraphs 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

31 **Minutes**

Resolved:

To confirm the Part 2 minutes of the last ordinary meeting held on 10 December 2015 and extraordinary meeting held on 1 February 2016.

To note the minutes and key decisions of the Investment Sub-Committee meeting held on 25 February 2016.

32 **Pooling of Investments & Consultation Update**

A verbal update was provided by the Treasurer to the Fund on the proposals for pooling in response to the Government consultation.

Resolved:

To note the update on the pooling of investments and Government consultation.

To endorse the appointment of the Chairman of the Wiltshire Pension Fund Committee as the representative of the Fund at meetings of the Shadow Joint Committee Oversight Board and to agree that the Vice-Chairman or other members of the Committee may be called upon to act as a substitute or to accompany the Chairman as an additional attendee.

33 **Investments Quarterly Progress Report**

Confidential reports updated the Committee on the performance of the Fund's investments as to the end of December 2015, these had previously been presented to the Investment Sub-Committee.

Resolved:

To note the report on the performance of the Fund's investments.

(Duration of meeting: 10.30 am - 12.45 pm)

The Officer who has produced these minutes is Libby Beale, of Democratic Services, direct line 01225 718214, e-mail elizabeth.beale@wiltshire.gov.uk

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INVESTMENT SUB-COMMITTEE

PART 1 MINUTES OF THE INVESTMENT SUB-COMMITTEE MEETING HELD ON 25 FEBRUARY 2016 AT KENNET ROOM, COUNTY HALL, TROWBRIDGE, BA14 8JN.

Present:

Cllr Tony Deane, Cllr Charles Howard (Chairman) and Cllr Mark Packard

Also Present:

Joanne Holden and Jim Edney.

1 Membership

There had been no changes to the membership of the Sub-Committee.

2 Attendance of non-members of the Committee

There were no non-members of the Sub-Committee present.

3 Apologies

Apologies for absence were received from Cllr Steve Weisinger and Michael Hudson.

4 Minutes

Resolved:

To confirm the Part 1 (Public) minutes of the meeting held on 23 November 2015.

5 Declarations of Interest

There were no declarations of disclosable interests.

6 Chairman's Announcements

There were no Chairman's Announcements.

7 Public Participation and Councillors Questions

The Chairman drew attention to questions submitted to the meeting from members of the public, and responses given, which were available in the agenda supplement. Ms Linda Oubridge and Mr Sigurd Reimers read out their original questions and were invited to ask their supplementary questions.

Ms Linda Oubridge asked what the Fund was planning to do to invest in renewable energy. Mr Sigurd Reimers was concerned for the Local Authority Pension Fund Forum (LAPFF) ability to engage with fossil fuel companies due to the strong influence from vested interest inside these companies, he asked how Wiltshire Pension Fund would take a more critical approach to dealing with such interests, in particularly as part of the pooling arrangements. Mr Reimers requested the Fund define sustainability in its response to his previous question and whether this was linked to fossil fuels.

The Chairman advised that responses to supplementary questions would be provided in writing.

8 Investment Themes and Opportunities

A paper was circulated, and verbal update provided, by Jo Holden, Mercers, on their latest views on investment themes and opportunities for the Sub-Committee's consideration.

The Sub-Committee heard that a current theme was of reduced liquidity in 'liquid' markets. Numerous factors were contributing to volatility including: geopolitics, divergent monetary policy, and retreat in the banking sector. The effect of volatility on the performance of the Fund's investments in the long-term was not considered to be significant as the Fund was a long-term investor, however it was measured by short-term metrics which could impact upon the Fund. Advisors considered that the Fund was well balanced in its investments which would allow a flexible approach in response to volatility.

A second theme was that the credit cycle was maturing and the Sub-Committee was advised the Fund had addressed this with its mandate with Loomis Sayles. A third theme identified was a tilt in portfolios from 'Beta' to 'Alpha'; funds could respond by employing more 'active' managers. The final theme identified by Mercer was the need to adopt a long-term strategy for investment; this was something the Fund already practiced however it was suggested that more investment could be made in the private market, for instance in property and infrastructure.

The Sub-Committee discussed emerging markets and agreed that, despite problems in the short term, exposure in this market would be a profitable long-term investment. The impact of inflation was considered and advisors suggested that deflation would be a concern to the Fund but overall the portfolio was well balanced to react to either inflation or deflation. The Vice Chairman questioned whether the Fund would have sufficient cashflow as a result of investment in assets and a reduction in staffing in the public sector. Officers advised that even illiquid assets, such as property, could provide cashflow

although sufficient liquid assest would always be held to meet any immediate shortfall. Officers monitor the situation as liquidity is essential to pay benefits and investment income of between £20-£30m would currently be available to meet this before assets would have to be liquidated.

It was also explained that the Fund modelled for changes in staffing number and took advice from the actuary on future trends and liability cashflow. The current set annual increases in contribution rates also improve the current cashflow position.

Resolved:

To thank Jo Holden for her update and note the paper from Mercer.

9 Date of next meeting

The next ordinary meeting of the Sub-Committee was to be held on 16 June 2016.

10 Urgent items

There were no urgent items.

11 Exclusion of the public

Resolved:

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 12 – 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 paragraphs 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

12 Minutes

The Chairman presented the minutes of the last meeting and drew attention to minute number 44 for the Head of Pensions to provide a brief update on the mandate with Partners Group.

Resolved:

To confirm the Part 2 (confidential) minutes of the meeting held on 23 November 2015.

To request that officers circulate the investment options report for Partners group to Investment Sub-Committee members once finalised.

13 Update on the Government's proposals on the pooling of investments

A verbal update was provided by the Head of Pensions on the latest development with the Government's proposals on the pooling of investments for the Sub-Committee's consideration.

Resolved:

To note the update on the Government's proposals on the pooling of investments.

14 Investment Quarterly Progress Reports

Confidential reports updated the Sub-Committee on the performance of the Fund's investments as to the end of December 2015.

Resolved:

To note the investment reports and update provided by officers and advisors at the meeting.

15 Barings Mandate update

A verbal update was provided by officers and Mercers on the current position of their Dynamic Growth Fund for members' consideration.

Resolved:

To note the update provided on Barings' performance.

16 Loomis Sayles Changes to Tactical Asset Allocation

The Sub-Committee was requested to consider a proposal to change the tactical asset allocation between the two funds Loomis Sayles manage on behalf of the Fund in light of current market conditions.

Resolved:

To agree the change in fund allocation to 60% Strategic Alpha Bond Fund and 40% World Credit Asset Fund for the Loomis Sayles mandate.

To delegate authority to officers, in consultation with the Chairman and Vice-Chairman of the Wiltshire Pension Fund Committee, to return the Loomis Sayles mandate to a 50/50 allocation between Strategic Alpha Bond and World Credit Asset in response to a change in market conditions.

(Duration of meeting: 10.30 am - 12.05 pm)

The Officer who has produced these minutes is Libby Beale, of Democratic Services, direct line 01225 718214, e-mail elizabeth.beale@wiltshire.gov.uk

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WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD
7 April 2016

WILTSHIRE PENSION FUND RISK REGISTER

Purpose of the Report

1. The purpose of this report is to present the Pension Fund Risk Register that was noted by the Pension Fund Committee at its meeting on 10 March 2016 (see Appendix).

Background

2. The Pension Fund 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 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).
4. There is one additional new risk reported since the last report in December 2015, ***PEN023: Resources of Officers and Members to Meet Expansion of Business Items***. This reflects the additional pressure faced from the current number of consultations, regulatory changes to the scheme, governance requirements and investment issues. The use of Web Links within reports will assist in reducing the volume of committee packs to assist Members to focus on the pertinent issues. The resources required from both officers and Members will also be kept under review.
5. There were two risks that moved from low to medium since December 2015. These are ***PEN006b Significant rises in employer contributions for non-secure employers due to increases in liabilities*** and ***PEN007b Significant rises in employer contributions for non-secure employers due to poor/negative investment returns***. This is to highlight the concern that current market conditions have recently worsened as the Fund approaches the Triennial Valuation on 31 March 2016. This could have significant implications on employers that are not part of the Stabilisation Policy. As updated elsewhere on this agenda, officers and the actuary are considering the approach to take with these employers for the forthcoming valuation to try and manage this risk. Officers are aware increases to employer contribution rates pose a significant cost implications to organisations that may already be suffering severe financial constraints.
6. The Committee resolved to note the attached Risk register and measures being taken to mitigate risks.

Financial Implications

7. There are no known implications from the proposals.

Legal Implications

8. There are no known implications from the proposals.

Environmental Impacts of the Proposals

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

10. There are no known implications at this time.

Proposals

11. The Board is asked to note the attached Risk Register and measures being taken to mitigate risks.

MICHAEL HUDSON
Treasurer to the Pension Fund

Report Author: David Anthony, Head of Pensions

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

Wiltshire Pension Fund Risk Register							01-Mar-16							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	Benefits Administration	Non-availability of ALTAIR pensions system, SAP payroll system, key staff, or error, omission, etc.	Retiring staff will be paid late, which may have implications for their own finances. It also has reputational risk for the Fund and a financial cost to the employers if interest has to be paid to the members.	David Anthony	Maintenance and update of ALTAIR and SAP systems, sufficient staff cover arrangements, sufficient staff training and QA checking of work. Adherence to Pension Administration Strategy and regular monitoring of performance. Documentation of processes and reconciliations.	2	2	4	Low	None	David Anthony		2	2	4	Low	30 Nov 15	→
PEN004	Inability to keep service going due to loss of main office, computer system or staff	Benefits Administration	Fire, bomb, flood, etc.	Temporary loss of ability to provide service	David Anthony	Business Continuity Plan reviewed in Dec 2015 and 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. The Fund also operates a paperless office.	4	1	4	Low	None	David Anthony		4	1	4	Low	1 Mar 16	→
PEN005	Loss of funds through fraud or misappropriation	Benefits Administration	Fraud or misappropriation of funds by an employer, agent or contractor	Financial loss to the Fund	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	1 Mar 16	→
PEN014	Failure to provide the service in accordance with sound equality principles	Benefits Administration	Failure to recognise that different customers have different needs and sensitivities.	Some customers may not be able to access the service properly or may be offended and raise complaints. At worst case, this could result in a court case, etc.	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	1 Mar 16	→
PEN021	Ability to implement the Public Sector Exit Cap	Benefits Administration	Introduction of exit cap will require an additional burden on the administration team.	Changes need to be communicated to individuals and employers and systems adapted once the revised regulations have been approved	David Anthony	Currently monitoring the progress of the current consultations and responding where appropriate. Briefings being provided to team and stakeholders.	1	4	4	Low	Discussions with employers on how to implement. Training for the team on how to implement. Project to amend systems and letters to accommodate changes	Craig Payne	Apr-16	1	3	3	Low	1 Mar 16	→
PEN022	Reconciliation of GMP records	Benefits Administration	From 1 April 2016 SERPS will cease and HMRC no longer provide GMP data on members. Fund will be unable to check accuracy of its GMP	If GMP records for members is inaccurate there is the potential for incorrect liabilities being paid by the Fund.	David Anthony	Project has been set up and 2 Data Analysts employed to assist with resources.	2	4	8	Medium	To review resources available against scope of project. Purchase of additional software from Heywood's to process amendments in bulk.	Mark Anderson	Apr-16	1	3	3	Low	1 Mar 16	→

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		
PEN003	Insufficient funds to meet liabilities as they fall due	Funding & Investments	Contributions from employees / employers too low, failure of investment strategy to deliver adequate returns, significant increases in 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 cash flows.	2	2	4	Low	None	David Anthony		4	1	4	Low	1 Mar 16	→
PEN006 a	Significant rises in employer contributions for secure employers due to increases in liabilities	Funding & Investments	Scheme liabilities increase disproportionately as a result of increased longevity, falling bond yields, slack employer policies, etc. The current price of gilts lead to a worsening 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	1	2	Low	The Stabilisation Policy has limited increases for secure employer. The approach to the 2016 Valuation is currently being considered by Committee. This will review the appropriateness of the Stabilisation Policy.	David Anthony	Oct-16	2	2	4	Low	1 Mar 16	→
PEN006 b	Significant rises in employer contributions for non-secure employers due to increases in liabilities	Funding & Investments	Scheme liabilities increase disproportionately as a result of increased longevity, falling bond yields, slack employer policies, etc. The current price of gilts lead to a worsening Funding Position.	Employer contribution rates become unacceptable, causing upward pressure on Council Tax and employers' costs.	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. The 2016 Valuation will set employer rates for the 3 years from April 2017.	2	3	6	Medium	The rates for the 2016 Valuation will be presented in October. Current market conditions suggest the potential for significant increases in employer contribution rates. The actuary will outline to this Committee the approach to be taken with non-secure employers for this Valuation.	David Anthony	Oct-16	2	2	4	Low	1 Mar 16	↑
PEN007 a	Significant rises in employer contributions for secure employers due to poor/negative investment returns	Funding & Investments	Poor economic conditions, wrong investment strategy, poor selection of investment managers	Poor/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. There is also a flight path strategy to take risk of the table as funding levels improve.	2	1	2	Low	The implementation of the Stabilisation Policy limits increases for secure employer. This policy will be reviewed as part of the 2016 Valuation and reported to Committee in October.	David Anthony	Oct-16	2	2	4	Low	1 Mar 16	→
PEN007 b	Significant rises in employer contributions for non-secure employers due to poor/negative investment returns	Funding & Investments	Poor economic conditions, wrong investment strategy, poor selection of investment managers	Poor/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	3	6	Medium	The review of employers long term financial stability and the policy for stepping in contribution rates to assist in affordability issues is being reviewed as part of the 2016 Valuation process. .	David Anthony	Oct-16	2	2	4	Low	1 Mar 16	↑

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		
PEN015	Failure to collect payments from ceasing employers	Funding & Investments	When an employer no longer has any active members a cessation valuation is triggered and a payment is required if a funding deficit exists to meet future liabilities	Failure to collect cessation payments means the cost of funding future liabilities will fall against the Wiltshire Pension Fund	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. This policy is being reviewed as part of this agenda.	2	2	4	Low	A review of the cessation policy is taken place on this agenda to provide additional flexibility to the Fund as more employers are now facing potential cessation events.	David Anthony	Mar-16	2	1	2	Low	1 Mar 16	→
PEN016	Treasury Management	Funding & Investments	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 has an updated Treasury Management Strategy on this agenda 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	Mar-16	3	1	3	Low	1 Mar 16	→
PEN002	Failure to collect and account for contributions from employers and employees on time	Regulatory & Governance	Non-availability of SAP systems, key staff, error, omission, failure of employers' financial systems, failure to communicate 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. The Breaches framework now require the Fund to log material late payments.	2	1	2	Low	None	Catherine Dix		2	2	4	Low	1 Mar 16	→
PEN008	Failure to comply with LGPS and other regulations	Regulatory & Governance	Lack of technical expertise / staff resources to research regulations, IT systems not kept up-to-date with legislation, etc	Wrong pension payments made or estimates given. Investment in disallowed investment vehicles or failure to comply with governance standards. Effect: Unhappy customers, tribunals, Ombudsman rulings, fines, adverse audit reports, etc	David Anthony	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.	2	3	6	Medium	The Pension Regulator now has responsibility from 1 April 2015 for Public Sector Pension Schemes. They have recently issued their code of practice which includes a number of new requirements. Work continues to ensure the Fund can comply fully with these requirements but this may lead to areas of non-compliance in the short term. Any "material" non-compliance will be reported to the Regulator.	David Anthony	Mar-16	2	2	4	Low	1 Mar 16	→
PEN009	Failure to hold personal data securely	Regulatory & Governance	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. Annual Data Protection training given to the team. On-going cleansing of data undertaken by Systems Team.	2	2	4	Low		Martin Downes		2	1	2	Low	1 Mar 16	→

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		
PEN010	Failure to keep pension records up-to-date and accurate	Regulatory & Governance	Poor or non-existent notification to us by employers and members of new starters, changes, leavers, etc	Incorrect records held, leading to incorrect estimates being issues to members and incorrect pensions potentially being paid.	David Anthony	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), pro-active checks done through national fraud initiative.	2	3	6	Medium	From 1 April 2014, the Pension Regulator will require additional checks on data. Data cleansing is taking place to address this. Also, with the end of "contracting-out" in April 2016, HMRC will no longer take responsibility for GMP data.	Martin Downes	Dec-16	2	1	2	Low	1 Mar 16	→
PEN011	Lack of expertise of Pension Fund Officers and Service Director, Finance	Regulatory & Governance	Lack of training, continuous professional development and continuous self assessment of skills gap to ensure knowledge levels are adequate to 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	2	4	Low	All posts are now filled and the focus remains on training new staff and developing their expertise.	David Anthony		2	1	2	Low	1 Mar 16	↓
PEN012	Over-reliance on key officers	Regulatory & Governance	The specialist nature of the work means that there are inevitably relatively experts in investments and the local authority pension regulations	If someone leaves or becomes ill, a big knowledge gap if less behind.	David Anthony	Key people in the team 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	2	4	Low	None	David Anthony		2	1	2	Low	1 Mar 16	↓
PEN017	Lack of expertise on Pension Fund Committee	Regulatory & Governance	Lack of structured training and continuous self assessment of skills gap to ensure knowledge levels are adequate to carry out roles to the best of their ability	Bad decisions made may be made in relation to any of the areas on this register, but particularly in relation to investments. There is also a requirement for 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. Further training and advice can be called on from our consultants, independent advisors and investment managers too.	2	2	4	Low	The new members training plan for 2015-17 was approved in March 2015. Sessions need to be arranged.	David Anthony	Apr-16	2	1	2	Low	1 Mar 16	→

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
PEN018	Failure to implement the LGPS 2014 Reforms	Regulatory & Governance	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 implemented to inform all members of the changes. Implementation Plan is on-going. Systems team in close contact with Software are providers to ensure developments will be actioned. Review of process has been undertaken by Technical & Compliance Manager to ensure changes are compliant.	2	2	4	Low	David Anthony		2	2	4	Low	1 Mar 16	→
PEN019	Establishment of Local Pension Board & Investment Sub-Committee	Regulatory & Governance	Failure for Wiltshire Council to establish a Local Pension Board, from finding suitable representatives and the officer time required to support this Board and the newly formed pension sub-committee.	Reputational risk from a national perspective and failure to adhere to legislation resulting in action by the Government or the Pension Regulator. Ineffective operation of the Investment sub-Committee leading to bad decision making.	David Anthony	Local Pension Board, approved by Wiltshire Council on 24 February. Following. Recruitment has taken place and all places filled with first meeting scheduled for 16 July 2015, following induction session on 2 July 2015. These Boards will place additional demands on both Members, in particular the need to undertake training and the pension officers time in the support and provision of information.	2	2	4	Low	David Anthony	Jul-16	1	3	3	Low	1 Mar 16	→
PEN020	Pooling of LGPS assets	Regulatory & Governance	The Fund needs to respond to the Government's consultation for significantly ambitious proposals for pooling of LGPS assets	If not involved in forming proposals the Government may impose of pooling arrangement on the Fund over which it has not control. If implemented incorrectly this could be costly in terms of additional fees and poor investment returns.	David Anthony	The Fund is being proactive in exploring options with Project Brunel on the potential feasibility of setting up a pooling arrangement. Progress and updates regularly reported to Committee.	2	4	8	Medium	David Anthony	Jul-16	1	3	3	Low	1 Mar 16	→
PEN023	Resources of Officers and Members to meet the expansion of business items	Regulatory & Governance	The recent expansion of business items resulting from continued consultations, pooling of assets, and additional governance requirements.	It is increasingly more difficult for officers to thoroughly consider issues and to deliver concise agenda papers covering all the relevant issues, while members are faced with larger report packs trying to cover the pertinent details.	David Anthony	More use of web links within the Committee papers to reduce the size of the packs.	2	3	6	Medium	David Anthony	Jul-16	1	2	2	Low	1 Mar 16	↑
PEN013	Failure to communicate properly with stakeholders	Communication	Lack of clear communications policy and action, particularly with employers and scheme members.	Scheme Members are not aware of the rights and privileges of being in the scheme and may make bad decisions as a result. Employers are not aware of the regulations, the procedures, etc, and so the data flow from them is poor.	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	2	4	Low	Zoe Stannard / Denise Robinson	Apr-16	1	1	1	Low	1 Mar 16	→

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Compliance with the Pension Regulator Code of Practice No.14

Purpose of the Report

1. The purpose of this report is to outline the high level assessment on compliance with the Pension Regulator (tPR) Code of Practice No.14 undertaken by officers of the Fund.

Background

2. From the 1 April 2015, tPR have assumed responsibility for the governance and administration of all public sector pension schemes. To assist schemes in understanding tPR's expectations they have issued a Code of Practice No. 14 that applies specifically to the governance and administration of public service pension schemes setting out the legal requirements in these specific matters. It also provides practical guidance and sets out standards of conduct and practice expected of those who exercise functions in relation to the legal requirements. This guidance can be viewed on the following link:

<http://www.thepensionsregulator.gov.uk/codes/code-governance-administration-public-service-pension-schemes.aspx>

3. The practical examples in the Code are only guidance, although Funds must ensure the legal requirements are met.

Key Considerations for the Board

4. Officers have carried out an assessment of each area of the Code of Practice No 14 in terms of both the legal requirements and the practical guidance. The Annex summarises this assessment, taking a risk based approach to achieving compliance and proposing further actions to be undertaken to mitigate any risks of non-compliance with the Code.
5. The Code of Practice examines the governance and administration of the Fund in the following 4 areas:
 - Governing your scheme
 - Managing risks
 - Administration
 - Resolving issues
6. The Annex suggests the Fund meets all the legal requirements of the Code for 3 out of the 4 sections. Within Administration further actions need to be implemented to ensure the Fund mitigates the potential risk of non-compliance. The areas highlighted are:
 - i. Scheme Record Keeping*

The Fund is currently reviewing data against the Records Keeping Act, as part of its on-going data cleansing process. The formal monitoring of performance against the targets in the act need to be formalised along with data improvement plans currently being worked on. There is also a need for a more formal approach to employer data audits to ensure the accuracy and timeliness of the information being received by employers and measuring this against the targets set out in the Pension Administration Strategy.
 - ii. Provision of information to scheme members*

The issuing of Annual Benefit Statements by the 31 August remains a challenging deadline and work continues to ensure this statutory date will be met. The format of the deferred statement needs to be tweaked to ensure it meets the legal requirements under the Regulations and a project implemented to ensure all member types receive a statement. The Fund is also trying to implement Key Performance Indicators (KPIs) to allow the more accurate monitoring of workloads and compliance with the timeframes outlined in the Disclosures Regulations.

7. The Annex also shows the actions being implemented with the anticipated timeframes.
8. In summary, the Code of Practice represents good practice for a Pension Fund and the main activities covered will not be unfamiliar or new areas of work to the majority of Funds. The main change is the requirement for more formalised processes and the implementation of additional checks, reconciliations and regular review procedures.
9. The propose timeframes for the additional actions would suggest a further review is undertaken at the end of the year to review the implementation of the required changes.

Financial Considerations & Risk Assessment

10. There is no direct financial cost from undertaking this review of the Code of Practice. However, consideration is needed to the resource implications of implementing any changes. As far as possible, these have been factored into the 2016-17 administration budget.
11. The purpose of this assessment is to reduce the risk on non-compliance with tPR's requirements on governance and administration standards. This risks highlighted in this report will be added to the Fund's Risk register.

Legal Implications and Environmental Impact of the Proposal

12. The failure to meet the minimum legal requirements of the Code of Practice could mean a statutory breach occurs and this would need to be considered as part of the breaches framework.
13. There are no environmental impacts of these proposals.

Safeguarding Considerations/Public Health Implications/Equalities Impact

14. There are no known implications at this time.

Reasons for Proposals

15. All public sector pension schemes should be assessing their compliance with the Code. This review provides an initial evaluation and proposed action plan to ensure the Fund achieves this compliance.

Proposals

16. The Board is asked to note the outcome from this review of the tPRs Code of Practice No. 14 and recommend the implementation of the proposed actions to the Pension Fund Committee to ensure the Fund secures compliance with this guidance.

MICHAEL HUDSON
Treasurer to the Pension Fund

Report Author: David Anthony, Head of Pensions

Unpublished documents relied upon in the production of this report:

Detailed Officers Analysis of the Code of Practice – Head of Pensions, 28 March 2016

TPR Requirement	Legal Requirements	Officer Assessment	Risk	Action	Due Date
<p>1. Governing your Scheme</p> <p>a. Knowledge & Understanding required by Pension board members</p>	<p>34. A member of the pension board of a public service pension scheme must be conversant with:</p> <ul style="list-style-type: none"> ○ the rules of the scheme, and ○ any document recording policy about the administration of the scheme which is for the time being adopted in relation to the scheme. <p>35. A member of a pension board must have knowledge and understanding of:</p> <ul style="list-style-type: none"> ○ the law relating to pensions, and ○ any other matters which are prescribed in regulations. <p>36. The degree of knowledge and understanding required is that appropriate for the purposes of enabling the individual to properly exercise the functions of a member of the pension board</p>	<p>The Fund is compliant with all the legal requirements.</p> <p>The roles and responsibilities are outlined in the Terms of Reference, induction training provided prior to the Board becoming operational, and a Members Training Plan has been agreed and implemented.</p> <p>The Fund still needs to develop a live document containing all the policies and arrangements for acquiring knowledge. This is to be done through the development of a Members handbook.</p> <p>Members have also been asked to complete the tPR toolkit by July 2016 which will be 12 months from appointment.</p>		<p>Set up live document outlining key documents the Board as part of the members' handbook being developed.</p> <p>Members to complete TPR trustee toolkit.</p>	<p>July 2016</p> <p>July 2016</p>
<p>b. Conflicts of interest & representation</p>	<p>61. Conflict of interest is a financial or other interest which is likely to prejudice a person's exercise of functions as a member of the pension board. It does not include a financial or other interest arising merely by virtue of that person being a member of the scheme or any connected scheme for which the board is established</p> <p>62. In relation to the pension board, scheme regulations must include provision requiring the</p>	<p>The Fund would appear compliant with all the legal requirements.</p> <p>A conflict of interest policy and procedure was agreed by the Board at its meeting on 22 October 2015.</p> <p>Training has been provided to Board members and declaration of interest is a standing agenda item</p> <p>Obligations owned by the Pension Board are</p>			

TPR Requirement	Legal Requirements	Officer Assessment	Risk	Action	Due Date
	<p>scheme manager to be satisfied:</p> <ul style="list-style-type: none"> ○ that a person to be appointed as a member of the pension board does not have a conflict of interest and ○ from time to time, that none of the members of the pension board has a conflict of interest! <p>63. Scheme regulations must require each member or proposed member of a pension board to provide the scheme manager with such information as the scheme manager reasonably requires for the purposes of meeting the requirements referred to above</p> <p>64. Scheme regulations must include provision requiring the pension board to include employer representatives and member representatives in equal numbers</p> <p>65. In relation to the scheme advisory board, the regulations must also include provision requiring the responsible authority to be satisfied:</p> <ul style="list-style-type: none"> ○ that a person to be appointed as a member of the scheme advisory board does not have a conflict of interest and ○ from time to time, that none of the members of the scheme advisory board 	<p>outlined in the Terms of Reference, and actions to be taken in the event of a potential conflict of interest are outlined in the Board's Conflict of Interest Policy, both documents to which the Register is linked. The Register includes details as indicated in the tPR toolkit.</p> <p>Board members' Register of Interest are published on-line. Agendas include a standing item to review members' RoIs; ensuring they are reviewed at least quarterly. Members are updated on forthcoming agenda items and the process for managing potential conflicts of interest is online in the Authority's Conflict of Interest Policy for Board members. Conflicts of interest and actions taken will be recorded in the minutes of the meeting.</p> <p>The Terms of Reference are compliant with the Code of Practice requirements. Employer representatives should be elected members or senior managers within the organisation and the Terms of Reference allocate a position to the administering authority, another large employer and a smaller employer. Member representatives must comprise of at least 2 active members, and 2 nominated by an approved union.</p> <p>Prospective candidates are made aware of the responsibility to disclose any potential interests upon appointment via the Board Terms of Reference. Board members are updated on forthcoming agenda items and the process for managing potential conflicts of interest is outlined in the Authority's Conflict of Interest Policy for Board Members.</p>		Follow up outstanding Register of Interest form and formalise the pre-appointment process for registering potential conflicts of interest.	July 2016

TPR Requirement	Legal Requirements	Officer Assessment	Risk	Action	Due Date
	<p>has a conflict of interest^[36].</p> <p>66. Scheme regulations must require each member of a scheme advisory board to provide the responsible authority with such information as the responsible authority reasonably requires for the purposes of meeting the requirements referred to above</p>				
c. Publishing Information about the scheme	<p>92. The scheme manager for a public service scheme must publish information about the pension board for the scheme(s) and keep that information up-to-date.</p> <p>93. The information must include:</p> <ul style="list-style-type: none"> ○ who the members of the pension board are ○ representation on the board of members of the scheme(s), and ○ the matters falling within the pension board's responsibility. 	<p>The Fund would appear compliant with all the legal requirements.</p> <p>Information is published on both the Wiltshire Pension Fund website and Wiltshire Council's Committee pages. This includes details of members of the Board, the process for appointment, the terms of reference, the role specifications and links to all Board meeting agendas, papers and minutes.</p>			
<p>2. Managing Risk</p> <p>a. Internal controls</p>	<p>101. The scheme manager of a public service pension scheme must establish and operate internal controls. These must be adequate for the purpose of securing that the scheme is administered and managed in accordance with the scheme rules and in accordance with the requirements of the law.</p>	<p>The Fund would appear compliant with all the legal requirements.</p> <p>A risk register is reported to the Wiltshire Pension Fund Committee on a quarterly basis. This is analysed between functions and activities and takes on board output from Fund audits, dispute processes and legislative breaches. All risks are reviewed quarterly outlining further actions being</p>		To ensure missing procedures have been updated	Dec-16

TPR Requirement	Legal Requirements	Officer Assessment	Risk	Action	Due Date
	<p>102. For these purposes 'internal controls' means:</p> <ul style="list-style-type: none"> ○ arrangements and procedures to be followed in the administration and management of the scheme ○ systems and arrangements for monitoring that administration and management, and ○ arrangements and procedures to be followed for the safe custody and security of the assets of the scheme^[51]. 	<p>taken to mitigate them with an appropriate timeframe.</p> <p>Internal controls are tested annually by internal audit with recommendation made to Senior Managers. These reports are reviewed by Pension Fund Committee, Local Pension Board and the Audit Committee of Wiltshire Council.</p> <p>There are documented procedures in place for all the key activities for the administration of the Fund. The administration system also uses a task management module which requires specific steps to be followed. These are kept under review by the Technical & Compliance manager in light of changes in regulations and internal processes and are also regularly audited. The focus of the procedures covered is driven by the risk register. However, there is a need to complete all other areas to ensure full documentation is in place.</p> <p>Due diligence is carried out on all service providers at appointment and where appropriate within the investment scheme managers, all providers must provide the Fund with their SAS17 assurance report which are then reviewed.</p>			
<p>3. Administration</p> <p>a. Scheme Record Keeping</p>	<p>122. Scheme managers must keep records of information relating to:</p> <ul style="list-style-type: none"> ○ member information^[55] ○ transactions^[56], and ○ pension board meetings and decisions^[57]. <p>123. The legal requirements are set out in the Public</p>	<p>The Fund would appear compliant with all the legal requirements although this is an area that is still being developed.</p> <p>Scheme member data is identified by a National Insurance number and unique payroll ID. The Fund has worked with employers in order to ensure the payroll ID is in place for all active members. This is an ongoing project.</p> <p>There is a sound knowledge of each employer</p>		<p>To undertake the annual review of the Fund's performance against the Record Keeping Regulations and report this as a KPI to the Committee and Board with details of on-going data improvement programmes.</p> <p>Need to monitor the performance of Funds</p>	<p>Dec 16</p> <p>Dec 16</p>

TPR Requirement	Legal Requirements	Officer Assessment	Risk	Action	Due Date
	Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014 ('the Record Keeping Regulations').	<p>within the Fund and have worked extensively to ensure they each understand the information required from them regarding the supplying of member information. This has been done by issuing templates and providing training and guidance.</p> <p>Employers have been issued with clear guidelines and templates for supplying event change information to the Fund. There is also a dedicated area on the Fund website for Employers which contains comprehensive guidance on how to adhere to these practises.</p> <p>The Fund has recently implemented an Admin Strategy detailing various SLA obligations for Employers with regards to supplying of timely membership information as well as their obligations according to regulatory guidelines</p> <p>However to improve robustness of data the Fund needs to implement a process to ensure employers data submissions can be monitored for timeliness and accuracy.</p>		<p>adhering to the timeframes ion the Pension Administration Strategy and use this to address timeliness and accuracy issues, reporting this data back to the Committee / Board.</p> <p>To implement regular employer data audits and member movements reconciliations on an on-going basis.</p>	Dec 16
b. Maintaining Contributions	147. Employer contributions must be paid to the scheme in accordance with any requirements in the scheme regulations. Where employer contributions are not paid on or before the date they are due under the scheme and the scheme manager has reasonable cause to believe that the failure is likely to be of material significance to the regulator in the exercise of any of its functions, the scheme manager must give a written report of the matter to the regulator as soon as reasonably practicable ^[67] .	<p>The Fund would appear compliant with all the legal requirements.</p> <p>Payment of contributions are monitored monthly, transfers are also reconciled and other outstanding payments are invoiced so that debtor recovery policy covers any non payment.</p> <p>Late payments of contributions are chased each month and a 3 stage escalation process implemented to address non payments.</p> <p>All contributions are monitored against the rates payable as per the Fund's actuary Rates &</p>			

TPR Requirement	Legal Requirements	Officer Assessment	Risk	Action	Due Date
	<p>148. Where employee contributions are deducted from a member's pay, the amount deducted must be paid to the managers of the scheme at the latest by the 19th day of the month following the deduction, or by the 22nd day if paid electronically (the 'prescribed period')^[68], or earlier if required by scheme regulations. References to 'days' means all days. References to 'working days' do not include Saturdays, Sundays or Bank Holidays.</p> <p>149. Where employee contributions are not paid within the prescribed period, if the scheme manager^[69] has reasonable cause to believe that the failure is likely to be of material significance to the regulator in the exercise of any of its functions, they must give notice of the failure to the regulator and the member within a reasonable period after the end of the prescribed period^[70]. Where there is a failure to pay employee contributions on an earlier date in accordance with scheme regulations, schemes should also consider their statutory duty under section 70 of the Pensions Act 2004 to assess and if necessary report breaches of the law. For more information about reporting breaches of the law, see this section of the code.</p>	<p>Adjustment certificate. The Fund also checks payments against the payroll data provided by the employer to ensure they are paying the correct rate, and differences are then picked up with the employer.</p> <p>The process was recently reviewed in 2015 and a more formal structure put in place for the chasing of late payments. The process is also regularly audited by internal and external audit.</p> <p>The Fund has now implemented a Breaches Policy which now feeds into the monitoring of contributions. Officers consider the reasons for non-payment of contributions and those outstanding are reviewed monthly. The tPR guidelines now provide a framework for considering a reportable event and the Breaches Policy now outlines the process for reporting.</p>			

TPR Requirement	Legal Requirements	Officer Assessment	Risk	Action	Due Date
c. Providing information to members	<p>The law requires schemes^[79] to disclose information about benefits and scheme administration to scheme members and others. This section summarises the legal requirements relating to benefit statements and certain other information which must be provided and should be read alongside the requirements in the 2013 Act, HM Treasury directions^[80] and the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 ('the Disclosure Regulations 2013'). In addition to these duties, there are other legal requirements relating to the provision of information to members and others under other legislation</p>	<p>The Fund on the whole meets the disclosure requirements outlined in law. However, there are areas that need to be developed to ensure full compliance with the code is met in the future.</p> <p>The Fund managed to ensure Benefit Statements were distributed only a few days after the 31 August deadline; however, there were some mitigating factors behind this. Namely: the new CARE Scheme, employer understanding and issues with an external designer. The Fund is confident the correct processes are now in place to provide this information on time for 2016.</p> <p>The format of the statements are checked at time of design and print and based on the national guidance. The active statement is compliant but on review of the deferred statement it appears small amendments are required for 2016 to ensure full compliance with format legislation.</p> <p>In theory all members receive an annual benefit statement and usually, if a member makes an individual request they will have received one within the previous 12 months, and if not, be sent one. A small number of members may not have received a statement last year. These mainly relate to pension credit members (of which there are 46).</p> <p>Each employer had been given the relevant information to issue to new and prospective members. However, the Fund currently doesn't have a process for checking that employers are providing this information.</p> <p>The majority of information is provided within the legal timescales however there are some enforced</p>		<p>The production of all Annual Benefit Statements within the statutory timeframe of 31 August.</p> <p>Check Annual Benefit Statements for deferred members meet legal requirements in terms of format.</p> <p>To Implement project to ensure all members receive a pension statement.</p> <p>To implement a check for employers to confirm information has been given to new and prospective members</p>	<p>Aug 16</p> <p>Jun 16</p> <p>Aug16</p> <p>Sep 16</p>

TPR Requirement	Legal Requirements	Officer Assessment	Risk	Action	Due Date
		<p>delays regarding transfers. The software system provider is waiting for updated factors to be released by GAD.</p> <p>The ability to meet the statutory timeframes does depend on the amount of work back logs. Accurate information needs to be collated to monitor this position to manage workloads better and therefore compliance with the Code.</p> <p>For example, aggregation of benefit work has accrued from waiting the issuing of national guidance and plans are now in place to address the build up of outstanding work.</p>		To implement a reportable KPI in workflow on Altair to identify if the Fund is meeting legal timeframes.	Sep 16
<p>4. Resolving Issues</p> <p>a. Internal dispute resolution</p>	<p>213. Scheme managers^[111] must make and implement dispute resolution arrangements that comply with the requirements of the law and help resolve pensions disputes between the scheme manager and a person with an interest in the scheme. 'Pension disputes'^[112] cover matters relating to the scheme between the managers and one or more people with an interest in the scheme. These exclude 'exempted disputes'.</p> <p>214. There are certain 'exempted disputes' to which the internal dispute resolution procedure will not apply^[113]. This includes disputes where proceedings have commenced in any court or tribunal, or where the Pensions Ombudsman has commenced an investigation into it.</p> <p>215. A person has an interest in the scheme if they:</p>	<p>The Fund would appear compliant with all the legal requirements.</p> <p>The Fund has a 2 stage process in line with the Regulations. The large majority of this information can be found on our website and the application form.</p> <p>As a review has not been carried out over the past 5 years so would be timely to consider now</p>		To review the IDR process. This will include examining the requirement for employers to undertake their own stage 1 process.	Sep 16

TPR Requirement	Legal Requirements	Officer Assessment	Risk	Action	Due Date
	<ul style="list-style-type: none"> ○ are a member or surviving non-dependant beneficiary of a deceased member of the scheme ○ are a widow, widower, surviving civil partner or surviving dependant of a deceased member of the scheme ○ are a prospective member of the scheme ○ have ceased to be a member, beneficiary or prospective member or ○ claim to be in one of the categories mentioned above and the dispute relates to whether they are such a person. <p>216. Dispute resolution arrangements may require people with an interest in the scheme to first refer matters in dispute to a 'specified person' in order for that person to consider and give their decision on those matters. The specified person's decision may then be confirmed or replaced by the decision taken by the scheme manager after reconsideration of the matters.</p> <p>217. Scheme managers and specified persons (if used as part of a scheme's procedure) must take the decision required on the matters in dispute within a reasonable period of receiving the application. They must notify the applicant of the decision within a reasonable period of having taken it.</p>	<p>The Fund currently makes a determination where there is an appeal against an employer's first instance decision. The Fund will be reviewing this process in the future with the view of ensuring that each employer has nominated their own adjudicator who determines appeals under stage 1.</p> <p>A summary of all cases and timeframes is now maintained by the Head of Pensions.</p>		<p>The review will incorporate whether an employer can nominate their own adjudicator for stage 1 determinations</p>	

TPR Requirement	Legal Requirements	Officer Assessment	Risk	Action	Due Date
	<p>218. Internal dispute resolution procedures must state the manner in which an application for the resolution of a pension dispute is to be made, the particulars which must be included in such an application and the manner in which any decisions required in relation to such an application are to be reached and given^[117]. The procedure must specify a reasonable period within which applications must be made by certain people.</p> <p>219. Scheme managers must provide information about the scheme's dispute resolution procedure as well as information about The Pensions Advisory Service (TPAS) and the Pensions Ombudsman to certain people at certain stages^[119].</p>				
b. Reporting breaches of the law	<p>241. Certain people are required to report breaches of the law to the regulator where they have reasonable cause to believe that:</p> <ul style="list-style-type: none"> ○ a legal duty^[126] which is relevant to the administration of the scheme has not been, or is not being, complied with ○ the failure to comply is likely to be of material significance to the regulator in the exercise of any of its functions^[127]. <p>For further information about reporting late payments of employee or employer contributions, see the section of this code on 'Maintaining contributions'.</p>	<p>The Fund would appear compliant with all the legal requirements.</p> <p>The Breaches Policy and Framework were approved in December 2015 by the Pension Fund Committee.</p> <p>This sets out the framework for reporting breaches and the responsibility of all stakeholders.</p> <p>Training has been given to Local Board members and officers while it is planned for Committee members.</p>			

TPR Requirement	Legal Requirements	Officer Assessment	Risk	Action	Due Date
	<p>242. People who are subject to the reporting requirement ('reporters') for public service pension schemes are:</p> <ul style="list-style-type: none"> ○ scheme managers^[128] ○ members of pension boards ○ any person who is otherwise involved in the administration of a public service pension scheme ○ employers^[129]: in the case of a multi-employer scheme, any participating employer who becomes aware of a breach should consider their statutory duty to report, regardless of whether the breach relates to, or affects, members who are its employees or those of other employers ○ professional advisers^[130] including auditors, actuaries, legal advisers and fund managers: not all public service pension schemes are subject to the same legal requirements to appoint professional advisers, but nonetheless the regulator expects that all schemes will have professional advisers, either resulting from other legal requirements or simply as a matter of practice ○ any person who is otherwise involved in advising the managers of the scheme in relation to the scheme <p>243. The report must be made in writing as soon as reasonably practicable</p>				

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Review of Wiltshire Pension Fund Governance Compliance Statement

Purpose of the Report

1. The purpose of this report is for Members to review the Governance Compliance Statement for the Wiltshire Pension Fund.

Background

2. Under the Regulation 55 of the Local Government Pension Scheme (Administration) Regulations 2013, Local Government Pension Funds are required to set out a written statement outlining the delegations for the administration of the Fund and to keep this under review. The link to the Regulation 55 is below:

<http://www.legislation.gov.uk/ukxi/2013/2356/regulation/55/made>

3. This latest version of the Governance Compliance Statement was approved by the Pension Fund Committee on 17 March 2015.

Key Considerations for the Board

4. This document sets out whether Wiltshire Council delegates its functions, or part of its functions under these Regulations to a committee, a sub-committee or an officer of the authority and if so the terms, structure and operational procedures of the delegation including the frequency of any committee or sub-committee meetings.
5. It also needs to outline whether such a committee or sub-committee includes representatives of Scheme employers or members, and if so, whether those representatives have voting rights.
6. The attached Governance Compliance Statement is largely self-explanatory and is attached for Members' review. It is largely a factual statement, and shows the Fund is compliant with the principles of best practice guidance issued by DCLG.
7. Within its role of securing compliance the Board is recommended to review this statement and to consider recommending any changes to the Pension Fund Committee, in particular in light of the establishment of this Board.

Financial Considerations & Risk Assessment

8. There are no financial implications of this Policy that are not already built into the Pension Fund Administration Budget 2015-16 & 2016-17 which has been approved by the Pension Fund Committee.
9. The review of the strategy ensures the Fund is mitigating *PEN008: Failure to comply with LGPS and other regulations with stakeholders* as shown in the Risk Register elsewhere on this agenda.

Legal Implications and Environmental Impact of the Proposal

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

11. There are no known implications at this time.

Reasons for Proposals

12. There is a legal requirement under the Local Government Pension Scheme Regulations for a policy and its best practice to refresh this on a regular basis. The review of this statement by the Board is part of the role with regard securing compliance with the Regulations.

Proposals

13. The Board is asked to review the Governance Compliance Statement.

MICHAEL HUDSON
Treasurer to the Pension Fund

Report Author: David Anthony, Head of Pensions

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

Wiltshire Pension Fund Governance Compliance Statement

AREA	PRINCIPLE	LEVEL OF COMPLIANCE	REASON FOR NON-COMPLIANCE
A) Structure	a) The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council.	<p>FULL – The Council’s constitution (Part 3, para 2.5) says that the Committee will “exercise the functions of the Council as Administering Authority under the Local Government Superannuation Act and Regulations and deal with all matters relating thereto”. The Wiltshire Pension Fund Committee has the power to “...make decisions on matters of significant policy...” (Part 3B, para 4).</p>	N/A
	b) That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.	<p>FULL – There are two voting representatives from Swindon Borough Council, two voting representatives from Admitted Bodies and 2 UNISON Observers (representing active, deferred and pensioner members), all of whom are members of the main committee.</p> <p>There is an Investment Sub-Committee (ISC) to deal with the on-going monitoring of investment managers, appointment of new managers, review any emerging investment opportunities and to consider and determine opportunistic investments to the value of 5% of the Fund’s total assets. This consists of 4 voting members, namely the Chairman, Vice-Chairman, one Wiltshire Council elected member from the main committee and one co-opted member of the main committee. All</p>	N/A

AREA	PRINCIPLE	LEVEL OF COMPLIANCE	REASON FOR NON-COMPLIANCE
		members of the main committee may be an observer.	
	c) That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	FULL – All minutes of meetings and decisions taken by the ISC are reported back to the next main committee meeting.	N/A
	d) That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.	FULL – At least 4 members of the ISC sit on the main committee.	N/A
B) Representation	<p>a) That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include:</p> <ul style="list-style-type: none"> i. employing authorities (including non-scheme employers, eg, admitted bodies); ii. scheme members (including deferred and pensioner scheme members); iii. independent professional observers; and 	<p>FULL – four representatives in total, two from Swindon Borough and two from Admitted Bodies. The non-elected members will hold their office for a maximum of 4 years before a re-election process needs to take place.</p> <p>FULL – two representatives from UNISON, who represent active, deferred and pensioner members</p> <p>FULL – Our Independent Pension Adviser, who attends all meetings, fulfils this role and feeds back any observations to the Chief Finance Officer and/or Head of Pensions</p>	<p>N/A</p> <p>N/A</p> <p>N/A</p>

AREA	PRINCIPLE	LEVEL OF COMPLIANCE	REASON FOR NON-COMPLIANCE
	<p>iv. expert advisors (on an ad-hoc basis).</p> <p>b) That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision making process, with or without voting rights.</p>	<p>FULL – Mercers (the Fund’s Investment Consultant) and Hymans Robertson (the Fund’s Actuary) attends all meetings where expert advice is required</p> <p>FULL – All members of the Committee are given equal access to papers, meetings and training and are able to fully participate in debates.</p>	N/A
C) Selection and Role of Lay Members	<p>a) That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.</p> <p>b) That at the start of any meeting, committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda.</p>	<p>FULL – Full Induction Training and Governance is given and each member is given a Members’ Handbook outlining their responsibilities amongst other information.</p> <p>FULL – this is a standard part of committee procedure.</p>	N/A
D) Voting	<p>a) The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.</p>	<p>FULL – The Committee has afforded each of its members voting rights, except the UNISON Observers who represent members. Being a statutory pension scheme, the local committee has very little influence over benefits and the members are fully protected by statute. Therefore, there is very little that scheme members (or their representatives) can influence on the committee that has any direct impact upon them.</p>	N/A

AREA	PRINCIPLE	LEVEL OF COMPLIANCE	REASON FOR NON-COMPLIANCE
		Further, giving voting rights to the observers would mean increasing the size of the Committee, because the Administering Authority must legally be able to maintain a majority.	
E) Training/Facility Time/Expenses	a) That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.	FULL – There is a Members’ Training Plan which is updated regularly and fully implemented. All members (including observers) have full access to all training opportunities and are allowed to claim all reasonable expenses.	N/A
	b) That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.	FULL – see Members Training Plan	N/A
F) Meetings - Frequency	a) That an administering authority’s main committee or committees meet at least quarterly.	FULL – The Committee meets four times per year, plus ad-hoc for special issues (eg. valuation, tenders)	N/A
	b) That an administering authority’s secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.	FULL – The ISC meets two times per year, with a potential two further meetings scheduled should they be required.	N/A
	c) That administering authorities who do not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented.	FULL – From 1 April 2015, Wiltshire Council in its role of Administering Authority will establish a Local Pension Board. This will consist of 6 voting members (3 employer and 3 member representatives) along with a non-voting independent chair. The purpose of this Board is to review and ensure the Wiltshire Pension Fund	N/A

AREA	PRINCIPLE	LEVEL OF COMPLIANCE	REASON FOR NON-COMPLIANCE
		secures compliance with the Scheme regulations and all other relevant legislations.	
G) Access	a) That subject to any rules in the council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.	FULL – All members of the Committee (including non voting and substitute members) receive all the papers for every meeting, including the confidential ones	N/A
H) Scope	a) That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	FULL – All matters in relation to the Fund, whether Benefits, Governance, Investments, Communications, Employers, Financial, etc, are covered by the governance arrangements.	N/A
I) Publicity	a) That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements.	FULL – the Governance Compliance Statement is available on the Wiltshire Pension Fund Website and in the Wiltshire Pension Fund Annual Report. This statement is approved by the main committee which is held as a meeting open to public participation	N/A

12 March 2015

Wiltshire Pension Fund Committee

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Internal and External Audit Plans for 2016

Purpose of the Report

1. The purpose of this report is to highlight the current audit plans for the Wiltshire Pension Fund to Members.

Background

2. The Wiltshire Pension Fund is subject to both internal and external audits as part of its governance assurance responsibilities.
3. The external auditor is responsible for the audit of the Council's Statement of Accounts, of which the Pension Fund accounts are included. The current auditor for the Council is KPMG, and although they currently give a single audit opinion, they have a separate audit team that reviews the pension fund accounts. They do not audit the Fund's Annual Report, but will comment on its consistency with the accounts included within them.
4. KPMG will undertake an interim audit, usually in February and issue an interim report shortly afterwards should any issues arise. They then carry out their main audit in May / June to enable them to provide an audit opinion for the Council's Audit Committee in July.
5. The Pension Fund's draft annual accounts will be presented to the Pension Fund Committee on 30 June 2016, with the final Annual Report presented to its September meeting along with the audit report.
6. The internal audits are less regulatory driven and focus on the examination of specific areas of the administration of the Fund. These audits look from a more management perspective at the procedures and processes, making sure they are robust and meet best practice to mitigate potential risks. The internal audit is undertaken by the South West Audit Partnership (SWAP).
7. SWAP also supports some of the work undertaken by KPMG by reviewing key processes which they can then rely on to reduce the amount of work required in the main audit.

Key Considerations for the Board

External Audit Plan

8. KPMG are still in the process of drafting the audit plan for 2015-16. It was originally intended that it would go to the Council's March Audit Committee but that meeting has now been rearranged for April.
9. Once the plan has been finalised it will be brought to this committee for review.

Internal Audit Plan

10. For the internal audit a work plan is agreed in conjunction with the Pension Fund officers. The current plan was discussed in December 2015 for the audit of the Key Controls on the Pension Fund. The plan and scope of the work being assessed is shown on the attached plan. The report of this audit is still being finalised and will be presented to the Pension Fund Committee at its meeting on 30 June 2016.

11. A more in-depth audit was carried out in 2015 which looked across the administration of the pension service. The objective was to ensure that Pension Records and Payments are administered by the Wiltshire Pension Fund in compliance with Regulations and best practice while the internal controls minimise the risk of losses through fraud or errors.
12. This focused on procedures, the accuracy of records and payment of benefits and the timeliness of these payments. This report was presented to the Pension Fund Committee in June 2015, and reviewed by this Board in July 2015 as seen at the following link:

<https://cms.wiltshire.gov.uk/ieListDocuments.aspx?CId=1280&MId=9430&Ver=4>

13. There were 9 recommendations within the action plan. The proposed plan in 2016 is that SWAP undertake a follow up to this audit and review the implementation of these actions.

Financial Considerations & Risk Assessment

14. The purpose of both internal and external audits is to address risks outlined on the Fund's Risk Register shown elsewhere on this agenda.
15. The external audit fee is based on a set annual charge and the SWAP audit forms part of the central services recharge to the Fund.

Legal Implications and Environmental Impact of the Proposal

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

17. There are no known implications at this time.

Reasons for Proposals

18. The internal and external audits provide the assurances the Pension Fund is operating in line with the scheme and accounting regulations. The Board need to be assured that these audits provide these adequate assurances that compliance is being achieved.

Proposals

19. The Board is asked to note the audit process and proposed plans for 2016.

MICHAEL HUDSON
Treasurer to the Pension Fund

Report Author: David Anthony, Head of Pensions

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

Terms of Reference

Client: David Anthony, Head of Pensions
Assignment: WUC – Key Controls – Pensions Fund
Issued by: Kerry Chisholm
Date: 4th December 2015

Purpose

The Terms of reference (ToR) sets out the scope and coverage of the audit. The brief described here should not be regarded as an exhaustive programme of work and the Auditor is expected to use initiative and discretion in completing the audit assignment.

The ToR are developed from our discussions and risk identification meeting with management. We require management to sign a copy of the ToR as confirmation that the scope of the audit addresses the significant risks and covers the relevant areas.

Objective & Scope

The audit review will be undertaken using our Risk Based Audit (RBA) approach whereby the controls will be identified, documented and evaluated in relation to the risks that could impact on the business objective(s).

Our findings, conclusions and recommendations will be discussed with management prior to being included in a formal report. It is intended to issue the discussion Document to David Anthony, Head of Pensions on the 5th of February 2016.

Objective: To ensure key financial system controls are operating effectively and that fraud, error or corruption is minimised

Scope: The specific controls to be reviewed and tested are set out in the summary included with this document.

The audit will require interviews with service staff and access to the complete range of records and documents they maintain. Every endeavour will be made to minimise disruption to service staff.

Timescale & Resources

The Lead Auditor, Kerry Chisholm, will be responsible for carrying out the review and preparing a discussion document. All audit findings, conclusions and recommendations will, in the first instance, be discussed with the Audit Manager prior to being communicated to the relevant staff.

It is expected that the audit will commence by 1st December 2015. The target dates for completion of the

audit work are as follows:

Milestone	Target Date	Notes
Completion of fieldwork	30 January 2016	-
Discussion Document	5 February 2016	-

The above timescale requires commitment from management, as well as audit, to consider and respond promptly to any issues raised in the audit.

Client Agreement

I agree the Terms of Reference described in this document represent a relevant and appropriate level of work.

Signed: 

Name and Position: David Anthony – Head of Pensions

Date: 4 December 2015

Summary:

Appendix A Summary of controls to be tested (cont.)

Control	Specific area of testing	Detailed testing requirements
G - Pension Fund audits – DCC and WC		
G1 - Authorisation of benefit payments to include lump sums on death, lump sums on retirement and transfer out payments.	Discuss the review and authorisation process for calculations of benefits on death, retirees and transfers out.	For a sample of lump sums on death, retirement and transfers out obtain copies of signed leaver forms and benefit calculations. Ensure that the benefit calculation and subsequent payment has been reviewed and authorised. For death benefits ensure that there is a death certificate on file.
G2 - Production and independent review of exception reports produced for pension payroll	Discuss the process for the production and review of exception reports. Ensure this is appropriate and for one report ensure this has been performed in line with our understanding.	For a sample of payments highlighted by the exception report, confirm that there is evidence of investigation and formal sign off of the review.
G3 - Authorisation of starters and leavers to the pension payroll	Discuss the process for adding and removing employees from the pension scheme. Ensure that this is appropriate. For one starter per the system, and one leaver per HR, ensure that the process has been performed appropriately and in a timely manner.	For a sample in line with the sizes on page 6, obtain signed copy of starters form and ensure that individual is added to the payroll accurately and in a timely fashion in accordance with the pension calculation. For a sample of leavers in line with the sizes on page 6, agree the individuals leaving date to their leavers form and death certificate. Ensure that the individual is removed from the payroll in a timely manner.
G4 - Periodic reconciliation of the pension payroll system to the general ledger	Discuss the reconciliation and review process with management. Ensure it is appropriate and done in a timely manner. For one reconciliation ensure that it has been performed and reconciling items appropriately followed up.	Confirm that reconciliations have been produced in a timely fashion and have been evidenced as prepared and reviewed. Confirm that the reconciliation casts and any material reconciling items exist and agree to supporting documentation.
G5 - Bank reconciliations	Discuss the reconciliation and review process with management. Ensure it is appropriate and done in a timely manner. For one reconciliation ensure that it has been performed and reconciling items appropriately followed up.	Confirm that reconciliations have been produced in a timely fashion and have been evidenced as prepared and reviewed. Confirm that the reconciliation casts and agree systems balances and significant reconciling items to supporting documentation.

Summary of controls to be tested (cont.)

Control	Specific area of testing	Detailed testing requirements
G - Pension fund audits – DCC and WC (cont.)		
G6 - Evidence of regular discussions with Governors and the actuary on the pension deficit. (relates to DCC and WC only)	Ensure that discussions regarding the pension deficit have taken place during the year.	Obtain copies of any meeting minutes or notes available to confirm that appropriate discussions have taken place.
G7 - Management approval of IAS 19 assumptions. (relates to DCC and WC only)	Ensure that the assumptions used by the actuary in the IAS 19 valuation have been reviewed and approved by management.	Confirm that management have reviewed and approved the IAS 19 assumptions through enquiry, and observation of any supporting documentation. Eg. formal sign off.
<i>Walkthroughs: New Starters; Permanent amendments; Temporary amendments; Leavers; Payroll payment runs; Processing of payroll transactions into the general ledger.</i>		

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Review of Wiltshire Pension Fund Communications Strategy

Purpose of the Report

1. The purpose of this report is for Members to review the Communications Strategy for the Wiltshire Pension Fund.

Background

2. Under the Regulation 61 of the Local Government Pension Scheme (Administration) Regulations 2013, Local Government Pension Funds are required to publish a Communications Policy. This latest version was approved by the Pension Fund Committee on 25 June 2015. This version incorporates the changes for the LGPS 2014 Scheme and shows our future plans, which include the introduction of Pension AGM's in 2016, complete review of all publications and literature, updated website, and continued employer assistance coinciding with Auto Enrolment and further feedback surveys.

Key Considerations for the Board

3. This document is largely self-explanatory and is attached for Members' review. It is largely a factual statement of existing good practice, so it does not set new policy. There was also a period of consultation with stakeholders, namely the employer bodies prior to adoption.
4. Zoe Stannard, Fund Communication Manager will also provide a demonstration of the Fund's website outlining the information available to the different stakeholders.

Financial Considerations & Risk Assessment

5. There are no financial implications of this Policy that are not already built into the Pension Fund Administration Budget 2015-16 & 2016-17 which has been approved by the Pension Fund Committee.
6. This refresh of the previous strategy assists in addressing *PEN013: Failure to communicate properly with stakeholders* as shown in the Risk Register elsewhere on this agenda by ensuring there is a clear and updated policy in place.

Legal Implications and Environmental Impact of the Proposal

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

8. There are no known implications at this time.

Reasons for Proposals

9. There is a legal requirement under the Local Government Pension Scheme Regulations for a policy and its best practice to refresh this on a regular basis. The review of this strategy by the Board is part of the role with regard securing compliance with the Regulations.

Proposals

10. The Board is asked to review the Communications Strategy.

MICHAEL HUDSON
Treasurer to the Pension Fund

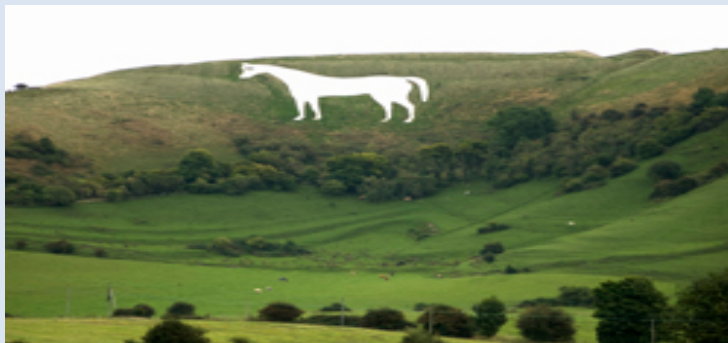
Report Author: David Anthony, Head of Pensions

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

Communications Policy Statement

Wiltshire Pension Fund

Updated May 2015



Introduction

The following statement covers the policy of Wiltshire Council in its role as the administering authority for the Wiltshire Pension Fund as required under Regulation 61 of the Local Government Pension Scheme (Administration) Regulations 2013.

Communication is at the heart of everything Wiltshire Pension Fund does and is key to us achieving our administrative objectives.

There is now a greater awareness of pensions amongst the public than ever before resulting in an increased demand for information and this demand means that as a LGPS Fund we need to continue to be proactive in providing and delivering clear and timely communications.

In response to the increased demand for information the Fund joined a National Communications Working Group in 2013 to help meet our future communications challenges which included the implementation of the new LGPS 2014 scheme on 1 April 2014.

2015 sees changes for both the Fund and Scheme Employers as the LGPS comes under the oversight of The Pensions Regulator. This change means that our Communications Policy regarding Scheme Employers becomes even more crucial to the effective administration of the LGPS, towards our joint role in maintaining the flow of accurate and timely information and ensuring compliance with The Pensions Regulator's Record Keeping Requirements.

2015 also saw changes to the governance of LGPS Fund with the introduction of Local Pension Boards and the formal establishment of an Investment Sub-Committee.

The Communications Policy Statement must set out:

- The policies on the provision of information and publicity about the Scheme to the

- members, representatives of members and employing authorities
- The format, frequency and method of distributing such information or publicity
- The promotion of the Scheme to prospective members and their employers.

This specific policy document deals with the communication of all aspects of the scheme to individual LGPS members and employing authorities within the Fund. Its intention is to prepare, maintain and publish our policy, explaining our existing methods of communication and summarises some of our plans for the future to our key recipients.

- Active Members
- Deferred Members
- Pensioner Members
- Prospective Members
- Scheme Employers
- Pension Committee
- Local Pension Board
- Investment Sub-Committee
- Other Organisations

A list of communications material can be found in Appendix A.

Scheme Literature

A range of scheme literature is produced by the Fund and supplied to employing bodies and Scheme members directly.

Copies of this literature are also available on our website:

www.wiltshirepensionfund.org.uk

How do we communicate?

When deciding how to communicate we take into consideration our audience and the cost to the Fund. We aim to use the most appropriate means of communication for the audiences receiving the information.

Literature

The main point of reference for members to find out about the key aspects of the Scheme is our 'Guide to the LGPS.' This is supported by a range of Employee Guides that go into more detail on topics such as increasing benefits and making nominations. These guides can be sent out to individual members and are also available to download from our website.

Benefit statements

Once a year we send all members a benefit statement direct to their home address. This summarises the basic information we hold about them such as date of birth, history of work, pay for pension purposes and gives estimates of the current and future value of the member's benefits. It also shows an estimate of the survivors' pension benefits.

We produce a combined statement with a forecast of the member's State Pension provided by DWP.

Newsletters

Every year we produce a newsletter to all active members of the Scheme. The main purpose of which is to satisfy requirements by informing active members about changes in the regulations of the LGPS. Because of its nature, this newsletter will not be produced at fixed times, but rather in response to changes in regulations or important notifications. To guarantee delivery this is mailed to home addresses.

Website

The core information about the Scheme is held on our website. There is a dedicated area for active members. We also publish news updates as soon as is practical. This enables members to gain information as it becomes available. Electronic copies of all relevant forms, scheme literature, policies and reports are also available to download.

Pension surgeries

We run information sessions in members' places of work. These are run on demand in conjunction with employers. We run more specialist sessions for members that may be affected by issues such as restructure and the effect this could have on their pension benefits if any pay reduction applies. Every year we will be providing pension clinics and drop in sessions for members twice a year or on an occasional basis.

Pre-retirement courses

Face to face meetings, organised by a number of our employers that aim to explain the options available for members approaching retirement.

Retirement packs

The retirement packs contain useful information and forms for members retiring from the scheme, including a nomination form, bank account change form, a statement of pension benefits and tax office details.

Pension helpline

A dedicated helpline for scheme members is operated by experienced staff of the Wiltshire Pension Fund administration team. The team offer information on all aspects of scheme membership and benefits for all active, deferred and pensioner members. Lines are open from 8.30am to 5.30pm Monday to Friday. Tel: 01225 713613

We also provide a generic email address which enables members to email their queries. The emails are picked up and passed to the relevant member of staff.

pensionenquiries@wiltshire.gov.uk .



Deferred Members

Deferred Benefit Statement

When we award a member Deferred Benefits we send them a statement showing the value of their deferred pension and potential Survivor's pension, and how they have been calculated. We include information on how Deferred Benefits increase, and when they can be paid, including how they can be paid early.

Annual Benefit Statement

Once a year we send all deferred members a benefit statement direct to their home address. This summarises the basic information we hold about them and gives the up to date value of their pension benefits. It also reminds deferred members to let us know of any changes to their circumstances such as nomination changes.

Website

There is a dedicated area for deferred members of the scheme. The website also enables them to keep up to date with any news updates that may affect them.

Pension helpline

Deferred members can also telephone our helpline number.

Pensioner Members

Pensioner members include retired members, and the widow, widowers and dependent children of deceased members.

Pay advice and P60

The fund issues payslips to scheme pensioners in March, April and May each year. The April advice shows the effect of the annual pension increase and the May advice shows any tax changes. We do not send pensioners a pay slip during the rest of the financial year unless their pension amount changes by £5 or more. Early in the financial year pensioners also receive a P60 advice.

Newsletter

Once a year a pensioner newsletter is mailed direct to home addresses. The newsletter contains information relevant to this group of members. It includes information regarding the amount of pensions increase, pay dates, tax information and useful contacts including our pensions payroll department.

Website

There is a dedicated area for pensioner members of the scheme with relevant information which enables them to keep up to date with news updates.

Pension helpline

Pensioner members can also telephone our helpline number.

Prospective Members

New Starter Packs

Each time a new employee begins employment with a scheme employer, they are provided with, or directed to new starter information. This is available to download from the website. The information is issued along with their contract of employment. It includes a scheme guide that explains rights, benefits and options for the new employee, as well as information on transferring previous pension benefits.

Website

The Fund's website contains information on joining the LGPS and the benefits within the scheme.

Promotional leaflets or posters

We provide promotional leaflets and posters to employing bodies to display on their notice boards for prospective members.

Corporate induction courses

Fund officers intend corporate induction events on a monthly basis in order to present the scheme to prospective members and highlight the benefits of joining the LGPS.

Scheme Employers



As at 31 March 2014, Wiltshire Pension Fund has circa 157 contributing employers. They are the first point of contact for our members. We use various methods to share information with our employers.

Employers guide

An administration manual is issued to all employers and is available on the employer area of the website. This provides all the information needed to take part effectively in the scheme. Regular updates to this manual are provided as the scheme rules change.

Technical newsletter

The Fund publishes a regular newsletter issued quarterly to keep employers informed of any regulation changes or changes to our administration procedures. It is also used to inform employers of what we are doing to improve relationships with them, such as surveys and the steps we will be taking as a result of the findings.

Individual employer meetings

Meetings can be arranged on an individual basis for an employer to discuss particular issues and receive specialist advice from the Fund Staff. These meetings are available at the employers request by contacting our Employer Relationship Manager. We aim to visit all large and medium employers at least once a year and contact our smaller employers annually via telephone for a general troubleshooting or courtesy call.

Promoting the scheme

We will help employers to promote the LGPS within their organisation. On request we can provide publications, presentations and advice. This could include ways of using the LGPS as a key element of a Total Rewards package which may help to attract key staff.

Website

The website includes an area specifically for employers, which provides guides to the scheme and its administration. Newsletters and updates can also be viewed in this area and a number of forms downloaded.

Pension Liaison Officers Group (PLOG)

The Fund aims to hold quarterly meetings for all employers to discuss scheme regulations and administration as well as any other issues raised by them. These meetings are an excellent opportunity for both parties to get together and exchange news and views. In the future we intend to tailor these meetings to specific areas such as HR, Payroll and Finance to ensure that relevant people attend to make the most of the meetings.

Annual report and accounts

The audited accounts of the Wiltshire Pension Fund are prepared as at 31 March each year and every employer receives a copy. They are also published on the website. are an excellent opportunity for both parties to get together and exchange news and views. In the future we intend to tailor these meetings to specific areas such as HR, Payroll and Finance to ensure that relevant people attend to make the most of the meetings.

Annual report and accounts

The audited accounts of the Wiltshire Pension Fund are prepared as at 31 March each year and every employer receives a copy. They are also published on the website.

Annual General Meeting (AGM)

The Fund is aiming to establish an AGM for employers where they can meet officers, the actuary, investment managers and advisers to receive updates on performance and latest issues facing the Fund.

Pension Committee

The administration of the Fund is the responsibility of Wiltshire Council, which is designated as an “administering authority” in the Local Government Pension Scheme Regulations. The Council has delegated this function to the Wiltshire Pension Fund Committee who meet four times a year for normal business, and will also meet on an ad hoc basis to consider specific matters.

Committee is made up of 5 Wiltshire Council members, 2 members from Swindon Borough Council, 1 representative from an admitted body, 1 representative from an educational scheduled body and 2 non-voting UNISON representatives. The Unison members now represent all member status i.e. active, deferred and pensioners.

The Fund’s Investment Adviser and the Independent Pension Fund Adviser also attend most meetings. Members of the public are also welcome to attend Committee meetings as observers.

Committee reports, agendas and minutes are available via the Wiltshire Council website www.wiltshire.gov.uk.

Local Pension Boards

The Local Pension Board was established in April 2015 to assist the Committee in securing compliance with the scheme regulations and the effective and efficient governance and administration of the LGPS. It is made up of 3 scheme members’ representatives and 3 scheme employers’ representatives along with a non-voting independent chairman.

The Fund will liaise closely with the Local Pension Board, so they can fulfil their duties and form appropriate opinions. This will include:

Annual Report and Accounts—this is the Fund’s primary publication on investment and administration

Reports—Fund officers draft reports on investment, governance and administration matters for consideration.

Fund Policies & Strategies - The Fund will provide copies the latest documents for review.

Presentations—Fund officers and advisers deliver presentations on investment, governance and administration matters.

Ad-hoc Consultations—Fund officer consult with the Independent Chair of the Local Pension Board on matters arising during the year.

Training—Local Pension Board representatives training is a standing agenda item and the Local Pension Board liaise with Fund officers on training needed and received.

Local Pension Board Papers—these will be published on the Wiltshire Council website.

Investment Sub-Committee

The Investment Sub-Committee (ISC) meets 4 times a year to monitor investment managers’ performance and make recommendations to the main committee on investment issues. It also has delegated authority to invest the Funds’ strategic ‘opportunistic’ allocation representing 5% of the total Funds assets. The Committee is made up of the Chairman, Vice Chair, 1 other elected Wiltshire Council member and another co-opted member of the main committee. The Funds’ Investment Adviser and the Independent Fund Advisor also attends these meetings. All members of the main committee may attend as observers. Committee reports, agenda and minutes are available via the Wiltshire Council website.



Committee

Other Organisations

Communications with trade unions

While we currently have no formal meetings between the pension section and union representatives, we are available for consultation on technical issues, the provision of information about the scheme and the council policies relating to pensions. There are also 2 non-voting trade union representatives on the Pensions Committee and another 2 voting on the Local Pension Board.

We also communicate regularly with the following:

- Investment Managers
- Actuaries
- Department for Communities and Local Government (CLG)
- Other Pension Funds

Business Plan

The Fund produces a regular Business Plan every 3 years outlining its goals and objectives, as well as providing an action plan of the key priorities over the plan period in order to further these objectives.

Future Plans

We will continue to communicate with our stakeholders using the methods highlighted in this policy. However, our future objectives include:

- Service Level Agreements for our employers
- Employer surgeries
- Further improving our website
- Review all publications and scheme literature
- Improve our methods for our members, ex-members, employers, committee members and the Local Pension Board
- Members on-line access to information
- Introduction of AGM in 2016

Feedback

We are committed to provide an excellent service. In the future we aim to improve our feedback methods for our members, ex-members, employers committee members, investment sub-committee and Local Pension Boards.

Review

We will review our communication policy annually to ensure it meets audience needs and regulatory requirements. A current version of the policy statement will always be available on our website at www.wiltshirepensionfund.org.uk

Accessibility

We recognise that individuals may have specific needs in relation to the format or language in which information is provided. We have already considered this for our website and have formatted it so that it is accessible by the visually impaired and our letters conform to the recommended font size and formatting. Demand for alternative formats or languages is not high enough to allow us to prepare suitable material automatically. However, all communications from the Wiltshire Pension Fund can be produced in large print, audio, braille or in another language on request.

For those with hearing difficulties, we can communicate by visual means, rather than using the telephone. We can also use the Typetalk facility and offer a hearing loop at the reception of our main offices.

Equality Impact Assessment (EIA) is a way of identifying any actual or potential impact, positive or adverse, of current or proposed policies (including strategies), practices and procedures across all areas of equality, race, gender, sexual orientation, disability, religion, belief and age. The Fund has an EIA policy and a copy of this policy is available on request.

Data Protection

Wiltshire Council has a duty to protect personal information and will process personal data in accordance with the Data Protection Act 1998 and any amendments to the act. The Fund may, if it chooses, pass certain details to a third party, if the third party is carrying out an administrative function of the Fund, for example, the Funds' AVC provider.

This authority is under a duty to protect the public fund it administers, and to this end may use information for the prevention and detection of fraud. It may also share this information with other bodies administering public funds solely for these purposes.

Contact Us

Wiltshire Council is the authority administering the Local Government Pension Fund in Wiltshire. If you would like more information about the scheme there are various ways of contacting the pension fund.

Write to us:

County Hall, Trowbridge, Wiltshire. BA14 8JN

Telephone: 01225 713613

Email: pensionenquiries@wiltshire.gov.uk

Website: www.wiltshirepensionfund.org.uk

Opening hours: Monday - Friday 8.30am to 5.30pm



Appendix A

Communications Material	Paper Based	Mailed	Website	Frequency	When Reviewed
Brief guide to the LGPS	✓	✗	✓	Constantly available	Annually
New starter pack	✓	✓	✓	Constantly available	Annually
Scheme members Annual Benefit Statements	✓	✓	✗	Annually	Annually
Deferred members Annual Benefit Statements	✓	✓	✗	Annually	Annually
Active member newsletter	✓	✓	✓	Annually	Annually
Pensioners newsletter	✓	✓	✓	Annually	Annually
Retirement packs	✓	✓	✓	Constantly available	Annually
Pay advice/P60	✓	✓	✗	March, April & May each year	Annually
Employer guide	✗	✗	✓	Annually	Annually
Technical newsletter	✗	✗	✓	Quarterly	Quarterly
PLOG presentations	✗	✗	✓	Quarterly	N/A
Committee members handbook	✓	✗	✗	3 years	3 years
Pension Committee minutes	✓	✗	✓	Quarterly	N/A
Business plan	✓	✗	✓	3 years	3 years
Annual report	✓	✗	✓	Annually	Annually
Valuation report	✓	✗	✓	3 years	3 years
Fund Policies	✓	✗	✓	3 years	As required

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Assessing the impact of the Local Pension Board

Purpose of the Report

1. The purpose of this report is to present for initial discussion how the Local Pension Board (LPB) might annually self assess and measure its own performance and impact, for potential inclusion in the LPB statutory annual report.

Background

2. Some 89 LPBs were established by DCLG in mid 2015 with the aim of assisting the 89 Administering Authorities of the 89 Local Government Pension Scheme (LGPS) funds.
3. The role of each LPB is to ensure their fund is compliant with the LGPS regulations and the requirements of the Pension Regulator, and to ensure their funds governance and administration are effective and efficient.

Key Considerations for the Board

4. Attached at Annex 1 is some first draft proposals for discussion by the Wiltshire Fund LPB, after which the intention these will be improved and refined and then re-considered and approved by the Board at its July meeting.

Financial Considerations

5. The intention is the annual assessment will utilise pre-existing fund data and information and so it is not envisaged there will be any additional costs, and if there are they would be marginal.

Risk Assessment

6. The risks associated with undertaking this annual assessment are viewed to be low and it should benefit the overall governance of the Wiltshire Fund

Legal Implications & Environmental Impact of the Proposal

7. None

Safeguarding Considerations/Public Health Implications/Equalities Impact

8. None

Reasons for Proposals

9. To assist the LPB undertake its statutory duties.

Proposals

10. To discuss Annex 1 and consider amendments to be re-considered and approved by the Board at its July meeting.

HOWARD PEARCE
Chairman of the Local Pension Board

Report Author: Howard Pearce, Independent Chair of the Pension Board, and Wiltshire Pension Fund in consultation with David Anthony, Head of Pensions

Unpublished documents relied upon in the production of this report:

Annex 1

Assessing the impact of the Local Pension Board

The purpose of these measures and key performance indicators (KPIs) is to measure and assess the impacts and achievements of the LPB.

Topic	Description of measure	How they might be assessed	Assessment 1 year from July 2015 to July 2016 (To be updated by the July LPB meeting)
Membership	LPB members have no or only minimal conflicts of interest with pensions paid by the fund	Any LPB members conflicts of interest are disclosed on the public register	Achieved or not – to be filled in
Participation	Attendance at quarterly meetings and other inputs to the funds management in person, by phone, or by email between meetings	Records of LPB member attendance via meeting minutes, plus positive feedback from fund staff about their other interactions with LPB members	Achieved or not – to be filled in
Knowledge	LPB members develop a good level of understanding of the LGPS, the fund objectives, the fund compliance, and its relative performance	LPB members passed all modules of the TPR public sector pensions training, plus attended in-house fund training at LPB meetings, and all LPB training logged	Achieved or not to be filled in – eg 80% of members have successfully completed TPR training, and 100% have attended other LGPS training.
Planning	LPB members contribute to the development of the LPB work plan and its implementation	LPB has a defined work plan for at least one year ahead which is reviewed at each meeting and updated accordingly	Achieved or not – to be filled in
Inputs	Quality, value and extent of LPB members personal contributions at meetings (and between meetings).	Well-considered inputs to the development of the funds compliance with extant LGPS regulations and TPR Codes, and the funds efficiency and effectiveness	Achieved or not to be filled in – eg no reports to the TPR
Influence	LPB members contribute to the development of the overall fund strategy and policies drawing on their collective and individual experience and expertise.	Inputs made by the LPB are valued by the fund management and used in redrafting of policies or to adapt processes to assist with the internal implementation and communication of the fund stewardship.	Achieved or not – eg favorable feedback received from the Head of Pensions
Enforcement	LPB work ensures compliance with the TPR code of practice on enforcement	LPB members have a decision process to report the fund to the TPR if required	Achieved or not eg LPB members saw no reason to report the fund in 2016
Governance	LPB work ensures fund complies with statutory governance standards	Fund governance compliance statement based on DCLG standard	Achieved or not – eg LPB reviewed and consider the fund

		and reports on DCLG assessment measures	statement is compliant.
Administration	LPB work encourages fund administration to adopt best practice	Funds participates in annual CIPFA administration survey	Achieved or not
Efficiency and Effectiveness	LPB work encourages fund to actively benchmark its performance	Fund governance, administration, investment, and total costs per member within the range of similar sized LGPS funds	Achieved or not – to be filled in
Communications and reporting	LPB meetings, papers, minutes and annual reports	Made available and published on fund website	Achieved or not – to be filled
Recommendations	LPB makes recommendations to the Pensions Committee	Number of recommendations accepted and adopted by the fund.	Achieved or not – to be filled in
Reputation	Input by LPB members help funds external reputation to be enhanced	Positive feedback on fund and the LPB is received in meetings, in letters, or in the news media Fund Awards and national ranking position relative to other LGPS funds	<u>Partly achieved</u> No negative comments on LPB by key external stakeholders.
Succession	Fund have high quality people saying they want to be future members of LPB	Ease of external recruitment of new or replacement LPB members based on number and suitability of future applicants.	<u>Not achieved</u> Too early to assess

Local Pension Board Annual Report Draft Structure

Purpose of the Report

1. The purpose of this report is to outline the proposed structure of the Local Pension Boards (LPB) Annual Report.

Background

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

Key Considerations for the Board

3. Outlined below is the proposed structure and content for the Board's annual report for Members comment.
4. The proposed headings are as follows:
 - Cover
 - Contents
 - Chairman's introduction
 - Legal basis of LPB and annual reporting regulations
 - Recruitment and appointment process of LPB members
 - LPB members mini biographies
 - LPB members register and declarations of interests
 - LPB approved training plan and members training logs
 - LPB Year 1 Work plan and outcomes
 - LPB recommendations made to the Administering Authority (Pension Committee)
 - LPB Actions log
 - Review of LPB compliance with the Pension Regulator's (tPR) Code of Practice No.14
 - Summary of LPB communications outlining links to the website
 - LPB operational costs for 2015-16
 - Assurance of the LPB Annual Report
 - LPB forward look to 2016-17 and proposed work plans
5. The intention is a draft LPB annual report will be presented to this Board meeting in July for approval.

Financial Considerations & Risk Assessment

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

Legal Implications and Environmental Impact of the Proposal

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

9. There are no known implications at this time.

Reasons for Proposals

10. The draft LPB annual report is an important document in the governance of the Fund. Therefore, its important Board Members are in agreement with its content ahead of drafting.

Proposals

11. The Board is asked to review the proposed content of the LPB Annual Report.

MICHAEL HUDSON
Treasurer to the Pension Fund

Report Author: David Anthony, Head of Pensions

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

LOCAL PENSION BOARD – Work Plan

Meeting:	16-Jul-15	22-Oct-15	14-Jan-16	07-Apr-16	20-Jul-16	20-Oct-16	12-Jan-17	Apr 17	Jul 17	Oct 17	Jan 18	Apr 18	Jul 18	Oct 18	Jan 19
Statutory Items:															
Membership	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Attendance of Non Members	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Apologies for absence	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Minutes of last Board & matters arising not on agenda		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Chairman's announcements	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Declaration of Interest	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Public Participation	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Date of Next Meeting	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Urgent Items	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Main business items:															
Board Governance															
Election of Vice Chair	✓				✓				✓				✓		
Board Budget setting			✓				✓				✓				✓
Board KPIs to monitor				✓				✓				✓			
Board Annual Report				✓				✓				✓			
Review Board's Terms of Reference (if and as required)	✓				✓				✓				✓		
Board Annual Training Plan Update	✓	✓	✓			✓				✓				✓	
Training Item relevant to agenda		COI & Code of Conduct	tPR Code 14 and record keeping	2016 Triennial Valuation	Annual Reporting requirements	Data protection and quality standards	Complaints and dispute handling	Fraud prevention and mitigation	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Code of Conduct & Conflicts of Interest Policy	✓	✓												✓	
Role & purpose of the LPB	✓														
Forward Work Plan Review	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Review - how did the Board do?		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Meeting:	16-Jul-15	22-Oct-15	14-Jan-16	07-Apr-16	20-Jul-16	20-Oct-16	12-Jan-17	Apr 17	Jul 17	Oct 17	Jan 18	Apr 18	Jul 18	Oct 18	Jan 19
Fund Policies & Strategies															
Review Fund Annual Business Plan	✓		✓				✓				✓				✓
Review Admin Strategy			✓				✓				✓				✓
Review Admin Authority Discretions			✓								✓				
Review Governance Compliance Statement				✓				✓				✓			
Review Funding Strategy Statement								✓							
Review Statement of Investment Principles/compliance with FRC stewardship code					✓				✓				✓		
Financials & Audit															
Review Fund Annual Report		✓				✓				✓				✓	
Review Fund Annual Accounts		✓			✓				✓				✓		
Review Internal Audit Report	✓	✓			✓				✓				✓		
Review External Audit Report		✓				✓				✓				✓	
Input to Annual External Audit Plan				✓				✓				✓			
Input to Annual Internal Audit Plan						✓				✓				✓	
Administration															
Review employers compliance (data)						✓			✓				✓		
Review Fund fraud risk prevention and mitigation measures						✓								✓	
Review Fund website contents/resilience							✓								✓
Review of Fund IDRPs procedures & cases							✓								✓
Review Fund Communications (employers/members)				✓				✓				✓			
Review of Data Security & Business Recovery									✓				✓		
Review GMP reconciliation process										✓					

Meeting:	16-Jul-15	22-Oct-15	14-Jan-16	07-Apr-16	20-Jul-16	20-Oct-16	12-Jan-17	Apr 17	Jul 17	Oct 17	Jan 18	Apr 18	Jul 18	Oct 18	Jan 19
Fund Governance															
Scheme Legal, Regulatory & Fund update	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Review of Risk Register		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Fund update & comments on minutes of PC & ISC	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Review Fund Training Programme			✓				✓				✓				✓
Review all Fund Declarations of Interest				✓				✓				✓			
tPR Code of Practice 14/record keeping compliance survey results				✓								✓			
Results of national LGPS KPI survey and Funds own KPIs					✓				✓				✓		
Review external advisor appointments process/controls and internal SLAs						✓								✓	
Review Triennial Valuation Process						✓									
Review fund delegations and internal controls							✓								✓
Review CIPFA Admin, WM investment and other Fund benchmarking results							✓				✓				✓

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