

# AGENDA

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**Meeting:** Local Pension Board  
**Place:** The Kennet Room - County Hall, Trowbridge BA14 8JN  
**Date:** Thursday 13 July 2017  
**Time:** 10.30 am

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Please direct any enquiries on this Agenda to Libby Johnstone, of Democratic Services, County Hall, Bythesea Road, Trowbridge, direct line 01225 718214 or email [libby.johnstone@wiltshire.gov.uk](mailto:libby.johnstone@wiltshire.gov.uk)

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## Chairman's Briefing

Date	Time	Location
13 <sup>th</sup> July 2017	9:30am	North Wilts Room

## Membership:

David Bowater  
Cllr Richard Britton  
Lynda Croft  
Sarah Holbrook

Mike Pankiewicz  
Howard Pearce (Chairman)  
Barry Reed

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## **RECORDING AND BROADCASTING NOTIFICATION**

Wiltshire Council may record this meeting for live and/or subsequent broadcast on the Council's website at <http://www.wiltshire.public-i.tv>. At the start of the meeting, the Chairman will confirm if all or part of the meeting is being recorded. The images and sound recordings may also be used for training purposes within the Council.

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### **Public Participation**

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

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

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

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

## **PART 1**

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

1 **Membership**

To note any changes to the membership of the Board.

2 **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 9 - 26*)

To confirm as a true and correct record the public minutes of the previous meeting held on 6 April 2017.

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

5 **Declarations of Interest**

To receive any declarations of disclosable interest.

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

6 **Chairman's Announcements**

To receive any announcements through the Chairman.

7 **Public Participation and Councillors Questions**

The Board welcomes contributions from members of the public.

**Statements**

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

**Questions**

Those wishing to ask questions are required to give notice of any such questions in writing to the officer named above (acting on behalf of the Corporate Director), no later than 5pm on Thursday 6 July in order to be guaranteed a written response prior to the meeting. Any question received between the above deadline, and no later than 5pm two clear working days before the meeting, may

only receive a verbal response at the meeting.

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

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

8 **Election of the Vice-Chairman**

To appoint a Vice-Chairman for the 2017-18 year from the scheme member representatives.

9 **Key Decisions of the Wiltshire Pension Fund Committee**

A verbal update will be provided on the key decisions arising from the Wiltshire Pension Fund Committee meeting held on 28<sup>th</sup> June.

10 **Training Item- Complaints and Dispute Handling**

The Benefits Manager will provide an overview of the complaints and dispute handling process for the Wiltshire Pension Fund.

11 **Scheme, Legal, Regulatory and Fund update** *(Pages 27 - 34)*

The Head of Pensions will provide an update on the latest Scheme, Legal, Regulatory and Fund matters, along with a report which presents the Fund's response to the amendment regulations consultation and provides an update on the insurance indemnity issue for Local Pension Board members.

12 **Risk Register Update** *(Pages 35 - 42)*

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

13 **Review of the Wiltshire Pension Fund Statement of Accounts** *(Pages 43 - 76)*

A report presents the Fund's financial accounts approved by the Wiltshire Pension Fund Committee for review.

14 **Internal Audit** *(Pages 77 - 92)*

A report outlines the Key Controls from South West Audit Partnership considered by the Wiltshire Pension Fund Committee.

- 15 **Feedback from the Wiltshire Pension Fund Annual General Meeting**
- The Head of Pensions will provide a verbal update on the Wiltshire Pension Fund AGM held on 21 June 2017.
- 16 **Review of Governance Compliance Statement** *(Pages 93 - 100)*
- A report presents the current Governance Compliance Statement for the Board to review.
- 17 **Local Pension Board Annual Report and Benchmarking** *(Pages 101 - 132)*
- A report presents the draft Local Pension Board Annual Report for review and provides links to examples from other Funds for benchmarking purposes.
- 18 **The Pensions Regulator Code of Practice 14 Survey Results** *(Pages 133 - 154)*
- The Head of Pensions presents the results from the Pensions Regulators Local Pension Board survey.
- 19 **Proposed Response to Scheme Advisory Board Local Pension Board Survey** *(Pages 155 - 158)*
- A report proposes the response to the above survey on behalf of the Local Pension Board.
- 20 **Review of Wiltshire Pension Fund Website** *(Pages 159 - 160)*
- A report introduces the Wiltshire Pension Fund website and requests feedback from Local Pension Board.
- 21 **Implementation of Costs Transparency** *(Pages 161 - 162)*
- A report from the Strategic Pension manager outlines the Fund's implementation of cost transparency for the Board to consider.
- 22 **How did the Board do?**
- The Chairman will lead a discussion on how the meeting went and request feedback on how the Board could be developed, and for members to feedback any relevant updates.
- 23 **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.

24 **Date of next meeting and forward plan** (Pages 163 - 166)

The next meeting of the Board will be held on 18 October, other future dates can be found [here](#).

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

25 **Exclusion of the Public**

To consider passing the following resolution:

To agree that in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the business specified in Item Numbers 26-29 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.**

26 **Local Pension Board Insurance Indemnity** (Pages 167 - 188)

The Head of Pensions will provide a update on the requirement to implement an Insurance Indemnity Policy.

27 **Brunel Pension Partnership and Investment Pooling** (Pages 189 - 222)

An update on the progress of the Brunel Pension Partnership implementation.

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

A verbal update on the key decisions of the Wiltshire Pension Fund Committee and Investment Sub Committee held on 28<sup>th</sup> June and 6<sup>th</sup> July 2017.

29 **Minutes** (Pages 223 - 232)

To confirm as a true and correct record the Part 2 minutes of the meeting held on 6 April 2017.

## **LOCAL PENSION BOARD**

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### **MINUTES OF THE LOCAL PENSION BOARD MEETING HELD ON 6 APRIL 2017 AT THE KENNET ROOM - COUNTY HALL, TROWBRIDGE BA14 8JN.**

#### **Present:**

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

#### **Also Present:**

Cllr Tony Deane

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#### **1 Membership**

There were no changes to the membership of the Board.

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

Cllr Tony Deane (Chairman of the Pension Fund Committee) and Ian Colvin  
(Hymans Robertson) were in attendance.

#### **3 Apologies**

Apologies for absence were received from Sarah Holbrook and Cllr Christopher  
Newbury who later joined the meeting on discussion of item 15.

#### **4 Minutes**

Members discussed the minutes of the previous meeting and attached action  
log. The Head of Pensions confirmed details of the 'other work' that contributed  
to the total figure for the administration cost of the LGPS in the CIPFA  
benchmarking report, namely officer time in overseeing investments and  
accounting. Following questions on the action log, it was confirmed that  
Investec had offered to run a training course for the Board, Committee  
members would also be invited. It was noted that one Board member had yet to  
complete the Pensions Regulator Toolkit.

#### **Resolved:**

**To confirm the Part 1 minutes of the meeting held on 25 January 2017.**

**To note the Board's action log.**

## 5 **Declarations of Interest**

Members were reminded to review their Register of Interest form to ensure it was up to date.

An interest was later declared under item 22 below.

## 6 **Chairman's Announcements**

The Chairman advised the Fund's Annual General Meeting was to be held on 21<sup>st</sup> June, 10am in Trowbridge, and was open to employers, members of the Fund, and other interested stakeholders.

Board members were also encouraged to attend a Pensions and Lifetime Savings Association course 16<sup>th</sup>-17<sup>th</sup> May, and a CIPFA Local Pension Board annual event on 28<sup>th</sup> June. It was understood that a three day LGPS Fundamentals course would be advertised soon and members were encouraged to look out for it.

## 7 **Public Participation and Councillors Questions**

There were no members of the public present.

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

The Board considered the minutes and key decisions for recent meetings of the Wiltshire Pension Fund Committee and Investment Sub Committee. It was noted that the Committee had considered a regulatory update, Treasury Management Plan, and approved a budget for the Fund with flexibility to allow variations to be approved by the Treasurer between meetings. The Committee, on considering the Fund's outturn report, had requested that future reports distinguish between controllable and non-controllable costs in respect of administration and investment costs. It was noted that the Committee had agreed to release a bespoke funding level metric to the Scheme Advisory Board (SAB) and approved a change in gilt allocations to allow the Fund to take first steps towards Liability Driven Investing.

**Resolved:**

**To note the minutes and key decisions of the Wiltshire Pension Fund Committee and Investment Sub Committee.**

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

The Head of Pensions advised that the scheme, legal, regulatory and fund update had been colour-coded to reflect the Fund's Risk Register. The impact of the Markets in Financial Instruments Directive II (MiFid II) consultation was discussed since it would impact on asset pooling and the investments the Fund



could make due to potentially re-classifying the Fund as a 'retail investor'. It was understood that the Local Government Association was taking advice on this impact of MiFid II and that Funds would seek status as a 'professional investor', however this could be difficult to achieve since it required appropriately qualified people supporting the Fund, and for the Fund to be completing a minimum number of trade transactions per quarter.

The Board discussed the SAB Code of Transparency for investment fees, it was explained that there was no published timeline for this however the LGPS was already quite far advanced in working in this way.

The Chairman noted that the SAB Chair had recently issued a statement about asset pooling and recommended this be circulated to Board members. It was also considered that statements from Government Ministers and the Pensions Regulator should be monitored as they may indicate a future direction of travel that Funds should be aware of.

**Resolved:**

**To note the changes highlighted in the Scheme, Legal, Regulatory and fund update.**

**To circulate the SAB Chairman's recent statement about investment pooling.**

**To recommend that officers monitor Ministerial national LGPS Scheme Advisory Board (SAB) and Pensions Regulator statements and include this in updates to the Board when appropriate.**

10 **Data Protection and Quality Standards**

Ian Colvin, Hymans Robertson, presented a training session on the Fund's requirements for data protection and quality standards in line with the Pension Regulator Code of Practice and latest guidance.

The advisor explained the importance of clean data as an asset to the Fund and the importance of a policy for the retention of records, data cleansing and reconciliations. The definitions of common, conditional and numerical data were explained, and members understood a paper would be brought to a future meeting on data management specific to the Fund. Common issues with data management, and the impact of data on the valuation experience and pension liabilities was discussed.

The Board recognised the issue of members not notifying the Fund of a cohabiting partner who should receive their pension benefits. Officers confirmed the Wiltshire Pension Fund reminded members via the Annual Benefit Statement to update details, and it was suggested that individual employers could also remind their employees to do this by way of a notice on their payslip.

The role of the Information Commissioners Office was discussed and it was questioned who the named Data Protection Officer was for the Fund. In summary, the Head of Pensions advised that a report would be brought to a future meeting of the Board on the Fund's adherence to data standards, plans for improvement and data cleansing, the Chairman requested this report cover key data risks.

**Resolved:**

**To thank Ian Colvin for the informative presentation.**

**To note the requirements for data protection and quality standards in line with the Pension Regulator Code of Practice.**

**To request that officers establish who the named Data Protection Officer is for the Wiltshire Pension Fund.**

**To note that a report on data protection and quality standards would be presented to a future meeting and request this report include key risks for data management.**

#### 11 **Wiltshire Pension Fund Administration Key Performance Indicators**

A report updated the Board on the implementation of Key Performance Indicators for the Fund in respect of its administration service. The Head of Pensions explained performance was difficult to measure since it also relied on employer and employee members supplying information to the Fund, this often resulted in delays outside of the Fund's control. It was requested that statutory timescales for processes be factored into the KPIs so that it would be shown if the Fund had not met these.

The Board discussed future plans for Key Performance Indicators and it was highlighted that once the Fund has worked to these, similar indicators would be extended to employers. Members considered the merits of comparing the Board's achievement of KPIs compared to other Funds and agreed it should be a priority for the future, it was also noted that it would be useful to see the cost of each process to the Fund. Members were aware that CIPFA benchmarked Wiltshire against other Funds on an administrative basis, this was a useful tool but more of an approximation since funds measured processes and costs with different types of data. The Head of Pensions concluded that officers would now use the KPIs to start collecting data and would present quarterly reports to the Board.

**Resolved:**

**To note the proposed KPIs for measuring the summary of the Fund's performance against key performance indicators and to request that statutory timeframes for administration processes are factored into the KPIs.**

**To recommend that once the KPI process is established it is developed to allow comparisons to be made against other Funds and to identify the administration costs associated with each process.**

12 **Risk Register update**

A report presented the current Risk Register for the Fund which highlighted two risks increasing from green to amber since the last report: PEN011: Lack of expertise of Pension Fund Officers and PEN012: Over-reliance on key officers. The Fund had been unable to recruit to the Pension Fund Accountant post to cover maternity leave, the Investment Officer had recently left the Fund and the Systems Manager and Senior Systems Officer had both resigned to take up other roles externally. It was also explained that the Strategic Pension Manager was committed to the Brunel Pension Partnership for 3 days a week.

The Head of Pensions advised that the Strategic Pension Manager would be available to the Fund for two weeks in April for the close of the accounts and the Fund Development Manager was covering the Systems roles. The Fund was also being supported by consultants from Hymans Robertson. It was noted that the Committee had requested that Financial Instruments Directive II (MiFid II, and the impact of an increasing number of Multi Academy Trusts, be added to the Risk Register. On discussion of succession planning for staff, it was noted that the Apprenticeship Levy would be a tool for the Fund to train new staff, however it was suggested that the Fund may also benefit from a graduate recruitment scheme.

**Resolved:**

**To note the report and measures being taken to mitigate risks.**

**To recommend that consideration is given in the future to developing a graduate recruitment programme for the Fund.**

13 **Internal Audit Key Controls report and update on actions from previous audits**

A report from both the Head of Pensions and the South West Audit Partnership presented the Key Controls report for the Wiltshire Pension Fund and provided an update of the actions from the previous reports. SWAP had given the Fund a 'Reasonable Assurance' opinion, there were no significant findings in the report with only two medium risks identified. Of the two medium risks, the outstanding reconciliations between Altair and SAP were now back up to date, the reconciliation between Altair and Pension Payroll remained and was being addressed as part of the GMP reconciliation project. In respect of compliance with the Pension Regulator's Code of Practice No.14 there were no significant findings and the Fund was found to be fully compliant in publishing information about the scheme and managing risk.

The impact of asset pooling on auditing arrangements was discussed and it was considered that the Fund's auditors would need to collaborate with the auditors for Brunel Pension Partnership (BPP); officers were considering the client relationship between the Fund and BPP.

**Resolved:**

**To note the attached SWAP internal audit report.**

14 **Review of Investment Strategy Statement**

It was summarised that the Fund's Investment Strategy Statement (ISS) had been approved by the Committee on 23 March 2017 following a consultation process opened up to the Board, Committee members, employers and also scheme members. A summary of the feedback was attached to the agenda and the Head of Pensions explained the reasons why the Fund was required to publish an Investment Strategy Statement.

On considering the process for setting the ISS, Board members congratulated officers on the consultation process and in achieving the regulatory requirements of the document. The Board considered it sensible that the document be reviewed in 12-18 months in light of asset pooling.

**Resolved:**

**To note the Investment Strategy Statement and associated future review process in 12-18 months time in light of asset pooling.**

15 **Business Plan update**

A report presented an updated Business Plan with revised target dates and priorities, as requested by the Board. Members considered high resource risk items such as establishing Brunel Pension Partnership. It was noted that although the tender process for appointing an Actuary was a high priority it was not yet time critical. It was explained that the Business Plan would be reviewed in 2018 and would also include priorities in respect of Brunel Pension Partnership.

**Resolved:**

**To note the updated Business Plan, including revised dates and priorities.**

16 **Review of Fund Communication**

Communication Manager, Zoe Stannard, updated the Board on the Fund's current communications strategy. It was explained that the strategy had been developed in 2015 and included various mediums of communication to all types of members and stakeholders of the fund including: website updates, Annual Benefit Statements and Newsletters. The officer highlighted that the team

offered Pension Clinics for members of the Fund to meet with officers, these meetings had proven very popular and further dates were being offered. The Communication Manager was also able to give presentations to groups of staff in their place of employment upon request. Latest developments in the Fund's communications methods included the Fund's first AGM which had been scheduled for 21<sup>st</sup> June 10am, Wiltshire Pension Fund also now had a Twitter account to communicate messages.

In response to questions, it was confirmed that the number of visitors to the Fund's website could be measured, however this was upon request due to capacity restraints within the Web team. It was suggested that a notice could be put on the Fund's phone system to redirect queries to the website; it was explained that phone calls and queries submitted via the website were processed in the same way. The Board concluded it was very happy with the communication strategy, especially due to the pressure on resources as a result of Brunel Pension Partnership.

**Resolved:**

**To thank Zoe Stannard for the informative presentation.**

17 **How did the Board do?**

Members were satisfied with the progress of the Board meetings.

18 **Urgent items**

There were no urgent items.

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

It was noted that the next meeting was to be held on 13<sup>th</sup> July 2017, at which officers would be able to feedback on the outcome of the AGM and the Board would also review the Governance Compliance Statement.

20 **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 Item Numbers 21-25 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraph 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.**

21 **Review of Internal Dispute Procedures**

A report outlined the process for Internal Dispute Resolution for the Board to review.

**Resolved:**

**To note the IDR process and the update provided on latest developments.**

**To recommend the complaint form be amended to clarify applicability in respect of spouses and co-habiting partners.**

22 **Brunel Pension Partnership update**

The Board received an update on the progression of Brunel Pension Partnership.

Howard Pearce declared that he had applied for a position as a Non-Executive Director of Brunel Pension Partnership, the Board confirmed it was satisfied this did not warrant a conflict of interest requiring the Chairman to leave the meeting.

**Resolved:**

**To note the update on the progress of Brunel Pension Partnership and request a future briefing on the fund's revised governance structures in light of asset pooling.**

23 **Local Pension Board Indemnity Insurance Update**

Members considered the purchase of an indemnity policy for the Board.

**Resolved:**

**To defer the decision on insurance indemnity to the next meeting to allow for consultation with other Funds within Brunel Pension Partnership.**

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

Members were presented with the confidential minutes of the Wiltshire Pension Fund Committee held on 23 March 2017 and Investment Sub Committee held on 1 March 2017.

**Resolved:**

**To note the minutes and key decisions of the Wiltshire Pension Fund Committee and Investment Sub-Committee.**

25 **Minutes**

**Resolved:**

**To confirm the Part 2 minutes of the meeting held on 25 January 2017**

(Duration of meeting: 11.00 am - 1.35 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](mailto:elizabeth.beale@wiltshire.gov.uk)

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

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## Local Pension Board Action log

A full action-tracker showing complete and pending items is included to monitor progress from the last 3 Board meetings. Actions identified prior to this are include only where they remain outstanding. Actions in bold denote where the action is a formal recommendation of the Board.

	<b>Action</b>	<b>Who</b>	<b>Deadline</b>	<b>Completed</b>
	<b>January 2016</b>			
3.5	To recommend that officers communicate the implications of the public sector exit cap to the Fund's members once known	DA	December 2017	
3.10	Board members to complete the tPR on-line toolkit within 12 months of appointment	DA	July 2016	
3.12	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	
	<b>April 2016</b>			
4.7	To endorse the Governance Compliance statement and recommend that lay membership and voting rights be reviewed following the proposed asset pooling as part of the compliance process and pooling arrangements.	DA	April 2017	
	<b>July 2016</b>			
5.12	To request that a benchmarking exercise of LPB annual reports be undertaken in comparison with other Boards in early 2017.	DA	January-April 2017	

	<b>October 2016</b>			
6.1	To request that the Section 151 officers considers how assurances are provided in future that the fund is audited against 2014 LGPS regulations, Pensions Statement of Recommended Practice (SORP 2014 edition), CIPFA 2014 guidance on LGPS funds annual reports, and LGPS funds 2015/16 accounting disclosures	DA/MH	March 2017	
6.2	<b>To make amendments to the minutes of the previous meeting.</b>	LB	October 2016	
6.3	<b>To request that pending items on the Action Log be coded amber.</b>	DA	January 2017	
6.4	<b>To request that items coded 'Red' on the Action Log, where no update is available for this meeting, be considered at the next meeting.</b>	DA	January 2017	
6.5	<b>To investigate points raised by statements from the public in respect of the Risk Register.</b>	DA/LB	January 2017	
6.6	<b>To request that the Fund's Position Statement on Fossil Fuel Divestment is published on the website.</b>	DA	ASAP	
6.7	<b>To request that officers circulate the CIPFA guidance notes on investment pooling to members.</b>	DA	ASAP	
6.8	<b>To request that the tPR checklist on publishing scheme information is used for the next Annual Report.</b>	DA	September 2017	
6.9	<b>To request that Cllr Newbury submit his concerns with the Code of Conduct and Conflict of Interest Policy in writing to the Chairman of Board so that a comparison with the policies of other Local Pension Boards may be undertaken and that legal advice on the policy document may be sought in respect of these concerns prior to review by the Committee.</b>	CN/LB	October 2016	

6.10	To request that references to the Scheme Advisory Board in the Code of Conduct and Conflict of Interest Policy are updated.	LB	December 2016	
6.11	To request that the presentation delivered to employers at the meeting on 13 October be circulated to attendees at that event to assist them in relaying the information to colleagues.	DR	ASAP	
6.12	To request that an update be provided to the next meeting on late employer contributions and measures that could be taken to manage this.	DA	January 2017	
6.13	To note the Annual Report and Financial Statements and to recommend the following stylistic changes:  •References to 'Wiltshire County Council' be amended to 'Wiltshire Council'. •Paragraphs in the 'Local Pension Board' sections be brought forward to Page 6 of the report.	DA	ASAP	
6.14	To recommend that the Fund's Annual Report and Local Pension Fund Annual Report be separate documents on the website.	DA	ASAP	
6.15	To note the progress of the implementation of the current Board Training Plans and to revisit training plans (including the progress of each member) at the January meeting	DA	January 2017	
6.16	To request that the Training Handbook is published online.	DA	ASAP	
6.17	To request that members notify the Head of Pensions of training sessions they have attended.	Board	Ongoing	
6.18	That Board members complete the Pensions Regulator toolkit before the end of 2016 and update the Head of Pensions accordingly.	Board	December 2016	
6.19	To seek expressions of interest from at least one member of the Board	DA/LB	ASAP	

	<b>attend the LGE LGPS 'Trustees' Training Fundamentals three-day course.</b>			
6.20	<b>To request that meeting dates for 2017/18 be included on the Forward Plan.</b>	DA	January 2017	
6.21	<b>To request that members feedback further comments following the publication of CIPFA guidance.</b>	Board	ASAP	
6.22	<b>To request that the legal assurances on Brunel are released with the Business Case.</b>	DA	December 2016	
6.23	<b>To request the consequence of asset pooling on staffing and the auditing arrangements within the Fund be considered with the Business Case.</b>	DA	December 2016	
6.24	<b>To encourage the Fund to engage in dialogue with the Scheme Advisory Board in respect of funding metrics.</b>	DA	December 2016	
	<b>January 2017</b>			
7.1	Cut down action-tracker to include complete and pending items for the last 3 Board meetings only. Actions identified prior to this to be included only where they remain outstanding.	LB	April 2017	
7.2	Officers to re-grade an assessment of Wiltshire Pension Fund Committee performance to medium priority on the Business Plan.	DA	March 2017	
7.3	<b>To make agreed amendments to the minutes of the meeting held on 20 October 2016.</b>	LB	ASAP	
7.4	<b>To request that a proposal for a commercial indemnity insurance be presented to the next meeting in the event that the Fund has not heard back from the Scheme Advisory Board. To request that this report also incorporates research from other Funds as to whether they have, or are</b>	DA	April 2017	

	<b>purchasing, a commercial policy.</b>			
7.5	<b>To note the update and request that the statement in response to public statements on fossil fuel divestments be published.</b>	LB	ASAP	
7.6	To circulate the response to public questions on fossil fuels to members.	LB	ASAP	
7.7	<b>To recommend that items on the consultation update are colour-categorised to correspond with the Wiltshire Pension Fund Risk Register.</b>	DA	April 2017	
7.8	<b>To recommend that the Pensions Regulator toolkit on data management be added to the regulatory update.</b>	DA	April 2017	
7.9	<b>To recommend to officers that the update on Scheme, Regulatory, Legal and Fund matters is also presented to meetings of the Wiltshire Pension Fund Committee.</b>	DA	Ongoing	
7.10	<b>Members to review their Register of Interest and notify the Board Secretary of any changes required.</b>	Board	April 2017	
7.11	To circulate the tPR data management toolkit and organise training on data management.	DA	April 2017	
7.12	<b>To recommend that the risk of reduced resource in the Accountancy team be added to the Risk Register, due to the potential impact on the production of the accounts by June 2017.</b>	CD	April 2017	
7.13	<b>To request that an update on actions arising from the Audit be provided to the next meeting.</b>	DA/SWAP	April 2017	
7.14	<b>To request that an example of tracking late contributions be brought to the October meeting.</b>	DA	October 2017	
7.15	<b>To request that SWAP benchmark the fund against other similar funds in a future audit report.</b>	DA/SWAP	January 2018	
7.16	<b>To request that training attended by members in their capacity as employer members also be included in the training log.</b>	DA	ASAP	
7.17	<b>To recommend that officers investigate potential training to be provided by Investec.</b>	DA	ASAP	

7.18	To request that when training events are offered to members, these are accompanied with a priority recommendation by officers.	EK	ASAP	
7.19	To request that Local Pension Board members be invited to the Brunel Pension Partnership engagement event, employer member events, and recommend that if feasible a networking session for Local Pension Boards within Brunel be organised	DA	ASAP	
7.20	To request that a benchmarking exercise is undertaken against the training undertaken by Board members of other Funds.	LB	ASAP	
7.21	Investment Strategy Statement to be circulated to Board members for their input over email.	DA	March 2017	
7.22	To recommend the draft budget for the Board to the Wiltshire Pension Board and recommend that the Committee delegate authority to the Treasurer of the Fund to authorise expenditure in addition to the agreed budget and between budget headings if required between meetings of the Committee, subject to ratification at the next available meeting.	DA	March 2017	
7.23	To note the updated position from the Business Plan to date and to recommend that officers review 'low priority' actions to evaluate if they should be either de-prioritise or upgraded to a higher priority level, and establish a process by which the Committee reconsiders deadlines for actions where they are not addressed within 12 months.	DA	ASAP	
7.24	Officers to confirm details of the 'other work' that contributed to the total figure for the administration cost of the LGPS in the CIPFA benchmarking report.	RV	April 2017	
7.25	Officers to circulate the PowerPoint presentation on Brunel.	DA	ASAP	
	<b>April 2017</b>			
8.1	Re-classify action 3.5 in respect of the public sector exit cap to end of 2017.	LB	July 2017	
8.2	To circulate SAB Chair's statement on investment pooling.	DA	ASAP	

8.3	<b>To recommend that officers monitor Ministerial, national LGPS Scheme Advisory Board (SAB) and Pensions Regulator statements and include this in updates to the Board when appropriate.</b>	DA	Ongoing	
8.4	<b>To request that officers establish who the named Data Protection Officer is for the Wiltshire Pension Fund.</b>	DA	July 2017	
8.5	<b>To note that a report on data protection and quality standards would be presented to a future meeting and request this report include key risks for data management.</b>	DA	January 2018	
8.6	<b>To note the proposed KPIs for measuring the summary of the Fund's performance against key performance indicators and to request that statutory timeframes for administration processes are factored into the KPIs.</b>	DA	September 2017	
8.7	<b>To recommend that once the KPI process is established it is developed to allow comparisons to be made against other Funds and to identify the administration costs associated with each process.</b>	DA	April 2018	
8.8	<b>To recommend that consideration is given in the future to developing a graduate recruitment programme for the Fund.</b>	DA	April 2018	
8.9	To provide feedback from the Fund's AGM.	DA	July 2017	
8.10	<b>To recommend the complaint form for internal disputes be amended to clarify applicability in respect of spouses and co-habiting partners.</b>	DA	ASAP	
8.11	<b>To defer the decision on insurance indemnity to the next meeting to allow for consultation with other Funds within Brunel Pension Partnership.</b>	DA	July 2017	
8.12	<b>To note the Investment Strategy Statement and associated future review process in 12-18 months time in light of asset pooling.</b>	DA	April 2017	

8.13	<b>To note the update on the progress of Brunel Pension Partnership and request a future briefing on the fund's revised governance structures in light of asset pooling.</b>	DA	July 2017	
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## WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD  
13 July 2017

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### **Scheme, Fund, Regulatory & Fund Update**

#### **Purpose of the Report**

1. The purpose of this report is to highlight the latest legal, regulatory and Fund updates.

#### **Background**

2. The attached appendix outlined the current and recent scheme and regulatory changes. The purpose is to keep the Board and Committee abreast at a high level of the latest changes and developments involving the Local Government Pension Scheme.
3. The Head of Pensions will provide a verbal update on these changes at this meeting for discussion with the Board.

#### **Considerations for the Board**

4. To note the discussions in relation to the latest scheme and regulatory updates as listed in the table in the appendix.

#### **Environmental Impact of the Proposal**

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

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

6. There are no known implications at this time.

#### **Financial Considerations & Risk Assessment**

7. There is no financial consideration resulting from this proposal.

#### **Proposals**

8. The Board is asked to note the changes highlighted within this report.

MICHAEL HUDSON  
Treasurer to the Pension Fund

Report Author: David Anthony, Head of Pensions

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

APPENDIX 1

Organisation	Subject	Link	Comments	Risk
HM Treasury	Pensions scams: consultation	<a href="https://www.gov.uk/government/consultations/pension-scams/pensions-scams-consultation">https://www.gov.uk/government/consultations/pension-scams/pensions-scams-consultation</a>	It had been expected the Government would come forward with proposals in the Queens Speech to address its concern over pension scams, but nothing was forthcoming, following the consultation undertaken late 2016/early 2017 on the issue.	
	Indexation and equalisation of GMP in public service pension schemes	<a href="https://www.gov.uk/government/consultations/indexation-and-equalisation-of-gmp-in-public-service-pension-schemes">https://www.gov.uk/government/consultations/indexation-and-equalisation-of-gmp-in-public-service-pension-schemes</a>	Although closed on 20 February 2017 we are awaiting further comment from Government on how to address the implications of State Pension reforms for Guaranteed Minimum Pensions (GMP) of public servants below State Pension age.	
	Reforms to public sector exit payments: response to the consultation	<a href="https://www.gov.uk/government/consultations/further-consultation-on-limiting-public-sector-exit-payments">https://www.gov.uk/government/consultations/further-consultation-on-limiting-public-sector-exit-payments</a>	Introduction of new regulations for the reform of public sector exit payment provisions appear to have been further delayed. It was originally anticipated that the £95k cap would be brought in from October 2016, but we now are unclear when formal changes required to be made to the LGPS will be brought forward for consultation. Similarly, the recovery of exit payments for high earners who are re-employed was expected to be introduced from April 2016, but this too has been delayed and we are unclear when it will eventually be introduced. The Government has also responded to the consultation on reforming exit payments across the public sector. This confirms that reforms will go ahead, including limits on employer funded early access to pension benefits (e.g. redundancy and business efficiency retirements in the LGPS). DCLG will now consider how the LGPS regulations need to be amended to deliver the policy intention, but again we are unclear when any proposals will be put out to consultation.	
HM Revenues & Customs	Revenue and Customs Brief 14 (2016): VAT, Deduction of VAT on pension fund management costs following Court of Justice of the European Union decision in PPG	<a href="https://www.gov.uk/government/publications/revenue-and-customs-brief-14-2016-vat-deduction-of-vat-on-pension-fund-management-costs-following-court-of-justice-of-the-european-union-decision/revenue-and-customs-brief-14-2016-vat-deduction-of-vat-on-pension-fund-management-costs-following-court-of-justice-of-the-european-union-decision">https://www.gov.uk/government/publications/revenue-and-customs-brief-14-2016-vat-deduction-of-vat-on-pension-fund-management-costs-following-court-of-justice-of-the-european-union-decision/revenue-and-customs-brief-14-2016-vat-deduction-of-vat-on-pension-fund-management-costs-following-court-of-justice-of-the-european-union-decision</a>	Changes to the reclamation of VAT on fund management costs may affect LGPS funds once pooling is in place. These changes were originally due with effect from 1st January 2017 but have now been pushed back to 1st January 2018. Project Brunel will be keeping an eye on how it is evolving and take appropriate advice. Consultation closed 31 December 2017	

Organisation	Subject	Link	Comments	Risk
DCLG	Local government pension scheme statistics	<a href="https://www.gov.uk/government/collections/local-government-pension-scheme">https://www.gov.uk/government/collections/local-government-pension-scheme</a>	This collection brings together all statistics on the local government pension scheme in England and Wales	
	LGPS Regulations: Best Value & Fair Deal consultation	<a href="https://www.gov.uk/government/consultations/local-government-pension-scheme-regulations">https://www.gov.uk/government/consultations/local-government-pension-scheme-regulations</a>	We are still awaiting a further consultation on how the changes to Fair Deal introduced in 2013 will be applied across the employers in the LGPS (excluding academies for whom the new Fair Deal applied with immediate effect).	
	Guidance on Preparing and Maintaining an Investment Strategy Statement' (ISS)	<a href="https://www.gov.uk/government/publications/local-government-pension-scheme-guidance-on-preparing-and-maintaining-an-investment-strategy-statement">https://www.gov.uk/government/publications/local-government-pension-scheme-guidance-on-preparing-and-maintaining-an-investment-strategy-statement</a>	<p>On 23rd June, the High Court published its judgment in a judicial review case concerning the statutory guidance DCLG issued to accompany the LGPS (Management and Investment of Funds) Regulations 2016.</p> <p>The High Court ruled that the section of the statutory Guidance on preparing and maintaining an Investment Strategy Statement stating that funds should not pursue policies that are contrary to UK foreign policy or UK defence policy was unlawful. The High Court found that the Secretary of State had exceeded his regulation making powers by using the guidance to protect government foreign policy and UK defence policy, which, in the judge's view, were not policies for "pension purposes". The Secretary of State was held to have acted for an unauthorised purpose and therefore unlawfully.</p> <p>We understand DCLG are considering whether to appeal against this aspect of the judgment.</p>	
The Pension Regulator (TPR)	Public Sector pensions website update	<a href="http://www.thepensionsregulator.gov.uk/public-service-schemes.aspx">http://www.thepensionsregulator.gov.uk/public-service-schemes.aspx</a>	The Regulator dedicated public sector web pages provides a wealth of information regarding its Code of Practice 14 and public service toolkit. The toolkit which provides a foundation to effective scheme governance and administration has been updated and additional guides and checklist have been published.	
	Annual survey of public sector schemes	<a href="http://www.thepensionsregulator.gov.uk/docs/public-service-research-2017.pdf">http://www.thepensionsregulator.gov.uk/docs/public-service-research-2017.pdf</a>	To help the Regulator focus its efforts it issued a survey to all public service pension schemes in autumn 2016, to assess how they were being run. This built on a previous survey in summer 2015.	

Organisation	Subject	Link	Comments	Risk
			<p>The findings from this survey were published in May 2017.</p> <p>The top risks identified across all public sector schemes were governance, internal controls, record keeping and member communications. Wiltshire Pension Fund will be considering the findings of this latest survey and bringing forward recommendations for any changes required in the coming weeks and months.</p>	
	Record Keeping Guide	<a href="http://www.thepensionsregulator.gov.uk/docs/record-keeping-quick-guide.pdf">http://www.thepensionsregulator.gov.uk/docs/record-keeping-quick-guide.pdf</a>	A quick guide designed to understand what record keeping is important and steps needed to take to ensure records are complete and accurate.	
	Self Assessment Tool for Public Service Pension Schemes	<a href="http://www.thepensionsregulator.gov.uk/docs/PS-assessment-tool.xls">http://www.thepensionsregulator.gov.uk/docs/PS-assessment-tool.xls</a>	The TPR toolkit for Funds to complete to check their own compliance with the Code of Practice is available for Committee and Pension Board members to use.	
<b>Information Commissioners Office</b>	General Data Protection Regulations (GDPR)	<a href="https://ico.org.uk/for-organisations/data-protection-reform/overview-of-the-gdpr/">https://ico.org.uk/for-organisations/data-protection-reform/overview-of-the-gdpr/</a>	<p>Comes into effect in May 2018 and replaces the Data Protection Act 1998. Introduces new obligations on data controllers. The Fund is both a data controller and a data processor and needs to ensure that it has appropriate processes in place in order to comply with the changes being introduced.</p> <p>We will need to ensure we have controls in place to ensure security of member data, ensure anyone will access to scheme and member information is suitably vetted and trained, and have measures in place to avoid security breaches and loss of data.</p> <p>Significant fines can be levied where any failure occurs.</p> <p>Significant amount of work required to ensure compliance. Currently working closely with the Wiltshire Council project team and other LGPS administering authorities to ensure we are compliant with any new requirements.</p>	

Organisation	Subject	Link	Comments	Risk
Government Actuaries Department (GAD)	No updates have been issued by GAD since the last Pension Board meeting			
Financial Conduct Authority (FCA)	CP16/29: Markets in Financial Instruments Directive II implementation – Consultation Paper III	<a href="https://www.fca.org.uk/publications/consultation-papers/cp16-29-mifid-ii-implementation">https://www.fca.org.uk/publications/consultation-papers/cp16-29-mifid-ii-implementation</a>	This consultation closed on 4 January 2017, and looked at the Markets in Financial Instruments Directive II (MiFID II) which takes effect on 3 January 2018. The main concern for the LGPS is all investors would be treated as “retail” investors as opposed to “professional” clients. This would have significant implications for the investments available to LGPS Funds and significantly impede the implication of investment pooling. A response was drafted by the Brunel Pension Partnership on behalf of the 10 Founder Funds and can be viewed at the following link: <a href="https://www.brunelpensionpartnership.org/en/news/2017/01/bpp-response-to-mifid-ii-consultation">https://www.brunelpensionpartnership.org/en/news/2017/01/bpp-response-to-mifid-ii-consultation</a>	
Scheme Advisory Board (SAB)	Academies’ review	<a href="http://www.lgpsboard.org/index.php/structure-reform/review-of-academies">http://www.lgpsboard.org/index.php/structure-reform/review-of-academies</a> <a href="http://www.lgpsboard.org/index.php/structure-reform/review-of-academies">http://www.lgpsboard.org/index.php/structure-reform/review-of-academies</a>	SAB in support of its work plan for 2016/17, invited proposals from interested parties to assist it in developing options with regard to the plan to convert all schools to academies and what this would mean for LGPS pension funds and their host authorities.  The resulting PwC report “Options for Academies in the LGPS” commissioned by the Board is published in May 2017. The report identified and highlighted problems/issues experienced by stakeholders. No recommendations were made in the report, although the potential benefits of new approaches to the management of academies within the LGPS were highlighted.  SAB has said that it will continue to gather relevant evidence before developing specific proposals and recommendations for submission to Ministers for their consideration	
	Investment fees - Code of Transparency	<a href="http://www.lgpsboard.org/index.php/structure-reform/cost-transparency">http://www.lgpsboard.org/index.php/structure-reform/cost-transparency</a>	The move toward investment fee transparency and consistency is seen by the Board as an important factor in the LGPS being perceived as a value led and innovative scheme. Transparency is also a	

Organisation	Subject	Link	Comments	Risk
			<p>target for the revised CIPFA accounting standard issued for inclusion in the statutory annual report and accounts and included in the government's criteria for pooling investments.</p> <p>To assist LGPS funds in obtaining the data they require in order to report costs on a transparent basis SAB has published its Code of Transparency in May 2017. The Code is voluntary and asset managers who sign up will demonstrate their commitment to transparent reporting of costs. SAB will procure a third party to monitor compliance of those who sign up.</p>	
	Annual report	<a href="http://www.lgpsboard.org/index.php/schemedata/scheme-annual-report">http://www.lgpsboard.org/index.php/schemedata/scheme-annual-report</a>	Issued in May 2017, setting out a single source of information about the status of the LGPS for its members, employers, and other stakeholders.	
	LPB Survey	<a href="http://www.lgpsboard.org/survey.php">http://www.lgpsboard.org/survey.php</a>	This was launched in May, with a closing date of the end of July 2017. The aim is to assess the effectiveness and compliance of local pension boards. SAB expect it to be completed by Chairs of pension and investment committees, chairs of local pensions boards and officers or other stakeholders. The findings will be reported to SAB in October 2017, although it is unclear whether recommendations will then be made to Ministers.	
	Tier 3 employers	<a href="http://www.lgpsboard.org/index.php/board-publications/invitation-to-bid">http://www.lgpsboard.org/index.php/board-publications/invitation-to-bid</a>	Covers those Fund employers with no tax raising powers or guarantee. SAB is keen to identify the risk to LGPS Funds of default by such employers. There are currently two concurrent phases of work involved – collating data and identification of issues. SAB will then assess the risks to Funds and consider next steps	
CIPFA	No updates have been issued by CIPFA since the last Pension Board meeting			
Wiltshire Pension Fund	Update on Insurance Indemnity Issue		Still awaiting further guidance from Scheme Advisory Board. Quotes have been obtained to provide cover if required.	
	Ill Health Liability Insurance		The Fund is currently in the process of introducing ill health liability insurance via Legal & General, which	

Organisation	Subject	Link	Comments	Risk
			will be available for each scheme employer to take up if they wish.	

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## WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD  
13 July 2017

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### WILTSHIRE PENSION FUND RISK REGISTER

#### Purpose of the Report

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

#### Background

2. The Committee approved a Risk Register for the Wiltshire Pension Fund at its meeting on 12 May 2009. Members requested that the highlights, particularly upward/downward movements in individual risks, be reported back to the Committee on a quarterly basis.
3. This update was considered by the Pension Fund Committee at its meeting on 28 June 2017.

#### Key Considerations for the Board / Risk Assessment

4. 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).
5. There are three risks increasing since the last report in April 2017.
6. **PEN011: Lack of expertise of Pension Fund Officers & PEN012: Over-reliance on key officers.** This has risen from amber to red although mitigation action has been prioritised to address this. At the moment the Technical & Compliance Manager is covering the Benefit's Manager maternity leave, and Hymans Robertson are providing additional technical support over the next 3 months. The Fund has now recruited the Pension Fund Accountant to cover maternity leave and found a replacement Investment Officer. The Systems Manager is currently being covered by the Fund Development Officer, leaving the Senior Systems Officer post still vacant. The Strategic Pension Manager has now resigned to take up another post in the private sector pensions market, which means a considerable loss of expertise. The Pension team roles are being considered for realignment to provide cover based on the changes and to take account of any changes to roles arising from the Brunel Pension Partnership.
7. **PEN026: Impact of MiFid II Regulations.** This is a new risk requested by this Committee to reflect the current concern of the implementation of MiFid II regulations from January 2018. This will categorise all LGPS Funds as "retail" investors and they will each have to opt up to "Professional" status otherwise they will not have access to the full range of current investments as its investment managers will be reluctant to deal with "retail" clients. In the worst case this may lead to a forced sale of assets. LGA are currently working with FCA on trying to obtain a workable solution, and whilst favourable comments have been forthcoming there is no confirmed position, therefore, this new risk is currently classified as amber.

8. **PEN020: Pooling of LGPS assets** remains a red risk. There has been a significant amount of resource required by officers to progress this project to implementation stage. This position will be kept under review, with mitigation options being considered as a clearer understanding of the potential movement of staff out of the Fund to the Brunel pool should be known within the next 3 months.
9. Work continues to mitigate where possible the risks above along with the other remaining medium risks highlighted on the risk register.

#### **Financial Implications**

10. There are no known implications from the proposals.

#### **Legal Implications**

11. There are no known implications from the proposals.

#### **Environmental Impacts of the Proposals**

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

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

13. There are no known implications at this time.

#### **Proposals**

14. 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

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

Wiltshire Pension Fund Risk Register							19-Jun-17			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	19 Jun 17	→
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 2016 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	19 Jun 17	→
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	19 Jun 17	→
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	Review procedures / policies to ensure compliant with Wiltshire Council Trans gender policy.	Craig Payne	Sep 17	2	1	2	Low	19 Jun 17	→
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. Concern that further information is still pending from Government.	2	2	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. Not anticipating implementation until Oct 2017.	Craig Payne	Sep-17	1	3	3	Low	19 Jun 17	→
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 records.	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. Additional software from Heywood's to process amendments in bulk has been purchased.	2	4	8	Medium	Reconciliation project on-going. Ahead of most LGPS Funds but reliant on HMRC responses. Need to agree policies for tolerances with Committee prior to any rectification phase.	Mark Anderson	Dec-17	1	3	3	Low	19 Jun 17	→

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	19 Jun 17	→
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. This approach has been used for the 2016 Valuation.	David Anthony		2	2	4	Low	19 Jun 17	→
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	2	4	Low	The rates for the 2016 Valuation were presented in October. The better than expected investment performance along with improving membership experience and reviewing of assumptions has meant most increases have not been significant.	David Anthony		2	2	4	Low	19 Jun 17	→
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 consideration of all financial & non-financial risks including ESG issues.	Poor/negative investment returns, leading to increased employer contribution rates	David Anthony	Use of expert consultants in the selection of investment strategy and investment managers, regular monitoring of investment managers (1/4ly), regular reviews of investment strategy (annually). Monthly review of % of Fund held in each mandate. Also a flight path strategy implemented to take off risk as funding levels improve. Fund member of LAPFF & uses PIRC to proxy vote on shares in line with agreed policy for ESG issues. Compliance with Stewardship code.	2	1	2	Low	The implementation of the Stabilisation Policy limits increases for secure employer. This policy has continued in the 2016 Valuation. A new Investment Strategy Statement will be implemented by April 2017, following approval by this Committee in March.	David Anthony		2	2	4	Low	19 Jun 17	→
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 consideration of all financial & non-financial risks including ESG issues.	Poor/negative investment returns, leading to increased employer contribution rates	David Anthony	Use of expert consultants in the selection of investment strategy and investment managers, regular monitoring of investment managers (1/4ly), regular reviews of investment strategy (annually). Monthly review of % of Fund held in each mandate. Also a flight path strategy implemented to take off risk as funding levels improve. Fund member of LAPFF & uses PIRC to proxy vote on shares in line with agreed policy for ESG issues. Compliance with Stewardship code.	2	2	4	Low	A risk based framework is now in place to review employers long term financial stability. This informs the policy for stepping in contribution rates to assist in affordability issues where requested by an employer. A new Investment Strategy Statement will be implemented by April 2017, following approval by the Committee in March.	David Anthony		2	2	4	Low	19 Jun 17	→

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 new Cessation Policy in March 2016 to provide an updated agreed framework for recovery of payments. All new admitted bodies require a guarantor to join the Fund. It also provides additional flexibilities for the Fund dealing with employers cessation payments.	2	2	4	Low	Concern over ability for Head of Pensions to spend sufficient time covering the strategic employer issues with the on-going Brunel project. Additional time to be planned to assist in training Employer Relations Manager and new procedures being drafted.	David Anthony		2	1	2	Low	19 Jun 17	→
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 will review an updated Treasury Management Strategy at the March meeting which follows the same criteria adopted by Wiltshire Council but limits individual investments with a single counterparty to £6m.	3	1	3	Low	The Council uses Sector's credit worthiness service using ratings from three rating agencies to provide a score. Surplus cash is transferred to the Custodian at month end ensuring cash balances are minimal.	Catherine Dix		3	1	3	Low	19 Jun 17	→
PEN024	Impact of EU Referendum	Funding & Investments	The impact of the EU referendum	A vote to exit the EU may produce short term volatile market movements which could impact on asset performance.	David Anthony	The Fund has liaised with its investment managers on the potential impact of an exit. The Fund has agreed to revert to a 50% overseas equities hedged position for the current timeframe to reflect the current weakness of sterling.	3	2	6	Medium	Markets have appeared to have settled since the BREXIT vote. Will monitor markets as exit negotiations begin. Risk mitigation tools be considered by Investment Sub Committee to protect Fund from future downside risk.	Catherine Dix	Sep-17	3	1	3	Low	19 Jun 17	→
PEN026	Impact of MiFid II Regulations	Funding & Investments	New MiFID 2 investment regulations from Jan 2018 will classify LGPS Funds as "retail" investors. They will need to opt up to professional status	If Wiltshire Pension Fund is unable to attain "professional" status it will limit the range of investments available and may lead to the forced sale of assets.	David Anthony	The Fund is awaiting national guidance as LGA discuss implications for LGPS with FCA.	3	3	9	Medium	Fund to liaise with its investment managers to understand currently which investments would be impacted.	Catherine Dix	Sep-17	3	1	3	Low	19 Jun 17	↑
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	3	6	Medium	The amount of employers (170) to review and monitoring is too high for current resource level and in order to ensure compliance with TPR Code, need to ensure each missed payment is reported to Regulator after 90 days. A revised contributions framework is currently being implemented, but vacancies slowing implementation.	David Anthony	Sep-17	2	2	4	Low	19 Jun 17	→

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		
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. The Pension Regulator now has responsibility from 1 April 2015 for Public Sector Pension Schemes. Their code of practice includes a number of new requirements which the Fund has assessed itself against	2	2	4	Low	Work continues to ensure the Fund can comply fully with the tPR Code of Practice requirements but this may lead to areas of non-compliance in the short term. Any "material" non-compliance will be reported to the Regulator. An audit report on the Fund's compliance was presented to the last Committee which showed no material issues. Update on recommendations to next meeting.	David Anthony	Sep-17	2	2	4	Low	19 Jun 17	→
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	The Fund needs to ensure it meets with the new data protection regulations coming into effect in 2018. Currently working with the Wiltshire Council corporate project team to review information assets and understand new requirements.	David Anthony		2	1	2	Low	19 Jun 17	→
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. Work continues with employers to ensure data is accurate. Key man risk due to team leavers.	Mark Anderson	Jun-17	2	1	2	Low	19 Jun 17	→
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.	3	4	12	High	The Benefits Manager maternity leave covered by Technical & Compliance Manager, support on technical issues by Hymans Robertson. Pension Fund Accountant maternity leave being covered. Senior Systems Officer role still vacant. Team structure needs further review following resignation of Strategic Pension Manager	David Anthony		2	1	2	Low	19 Jun 17	↑
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.	3	4	12	High	Benefits Manager maternity leave covered by Technical & Compliance Manager. Hymans Robertson providing technical support to the Fund. Fund Development Officer covering Systems Manager role as well. Resignation of Strategic Pension Manager will require review of team structure earlier than planned.	David Anthony	Mar-17	2	1	2	Low	19 Jun 17	↑

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		
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	3	6	Medium	The new members training plan for 2015-17 was approved in March 2015. Induction training undertaken in May 2017.	David Anthony		2	1	2	Low	19 Jun 17	→
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	A review of the effectiveness of the Investment Sub-Committee was undertaken which indicates its effectiveness and positive contribution in considering investments in more detail and freeing up Pension Committee agenda time. The Local Pension Board Annual Report has shown how its been effective over the past 12 months in assisting in the effectiveness of administration of the Fund.	David Anthony		1	3	3	Low	19 Jun 17	→
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. The Fund approved the submission to Government in response to the consultation in July 2016. The full business case was approved by Council in February. The implementation phase now commences.	3	4	12	High	There is significant amount of resource required by officers to progress this project following approval of the full business case. Additional support is being provided by benefits consultants to provide extra resources over the next 3 months. A better understanding of the potential movement of staff out of the Fund to the pool will be known by mid 2017.	David Anthony	Sep-17	1	3	3	Low	19 Jun 17	→
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. The adequacy of officers resources to support the Fund's 3 committees, the on-going pooling agenda and the additional complexities arising from regulatory scheme changes will need to be monitored through work planning and appraisals.	2	4	8	Medium	Additional benefits consultant resource is being utilised in the short term to provide cover for officers supporting both Brunel and the on-going Fund workloads. This will be reviewed in 3 months time. Current level of vacancies within the Finance and Systems team puts pressure on delivery of Business Plan current targets & reviewed at this meeting	David Anthony	Jun-17	1	2	2	Low	19 Jun 17	→
PEN025	Academisation of Schools	Regulatory & Governance	The recent proposals from the Government to encourage all school to convert to academy status.	Additional governance and administration risk. If all schools were to convert then the number of employers in the Fund could jump from 170 to between 400 and 500.	David Anthony	Regular communications with schools to understand their intentions. Questionnaires recently sent to Schools.	2	3	6	Medium	PWC report issued on academies, identifies the issues but no recommendations. Need to review how academies are dealt with when MATs break-up and the additional governance involved.	Denise Robinson	Sep-17	1	1	1	Low	19 Jun 17	→

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		
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	Member communication continues to be developed and the current round of pension clinics are being held. Both Employer and Members newsletters have been sent out during March / April. Employer forums were held in April and September with an AGM being planned in June. The Fund now has a Twitter account.	Zoe Stannard / Denise Robinson		1	1	1	Low	19 Jun 17	→



## WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD  
13 July 2017

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### **DRAFT STATEMENT OF ACCOUNTS FOR 2016-17**

#### **Purpose of the Report**

1. The purpose of this report is to present the attached draft Wiltshire Pension Fund Financial Statements 2016-17.

#### **Background**

2. The Financial Statements were presented to the Pension Fund Committee and approved at its meeting on 28 June 2017. They will form part of the Pension Fund Annual Report which will be presented to the September Pension Committee.
3. The Pension Financial Statements will also go to the Audit Committee on 26 July 2017.
4. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/2017 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. Enhancements have been made in some areas to take account of established practices such as those set out in the 2007 Pension SORP (Statement of Recommended Practice) issued by PRAG (Pension Research Accountants Group) and guidance such as CIPFA guidance Accounting for Local Government Pension Scheme Management Costs.

#### **Main Considerations for the Board**

5. The Board are asked to review the accounts and the process for approval.

#### **Risk Assessment**

6. The audit of the Wiltshire Pension Fund is not yet finalised and therefore the Audit Opinion and Certificate had not been issued at the time this report was prepared. The Final Audit Report will be presented at the September Pension Committee meeting.

#### **Financial Considerations**

7. These will be considered in the Annual Report.

#### **Legal Implications of the Proposals**

8. There are none.

#### **Environmental Impact of the Proposals**

9. There are none.

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

10. There are no known implications at this time.

## **Proposals**

11. Members are asked to note the draft Wiltshire Pension Fund Financial Statements 2016-17 for publication, subject to the completion of the audit and approval process.

Michael Hudson  
Treasurer to the Pension Fund

Report Author: David Anthony, Head of Pensions

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

## Wiltshire Pension Fund

The Fund is administered by Wiltshire Council for local authorities within Wiltshire and other local government associated organisations. It meets the cost of pension benefits due to current and former employees of these organisations. The current membership as at 31 March 2017 included 21,245 active members, 15,523 pensioners and 28,087 deferred members.

### Responsibility for the Report

#### Wiltshire Council

The Council has to arrange for the proper administration of the Wiltshire Pension Fund. In particular, it needs to ensure an economic, efficient and effective use of resources in carrying out this administration and that the Fund's investments are safeguarded.

The Council has delegated this responsibility to the Wiltshire Pension Fund Committee. It also, however, has to ensure that one of its officers has responsibility for the financial aspects of that administration, this being the Associate Director Finance.

#### Wiltshire Pension Fund Committee

There are seven elected members of the Committee, comprising five Wiltshire Councillors and two Swindon Borough Council members. In addition, there are two representatives of the admitted bodies and two observers representing staff interests. Details of the membership of the Committee in 2016/2017 are shown in the Wiltshire Pension Fund Annual Report.

Included amongst the powers delegated by the Council to the Committee are requirements to:

- arrange and keep under review the investments of the Fund through one or more properly authorised investment managers, and to
- appoint investment managers and external advisers as necessary to support the work of the Committee.

#### Local Pensions Board

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 Fund. 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.

#### Chief Finance Officer

The Chief Finance Officer is responsible for preparing the financial statements of the Wiltshire Pension Fund, which must show the financial position of the Fund at the accounting date and its income and expenditure for the year.

In preparing the statements, suitable accounting policies must be selected and applied consistently and judgements and estimates made where necessary that are reasonable and prudent and comply with the appropriate accounting Code of Practice.

Proper accounting records must be maintained and kept up to date and all reasonable steps must be taken to prevent and detect fraud and other irregularities. An anti-fraud and corruption and whistle blowing policy has been implemented for the Fund.

**Actuarial Statement**

This statement has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2013. It has been prepared at the request of the Administering Authority of the Fund for the purpose of complying with the aforementioned regulation.

**Description of Funding Policy**

The funding policy is set out in the Administering Authority's Funding Strategy Statement (FSS), dated September 2016. In summary, the key funding principles are as follows:

- to ensure the long-term solvency of the Fund, using a prudent long term view. This will ensure that sufficient funds are available to meet all members' /dependants' benefits as they fall due for payment;
- to ensure that employer contribution rates are reasonably stable where appropriate;
- to minimise the long-term cash contributions which employers need to pay to the Fund, by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return (this will also minimise the costs to be borne by Council Tax payers);
- to reflect the different characteristics of different employers in determining contribution rates. This involves the Fund having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years; and
- to use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations.

The FSS sets out how the administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable.

**Funding Position as at the last formal valuation**

The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was as at 31 March 2016. This valuation revealed that the Fund's assets, which at 31 March 2016 were valued at £1,831 million, were sufficient to meet 82% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting deficit at the 2016 valuation was £415 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving full funding within a time horizon and probability measure as per the FSS. Individual employers' contributions for the period 1 April 2017 to 31 March 2020 were set in accordance with the Fund's funding policy as set out in its FSS.

**Principal Actuarial Assumptions and Methods used to value the liabilities**

Full details of the methods and assumptions used are described in the 2016 valuation report.

**Method**

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date, and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

**Assumptions**

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

The key financial assumptions adopted for the 2016 valuation were as follows:

**Financial Assumptions 31 March 2016**

Discount rate	4.0%
Salary increase assumption	2.4%
Benefit increase assumption (CPI)	2.1%

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Funds VitaCurves with improvements in line with the CMI\_2013 model, assuming the current rate of improvements has reached a peak and will converge to a long term rate of 1.25%p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	<b>Males</b>	<b>Females</b>
Current Pensioners	22.5 years	24.9 years
Future Pensioners*	24.1 years	26.7 years

\*Aged 45 at the 2016 Valuation

Copies of the 2016 valuation report and Funding Strategy Statement are available on request from Wiltshire Council, the administering authority to the Fund.

**Experience over the period since 31 March 2016**

Since the last formal valuation, real bond yields have fallen placing a higher value on the liabilities. The effect of this has been broadly offset by strong asset returns. Both events have roughly cancelled each other out in terms of the impact on the funding position as at 31 March 2017.

The next actuarial valuation will be carried out as at 31 March 2019. The Funding Strategy statement will also be reviewed at that time.

**Audit**

KPMG LLP act as the external auditor of the Council, and therefore the pension fund.

**Investment Management Policy**

Overall responsibility for investment policy lies with the Wiltshire Pension Fund Committee, which reports directly to Wiltshire Council.

The Investment Strategy is revised annually by the Fund.

The current strategy has the dual aim of increasing returns and reducing risk by increasing diversification and alternative approaches. Details of the strategy are provided in the Fund's Statement of Investment Principles (SIP) for the period up to 31 March 2017 and in the Investment Strategy Statement (ISS) for the period from 1 April 2017– these documents can be supplied upon request or viewed at [www.wiltshirepensionfund.org.uk](http://www.wiltshirepensionfund.org.uk).

The full list of managers as at 31 March 2017 were:

Company	Mandate	Share of Fund
Baillie Gifford	Global Equity	15.0%
CBRE Global Multi Manager	Property	13.0%
Loomis Sayles	Fixed Income	10.5%
Barings	Absolute Return Fund	10.0%
Legal & General	Passive UK Equity	12.5%
Legal & General	Global Equities	5.0%
Legal & General	Government Bonds	5.0%
Legal & General	Fundamental Equities	12.5%
Investec	Emerging Market Multi Asset	10.0%
Partners Group	Infrastructure	5.0%
M&G Investment Management	UK Companies Financing Fund	1.5%

During the year, the managers transacted purchases of £1039.4 million (£539.9m 2015/2016) and sales of £1,025.8 million (£523.4m 2015/2016). The value of assets under management at 31 March 2017 was £2,174.1 million, broken down by managers as follows:

Legal & General	£808.8 million
Baillie Gifford	£356.1 million
CBRE Global Multi Manager	£291.7 million
Barings Asset Management	£210.7 million
Loomis Sayles	£231.3 million
M&G Investment Management	£5.8 million
Partners Group	£37.1 million
Investec	£232.6 million
<b>Total</b>	<b>£2,174.1 million</b>

	£ million	% of Fund total
<b>Geographical analysis</b>		
United Kingdom	714.5	32.9
North America	223.6	10.3
Europe	78.3	3.6
Asia, ex Japan	6.5	0.3
Other - Overseas	78	3.6
Other - Pooled Funds	1073.2	49.3
	<b>2,174.1</b>	<b>100.0</b>
<b>Sector analysis</b>		
Equities	1266.8	58.3
Fixed interest bonds	231.3	10.6
Cash & Derivatives	20.0	0.9
Property	262.8	12.1
Long-Short Hedge Fund	0.0	0.0
Emerging Market	232.6	10.7
Infrastructure	35.7	1.6
Index linked bonds	124.9	5.8
	<b>2,174.1</b>	<b>100.0</b>

Comparative figures for 2015/2016 are shown below.

		<b>£ million</b>	<b>% of Fund total</b>
<b>Geographical analysis</b>	United Kingdom	614.0	33.6
	North America	172.8	9.5
	Europe	67.8	3.7
	Asia, ex Japan	6.2	0.3
	Other - Overseas	60.6	3.3
	Other - Pooled Funds	905	49.6
		<b>1,826.4</b>	<b>100.0</b>
<b>Sector analysis</b>	Equities	1098.0	60.1
	Fixed interest bonds	202.2	11.1
	Cash & Derivatives	22.4	1.2
	Property	230.5	12.6
	Long-Short Hedge Fund	0.0	0.0
	Emerging Market	153.0	8.4
	Infrastructure	17.9	1.0
	Index linked bonds	102.4	5.6
		<b>1,826.4</b>	<b>100.0</b>

Safe custody of all investments is the responsibility of BNY Mellon and as such, they are registered in the name of, and are held by, its nominee companies or, alternatively, by overseas agents.

**The Wiltshire Pension Fund**

<b>Fund Account</b>	<b>Notes</b>	<b>2016/2017</b>	<b>2015/2016</b>
<b>For the year ended 31 March</b>		<b>£000</b>	<b>£000</b>
<b>Contributions and benefits</b>			
Contributions receivable	5	95,901	89,449
Individual transfers		3,604	2,491
		<b>99,505</b>	<b>91,940</b>
Benefits payable	6	(78,814)	(76,841)
Payments to and on account of leavers	7	(4,808)	(3,948)
		<b>(83,622)</b>	<b>(80,789)</b>
Management Expenses	8&12	(11,181)	(9,336)
		<b>4,702</b>	<b>1,815</b>
<b>Returns on investments</b>			
Investment income	9	10,076	11,764
Change in market value of investments	11	334,031	(27,521)
<b>Net returns on investments</b>		<b>344,107</b>	<b>(15,757)</b>
<b>Net Increase in the fund during the year</b>		<b>348,809</b>	<b>(13,942)</b>
<b>Opening Net Assets of the Fund</b>		1,838,661	1,852,603
<b>Closing Net Assets of the Fund</b>		<b>2,187,470</b>	<b>1,838,661</b>



## The Wiltshire Pension Fund

<b>Net Asset Statement At 31 March</b>	<b>Notes</b>	<b>31 March 2017</b>	<b>31 March 2016</b>
		<b>£000</b>	<b>£000</b>
<b>INVESTMENT ASSETS</b>	<b>11</b>		
Equities		372,221	320,848
Pooled investment vehicles		1,519,157	1,252,637
Property		262,758	230,505
Derivative assets		0	4,170
Cash held on deposit		19,799	20,977
Other investment balances		170	179
		<u>2,174,105</u>	<u>1,829,316</u>
<b>INVESTMENT LIABILITIES</b>	<b>11</b>		
Derivatives liabilities		0	(2,924)
<b>Total net investments</b>		<u>2,174,105</u>	<u>1,826,392</u>
Current assets	<b>13</b>	17,047	16,183
Current liabilities	<b>14</b>	(3,682)	(3,914)
<b>Net assets of the Fund at 31 March</b>		<u><b>2,187,470</b></u>	<u><b>1,838,661</b></u>

The accounts summarise the transactions of the Fund and deal with the net assets at the disposal of Wiltshire Council. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Fund year. The actuarial position of the Fund, which does take account of such obligations, is dealt with in the actuarial statements and these accounts should be read in conjunction with these.

## Notes

### Related notes form an integral part of these financial statements

#### 1. Basis of Preparation

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/2017 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

IAS26 requires the actuarial present value of promised benefits to be disclosed. A separate report has been prepared by Hymans Robertson and is enclosed below after note 19. The Chancellor's budget statement on 22 June 2010 declared that future pension increases should be linked to the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI). The report after note 19 has been prepared on the CPI basis.

The accounts have been prepared on an accruals basis except where otherwise stated, i.e. income and expenditure is accounted for as it is earned or incurred, rather than as it is received and paid.

#### 2. Accounting Policies

The principal accounting policies of the Fund are as follows:

##### Contributions

Contributions are received from employer bodies in respect of their own and their pensionable employees' contributions. Employers' contributions (for both Normal and Deficit Funding) are prescribed in the Actuary's Rates and Adjustment Certificate following the review of the Fund's assets and liabilities during the triennial valuation. The Employees' contributions are included at the rates prescribed by the Local Government Pension Scheme Regulations.

Employer augmentation contributions are accounted for in accordance with the agreement under which they are being paid.

##### Benefits and Refund of Contributions

The benefits payable and refunds of contributions have been brought into account on the basis of all valid claims approved during the year.

##### Transfers to and from Other Schemes

No account is taken of liabilities to pay pensions and other benefits after the year end. Transfer values, which are those sums paid to, or received from, other pension schemes relating to previous periods of employment, have been brought into account on a cash basis.

##### Investment Income

Dividends, interest and coupon receipts have been accounted for on an accruals basis. Income on pooled investments is accumulated and reflected in the valuation of units.

##### Valuation of Investments

Investments are shown in the accounts at market value, determined on the following basis:

- (i) **Quoted securities**  
Quoted Securities have been valued at 31 March 2017 by the Fund's custodian using the bid price where a quotation was available on a recognised stock exchange or unlisted securities market.
- (ii) **Unquoted securities**

Unquoted securities have been valued according to the latest trades, professional valuation, asset values or other appropriate financial information.

(iii) **Pooled investment vehicles**

Pooled investments are stated at bid price for funds with bid/offer spreads, or single price/net asset value where there are no bid/offer spreads, as provided by the investment manager.

(iv) **Fixed Interest Stocks**

Segregated fixed interest stocks are valued on a clean basis. Accrued income is accounted for within investment income.

(v) **Derivative Contracts**

Derivatives are stated at market value. Exchange traded derivatives are stated at market values determined using quoted prices. For exchange traded derivative contracts which are assets, market value is based on quoted bid prices. For exchange traded derivative contracts which are liabilities, market value is based on quoted offer prices.

Over the Counter (OTC) derivatives are stated at market value using pricing models and relevant market data as at the year end date.

Forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.

All gains and losses arising on derivative contracts are reported within 'Change in Market Value'.

Reported changes in the market value of investments over the year of account include realised gains or losses arising upon the disposal of investments during the year.

### **Foreign Currency Translation**

All investments held in foreign currencies are shown at market value translated into sterling using the WM 4PM rate on 31 March 2017.

Foreign currency transactions are accounted for on the basis of the equivalent sterling value of the underlying transactions, by applying the relevant exchange rate ruling at the time. Where overseas securities are acquired with currency either previously purchased directly or accruing from the sale of securities, the sterling book cost of the new security will be based on the exchange rate ruling at the time of the purchase of that security. Any profit or loss arising on currency transactions either realised or unrealised, will be reflected in the Net Asset Statement.

### **Management Expenses**

The Fund discloses its management expenses in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Costs.

Investment management expenses are based on the quarter end market value of the investments held. The fees paid are determined by the agreed fee scales for each individual manager.

Where a management fee notification has not been received by the time of preparing the accounts, an estimate based upon the market value of the mandate is used for inclusion in the Fund account.

### **Acquisition Costs of Investments**

Transaction costs are charged as part of investment management expenses. These include costs charged directly to the fund such as fees, commissions, stamp duty and other fees.

### **Administration Expenses**

A proportion of the relevant officers' salaries, salary on-costs and general overheads, have been charged to the Fund on the basis of time spent on Fund administration.

**Taxation**

The Fund is a registered pension scheme for tax purposes and as such is not liable for UK income tax on investment income, nor capital gains tax. As Wiltshire Council is the administering authority, VAT input tax is recoverable on all expenditure.

Income earned from investments in stocks and securities in the USA is exempt from US tax and is not subject to withholding tax. Most tax deducted from income on European investments is also recoverable.

**Additional Voluntary Contributions (AVCs)**

The accounts of the Fund in accordance with regulation 5 (2) (C) of the Pension Scheme (Management and Investment of Funds) Regulations 1998 do not include transactions in respect of AVCs. These are money purchase arrangements made by individual Fund members under the umbrella of the Local Government Pension Scheme, to enhance pension benefits.

**3. Critical Judgement in Applying Accounting Policies****Pension Fund Liability**

The Pension Fund liability is calculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS19. Assumptions underpinning the valuations are agreed with the actuary and are summarised in the actuarial position statement (on page 126). This estimate is subject to significant variances based on changes to the underlying assumptions.

**4. Assumptions made about the Future and Other Major Sources of Estimation Uncertainty**

The Statements of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the net asset statement at 31 March 2017 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Debtors	At 31 March 2017, the fund had a balance of £17.0m for debtors (£2.9m relate to a long term debtor). A review of significant balances suggested that no impairment is currently necessary. However, in the current economic climate, it is not certain that all debts will be paid.	If collection rates deteriorate it may be necessary for an allowance to be included in the accounts for doubtful debts.

## 5. Contributions Receivable

	2016/2017 £000	2015/2016 £000
<b>Employer</b>		
- Normal	61,280	55,708
- Augmentation	1,401	1,068
- Deficit Funding*	14,064	13,344
<b>Members</b>		
- Normal	18,959	19,100
- Additional Contributions	197	229
	<b>95,901</b>	<b>89,449</b>
<b>Analysis of contributions receivable</b>		
	<b>2016/2017 £000</b>	<b>2015/2016 £000</b>
<i>Contributions from employees (Including Additional Contributions)</i>		
- Wiltshire Council	7,063	7,693
- Other scheduled bodies	11,123	10,335
Admitted bodies	970	1,301
	<b>19,156</b>	<b>19,329</b>
<i>Contributions from employers (Including Augmentations)</i>		
- Wiltshire Council	30,194	27,882
- Other scheduled bodies	40,188	35,163
- Admitted bodies	6,363	7,075
	<b>76,745</b>	<b>70,120</b>
Total contributions receivable	<b>95,901</b>	<b>89,449</b>

\* Deficit funding contributions are being paid by the employer for the three years commencing from 1 April 2014 with a minimum specified in the Rates and Adjustment Certificate dated 31 March 2014 in order to improve the Fund's funding position. The recovery period at the last valuation over which the deficit funding is recovered is mainly 20 years for scheduled bodies and 14 years or the length of the employer's contract (whichever is the shorter) for admitted bodies.

**6. Benefits payable**

	2016/2017 £000	2015/2016 £000
Pensions	65,540	63,698
Commutation and lump sum retirement benefits	11,141	11,495
Lump sum death benefits	2,133	1,648
	<b>78,814</b>	<b>76,841</b>
<b>Analysis of benefits payable</b>		
	2016/2017 £000	2015/2016 £000
<i>Pensions payable</i>		
- Wiltshire Council	34,940	34,705
- Other scheduled bodies	24,200	23,018
- Admitted bodies	6,400	5,975
	<b>65,540</b>	<b>63,698</b>
<i>Retirement and Death grants payable</i>		
- Wiltshire Council	5,651	4,832
- Other scheduled bodies	6,186	6,154
- Admitted bodies	1,437	2,157
	<b>13,274</b>	<b>13,143</b>
Total benefits payable	<b>78,814</b>	<b>76,841</b>

**7. Payments to and on account of leavers**

	2016/2017 £000	2015/2016 £000
Individual transfer out to other schemes	4,394	3,577
Bulk transfer out to other schemes	2	0
Refunds to members leaving service	269	258
State Scheme Premiums	143	113
	<b>4,808</b>	<b>3,948</b>

**8. Management Expenses**

	2016/2017 £000	2015/2016 £000
Administration costs	1,955	1,496
Investment Management expenses	9,117	7,731
Oversight & Governance	109	109
	<b>11,181</b>	<b>9,336</b>

The Fund has applied CIPFA's guidance Accounting for Local Government Pension Scheme Management Costs.

The guidance requires the reporting of external investment management fees that are deducted from asset values (rather than invoiced and paid directly). These are now shown gross. Wherever possible, these figures are based on actual costs disclosed by the manager; where actual costs were not available, best estimates have been made using other available information. It is important to note that this is a change in reporting only and does not represent

an actual increase in costs, nor a decrease in Fund's resources available to pay pension benefits.

Investment Management expenses includes £2.3m of performance-related fees paid to the fund's investment managers (2015/2016: £1.8m).

## 9. Investment Income

	2016/2017 £000	2015/2016 £000
<i>Quoted securities</i>		
- UK fixed interest bonds (coupon receipts)	0	0
- Overseas fixed interest bonds (coupon receipts)	0	0
- UK index linked bonds (coupon receipts)	0	0
- UK equities	545	587
- Overseas equities	999	1,089
<i>Pooled Investment Vehicles</i>		
- Overseas equities	0	0
- UK property	8,616	10,018
- Infrastructure	0	0
<i>Cash held on deposit</i>		
- Sterling Cash	77	66
- Overseas Cash	-161	4
	<b>10,076</b>	<b>11,764</b>

## 10. Stock Lending

The Council participates in a securities lending programme administered by BNY Mellon. Securities in the beneficial ownership of the Council to a value of £77.8 million (3.6% of the total) were on loan at 31 March 2017. Collateral for these securities is held in a pooled form, the Wiltshire Pension Fund's share (0.014%) representing a value of £84.9 million (109.1%). Income earned from this programme amounted to £0.367 million in the year.

	2016/2017 £ million	2015/2016 £ million
WPF Securities on loan	77.8	5.7
(percentage of total)	3.60%	0.30%
WPF Collateral share of pool	0.01%	0.01%
Value of WPF pooled share	84.9	6.2
Percentage of securities on loan	109.1%	108.6%
Income earned in year	0.367	0.03

## 11. Investments

## Reconciliation of investments held at beginning and end of year

	Value at 01 April 2016	Purchases at cost & derivative payments	Sales Proceeds and derivative receipts	Change in Market Value	Value at 31 March 2017
	£000	£000	£000	£000	£000
Fixed interest securities	0	0	0	0	0
Index linked securities	0	0	0	0	0
Equities	320,848	39,154	(84,266)	96,485	372,221
Pooled funds:					
- Other	1,252,637	459,029	(486,619)	294,110	1,519,157
- Property	230,505	63,985	(30,907)	(825)	262,758
Derivative assets					
- Futures	0	0	0	0	0
- Options	0	0	0	0	0
- Forward FX	1,246	163,377	(117,950)	(46,673)	0
	<b>1,805,236</b>	<b>725,545</b>	<b>(719,742)</b>	<b>343,097</b>	<b>2,154,136</b>
Cash deposits	20,977	313,901	(305,993)	(9,086)	19,799
Other Investment Balances	179	0	(29)	20	170
	<b>1,826,392</b>	<b>1,039,446</b>	<b>(1,025,764)</b>	<b>334,031</b>	<b>2,174,105</b>

	Value at 01 April 2015	Purchases at cost & derivative payments	Sales Proceeds and derivative receipts	Change in Market Value	Value at 31 March 2016
	£000	£000	£000	£000	£000
Fixed interest securities	0	0	0	0	0
Index linked securities	0	0	0	0	0
Equities	342,126	56,753	(93,423)	15,392	320,848
Pooled funds:					
- Other	1,289,293	56,877	(61,734)	(31,799)	1,252,637
- Property	191,695	52,576	(28,845)	15,079	230,505
Derivative assets					
- Futures	0	0	0	0	0
- Options	0	0	0	0	0
- Forward FX	(1,531)	121,548	(94,942)	(23,829)	1,246
	<b>1,821,583</b>	<b>287,754</b>	<b>(278,944)</b>	<b>(25,157)</b>	<b>1,805,236</b>
Cash deposits	15,383	252,183	(244,205)	(2,384)	20,977
Other Investment Balances	431	0	(272)	20	179
	<b>1,837,397</b>	<b>539,937</b>	<b>(523,421)</b>	<b>(27,521)</b>	<b>1,826,392</b>

The PRAG guidance, Accounting for Derivatives in Pension Schemes, recommends that derivatives are set out separately in the investment reconciliation table for reasons of clarity and are reconciled on a 'net' basis as opposed to 'gross' as reported in the Net Assets Statement.



Transaction costs have been debited through the Fund Account and have been disclosed as part of the Investment Management Expenses. Costs are also borne by the Fund in relation to transactions in pooled investment vehicles.

### Details of investments held at year end

	31 March 2017 £000	31 March 2016 £000
<b>INVESTMENT ASSETS</b>		
<i>Equities</i>		
- UK equities	23,851	31,597
- Overseas equities	348,370	289,251
	<b>372,221</b>	<b>320,848</b>
<i>Pooled Investment Vehicles</i>		
- UK equities	285,230	233,029
- Overseas equities	609,342	544,173
- Overseas fixed income	231,301	202,162
- UK index linked Government bonds	124,948	102,399
- Property	262,758	230,505
- Emerging Market Debt	93,038	84,601
- Emerging Market Equities	139,557	68,385
- Infrastructure	35,741	17,888
	<b>1,781,915</b>	<b>1,483,142</b>
<i>Cash held on deposit</i>		
- Sterling Cash	17,561	20,730
- Overseas Cash	2,238	247
	<b>19,799</b>	<b>20,977</b>
<i>Other Investment Balances</i>		
- Derivatives Assets	0	4,170
- Outstanding dividend entitlements	4	5
- Recoverable tax	166	174
	<b>170</b>	<b>4,349</b>
<b>INVESTMENT LIABILITIES</b>		
- Derivatives Liabilities	0	(2,924)
<b>Total of investments held</b>	<b>2,174,105</b>	<b>1,826,392</b>
<b>NET CURRENT ASSETS &amp; LIABILITIES</b>		
Current Assets	17,047	16,183
Current Liabilities	(3,682)	(3,914)
<b>Total net current assets</b>	<b>13,365</b>	<b>12,269</b>
	<b>2,187,470</b>	<b>1,838,661</b>

### Derivative Contracts

#### *Objectives and Policies*

The Wiltshire Pension Fund Committee have authorised the use of derivatives by their investment managers as part of the investment strategy for the Fund.

The main objective for the use of key classes of derivatives and the policies followed during the year are summarised as follows:

**Options** – The Fund allows its managers to invest in options as part of their portfolio construction to assist them in achieving performance targets. These options are limited to ‘Over-the-Counter’ contracts purchased on major exchanges and must not exceed specified limits. Option exposures are limited and hedged through the use of futures.

**Futures** – The Fund allows a number of its managers to invest in futures, within specified exposure limits, as part of their overall portfolio construction to assist them in achieving performance targets.

**Forward foreign exchange** – In order to maintain an appropriate diversification of investments within the Fund and take advantage of overseas investment returns a proportion of the investment portfolio is invested overseas. To balance the risk of investing in foreign currencies a dynamic currency hedging programme, using forward foreign contracts, is in place to reduce the currency exposure of the overseas investments. The overseas equity investments are hedged this way.

The Fund did not have any derivative contracts outstanding at the year end.

## Financial Instruments

### Classification of financial instruments

The accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses are recognised. The following table analyses the carrying amounts of financial assets and liabilities by category and net asset statement heading. No financial assets were reclassified during the accounting period.

#### As at 31 March 2017

	Designated as Fair value through Profit and Loss	Loans and Receivables	Financial liabilities at amortised cost
	£000	£000	£000
<b>Financial assets</b>			
Fixed interest securities	0	0	0
Index linked securities	0	0	0
Equities	367,664	4,557	0
Pooled investment vehicles	1,519,157	0	0
Property	262,758	0	0
Derivative assets	0	0	0
Cash held on deposit	0	25,468	0
Other Investment balances	170	0	0
Debtors	0	11,378	0
	2,149,749	41,403	0
<b>Financial Liabilities</b>			
Derivative Liabilities	0	0	0
Creditors	0	(3,682)	0
	0	(3,682)	0
	2,149,749	37,721	0

As at 31 March 2016

	Designated as Fair value through Profit and Loss	Loans and Receivables	Financial liabilities at amortised cost
	£000	£000	£000
<b>Financial assets</b>			
Fixed interest securities	0	0	0
Index linked securities	0	0	0
Equities	311,049	9,799	0
Pooled investment vehicles	1,252,637	0	0
Property	230,505	0	0
Derivative assets	4,170	0	0
Cash held on deposit	0	24,962	0
Other Investment balances	179	0	0
Debtors	0	12,198	0
	<u>1,798,540</u>	<u>46,959</u>	<u>0</u>
<b>Financial Liabilities</b>			
Derivative Liabilities	(2,924)	0	0
Creditors	0	(3,914)	0
	<u>(2,924)</u>	<u>(3,914)</u>	<u>0</u>
	<u>1,795,616</u>	<u>43,045</u>	<u>0</u>

**Net gains/(losses) on financial instruments**

	2017 £000	2016 £000
<b>Financial assets</b>		
Fair value through profit and loss	327,104	(29,810)
Loans and receivables	(9,079)	(2,378)
<b>Financial liabilities</b>		
Fair value through profit and loss		(2,924)
Loans and receivables		
Total	<u>318,025</u>	<u>(35,112)</u>

**Financial Risk Disclosure**

As an LGPS Pension Fund, the Fund's objective is to achieve a relatively stable "real" return above the rate of inflation over the long term. In order to achieve this objective the Fund holds financial instruments such as securities (equities, bonds), property, pooled funds (collective investment schemes) and cash and cash equivalents. The Fund's activities expose it to a variety of financial risks including Market Risk, Credit Risk and Liquidity Risk.

All the Fund's investments are managed by appointed Investment Managers. All investments are held by BNY Mellon who act as custodian on behalf of the Fund. Each investment manager is required to invest the assets managed by them in accordance with the terms of a written investment mandate or pooled fund prospectus.

The Wiltshire Pension Fund Committee has determined that these managers are appropriate for the Fund and are in accordance with its investment strategy. The Committee obtains regular reports from

each investment manager and its Investment Consultant on the nature of investments made and associated risks.

The analysis below is designed to meet the disclosure requirements of IFRS 7.

**a) Market Risk**

Market risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. This could be as a result of changes in market price, interest rates or currencies. The objective of the Funds Investment strategy is to manage and control market risk exposure within acceptable parameters, while optimising the return.

In general excessive volatility in market risk is managed through diversification across asset class and investment manager. Each manager is also expected to maintain a diversified portfolio within their allocation.

**1) Market Price Risk**

Market price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting the market in general.

By diversifying investments across asset classes and managers, the Fund aims to reduce the exposure to price risk. Diversification of asset classes seeks to reduce correlation of price movements, whilst the appointment of specialist managers enables the Fund to gain from their investment expertise.

**Market Price - Sensitivity Analysis**

The sensitivity of the Fund's investments to changes in market prices has been analysed using the volatility of returns experienced by asset classes. The volatility data has been provided by the Fund's Investment Advisor (Mercers) and is broadly consistent with a one-standard deviation movement. The volatility is measured by the (annualised) estimated standard deviation of the returns of the assets relative to the liability returns. Such a measure is appropriate for measuring "typical" variations in the relative values of the assets and liabilities over short time periods. It is not appropriate for assessing longer term strategic issues. The analysis assumes that all other variables, in particular, interest rates and foreign exchange rates, remain constant.

Movements in market prices would have increased or decreased the net assets valued at 31 March 2017 and 2016 by the amounts shown below.

<b>As at 31 March 2017</b>	<b>Value £000</b>	<b>Volatility of return</b>	<b>Increase £000</b>	<b>Decrease £000</b>
Baillie Gifford - Global Equity	356,091	17.30%	61,604	(61,604)
CBRE - Property	291,670	14.50%	42,292	(42,292)
Legal & General - Equity	285,230	17.00%	48,489	(48,489)
Legal & General - Gilts	124,949	8.80%	10,996	(10,996)
Legal & General - Global Equity	96,098	17.00%	16,337	(16,337)
Legal & General - Fundamentals	302,496	17.00%	51,424	(51,424)
Barings - Dynamic Assets Allocation	210,749	11.90%	25,079	(25,079)
Partners Group - Infrastructure	37,111	15.00%	5,567	(5,567)
Investec - Emerging Markets	232,595	20.10%	46,752	(46,752)
Loomis Sayles - Multi Asset Credit	92,798	6.00%	5,568	(5,568)
Loomis Sayles - Absolute Return Bond Fund	138,504	6.00%	8,310	(8,310)
M&G - Financing Fund	5,807	0.00%	0	0
Berenberg Bank - Dynamic Currency Fund	7	0.00%	0	0
	<b>2,174,105</b>		<b>322,418</b>	<b>(322,418)</b>

<b>As at 31 March 2016</b>	<b>Value £000</b>	<b>Volatility of return</b>	<b>Increase £000</b>	<b>Decrease £000</b>
Baillie Gifford - Global Equity	299,625	17.30%	51,835	(51,835)
CBRE - Property	254,412	14.70%	37,399	(37,399)
Legal & General - Equity	233,029	17.30%	40,314	(40,314)
Legal & General - Gilts	102,399	8.50%	8,704	(8,704)
Legal & General - Global Equity	107,282	17.30%	18,560	(18,560)
Legal & General - Fundamentals	253,529	17.30%	43,861	(43,861)
Barings - Dynamic Assets Allocation	190,362	12.10%	23,034	(23,034)
Partners Group - Infrastructure	17,908	15.50%	2,776	(2,776)
Investec - Emerging Markets	152,985	21.50%	32,892	(32,892)
Loomis Sayles - Multi Asset Credit	82,208	6.00%	4,932	(4,932)
Loomis Sayles - Absolute Return Bond Fund	119,954	6.00%	7,197	(7,197)
M&G - Financing Fund	9,799	0.00%	0	0
Berenberg Bank - Dynamic Currency Fund	2,875	0.00%	0	0
Capital International - Global Equity	17	0.00%	0	0
Capital International - Absolute Income Grower	8	0.00%	0	0
	<b>1,826,392</b>		<b>271,504</b>	<b>(271,504)</b>

## 2) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's exposure to interest rate movements from its investments in cash & cash equivalents, fixed interest and loans at 31 March 2017 and 2016 are provided below.

<b>31 March 2017</b>	
<b>£000</b>	
Cash held on deposit	19,799
Fixed Interest Securities	231,301
Loans	4,557
	<u><u>255,657</u></u>

<b>31 March 2016</b>	
<b>£000</b>	
Cash held on deposit	20,977
Fixed Interest Securities	202,162
Loans	9,799
	<u><u>232,938</u></u>

### Interest Rate – Sensitivity Analysis

The Pension Fund recognises that interest rates vary and can impact on the fair value of the assets. The sensitivity of the Fund's investments to changes in interest rates has been analysed by showing the effect of a 100 basis point (1%) change in interest rates. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

<b>As at 31 March 2017</b>	<b>Value £000</b>	<b>Change in net assets</b>	
		<b>£000 +100 BP</b>	<b>£000 -100 BP</b>
Cash held on deposit	19,799	198	(198)
Fixed Interest Securities	231,301	(6,676)	6,676
Loans	4,557	0	0
	<u><u>255,657</u></u>	<u><u>(6,478)</u></u>	<u><u>6,478</u></u>

<b>As at 31 March 2016</b>	<b>Value £000</b>	<b>Change in net assets</b>	
		<b>£000 +100 BP</b>	<b>£000 -100 BP</b>
Cash held on deposit	20,977	210	(210)
Fixed Interest Securities	202,162	(5,827)	5,827
Loans	9,799	0	0
	<u><u>232,938</u></u>	<u><u>(5,617)</u></u>	<u><u>5,617</u></u>

A 1% increase in interest rates will reduce the fair value of the relevant net assets and vice versa. The loans identified are part of the M&G Financing Fund. Borrowers pay a fixed annual interest rate agreed at the outset.

### 3) Currency Risk

Currency risk represents the risk that the fair value of financial instruments will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in a currency other than sterling. When sterling depreciates the sterling value of foreign currency denominated investments will rise and when sterling appreciates the sterling value of foreign currency denominated investments will fall.

Wiltshire Pension Fund moved from a dynamic hedging arrangement to a 50% passive hedge of overseas equities during the year.

The tables below show approximate exposures to each of the three major foreign currencies based on manager benchmarks and target allocations. This is based on the two global equity managers Baillie Gifford and Legal & General.

<b>2017</b>	US Dollar	Euro	Yen
Benchmark Weights	12.85%	3.04%	0.02%
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Net Currency Exposure</b>	<b>279,400</b>	<b>66,015</b>	<b>530</b>

<b>2016</b>	US Dollar	Euro	Yen
Benchmark Weights	20.89%	4.86%	1.96%
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Net Currency Exposure</b>	<b>381,611</b>	<b>88,782</b>	<b>35,759</b>

### Currency Risk – Sensitivity Analysis

The sensitivity of the Fund's investments to changes in foreign currency rates has been analysed using a 10% movement in exchange rates in either direction. This analysis assumes that all variables, in particular interest rates, remain constant.

A 10% strengthening or weakening of Sterling against the various currencies at 31 March 2017 and 31 March 2016 would have increased or decreased the net assets by the amount shown below.

<b>2017</b>	<b>Assets Held at Fair Value</b>	<b>Change in net assets</b>	
		<b>+10%</b>	<b>-10%</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
US Dollar	279,400	27,940	(27,940)
Euro	66,015	6,602	(6,602)
Yen	530	53	(53)
<b>Net Currency Exposure</b>	<b>345,945</b>	<b>34,595</b>	<b>(34,595)</b>

<b>2016</b>	<b>Assets Held at Fair Value</b>	<b>Change in net assets</b>	
		<b>+10%</b>	<b>-10%</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
US Dollar	381,611	38,161	(38,161)
Euro	88,782	8,878	(8,878)
Yen	35,759	3,576	(3,576)
<b>Net Currency Exposure</b>	<b>506,152</b>	<b>50,615</b>	<b>(50,615)</b>

The Fund does hedge 50% of its overseas equity holdings therefore only a proportion of the gains/losses would be experienced. One important point to note is that currency movements are not independent of each other. If sterling strengthened generally it may rise against all the above currencies producing losses across all the currencies.

### b) Credit Risk

Credit risk represents the risk that the counterparty to the financial instrument will fail to meet their obligations and the Fund will incur a financial loss.

The Fund is exposed to credit risk through its investment managers, custodian and its daily treasury management activities. Credit risk is minimised through the careful selection and monitoring of counterparties.

A securities lending programme is run by the Fund's custodian, BNY Mellon, who manage and monitor the counterparty risk, collateral risk and the overall lending programme. The minimum level of collateral for securities on loan is 102%, however more collateral may be required depending upon the type of transaction. This level is assessed daily to ensure it takes account of market movements. The current collateral Wiltshire Pension Fund accepts is AAA rated supranational debt, AA rated debt and FTSE 350

Equity DBV. Securities lending is capped by investment regulations and statutory limits are in place to ensure that no more than 35% of eligible assets can be on loan at any one time.

Another source of credit risk is the cash balances held internally or by managers. The Pension Fund's bank account is held at HSBC, which holds a AA- long term credit rating and it maintains its status as a well capitalised and strong financial institution. The management of the cash held in this account is managed by the Council's Treasury Management Team in line with the Fund's Treasury Management Strategy which sets out the permitted counterparties and limits. Cash held by investment managers is invested with the custodian in a diversified money market fund rated AAAM.

The Fund's exposure to credit risk at 31 March 2017 and 2016 is the carrying amount of the financial assets.

**2017**

	<b>£000</b>
Global Fixed interest pooled	231,301
Cash held on deposit	19,799
Other investment balances	170
Current assets	17,047
	<b><u>268,317</u></b>

**2016**

	<b>£000</b>
Global Fixed interest pooled	202,162
Cash held on deposit	20,977
Other investment balances	179
Current assets	16,183
	<b><u>239,501</u></b>

**c) Liquidity Risk**

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The main liabilities of the Fund relate to the benefits payable which fall due over a long period of time. The investment strategy reflects this and set out the strategic asset allocation of the Fund. Liquidity risk is mitigated by investing a proportion of the Fund in actively traded instruments in particular equities and fixed income investments. The Fund maintains a cash balance to meet operational requirements.

The following tables analyse the Fund's financial liabilities as at 31 March 2017 and 2016, grouped into relevant maturity dates.

<b>2017</b>	<b>Carrying Amount £000</b>	<b>Less than 12 months £000</b>	<b>Greater than 12 months £000</b>
Accounts Payable	143	143	0
Benefits Payable	493	493	0
Sundry Creditors	3,046	3,046	0
	<b><u>3,682</u></b>	<b><u>3,682</u></b>	<b><u>0</u></b>



<b>2016</b>	<b>Carrying Amount £000</b>	<b>Less than 12 months £000</b>	<b>Greater than 12 months £000</b>
Accounts Payable	51	51	0
Benefits Payable	500	500	0
Sundry Creditors	3,363	3,363	0
	<b>3,914</b>	<b>3,914</b>	<b>0</b>

### Fair Value Hierarchy

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Unadjusted quoted prices in an active market for identical assets or liabilities that the Fund has the ability to access at the measurement date.
- Level 2: Inputs other than quoted prices under Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability used to measure fair value that rely on the Funds own assumptions concerning the assumptions that market participants would use in pricing an asset or liability.

The tables below analyse financial instruments, measured at fair value at the end of the reporting period 31 March 2017 and 31 March 2016, by the level in the fair value hierarchy into which the fair value measurement is categorised. This has been produced from analysis provided by our custodian BNY Mellon.

<b>2017</b>	<b>£000 Level 1</b>	<b>£000 Level 2</b>	<b>£000 Level 3</b>	<b>£000 Total</b>
Fixed Interest Securities				0
Index Linked Securities				0
Equities	365,698		6,523	372,221
Pooled Funds:				0
- Other		1,483,417	35,740	1,519,157
- Property		106,923	155,835	262,758
Derivative assets				0
- Futures				0
- Options				0
- Forward FX				0
	<b>365,698</b>	<b>1,590,340</b>	<b>198,098</b>	<b>2,154,136</b>
Cash Deposits	19,799			19,799
Other Investment balances	170			170
	<b>385,667</b>	<b>1,590,340</b>	<b>198,098</b>	<b>2,174,105</b>

121

<b>2016</b>	<b>£000</b> <b>Level 1</b>	<b>£000</b> <b>Level 2</b>	<b>£000</b> <b>Level 3</b>	<b>£000</b> <b>Total</b>
Fixed Interest Securities				0
Index Linked Securities				0
Equities	307,771		13,077	320,848
Pooled Funds:				0
- Other		1,234,749	17,888	1,252,637
- Property		113,247	117,258	230,505
Derivative assets				0
- Futures				0
- Options				0
- Forward FX				0
	<b>307,771</b>	<b>1,347,996</b>	<b>148,223</b>	<b>1,803,990</b>
Cash Deposits	22,223			22,223
Other Investment balances	179			179
	<b>330,173</b>	<b>1,347,996</b>	<b>148,223</b>	<b>1,826,392</b>

During 2016/17 there were no transfers between level 1 and 2 of the fair value hierarchy.

The following tables present the movement in level 3 instruments for the year end 31 March 2017 and 31 March 2016.

<b>2017</b>	<b>£000</b>
Opening balance	148,223
Total gains/losses	2,618
Purchases	70,693
Sales	(23,436)
Transfer out of Level 3	0
Closing balance	<b>198,098</b>

<b>2016</b>	<b>£000</b>
Opening balance	87,727
Total gains/losses	24,358
Purchases	39,537
Sales	(3,399)
Transfer out of Level 3	0
Closing balance	<b>148,223</b>

**The following table shows the sensitivity of assets valued****Sensitivity of assets valued at level 3**

	Assessed Valuation range (+/-)	Value at 31 March 2017 £'000	Value on increase £'000	Value on decrease £'000
Pooled Property	14.50%	157,801	180,682	134,920
M&G Financing Fund	0.00%	4,557	4,557	4,557
Infrastructure	15.00%	35,741	41,102	30,380
		<u>198,099</u>	<u>226,341</u>	<u>169,857</u>

The following investments represent more than 5% of the net assets of the scheme:

Security	31 March 2017	
	Market value £m	% of total market value
L&G UK Passive Equities	285.2	13.1
Investec - Emerging Market Mult Asset	232.6	10.7
Barings - Dynamic Asset Allocation Fund	210.7	9.7
Loomis Sayles Strategic Alpha Fund	138.5	6.4
	<u>867.0</u>	<u>39.9</u>

**12 Investment management expenses**

	2016/2017 £000	2015/2016 £000
Management & Investment Admin Fees	9,047	7,644
Custody & Performance Measurement	70	87
	<u>9,117</u>	<u>7,731</u>

**13 Current assets**

	<b>31 March 2017</b>	<b>31 March 2016</b>
	<b>£000</b>	<b>£000</b>
Contributions due from other authorities and bodies		
- Employees	1,536	1,390
- Employers	5,199	5,386
Income due from external managers and custodians	0	0
Debtors (Magistrates)	2,895	3,860
Other	1,748	1,562
Cash balances	5,669	3,985
	<b>17,047</b>	<b>16,183</b>
Less:		
Long term debtors (Magistrates)	2,895	3,860
<b>Net Current Assets</b>	<b>14,152</b>	<b>12,323</b>

Contributions due at the year end have been paid to the Fund subsequent to the year end in accordance with the Rates & Adjustment Certificate.

On 8 April 2011 Wiltshire Pension Fund received confirmation from the Government Actuary's Department that they agreed to make a payment to the Fund to cover the liabilities in respect of the Magistrates Courts. In the past active members employed by the Magistrates Courts were transferred out of the LGPS but pensioners/deferred members remained in. The payment would be in 10 instalments over the next 10 years. The total amount of the remaining debt is £3.86m, of this the following year's instalment (£0.965m) is classified as a debt repayable in one year, and the remaining balance £2.895m is a long term debtor.

**14 Current Liabilities**

	<b>31 March 2017</b>	<b>31 March 2016</b>
	<b>£000</b>	<b>£000</b>
Managers / Custody fees	1,510	1,873
HMRC	717	737
Other	1,455	1,304
	<b>3,682</b>	<b>3,914</b>

**15. Additional Voluntary Contributions (AVCs)**

Fund members paid contributions totalling £0.782 million (£0.649 million in 2015/2016) into their AVC funds during the year. At the year end, the value of funds invested on behalf of Fund members totalled £4.529 million (£3.700 million in 2015/2016), made up as follows:

	<b>£ million</b>
<i>Equitable Life Assurance Society</i>	
- With Profits Fund	0.486
- Unit Linked Managed Fund	0.216
- Building Society Fund	0
<i>Clerical Medical Funds</i>	
- With Profits Fund	0.160
- Unit Linked Managed Fund	0.939
<i>NPI Funds</i>	
- Managed Fund	0.012
- With Profits Fund	0.097
- Global Care Unit Linked Fund	0.062
- Cash Deposit Fund	0.024
<i>Prudential</i>	
- With Profits Cash Accumulation Fund	0.893
- Deposit Fund	0.444
- Diversified Growth Fund	0.422
- Equity Passive	0.059
- Long Term Growth Fund	0.340
- Pre-Retirement Fund	0.187
- Property Fund	0.188
	<b>4.529</b>

As mentioned earlier, AVC investments are not included in the Fund's financial statements.

### 16. Employer Related Assets

There are no employer related assets within the Fund.

### 17. Related Party Transactions

The Wiltshire Pension Fund is administered by Wiltshire Council. Consequently there is a strong relationship between the Council and the Pension Fund.

The Council incurred costs of £1.430m (2015/2016: £1.174m) in relation to the administration of the Fund and was subsequently reimbursed by the Fund for these expenses. The Council is also the single largest employer of members of the Pension Fund and contributed £30m to the Fund in 2016/2017 (2015/2016: £28m). A balance of £1.2m was owed by the Pension Fund to the Council at year end.

Part of the pension fund cash holdings are invested on the money markets by the treasury management operations of Wiltshire Council, through a service level agreement. During the year to 31 March 2017, the fund had an average investment balance of £5.6m (31 March 2016: £5m), earning interest of £21k (2015/2016: £27k) in these funds.

### Governance

There are two members of the Pension Fund Committee D Hall and L Stuart that are active members of the Pension Fund. These individuals are the employer bodies' representatives. Councillor Roy While is also a pensioner member of the Pension Fund.

### 18. Guaranteed Minimum Pension

The Fund continues to make progress on updating the details of Guaranteed Minimum Pensions (GMP) that were not previously shown on member's records. The Fund is working with HMRC on the GMP reconciliation project where all records will need to be reconciled by March 2018.

GMP elements of member's LGPS pension whose State Pension Age (SPA) is prior to 06/04/2016 are not increased by the Fund for Pre 1988 GMP (in respect of the period 06/04/1978 to 05/04/1988). But for Post 1988 element (in respect of the period 06/04/1988 to 05/04/1997) it is increased by a maximum of 3%. The Government increase the State Pension for the member fully on the Pre 1988 GMP element and for Post 1988 GMP element it is only increased if CPI is above 3%.

The effect of LGPS pensions not showing the correct amount of GMP for its members would mean that their pension would be increased by more than it should be.

Although these overpayments are costs to the Fund they have been included as expenditure in previous pension fund accounts, therefore no restatement is necessary.

The Government has announced that future GMP increases will be met in full by the Fund where a member's SPA falls between 06/04/2016 and 05/12/2018. However, we are awaiting further confirmation from the Government as to how GMPs will be increased for those member's whose SPA is after 05/12/2018.

#### **19. Contingent Liabilities and Contractual Commitments**

Outstanding capital commitments (investments) at 31 March 2017 totalled Euro 24.9m and USD 48.2m; representing GBP 59.84m (31 March 2016: Euro 30.550m; GBP 24.193m).

These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the infrastructure part of the portfolio. The amounts 'called' are irregular in both size and timing from the original commitment.

**Actuarial Statement in respect of IAS26 as at 31.03.2017****Introduction**

CIPFA's Code of Practice on Local Authority Accounting 2016/17 requires administering authorities of LGPS funds that prepare pension fund accounts to disclose what IAS26 refers to as the actuarial present value of promised retirement benefits. I have been instructed by the Administering Authority to provide the necessary information for the Wiltshire Pension Fund ("the Fund").

The actuarial present value of promised retirement benefits is to be calculated similarly to the Defined Benefit Obligation under IAS19. There are three options for its disclosure in pension fund accounts:

- Showing the figure in the Net Assets Statement, in which case it requires the statement to disclose the resulting surplus or deficit;
- As a note to the accounts; or
- By reference to this information in an accompanying actuarial report.

If an actuarial valuation has not been prepared at the date of the financial statements, IAS26 requires the most recent valuation to be used as a base and the date of the valuation disclosed. The valuation should be carried out using assumptions in line with IAS19 and not the Pension Fund's funding assumptions.

**Present value of Promised Retirement Benefits**

£m	Year ended	
	31 March 2017	31 March 2016
Active members	1,349	1,318
Deferred pensioners	853	558
Pensioners	1,163	881
<b>Total</b>	<b>3,365</b>	<b>2,757</b>

The promised retirement benefits at 31 March 2017 (2016) have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2016 (2013). The approximation involved in the roll forward model means that the split of benefits between the three classes of member may not be reliable. However, I am satisfied that the total figure is a reasonable estimate of the actuarial present value of the benefit promises.

The above figures include both vested and non-vested benefits, although the latter is assumed to have a negligible value. Further, I have not made any allowance for unfunded benefits.

It should be noted the above figures are appropriate for the Administering Authority only for preparation of the Pension Fund accounts. They should not be used for any other purpose (i.e. comparing against liability measures on a funding basis or a cessation basis).

**Assumptions**

The assumptions used are those adopted for the Administering Authority's IAS19 report and are different as at 31 March 2017 and 31 March 2016. I estimate that the impact of the change of assumptions to 31 March 2017 is to increase the actuarial present value by £505m. I estimate that the impact of the change in demographic and longevity assumptions is to decrease the actuarial present value by £42m.

**Financial assumptions**

Year ended (%p.a.)	31 Mar 2017	31 Mar 2016
Pension Increase Rate	2.4%	2.2%
Salary Increase Rate	2.7%	4.2%
Discount Rate	2.5%	3.5%

**Longevity assumption**

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI\_2013 model, assuming the current rate of improvements has reached a peak and will converge to a long term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	22.5 years	24.9 years
Future Pensioners*	24.1 years	26.7 years

\*Future pensioners (assumed to be aged 45 at the latest formal valuation)

Please note that the longevity assumptions have changed since the previous IAS26 disclosure for the Fund.

**Commutation assumptions**

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

**Sensitivity Analysis**

CIPFA guidance requires the disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the liabilities are set out below:

Change in assumptions for the year ended 31 March 2016	Approximate % Increase in liabilities	Approximate monetary amount (£m)
0.5% p.a. increase in the Pension Increase Rate	8%	282
0.5% p.a. increase in Salary Increase Rate	3%	90
0.5% decrease in Real Discount Rate	11%	379

The principal demographic assumption is the longevity assumption. For sensitivity purposes, I estimate that a 1 year increase in life expectancy would approximately increase the liabilities by around 3-5%.

**Professional notes**

This paper accompanies my covering report titled 'Actuarial Valuation as at 31 March 2017 for accounting purposes'. The covering report identifies the appropriate reliances and limitations for the use of the figures in this paper, together with further details regarding the professional requirements and assumptions.

Robert McInroy FFA

3 May 2017

For and on behalf of Hymans Robertson LLP



**Schedule of Employer Bodies****Scheduled/Resolution bodies**

Wiltshire Council  
 Swindon Borough Council  
 Wiltshire & Swindon Fire Authority  
 Wiltshire Police PCC & CC  
 Alderbury Parish Council  
 Amesbury Parish Council  
 Blunsdon St Andrews Parish Council  
 Bradford-on-Avon Town Council  
 Calne Town Council  
 Chippenham Town Council  
 Corsham Town Council  
 Cricklade Town Council  
 Devizes Town Council  
 Haydon Wick Parish Council  
 Highworth Town Council  
 Malmesbury Town Council  
 Marlborough Town Council  
 Melksham Town Council  
 Melksham Without Parish Council  
 Mere Parish Council  
 Purton Parish Council  
 Redlynch  
 Royal Wootton Bassett Town Council  
 Salisbury City Council  
 Steeple Ashton Parish Council  
 Stratton St Margaret Parish Council  
 Trowbridge Town Council  
 Wanborough Town Council  
 Warminster Town Council  
 Westbury Town Council  
 Wilton Town Council  
 Wroughton Parish Council  
 All Saints (Netheravon) Academy  
 Acorn Academy  
 ATOM  
 Athelston Trust (Bradon Forest)  
 Athelston Trust (Malmesbury Academy)  
 Bishop Wordsworth Academy  
 Blue kite Academy  
 Bybrook Valley Academy  
 Christian Malford Academy  
 Churchfield Academy  
 Colebrook Infants Academy  
 Commonweal Academy  
 Corsham Primary Academy  
 Corsham Secondary Academy  
 inc Corsham Regis  
 Dauntseys Academy  
 Devizes Academy  
 Diocese of Bristol Academy Trust  
 Diocese of Salisbury Academy Trust  
 Dorcan Technology Academy  
 Eastrop Infants Academy  
 Education Fellowship  
 Excalibur Academy  
 Goddards Park Academy  
 Gorse Hill Academy  
 Hardenhuish School Ltd  
 Hazelwood Academy  
 Highworth Warneford Academy  
 Holy Family Academy

Holy Rood Primary Academy  
 Holy Cross Catholic Primary  
 Holy Trinity Calne Academy  
 Holy Trinity Devizes Academy  
 John Bentley Academy  
 John of Gaunt Academy  
 King William Academy  
 Kingsdown Academy  
 Lavington Academy  
 Lethbridge Academy  
 Lydiard Academy  
 Malmesbury Primary Academy  
 The Mead Primary Academy  
 inc Castle Mead Academy  
 inc River Mead Academy  
 Millbrook Academy  
 Morgan Vale Academy  
 New College  
 Oasis Community Learning  
 Peatmoor Primary Academy  
 Pewsey Primary Academy  
 Pewsey Vale Academy  
 Queens Crescent Academy  
 Rowde Academy  
 Royal Wootton Bassett School  
 Salisbury 6th Form Academy  
 Sarum Academy  
 Sevenfields Academy  
 Shaw Ridge Academy  
 Sheldon Academy  
 Somerset Road Academy  
 Southbroom Infants Academy  
 South Wilts Grammar School  
 South Wilts UTC  
 Southfield Junior Academy  
 Springfields Academy  
 St Augustine's School  
 St Catherine's Academy  
 St Edmund's Calne Academy  
 St Edmunds Girls Academy Salisbury  
 St Joseph's Academy Devizes  
 St Joseph's Academy Swindon  
 St Laurence Academy  
 St Leonard's Academy  
 St Mary's Swindon Academy  
 Swindon College  
 The Parks Academy Trust  
 United Learning Trust  
 Uplands Education Trust  
 UTC Swindon  
 Wansdyke Academy  
 Wellington Academy  
 West Ashton Academy  
 Westlea Academy  
 White Horse Academies  
 Wiltshire College  
 Woodford Valley Academy

**Admitted bodies**

Agincare  
 Aster Communities  
 Aster Group  
 Aster Living  
 Aster Property Management  
 Atkins Ltd  
 Capita Business Services Ltd  
 Care Home Select (CHS)  
 Caterlink 1  
 Caterlink 2  
 Caterlink 3  
 Churchill Services 1  
 Churchill Services 2  
 CIPFA  
 Collaborative Schools  
 Create Studios  
 Community First  
 Change Grow Live  
 Devizes Museum  
 Direct Cleaning  
 Direct Cleaning Wansdyke  
 Edwards and Wards  
 Elior UK  
 First City Nursing  
 FCC Environment  
 GLL  
 Greenwich Leisure Limited pt2  
 Great Western Hospital  
 Greenwich Leisure Limited  
 Innovate Services  
 Idverde  
 Lifeways  
 Mears Care Ltd North 1  
 Mears care Ltd West 1  
 Mears Care East 2  
 Places For People Leisure  
 The Order Of St John Care Trust  
 Oxford Health NHS Trust  
 Ringway  
 Reach  
 Salisbury and South Wilts Museum  
 Sarsen Housing  
 Selwood Housing  
 Sodexo  
 Seren Group  
 Somerset Care Ltd  
 Southern Health NHS Foundation Trust  
 Spurgeons  
 Public Power Solutions  
 Swindon Wildcats  
 Swindon Dance  
 The Cleaning Company  
 Twigmarket  
 Visit Wiltshire  
 Greensquare (Westlea Housing Association)  
 Wiltshire and Swindon Sports Partnership  
 Wiltshire CCG

These accounts form a summary from the Wiltshire Pension Fund Annual Report and Financial Statements publication. This provides information on its activities and a full detailed statement of its accounts. Requests for this report, or any other queries arising from the Wiltshire Pension Fund Accounts, should be addressed to the Chief Financial Officer, County Hall, Bythesea Road, Trowbridge, BA14 8JN.

## **WILTSHIRE COUNCIL**

WILTSHIRE LOCAL PENSION BOARD  
13 July 2017

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### **INTERNAL AUDIT UPDATE**

#### **Purpose of the Report**

1. This report updates the Board on the 2016-17 key controls final report by the SWAP internal audit team.

#### **Background**

2. The internal audit of Pensions has been completed by SWAP in accordance with an agreed Internal Audit plan. This supports the annual audit undertaken by KPMG (the external auditors). This report was considered by the Pension Fund Committee at its meeting on 28 June 2017.

#### **Key Considerations for the Board**

##### *Internal Audit of Key Controls 2016-17*

3. The internal audit of the key controls for 2016-17 is now finalised. This takes a risk based approach to ensure the key financial system controls are operating effectively for the Wiltshire Pension Fund and that fraud, error or corruption is minimised.
4. SWAP has given the Fund a "Reasonable Assurance" opinion. There were no significant findings in the report, with two priority 3 risks identified.
5. Of the two medium risks, the reconciliations of New Pensioners and New Dependents between the Altair Pension system and SAP Pension Payroll will commence once resources are in place. The reconciliation between Altair and Pension Payroll records are on-going.
6. The management responses to these areas are outlined in the report and officers will work to ensure these are implemented.

#### **Risks Assessment**

7. The risks reflected in this Internal Audit report are included in the Risk Register which is updated quarterly and presented to this Board.

#### **Financial Implications**

8. The internal audits fees are based on an annual recharge from Wiltshire Council. The fee for the 2016-17 external audits by KPMG is £24,604 and a direct charge to the Fund.

#### **Legal Implications**

9. None have been identified as arising directly from 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 this update and the attached SWAP Internal Audit Report and recommendations.

MICHAEL HUDSON  
Treasurer to the Pension Fund

Report Author: Catherine Dix, Strategic Pension Manager

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


# Wiltshire Pension Fund

## Final Report




Issue Date: 28 May 2017




## Executive Summary

-  This section provides an overview for senior management to understand the main conclusions of this audit review, including the opinion, significant findings and a summary of the corporate risk exposure.

## Findings and Outcomes

-  This section contains the more detailed findings identified during this review for consideration by service managers. It details individual findings together with the potential risk exposure and an action plan for addressing the risk.

## Appendices:

-  Audit Framework Definitions
-  Support and Distribution
-  Statement of Responsibility

# Executive Summary

## Overview

As part of the 2016/17 Internal Audit Plan for Wiltshire Council, an audit has been undertaken to assess the adequacy of the key financial controls and procedures in place for Wiltshire Pension Fund.

As confirmed from annual reporting for the fund in respect of 2015/16, the Wiltshire Pension Fund administer the Local Government Pension Scheme (LGPS) on behalf of around 169 participating employers, including Councils, Schools, Police and Fire Authorities, other public bodies, charities and private sector companies. As at 31 March 2016, total membership was reported at over 63,000 (including active and deferred members and pensioners) with holdings of over £1.8bn of investments assets.

Given the materiality of balances, the fund is subject to an annual internal audit as part of the Wiltshire Council's key financial controls assurance process.

## Objective

To ensure key financial system controls are operating effectively for The Wiltshire Pensions Fund, and that fraud, error or corruption is minimised.

## Significant Findings

Risk:	Impact
No Significant Risks Reported.	

## Audit Opinion:

**Reasonable**

I am able to offer reasonable assurance as most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

This opinion reflects that the recommendation in respect of reconciliation between pensions Payroll and Altair has been restated. This is because there have been notable delays in reconciliation of new dependents and pensioners. We do, however, note that the resultant impact of risk is considered moderately low given other compensating factors and controls.

We also highlight that other reconciliations have been brought up date, although management will need to continue to monitor this position given that the responsible Pension Fund Accountant has been on maternity leave since February 2017.

## Well Controlled Areas of the Service

Systems and processes haven again been proven to be well embedded with associated key financial controls operating satisfactorily in respect of:

- Review and Authorisation of Benefits Calculations;
- Production and independent Review of Pensions Payroll Exception Reports; and
- Authorisation of Starters and Leavers (Members and Pensioners).

## Corporate Risk Assessment

Risks	Inherent Risk Assessment	Manager's Initial Assessment	Auditor's Assessment
1. The Wiltshire Pension Fund suffers financial loss because contributions received and payments to pensioners are incorrect.	Medium	Low	Low
2. The Wiltshire Pension Fund's financial records are compromised by the inaccurate reporting of balances and resultant material misstatements.	Medium	Low	Low
3. The Wiltshire Pension Fund suffers financial and reputation loss at it is not compliant with LGPS regulations.	Medium	Low	Low
4. The Wiltshire Pension Funds records are put at risk of fraud and error because access to the Pensions system application is not restricted to authorised users.	Medium	Low	Low
5. The Council is exposed to greater risk because previous audit recommendations have not been implemented.	Medium	Low	Low



# Findings and Outcomes

## Method and Scope

This audit has been undertaken using an agreed risk based audit. This means that:

- the objectives and risks are discussed and agreed with management at the outset of the audit;
- the controls established to manage risks are discussed with key staff and relevant documentation reviewed;
- these controls are evaluated to assess whether they are proportionate to the risks and evidence sought to confirm controls are operating effectively;
- at the end of the audit, findings are discussed at a close-out meeting with the main contact and suggestions for improvement are agreed.

Prior year reporting has highlighted that systems and processes are proven to be well embedded and associated key financial controls operate satisfactorily in respect of:

- Review and Authorisation of Benefits Calculations
- Production and independent Review of Pensions Payroll Exception Reports
- Authorisation of Starters and Leavers (Members and Pensioners)

Thus, for these areas, a lighter touch approach has been adopted this year. The level of detailed sample testing has been reduced and the effectiveness of the principles of control has instead been confirmed from observational walkthrough of example cases.

At the request of the Chair of the Local Pension Board, a high level review has also been undertaken to determine whether the content of the Annual Report for the Pension Fund is accordant with regulatory requirements.

The scope of review has not included processes which are subject to Wiltshire Council's corporate system of control including:

- Bank reconciliation arrangements
- Setting up New Starters and Processing Leavers on the SAP Payroll system.

These areas are reported separately in consolidated reporting on Wiltshire Council's key financial controls 2016/17.

1.1	1. The Wiltshire Pension Fund suffers financial loss because contributions received and payments to pensioners are incorrect.	Low
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### 1.1.1 Finding and Impact

#### Review and Authorisation for Calculation of Benefits

Observational walkthrough of recent sample cases confirmed that appropriate controls are operated and evidenced in respect of the review and authorisation process for calculations of benefits on death, retirees and transfers out.

### 1.1.2 Finding and Impact

#### Production and independent Review of Pensions Payroll Exception Reports

There is appropriate production and review of exception reporting in respect of the pensions payroll on a regular, monthly basis.

Appropriate evidence is retained of checks undertaken with:

- Individual entries ticked to denote they have been confirmed as correct;
- Reports signed and dated by the Payroll Officer to confirm her sign off; and
- A copy of scanned, signed reports retained on the secure server to support each month's checks.

### 1.1.3 Finding and Impact

#### Authorisation of Starters

Checks of example new starter cases confirmed that starter details had been transferred completely and accurately to Altair from forms and the employer starter spreadsheet.

Review of supporting Approved Signatories forms confirmed that starter records had been approved by a recognised, authorised officer by means of confirmatory email.

### 1.1.4 Finding and Impact

#### Authorisation of Leavers

As reported under benefit payments above, observational walkthrough of recent sample cases confirmed that appropriate controls are operated and evidenced in respect of the review and authorisation process of leavers to the scheme (i.e. through processing of benefits on death, retirees and transfers out).

1.2 2. The Wiltshire Pension Fund's financial records are compromised by the inaccurate reporting of balances and resultant material misstatements.

Low

### 1.2.1 Finding and Impact

#### Reconciliation of the pension payroll system to the general ledger

##### *New Pensioners and New Dependants*

Review of the last reconciliations undertaken for New Pensioners and New Dependants confirmed that these had been undertaken in accordance with the agreed procedure. However, whilst these should normally be undertaken quarterly, the Pensions Fund Development Manager confirmed that the last full reconciliation was undertaken in April 2016 in respect of data to the end of March 2016. This was also verified from review of the last reconciliation provided.

Review of the latest reconciliations checklist provided by the Pension Fund Accountant highlighted that these reconciliations have been removed from the latest version. As a result, progress is not transparently reported as over-due.

It is also noted that, as reported in 2015-16, that a full reconciliation of the two systems has not yet been undertaken and that checks instigated since the last full check in 2011 have not been cumulative. This is, in part due to an outstanding decision on whether an integrated Altair payroll module will be added to the system.

Given delays in checks undertaken between new pensioners and new dependants, there is a risk that discrepancies between Altair and SAP GL records will not be identified and dealt with promptly resulting in over- or under-payment of benefits.

**Thus one recommendation from 2015-16 reporting is updated with another re-stated.**

However, the impact of this risk is considered to be moderately low given a number of compensating controls and factors.

Any new pensioner or dependent records are only set up on SAP once they have been added to Altair and a new starter form is raised and authorised to confirm addition to the Pensions Payroll.

Changes normally only occur after initiation of pensioner / dependent payments including:

- cessation due to death
- cessation or changes in the proportion of dependants' entitlement

Other than these changes, only an annual uplift (PI) is applied, increasing entitlement from 1st April each year.

A number of compensating control checks are also applied to ensure that any subsequent changes to pensioner payroll records affecting entitlement align with Altair (or vice versa) including:

- WPF staff checking payroll reporting on deaths
- Payroll staff checking closed bank accounts reported by WPF staff
- Payroll staff undertaking checks of exception reporting
- WPF Finance staff checking totals paid out to employers including a monthly analysis of balances for employers including flagging of balances fluctuating more than 5% tolerance from one month to the next prompting investigation.

#### *Follow up of 2015-16 Findings - Additional Payroll Costs Reconciliation*

The last completed reconciliations were reviewed for:

- Lump Sum (GL Code 100421)
- Trivial Commutation (GL Code 956303)
- Underpayments (GL Code 100401)

From this it was confirmed that they have been undertaken in accordance with agreed procedures, balances were supported by system reporting and verified copies had been saved by the Pension Fund Accountant (annotated with her initials as required).

The Pension Fund Accountant confirmed that, although reconciliations had been undertaken on a regular monthly basis, there had been delays, until more recently, in verifying these given available staff resource.

General review of the checklist confirmed this with delays in verifying reconciliations reported up until August 2016 (averaging between 55 and 93 days). Since then, there have been improvements and, although there were delays in undertaking verifications of October, this was less notable than in prior periods (averaging 44 days after the period end date). Additionally, verification of the

November reconciliations was underway at the time of the audit review. Thus no further recommendation is made in this respect.

*However, we do note for information that this should be closely monitored by management given that the Fund Accountant will be on maternity leave from February 2016. Unless this resource is replaced, there will a potential impact on progress made to date. We acknowledge that this has been transparently reported issue being monitored by the Local Pension Board.*

1.2.1a Proposed Outcome:

Priority 3

It has been agreed that reconciliations of New Pensioners and New Dependants between the Altair Pension system and SAP Pensions Payroll are undertaken on a monthly basis.

Action Plan:

Person Responsible:	Head of Pensions	Target Date:	September 2017
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Management Response:	Agreed that monthly reconciliations would be preferable for the New Pensioners and New Dependants reconciliations. The Fund currently experiencing high levels of staff turnover as flagged on its risk register, and is looking to develop its data quality team to picked up these specific reconciliations in future.
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1.2.1b Proposed Outcome:

Priority 3

It has been agreed that an updated full reconciliation be undertaken between Altair and SAP Payroll to provide further assurance that payments made to pensioners cast. This should provide the basis for a monthly reconciliation of cumulative balances.

Action Plan:

Person Responsible:	Head of Pensions	Target Date:	December 2019
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Management Response:	The Guaranteed Minimum Pension (GMP) reconciliation project is currently on-going which is due to finish in December 2018 with the timescales being dictated by HMRC. As this reconciliation is in part a reconciliation of the SAP payroll to Altair, officers' view is this is being undertaken to a certain extent with a full reconciliation of the two systems to be prioritised after this date.
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1.2.2 Finding and Impact

Bank Reconciliations

Please note that this area is considered out of scope at it is subject to central, corporate process operated by Wiltshire Council. This is reviewed separately under **General Ledger and Financial Account Key Financial Controls 2016/17** and will be reported separately in consolidated reporting for Key Financial Controls.

1.2.3 Finding and Impact

Evidence of Regular Discussions with Governors and the Actuary - Fund Valuation Position

Review confirmed that there has been regular quarterly reporting to the Board on the fund position for 2016-17 to date.

There is also appropriate evidence of members' consideration of the latest actuarial tri-annual valuation with an update on progress provided by the Head of Pensions in the last meeting held in December 2016.

## 1.3.1 Finding and Impact

Annual Reporting - Accordance with the requirements of LGPS and other Relevant Regulations

On request by the Chair of the Local Pension Board, a high level review was also undertaken to determine whether the Annual Report for the Pension Fund contained the requisite regulatory sections. From this it was confirmed the report for 2015/16, meets the requirements of LGPS Regulations 2013, 57(1) by including (or linking to) a:

- Management and Financial Performance Report;
- Investment Policy & Performance Report;
- Scheme Administration Report;
- Actuarial Report on Funds;
- Governance Compliance Statement;
- Fund Account, Net Assets Statement and Notes;
- Pensions Administration Strategy Report;
- Funding Strategy Statement;
- Statement of Investment Principles;
- Communications Policy Statement;
- Discretionary Material; and
- Material required by the LGPS Scheme Advisory Board to publish their Scheme Annual Report.

Although, an advisory recommendation has been made in respect of information required of best practice which has not been included in respect of the following discretionary content recommended under CIPFA Guidance:

- KPI data on staffing efficiency (management and performance reporting); and
- Reporting on the manner employer discretions have been exercised in the reporting period a glossary of commonly used pension terms to aid readers (again categorised as discretionary).

*Discussion with the Head of Pensions and the Chair of the Local Pension Board has also confirmed that future internal audit work may include more detailed focus on the content of the various reports and statements listed above to ensure they are compliant with the requirements of various other LGPS regulations.*

Compliance with CIPFA Code of Accounting Practice Requirements for Annual Reporting

Discussion with fund management confirmed that the external auditors routinely request that management provide evidence of the checks they have made against the disclosure checklist published by CIPFA to ensure compliance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom in respect of fund accounts, disclosures and notes (included in the annual report). Review confirmed that a copy had been retained by the service management to confirm the checks and confirmations sought.

As this checklist is recognised as a tool rather than an official document, there is no official, evidential sign off of the checklist by KPMG or management. An exception reporting basis is instead adopted with the external auditors confirming any necessary updates to the statement of accounts required where applicable.

Review of the annual audit report (extract from the report presented to audit committee in July 2016) confirmed that no material misstatements were identified. Although 'a small number of presentational adjustments were required' these were noted in the LPB minutes of July 2016 as only being stylistic corrections needed to the accounts.

At the time of issue of the Annual Audit Report it was still to be established whether the annual report was compliant with LGPS regulations. The subsequent audit letter issued by KPMG does not explicitly confirm that such assurances were sought. However, as nothing of further significance was reported and the External Auditors confirmed that the Annual Report and Final Accounts were unqualified, this implies such checks were completed (else this would have represented a significant, material, reportable issue).

Additionally, the external auditor's opinion given within the Annual Pensions Fund Report confirms: 'the pension fund financial statements [reported within]... comply with applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.'

*However, noting the expectations of the Chair of the Local Pensions Board for explicit physical evidence of actual compliance checks undertaken in this respect, more detailed future audit review against this checklist may be considered to provide further assurance that the content of the annual report is compliant with the Code of Practice.*

1.4	4. The Wiltshire Pension Funds records are put at risk of fraud and error because access to the Pensions system application is not restricted to authorised users.	Low
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1.4.9 Finding and Impact

System Access & Password Controls

General principles control applied for user access management are sound.

Review of the current listing of users confirmed that higher level access had been granted where appropriate on the basis of roles and responsibilities.

Although there have been no reported leavers, the Benefit Manager account had been disabled as appropriate.

Comparison to current County Password Policy confirmed that password settings are generally in accordance, although a minimum of 6 characters is required (rather than the 8 stipulated by County). Although, this is not of great concern as, in compensation, additional Citrix passwords are also required to access the system.

# Audit Framework and Definitions

## Assurance Definitions

<b>None</b>	The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
<b>Partial</b>	In relation to the areas reviewed and the controls found to be in place, some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
<b>Reasonable</b>	Most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
<b>Substantial</b>	The areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.

## Definition of Corporate Risks

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

## Categorisation of Recommendations

When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors, however, the definitions imply the importance.

<b>Priority 5</b>	Findings that are fundamental to the integrity of the unit's business processes and require the immediate attention of management.
<b>Priority 4</b>	Important findings that need to be resolved by management.
<b>Priority 3</b>	The accuracy of records is at risk and requires attention.

*Priority 2 and 1 Actions will normally be reported verbally to the Service Manager.*

## Report Authors

This report was produced and issued by:

Kerry Chisholm, Senior Auditor

## Support

We would like to record our thanks to the following individuals who supported and helped us in the delivery of this audit review:

Howard Pierce, Chair of the Local Pensions Board

David Anthony, Head of Pensions

Catherine Dix, Strategic Pension Manager

Roz Vernon, Pension Fund Accountant

Mark Anderson, Fund Development Manager

Martin Downes, Systems Manager

Craig Payne, Benefits Manager

Sue Tompkins, Accounting Technician

Janine Davis, Payroll Assistant

## Distribution List

This report has been distributed to the following individuals:

David Anthony, Head of Pensions

Catherine Dix, Strategic Pension Manager

## Working in Partnership with

Devon & Cornwall Police & OPCC Somerset County Council

Dorset County Council South Somerset District Council

Dorset Police & OPCC Taunton Deane Borough Council

East Devon District Council West Dorset District Council

Forest of Dean District Council West Somerset Council

Herefordshire Council Weymouth and Portland Borough Council

Mendip District Council Wiltshire Council

North Dorset District Council Wiltshire Police & OPCC

Sedgemoor District Council



# Statement of Responsibility

## Conformance with Professional Standards

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Auditing Standards.

## SWAP Responsibility

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

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WILTSHIRE LOCAL PENSION BOARD  
13 July 2017

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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/uksi/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 particularly in light of the establishment of this Board.
8. In April 2016, this Board agreed to endorse the Governance Compliance statement and recommend that lay membership and voting rights be reviewed following the proposed asset pooling as part of the compliance process and pooling arrangements.
9. Therefore, the Governance Compliance Statement will need to be amended once the Brunel Pension Partnership Ltd has been incorporated and revised governance structure are needed to be put in place.

#### **Financial Considerations & Risk Assessment**

10. There are no financial implications of this Policy that are not already built into the Pension Fund Administration Budget 2017-18 & 2018-19 which has been approved by the Pension Fund Committee.

11. 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**

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

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

13. There are no known implications at this time.

### **Reasons for Proposals**

14. 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**

15. The Board is asked to review the Government Compliance Statement.

MICHAEL HUDSON  
Treasurer to the Pension Fund

Report Author: David Anthony, Head of Pensions

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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.	<b>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).</b>	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.	<b>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.</b>  <b>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</b>	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.	<b>FULL – All minutes of meetings and decisions taken by the ISC are reported back to the next main committee meeting.</b>	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.	<b>FULL – At least 4 members of the ISC sit on the main committee.</b>	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"> <li>i. employing authorities (including non-scheme employers, eg, admitted bodies);</li> <li>ii. scheme members (including deferred and pensioner scheme members);</li> <li>iii. independent professional observers; and</li> </ul>	<p><b>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.</b></p> <p><b>FULL – two representatives from UNISON, who represent active, deferred and pensioner members</b></p> <p><b>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</b></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><b>FULL – Mercers (the Fund’s Investment Consultant) and Hymans Robertson (the Fund’s Actuary) attends all meetings where expert advice is required</b></p> <p><b>FULL – All members of the Committee are given equal access to papers, meetings and training and are able to fully participate in debates.</b></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><b>FULL – Full Induction Training and Governance is given and each member is given a Members’ Handbook outlining their responsibilities amongst other information.</b></p> <p><b>FULL – this is a standard part of committee procedure.</b></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><b>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.</b></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 <b>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.</b>	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 <b>Members Training Plan</b>	N/A
F) Meetings - Frequency	a) That an administering authority’s main committee or committees meet at least quarterly.	FULL – <b>The Committee meets four times per year, plus ad-hoc for special issues (eg. valuation, tenders)</b>	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 – <b>The ISC meets two times per year, with a potential two further meetings scheduled should they be required.</b>	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 – <b>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</b>	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.	<b>FULL – All members of the Committee (including non voting and substitute members) receive all the papers for every meeting, including the confidential ones</b>	<b>N/A</b>
H) Scope	a) That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	<b>FULL – All matters in relation to the Fund, whether Benefits, Governance, Investments, Communications, Employers, Financial, etc, are covered by the governance arrangements.</b>	<b>N/A</b>
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.	<b>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</b>	<b>N/A</b>

12 March 2015

Wiltshire Pension Fund Committee

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## **WILTSHIRE COUNCIL**

WILTSHIRE LOCAL PENSION BOARD  
13 July 2017

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### **Draft Local Pension Board Annual Report**

#### **Purpose of the Report**

1. The purpose of this report is to present the draft Local Pension Board's (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 which will be referenced 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. Attached is the proposed draft 2017 LPB Annual Report for consideration by Members of the Board. The report is based on the structure agreed last year by the Board and the intention is the approved LPB Annual Report will be presented to the Wiltshire Pension Committee at its meeting on 27 September 2017. The report will be published as a standalone report on the Wiltshire Pension Fund website.
4. The Board have also an action to review the Annual Report against other ones in other authorities. The attached Appendix lists hyperlinks to seven other LPB's Annual Reports. These provide an insight into the different types of formats and information being presented.

#### **Financial Considerations & Risk Assessment**

5. The cost of the annual report is included with the LPB budget within the Fund's administration budget.
6. 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**

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. The draft LPB annual report is an important document in the governance of the Fund and the formal reporting of the activities of the Board. Therefore, its important Board Members approve an agreed document to be presented to the Wiltshire Pension Fund Committee.

## **Proposals**

10. The Board is asked to approve the attached draft LPB Annual Report subject to further amendments suggested and agreed by the Chairman prior to circulation to the Pension Fund Committee.

MICHAEL HUDSON

Treasurer to the Pension Fund

**Report Author:** David Anthony, Head of Pensions in consultation with Howard Pearce, Independent Chair of the Pension Board.

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

# APPENDIX

Links to BPP area Local Pension Board Annual reports

**Avon / BANES**

<http://www.avonpensionfund.org.uk/sites/default/files/Pension Board - Annual Report 2015-16.pdf>

**Buckinghamshire**

[http://www.buckscc.gov.uk/media/4508427/bccpf\\_board-annual-review-2015\\_16.pdf](http://www.buckscc.gov.uk/media/4508427/bccpf_board-annual-review-2015_16.pdf)

**Bedfordshire**

[http://www.bedspensionfund.org/fund\\_information/pension\\_board/idoc.ashx?docid=b69f69f0-c23a-4cbd-b327-039d37](http://www.bedspensionfund.org/fund_information/pension_board/idoc.ashx?docid=b69f69f0-c23a-4cbd-b327-039d37)

**Cambridgeshire**

[https://cmis.cambridgeshire.gov.uk/CCC\\_live/Document.ashx?czJKcaeAi5tUFL1DTL2UE4zNRBcoShgo=VG2yg9SW](https://cmis.cambridgeshire.gov.uk/CCC_live/Document.ashx?czJKcaeAi5tUFL1DTL2UE4zNRBcoShgo=VG2yg9SW)

**Northamptonshire**

<https://cmis.northamptonshire.gov.uk/cm5live/Document.ashx?czJKcaeAi5tUFL1DTL2UE4zNRBcoShgo=6%2foBU>

**Cheshire**

<http://www.cheshirepensionfund.org/wp-content/uploads/2017/02/Item-5-Appendix-B-LPB-Annual-Report-2015-16.pdf>

**Tyne and Wear**

<http://www.twpf.info/CHttpHandler.ashx?id=31010&p=0>

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WILTSHIRE  
PENSION FUND

# Local Pension Board Annual Report

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4 July 2017

Wiltshire Council  
Where everybody matters

## Contents

Chairman’s introduction .....	2
Legal basis of LPB and annual reporting .....	3
Recruitment and appointment process of LPB members.....	5
LPB members register and declarations of interests.....	7
LPB approved training plan and members training logs.....	8
LPB Year 1 Work plan and outcomes .....	11
Outcomes and LPB recommendations made to the Administering Authority (Pension Committee)..	13
LPB Actions log.....	21
Review of LPB compliance with the Pension Regulator’s Code of Practice No.14 .....	22
Summary of LPB communications outlining links to the website.....	24
LPB operational costs for 2015-16 & Budget for 2016-17 .....	25
Assurance of the LPB Annual Report .....	26
LPB forward look to 2016-17 and proposed work plans .....	27



## Chairman's introduction

Welcome to the second Annual Report of the Local Pension Board (LPB) of Wiltshire Pension Fund.

The Board, which comprised 7 members recruited by Wiltshire Council, was established in 2015.

This report covers the period from 1st April 2016 to 31st March 2017 during which the Board has held 4 meetings over this period.

The focus of the LPB during 2016-17 has been on ensuring

- a) the LPB governance complies with the statute and LGPS regulations that apply to it and best practice guidance issued by the national LGPS Advisory Board.
- b) its members are fully conversant with their duties and responsibilities for example on the requirements of the Pensions Regulator.
- c) the Wiltshire fund is fulfilling its statutory duties.

I am delighted to say that with the support of the officers and advisors to the Wiltshire Pension Fund the LPB has made good progress in fulfilling its terms of reference in its second year.

The LPB has made a number of recommendations to the Pensions Committee (see pages 13 to 20). One example being in respect of some enhancements to its risk register and business planning which have been accepted and are being implemented.

One of the most important reviews the LPB has undertaken is the funds compliance with the Pensions Regulators Code of Practice 14 (see page 22 onwards). The LPB welcomes the actions being implemented by the fund to ensure it fully complies with the Code.

The LPB has also reviewed the Pension Funds communications and stressed the need for information to be kept up to date and the importance of the fund website to fund members

Looking ahead the LPB will seek to assist and support the Wiltshire Pension Fund in respect of minimising potential governance and other risks arising from the Governments proposed asset pooling in 2018.

Last not least could I thank my fellow Board members for their commitment to their roles on the LPB and I commend this report to you.

Howard Pearce

Independent Chair

## Legal basis of LPB and annual reporting

The Local Government Pension Scheme Regulations 2013 (“the Regulations”) establish Wiltshire Council as the administering authority for the Wiltshire Pension Fund, with responsibility for managing and maintaining the Fund. The Regulations further require that Wiltshire Council in its capacity as administering authority, and in accordance with the Public Service Pensions Act 2013, establish a Local Pension Board for the purposes of assisting it;

- to secure compliance with the LGPS Regulations, other legislation relating to the governance and administration of the LGPS, and the requirements imposed by the Pension Regulator in relation to the LGPS; and
- to ensure the effective and efficient governance and administration of the LGPS

The functions of the Local Pension Board do not sit neatly within the typical arrangements that apply to local authority committees, including those that apply to the Wiltshire Pension Fund’s Pension Committee. Importantly, the Local Pension Board cannot be delegated to carry out the functions and responsibilities that legally pertain to the administering authority. This sometimes leads to people describing the local pension board as having no decision making authority.

The creation of a Local Pension Boards does not change the core role of the administering authority or the way it delegates its pension functions. Instead the local pension board operates outside of the usual local authority committee structure and serves an advisory and compliance role for the Fund. The role of the Local Pension Board is sometimes likened to that of a “critical friend”.

The Regulations require that the Local Pension Board must be constituted of at least 4 members, two of whom must represent the membership of the fund and two of who must represent the fund’s employers. Employer and Scheme member representatives are required to have the capacity to represent their respective constituencies. While it is permissible for the local pension board to contain “independent” members i.e. those who are neither member nor employer representatives, such members are not permitted to vote.

The Wiltshire Pension Fund Local Pension Board is comprised of;

- 3 scheme member representatives, and
- 3 employer representatives, and
- 1 non-voting Independent Chair

The Regulations do permit an administering authority to combine its Local Pension Board with the pension committee to which it has delegated some or all of its decision making responsibilities in respect of the maintenance of the fund. Such a combined committee and board may only be created with the express permission of the Secretary of State for the Department of Communities and Local Government.

Wiltshire Council have chosen not to operate a combined local pension board and pension committee.

In addition to making Local Pension Boards a mandatory part of the LGPS governance the Public Service Pensions Act 2013 also brought about a new role for The Pensions Regulator. The Regulator

now has the role of overseeing good governance within all Public Service Schemes, which includes the LGPS. The Regulator can issue enforcement notices where it believes that LGPS Funds are not complying with certain pension legislation, including, in respect of Local Pension Boards, matters such as representation and ensuring that conflicts of interest do not exist on Boards.

While there is no statutory obligation for the Local Pension Board to publish a report, it is recognised as best practice for the Board to report on its activities for the year and its future plans.

The Public Service Pensions Act 2013 does require an administering authority to publish information about its pension board. The administering authority is required to publish a governance compliance statement which, in addition to information on the governance of the Fund, should include details of the terms, structure and operational procedures relating to its Local Pension Board.

The Board is accountable solely to the Administering Authority for the effective operation of its functions and reports to the Pension Committee at least annually and more often if deemed necessary. The subject of the Board's reports shall include;

- a) a summary of the work undertaken since the last report
- b) the work plan for last year and the programme for the next 12 months
- c) areas raised to the Board to be investigated since the last report and how they were dealt with
- d) any risks or other areas of potential concern it wishes to raise
- e) details of training received since the last report and planned
- f) details of all expenses and costs incurred over the past 12 months and projected for the next year
- g) details of any conflicts of interest identified since the last report and how they were dealt with

The Governance Compliance Statement of the Wiltshire Pension Fund can be found <http://www.wiltshirepensionfund.org.uk/governance-compliance-statement-2015.pdf>

## Recruitment and appointment process of LPB members

The Council has put in place processes for the recruitment and appointment of representatives to the Wiltshire Pension Board.

### **Member representatives**

The role of member representative was advertised on the Fund's website and the Wiltshire Council job vacancy website. Adverts contained the Board's Terms of Reference as well as additional information on the expectations of the role.

Applications were scored against the role criteria in order to produce a shortlist.

Shortlisted nominees were invited to an interview by the Administering Authority's Associate Director – Legal and Democratic Services and the Administering Authority's Associate Director – Finance (or their nominated representatives). A recommendation was then made to full council for the appointment to the Board of three nominees, two of whom represent nominations from a recognised trade union based on published criteria relating to ability to meet the capacity requirements of the role.

Full council approved the appointment of the three member representatives on 14 July 2015.

### **Employer representatives**

In order to ensure that employer representatives are truly representative of the employers within the Fund, while at the same time providing equal opportunity for representation to all groups, the Local Pension Board employer representatives are drawn from the following three Groups;

- Group 1: Wiltshire Council;
- Group 2: Swindon Borough Council and Wiltshire Police; and
- Group 3: all other employer organizations' within the Fund.

Every employer within each of the Groups was provided with information about the role of the Local Pension Board including Terms of Reference, details of the employer representative role, a nomination form and instructions for application. Each employer was invited to put forward one suitable nominee based on the criteria provided.

Applications were scored against the role criteria in order to produce a shortlist.

Shortlisted nominees were invited to an interview by the Administering Authority's Associate Director – Legal and Democratic Services and the Administering Authority's Associate Director – Finance (or their nominated representatives). A recommendation was then made to full council for the appointment to the Board of three nominees.

Full council approved the appointment of the three member representatives on 14 July 2015.

## **Independent Chair**

In this respect the term independent means having no pre-existing employment, financial or other material interest in either the Administering Authority or any scheme employer in the Fund and not being a member of the Fund, or a Wiltshire Councilor.

The role of the Independent Chair was advertised on the Fund's website and the Wiltshire Council job vacancy website. Adverts contained the Board's Terms of Reference as well as well as additional information on the expectations of the role.

Applications were scored against the role criteria in order to produce a shortlist.

Shortlisted nominees were invited to an interview by the Administering Authority's Associate Director – Legal and Democratic Services and the Administering Authority's Associate Director – Finance (or their nominated representatives). A recommendation was then be made to full council for the appointment of an Independent Chair.

Full council approved the appointment of the Independent Chair on 12 May 2015 subject to the subsequent approval of the majority of the employer and scheme member representatives. Such approval was given at the meeting of 16 July 2015.

## LPB members register and declarations of interests

### Local Pension Board as at 31 March 2016

Role	Member	Number of meetings attended (maximum 4)
<b>Independent Chairman</b>	Howard Pearce	4
<b>Employer Member Representatives</b>	Lynda Croft	4
	Sarah Holbrook	4
	Cllr. Christopher Newbury	2
<b>Scheme Member Representative</b>	David Bowater	3
	Mike Pankiewicz	4
	Barry Reed	3

### Biographies of the Local Pension Board Members

#### Independent Chairman:

Howard Pearce, former Head of Pension Fund Management, Environment Agency.

#### Employer Member Representatives:

Sarah Holbrook, Finance Operations Manager, Office of the Police and Crime Commissioner

Lynda Croft, Director of Finance, Wiltshire College

Christopher Newbury, Wiltshire Councillor

#### Scheme Member Representative:

David Bowater, Wiltshire Council employee, active member

Barry Reed, Unison representative, retired member

Mike Pankiewicz, Unison representative, active member

Full biographies for all Board Members can be found here

<http://www.wiltshirepensionfund.org.uk/local-pension-board/local-pension-board-personal-biographies.htm>

The register of interests for members of the Local Pension Board can be found here

<http://cms.wiltshire.gov.uk/ieListMeetings.aspx?CId=1280&Year=0>

## LPB approved training plan and members training logs

The Public Service Pensions Act 2013<sup>1</sup> requires that members of local pension boards have an appropriate level of knowledge and understanding in order to carry out their role. Any individual appointed to a local pension board must be conversant with;

- The regulations of the Local Government Pension Scheme, including historical regulations and transitional provisions, to the extent that they still affect members; and
- any document recording policy about the administration of the scheme

Local Pension Board members must also have knowledge and understanding of-

- the law relating to pensions, and
- such other matters as may be prescribed in other legislation

The degree of knowledge and understanding required Board members is that appropriate for the purposes of enabling the individual properly to exercise the functions of a member of the Local Pension Board.

The Wiltshire Pension Fund is committed to supporting Local Pension Board members to achieve the level of knowledge and understanding they require by providing the appropriate level of training and assistance.

### **Degree of Knowledge and Understanding**

Members of the local pension board are expected to be conversant with the rules of the LGPS and the policies of the Fund. "Being conversant with" implies a working knowledge of what is relevant to the subject under discussion. A Board member should have an understanding of what is relevant to their role and be able to identify and challenge a failure to comply with;

- the LGPS Regulations;
- other legislation relating to the governance and administration of the scheme;
- requirements imposed by the Pensions Regulator; and
- any failure to meet the standards and expectations set out in any relevant code of practice issued by the Pensions Regulator

### **Areas of Knowledge and Understanding**

The areas in which Local Pension Board Members would be expected to be conversant include, but are not limited to –

- Scheme approved policies (e.g. managing conflicts of interest, reporting breaches of the law or record keeping)
- Risk assessment and management
- Scheme booklets and other members' communications
- The role of Local Pension Board Members and the scheme manager (Wiltshire Pension Fund)
- Policies in relation to the exercise of discretions

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<sup>1</sup> The Public Service Pensions Act 2013 made amendments to the Pensions Act 2004 (see s248A)

- Communications with scheme members and employers
- Key policy documents on administration, funding, and investment (e.g. the administration strategy, funding statement Strategy or statement of Investment principles)

### Achieving the required level of knowledge and skills

At its meeting of 16 July 2015, the Board agreed to develop a training strategy and plan for acquiring the necessary level of knowledge and skills. Among the recommendations were;

- That all Local Pension Board members complete a self-assessment form in order to identify any areas on which they require immediate further training.
- To use the results of the self-assessment to develop a training programme.
- That Board members attend a 3 day LGPS Pensions Fundamentals Course presented by the Local Government Association. The course covers all the key areas of the LGPS and provides a thorough understanding of the scheme, its legislation and an appreciation of the different areas of work.
- That Board members complete the Pension Regulator’s on-line toolkit designed to provide a sound understanding of the roles and responsibilities of public service pension board members.
- To continue to receive regular training as part of Local Pension Board meetings and to supplement knowledge by attendance at relevant seminars and conferences.

The Local Pension Board’s training plan can be viewed here [Wiltshire Local Pension Board Training Plan](#)

This year the Local Pension Board has received the following training sessions:

Date of meeting	Topics Covered	HP	MP	DB	BR	CN	LC	SH
7 April 2016	Triennial Valuation 2016							
20 July 2016	Investment Pooling & the Brunel Pension Partnership							
20 October 2016	2016 Valuation update							
6 April 2017	Data Protection & Quality Standards							
N/A	TPR On-line Toolkit							

The following were joint training sessions with the pension committee:

Date of meeting	Topics Covered	HP	MP	DB	BR	CN	LC	SH
9 June 2016	Members Investment Training Away Day							
14 October 2016	Brunel Pension Partnership Engagement Day							



The following were additional training opportunities undertaken by Board Members:

Date of meeting	Topics Covered	HP	MP	DB	BR	CN	LC	SH
13 April 2016	LGPS Asset Pooling Conference							
17 May 2016	PLSA Local Government Conference							
6 June 2016	Responsible Investor EU 2016							
27 July 2016	LGPS Communications Training							
10 August 2016	Investment Pooling Q&A sessions							
6 September 2016	LGC Investment Conference							
29 September 2016	GAD LGPS Section 13 Training Event							
7 October 2016	Responsible Investment ESG Manager Selection – LGPS pooling							
13 October 2016	Unison Regional Forum for Local Pension Board Members							
17 November 2016	SPS LGPS Fund event							
12 December 2016	Unison LGPS Annual Frum							
19 January 2017	Unison Regional Forum for Local Pension Board Members							

Key:

HP – Howard Pearce, Independent Chair

MP – Mike Pankiewicz, Member Representative

DB – David Bowater, Member Representative

MP – Barry Reed, Retired Member Representative

CN – Councillor Newbury, Employer Representative

LC – Lynda Croft, Employer Representative

SH – Sarah Holbrook, Employer Representative

## LPB Year 2 Work plan and outcomes

The primary function of the Local Pension Board is to assist the Administering Authority in securing compliance with the LGPS Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme. In the pursuit of this aim it is for the Local Pension Board to set its own work plan.

The Local Pension Board's terms of reference require that it develop and report to the Wiltshire Pension Fund Committee, at least annually, on its work plan for the year. Examples of the areas that the Local Pension Board may wish to consider include (but are not limited to) the following;

- Review regular compliance monitoring reports which shall include reports to and decisions made under the Regulations by the Committee.
- Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, Relevant legislation and in particular the Pension Regulator's Code of Practice No. 14.
- Review the compliance of scheme employers with their duties under the Regulations and relevant legislation.
- Review such documentation as is required by the Regulations, including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.
- Review scheme members and employers' communications as required by the Regulations and relevant legislation.
- Monitor complaints and performance on the administration and governance of the scheme.
- Review the Internal Dispute Resolution Process and Pensions Ombudsman cases.
- Review the arrangements for the training of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme.
- Review the complete and proper exercise of employer and administering authority discretions.
- Review the outcome of internal and external audit reports.
- Review draft accounts and Fund annual report.

The second core function of the Local Pension Board is to ensure the effective and efficient governance and administration of the Scheme. Again, the Local Pension Board may determine the areas it wishes to consider, including but not restricted to:

- Monitor performance of administration, governance and investments against key performance targets and indicators.
- Review the effectiveness of processes for the appointment of advisors and suppliers to the Administering Authority.
- Monitor investment costs including custodian and transaction costs.
- Monitor internal and external audit reports.
- Review the risk register as it relates to the scheme manager function of the Administering Authority
- Review the outcome of actuarial reporting and valuations.

- Provide advice and make recommendations when required to the Committee on areas that may improve the effectiveness and efficient operation and governance of the Fund.

The Local Pension Board's agreed workplan for 2015/16 – 2017/18 can be found here under Item 19.

[Agenda for the Local Pension Board, Thursday, 6th April 2017](#)

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## Outcomes and LPB recommendations made to the Administering Authority (Pension Committee)

Decisions about the running of the Pension Fund are made by the Wiltshire Pension Fund Committee and Investment Sub-Committee which are delegated to carry out that function by Wiltshire Council in its capacity as the Administering Authority for the Wiltshire Pension Fund.

The creation of the Local Pension Board does not change the core role of the Administering Authority nor the way it delegates its pension functions to the Pensions Committee or Investment Sub-Committee. The role of the Local Pension Board is to oversee decisions made by the Administering Authority and to make recommendations to improve the efficient and effective administration and governance of the pensions function, including funding and investments.

This year the Local Pension Board has fulfilled its role in the following ways;

	Area	Action
All meetings	Pension Committee and Investment Sub-Committee decision making	The Local Pension Board actively scrutinises all Pension Committee and Investment Sub-Committee papers and minutes.
7 April 2016	Scheme, Legal, Regulatory and Fund update	Resolved:  To note the updates from the Head of Pensions.  To request that a report on insurance cover for the Local Pension Board be brought to the next meeting.
7 April 2016	The current Risk Register for the Wiltshire Pension Fund for review.	Resolved:  To note the Risk Register and measures being taken to mitigate risks.  To recommend that the Fund include the academisation of schools as a risk on the register.
7 April 2016	The officers review of the Wiltshire Pension Fund's compliance with the Regulators Code of Practice.	Resolved:  To note the outcome from the 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 full compliance with this guidance.
7 April 2016	The current Governance Compliance	Resolved:

	Area	Action
	Statement for review	To endorse the statement and recommend that lay membership and voting rights be reviewed following the proposed asset pooling as part of the compliance process and pooling arrangements.
7 April 2016	The audit plans for 2016 for review	Resolved:  To note the audit process and proposed plans for 2016.  To recommend that the Fund be prepared and audited against the 2014 LGPS Regulations, Pensions Statement of Recommended Practice (SORP 2014 edition), CIPFA 2014 guidance on LGPS funds annual reports, and LGPS funds 2015/16 accounting disclosures.
7 April 2016	The current Communications Strategy and the Fund's website.	Resolved  To note the Communications Strategy.
7 April 2016	The potential performance indicators that could be used to measure the impact and performance of the Board for consideration.	Resolved:  To agree the initial proposals for Key Performance Indicators and request that these be further refined, in particular that further consideration be given to the measures of engagement and communications and cost-effectiveness, and reported to the next meeting.  To recommend that the Board's annual statutory report be included as an annex to the Fund's annual report.
20 July 2016	Scheme, Legal Regulatory and Fund update	Resolved:  To note the proposed draft response to the LGPS amending regulations consultation.  To note the legal advice that the absence of insurance indemnity cover presented minimal risk to Local Pension Board members.  To await further guidance from the Scheme Advisory Board on the issue of insurance indemnity and to consider this at the next ordinary meeting.
20 July 2016	Risk Register	Resolved:  To note the current Risk Register and recommend that PEN020 'Pooling of LGPS assets' be coded red to reflect a high risk of resource pressures arising from asset pooling.
20 July 2016	Review of the Wiltshire Pension Fund Statement of Accounts	Resolved:  To note the draft Wiltshire Pension Fund Financial Statements 2015-16, approved for publication by the Wiltshire Pension Fund Committee subject to the completion of the audit.
20 July 2016	Internal and External Audits for 2016	Resolved:

	Area	Action
		<p>To note the update on the progress of the external audit from KPMG for 2016 and the internal audit report and agreed action plan.</p> <p>To request that an update is provided at the January meeting on the actions taken following the outcome of the internal audit and that external auditors also report to this meeting in the instance of material recommendations arising from that audit.</p> <p>To request that redundancy costs be considered at the October meeting in the instance of such issues arising from the audit.</p>
20 July 2016	Statement of Investment Principles	<p>Resolved:</p> <p>To note the updated Statement of Investment Principles</p>
20 July 2016	Update on the Business Plan	<p>Resolved:</p> <p>To note the update on the Business Plan and to recommend to the Wiltshire Pension Fund Committee that it reviews the priorities or supports the recruitment of additional resource if necessary to achieve the priorities.</p>
20 July 2016	Assessing the Impact of the Local Pension Board	<p>Resolved:</p> <p>To agree the proposed Key Performance indicators and request they be included in the Board's Annual report.</p>
20 July 2016	Local Pension Board Annual Report	<p>Resolved:</p> <p>To approve the Local Pension Board Annual Report.</p> <p>To request that a benchmarking exercise of LPB annual reports be undertaken in comparison with other Boards in early 2017</p>
20 July 2016	Brunel Pension Partnership and Investment Pooling 2016	<p>Resolved:</p> <p>To note the update and the joint submission of the Brunel Pension Partnership as the Fund's detailed proposal to the Government's consultation on investment reforms approved by the Wiltshire Pension Fund Committee on 30 June 2016.</p> <p>To endorse the need for an independent review of the Brunel Pension Partnership Business Case and to recommend that overall risks of the new manager are reviewed.</p> <p>To recommend that further detail is provided in the Business Case on the member and employer representation in the governance arrangements of the new pool.</p> <p>To recommend that a low-cost exit strategy for the Fund is negotiated and that detail be provided on the process of transferring to a new pool.</p>

	Area	Action
		To recommend that external resource is recruited to support asset pooling as necessary.
20 Oct 2016	Scheme Legal, Regulatory and Fund update	<p>Resolved:</p> <p>To note the update on scheme, legal, regulatory and fund matters in the report.</p> <p>To request that officers circulate the CIPFA guidance notes on investment pooling to members.</p> <p>To request that the tPR checklist on publishing scheme information is used for the next Annual Report.</p> <p>To request that Cllr Newbury submit his concerns with the Code of Conduct and Conflict of Interest Policy in writing to the Chairman of Board so that a comparison with the policies of other Local Pension Boards may be undertaken and that legal advice on the policy document may be sought in respect of these concerns prior to review by the Committee.</p> <p>To request that references to the Scheme Advisory Board in the Code of Conduct and Conflict of Interest Policy are updated.</p>
20 Oct 2016	Annual Benefit Statement Update	<p>Resolved:</p> <p>To note the update on the Annual Benefit Statement exercise and strategy agreed for 2017.</p>
20 Oct 2016	Risk Register	<p>Resolved:</p> <p>To note the Risk Register and measures being taken to mitigate risks.</p>
20 Oct 2016	2016 Valuation Update	<p>Resolved:</p> <p>To note the update on the valuation process provided by the Head of Pensions.</p> <p>To request that the presentation delivered to employers at the meeting on 13 October be circulated to attendees at that event to assist them in relaying the information to colleagues</p>
20 Oct 2016	Review of the Pension Fund Annual Report and Financial Statements	<p>Resolved:</p> <p>To request that an update be provided to the next meeting on late employer contributions and measures that could be taken to manage this.</p> <p>To note the Annual Report and Financial Statements and to recommend the following stylistic changes:</p> <p>References to 'Wiltshire County Council' be amended to 'Wiltshire Council'.</p>

	Area	Action
		<p>Paragraphs in the 'Local Pension Board' sections be brought forward to page 6 of the report.</p> <p>To recommend that the Fund's Annual Report and Local Pension Fund Annual Report be separate documents on the website.</p>
20 Oct 2016	Review of External Audit Report	<p>Resolved:</p> <p>To note the Fund is audited against accounting standards and guidance for local authority audits, and on this basis, to note the External Audit Report 2015-16.</p>
20 Oct 2016	Training Plans Update	<p>Resolved:</p> <p>To note the progress of the implementation of the current Board Training Plans and to revisit training plans at the January meeting</p> <p>To request that the Training Handbook be published online and that members are encouraged to make use of this resource.</p> <p>That members notify the Head of Pensions of training sessions they have attended and events they are invited to in the future.</p> <p>That Board members complete the Pensions Regulator toolkit before the end of 2016 and update the Head of Pensions accordingly.</p> <p>That at least one member of the Board attend the LGE LGPS 'Trustees' Training Fundamentals three-day course and to ask members to express their interest to the Head of Pensions.</p>
20 Oct 2016	Review of Funding Strategy Statement	<p>Resolved:</p> <p>To note the Funding Strategy Statement and confirm that the approval of the Statement complies with the Scheme's requirements.</p> <p>To request that members feedback further comments following the publication of CIPFA guidance.</p>
20 Oct 2016	Brunel Pension Partnership Update	<p>Resolved:</p> <p>To note the update provided by the Head of Pensions.</p> <p>To request that the legal assurances on Brunel are released with the Business Case.</p> <p>To request that the consequence of asset pooling proposals on staffing and the auditing arrangements within the Fund be considered with the Business Case.</p>
20 Oct 2016	Minutes and Key Decisions of the	<p>Resolved:</p>



	Area	Action
	Wiltshire Pension Fund Committee and Investment Sub Committee	To note the minutes and key decisions of the Wiltshire Pension Fund Committee and Investment Sub Committee meetings.  To encourage the Fund to engage in dialogue with the Scheme Advisory Board in respect of funding metrics.
25 Jan 2017	Scheme, Legal, Regulatory and Fund update	Resolved:  To note the recent scheme and regulatory changes highlighted within the report and to recommend that items on the consultation update are colour-categorised to correspond with the Wiltshire Pension Fund Risk Register.  To recommend that the Pensions Regulator toolkit on data management be added to the consultation update.  To recommend that the update on Scheme, Regulatory, Legal and Fund matters is also presented to meetings of the Wiltshire Pension Fund Committee.
25 Jan 2017	Code of Conduct and Conflict of Interest Policy Update	Resolved:  To note the updated Code of Conduct and Conflict of Interest Policy Guidelines and the request for members to review their Register of Interest and notify the Board Secretary of any changes.
25 Jan 2017	Triennial Valuation 2016	Resolved:  To note the verbal update provided on the position of the 2016 Triennial Valuation.
25 Jan 2017	Risk Register update	Resolved:  To note the attached Risk Register and measures being taken to mitigate risks and to recommend that the risk of reduced resource in the Accountancy team be added to the register, due to the potential impact on the production of the accounts by June 2017.
25 Jan 2017	Internal Audit report on the Fund's compliance with tPR Code of Practice Code 14, progress of actions from 2016 Key Controls report and audit plan for 2017	Resolved:  To note the update and attached Internal Audit Report and updated Action Plan.  To request that an update on actions arising from the Audit be provided to the next meeting and an example of tracking late contributions be brought to the October meeting.  To request that SWAP benchmark the fund against other similar funds in a future audit report.
25 Jan 2017	Update on Training Plans	Resolved:

	Area	Action
		<p>To note the current progress of the Members training plan and to request that training undertaken by members in their capacity as employer members also be included.</p> <p>To recommend that officers investigate potential training to be provided by Investec.</p> <p>To request that when training events are offered to members, these are accompanied with a priority recommendation by officers.</p> <p>To request that Local Pension Board members be invited to the Brunel Pension Partnership engagement event, employer member events, and recommend that if feasible a networking session for Local Pension Boards within Brunel be organised.</p> <p>To request that a benchmarking exercise be carried out against the training undertaken by Board members of other Funds.</p>
25 Jan 2017	Investment Strategy Statement update	<p>Resolved:</p> <p>To note the progress of consulting on and developing an Investment Strategy Statement.</p>
25 Jan 2017	Local Pension Board Proposed Budget	<p>Resolved:</p> <p>To recommend the draft budget for the Board to the Wiltshire Pension Board and recommend that the Committee delegate authority to the Treasurer of the Fund to authorise expenditure in addition to the agreed budget and between budget headings if required between meetings of the Committee, subject to ratification at the next available meeting.</p>
25 Jan 2017	Business Plan update	<p>Resolved:</p> <p>To note the updated position from the Business Plan to date and to recommend that officers review 'low priority' actions to evaluate if they should be either de-prioritise or upgraded to a higher priority level, and establish a process by which the Committee reconsiders deadlines for actions where they are not addressed within 12 months.</p>
25 Jan 2017	CIPFA Pension Administration Benchmarking Report	<p>Resolved:</p> <p>To note the report on the CIPFA benchmarking club results for 2016.</p> <p>To request that officers confirm details of the 'other work' that contributed to the total figure for the administration cost of the LGPS in the CIPFA benchmarking report at the next meeting.</p>

	Area	Action
25 Jan 2017	Brunel Pension Partnership update	Resolved:  To note the update provided by the Head of Pensions on the progression of the Brunel Pension Partnership.

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## LPB Actions log

At its meeting of the 22 October 2015 the Local Pension Board agreed that an Actions Log should be developed in order to track the progress of actions. The Actions Log forms part of the Board's minutes and is considered at every meeting.

The most recent action log can be found here under Item 4.

[Agenda for the Local Pension Board, Thursday, 6th April 2017](#)

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## Review of LPB compliance with the Pension Regulator's Code of Practice No.14

From April 2015 the Pensions Regulator assumed a new oversight responsibility in respect of Public Service Pension Schemes, including the LGPS. To assist schemes in understanding the Regulator's expectations they have issued 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;

[Governance and administration of public service pension schemes | The Pensions Regulator](#)

One of the key responsibilities of the Local Pension Board is to assist the Administering Authority, Wiltshire Council, to ensure compliance with any requirements imposed by the Pensions Regulator in relation to the Scheme.

On 25 January 2017, A report from the South West Audit Partnership presented their external review of the Wiltshire Pension Fund's compliance with the Regulators Code of Practice which had been undertaken at the request of the Fund.

Representatives from South West Audit Partnership outlined that the Fund had been audited for compliance with the Pension Regulators Code of Practice No 14 and a 'Reasonable Assurance' opinion had been given. They found generally a high degree of compliance recording only the following exceptions all of which are considered to have only a low impact on the scheme:

- the code specifies the measures that the scheme is required to adopt to ensure that pension board members acquire the appropriate knowledge and understanding of scheme matters and relevant law to undertake their roles but the audit found minor omissions in the schemes framework in this respect
- not all Pension Board members have completed conflict of interest declarations
- not all member record address details are complete (although this is a known issue and there is a continual data cleansing and completeness review being undertaken by the scheme database administrator)
- Some employer contributions and deficit instalments paid to the scheme were seen to be overdue but had not been reported to the regulator (although we appreciate only 'material' overdue sums require reporting)
- not all 2015 and 2016 Annual Benefit Statements were issued within the regulatory timescale
- not all features of the scheme's documented dispute resolution procedures required by the code are in place in the documents of the scheme
- Scheme documents do not record the 'reasonable period' by which responses to disputes will be made (although we appreciate that the code does not expressly state this as a requirement)

All the above areas are being addressed by Officers and the Board is monitoring their implementation.

The full review can be viewed under Item 13 on the following agenda: [Local Pension Board Agenda, 25 January 2017](#)

This above report followed on from 7 April 2016 where the Local Pension Board received a report from officers of the Wiltshire Pension Fund setting out the work that had been done in undertaking a self-assessment of how well the Fund complies with the requirements of the Code of Practice.

The assessment was similar and measured the performance in fulfilling its legal obligations as well the areas of the Code that function as practical guidance. The Code is broken down into 4 sections;

- Governing your scheme
- Managing risks
- Administration
- Resolving issues

The Board learned that officers felt the Fund, at the time, was fully compliant with all the requirements set out under Governing your Scheme, Managing Risk and Resolving Issues and partially compliant with the requirements under Administration. The two areas where further work was needed to be carried out where;

i. Scheme Record Keeping

The Fund was reviewing data against the Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014 ('the Record Keeping Regulations') as part of its on-going data cleansing process. The formal monitoring of performance against the targets in the Record Keeping Regulations needed 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. This work is on-going and the Fund has now introduced KPIs and undertook data cleansing as part of the 2016 triennial valuation exercise.

ii. Provision of information to scheme members

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

The focus for officers has been to undertake a review and careful project plan to ensure compliance with the statutory deadlines.

The full officers Regulators Compliance check can be found here; <https://cms.wiltshire.gov.uk/ieListDocuments.aspx?CId=1280&MId=9433&Ver=4>

## Summary of LPB communications outlining links to the website

At its meeting of 7 April 2016 the Local Pension Board reviewed the Fund's Communication Strategy and website.

Under the LGPS Regulations each Fund must produce a statement setting out how it will manage communications with its members, member's representatives, prospective members and the many employers who participate in the fund.

The Board noted the usefulness of the information provided to members by the Fund and emphasised the need to keep it up to date.

There was also consideration of the use of electronic communications and how these might be used to improve the information to members and achieve savings. While there is presently a low take up of electronic member communication options it was felt that employers should encourage their employees to adopt electronic communications. It was suggested that electronic annual benefit statements would be one area where considerable efficiencies and improved member experiences could be achieved.

The complete Communications Strategy can be seen here;

<http://www.wiltshirepensionfund.org.uk/communications-policy-2015.pdf>

[www.wiltshirepensionfund.org.uk](http://www.wiltshirepensionfund.org.uk)

[@WiltsPensions](https://twitter.com/WiltsPensions) 

## LPB operational costs for 2015-16 & Budget for 2016-17

The cost of the Wiltshire Pension Fund Local Pension Board is part of the overall running costs of the Fund and should be seen in the context of its role in assisting with the good governance and administration of the Fund.

The budget for the Local Pension Board is approved by the Pension Fund Committee as part of the process of setting the Fund's budget for the year. Any expenditure in excess of the agreed budget must be approved by the Wiltshire Council Associate Director, Finance.

The budget for 2016-17 and 2017 – 18 can be seen below.

	<b>2016-17 Budget £</b>	<b>2016-17 Actual £</b>	<b>2017-18 Budget £</b>
Independent Chair Remuneration	9,214	9,216	9,214
Independent Advisor Fees	7,000	5,000	7,000
Training	12,000	5,000	6,000
Printing	1,000	0	1,000
Committee Services Recharge	3,000	2,067	3,000
Travel & Subsistence & costs	800	331	800
Catering	400	0	400
<b>Total</b>	<b>33,414</b>	<b>21,614</b>	<b>27,414</b>

The main change in the budget reflects a change in the phasing of training costs. A sum of £6,000 was provided for pre-appointment training for Board members in 2016-17 but this has not been used in year and this has not been provided for again in 2017-18.



## Assurance of the LPB Annual Report

It is the role of the Local Pension Board to assist Wiltshire Pension Fund as the Administering Authority for the Wiltshire Pension Fund to secure compliance with;

- The LGPS Regulations and related legislation
- The requirements of the Pensions Regulator; and
- to ensure the effective and efficient governance and administration of the Scheme

The Local Pension Board is not intended to replace existing bodies such as the Wiltshire Pension Fund Committee or Investment Sub-Committee. Nor is the Board responsible for the auditing of the Wiltshire Pension Fund.

In carrying out its role, the Local Pension Board has;

- Considered the minutes of the Pension Fund Committee and Investment Sub-Committee
- Considered the main policies and documents of the Wiltshire Pension Fund
- Considered the Funds Business Plan, Audit Report and Risk Management Strategy
- Received a report on the Fund's compliance with the Pension Regulator's Code of Practice No. 14
- Received legal and regulatory updates on LGPS matters
- Received training from external advisers and Fund officers.

The funds external auditors have reviewed the LPB annual report as part of their annual audit of the Wiltshire Pension Fund but they do not provide any assurance over its contents.

This Report is intended for the information of Wiltshire Council and the Scheme members and employers who participate in the Wiltshire Pension Fund. This Report has been formally noted by the Wiltshire Pension Fund Committee at their meeting of [xxxxx]

## LPB forward look to 2016-17 and proposed work plans

The Board's workplan for 2016-17 can be found here;

<http://www.wiltshirepensionfund.org.uk/local-pension-board-forward-plan-july-2016.pdf>

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WILTSHIRE LOCAL PENSION BOARD  
13 July 2017

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**The Pension Regulator Code of Practice No 14 Survey Results**

**Purpose of the Report**

1. The purpose of this report is to present the Pension Regulators (tPR) Code of Practice No 14 Survey results for the Board's information.

**Background**

2. Each year tPR undertake a review of all Public Sector Pensions Schemes and their adherence to their Code of Practice No 14. The Wiltshire Pension Fund participates in this survey.

**Key Considerations for the Board**

3. The results of tPR survey is attached for Member's information.
4. The submission from the Wiltshire Pension Fund is also attached for information.
5. The full report can be viewed at the following link:

<http://www.thepensionsregulator.gov.uk/docs/public-service-research-2017.pdf>

6. The Scheme Advisory Board review of this can also be viewed at the link below:

[http://www.lgpsboard.org/images/PDF/IGECMay2017/Item8\\_PaperC\\_TPRgovernanceandadministrationsurvey.pdf](http://www.lgpsboard.org/images/PDF/IGECMay2017/Item8_PaperC_TPRgovernanceandadministrationsurvey.pdf)

**Financial Considerations & Risk Assessment**

7. There are no financial implications from this report.
8. The survey ensures the Fund is continually considering its performance against the Code of Practice and the latest assessment has been reported to this Committee previously.

**Legal Implications and Environmental Impact of the Proposal**

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

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

10. There are no known implications at this time.

**Reasons for Proposals**

11. To ensure the Board is aware of the latest tPR survey results.

**Proposals**

12. The Board is asked to note the tPR survey results.

MICHAEL HUDSON  
Treasurer to the Pension Fund

Report Author: David Anthony, Head of Pensions

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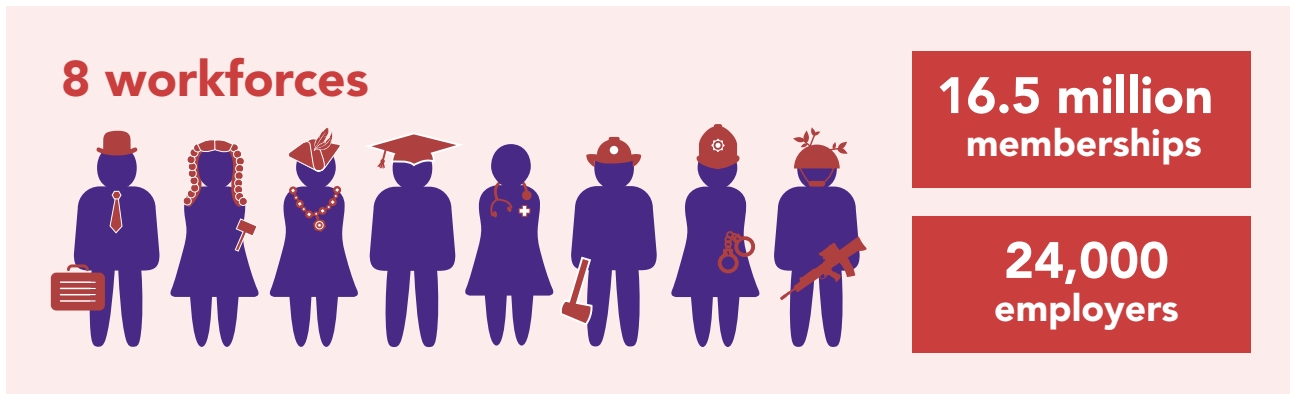
Unpublished documents relied upon in the production of this report: NONE

# Public service governance and administration survey

Summary of results and commentary

## Background

We regulate the governance and administration of public service pension schemes, which provide pensions for civil servants, the judiciary, local government, teachers, health service workers, members of fire and rescue services, members of police forces and members of the armed forces. These schemes cover over 16.5 million memberships, and 24,000 employers.



Our Code of Practice no. 14 sets out the standards of conduct and practice we expect, and we provide practical guidance on how to comply with legal requirements. It can be viewed at [www.tpr.gov.uk/code14](http://www.tpr.gov.uk/code14). We open cases based on the risks we see in schemes and in response to breach of law and whistle blowing reports. Where standards are not being met and issues are not being resolved we consider enforcement action, including the use of improvement notices and civil penalties.

To help us focus our efforts, we surveyed public service pension schemes in autumn 2016 to assess how they were being run. This built on a previous survey in summer 2015, and delved deeper into key risks and why some schemes are still struggling to improve.

We achieved a 90% response rate, covering 98% of membership, which allows us to draw robust conclusions. The survey supports our existing assessment that the top risks in this landscape are around scheme governance, record-keeping, internal controls and member communications. This report sets out how we have interpreted the findings, our expectations of those involved in running the schemes and what we will be doing over the next year to address these issues. It accompanies the full research report which sets out the responses to all survey questions.



## Scheme governance

Good governance is essential to pension schemes delivering good member outcomes. This is a key focus for us, as set out in our recent discussion paper on 21st century trusteeship and governance, which can be read at [www.tpr.gov.uk/21c-trustee](http://www.tpr.gov.uk/21c-trustee).

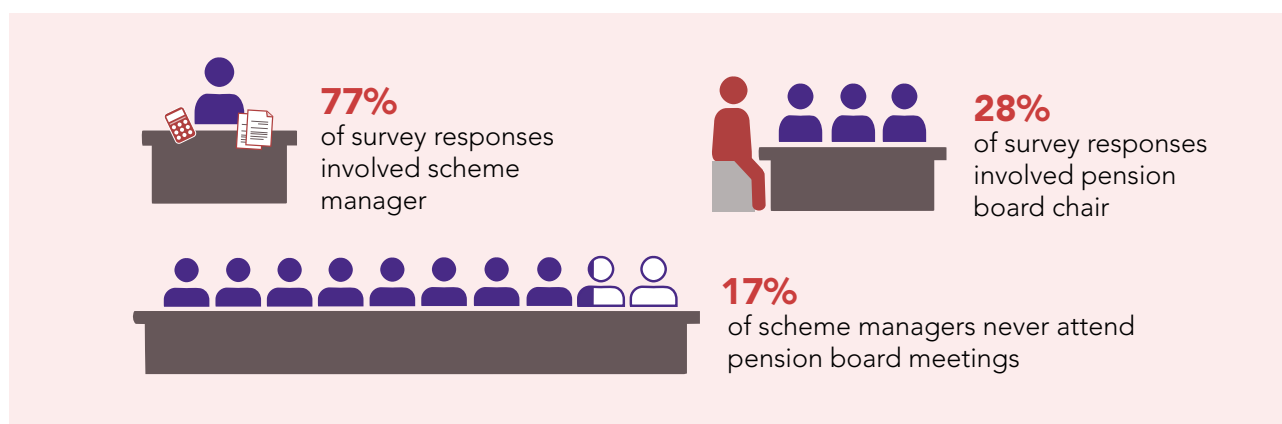
Public service pension schemes are governed differently to other occupational pension schemes. They do not have trustees. Instead the overall management and/or administrative responsibility for the schemes sits with scheme managers. Scheme managers are supported by pension boards, which assist them in complying with their legal duties.

Scheme managers should be fully aware of their duties. While in practice many delegate specific activities (such as member record-keeping) to other parties, they remain accountable for their scheme, in the same way that trustees of private sector schemes are accountable. Most enforcement action we take is likely to be against scheme managers.

Pension board members have a key role to play in supporting scheme managers. We expect scheme managers to use this resource, and for pension boards to take an active role in identifying risks and driving forward improvements, in particular in those areas set out below: record-keeping, internal controls and member communications.

We are concerned that a significant minority of scheme managers and pension board members may not be effective in, or even fully aware of, their governance duties:

- ▶ 23% of survey responses were completed without involving the scheme manager, who is ultimately accountable for most of the legal requirements. The pension board chair was involved in only 28% of survey responses, and other pension board members in only 21%.
- ▶ Over a quarter (27%) of scheme managers do not attend pension board meetings regularly, and 17% never attend.
- ▶ Our discussions with scheme managers, pension boards and other stakeholders have highlighted some gaps in understanding the roles and responsibilities of various parties involved in public service pension schemes, particularly pension boards.



Over the coming year we will continue to focus on improving governance in public service pension schemes. As part of our 21st century trusteeship and governance work, we will provide clarity on the roles and responsibilities of those involved in running these schemes. We will clearly set out the standards we expect of all parties and provide tools they can use to meet the standards. We will continue to educate scheme managers and pension boards through online tools and face-to-face, and support initiatives to create peer networks and share best practice. Where appropriate, we will work with scheme advisory boards and other stakeholders to reach disengaged scheme managers.

## Record-keeping

Failure to maintain complete and accurate member records can affect a scheme's ability to carry out basic functions like paying the right members the right benefits at the right time. Good record-keeping became even more critical when the public service schemes introduced career average benefits.

Record-keeping issues in public service schemes are well known and it is not surprising that over a third (36%) of survey respondents identified record-keeping as a top risk to their scheme.



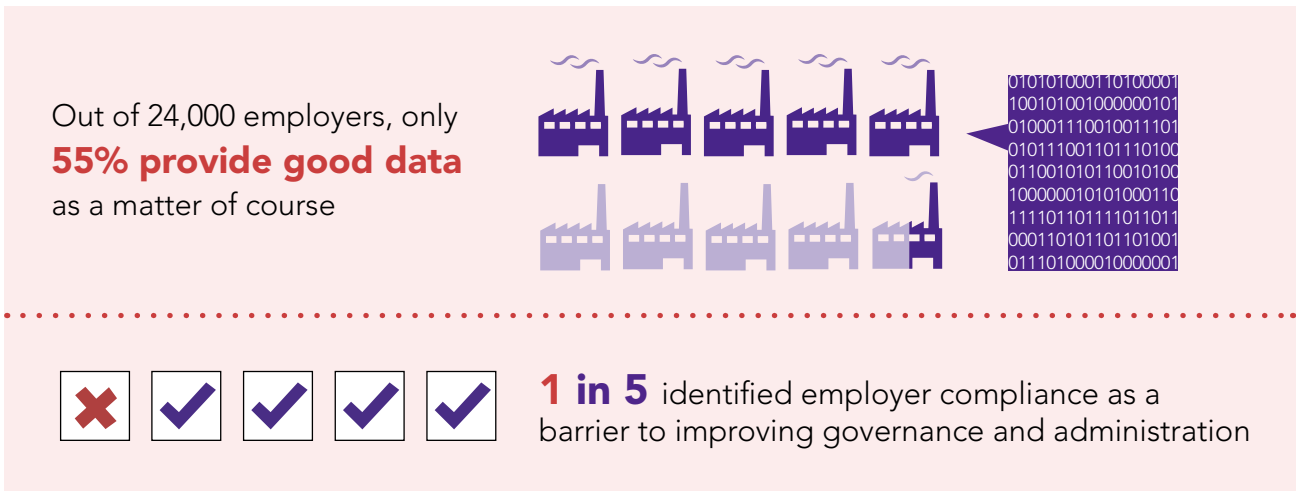
We have made our expectations clear. All schemes should do an annual data review, and put a plan in place to put things right if required:

- ▶ While most schemes (79%) had completed a review in the last year, the survey raises concerns about how effective these data reviews are. Over a third (35%) of schemes that had completed a review did not identify any issues, which is questionable in such large and complex schemes.
- ▶ The survey shows that only 18% of schemes had put an improvement plan in place. In addition, the improvement plans we have seen are of varying quality.

To ensure record-keeping failures are identified and tackled effectively, we will provide additional education in 2017, including guidance on developing a good data improvement plan. We will also set out more clearly our expectations of scheme managers regarding data security.

We will consider enforcement action where scheme managers fail to demonstrate that they are taking appropriate steps to improve their records, including having a robust improvement plan in place. From 2018 we will require scheme managers to report on their record-keeping standards in the scheme return, so we can more effectively intervene where they are failing in their duties.





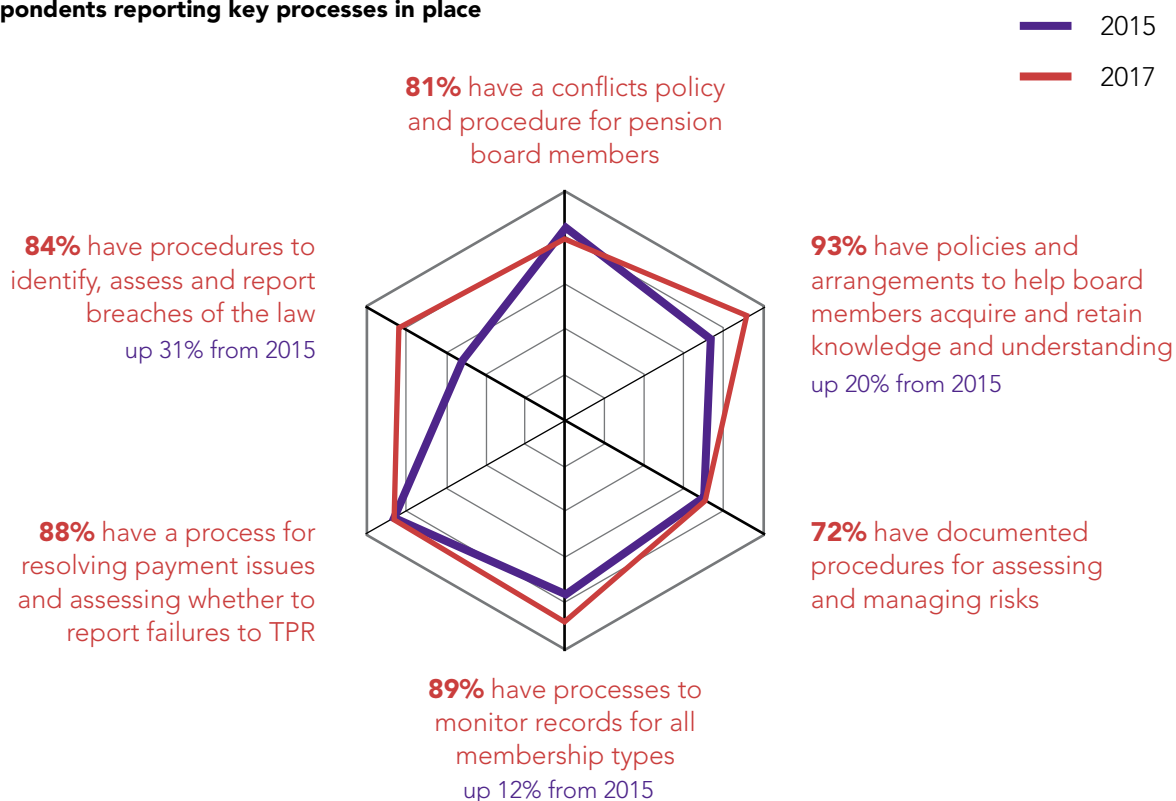
The survey also highlights that the quality of data provided by employers remains an issue – only 55% of employers provide good data as a matter of course. 23% of respondents identify employer compliance as a top risk, and 20% as a barrier to improving the governance and administration of their scheme.

Scheme managers should work with employers to ensure processes are effective and fit for purpose, and take action to rectify issues in the first instance. But we can intervene where required – our recent report on the Teachers' Pension Scheme, at [www.tpr.gov.uk/section-89](http://www.tpr.gov.uk/section-89), is an illustration of where we have done so. We will also promote good practice where we identify this in public service and other pension schemes.

## Internal controls

Survey respondents were asked to confirm if they had a number of key processes in place which we would expect to see in a well run scheme.

### Respondents reporting key processes in place



Overall, the proportion of schemes with these processes in place is increasing. Of particular note was a marked improvement in schemes with processes to identify, assess and report breaches of the law (up 31 percentage points) – an area we highlighted in last year’s survey commentary.

However, some concerning gaps remain:

- ▶ 28% of schemes could not confirm they had risk processes in place and 30% are potentially operating without a risk register.
- ▶ Though scheme managers, pension board members and other parties have a duty to report breaches of the law to us in certain circumstances, 16% of schemes could still not confirm if they had processes in place to do so.

These gaps are mainly in locally-administered firefighters’ and police pension schemes. We will focus our face-to-face education on these schemes and work with scheme advisory boards where appropriate to drive real improvements in the coming year.

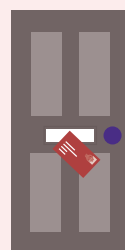
Across the landscape we will continue to promote our existing educational material, in particular our internal controls checklist and example risk register ([www.tpr.gov.uk/ps-risk](http://www.tpr.gov.uk/ps-risk)) and guidance on reporting breaches ([www.tpr.gov.uk/ps-breaches](http://www.tpr.gov.uk/ps-breaches)). Where we open cases, we will work with the schemes involved to resolve gaps in their risk and breach of law processes. When considering action or setting fines we will take into account a party's co-operation with us, and their efforts to put things right. Therefore, those who fail to report breaches to us quickly could receive a higher penalty for a breach, and an additional penalty for a failure to report. You can find further information in our draft monetary penalty policy at [www.tpr.gov.uk/ps-monetary](http://www.tpr.gov.uk/ps-monetary).

In addition to key processes, the survey asked scheme managers how they monitored and managed the performance of their administrators. Respondents typically used several methods, in particular meetings or receiving reports from them. We have some concerns around the lower use of service level agreements (SLAs) for in-house administrators (43%) compared to those administered by a third party (86%), and the low use of penalties where contractual terms or service standards are not met (14% of schemes). As part of our work on 21st century trusteeship and governance, we will clarify our expectations in this area and set out good practice on working with administrators.

## Member communications

Public service schemes must provide annual benefit statements to active members by a specific deadline, generally 31 August. The statements provide members with a view of the pension they have built up to date and enable them to effectively plan or make decisions about retirement.

Only 43% of respondents reported that all their members received their statements on time. Overall 21% of members did not receive their statements on time. This aligns with our experience – the failure to issue annual benefit statements accounted for the majority of breach of law reports relating to public service pension schemes in 2016.



**21%**  
of members did not receive their annual benefit statements on time

The reasons for this are often complex, including issues with IT systems, poor data, and difficulties associated with introducing career average benefits. Through our case work, we identified some lessons and best practice tips for issuing statements, which we set out in a 2016 quick guide that can be viewed at [www.tpr.gov.uk/ps-comms](http://www.tpr.gov.uk/ps-comms).

We recognise that public service pension schemes faced challenges meeting their new duties initially. However, we expect schemes to have made significant progress by now. We expect member outcomes, in particular the proportion of members who receive their statements on time, to improve dramatically. Our tolerance for schemes' shortcomings, particularly in the areas identified in this report, is reducing.

## Taking action

Scheme managers should be aware that we are more likely to move to use of our enforcement powers this year. We have, and will, take enforcement action where scheme managers have not taken sufficient action to address issues or meet their duties. Consistent with our compliance and enforcement policy (found at [www.tpr.gov.uk/strategy](http://www.tpr.gov.uk/strategy)), we will publish reports of our regulatory activities (including enforcement activity) to encourage higher standards.

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### **Public service governance and administration survey**

Summary of results and commentary

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The Pensions  
Regulator

## The Pensions Regulator Public Service Governance Survey 2016

**THIS DOCUMENT IS INTENDED TO BE USED AS A GUIDE TO HELP YOU GATHER THE INFORMATION REQUIRED FOR THE SURVEY. PLEASE NOTE, HOWEVER, THAT WE NEED YOU TO COMPLETE THE QUESTIONNAIRE THROUGH THE ONLINE SURVEY LINK CONTAINED IN YOUR INVITATION EMAIL.**

Thank you for taking the time to complete this survey.

The questions in the survey should be answered in relation to the scheme referenced in your invitation email. Where the scheme is locally administered, we mean the sub-scheme or fund administered by the local scheme manager.

Your responses will be kept anonymous unless you consent otherwise at the end of the survey. Linking your scheme name to your answers will help inform The Pension Regulator's engagement with you in the future.

This survey should be completed by the scheme manager or by another party on behalf of the scheme manager. You should work with the pension board chair to complete it, and other parties (e.g. the administrator) where appropriate.

### SECTION A – BASIC INFORMATION

#### QA1. EVERYONE TO ANSWER

**Which of the following best describes your role within the pension scheme?**

*Please select one answer only*

1. **Scheme manager or employee of the scheme manager\***
2. Pension board chair
3. Pension board member
4. Administrator
5. Other (please specify): .....

*\*In this survey 'scheme manager' refers to the definition within the Public Service Pensions Act, e.g. the Local Authority, Fire and Rescue Authority, Police Pensions Authority, Secretary of State/Minister or Ministerial department.*

### SECTION B – GOVERNANCE

The first set of questions is about how your pension board works in practice.

#### QB1. EVERYONE TO ANSWER

**Does your scheme have a conflicts policy and procedure for pension board members?**

*Please select one answer only*

1. **Yes**
2. No
3. Don't know

**QB2. EVERYONE TO ANSWER**

**Does your scheme have a register of interests?**

*Please select one answer only*

- 1. Yes
- 2. No
- 3. Don't know

**QB3. EVERYONE TO ANSWER**

**Has your scheme developed policies and arrangements to help pension board members acquire and retain the knowledge and understanding they require?**

*Please select one answer only*

- 1. Yes
- 2. No
- 3. Don't know

**QB4. EVERYONE TO ANSWER**

**Thinking about the interaction between the pension board and the scheme manager (or employee of the scheme manager), which of the following applies to your scheme?**

*Please select all that apply and use the 'Other' option to specify any other ways in which the pension board and scheme manager interact*

- 1. The scheme manager attends pension board meetings
- 2. The scheme manager commissions advice from the pension board
- 3. The pension board submits written reports to the scheme manager
- 4. The pension board chair has face-to-face meetings with the scheme manager
- 5. Other (please specify) .....
- 6. Don't know

**QB5. ANSWER IF THE SCHEME MANAGER ATTENDS PENSION BOARD MEETINGS (QB4=1)**

**How often does the scheme manager, or an employee of the scheme manager, attend pension board meetings?**

*Please select one answer only*

- 1. Every time the pension board meets
- 2. As required
- 3. Don't know

**QB6. EVERYONE TO ANSWER**

On a scale of 1 to 10, where 10 represents ‘very good’ and 1 represents ‘very poor’, how would you rate the pension board’s ability to...?

Please select one answer per statement

- a) Identify to the scheme manager where there are poor standards and/or non-compliance with legal requirements

Very poor -----> Very good  
1 2 3 4 5 6 7 8 9 10 Don't know

- b) Set out recommendations to the scheme manager on addressing poor standards and/or non-compliance with legal requirements

Very poor -----> Very good  
1 2 3 4 5 6 7 8 9 10 Don't know

- c) Advise the scheme manager on scheme regulations, the governance and administration requirements set out in legislation, and the standards expected by TPR

Very poor -----> Very good  
1 2 3 4 5 6 7 8 9 10 Don't know

- d) Take or secure actions to address poor standards and/or non-compliance with legal requirements

Very poor -----> Very good  
1 2 3 4 5 6 7 8 9 10 Don't know

**QB7. EVERYONE TO ANSWER**

If you would like to add any further comments in relation to this question (QB6), please use the space below.

..... For maximum effectiveness its essential that the Chair has a thorough understanding of the issues to lead the Board  
.....

**SECTION C – MANAGING RISKS**

The next set of questions is about managing risks.

**QC1. EVERYONE TO ANSWER**

Does your scheme have documented procedures for assessing and managing risk?

Please select one answer only

- 1. Yes
- 2. No
- 3. Don't know

**QC2. ANSWER IF SCHEME HAS PROCEDURES FOR ASSESSING & MANAGING RISK (QC1=1)**

**To what extent would you say your risk management procedures have contributed to establishing new or revised internal controls? Would you say they have...?**

*Please select one answer only*

1. Contributed significantly
2. **Contributed in some way**
3. Not contributed at all
4. Don't know

**QC3. EVERYONE TO ANSWER**

**Does your scheme have a risk register?**

*Please select one answer only*

1. **Yes**
2. No
3. Don't know

**QC4. ANSWER IF SCHEME HAS RISK REGISTER (QC3=1)**

**What are the top three governance and administration risks on your register?**

*Please write in*

1. Risk 1: Pooling of LGPS assets & resource implications.....
2. Risk 2: ...Reconciliation of GMP records.....
3. Risk 3: Over reliance on key man risk and expertise levels of officers.....
4. Don't know

**QC5. EVERYONE TO ANSWER**

**Which of the following best describes your administration services?**

*Please select one answer only*

1. **Delivered in house**
2. Outsourced to another public body (e.g. a county council)
3. Outsourced to a commercial third party
4. Other (please specify): .....

**QC6. EVERYONE TO ANSWER**

**Which of the following do you use to monitor and manage the performance of your administrators (whether in-house or outsourced)?**

*Please select all the options that apply*

1. Performance metrics are set out in contracts or service level agreements
2. Administrators provide independent assurance reports
3. **Independent auditors review the performance of administrators**
4. Administrators deliver regular reports to the scheme manager and/or pension board on service provided
5. Administrators attend regular meetings with the scheme manager and/or pension board
6. Penalties are applied where contractual terms or service standards are not met
7. **Other** (please specify): ...CIPFA benchmarking report, Admin Strategy outline targets and KPIs being developed to monitor.
8. Don't know



**SECTION D – ADMINISTRATION AND RECORD-KEEPING PROCESSES**

The next set of questions is about administration and record-keeping.

**QD1. EVERYONE TO ANSWER**

**Do you have processes in place to monitor scheme records for all membership types on an ongoing basis to ensure they are accurate and complete?**

*Please select one answer only*

- 1. **Yes**
- 2. No (please use the space below if you would like to provide more information):  
.....
- 3. Don't know

**QD2. EVERYONE TO ANSWER**

**Does the scheme have an agreed process in place with employer(s) to receive, check and review data?**

*Please select one answer only*

- 1. **Yes**
- 2. No
- 3. Don't know

**QD3. EVERYONE TO ANSWER**

**What proportion of your scheme's employers provide you with timely, accurate and complete data as a matter of course?**

*Please write in a percentage. If you do not know exactly, please give an approximate percentage*

- 1. .... %
- 2. **Don't know**

**QD4. EVERYONE TO ANSWER**

**Does the scheme have a process in place for monitoring the payment of contributions?**

*Please select one answer only*

- 1. **Yes**
- 2. No
- 3. Don't know

**QD5. EVERYONE TO ANSWER**

**Does the scheme have a process in place for resolving contribution payment issues and assessing whether to report payment failures to TPR?**

*Please select one answer only*

- 1. **Yes**
- 2. No
- 3. Don't know

**SECTION E – DATA REVIEW**

**QE1. EVERYONE TO ANSWER**

**When did your scheme last carry out a data review exercise?**

*Please select one answer only*

1. **Within the last 12 months**
2. More than 12 months ago
3. Never
4. Don't know

**QE2. ANSWER IF SCHEME HAS CARRIED OUT A DATA REVIEW EXERCISE (QE1=1 OR 2)**

**What data did the review cover?**

*Please select one answer only*

1. Data collected after 1 April 2015 but not before this date
2. Data collected before 1 April 2015 but not after this date
3. **Data collected both before and after 1 April 2015**
4. Other (please specify): .....

**QE3. ANSWER IF SCHEME HAS CARRIED OUT A DATA REVIEW EXERCISE (QE1=1 OR 2)**

**Did your scheme's most recent data review exercise identify any issues or problems?**

*Please select one answer only*

1. **Yes**
2. No
3. Don't know

**QE4. ANSWER IF MOST RECENT DATA REVIEW IDENTIFIED ANY ISSUES OR PROBLEMS (QE3=1)**

**What action, if any, was taken to address the issues the review identified?**

*Please select all the options that apply*

1. A data improvement plan was put in place or updated
2. **A data cleansing exercise was carried out**
3. **Additional validation checks**
4. **Pensioner existence checks**
5. **Address chasing exercises**
6. Further or improved member communications (e.g. reminding members to check their records are up to date)
7. Other (please specify): .....
8. No action taken
9. Don't know

**QE5. ANSWER IF A DATA IMPROVEMENT PLAN WAS PUT IN PLACE/UPDATED (QE4=1)**

**What is the current end date for the data improvement plan you have put in place or updated?**

1. MONTH: ..... YEAR: .....
2. **Don't know**

**QE6. ANSWER IF A DATA IMPROVEMENT PLAN WAS PUT IN PLACE/UPDATED (QE4=1)**

**What data does your improvement plan cover?**

*Please select one answer only*

1. Data collected after 1 April 2015 but not before this date
2. Data collected before 1 April 2015 but not after this date
3. **Data collected both before and after 1 April 2015**
4. Other (please specify): .....

## **SECTION F – COMMUNICATIONS**

The next set of questions is about communicating to members and resolving issues or complaints the scheme has received.

### **QF1. EVERYONE TO ANSWER**

**In 2016, what proportion of active members received their annual benefit statements by the statutory deadline?**

*Please write in a percentage. If you do not know exactly, please give an approximate percentage.*

1. 0.1..... %
2. Don't know

### **QF2. EVERYONE TO ANSWER**

**Does the scheme do any of the following to assess and, where necessary, to improve, the effectiveness of its communications to members?**

*Please select all the options that apply*

1. Research the views of members
2. Conduct an annual communications review
3. Have a communications plan
4. Review relevant innovations in technology that could improve member access to communications, including interactive tools
5. Seek feedback from the pension board's member representatives
6. None of the above
7. Don't know

## **SECTION G – RESOLVING ISSUES**

### **QG1. EVERYONE TO ANSWER**

**In the last 12 months, how many complaints have you received from members or beneficiaries in relation to their benefits and/or the running of the scheme?**

*Please include all complaints, including those which have not entered the Internal Dispute Resolution (IDR) process. If you do not know exactly, please give an approximate number.*

1. .....approximately 7.....
2. Don't know

### **QG2. ANSWER IF ANY COMPLAINTS RECEIVED IN THE LAST 12 MONTHS (QG1>0)**

**Please list the top three types of complaints received (e.g. benefit payment delays, incorrect estimate of pension entitlement, inaccurate personal data held).**

*Please specify*

1. .....Disputing decision not to release differed pensions prior to retirement date.....
2. ....Disputes in relation to transfer of AVC benefits.....
3. ....Dispute that member was misinformed over ability to take AVC as 100% cash.....
4. Don't know

**QG3. ANSWER IF ANY COMPLAINTS RECEIVED IN THE LAST 12 MONTHS (QG1>0)**

**How many of these complaints have entered the IDR process?**

1. ...3.....
2. Don't know

**SECTION H – REPORTING BREACHES**

**QH1. EVERYONE TO ANSWER**

**Does the scheme have procedures in place to allow the scheme manager, pension board members and others to identify and assess breaches of the law, and report these to TPR if required?**

*Please select one answer only*

1. **Yes**
2. No
3. Don't know

**QH2. EVERYONE TO ANSWER**

**In the last 12 months, have you identified any breaches of the law?**

*Please select one answer only*

1. **Yes**
2. No
3. Don't know

**QH3. ANSWER IF ANY BREACHES HAVE BEEN IDENTIFIED IN THE LAST 12 MONTHS (QH2=1)**

**What were the root causes of the breaches identified?**

*Please select all the options that apply*

1. **Systems or process failure**
2. Failure to maintain records or rectify errors
3. Management of transactions (e.g. errors or delays in payments of benefits)
4. Failure of employers to provide timely, accurate or complete data
5. Other employer-related issues (please specify): .....
6. Conflicts of interest
7. Lack of knowledge and understanding
8. Something else (please specify): .....
9. Don't know

**QH4. ANSWER IF ANY BREACHES HAVE BEEN IDENTIFIED IN THE LAST 12 MONTHS (QH2=1)**

**In the last 12 months, have you reported any breaches to TPR as you thought they were materially significant?**

*Please select one answer only*

1. Yes
2. **No**
3. Don't know

**SECTION I – GOVERNANCE AND ADMINISTRATION**

The next set of questions is about your progress in addressing governance and administration issues.

**Q11. EVERYONE TO ANSWER**

**What are the main barriers you face to improving the governance and administration of your scheme?**

*Please specify*

- ..... Resources available in light of the continuous changes & increasing complexity of the scheme .....
- ..... The ability to increase resources with the relevant skills and knowledge of the scheme .....
- ..... The submission of accurate and timely data from employers .....
- ..... Addressing increasing members expectations of services required .....

**Q12. ANSWER IF BARRIERS TO IMPROVING SCHEME GOVERNANCE & ADMINISTRATION (AT Q11)**

**And what steps are you currently taking to address these barriers?**

*Please specify*

- ..... Ensuring from Committee that additional budget is available to increase resources .....
- ..... Using consultants more to fill staffing / knowledge gaps when key staff members leave in short term .....
- ..... Reviewing processes for the submission of employer data and looking at better electronic interfacing .....
- ..... Looking to implement Members Self Service and set up AGM for more stakeholder communications .....

**Q13. EVERYONE TO ANSWER**

**To what would you attribute any improvements made to the scheme’s governance and administration in the last 12 months?**

*Please select all the options that apply*

1. Improved understanding of underlying legislation and standards expected by TPR
2. Improved understanding of the risks facing the scheme
3. Resources increased or redeployed to address risks
4. Administrator action (please specify): Use of TPR self assessment tools .....
5. Scheme manager action (please specify): .....
6. Pension board action (please specify): Commissioning of a audit of Fund against TPR Code of Practice No14
7. Other (please specify): .....
8. Don't know

**SECTION J – TPR PRODUCTS AND PERCEPTIONS**

The final set of questions is about your views of TPR and its products.

**QJ1. EVERYONE TO ANSWER**

To what extent have you used the following products provided by TPR?

Please select one answer per product

	I am not aware of this	I am aware of this but have not used it	I have used this	Don't know
a) Public service section of the TPR website	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
b) Public service code of practice	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
c) Guide to issuing annual benefit statements	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
d) Guides to public service pension boards	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
e) Public service toolkit	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
f) Reporting breaches guidance	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
g) Self-assessment tool	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
h) News by email service	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**QJ2. ANSWER FOR ANY TPR PRODUCTS USED (CODE 3 AT QJ1a-h)**

How useful did you find each of the following TPR products?

Please select one answer per product used

	Very useful	Fairly useful	Not very useful	Not at all useful	Don't know
a) Public service section of the TPR website	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) Public service code of practice	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) Guide to issuing annual benefit statements	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) Guides to public service pension boards	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e) Public service toolkit	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f) Reporting breaches guidance	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
g) Self-assessment tool	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
h) News by email service	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

**QJ3. EVERYONE TO ANSWER**

Are there any products you would like TPR to provide that it does not currently offer?

Please select one answer only

1. **Yes** (please specify): ..... Guide to data reviews as the Code of Practice is still ambiguous of the level of detail expected
2. No
3. Don't know

**QJ4. ANSWER IF HAVE USED THE PUBLIC SERVICE SECTION OF TPR’S WEBSITE (QJ1a=3)**

**When did you most recently visit TPR’s website?**

*Please select one answer only*

1. In the last month
2. **2-3 months ago**
3. 4-6 months ago
4. 7-12 months ago
5. More than a year ago
6. Don’t know/ can’t remember

**QJ5. ANSWER IF HAVE USED THE PUBLIC SERVICE SECTION OF TPR’S WEBSITE (QJ1a=3)**

**To what extent would you say you get what you want from the website when you visit it? Would you say you typically...?**

*Please select one answer only*

1. Get everything you want
2. **Get most of what you want**
3. Get some of what you want
4. Do not get what you want
5. Don’t know

**QJ6. EVERYONE TO ANSWER**

**Thinking about your overall perception of TPR, to what extent do you agree or disagree with the following words as ways to describe TPR?**

*Please select one answer per statement*

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don’t know
<b>a) Informative</b>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>b) Respected</b>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>c) Authoritative</b>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>d) Approachable</b>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>e) Straightforward</b>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**QJ7. EVERYONE TO ANSWER**

**Thinking now about how TPR operates, how effective do you think it is at improving standards in scheme governance and administration in public service pension schemes?**

*Please select one answer only*

1. Very effective
2. **Fairly effective**
3. Neither effective nor ineffective
4. Not very effective
5. Not at all effective
6. Don’t know

**SECTION K – ATTRIBUTION**

**That’s it. Thank you for completing this survey. Your responses will help TPR understand how schemes are progressing and any issues they may face, which will inform further policy and product developments.**

**QK1. EVERYONE TO ANSWER**

**Finally, what other parties did you consult with to complete this survey?**

*Please select one answer only*

1. Scheme manager or employee of the scheme manager\*
2. Pension board chair
3. Pension board member
4. Administrator
5. Other (please specify): .....
6. Did not consult with any other parties

*\*In this survey ‘scheme manager’ refers to the definition within the Public Service Pensions Act, e.g. the Local Authority, Fire and Rescue Authority, Police Pensions Authority, Secretary of State/Minister or Ministerial department.*

**QK2. EVERYONE TO ANSWER**

**To inform TPR’s engagement going forward, they would like to build an individual profile of your scheme by linking your scheme name to your survey answers. This will only be used for internal purposes by TPR and your identity will not be revealed in any published report.**

**Are you happy for your responses to be linked to your scheme name and supplied to TPR for this purpose?**

*Please select one answer only*

1. Yes, I am happy for my responses to be linked to my scheme name and supplied to TPR
2. No, I would like my responses to remain anonymous



WILTSHIRE LOCAL PENSION BOARD  
13 July 2017

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### **Scheme Advisory Board – Local Pension Board Survey**

#### **Purpose of the Report**

1. The purpose of this report is to agree a proposed response to the Scheme Advisory Board (SAB) Local Pension Board Survey.

#### **Background**

2. The SAB recently invited the chairs of LGPS pension committees and local pension boards to participate in a survey to assess the effectiveness and operational efficiency of the new governance arrangements with emphasis on the role and function of the local pension board.
3. SAB agreed that the survey should also be extended to scheme stakeholders the main local government trade unions.
4. SAB requested LGPS pension committees and administering authorities to forward the request to complete this return onto their respective pension committee chairs and, for completeness, the chair of their local pension board.
5. SAB considers that it would be appropriate and timely to test the effectiveness and operational efficiency of the new governance arrangements with emphasis on the role and function of local pension boards and interaction with their administering authority.
6. The survey is intended to enable SAB to identify any areas of the legislation or related guidance affecting local pension boards that may need to be reviewed to ensure that the statutory requirements of the 2013 Regulations and code of practice issued by the Pensions Regulator are being met. Where appropriate, the Board may make recommendations to DCLG for any regulatory changes that are considered necessary.
7. To ensure impartiality, the survey is being sent separately to both the administering authority on behalf of their section 101 pension's committee and their local pension board who are invited to complete the same survey independently.
8. However, this is not to exclude any administering authority and their local pension board from collaborating on their respective responses where this is agreed locally. The closing date for survey responses is the 28th July 2017, though this could be extended if that closing date precludes consideration of the survey by a meeting of the pensions committee or local pension board.
9. Administering authorities are also invited to publicise the survey locally on their web site.
10. The response for the Section 101 Pension Committee will be considered by the Chairman and agreed with the Committee by email.
11. The response from the Board will be discussed by the Chairman of the Local Pension Board at the meeting.

#### **Key Considerations for the Board**

12. The template for responses is attached.

13. The Board is asked to consider a proposed response to this survey on behalf of the Local Pension Board.

**Financial Considerations & Risk Assessment**

14. There are no financial implications from this report.

15. The survey ensures the Fund is continually considering the effectiveness of its governance arrangements.

**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. To ensure the Board submits an agreed response to the SAB survey.

**Proposals**

19. The Board is asked to approve a proposed response to the SAB survey.

MICHAEL HUDSON  
Treasurer to the Pension Fund

Report Author: David Anthony, Head of Pensions

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



[Empty box]

38 Use the space below to comment on any other aspect of the new governance arrangements that you consider to be relevant.

National SAB should review and update the guidance on the role of LPBs and what the DLG/SAB expect of them post asset pooling  
The SAB to have separate pages on its website dedicated to LPBs including a place for LPBs to publish their annual reports  
The SAB to host annual national meeting of LPB chairs to assist consistency/common agenda to assist all admin authorities

39 Please confirm the capacity in which you are completing the survey

DROP DOWN BOX
Local pension board employee representative
Local pension board employer representative
<b>Local pension board independent chair</b>
Pension committee chair (Section 101)
Trade union member
other (please specify)

Wiltshire Pension Fund

40 Please confirm the name of the organisation/pension board you represent

## **Review of the Wiltshire Pension Fund Website**

### **Purpose of the Report**

1. The purpose of this report is to request Members of the Board review and comment on the Wiltshire Pension Fund website.

### **Background**

2. At the last meeting, this Board had a presentation on the different forms of communications of the Wiltshire Pension Fund. One of the main tools for communication is the Wiltshire Pension Fund website.
3. The Board is invited to have a look at the Fund's website which can be found at the following link:

<http://www.wiltshirepensionfund.org.uk/>

### **Key Considerations for the Board**

4. As part of the review the Chairman will invite the Board to review the current content and feedback any comments that can be considered at the next meeting in October.

### **Financial Considerations & Risk Assessment**

5. There are no financial implications from this report.

### **Legal Implications and Environmental Impact of the Proposal**

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

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

7. There are no known implications at this time.

### **Reasons for Proposals**

8. To enable the Board in its role of assisting in effective governance of the Fund to have an opportunity to provide feedback on the website to assist future development.

### **Proposals**

9. The Board is asked to review the website and provide comments at the October meeting.

MICHAEL HUDSON  
Treasurer to the Pension Fund

Report Author: David Anthony, Head of Pensions

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

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## **WILTSHIRE COUNCIL**

WILTSHIRE LOCAL PENSION BOARD  
13 July 2017

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### **Investment costs – Code of Transparency**

#### **Purpose of the Report**

1. The purpose of this report is to introduce the voluntary Code of Transparency developed by the Local Government Pension Scheme Advisory Board.

#### **Background**

2. The move towards investment fee transparency and consistency has been seen by the Scheme Advisory Board as an important factor in the LGPS being perceived as a value led and innovative scheme.
3. Transparency has also been a target for the revised CIPFA accounting standard issued for inclusion in the statutory annual report and accounts and included in the government's criteria for pooling investments.

#### **Considerations for the Board**

4. The core of the Code is a template for completion by asset managers. The template has been designed in conjunction with the Investment Association and should be submitted to Investment Managers LGPS clients.
5. The Code is not designed to enable comparisons of manager costs but rather to enable individual LGPS administering authorities to access the data they need for transparent reporting.
6. Signatories to the Code may use the Transparency “tick” logo on promotional material subject to the Code and Code Logo use and guidance.
7. Currently 3 of Wiltshire's Investment Manager have signed up to the Code including; Baillie Gifford, Investec and Legal & General.
8. Further information can be found on the Scheme Advisory Board website or by following the link below.  
  
<http://www.lgpsboard.org/index.php/structure-reform/cost-transparency>
9. It is envisaged that the template will develop over time to encompass other more challenging areas of cost transparency and will remain flexible to enable changes to meet the rapidly developing market for investment products.

#### **Environmental Impact of the Proposal**

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

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

11. There are no known implications at this time.

#### **Financial Considerations & Risk Assessment**

12. There is no financial consideration resulting from this proposal.

**Proposals**

13. The Board is asked to note the developments made to date by the Scheme Advisory Board and ongoing discussions.

MICHAEL HUDSON  
Treasurer to the Pension Fund

Report Author: Catherine Dix, Strategic Pensions Manager

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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	25-Jan-17	06-Apr-17	13-Jul-17	18-Oct-17	Jan 18	Apr 18	Jul 18	Oct 18	Jan 19
<b>Standard Items:</b>															
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	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>Main business items:</b>															
<b>Board Governance</b>															
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	Investment Pooling & the Brunel Pension Partnership	Brunel Pension Partnership update		Data protection and quality standards	Complaints and dispute handling	Fraud prevention and mitigation	Annual Reporting requirements	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	06-Apr-17	13-Jul-17	18-Oct-17	Jan 18	Apr 18	Jul 18	Oct 18	Jan 19
<b>Fund Governance</b>															
Scheme Legal, Regulatory & Fund update	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Review of Risk Register		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Fund update & comments on minutes of PC & ISC	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Review Governance Compliance Statement				✓					✓			✓			
Review Fund Training Programme			✓				✓				✓				✓
Review all Fund Declarations of Interest				✓						✓		✓			
iPR Code of Practice 14/record keeping compliance survey results				✓					✓			✓			
Results of national LGPS KPI survey and Funds own KPIs								✓		✓				✓	
Review external advisor appointments process/controls and internal SLAs										✓				✓	
Review Triennial Valuation Process						✓									
Review Triennial Valuation Results							✓								
Review fund delegations and internal controls										✓					✓
Review CIPFA Admin, WM investment and other Fund benchmarking results							✓				✓				✓
<b>Meeting:</b>	<b>16-Jul-15</b>	<b>22-Oct-15</b>	<b>14-Jan-16</b>	<b>07-Apr-16</b>	<b>20-Jul-16</b>	<b>20-Oct-16</b>	<b>12-Jan-17</b>	<b>06-Apr-17</b>	<b>13-Jul-17</b>	<b>18-Oct-17</b>	<b>Jan 18</b>	<b>Apr 18</b>	<b>Jul 18</b>	<b>Oct 18</b>	<b>Jan 19</b>
<b>Fund Plans, Policies &amp; Strategies</b>															
Review Fund Annual Business Plan	✓		✓				✓				✓				✓
Review Admin Strategy & Charge Out Rates			✓							✓	✓				✓
Review Admin Authority Discretions			✓								✓				
Review Funding Strategy Statement						✓									
Review Statement of Investment Principles/compliance with FRC stewardship code					✓								✓		
Review Investment Strategy Statement							✓								
<b>Meeting:</b>	<b>16-Jul-15</b>	<b>22-Oct-15</b>	<b>14-Jan-16</b>	<b>07-Apr-16</b>	<b>20-Jul-16</b>	<b>20-Oct-16</b>	<b>12-Jan-17</b>	<b>06-Apr-17</b>	<b>13-Jul-17</b>	<b>18-Oct-17</b>	<b>Jan 18</b>	<b>Apr 18</b>	<b>Jul 18</b>	<b>Oct 18</b>	<b>Jan 19</b>
<b>Administration</b>															
Review employers compliance (data)													✓		
Review Fund fraud risk prevention and mitigation measures										✓				✓	
Review Fund website contents/resilience									✓						✓

Review of Fund IDRP procedures & cases								✓							✓
Review Fund Communications (employers/members)			✓					✓			✓				
Review of Data Security & Business Recovery										✓		✓			
Review GMP reconciliation process										✓					
Benchmark Annual Report with other Funds									✓						
Review of Annual Benefit Statement process						✓									
<b>Financials &amp; Audit</b>															
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							✓			✓				✓	
<b>Total number of Agenda Items:</b>	21	24	24	25	25	25	24	22	28	30	25	25	25	26	26

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