

AGENDA

Meeting: Local Pension Board
Place: Wiltshire Council Offices, County Hall, Trowbridge
Date: Thursday 14 November 2019
Time: 10.30 am

Please direct any enquiries on this Agenda to Craig Player, of Democratic Services, County Hall, Bythesea Road, Trowbridge, direct line 01225 713191 or email craig.player@wiltshire.gov.uk

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

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

Membership:

Cllr Richard Britton
Sarah Holbrook
Ian Jones
Rod Lauder

Mike Pankiewicz
Howard Pearce (Chairman)
Barry Reed

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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

Items to be considered

PART 1

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

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

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

2 **Membership**

To note any changes to the membership of the Board.

3 **Apologies**

To receive any apologies for absence.

4 **Minutes and action-tracking** (Pages 7 - 16)

To confirm as a true and correct record the minutes of the previous meeting held on 22 August 2019.

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 06 November 2019 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 **Minutes and Key Decisions of the Wiltshire Pension Fund Committee and Investment Sub Committee** (Pages 17 - 22)

To consider the Part 1 (public) minutes of the Wiltshire Pension Fund Committee and Investment Sub Committee held on 03 October and 05 September 2019.

To also discuss the approach to internal recharges.

9 **Annual training review: Board, Committee and Officers** (Pages 23 - 36)

To receive an update on the Fund's training strategy and to present a new training strategy for officers.

10 **Scheme legal, regulatory and Fund update** (Pages 37 - 42)

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

11 **Risk Register update** (Pages 43 - 48)

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

12 **Administration Key Performance Indicators** (Pages 49 - 62)

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

13 **Internal Audit actions update** (Pages 63 - 70)

To receive a paper summarising the progress made against SWAP's internal audit recommendations from their report dated 30 April 2019. The Board is also asked to provide any recommendations for audits to take place next year.

14 **Pensions Administration Strategy** *(Pages 71 - 116)*

To receive a paper introducing a revised Pension Administration Strategy for the Board's consideration (following a period of consultation with scheme employers).

15 **Communications Strategy** *(Pages 117 - 128)*

To receive a paper introducing a revised Communications Strategy.

16 **Fund's Data Retention Strategy** *(Pages 129 - 132)*

To receive a report outlining the Fund's approach to data retention.

17 **Pension Regulator Engagement Report** *(Pages 133 - 140)*

To receive a report in which the Fund self-assesses its performance against the categories identified from a recent tPR engagement report.

18 **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.

19 **Urgent items**

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

20 **Date of next meeting and Forward Plan** *(Pages 141 - 144)*

The next meeting of the Board will be held on 13 February 2020 and other future dates can be found [here](#).

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

21 **Exclusion of the Public**

To consider passing the following resolution:

To agree that in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the business specified in Item Numbers 22-23 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraph 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

PART II

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

22 **Minutes and Key Decisions of the Wiltshire Pension Fund Committee, Investment Sub-Committee and Brunel Oversight Board** *(Pages 145 - 150)*

To consider the Part 2 (private) minutes of the meetings of the Wiltshire Pension Fund Committee and Investment Sub-Committee held on 03 October 2019 and 05 September 2019 and the minutes from the Brunel Oversight Board.

23 **Minutes** *(Pages 151 - 158)*

To confirm as a true and correct record the Part 2 minutes of the meeting held on 22 August 2019.

LOCAL PENSION BOARD

MINUTES OF THE LOCAL PENSION BOARD MEETING HELD ON 22 AUGUST 2019 AT WEST WILTSHIRE ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

Present:

Howard Pearce (Chairman), Richard Britton, Mike Pankiewicz and Barry Reed

Also Present:

Ian Jones, Cllr Tony Deane, Andy Cunningham, Roz Vernon and Becky Hellard

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

Ian Jones, CFO White Horse Federation, joined the meeting as an observer.

46 **Membership**

Elections are underway giving all active members a vote to appoint a new active member candidate following the expiry of David Bowater's term of office. Two candidates are standing for election and the Board would like to thank David for his service. The ballot will close on 30th August and the result will be published following approval of the successful candidate by Full Council.

Mike Pankiewicz and Barry Reed were re-nominated by Unison for another four-year period with effect from 14th July 2019.

47 **Apologies**

Apologies were received from Sarah Holbrook.

48 **Minutes**

Resolved:

The minutes of the Local Pension Board held on 23 May 2019 were approved.

49 **Declarations of Interest**

There were no declarations of interest.

50 **Chairman's Announcements**

The chairman clarified the role of the Board as being a non-decision making body that seeks to support the pension fund in being compliant with legislation and regulations.

51 **Public Participation and Councillors Questions**

There were no members of the public present.

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

Resolved:

The minutes of the Wiltshire Pension Fund Committee held on 18 July 2019 and the Investment Sub Committee held on 5 June 2019 were approved.

53 **Training Item: TPR Breach Reporting refresher**

Officers talked through a set of slides that explored tPR breach reporting. Approximately 75% of breaches reported to the tPR are related to data management with the other main cause of breach relating to systems or process failures. It was noted that Wiltshire has a number of significant work streams in place designed to improve quality of data management and that highlighting a breach grants the Fund an opportunity to learn and improve its systems. Not all breaches are reported to tPR, unless they are material and officers highlighted examples of material breaches that members should be alert too.

On review of the Fund's breaches log maintained by officers the subsequent debate addressed how data management processes flag up single and repeated errors, how those errors are escalated and how they are assessed as indicators of the instability of the stakeholder concerned. The links between breach reporting and KPIs was made and the need to understand repeated under-performance of stakeholders was emphasised as errors can arise from change in, for example a payroll provider, as opposed to indicating financial instability.

A wider discussion followed on the requirements for board members to undertake specific training and the Amber risk status used to describe current sub-optimal compliance in this regard.

Resolved:

Officers would continue to raise TPR breaches with the Board on an exception's basis only

All members agreed that completion of tPR's on-line pension training toolkit should constitute a minimum training requirement and were a member had not completed that training it should be completed within 6 months of their appointment.

54 **Internal Audit Report**

Officers talked through a paper summarising the outcome of the Internal Audit report on the Fund's tPR Code of Practice 14 requirements and the SWAP (South West Audit Partnership) report auditing the process by which officers self-assess themselves against the guidance.

An overall improvement in the Fund's compliance was noted with the number of areas in which standards could be improved reducing from 16 in 2018 to 10 in 2019. Within the 10 existing areas for improvement three new areas were identified namely; the Board membership conforming to legal requirements, member training and an understanding of breach reporting. In addition, SWAP recommended sample testing of submissions from managers to establish greater confidence in those submissions.

The debate that followed addressed the value of an audit in the absence of the sample testing of submissions, how pension audit requirements should link to those of the wider authority, the parameters within which the Audit Committee can prioritise demands upon SWAP and clarification that pension's do pay for their own audits. There was also a discussion of how i-Connect will improve data management.

Resolved:

The Board noted the report agreeing to the action plan suggested by officers in addressing the areas of non-compliance within the timeframes indicated.

The Board requested that officers sample tested responses received from managers during further self-assessments

The Board noted that the commissioning of an annual Fund audit plan should be undertaken at an oversight level and that the Fund should seek to work with the Audit Committee to timetable the audit cycle.

55 **tPR Report**

Officers introduced a report published by tPR following the results of the 4th Public Service Governance and Administration survey 2018. It was noted that officers had reviewed the finding of the report against the current working practices of the Fund and highlighted a number of areas where improvements could be made to the Fund's operating arrangements, notably two areas in relation to, cyber-security and data quality. Cyber-security could be monitored by requesting security reports from the Fund's two key software providers and

data quality could be improved by receiving greater clarity on the definitions of data quality from third party organisations such as SAB.

It was noted that tPR will seek to formulate its regulatory approach on the findings of their report and the Chair noted that Wiltshire's performance on compliance was strong.

Resolved:

The Board supported the officers recommendations outlined in their report notably addressing cyber-security through reporting from providers and data quality by seeking clarity on data definitions.

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

Officers talked through the scheme legal and regulatory update report highlighting exit payments, code of practice, fair deal and McCloud case.

The Chair noted the Scheme Advisory Board's (SAB) recent focus on Responsible Investment and asked the Board to note the desire to establish a consistent approach across the LGPS family.

Officers updated the Board on the Member Self-Service mailshot, that this providing online self-service for active members rather than retired members and that the target date of 31 August was achievable.

Resolved:

The Board noted the report.

57 **Risk Register update**

Officers outlined the changes to Risk Register designed to make it more dynamic, evidence-based and granular.

The debate that followed noted and welcomed the significant progress in risk management that the updated register demonstrated. The debate addressed; the value of the register to members and officers as an oversight and management tool, the linkage of the risk register to project management and how changes made to risk assessment can be documented to make that assessment more transparent.

In concluding the report to the Board supporting the changes to the risk register officers drew the Board's attention to a number of key factors concerning the future management of the register. Namely that on a quarterly basis;

- New risks would be presented to the Committee and the Board;
- Ceased or dormant risks would be removed from the register submitted to the Committee and Board, however they would continue to be

monitored by officers and only represented in the event of a change in a risk's risk rating;

- That for a risk to be placed in the cessation or dormant category of the register, going forward a reason for that categorisation should be approved by the Committee;
- That all red rated risks would continue to be submitted to each quarterly meeting;
- That where risks had changed or been re-categorised during the last quarter would they be highlighted to members to demonstrate the risk's direction of travel; and
- That a full report of all the Fund's risks would continue to be published in key Fund documents.

It was noted that the implementation of these measures would help to make the risk register a more manageable document.

Mike Pankiewicz challenged the risk rating of PEN041 concerning the Fund's approach to Climate change, based on the heightened level of scrutiny this subject was currently receiving. It was agreed that officers would alter the rating of this risk to an amber status until appropriate mitigations had been set by the Committee.

The Chair congratulated the team on developing a live, working tool to manage Risk.

Resolved:

The updated risk register was noted and endorsed by the Board.

The Board agreed that officers would maintain the risk register based on the criteria determined above.

Officers would alter the risk rating on risk PEN041.

58 **Administration Key Performance Indicators**

Officers talked through the KPI tables updating the Board on performance, priorities and resources being used to manage performance over the longer term.

The debate clarified the value of the IT solutions being implemented and how mortality data is used to ensure accuracy of payments.

The Chair was assured by Officers that the Administration Strategy Review was on-going and would be brought to Board in the Autumn and that it would be implemented by the next financial year.

Resolved:

The Board noted the report.

Officers to submit the Fund's revised Pension Administration Strategy document for review at the Board's November meeting.

59 **LPB SAB Survey II**

Officers shared the draft survey responses with the Board which had been prepared by officers and the Chair. The Board expressed its approval of the responses.

Resolved:

The Board noted the report.

The Chair agreed to submit the prepared responses to SAB on issuance of the formal survey.

60 **Accounts, annual report & external audit update**

Officers advised the Board that delays to Wiltshire Council's audit have had knock-on delays upon the pensions funds accounts and audit as these audits share an ISO Certificate. The Board was advised that the annual report and accounts of the pension fund had been published.

Resolved:

The Board noted the delay and the publication of the Annual Report.

61 **Good Governance Report**

Officers introduced the Good Governance Report which had been commissioned by SAB and published by Hyman Robertson in July 2019. The purpose of the good governance review was to examine the effectiveness of the current LGPS governance models and consider alternatives or enhancements which could strengthen LGPS governance going forward.

In conducting their review four governance models were used to determine a qualitative recognition of governance within the LGPS structure, namely improved practice, greater ringfencing, joint Committee and a separate Local Authority. The results of the review indicated that more than 70% of respondents preferred the improved practice and greater ringfencing models recognising that the operations of many Fund's tended to gravitate towards that style of management and that there continued to be distinct advantages to be part of an existing Local Authority structure.

It was noted that the Hyman's report concluded that a one size fits all solution would not be suitable in this situation and that the report generally was considered to be a fair assessment of the current LGPS governance arrangements.

The Chair emphasised the importance of the report and drew the Board's attention to four key recommendations made by Hymans with their report that will require Officer and Member inputs, work and reporting. The four key recommendations being;

- To develop an outcome-based approach;
- To identify the critical features of an outcome-based model;
- To establish enhanced training requirements; and
- To update relevant guidance and better signposting.

Anticipated guidance on the role of Section 151 Officer was also highlighted.

Resolved:

The Board noted the report.

62 **Clarification of the roles of the Local Pension Board and Committee**

The Chair clarified the role of the Board as being that of a non-decision making body that seeks to ensure compliance.

The relationship of Board and Committee was raised and the lead on taking this work and the revision of the terms of reference for both Board and Committee was identified as Andy Cunningham.

Resolved:

That Officers would take forward the revision of Terms of Reference and enhance the relationship of Committee and the Board.

63 **How did the Board do?**

The Chair invited comment and feedback from the Board and that feedback was summarised as being about good papers, good responses to questions making for a good meeting.

64 **Urgent items**

A discussion of the Board's legal insurance and its fees took place.

65 **Date of next meeting**

The next Board meeting was to be held on 14 November 2019.

66 **Exclusion of the Public**

There were no members of the public present.

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

Resolved:

The part 2 minutes of the Wiltshire Pension Fund Committee and Investment Sub-Committee were noted.

68 **Minutes**

Resolved:

The part 2 minutes of Local Pension Board were approved.

(Duration of meeting: 10:30 – 12:35)

The Officer who has produced these minutes is Jim Brewster of Democratic Services, direct line 01225 718242, e-mail jim.brewster@wiltshire.gov.uk

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

| Wiltshire Pension Fund Board - Actions Log | | | | | |
|--|---|---|------------|----------------------------------|--|
| Minute reference | Section | Meeting Action | Task owner | Target date for completion | Date completed |
| 76 (18/10/17) (Was 10.10) | Investment (BPP Update) | To provide a flow chart to outline the delegated and reserved decision making process within Brunel Pension Partnership to improve transparency | JD | 23/05/2019 (Was 2019) | 22/08/19 |
| 35 (12/07/18) (Was 12.9) | Governance | To request an update on actions to support compliance to tPR Code 14 within the next 6 months. | RB | 22/08/2019 (Was January 2019) | 22/08/19 |
| 41 (12/07/18) (Was 12.15) | Investment (ISS) | To note the Investment Strategy Statement agreed for final publication. To recommend, upon next review of the Investment Strategy Statement by Committee, that: a) reference is made to ESG policy and that ESG policy is reviewed in light of a forthcoming government consultation paper on final salary pension schemes in respect of ESG b) an annex be included to illustrate the Fund's compliance with Regulation 7. | JD | 13/02/2020 (Was October 2019) | |
| 48 (12/07/18) (Was 12.18) | Investment (BPP Update) | To note the update on the progress of Brunel Pension Partnership and request an update in 2019 on whether the pool was on track with forecasting savings and transactions | JD | 23/05/2019 (Was April 2019) | 22/08/19 |
| 59 (11/10/18) (Was 13.3) | Governance (Fund Delegations and Controls) | To request the development of a formal record of Brunel, Committee and officer delegations in respect of; a) clarifying where different responsibilities should sit; b) the flow of communications between the various parties; and c) the level of decision making assigned to each party | AC | 13/02/20 | |
| 66 (11/10/18) (Was 13.7) | Governance (Scheme Legal, Regulatory and Fund update) | To request the addition of the DWP survey to future updates | AC | 23/05/2019 (ASAP) | 22/10/2019 (now N/A so will remove) |
| 11 (24/01/19) | Investment (Training policy) | The Investment Manager would coordinate the annual MiFID II competence arrangements | JD | 28/11/2019 (Was Oct '19) | |
| 24 (23/05/19) | Governance (Actions log) | That reference numbers on the Action Log would be made clearer and that actions would also be RAG rated. | RB | 22/08/19 | 22/08/19 |
| 30 (23/05/19) | Governance (Internal controls) | The Board would receive an update in six months on the progress of resolving the Key Controls and GDPR audit recommendations. | AC/JD | 14/11/19 | 14/11/19 |
| 33 (23/05/19) | Administration (KPIs) | To implement changes to the Administration KPI reports submitted to the Board | AC | 18/07/19 | Partially complete |
| 35 (23/05/19) | Administration (Data Reconciliation) | A sub-plan had been prepared in respect of the Payroll & Pension database reconciliation. An update on the reconciliation would be provided in six months | AC | 14/11/19 | (Target Feb 2020) |
| 53 (22/08/19) | Governance (tPR Breach reporting) | All members agreed that completion of tPR's on-line pension training toolkit should constitute a minimum training requirement and where a member had not completed that training it should be completed within 6 months of their appointment. | Members | 13/02/20 | |
| 54 (22/08/19) | Governance (Internal Audit Report) | The Board noted the the action plan suggested by officers addressing the areas of non-compliance within the timeframes indicated. Officers would sample test responses received from managers during further self-assessments | RB | 13/02/20 | |
| 54 (22/08/19) | Governance (Internal Audit Report) | The Board noted that the commissioning of an annual Fund audit plan should be undertaken at an oversight level and that the Fund should seek to work with the Audit Committee to timetable the audit cycle | Members | 14/11/19 | |
| 55 (22/08/19) | Governance (tPR Report) | Officers to request cyber-security reports from Heywoods & Wiltshire Council IT | AC | Aug-20 | |
| 57 (22/08/19) | Governance (Risk Register) | Officers would alter the risk rating on risk PEN041 | RB | 14/11/19 | 17/09/19 |
| 58 (22/08/19) | Administration (PAS) | Officers to submit the Fund's revised Pension Administration Strategy document for review at the Board's November meeting | AC | 14/11/19 | 14/11/19 |
| 59 (22/08/19) | Governance (LPB SAB Survey II) | The Chair agreed to submit the prepared responses to SAB on issuance of the formal survey | HP | 14/11/19 | |
| 61 (22/08/19) | Governance (Committee & Board roles) | That Officers would take forward the revision of Terms of Reference and enhance the relationship of Committee and the Board | AC | 01/02/20 | |

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INVESTMENT SUB-COMMITTEE

DRAFT MINUTES OF THE INVESTMENT SUB-COMMITTEE MEETING HELD ON 5 SEPTEMBER 2019 AT KENNET ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

Present:

Cllr Tony Deane (Chairman) and Cllr Brian Ford

Also Present:

Cllr Robert Jandy and Cllr Edward Kirk

The meeting was inquorate and therefore any decisions would have to be ratified at the Wiltshire Pension Fund Committee

31 Apologies

Apologies were received from Cllrs Gordon King and Roy While.

32 Minutes

Resolution:

The minutes of the meeting held on 5 June 2019 were approved.

33 Declarations of Interest

There were no declarations of interest.

34 Chairman's Announcements

The Chair announced the sad news that Cllr Roy While had retired due to ill health and reminded committee of the long standing contribution Cllr While had made to pensions and the wider local authority throughout his career.

The Chair expressed his concern at staff churn from Mercer and requested a meeting with Joanna Holden.

Kieran Harkin of Mercer was welcomed to the committee and was invited to outline his extensive experience working with numerous LGPS across England and Wales.

35 **Public Participation and Councillors Questions**

Jane Laurie, retired member of the Wiltshire Pension Fund, had submitted three written questions and had received written responses. At the invitation of the chair the following supplementary questions were asked:

1. What is the timetable for action?
2. How is threat of divestment deployed in your investment strategy of engagement with fund managers?
3. What steps are being taken to consult active and retired members on responsible investment?

The Chair emphasised there was no end-point for action, rather there was a rate of acceleration and that ESG was a key aspect of due diligence prior to investment.

The following additional points were made; the priority is to balance assets with liabilities through returns, in the long-term good governance delivers sustained returns and the committee is open to engagement from the public on this issue.

Dave Willers gave examples on engagement with firms from pension funds that had fostered change of policy and priorities. Anthony Fletcher advised that divestment was central to influencing firms and fund managers but reminded the meeting that once you divest, you have no influence at all whilst others step in who may or may not be seeking engagement on ESG.

36 **Date of next meeting**

The date of the next meeting was to be 28 November 2019.

37 **Urgent items**

There were no urgent items.

38 **Exclusion of the public**

It was,

Resolved:

To agree that in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the business specified in Item Numbers 12 – 16 because it is likely that if members of the public

were present there would be disclosure to them of exempt information as defined in paragraphs 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

39 Presentation from Magellan

The committee received a confidential presentation on Magellan's procedures.

40 Investment Quarterly Progress Report

The committee received a confidential report on 40 Investment Quarterly Progress and it was;

RESOLVED

To recommend to Wiltshire Pension Committee to:

- **To note the two investment reports and the update provided by officers and advisers at the meeting;• to approve increasing the allocation to Magellan up to 8% of the total value of the Fund, less the value of the Partners Group portfolios, to be funded from the disinvestment from the Loomis Sayles Absolute Return bond fund;**
- **To increase the allocation to global property to 35% of the total property portfolio;**
- **To implement the disinvestment from Barings diversified growth fund by making a series of 5-6 equal sized monthly redemptions, and invest the proceeds in index inked gilts;**
- **To approve that the increase in protection assets is actioned by creating a new allocation to secured income of 10% of the total fund value, and that this is held in index linked gilts (from the proceeds of the Barings disinvestment) in the interim until this can be deployed.**

41 Investment Manager's Database

The committee received a confidential report on the fund's investment performance data and it was;

RESOLVED

The committee noted the report.

42 **Accounting Update Report**

The committee received a confidential accounting update and it was;

RESOLVED

The committee noted the report.

43 **Responsible Investing**

The committee received a confidential report on responsible investing and it was;

RESOLVED

To recommend to Wiltshire Pension committee that:

- **The spending of £13,000 on the research into carbon footprint be approved;**
-
- **The Wiltshire Pension Fund sign up to support the Transition Pathway Initiative.**

44 **Mercer's Report**

The committee received a confidential report on Mercer's performance and it was;

RESOLVED

The committee noted the report.

45 **Presentation from Brunel**

The committee received a confidential presentation on x' Brunel's investment decisions.

46 **Property Transition**

The committee discussion on property transition and it was:

RESOLVED

To recommend to Wiltshire Pension committee that:

- **To begin the process of data sharing information on the property portfolios with Brunel, and to seek more assurance on the documentation and ability of Brunel to manage the first transitions**

before reassessing whether to go ahead with transitioning Wiltshire's property funds to Brunel;

- To instruct CBRE to notify Wiltshire officers before making any commitments to closed-ended funds.**

47 Minutes

RESOLVED

To recommend to Wiltshire Pension committee that:

The part 2 minutes of the meeting held on 5 June 2019 were approved.

(Duration of meeting: 10.30 am - 3.05 pm)

The Officer who has produced these minutes is Jim Brewster, of Democratic Services, direct line 01225 718242, e-mail jim.brewster@wiltshire.gov.uk

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WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD

14 November 2019

Fund Training Strategy Update

Purpose of the Report

1. To provide the Board with an update in connection with the Fund's training strategy for Board & Committee members and to present a new training strategy for officers.

Background

2. A framework of training strategies is offered by the Wiltshire Pension Fund to Board & Committee members, Scheme Employers and Officers to ensure that the Administering Authority's commitment to training fulfilled. As outlined in the Director of Finance & Procurement (s151 Officer) written statement in the Scheme Administration Report of the Fund's Annual Account Report & Accounts all training strategies will be implemented and subject to periodic review.
3. Periodic review of each training strategy is to ensure that it remains pertinent to the needs of its target audience & this report seek to review two of the three strategies, namely;
 - The annual review of the Board & Committee members training strategy; &
 - The presentation of a draft officer training policy intended for implementation during the period April 2020 to March 2023.
4. The current Board & Committee Member training policy was approved by the Pension Fund Committee on 12th December 2018 & was designed to ensure that all members achieve and maintain a sufficient level of knowledge and understanding to carry out their roles, as a crucial area of compliance for the Fund. It is noted that whilst Board members have a statutory obligation to ensure that they maintain their training and development requirements in accordance with the Public Services Pension Act 2013 (formerly Pension Act 2004 section 248a), good practice is being adopted by Committee members to ensure that they too abide by the requirements specified in the Pension Regulator's code of practice 14 & the Pension Act 2004 sections 247 to 249.
5. Similar to Pension Committee members, officers too have no statutory obligation to undertake training, however as set out in the Fund's Annual Report & Accounts good practice requires that officers charged with any financial decision making on behalf of the pension scheme collectively posse the requisite knowledge and skills necessary to discharge their duties and make the decisions required.

Considerations for the Board

6. An annual self-assessment of member training needs was circulated to members during October. Each member was scored based on their responses from "No Knowledge" = 1 to "Highly Skilled" = 5 for each question. A summary of the results of the self-assessment are set out in Appendix 1, split by Board & Committee member. Based on the feedback provided the key areas for training and development during 2020 were identified as;

Governance & Legislation

- Governance relating to statutory responsibilities of the treasurer and monitoring officer, as well as managing conflicts of interest.
- Governance relating to the legal roles & responsibilities of members
- Governance relating to Fund delegation, internally in connection with the Administering Authority and externally in relation to the Brunel Pension Partnership
- Understanding LGPS discretions

Investment

- The fiduciary management protocols of the Fund & understanding the performance management of investments
- Understanding tax in relation to Fund investments, particularly those of overseas investments
- Understanding the regulatory investment restrictions placed on LGPSs, including the Myners Principles & MiFID II
- Understanding the nature of risk. Quantifying risk & considering concepts like the efficient frontier.

Accounting & Auditing

- Understanding the role of 3rd party assurance

7. The results show that overall the Committee & the Board feel they operate at a “Skilled” level with only developmental training required in specific areas. The results also demonstrated significant differences in the knowledge & understanding between members & the training themes identified seek to redress the balance between members & to eliminate over reliance on certain members who are highly skilled in a particular area.
8. The officer training policy is designed to address the needs of all officers within the Pension Department irrespective of their stage of development. In summary the policy (Appendix 2), covers the training needs of new inductees into the department, the maintenance of knowledge & understanding for experienced officers to ensure that they collectively continue to possess the requisite skills necessary to discharge their duties and make the decisions required & a development/advanced training strategy aimed at those officers seeking to operate over & above a requisite requirement.
9. The officer training policy will be implemented as part of Wiltshire Council’s appraisal process, during which each officer’s needs will be individually assessed. From that assessment an individual training plan will be formulated, split into mandatory, advisory & optional training. Training needs will further be categorised into pension technical and functional training to enable officers to effectively use the applications purchased by the Fund. A training log will be maintained & reviewed annually by the Head of Pension Administration & Relations & the Investment Manager.

Environmental Impact of the Proposal

10. Not applicable.

Financial Considerations & Risk Assessment

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

Legal Implications

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

13. There are no known implications at this time.

Reasons for Proposals

14. To fulfil the training & development compliance requirements of all stakeholders associated with the Wiltshire Pension Fund.

Proposals

15. The Board is asked to note the Board & Committee member training self-assessment outcomes for 2020-21. Officers will implement the outcomes in the form of structured training.
16. The Board is asked to note the officer training policy presented in Appendix 2 and make any recommended enhancements or changes.

Andy Cunningham
Head of Pensions, Administration & Relations

Report Author: Richard Bullen, Fund Governance & Performance Manager

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

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Wiltshire Pension Fund

Summary of Members Training Survey – October 2019

Scoring

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

Results

| 1. Pensions legislation | Committee Member summary | Board Member summary | Combined Member summary | Comments |
|--|---------------------------------|-----------------------------|--------------------------------|--|
| A general understanding of the pension’s legislative framework in the UK. | Good | Good | Good | |
| An overall understanding of the legislation and statutory guidance specific to the scheme and the main features relating to benefits, administration and investment. | Good | Good | Good | |
| An appreciation of LGPS discretions and how the formulation of the discretionary policies impacts on the pension fund, employers and local taxpayers. | A Little | Good | A Little | Potential area of training for the Committee |
| A regularly updated appreciation of the latest changes to the scheme rules. | A Little | Good | Good | Although classed as “a little”, it was at the high end of “a little” |
| Sub-total | 11 | 14 | 12.5 | Out of 20 |
| 2. Pensions governance | Committee Member summary | Board Member summary | Combined Member summary | Comments |

| | | | | |
|---|---------------------------------|-----------------------------|--------------------------------|---|
| Knowledge of the role of the administering authority in relation to the LGPS. | Good | Good | Good | |
| An understanding of how the roles and powers of the MHCLG, TPR, ICO and the Pensions Ombudsman relate to the workings of the scheme. | Good | Good | Good | |
| Knowledge of the role of the Scheme Advisory Board and how it interacts with other bodies in the governance structure. | A Little | Good | Good | Although classed as “a little”, it was at the high end of “a little” |
| A broad understanding of the role of pension fund committees in relation to the fund, the administering authority, employing authorities, scheme members and taxpayers. | Good | Skilled | Good | |
| An awareness of the role and statutory responsibilities of the treasurer and monitoring officer. | A Little | Good | Good | Suggested key area, however results show “a little”, is at the high end of “little” |
| Knowledge of the MiFID II, Myners principles and associated CIPFA and SOLACE guidance. | A Little | Good | A Little | Potential area of training for the Committee |
| A detailed knowledge of the duties and responsibilities of pension board members. | Good | Skilled | Good | |
| Knowledge of the stakeholders of the pension fund and the nature of their interests. | Good | Good | Good | |
| Knowledge of consultation, communication and involvement options relevant to the stakeholders. | Good | Good | Good | |
| Knowledge of how pension fund management risk is monitored and managed. | Good | Good | Good | |
| An understanding of how conflicts of interest are identified and managed. | Good | Good | Good | Although understanding scored well refresher training is recommended for both groups. |
| An understanding of how breaches in law are reported. | A Little | Good | Good | Breach training provided to the Board in 2019 |
| Sub-total | 35 | 39 | 37 | Out of 60 |
| 3. Pensions administration | Committee Member summary | Board Member summary | Combined Member summary | Comments |

| | | | | |
|---|---------------------------------|-----------------------------|--------------------------------|--|
| An understanding of best practice in pensions administration e.g. performance and cost measures. | Good | Good | Good | |
| Understanding of the required and adopted scheme policies and procedures relating to: <ul style="list-style-type: none"> • member data maintenance and record-keeping processes • internal dispute resolution • contributions collection • scheme communication and materials | Good | Good | Good | |
| Knowledge of how discretionary powers operate. | A Little | Good | A Little | Potential area of training for the Committee |
| Knowledge of the pension's administration strategy and delivery (including, where applicable, the use of third-party suppliers, their selection, performance management and assurance processes). | A little | Good | Good | Although classed as "a little", it was at the high end of "a little" |
| An understanding of how the pension fund interacts with the taxation system in the UK and overseas in relation to benefits administration. | A little | Good | A Little | Potential area of training for the Committee |
| An understanding of what AVC arrangements exist and the principles relating to the operation of those arrangements, the choice of investments to be offered to members, the provider's investment and fund performance report and the payment schedule for such arrangements. | Good | Good | Good | |
| Sub-total | 17 | 20 | 18.5 | Out of 30 |
| 4. Pensions accounting and auditing standards | Committee Member summary | Board Member summary | Combined Member summary | Comments |
| An understanding of the Accounts and Audit Regulations and legislative requirements relating to internal controls and proper accounting practice. | Good | Good | Good | |
| An understanding of the role of both internal and external audit in the governance and assurance process. | Good | Good | Good | |

| | | | | |
|---|---------------------------------|-----------------------------|--------------------------------|---|
| An understanding of the role played by third party assurance providers. | A little | Good | Good | Although understanding scored well refresher training is recommended for both groups. |
| Sub-total | 9 | 10 | 9.5 | Out of 15 |
| 5. Pensions services procurement and relationship management | Committee Member summary | Board Member summary | Combined Member summary | Comments |
| An understanding of the background to current public procurement policy and procedures, and of the values and scope of public procurement and the roles of key decision-makers and organisations. | Good | Good | Good | |
| A general understanding of the main public procurement requirements of UK and EU legislation. | Good | Good | Good | |
| An understanding of the nature and scope of risks for the pension fund and of the importance of considering risk factors when selecting third parties. | Good | Good | Good | |
| An understanding of how the pension fund monitors and manages the performance of their outsourced providers. | Good | Skilled | Good | |
| Sub-total | 13 | 14 | 13.5 | Out of 20 |
| 6. Investment performance & risk management | Committee Member summary | Board Member summary | Combined Member summary | Comments |
| An understanding of the importance of monitoring asset returns relative to the liabilities and a broad understanding of ways of assessing long-term risks. | Good | Good | Good | |
| An awareness of the impact that the Myners principles & SRI has on performance management and the approach adopted by the administering authority. | A Little | Good | A Little | Suggested key area of training for both group |
| Awareness of the range of support services, who supplies them and the nature of the performance monitoring regime. | A little | Good | A Little | Suggested key area of training for both group |
| Sub-total | 8 | 8 | 8 | Out of 15 |

| 7. Financial markets & products knowledge | Committee Member summary | Board Member summary | Combined Member summary | Comments |
|---|---------------------------------|-----------------------------|--------------------------------|---|
| An understanding of the risk and return characteristics of the main asset classes (equities, bonds, property etc). | Good | Good | Good | |
| An understanding of the role of these asset classes in long-term pension fund investing. | Good | Good | Good | |
| An understanding of the primary importance of the fund's investment strategy statement and its investment strategy decisions. | Good | Good | Good | |
| A broad understanding of the workings of the financial markets and of the investment vehicles available to the pension fund and the nature of the associated risks. | Good | Good | Good | |
| An understanding of the limits placed by regulation on the investment activities of local government pension funds. | A Little | Good | A Little | Suggested key area of training for both group |
| An understanding of how the pension fund interacts with the taxation system in the UK and overseas in relation to investments. | A Little | A Little | A Little | Suggested key area of training for both group |
| Sub-total | 17 | 19 | 18 | Out of 30 |
| 8. Actuarial methods, standards and practices | Committee Member summary | Board Member summary | Combined Member summary | Comments |
| A general understanding of the role of the fund actuary. | Good | Good | Good | |
| Knowledge of the valuation process, including developing the funding strategy in conjunction with the fund actuary, and inter-valuation monitoring. | Good | Good | Good | Proposed as mandatory annual training |
| An awareness of the importance of monitoring early and ill health retirement strain costs. | Good | Good | Good | |
| A broad understanding of the implications of including new employers into the fund and of the cessation of existing employers. | Good | Good | Good | |

| | | | | |
|--|---------------------------------|-----------------------------|--------------------------------|------------------|
| A general understanding of the relevant considerations in relation to outsourcings and bulk transfers. | Good | Good | Good | |
| A general understanding of the importance of the employer covenant and the relative strengths of the covenant across the fund employers. | Good | Good | Good | |
| Sub-total | 18 | 20 | 19 | Out of 30 |
| Summary | Committee Member summary | Board Member summary | Combined Member summary | Comments |
| Number of respondents | 7 | 4 | 11 | |
| Total number of Members | 11 | 7 | 18 | |
| Average overall score of respondents | 128 | 144 | 136 | |
| Maximum score | 220 | 220 | 220 | |
| Overall average percentage rating | 58.2% | 65.5% | 63.2% | |
| Overall self-assessment rating | Good | Skilled | Skilled | |

Wiltshire Pension Fund

Officer training policy

Purpose

To fulfil the Administering Authority's (Wiltshire Council's) commitment to staff knowledge & understanding this training and development programme has been prepared for officers to ensure that all staff carrying out the functions of the Wiltshire Pension Fund, on behalf of Wiltshire Council, are sufficiently knowledgeable & competent to do so.

This commitment supported by the Pension Regulator's guidance & sponsored by the Fund's Director of Finance & Procurement (s151 Officer) is written into the Scheme Administration Report of the Fund's Annual Account Report & Accounts. The s151 Officer accepts responsibility for ensuring that this Officer knowledge & understanding policy is implemented, maintained & that officers charged with any financial decision making for the pension scheme collectively possess the requisite knowledge and skills necessary to discharge those duties and make the decisions required.

Scope

The scope of the officer training policy seeks to;

- 1) **Define the Officers** – All officers directly associated with carrying out the functions of the Wiltshire Pension Fund, namely;
 - a) The Head of Pension Administration & Relations and all staff reporting to that role; and
 - b) The Investment Manager and all staff reporting to that role.
- 2) **Define the training requirement** – To ensure that officers have sufficient knowledge & understanding associated with Local Government pensions, the pension industry in general, Wiltshire Council's mandatory employer & public service requirements, the relevant requirements of the Financial Conduct Authority & the completion of any other relevant training in connection with an officer's role, for example, data protection training.
- 3) **Define the training period to be covered** – Staff training assessments will be made each Fund year 1st April to 31st March. In addition, the overall staff training strategy will be reviewed every 3 years with the current strategy commencing on 1st April 2020.

Objectives of the policy

- 1) To ensure that all mandatory & other appropriate training requirements are fulfilled by officers, relevant to an officer's specific job description;
- 2) To mitigate the risk to the Fund associated with inadequate officer training, as specified in the Pension Fund's risk register (PEN011) & the Business Plan – Appendix 1, items 20 & 25;
- 3) To properly serve the Pension Fund's members and be an enabler of staff morale through their long-term development;
- 4) To be compliant with Wiltshire Council's wider training strategy as set out on the Council's intranet site and its training platform "GROW".
- 5) To develop staff so that they can service the future requirements of the Fund's operational needs.

Strategy for the execution of the policy

The key steps enabling the policy to be executed are;

To categorise each Officer's training requirement as part of their annual appraisal objective setting process by;

- 1) Noting that each Officer will accept primary responsibility for their own training & professional development and be willing to assist their Line Manager in the completion of the Fund's reporting requirements associated with their own individual training;
- 2) Identify each staff member's current stage of development & assess & classify their stage as Induction, Maintenance or Developmental;
- 3) To establish each staff member's future developmental intentions;
- 4) To prepare an individual training plan designed by considering the following factors;
 - a) The CIPFA Pension Finance Knowledge and Skills Framework, tailored to the role each staff member holds;
 - b) Whether the training is determined as Mandatory, Advisory or Optional;
 - c) The requirements of the Pension Fund; and
 - d) On a technical or functional emphasis.
- 5) Select the relevant training for an individual using the staff framework/toolkit document;
- 6) Gaining cost & time off approval associated with the training needs by quantifying that cost and submitting it for budgetary approval;
- 7) Reviewing each staff member's training plan progress at an interim appraisal on a half yearly basis;
- 8) Ensuring Line Managers report each staff member's training plan & training updates to the Fund's Governance & Performance Manager for recording on a central Officer's training log. Reporting will be completed using the standard template used in the appraisal process. This should also include a summary of any training recorded on "GROW".

Periodic reviews through testing & assessment will form part of this process to ensure staff remain competent for a particular responsibility assigned to them.

Monitoring & Reporting

As part of the Wiltshire Pension Fund Local Pension Board's (LPB) remit set out in its terms of reference, it will review the Officer's training policy and ensure that officers delegated with the responsibilities for the management and administration of the Scheme have the knowledge & competence to undertake those tasks.

Monitoring at both Senior Officer and LPB oversight level will be completed by annually reviewing the Officer training log, which in turn will enable the LPB to make recommendations in connection with future officer training.

A staff member's successful completion of their training will be measured using the following criteria;

- 1) Fulfilment of agreed mandatory training;
- 2) The appropriateness of the subject matter, their attendance & the duration of the training;
- 3) Applying the training provided and/or briefing other Fund officers on the training received;
- 4) Remain competent to continue to perform a particular responsibility; and
- 5) Fulfilment of their training record.

Oversight & review

This policy will be overseen and reviewed by considering;

- 1) The need for the Officer training strategy to be reviewed every 3 years;
- 2) The requirement to conduct annual reviews probably in Q4 of the calendar year to enable it to coincide with the preparations associated with the next annual appraisal cycle, the Pension Fund's budget setting & the Fund's other training reviews, namely the Member & Employer training strategies.
- 3) The understanding that on behalf of the s151 Officer the Head of Pension Administration & Relations & Investment Manager will take day-to-day responsibility for the development & maintenance of the training policy & framework/toolkit. However, regulatory, compliance & operational reviews may be in turn delegated to an appropriate Manager.
- 4) A staff member falling short of their mandatory level of training. In this eventuality the Head of Pension Administration & Relations, or the Investment Manager will determine any next steps that may be required.

Documents

- 1) Framework/toolkit document of training items
- 2) Officer Training log

References

- 1) The Framework/toolkit document will set out what training will be offered and how it will be delivered.
- 2) The CIPFA Pension Finance Knowledge and Skills Framework is split into 8 categories. These are Accounting & Auditing, Actuarial Method, Administration, Financial Markets & Products, Governance, Investment performance & risk, Legislation & Procurement & Relationship Management.

October 2019

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| Organisation | Subject | Link | Status | Comments | Risk Ref |
|-----------------------|---|---|-----------|---|----------|
| HM Treasury | Reforms to public sector exit payments. | https://services.parliament.uk/bills/2017-19/publicsectorexitpaymentslimitation.html | No change | <p>A 'final' consultation on this topic closed on 3 July 2019. The main proposal is that all employer costs (pension and non-pension) are capped at £95k when an employee leaves on grounds such as a compromise agreement or redundancy. For redundancy, the statutory redundancy payments must be paid so other benefits would need to be adjusted to ensure the £95k is not breached (although some exceptions apply).</p> <p>The consultation is not clear on how this would work in Schemes such as the LGPS. It is likely that LGPS Regulations would need to be changed such that an employee who leaves aged 55 over on redundancy grounds would face some reductions to their pension. For non-redundancy cases, existing employer discretions may become limited.</p> <p>Furthermore, the likely implementation date is also not clear.</p> | PEN021 |
| The Pension Regulator | Governance and administration risks in public service pension schemes: an engagement report | https://www.thepensionsregulator.gov.uk/en/document-library/research-and-analysis/governance-and-administration-risks-in-public-service-pension-schemes-an-engagement-report?utm_source=D365&utm_medium=email&utm_campaign=272_TPR_LGPS&utm_content=cohortreport | New | <p>tPR have produced a report showing their findings from their engagement with 10 Local Government Funds, selected from across the UK, to understand scheme managers' approaches to a number of key risks. As part of each engagement, they have fed back on what they see as good practice and suggested improvements that could be made.</p> <p>Officers have self-assessed the Fund's performance against the recommendations and outlined these in Local Pension Board meeting on 14 November 2019, item 17.</p> | None |
| The Pension Regulator | Regulatory Intervention report: London Borough of Barnet | https://www.thepensionsregulator.gov.uk/en/document-library/enforcement-activity/regulatory-intervention-reports/london- | New | <p>tPR has publicised the actions it has taken in relation to the London Borough of Barnet Superannuation Fund (a LGPS Fund) in order for the Fund to make what tPR considered to be necessary improvements.</p> <p>As this is the first time tPR have issued an Improvement Notice to a LGPS Fund, the report provides a useful overview of the type of approach tPR would take when it identifies material issues in a LGPS Fund.</p> | None |

| Organisation | Subject | Link | Status | Comments | Risk Ref |
|--------------|---|---|----------------------------------|--|----------|
| | | borough-of-barnet-superannuation-fund-regulatory-intervention-report | | | |
| MHCLG | Fair Deal Consultation | https://www.gov.uk/government/consultations/local-government-pension-scheme-fair-deal-strengthening-pension-protection | No change | Officers have responded to the consultation but have yet to hear anything further from MHCLG. The next step is likely to be either another consultation or the introduction of legislation. | PEN040 |
| | <i>Changes to the Local Valuation Cycle and the Management of Employer risk</i> Consultation | https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/800321/LGPS_valuation_cycle_reform_consultation.pdf | No change since the last meeting | <p>This consultation covers the following areas:</p> <ol style="list-style-type: none"> 1). Amendments to the local fund valuations from the current three-year (triennial) to a four-year (quadrennial) cycle. 2). A number of measures aimed at mitigating the risks of moving from triennial to quadrennial cycles. 3). Proposals for flexibility on exit payments. 4). Proposals for further policy changes to exit credits 5). Proposals for policy changes to employers required to offer LGPS Membership. <p>Section 5 proposes giving greater flexibility for further education corporations, sixth form college corporations and higher education corporations concerning membership of the LGPS and is the most surprising part of this proposal; current employees would be protected but future employees could be ineligible.</p> <p>The consultation closed on 31 July 2019 and officers responded accordingly.</p> | PEN044 |

| Organisation | Subject | Link | Status | Comments | Risk Ref |
|---|--|---|----------------------------------|---|----------|
| The Department of Work and Pensions (DWP) | Pension dashboard project | https://pensionsdashboardproject.uk/industry/about-the-pensions-dashboard-project/ | No change since the last meeting | Discussions are still going on at a national level. Recent discussion suggests an implementation timeframe of 3-4 years. | PEN038 |
| Financial Reporting Council | Proposed revision to the UK Stewardship Code | https://www.frc.org.uk/investors/uk-stewardship-code | No change since the last meeting | The Financial Reporting Council (FRC) published the revised Stewardship Code on 24th October 2019 which sets substantially higher expectations for investor stewardship policy and practice. Officers will now review Fund compliance to the new code and begin drafting a new Statement of Compliance for review by the FRC. | None |
| Scheme Advisory Board (SAB) | Academies' review | http://www.lgpsboard.org/index.php/structure-reform/review-of-academies | No change since the last meeting | SAB commissioned PwC to produce a report on "Options for Academies in the LGPS" and the report was published in May 2017. The report identified and highlighted problems/issues experienced by stakeholders. No recommendations were made in the report, although the potential benefits of new approaches to the management of academies within the LGPS were highlighted. The proposals were wide ranging from minor alterations to academies being grouped together in a single LGPS Fund. SAB's work is still on-going and Bob Holloway from the LGA previously stated that a wide range of options in both work streams are still be considered. For example, changing the administration arrangements or putting academies into their own Fund etc. However, a consultation will be released on any changes proposed before they are put into force. | None |
| | Cost cap mechanism & McCloud case | Summary by Osborne Clarke (our external legal advisers) | Updated | The planned changes to the LGPS from 1 April 2019 have now been cancelled due to an on-going court case (referred to as the McCloud case) which now looks likely to result in material changes to the LGPS and all other public service schemes. The Government asked to appeal against the conclusion from the original court case, but its appeal was turned down in early July 2019 which means changes are necessary. The SAB decided to await the outcome to the court case before making any changes. This is far from ideal, as this could well mean we made to make onerous retrospective changes to the Scheme (w/e | PEN042 |

| Organisation | Subject | Link | Status | Comments | Risk Ref |
|--------------|--|---|----------------------------------|--|----------|
| | | | | from April 2019 but not known until the end of 2019/early 2020) and that such changes would not be included within the triennial valuation. | |
| | Tier 3 employers review | http://www.lgpsboard.org/index.php/board-publications/invitation-to-bid | No change since the last meeting | Covers those Fund employers with no tax raising powers or guarantee (excludes academies). SAB is keen to identify the issues and risks related to these employers' participation in the LGPS and to see if any improvements/changes can be made. There are currently two concurrent phases of work involved – collating data and identification of issues. SAB will then assess the risks to Funds and consider next steps. Aon Hewitt has recently produced a detailed report which is available on the SAB website which outlines its findings on the identification of issues but the report doesn't make any specific recommendations. SAB is yet to advise what actions it will take following receipt of the report. | None |
| | Good Governance Project (formerly known as the Separation Project) | http://www.lgpsboard.org/images/PDF/BoardFeb18/PaperBItem50218.pdf | Updated | Hymans-Robertson has now released its report on this; it has been accepted by SAB and SAB will now determine the follow on actions. | None |
| | Guidance Project | http://www.lgpsboard.org/images/PDF/BoardFeb18/PaperBItem50218.pdf | No change since the last meeting | The Guidance project will identify regulations which may be better placed within statutory guidance and to both propose the necessary amendments and assist HMCLG with the drafting of guidance. This project is at an early stage and no further information is available at this time. | PEN039 |
| | Data Project | http://www.lgpsboard.org/images/PDF/BoardFeb18/PaperBItem50218.pdf | No change since the last meeting | The SAB describes this project as: The Data project will aim to assist administering authorities in meeting the Pension Regulators requirements for monitoring and improving data and include the identification of scheme specific conditional data and the production of guidance for authorities and employers. No further information is currently available from the SAB. However, the SAB did consult on a common set of data points for the part of the project relating to scheme specific conditional data over the last couple of months before deciding to postpone implementation until 2019, in time for the 2019 tPR Scheme Return. | None |

| Organisation | Subject | Link | Status | Comments | Risk Ref |
|------------------------|-----------------------|------|--------|--|----------|
| Wiltshire Pension Fund | Miscellaneous Updates | None | New | <p>a). <u>Terms of reference</u>: The proposed Terms of Reference for the Local Pension Board and Wiltshire Pension Fund Committee have now been amended and are ready to be re-submitted to the Constitutional Focus Group before progressing to the Standards Committee and Full Council for approval.</p> <p>The Local Pension Board ToR have only had relatively minor changes while the Committee ToR have been updated to bring them up to a similar level of detail to the LPB.</p> <p>b). <u>Triennial valuation update</u>: The actuary presented the results of the triennial valuation to the Committee and employers on 25 October 2019. Officers are now in the process of circulating all employer level results and agreeing final contribution rates with employers within the parameters agreed by the Committee in the funding strategy statement.</p> <p>c). <u>Funding strategy statement</u>: The revised funding strategy statement will now been published following the end of the statutory consultation with employers (no responses)</p> <p>d). <u>I-connect</u>: The Fund has now gone live with its first three employers after a period of testing and dual running and is now looking to onboard on average 10 employers per month over a period for around 1.5 years until it has complete coverage of employers.</p> <p>e). <u>Scheme Return</u>: At the time of writing, officers are currently in processing of completing the Pension Regulator Scheme return (which is due by 16 November).</p> | None |

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WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD
14 November 2019

WILTSHIRE PENSION FUND RISK REGISTER

Purpose of the Report

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

Background

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

Key Considerations for the Committee / Risk Assessment

4. The significance of risks is measured by the interaction of the likelihood of occurrence (likelihood) and the potential impact of such an occurrence (impact). This register uses the Council's standard "4x4" approach, which produces a risk status of Red, Amber or Green (RAG).
5. During the last quarter the following "new risks" were identified.
 - **PEN018: Failure to set in place appropriate Cyber Security measures:** (Green) Over reliance by Fund is potentially being placed on its Administering Authority's IT security arrangements & that of its key software database providers without proper scrutiny/reporting of their security arrangements.
6. The evidence-based review of the register identified the following risks had changed or need to be recategorized;
 - **PEN042: Significant retrospective legislation changes related to the McCloud case:** (From Red to Amber) On actuarial guidance it is anticipated that whilst a review will be required the financial impact may be minimal as in most cases the underpin check for a member's benefits will not bite. However, the

administrative impact is still expected to be material and hence this risk has been set at amber.

- **PEN032: Failure to manage Fund budgets & controllable costs:** (From Amber to Green) Budget monitoring reports are now submitted to the Committee at each quarterly meeting.
- **PEN017: A lack of knowledge and expertise on the Pension Fund Committee:** (From Amber to Green) Generally both Committee & Board members are taking a more active approach to training and requesting structured training in key areas.

7. Risks remaining “red”, high risk:

- **PEN048: The transition to pooling of LGPS assets with BPP fails to deliver the projected savings:** Progress and updates should continue to be regularly reported to Committee

8. It is recommended that two risks are removed from quarterly presentation by the Committee. These are;

- **PEN035: Failure to maintain the Pension Administration Strategy as an effective strategy document:** (Green) A draft Pension Administration Strategy has been prepared for presentation to the Committee in December. It will relate to the Fund's business plan.
- **PEN011: Lack of expertise of Pension Fund Officers and Service Director, Finance:** The Director of Finance & Procurement is still being filled on an interim basis but other senior officer roles in the Pension Fund are now filled by permanent staff for a significant period of time. This risk has therefore reduced.

Financial Implications

9. No direct implications.

Legal Implications

10. There are no known implications from the proposals.

Environmental Impacts of the Proposals

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

12. There are no known implications currently.

Proposals

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

ANDY CUNNINGHAM
Head of Pensions Administration and Relations

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

| Ref. | Risk | Cause | Impact | Primary Risk Category (CIPFA) | Secondary Risk Category (Operational) | Risk Owner | Level of risk (Inherent) | Impact | Likelihood | Inherent risk score | Controls in place to manage the risk | Impact | Likelihood | Residual risk score | Further Actions necessary to manage the risk | Level of risk (Residual) | Direction of Travel | Risk Action Owner | Date for completion of action |
|----------------------|---|---|--|-------------------------------|---------------------------------------|-----------------|--------------------------|--------|------------|---------------------|--|--------|------------|---------------------|---|--------------------------|---------------------|-------------------|-------------------------------|
| Horizon Risks | | | | | | | | | | | | | | | | | | | |
| PEN018 | Failure to set in place appropriate Cyber Security measures | Over reliance by Fund is potentially being placed on its Administering Authority's IT security arrangements & that of its key software database providers without proper scrutiny/reporting of their security arrangements | Impact is significant concerning the operational effectiveness of the Fund, notably in relation to the data held and the ability to calculate and process member benefits | ADMINISTRATION | SERVICE FUNCTION | Andy Cunningham | Low | 4 | 1 | 4 | Cyber security reports to be requested on an annual basis from both Wiltshire Council's IT department & the main database manager Heywood's. Further steps will be considered on the receipt of those reports | 4 | 1 | 4 | None | Low | ↑ | Andy Cunningham | N/A |
| PEN045 | GMP legislative changes | The Government has been planning to make a number of changes to way that GMPs work which brings about certain risks. In particular, changes to the indexation approach (which have been repeatedly delayed) and equalisation between males and females. | Both sets of plans could increase scheme costs and cause material amounts of additional administrative work. | ADMINISTRATION | SERVICE FUNCTION | Andy Cunningham | Low | 2 | 2 | 4 | Senior officers to keep themselves apprised of developments. | 2 | 2 | 4 | None | Low | → | Andy Cunningham | N/A |
| PEN044 | Change to valuation cycle | The Government is consulting on changing the fund valuation cycle. In short term this could mean a one-off 5 year gap followed by quadrennial valuations. | | GOVERNANCE | SERVICE FUNCTION | Andy Cunningham | Low | 1 | 3 | 3 | Officers will respond to the consultation stating they are not in favour of such a change | 1 | 3 | 3 | None | Low | → | Andy Cunningham | N/A |
| PEN043 | Administration disruption and employer cost pressures caused by the Cost Cap review | The cost cap floor has been breached meaning the Scheme rules need to be adjusted. | <u>Administration:</u> Some impact on administration processes and communications - unknown at the moment as the details have not been finalised. <u>Cost:</u> Higher costs for employers | ADMINISTRATION | SERVICE FUNCTION | Andy Cunningham | Medium | 2 | 4 | 8 | None until further information is available. Note: this is unlikely to happen until the McCloud case changes are finalised, as McCloud will already increase costs in itself. | 2 | 4 | 8 | None | Medium | → | Andy Cunningham | N/A |
| PEN042 | Significant retrospective legislation changes related to the McCloud case | An age discrimination case taken to Court by a group of firefighters and Judiciary employees | Increased contribution rates for employers and high levels of administration time and complication. | ADMINISTRATION | SERVICE FUNCTION | Andy Cunningham | Medium | 2 | 4 | 8 | None - Whilst it now appears almost certain that a change will take place, it is still unclear exactly what the change will be, its magnitude and how the Fund can mitigate it. It is noted that the Valuation results have made no allowance for the consequences of the McCloud case, primarily due to the prudence applied to the investment return expectations of 75% but also due to the implementation of actuarial guidance. | 2 | 4 | 8 | On actuarial guidance it is anticipated that whilst a review will be required the financial impact may be minimal as in most cases the underpin check for a member's benefits will not bite | Medium | ↓ | Andy Cunningham | N/A |
| PEN040 | The Fund's inability to implement the conclusion of the Fair Deal Consultation | This consultation contains proposals which would strengthen the pensions protections that apply when an employee of an LGPS employer is compulsorily transferred to the employment of a service provider | The proposed amendments to the LGPS Regulations 2013 would, in most cases, give transferred staff a continued right to membership of the LGPS. Failure to implement the changes would have a significant impact on affected members benefits. | GOVERNANCE | SERVICE FUNCTION | Andy Cunningham | Low | 2 | 2 | 4 | Officers have responded to the consultation but have yet to hear anything further from MHCLG. The next step is likely to be either another consultation or the introduction of legislation. Officers will continue to monitor developments to help ensure it is prepared to make any changes required. | 2 | 2 | 4 | None | Low | → | Denise Robinson | N/A |
| PEN039 | The Fund's inability to implement the reforms associated with the Good Governance Project | SAB has requested a review of governance structures for the LGPS using a criteria of four possible governance models which might help funds to deliver good governance for their employers and members. A final consultation report is due in July 2019 | Poor governance has a reputational risk impact, leading to poor service for Fund stakeholders, a lack of clarity of roles & responsibilities and potential conflicts of interest emerging | GOVERNANCE | SERVICE FUNCTION | Andy Cunningham | Low | 2 | 2 | 4 | Officers have contributed feedback to the consultation exercise in May 2019 and taken part in various discussions. This has helped officers gain an understanding of the likely direction of travel and help ensure the Fund is aligned and prepared (for example by making certain adjustments to the terms of reference). | 2 | 2 | 4 | None | Low | → | Richard Bullen | N/A |
| PEN038 | The Fund's inability to implement the DWP's Dashboard within a notified timescale. | Late communication by the DWP to specify their requirements for the Fund to comply with this new nationwide Dashboard. Potential for unexpected implementation costs and/or the Fund being unable to meet the reporting requirements. | Non-compliance would lead to a reputational risk for the Fund. A statutory requirement to contribute may also be created. | ADMINISTRATION | SERVICE FUNCTION | Andy Cunningham | Low | 1 | 2 | 2 | Senior officers to keep themselves apprised of developments and seek more detailed information as the project develops. | 1 | 2 | 2 | None | Low | → | Mark Anderson | N/A |
| PEN021 | Ineffective implementation of the Public Sector Exit Cap | The Treasury is consulting on draft regulations to introduce a cap of £95,000 on exit payments in the public sector, in response to concerns about the number of exit payments that exceed or come close to £100,000 and the need to ensure they represent value for money. This will include changes to LGPS regulations. Introduction of exit cap will require an additional burden on the administrator team as it is likely to effect all redundancy calculations. Funds are often given little time to implement changes which brings about this risk. | Changes need to be communicated to individuals and employers and systems adapted once the revised regulations have been approved. LGPS Fund's could be in breach of the legislation in they are logistically unable to implement the cost cap mechanism once introduced. | LEGISLATIVE | SERVICE FUNCTION | Andy Cunningham | Low | 2 | 2 | 4 | Currently monitoring the progress of the developments to allow adequate time to take any actions necessary. We are not anticipating any changes to occur quickly and, depending on the final outcomes, WPF will set up a project cover: discussion with employers and changes to employer discretions policies, benefit and systems calculations and the associate communications. | 2 | 2 | 4 | None | Low | → | Andy Cunningham | N/A |

| Dynamic Risks | | | | | | | | | | | | | | | | | | | |
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| PEN047 | There is uncertainty around the ability of Brunel to resource its property portfolio offering | It is intended that property assets will transfer to Brunel in late 2019. | If Brunel are not adequately resourced, this could result in the portfolio not being effectively managed, and/or costs being higher than expected. | INVESTMENT PERFORMANCE & RISK | BUSINESS PLAN (App 1 - 10) | Jennifer Devine | Low | 4 | 1 | 4 | Officers are working with the Brunel client group to ensure that Brunel are able to give adequate assurance that they are appropriately resourced before engaging with this particular transition. | 4 | 1 | 4 | None | Low | → | Jennifer Devine | Dec-19 |
| PEN046 | The transition of assets to the Brunel global high alpha equities portfolio does not go according to plan resulting in investment losses. | Wiltshire will be transferring its Baillie Gifford portfolio to Brunel in late 2019. | If assets do not transfer successfully this could result in financial loss. | INVESTMENT PERFORMANCE & RISK | BUSINESS PLAN (App 1 - 10) | Jennifer Devine | Low | 4 | 1 | 4 | Officers are working with the Brunel client group to ensure that Brunel properly follow procedures to ensure that no financial loss is incurred and that the transition occurs successfully. | 4 | 1 | 4 | None | Low | → | Jennifer Devine | Dec-19 |
| PEN037 | Failure to implement a strategy to address the administration backlogs | Failure to effectively administration the scheme could result in incorrect payments, inefficiencies in the process, failure to meet disclosure timeframes, complaints and inadequate oversight over the fund. | Poor administration resulting in incorrect payments and can lead to reputational risk issues. The mitigation of this risk is contingent on the mitigation of other risks such as PEN034 & PEN036 | ADMINISTRATION | BUSINESS PLAN (App 1 - 19) SWAP Key controls audit 2018/19 | Andy Cunningham | Medium | 3 | 3 | 9 | The implementation of PEN034 & PEN036 along with addressing the internal auditors comments in their 2018/19 Key Controls report should mitigate this risk | 3 | 2 | 6 | | Medium | → | Jennie Green | On-going |

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|--------|--|---|---|---------------------------------------|--|-----------------|--------|---|---|---|---|---|---|---|---|---|-----------------|----------|
| PEN036 | Failure to implement a Dashboard of KPIs for regular monitoring | Difficulties in extracting the required data from the workflow section of the administration system. Improve the range of Key Performance Indicators (KPIs) produced for the Committee and Local Pension Board to help provide transparency and clearer oversight & management of administration performance. | Failure to implement a dashboard of comparable benchmarks, will be counter to the Pension Regulator's requirements on factors such as data quality measures | ADMINISTRATION | BUSINESS PLAN (App 1 - 22) (App 2 - 6) | Andy Cunningham | Medium | 3 | 2 | 6 | Officers are implementing a suite of KPIs to be utilised at different levels. Namely, at a Statutory level, for the Committee & the Board, for use between Employers & the Fund & at management level for use at an operational level within the Pension's dept. | 2 | 1 | 2 | Low | → | Mark Anderson | On-going |
| PEN035 | Failure to maintain the Pension Administration Strategy as an effective strategy document. | The Pension Administration Strategy has not been reviewed since 2015. | To improve the administration performance of the Fund and of its participating employers. If this does not improve the Fund will be in breach of compliance requirements laid down by the Regulator. | ADMINISTRATION | BUSINESS PLAN (App 1 - 16) | Andy Cunningham | Low | 2 | 1 | 2 | A draft Pension Administration Strategy has been prepared for presentation to the Committee in December. It will relate to the Fund's business plan. | 2 | 1 | 2 | None. | ↓ | Denise Robinson | 26/09/19 |
| PEN034 | Failure to implement Lean process review | Low KPI performance has been identified, particularly in relation to the disclosure requirements, as a result of inefficient processes and insufficient training and support. | An end to end processing review of all repeatable processes with the key objectives of improving the customer experience and identifying and realising efficiencies. Semi-automated work allocation is required to target key items of casework more quickly | ADMINISTRATION | BUSINESS PLAN (App 1 - 12,14) | Andy Cunningham | Medium | 3 | 2 | 6 | The Fund's Project team has started a programme of work over a 2 year timeframe to review repetitive processes within the dept. | 3 | 1 | 3 | Low | → | Mark Briggs | On-going |
| PEN032 | Failure to manage Fund budgets & controllable costs | During a period of chain management involving the introduction of new staff, new software & new working practices the cost control against the Fund's approved budget requires close management | Poor budget setting & cost control can lead to over expenditure and a loss of value in the services being offered by the Fund. As a public sector Scheme there is also a reputational risk associated with the poor management of funds. | GOVERNANCE | SERVICE FUNCTION | Andy Cunningham | Low | 3 | 1 | 3 | Annual Fund budgets are approved in the 1st quarter of each year. Expenditure against the budget are monitored by Senior Officers. Senior Officers work with the Council's Treasury team to ensure accurate specification of charges made to the Fund. Senior Officers maintain a contract management framework to monitor the fees of service providers. All invoices are compared against estimates before payment is made. | 2 | 1 | 2 | It was agreed that budget monitoring reports are now submitted to the Committee at each quarterly meeting | → | Jennifer Devine | On-going |
| PEN030 | Failure to procure & contract manage service providers appropriately | GDPR, the migration of Managers to BPP & a review of Fund contracts were undertaken in 2018 in conjunction with the Procurement dept. to establish the position of the Fund existing suite of contracts | A lack of a contract management framework will create an inability to manage existing service provider arrangements, limit the updating of service scopes so that the Fund's requirements remain to contracts & anticipate the incorporation of new legislation & regulations. This will lead to increased costs & risks to the Fund. | PROCUREMENT & RELATIONSHIP MANAGEMENT | BUSINESS PLAN (App 1 - 13) | Andy Cunningham | Low | 1 | 2 | 2 | A contract management framework has been developed by officers to anticipate the review of Fund contracts as they fall due. Fund officers have also attended Contract Management training provided by the Council's Procurement Department. | 3 | 1 | 3 | Low | → | Richard Bullen | On-going |
| PEN029 | Failure to implement the effectiveness review between the Committee & Board | An effectiveness review conducted by Hymans was undertaken in 2018, following which a report was produced and a focus group created of key Wiltshire Council stakeholders to act on the outcomes of the Report. The review covered the Committee, Board & ISC. | An ineffective Committee & Board could lead to a poorly run Pension Fund, which has a lack of governance and internal controls. Defining the roles & responsibilities of all groups & stakeholders enable clarity of purpose & efficient management. | GOVERNANCE | BUSINESS PLAN (App 1 - 21,24) | Andy Cunningham | Medium | 3 | 3 | 9 | Creation of a Focus steering group to implement the recommendations of the Hymans report. A review of Governance documentation, such as Terms of Reference of the Committee, Board & ISC to bring it up to date and ensure that all documentation is consistent & integrated with the other documentation around it. | 2 | 2 | 4 | Low | → | Richard Bullen | On-going |
| PEN028 | Failure to introduce new administration software effectively | Implementation of new software including MSS, i-connect, e-payslips, payment instruction automation, a new website & semi-automated workflow allocation. All to be completed by 2022. | Delay in the payment of member benefit, poorer data quality, sub-standard communication arrangements with members & employers & slower delivery times leading to a more costly service | ADMINISTRATION | BUSINESS PLAN (App 1 - 1,2,3,4,5,14) (App 2 - 1,2,3) | Andy Cunningham | Low | 2 | 2 | 4 | Individual project plan have been prepared for each implementation of software, including their GDPR implications, with individual project issue logs and risk registers. A bespoke Project team has also been established within the pension's dept. who initiate formal handovers to officers on completion of the new implementation. | 2 | 1 | 2 | None. | → | Mark Briggs | On-going |
| PEN026 | A lack of effectiveness of Committee meeting due to the impact of MiFID II Regulations | MiFID 2 investment regulations from Jan 2018 will classify LGPS Funds as "retail" investors. They will need to opt up to professional status | If Wiltshire Pension Fund is unable to maintain "professional" status it will limit the range of investments available and may lead to the forced sale of assets. | INVESTMENT PERFORMANCE & RISK | SERVICE FUNCTION | Jennifer Devine | Medium | 3 | 2 | 6 | Wiltshire Fund is now being treated as a Professional Client, having followed due process. Maintenance of the Fund's Professional Client status will require on-going compliance with the requirements including competence | 3 | 1 | 3 | None. | → | Jennifer Devine | On-going |
| PEN024 | The implementation of Brexit causes investment volatility or unexpected legislative changes | EU referendum result. | The arrangements by which the UK leaves the EU may produce short term volatile market movements which could impact on asset performance. | FINANCIAL MARKETS & PRODUCTS | SERVICE FUNCTION | Jennifer Devine | Medium | 3 | 2 | 6 | 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 | 1 | 3 | Low | → | Jennifer Devine | On-going |
| PEN022 | The rectification of records with GMP issues is time-consuming, costly & causes reputational damage. | From 1 April 2016, State Second Pension ceases and HMRC no longer provides GMP data on members to Funds. | If GMP records for members are inaccurate there is the potential for incorrect liabilities being paid by the Fund. | ADMINISTRATION | BUSINESS PLAN (App 1 - 18) (App 2 - 7) | Andy Cunningham | Medium | 2 | 4 | 8 | Large project is still ongoing and software from Heywood's is being used to process amendments to Altair on bulk. Progress has been delayed due to the Fund trying to engage with Government to agree on a nationwide approach and in order to undertake further analysis of the problems identified. | 2 | 4 | 8 | Medium | ↓ | Mark Briggs | uk |

Ongoing Risks

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|--------|--|---|--|-------------------------------|----------------------------|-----------------|--------|---|---|----|--|---|---|---|--------|---|-----------------|----------|
| PEN048 | The transition to pooling of LGPS assets with BPP fails to deliver the projected savings | The Fund needs to pool its LGPS assets with other Funds using the Brunel Pensions Partnership. | Poor implementation could be costly in terms of unanticipated costs and/or savings less than projected. | INVESTMENT PERFORMANCE & RISK | BUSINESS PLAN (App 1 - 10) | Jennifer Devine | High | 4 | 3 | 12 | The Fund is working with Brunel Pension Partnership on pooling arrangements. Progress and updates regularly reported to Committee. The Fund's passive portfolios have been pooled with significant fee savings, but a budget increase is also currently being proposed. The final position is still uncertain. | 3 | 3 | 9 | Medium | → | Jennifer Devine | On-going |
| PEN041 | The Fund's inability to implement a strategy to ensure Climate Change considerations are integral to its investment strategy | There is a global climate change emergency, as declared by Wiltshire Council in February 2019. | Failure to embed climate change considerations in the investment strategy could cause a negative impact on investment returns over the long term. | FINANCIAL MARKETS & PRODUCTS | SERVICE FUNCTION | Jennifer Devine | Medium | 3 | 3 | 9 | Work is being done within the Brunel pool to address this risk. The Committee needs to use the support offered by Brunel to help define policies in this area and implement them via the Investment Strategy Statement. | 2 | 2 | 4 | Low | ↓ | Jennifer Devine | On-going |
| PEN033 | Failure to manage AVC providers | The Fund is a Data Controller with four AVC providers under management who operate to a system of policies & endorsements rather than service provider contracts. Consequently, there is a risk due to the mismatch between Fund responsibility & control in relation to the assets under management. | Failure of a AVC provider can lead to issues of reputational risk to the Fund, as well as being exposed to adverse governance & financial implications. | ACCOUNTING & AUDITING | SERVICE FUNCTION | Jennifer Devine | Low | 2 | 2 | 4 | A minimum of annual service review reviews have been implemented with all AVC providers, managed by the Investment & Accounting team. The review will cover customer service & investment performance. | 2 | 1 | 2 | None. | → | Roz Vernon | On-going |
| PEN025 | Further academisation of Schools, the possibility of MAT breakups and cross fund movements. | Potential for further schools to convert to academy status, MATs to breakdown | Additional governance and administration risk. If all schools were to convert then the number of employers in the Fund could jump from 180 to between 400 and 500. | GOVERNANCE | SERVICE FUNCTION | Andy Cunningham | Low | 2 | 2 | 4 | Regular communications with schools to understand their intentions. Revised cessation policy aims to address some of the risks relating to MAT breakups. | 2 | 2 | 4 | Low | → | Andy Cunningham | N/A |

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|---------|--|---|---|-------------------------------|---|-----------------|--------|---|---|---|--|---|---|---|--|-----|---|-------------------------------------|----------|
| PEN017 | A lack of knowledge and expertise on the Pension Fund Committee | Lack of structured training and continuous self assessment of skills gap to ensure knowledge levels are adequate to carry out roles to the best of their ability | Bad decisions made may be made in relation to any of the areas on this register, but particularly in relation to investments. There is also a requirement for Funds to 'Comply or Explain' within their Annual Report on the skills knowledge of members of the Committee | GOVERNANCE | BUSINESS PLAN (App 1 - 24) | Andy Cunningham | Low | 2 | 2 | 4 | Members are given induction Training when they join the Committee, as well as subsequent opportunities to attend courses/seminars and specialist training at Committee ahead of key decisions. There is a Members' Training Plan and Governance Policy. Further training and advice can be called on from our consultants, independent advisors and investment managers too. | 2 | 1 | 2 | The results of the knowledge assessment was presented to 12 Dec 2018 Committee and 24 January 2019 Local Pension Board. Overall, their level of knowledge was deemed good but there were areas of improvement identified that Officers will consider when looking at future training plans. Pensions is a complex subject, so the training needs of the Committee will need to be continued reviewed. Generally both Committee & Board members are taking a more active approach to training and requesting structured training in key areas | Low | → | Richard Bullen | On-going |
| PEN016 | A lack of effectiveness in respect of the Fund's Treasury Management Services | The Fund's treasury function is now segregated from Wiltshire Council. This includes the investment of surplus cash in money markets. | Exposure to counterparty risk with cash held with external deposit holders could impact of Funding level of the Fund | INVESTMENT PERFORMANCE & RISK | SERVICE FUNCTION | Jennifer Devine | Low | 3 | 1 | 3 | The Pension Fund will review an updated Treasury Management Strategy annually which follows the same criteria adopted by Wiltshire Council but limits individual investments with a single counterparty to £5m. The Fund will also review in Treasury Management Agreement with the Council in 2019. | 2 | 1 | 2 | The Council uses Sector's credit worthiness service using ratings from three rating agencies to provide a score. Surplus cash is transferred to the Custodian at month end ensuring cash balances are minimal. A minimum of annual updates by the Council need to be presented to the ISC | Low | → | Roz Vernon | N/A |
| PEN015 | Failure to collect payments from ceasing employers | When an employer no longer has any active members a cessation valuation is triggered and a payment is required if a funding deficit exists to meet future liabilities | Failure to collect cessation payments means the cost of funding future liabilities will fall against the Wiltshire Pension Fund | ACTUARIAL METHOD | BUSINESS PLAN (App 1 - 7,15) | Andy Cunningham | Medium | 3 | 2 | 6 | The Pension Fund Committee approved a revised cessation policy on 20 September 2018 to address regulatory changes made in May 2018 and certain scenarios which had arisen which the previous policy did not adequately address. Furthermore, all new admitted bodies require a guarantor to join the Fund which means that a stable Scheme Employer is required to act as the ultimate guarantor. | 2 | 1 | 2 | None | Low | → | Andy Cunningham | On-going |
| PEN014 | Failure to provide the service in accordance with sound equality principles | 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. | ADMINISTRATION | SERVICE FUNCTION | Andy Cunningham | Low | 2 | 1 | 2 | The Fund has done an Equality Risk Assessment and has an Equality Implementation Plan in place | 2 | 1 | 2 | None | Low | → | Luke Webster/Jennie Green | On-going |
| PEN013 | Failure to communicate properly with stakeholders | Lack of clear communications policy and action, particularly with employers and scheme members. | Scheme Members are not aware of the rights and privileges of being in the scheme and may make bad decisions as a result. Employers are not aware of the regulations, the procedures, etc, and so the data flow from them is poor. | GOVERNANCE | BUSINESS PLAN (App 1 - 23) | Andy Cunningham | Low | 2 | 2 | 4 | The Fund has a Communications Manager and Employer Relationship Manager posts dedicated to these areas full-time, including keeping the website up-to-date, which is a key communications resource. The Fund also has a Communications Policy. | 2 | 1 | 2 | None | Low | → | Denise Robinson/Ashleigh Salter | N/A |
| PEN011 | Lack of expertise of Pension Fund Officers and Service Director, Finance | Lack of training, continuous professional development and continuous self assessment of skills gap to ensure knowledge levels are adequate to carry out roles to the best of their ability | Bad decisions made may be made in relation to any of the areas on this register, but particularly in relation to investments. | GOVERNANCE | BUSINESS PLAN (App 1 - 20,25) | Andy Cunningham | Low | 2 | 1 | 2 | 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 Governance & Performance Manager has formalised annual Training Plans and Relevant officers are also reviewed against the CIPFA Knowledge & Skills Framework to ensure adequate expertise exists. | 2 | 1 | 2 | The Director of Finance & Procurement is still being filled on an interim basis but other senior officer roles in the Pension Fund are now filled by permanent staff for a significant period of time. This risk has therefore reduced. | Low | ↓ | Andy Cunningham/Corporate Directors | On-going |
| PEN010 | Failure to keep pension records up-to-date and accurate | Poor or non-existent notification to us by employers and members of new starters, changes, leavers, etc | Incorrect records held, leading to incorrect estimates being issues to members and incorrect pensions potentially being paid. | GOVERNANCE | BUSINESS PLAN (App 2 - 8) | Andy Cunningham | Medium | 3 | 2 | 6 | Data & systems Team constantly working to improve data quality, data validation checks carried out through external partners (e.g. the Fund's actuaries and tracing agencies), proactive checks done through national fraud initiative and the Fund's Data Improvement Plan. | 3 | 1 | 3 | The Fund is currently addressing new data issues identified by a review of the IPR two key data standards and other data reviews while ensuring data is of high quality is an on-going responsibility. | Low | → | Mark Anderson | On-going |
| PEN008 | Failure to comply with LGPS and other regulations | Lack of technical expertise / staff resources to research regulations, IT systems not kept up-to-date with legislation, etc | Wrong pension payments made or estimates given. Investment in disallowed investment vehicles or failure to comply with governance standards. Effect: Unhappy customers, tribunals, Ombudsman rulings, fines, adverse audit reports, etc | ADMINISTRATION | BUSINESS PLAN (App 1 - 20,25) | Andy Cunningham | Low | 2 | 2 | 4 | *Sufficient staffing, training and regulatory updates. *Competent software provider and external consultants. *Technical & Compliance post reviews process and procedure and maintains training programme for the team. *KPIs against statutory standards *Imbedding checks and controls into all processes. *Audits & internal reviews to maintain best practice | 2 | 2 | 4 | None | Low | → | Luke Webster/Jennie Green | N/A |
| PEN007b | Significant rises in employer contributions for non-secure employers due to poor/negative investment returns | Poor economic conditions, wrong investment strategy, poor selection of investment managers, poor consideration of all financial & non-financial risks including ESG issues. | Poor/negative investment returns, leading to increased employer contribution rates | FINANCIAL MARKETS & PRODUCTS | BUSINESS PLAN (App 1 - 8,9) (App 2 - 4) | Jennifer Devine | Medium | 3 | 2 | 6 | Use of expert consultants in the selection of investment strategy and investment managers, regular monitoring of investment managers (1/4y), regular reviews of investment strategy (annually). Monthly review of % of Fund held in each mandate. Also a flight path strategy implemented to take off risk as funding levels improve. Fund member of LAPFF & uses PIRC to proxy vote on shares in line with agreed policy for ESG issues. Compliance with Stewardship code. | 2 | 2 | 4 | A risk based framework is now in place to review employers long term financial stability. This informs the policy for stepping in contribution rate to assist in affordability issues where requested by an employer. It will be continuously reviewed, as part of the updating of the Investment Strategy Statement. Query over covenant reviews following expiry of PWC contract. | Low | → | Jennifer Devine | On-going |
| PEN007a | Significant rises in employer contributions for secure employers due to poor/negative investment returns | Poor economic conditions, wrong investment strategy, poor selection of investment managers, poor consideration of all financial & non-financial risks including ESG issues. | Poor/negative investment returns, leading to increased employer contribution rates | INVESTMENT PERFORMANCE & RISK | BUSINESS PLAN (App 1 - 8,9) (App 2 - 4) | Jennifer Devine | Low | 2 | 1 | 2 | Use of expert consultants in the selection of investment strategy and investment managers, regular monitoring of investment managers (1/4y), regular reviews of investment strategy (annually). Monthly review of % of Fund held in each mandate. Also a flight path strategy implemented to take off risk as funding levels improve. Fund member of LAPFF & uses PIRC to proxy vote on shares in line with agreed policy for ESG issues. Compliance with Stewardship code. | 2 | 1 | 2 | The implementation of the Stabilisation Policy limits increases for secure employers. | Low | → | Jennifer Devine | On-going |
| PEN006b | Significant rises in employer contributions for non-secure employers due to increases in liabilities | Scheme liabilities increase disproportionately as a result of increased longevity, falling bond yields slack employer policies, etc. The current price of gilts lead to a worsening Funding Position. | Employer contribution rates become unacceptable, causing upward pressure on Council Tax and employers' costs. | ACTUARIAL METHOD | BUSINESS PLAN (App 1 - 6) | Andy Cunningham | Low | 2 | 2 | 4 | As above | 2 | 2 | 4 | As above | Low | → | Andy Cunningham | On-going |
| PEN006a | Significant rises in employer contributions for secure employers due to increases in liabilities | Scheme liabilities increase disproportionately as a result of increased longevity, falling bond yields slack employer policies, etc. The current price of gilts lead to a worsening Funding Position. | Employer contribution rates become unacceptable, causing upward pressure on Council Tax and employers' costs. | ACTUARIAL METHOD | BUSINESS PLAN (App 1 - 6) | Andy Cunningham | Low | 2 | 2 | 4 | Longevity and bond yields are generally beyond the control of the Fund as are the values of the liabilities in general. However, the Fund has started the 2019 Triennial Valuation process and it is currently reviewing its investment strategy and implementing separate employer investment strategies. Furthermore, the Fund and each employer must have a Discretions Policy in place to help control discretionary costs (e.g. early retirements, augmented service, etc). | 2 | 2 | 4 | None | Low | → | Andy Cunningham | On-going |
| PEN005 | Loss of funds through fraud or misappropriation | Fraud or misappropriation of funds by an employer, agent or contractor | Financial loss to the Fund | ACCOUNTING & AUDITING | SERVICE FUNCTION | Jennifer Devine | Low | 4 | 1 | 4 | Internal and External Audit regularly test that appropriate controls are in place and working. Regulatory control reports from investment managers, custodian, etc. are also reviewed by audit. Due Diligence is carried out whenever a new manager is appointed. Reliance is also placed in Financial Services Authority registration. | 4 | 1 | 4 | None | Low | → | Roz Vernon | On-going |
| PEN002 | Failure to collect and account for contributions from employers and employees on time | Non-availability of SAP systems, key staff error, omission, failure of employers' financial systems, failure to communicate with employers effectively, LGPS 2014 | Adverse audit opinion for failure to collect contributions by 19th of month, potential delays to employers' FRS17 year-end accounting reports and to the Fund's own year-end accounts. | ACCOUNTING & AUDITING | SERVICE FUNCTION | Jennifer Devine | Low | 2 | 2 | 4 | Robust maintenance and update of Altair and SAP systems, sufficient staff cover arrangements, sufficient staff training and QA checking of work. Officers regularly work with employers to ensure they understand their responsibilities to pay by 19th of the month. The Breaches framework now require the Fund to log material late payments. | 2 | 2 | 4 | None | Low | → | Roz Vernon | On-going |

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WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD
14 November 2019

PENSION FUND KEY PERFORMANCE INDICATORS

Purpose of the Report

1. The purpose of this report is to present the Fund's performance against its key performance indicators (KPIs) in relation to the administration of pension benefits.

Background

2. The Fund has committed to reporting administration KPIs in order to help improve management information, assist with performance monitoring and increase transparency of the administration performance. This objective fits in with our overriding objectives to ensure the effective management and governance of the Fund and to provide an effective, customer friendly benefits administration service.
3. This commitment is also in line with the Pensions Regulator's increased focus on governance of public service pension schemes resulting from the extension of its remit to cover public service pension schemes via the Public Service Pension Act 2013 and the resulting *Code of Practice 14 - Governance and administration of public service pension scheme* which sets out the wide-ranging governance requirements the Regulator expects to see adhered to.
4. As discussed at previous meetings, officers have now expanded the range and use of KPIs as explained below and shown with the appendices. Following feedback, officers have made a couple of changes to data reported as detailed below.

Considerations for the Board

5. As part of the goal to improve the quality of KPI reporting the following changes have been made:
6. Appendix 2: tPR Measures
Officers have commissioned its pension software provider, Heywood, to produce revised Common and Conditional data in line with the approach agreed by the Pension Regulator and Scheme Advisory Board.
 - a). Common data: It is worth noting that the methodology used by the Fund to date for self-assessing itself against this measure was 'harsher' than the approach agreed between the Regulator and Heywood and hence the percentage score increase is attributable to the change in methodology rather than an underlying improvement in data quality.
 - b). Conditional data: This is first time the Fund has been able to produce this figure following SAB's completion of its analysis.
Both of these scores will be submitted to tPR as part of the statutory Scheme Return.
7. Appendix 4: Employer breakdown (table 2)
Officers have now included a breakdown of the figures shown in table 1 for the largest 5 employers so that the Board and Committee are aware of where employer delays lie.

Note a more detailed breakdown has not been provided because the number cases quickly become immaterial when looking at the data of smaller employers.

Conclusions

General comments

8. During the period, the rollout of My Wiltshire Pension, continuous IT issues, end of year work, benefit statement production, triennial valuation and vacancies in the structure have all contributed to lack of progress across some of the areas identified for improvement. Also, officers continue to work on delivering projects to improve the overall administration infrastructure which will give longer-term benefits to processing figures but will have limited short-term benefit.
9. Material shorter term improvement is unlikely to occur without further resource being available.
10. More specific comments relating to each section are covered in the sub-sections below:

Disclosure Regulations (Appendix 1)

11. The table in appendix 1 shows the Fund is generally performing well against these targets, which are more generous than our administration strategy targets, but further improvement is required against deferments and refunds. Improvement against deferments on the Disclosure Regulations basis, requirements both quicker submission by employers (see Appendix 4) and quicker processing by the Fund (see Appendix 3).
12. With time, the new administration strategy (including the escalation policy) and rollout of i-Connect should help improve employer performance but Fund improvement needs further temporary resource until the efficiencies from projects can be realised.

tPR Common and Conditional Data percentages (Appendix 2)

13. The Fund's Common Data percentage is 97.9% (94.2% at the last date it was calculated) however the new methodology does not class the outstanding processing of active to deferred status cases/refunds as a failure which has improved the score. The remaining failures are mainly due to incorrect scheme member addresses which is an on-going issue that is difficult to resolve as the Fund relies on deferred and pensioner members telling us when they change address.

Administration Strategy KPIs – Fund (Appendix 3)

14. Chart 1 shows the Fund is operating below its desired targets for most cases but there are some recent improvement in all areas except Refund of Contributions and deferreds which have worsened.
15. Chart 3 shows insufficient level in the processing volumes of *Leaver to deferred* status backlogs, partly due to outstanding aggregation issues, which have become a gradually increasing issue since 2014 and are being reviewed as part of a project. Overtime work continue to take place to help tackle the backlogs while officers are mindful that additional measures, such as additional temporary staffing, may also need to be considered.

Administration Strategy KPIs – Employers (Appendix 4)

16. In the majority of cases, employers provide Retirement information before the date the member leaves with 71% meeting the target time. Employer performance also appears to be fairly consistent across different employers.

17. The submission time for leavers and refunds are significantly longer with over half the leavers being submitted over two months late, which contributes to the issues identified in the Disclosure KPIs (Appendix 1). Table 2 also shows considerable variation across the major employers for leavers and refunds (which are submitted together). Employers timeliness should improve with the use of i-Connect.

Environmental Impact

18. There is no environmental impact from this report.

Financial Considerations

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

Risk Assessment

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

Legal Implications

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

22. There are no implications at this time.

Proposals

23. The Committee is requested to note the Fund's performance against the KPIs.

Andy Cunningham

Head of Pensions Administration and Relations

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

APPENDIX 1: Disclosure Requirements (CIPFA template)

Benefit Administration Key Performance Indicators

Disclosure Regulations

Period

01/07/2019

to

30/09/2019

| Process | | Legal Requirement | Success rate | No. cases within Legal timeframes |
|--|----------|-------------------|--------------|-----------------------------------|
| Deaths - initial letter acknowledging death | | 2 months | 100.0% | 89 |
| Deaths - letter notifying amount of dependants pension | | 2 months | 100.0% | 89 |
| Retirements - letter notifying estimate of retirement benefits | Active | 2 months | n/a | n/a |
| | Deferred | | n/a | n/a |
| | Total | | 99.0% | 435 |
| Retirements - letter notifying actual retirement benefits + process and pay benefits on time | Active | 2 months | 87.0% | 118 |
| | Deferred | | 100.0% | 194 |
| | Total | | 93.5% | 312 |
| Deferment - calculate and notify deferred benefits | | 2 months | 7.6% | 34 |
| Transfers in - letter detailing transfer quote | | 2 months | 95.2% | 20 |
| Transfers out - letter detailing transfer quote | | 2 months | 90.9% | 108 |
| Refund - process and pay a refund | | 2 months | 19.3% | 31 |
| Divorce quote - letter detailing cash equivalent value and other benefits | | 3 months | 100.0% | 44 |
| Divorce settlements - letter detailing implementation of pension sharing order | | 3 months | 100.0% | 1 |
| Joiners - notification of date of enrolment | | 2 months | TBC | TBC |

*Officers are still developing a report to produce this information.

APPENDIX 2: tPR Data Quality scores

a). tPR Common Data Percentage Breakdown (At 11 October 2019)

Total score = 97.9% (from 94.2%)

b). tPR Conditional Data Percentage

Total score = 95.4%

Note: Heywood are still in process of producing the a report which detail what the failures are attributed to.

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

Wiltshire Pension Fund

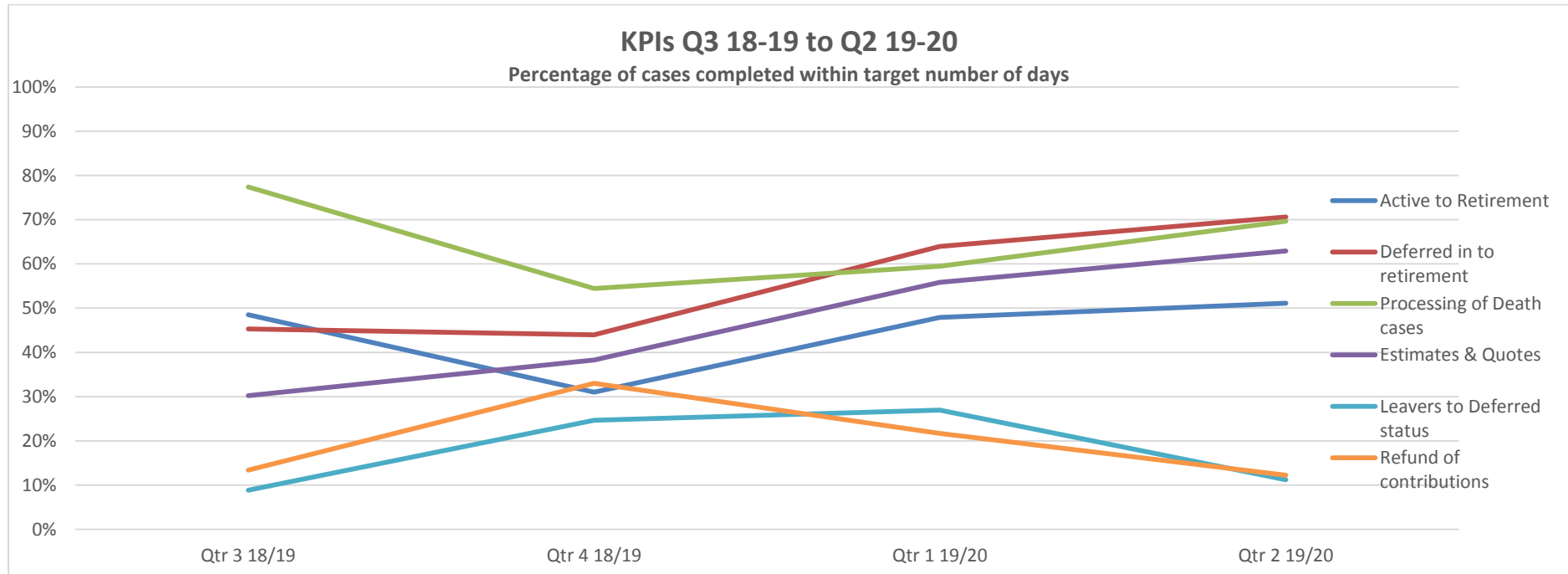
Benefit Administration Key Performance Indicators

Administration Strategy

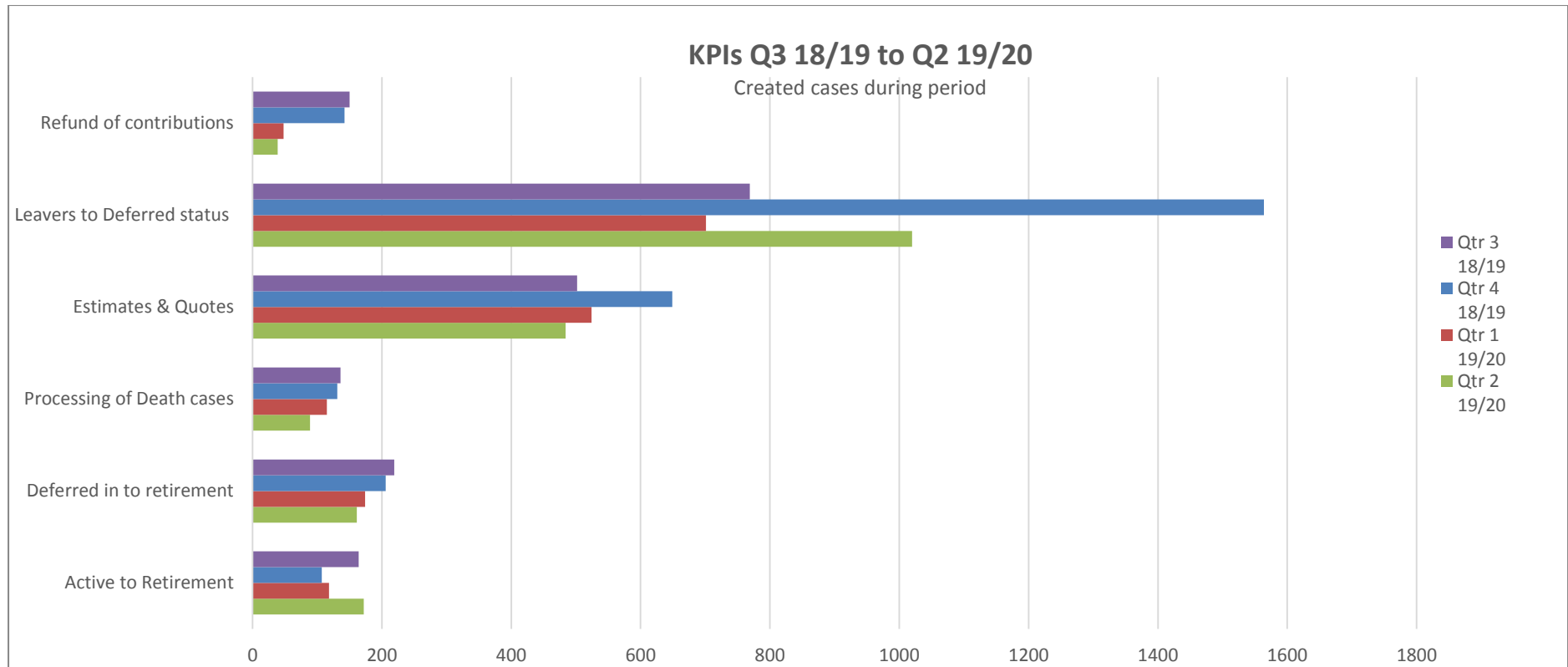
Period **01/07/2019** to **30/09/2019**

| Type of case | Created cases in period | Open cases at period end | Percentage against membership | Completed cases time to complete | | | | | | Total | Timescales | |
|-----------------------------------|-------------------------|--------------------------|-------------------------------|----------------------------------|-------------|--------------|--------------|--------------|------------|-------------|----------------------------|-----------------------------|
| | | | | 0 - 5 days | 6 - 10 days | 11 - 15 days | 16 - 20 days | 20 - 40 days | 40 + days | | Admin Strategy % on target | Admin Strategy working days |
| Active to Retirement | 172 | 117 | 0.52% | 37 | 32 | 30 | 19 | 12 | 5 | 135 | 51% | 10 |
| Deferred in to retirement | 161 | 20 | 0.07% | 137 | 35 | 17 | 4 | 1 | 0 | 194 | 71% | 5 |
| Processing of Death cases | 89 | 90 | 0.12% | 62 | 17 | 5 | 3 | 1 | 1 | 89 | 70% | 5 |
| Benefit Estimates | 484 | 65 | 0.29% | 106 | 171 | 83 | 46 | 31 | 3 | 440 | 63% | 10 |
| Leavers to Deferred status | 1020 | 2197 | 9.75% | 15 | 10 | 10 | 11 | 75 | 289 | 410 | 11% | 20 |
| Refund of contributions | 39 | 96 | 0.43% | 11 | 6 | 2 | 4 | 34 | 131 | 188 | 12% | 20 |
| Grand Total | 1965 | 2585 | | 368 | 271 | 147 | 87 | 154 | 429 | 1456 | | |
| Percentage | | | | 25% | 19% | 10% | 6% | 11% | 29% | | | |

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

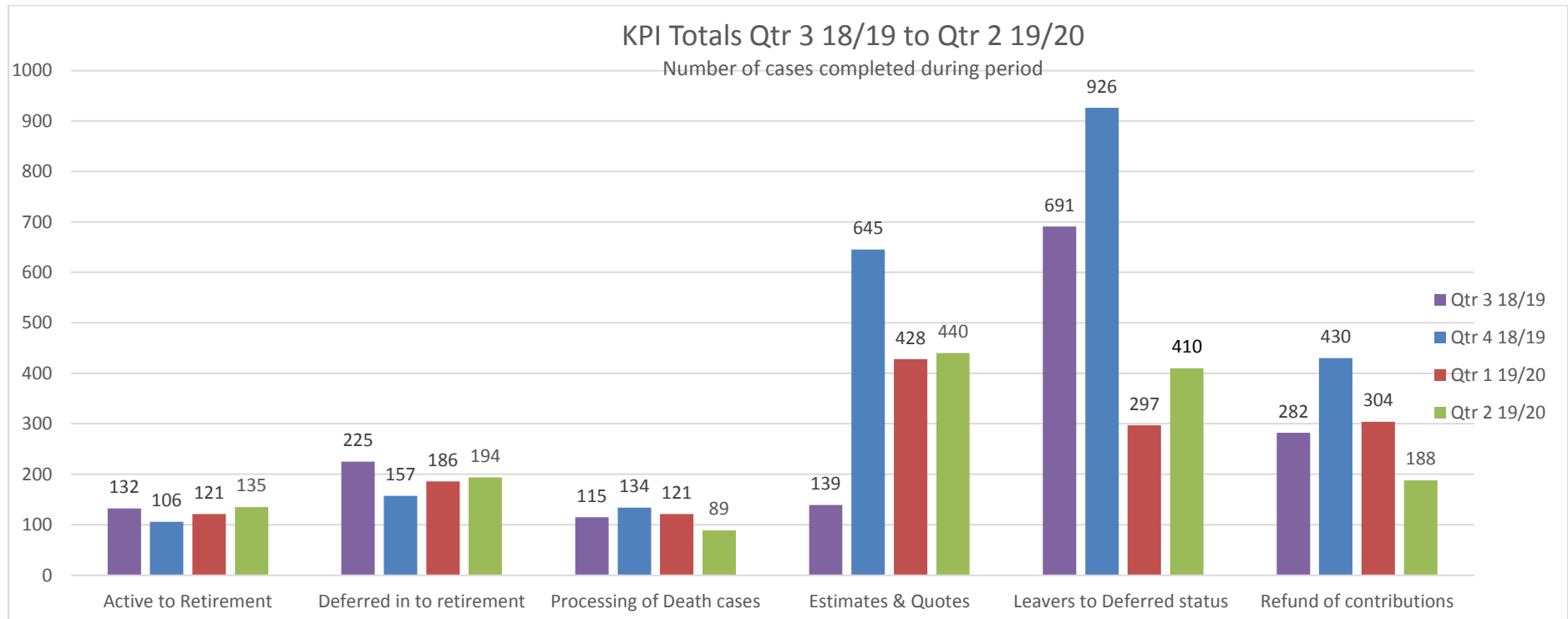


APPENDIX 3: Administration Strategy KPIs - Fund (Chart 2)

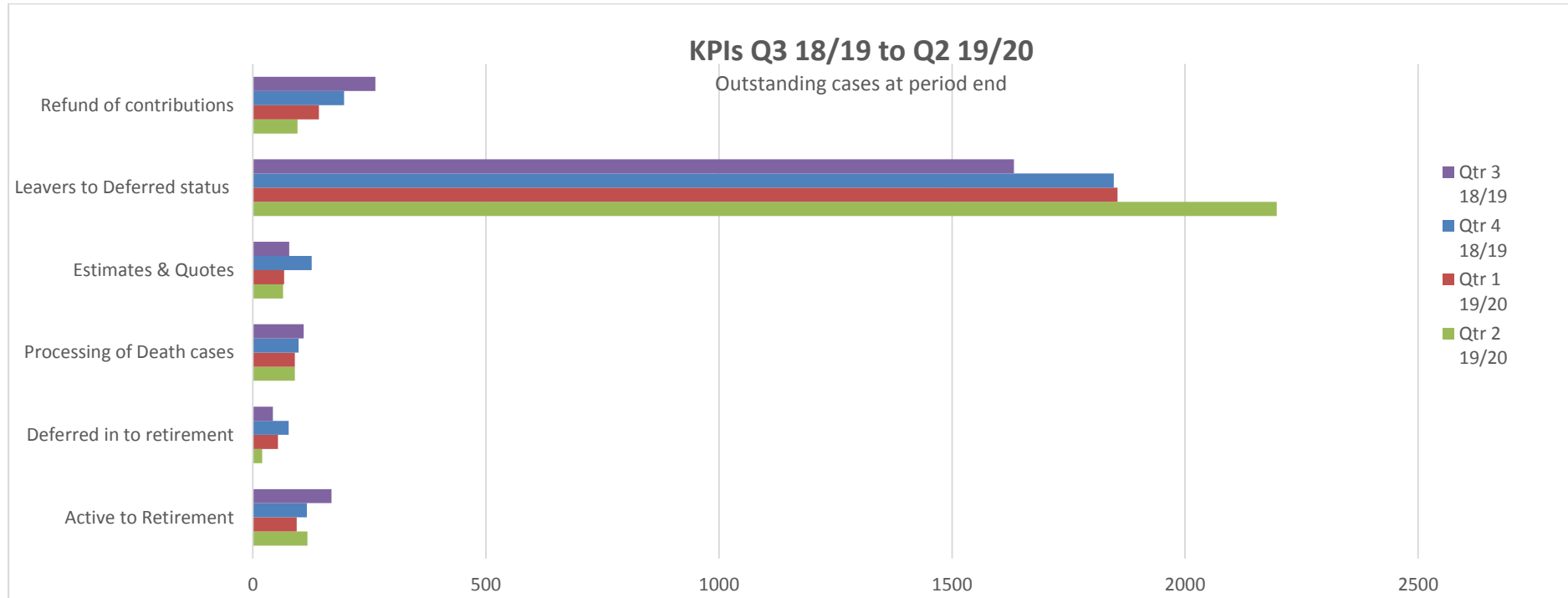


Note: Leaver to Deferred Status includes cases which will be later determined to be refund of contributions.

APPENDIX 3: Administration Strategy KPIs - Fund (Chart 3)



APPENDIX 3: Administration Strategy KPIs - Fund (Chart 4)



APPENDIX 4: Administration Strategy KPIs - Employers (Table 1)

Employer Key Performance Indicators

Administration Strategy

Period 01/07/2019 to 30/09/2019

| Type of case | Time to advise | | | | | | | Total | Timescales | |
|--------------------------------|----------------|------------|-------------|--------------|--------------|--------------|------------|------------|-------------------------------|--------------------------------|
| | In Advance | 0 - 5 days | 6 - 10 days | 11 - 15 days | 16 - 20 days | 20 - 40 days | 40 days + | | Admin Startegy % on target | Admin Startegy working days |
| <i>Retirement</i> | 96 | 8 | 1 | 6 | 3 | 8 | 13 | 135 | 71% | 0 |
| <i>Leavers</i> | 33 | 23 | 19 | 15 | 30 | 40 | 250 | 410 | 29% | 20 |
| <i>Refund of contributions</i> | 15 | 5 | 7 | 5 | 9 | 33 | 114 | 188 | 22% | 20 |
| Grand Total | 144 | 36 | 27 | 26 | 42 | 81 | 377 | 733 | | |
| Percentage | 20% | 5% | 4% | 4% | 6% | 11% | 51% | | | |

APPENDIX 4: Administration Strategy KPIs - Employers (Table 2)

5 Largest Employers and others

| Employer | Managed Records | Time to advise - Retirements | | | | | | | Total | Admin Strategy | Admin Strategy |
|-------------------------|-----------------|------------------------------|------------|-------------|--------------|--------------|--------------|------------|------------|----------------|----------------|
| | | In Advance | 0 - 5 days | 6 - 10 days | 11 - 15 days | 16 - 20 days | 20 - 40 days | 40 days + | | % on target | working days |
| Wiltshire Council | 34154 | 35 | 3 | 0 | 2 | 0 | 4 | 5 | 49 | 71% | 0 |
| Swindon Borough Council | 15721 | 17 | 3 | 1 | 1 | 2 | 0 | 3 | 27 | 63% | 0 |
| Police Civilians | 2840 | 7 | 0 | 0 | 0 | 0 | 1 | 0 | 8 | 88% | 0 |
| White Horse Federation | 1922 | 4 | 0 | 0 | 0 | 0 | 1 | 1 | 6 | 67% | 0 |
| Wiltshire College | 1859 | 3 | 2 | 0 | 0 | 0 | 0 | 0 | 5 | 60% | 0 |
| Others | 18263 | 32 | 0 | 0 | 1 | 1 | 2 | 4 | 40 | 80% | 0 |
| | | 98 | 8 | 1 | 4 | 3 | 8 | 13 | 135 | | |
| | | 73% | 6% | 1% | 3% | 2% | 6% | 10% | | | |

| Employer | Managed Records | Time to advise - Leavers | | | | | | | Total | Admin Strategy | Admin Strategy |
|-------------------------|-----------------|--------------------------|------------|-------------|--------------|--------------|--------------|------------|------------|----------------|----------------|
| | | In Advance | 0 - 5 days | 6 - 10 days | 11 - 15 days | 16 - 20 days | 20 - 40 days | 40 days + | | % on target | working days |
| Wiltshire Council | 34154 | 6 | 3 | 0 | 0 | 1 | 4 | 144 | 158 | 6% | 20 |
| Swindon Borough Council | 15721 | 9 | 9 | 9 | 7 | 9 | 13 | 9 | 65 | 66% | 20 |
| Police Civilians | 2840 | 1 | 1 | 0 | 1 | 10 | 2 | 0 | 15 | 87% | 20 |
| White Horse Federation | 1922 | 1 | 2 | 2 | 1 | 2 | 3 | 1 | 12 | 67% | 20 |
| Wiltshire College | 1859 | 3 | 2 | 2 | 1 | 0 | 0 | 0 | 8 | 100% | 20 |
| Others | 18263 | 13 | 6 | 6 | 5 | 8 | 18 | 96 | 152 | 25% | 20 |
| | | 33 | 23 | 19 | 15 | 30 | 40 | 250 | 410 | | |
| | | 8% | 6% | 5% | 4% | 7% | 10% | 61% | | | |

Employer

Managed
Records

| | |
|-------------------------|-------|
| Wiltshire Council | 34154 |
| Swindon Borough Council | 15721 |
| Police Civilians | 2840 |
| White Horse Federation | 1922 |
| Wiltshire College | 1859 |
| Others | 18263 |

| Time to advise - Refunds | | | | | | | | Admin Strategy | Admin Strategy |
|--------------------------|------------|-------------|--------------|--------------|--------------|------------|------------|----------------|----------------|
| In Advance | 0 - 5 days | 6 - 10 days | 11 - 15 days | 16 - 20 days | 20 - 40 days | 40 days + | Total | % on target | working days |
| 1 | 0 | 0 | 0 | 0 | 4 | 65 | 70 | 1% | 20 |
| 5 | 1 | 3 | 3 | 2 | 13 | 8 | 35 | 40% | 20 |
| 1 | 1 | 0 | 0 | 2 | 1 | 2 | 7 | 57% | 20 |
| 0 | 0 | 0 | 0 | 0 | 2 | 0 | 2 | 0% | 20 |
| 2 | 2 | 3 | 0 | 0 | 1 | 1 | 9 | 78% | 20 |
| 6 | 1 | 1 | 2 | 5 | 12 | 38 | 65 | 23% | 20 |
| 15 | 5 | 7 | 5 | 9 | 33 | 114 | 188 | | |
| 8% | 3% | 4% | 3% | 5% | 18% | 61% | | | |

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WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD
14 November 2019

INTERNAL & EXTERNAL AUDIT UPDATES

Purpose of the Report

1. The purpose of this report is to present an progress update against the Final Internal Audit Report for the Wiltshire Pension Fund prepared by the South West Audit Partnership (SWAP) and issued on 30 April 2019.

Background

2. An internal auditor undertook a report on key controls and GDPR during March and April. The Final report, including agreed management actions, was presented to the Local Pension Board on 23 May 2019.

3. The Final Audit Report on key controls and GDPR provided an opinion of 'reasonable assurance', stating

"Generally, risks are well managed by some systems require the introduction or improvements of internal controls to ensure the achievement of objectives".

4. However, the report made two priority 2 recommendations and five priority 3 recommendations, as detailed in the report.

5. The report also states:

"Although there are a number of recommendations, a reasonable assurance opinion has been offered in relation to this audit as the Management Team of the Pensions Fund had a high awareness of the current issues and have a number of projects underway or planned to improve the controls. This includes the implementation of i-connect, member self-service, Docmail, as well as undertaking an end-to-end review of the process to identify inefficiencies."

Considerations for the Board

6. Officers' self-assessment of the Fund's progress against the recommendations made as at the end of October 2019 can be found in the appendix to this paper.

Environmental Impact of the Proposal

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

8. There are no known implications at this time.

Financial Considerations & Risk Assessment

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

Proposals

10. The Board is asked to note the progress made and make any recommendations it considers appropriate.

ANDY CUNNINGHAM
Head of Pensions Administration and Relations

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

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

Appendices:

Appendix A – Summary of progress against the recommendations.

Appendix 1:

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

| No | Priority score | Issue | Recommendation | Agreed management action | Agreed management timescale | Progress at 30 Oct 2019 |
|----|----------------|---|--|--|-----------------------------|---|
| 1 | 2 | There is a workload backlog within the team, and individual team members productivity is not being monitored. | We recommend that the Improvement Plan be put in place, as intended, to prioritise the workflow and reduce the backlog of work. | Officers will follow the details of the Data Improvement Sub Plan to aim to reduce down work in the identified areas of deferred benefit processing and aggregation to business as usual levels. | 31 March 2020 | <p>Behind target</p> <ul style="list-style-type: none"> *Testing of automated work allocation completed. Migrated to Live and Benefits Team using with effect from 21 October 2019. This will assist in monitoring and managing the backlog. *Staff are continuing to work overtime to help with resourcing. *The new starter process has been reviewed and is planned to go live within the next month, this will provide an efficiency gain. *Extensive investigation and testing has been undertaken to help clear aggregation cases which is impacting other work. A new approach will be trialled shortly. *Officers are considering whether to proposal additional temporary resource to that already improved to speed up the process. |
| 2 | 2 | | We recommend that KPIs are developed at an Individual and Team Manager level so performance and productivity can be monitored. A quality review system should also be developed which feeds into the KPIs. | Officers will develop reporting capabilities to produce details of processing volumes at an individual level. Work on this area was already planned and has already begun. | 31 December 2019 | <p>Completed</p> <p>The Fund has already made the following changes:</p> <ul style="list-style-type: none"> *Appointed a Benefits work management officer who provides greater supervisory support and monitoring of staff performance. *Introduced an internal quarterly report showing volumes of benefits work processed by individual which is used by the Benefits Manager to inform the management of her team. <p>The Fund is also making the following changes:</p> <ul style="list-style-type: none"> *Starting to introduce 2nd line reviews of processes (min-audits). The initial two processes will be Aggregation and Annual Allowance. |

| | | | | | | |
|---|---|--|--|---|---|---|
| 3 | 3 | Information received from employers is not always complete or protected. | <p>As full implementation of the i-Connect system is several months away, we recommended that in the interim:</p> <ul style="list-style-type: none"> • A review of the current templates in use is completed to ensure that only relevant data is requested and the template framework is not editable; • A review of the feedback process is undertaken for when employers are not complying (for documentation and late payments); and • Ensure employers are aware of their GDPR responsibilities. | Officers will continue to work to implement I-connect and to feedback to employers on correct completion of the template and to remind them of their GDPR responsibilities. | <p>I-connect: Implementation to start by end of 2019</p> <p>Other items: End of June 2019</p> | <p>I-connect: On target. The Fund has now gone live with three small employers and has a rollout plans for all 190 employers over the next 1.5 years. Working with largest employer, Wiltshire Council, in Test with aim to go Live in January 2020. Testing for smaller employers using 'online returns' completed and rollout to Live scheduled in November 2019.</p> <p><u>Review of current templates:</u> Completed. Officers have reviewed current template and determined that due to the time and risk involved in asking employers to change their current approach, it would be better to wait for the implementation of i-Connect instead rather than making two major changes in a short timeframe. However, officers have made some internal changes to the process to reduce the risk of error.</p> <p><u>Review of feedback process:</u> In progress. Officers are presenting a new administration strategy to the Local Pension Board on 14 Nov 2019 which will outline a framework for dealing with administrative matters, including feedback and escalation of issues.</p> <p><u>GDPR:</u> Completed. All employers have been reminded of their responsibilities</p> <p>Most employers send information password protected spreadsheets while many employers also send from 'white-listed' email addresses (which are deemed sufficiently secure that no password is required).</p> <p>Officers have also taken a new approach to password protection by setting the passwords on behalf of employers to limit the confusion caused when documents are sent.</p> |
| 4 | 3 | Lack of an audit trail for member personal details amendments. | We recommend that a process is put in place to ensure that an audit trail of amendments is evidenced on the members file record. For example, inputting case comments that the address change was made following a telephone call from the member and after validation completed. | Officers will review the process for address changes and put in steps to make sure it is followed consistently. | 31 July 2019 | <p>Completed.</p> <p>Officers have introduced a new address procedure which outlines the six different ways addresses are changed. Now all of the different ways show when, why and who changed an address, providing the desired audit trail.</p> |

| | | | | | | |
|---|---|---|--|---|---------------------------|--|
| 5 | 3 | The Suspense account, as at March 2019, has an unallocated amount of just under £770,000, with the oldest transaction in the account being from November 2013. Transactions will be more difficult to clear as time passes, especially if there is minimal documentation as to why the transaction was initially placed in the account. | We recommend that the suspense account is reviewed and cleared. | <p>The suspense account is made up of contributions received from employers who are still in the process of signing an admission agreement.</p> <p>We have reviewed the suspense account, and have now had notification from the member of staff responsible for employer relations that several more admission agreements have been signed.</p> <p>Therefore we have now been able to clear £588k from the account.</p> <p>Going forward, we will create new employer codes and begin posting contributions received there as soon as a rates and adjustments certificate is received from the Fund actuary. This will minimise the balance being built up in the suspense account while we are waiting for admission agreements to be signed.</p> | 30 April 2019 | <p>Completed.</p> <p>The suspense account is being reviewed and cleared on a regular basis. Officers have introduced a new procedure for managing balances on suspense. Contributions from employers awaiting admission into the Fund will now only be coded to suspense until receipt of the contributions certificate from the actuary (confirming the contribution rate that the employer should be paying). After this point any further contributions received from the employer will be coded to the designated code for that employer.</p> |
| 6 | 3 | Reconciliations to ensure accurate data is held is not being completed on a frequent basis. | We recommend that a full reconciliation be undertaken between Altair and SAP Payroll. This recommendation is carried over from last year's audit report. | A full reconciliation between Altair and SAP Payroll will be completed. | 1 December 2019 | On target: Analysis of GMP and payroll reconciliation/rectification close to completion. We are now receiving quarterly data cuts from Payroll. |
| 7 | 3 | Reconciliations to ensure accurate data is | We recommend that the reconciliations currently being completed are reviewed as part | Officers will review and enhance reconciliations as part of end to end process | I-connect implementation: | i-Connect: Completed. Implementation process has started as outlined above. |

| | | | | | | |
|---|---|--|---|---|---|---|
| | | held is not being completed on a frequent basis. | of the efficiency project to ensure they are accurately capturing key risks in the process and the frequency they are being undertaken is sufficient. | review (efficiency project) and, more significantly, the introduction of I-connect will enable a number of reconciliations (such as new starters) to occur monthly. | Start by 1 August 2019. End to end process: 31 December 2019 | End to end process: On target. One process review has been completed and two more are underway concurrently and are close to completion (starters and retirements). Other reconciliations now taking place: a). Reconciliation of general ledger codes on SAP payroll against Altair employer codes. b). Active member reconciliations between employers and Fund. c) Child Pensioner review completed. |
| 8 | 2 | Personal Information is being kept for longer than required. | We recommend that the Fund liaise with the Information Governance team to help develop a plan to meet the GDPR requirements. The Fund needs to keep documented notes of the steps they are taking to meet the GDPR. | The Fund will contact Information Governance to agree on an appropriate approach and will produce and maintain any additional documentation IG deem necessary. | 31 May 2019 | Completed Officers have liaised with Information Governance, as well as other Funds and the pension administration software provider Aquila Heywood, to agree a way forward. A summary of the data retention strategy was presented to the Board on 14 Nov 2019. |

Table 2 – Pensions Code of Practice 14 Compliance Report 26/07/2019 - Progress against internal audit recommendations:

| No | Priority score | Issue | Recommendation | Agreed management action | Agreed management timescale | Progress at 30 Jun 2020 |
|----|----------------|--|--|--|-----------------------------|---|
| 1 | 2 | There is no verification completed to confirm that the responses in the self-assessment are correct. | We recommend that the Fund Governance and Performance Manager complete random sample testing of the responses received in the self-assessment to confirm that the responses are correct. | The Fund Governance & Performance Manager will complete sample testing of the responses received in the self-assessment to confirm that the responses are correct. | 30 June 2020 | In progress – the Fund will take this approach one the exercise next operations. |

Other suggestions

| Suggestion | Progress update |
|--|---|
| <p>Currently every calculation that leads to a payment is peer reviewed. This does not take in to account the amount to be paid and / or the experience of the staff member. A suggestion is therefore being made to review if this is appropriate and required or if a tiered system or other quality checks would be more efficient.</p> | <p>Completed. Officers have introduced a peer checking policy which takes an evidence, risk-based approach to deciding whether work needs to peer-checked or not. This currently applies to two high-volume processes. Other processes we be reviewed over time to see if it would be appropriate and efficient to extend the current scope of the policy.</p> |
| <p>The mailing process is also inefficient and not cost effective. There are approximately 500 new member enrolments received each month. Once the member is entered on to the system, a new client pack is posted to them. This pack is currently being manually printed and therefore is a time consuming and costly process. A new Docmail system is due to be implemented and therefore the suggestion is to ensure the inefficiencies in the process have been resolved following the implementation.</p> | <p>In progress: The inefficiency highlighted is being reviewed and removed as part of wider review of the new starter process which is now close to completion. Officers have been significant progress in this area and aim to go live with the new starter process in December 2019 which will also remove a number of other efficiencies and provide a better service to members.</p> |

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WILTSHIRE
PENSION FUND

Wiltshire Pension Fund
Administration Strategy
(2019 – 2022)

Implementation date: December 2019

Contents

1. Introduction
2. Objectives
3. Our commitment to members
4. Working with our Employers

Appendix 1: Service Level Agreement (Employers and Fund)

Appendix 2: Service Levels (Fund only)

Appendix 3: Employer Escalation Policy

Appendix 4: Oversight, scrutiny and continuous improvement

DRAFT

1). Introduction

This is the Pension Administration Strategy of the Wiltshire Pension Fund (WPF), administered by Wiltshire Council (the “Administering Authority”). The WPF is one of 89 Local Government Pension Scheme (LGPS) Administering Authorities nationwide. The WPF comprises of around 180 Scheme employers and approximately 70,000 Scheme members. WPF mainly administers the LGPS for employers located in the Wiltshire geographical area, although it also administers the scheme on behalf of a number of organisations located elsewhere but with links to the county. WPF’s administration costs are funded from a small proportion of the total employee and employer contributions it receives.

This strategy outlines the administrative policies and performance standards the Fund and its sponsoring employers need to achieve to enable the provision of a cost-effective and high-quality pension administration service, in line with its Business Plan, and to meet statutory requirements. It seeks to promote good working relationships, improve efficiency and establish a culture of quality between Scheme employers and the Administering Authority. It also provides details of how performance levels will be monitored and the actions that might be taken if they fall below the stated expectations.

It has been finalised following consultation with sponsoring employers of the WPF and will be kept under review and revised to reflect changes to LGPS regulations and the Fund’s policies as necessary. It has been formulated in keeping with the requirements of regulation 59 of the Local Government Pension Scheme (LGPS) Regulations 2013 (as amended).

A number of bodies oversee, support and provide scrutiny of administration officers. For instance, the Local Pension Board, Wiltshire Pension Fund Committee, internal and external auditors, Scheme Advisory Board, MHCLG and the Pension Regulator.

The Pension Regulator (tPR) has enforcement powers in relation to breaches of legislation.

Future administration aspirations and i-Connect

As part of WPF’s Business Plan vision theme to embrace technology, a key feature over the course of this administration strategy will be the introduction of i-Connect. Over time, i-Connect will act as the main platform for all employers to submit data to the Fund. This will have a number of benefits in terms of automatically cross-checking and validating data at the point of submission and identifying queries and simplifying the administrative processes for both employers and the Fund.

The Fund is also building its first employer-dedicated website to provide more extensive support for employers to help them fulfil the requirements laid out within this strategy.

The Fund’s other planned developments can be found in its Business Plan 2019-2022.

Application of this policy

The Administration Strategy applies to WPF and all its participating employers (at any given point in time). It automatically applies to all new employers.

2). Objectives

The Administration Strategy aims to help the Fund achieve five of the eleven vision themes in the business plan, namely;

- Outstanding customer service and stakeholder relationships;
- Lean processes, high performing and efficient with a culture of continuous improvement;
- Embracing technology;
- Robust and accurate service delivery; and
- Thriving team and fluid governance.

In particular, the Pension Administration Strategy objectives are that;

- The WPF and its Scheme employers are aware of and understand their respective roles and responsibilities as defined in the Service Level Agreement targets (Appendices 1 & 2);
- The strategy aligns itself with its compliance and governance requirements;
- Accurate records will be maintained for the purpose of calculating pension entitlements and Employer liabilities, ensuring that all information and data is communicated accurately, on a timely basis and in a compliant manner;
- Performance standards are clear and easily measurable to help identify areas for improvement; and
- All parties are clear on the approach that Fund takes to escalating any administration issues and dealing with any cases of poor performance.

3). Our commitment to members

Outlined below are the target timeframes the Fund aims to work within and which the Fund believes provides an optimal balance between customer expectation, achievability and cost.

3.1. New Members

a). New Joiner Information

We will send confirmation of your entry into the scheme (a 'statutory notice'), membership pack and My Wiltshire Pension registration details within 20 working days of receipt of your new employment details from your employer.

b). Transfers in from previous pension schemes

We will send to you an estimate of transfer value benefits details you would receive in the LGPS within 15 working days of receiving sufficient information from your former scheme or fund.

We will confirm the final amount of additional benefits credited to you as a result of the transfer within 20 working days of receiving all the requirement information and payment from your previous scheme or fund.

3.2. Existing members: administrative processing

a). Early Leavers

If you are entitled to a deferred benefit, we will update your pension record within 20 working days of receiving all relevant information from your scheme employer, and we will provide you with information about other options available to you such as transferring out the deferred benefit.

b). Refunds

If you are eligible to receive a refund and elect to do so by completing an option form, we will pay the refund to you within 10 working days of receiving all the necessary documentation and information.

Note: The option form must be signed and received by WPF no earlier than 1 month and 1 day after you have left your employment or opted out of the LGPS, otherwise you will only be entitled to a refund if you do not re-join the LGPS.

c). Transfer Out quote and completion

We will issue a quotation of the transfer value within 15 working days of receipt of your authorised request, provided that we have received all of the necessary information. If a transfer out quotation has been requested by a Financial Advisor on your behalf, then the quotation will be issued directly to you.

We will pay the transfer value within 10 working days of receiving confirmation from you that you wish for the transfer to proceed and when we have all the information we require.

Note: WPF will only make transfer payments if it is satisfied that the new provider meets the eligibility requirements under the relevant legislation.

d). Estimates of retirement benefits

For estimate requests for potential retirement dates over 12 months into the future, we encourage all members to use our online portal, My Wiltshire Pension, to receive instant, unlimited estimates.

For estimate requests for a potential retirement date within 12 months of the date of request, we will issue an estimate within 10 working days of receiving the relevant details from your employer. If you are a deferred member, additional information is not usually required by your employer, the quotation will be issued within 10 working days of your request.

e). Retirement quotations

i). From active status: We will send a quotation of the benefits payable within 5 working days of receiving all the relevant information from your employer.

ii). From deferred status: If your benefits are payable in full, we will send you a quotation at least 25 working days in advance of your retirement date.

If you wish to draw your benefits early from deferred status, we will send a quotation within 5 working days of your request or within 10 days of the date you wish your benefits to be paid for a future date.

In all the scenarios outlined above, if you have an AVC this timeframe is likely to be longer as we will need to wait for the AVC fund value from the provider before we can send you the necessary figures.

f). Retirement payments

Lump sums: We will process the payment of any lump sum within 10 working days of receiving all the required documentation and after your retirement date.

First monthly pension: The first monthly pension will be paid on the next available payroll run.

Note: In both cases, if you have an AVC this timeframe is likely to be longer as we will need to wait for your AVC to have been disinvested by the provider and for payment to be made from the AVC provider to us.

g). Death grants

We will send an acknowledgment of a death to the next of kin (or another appropriate contact) and request further information within 5 working days of being notified of the death of the member.

We will send details of any benefits payable (e.g. death grant and survivor's pension) within 5 working days of receiving all the relevant documents.

If a Death Grant is due, we will pay this within 10 working days of receiving all the appropriate documentation. If there is any doubt as to whom the beneficiaries of the Death Grant should be and WPF must make further enquiries, this timeframe will be longer.

Members are encouraged to complete their expression of wish information on *My Wiltshire Pension* (or by sending us a form) to provide clarity to the Fund over the member's wishes.

3.3. Existing members: Annual Communications

a). Annual Benefit Statements (ABSs)

We will send you an Annual Benefit Statement by 31 August each year, showing the value of your benefits as at 31 March of the same year.

From 2020, this statement will be uploaded to the *My Wiltshire Pension* site by 31 August of each year and available to you electronically. Members will still be able to opt in to receive a paper version of the statement.

b). Pension Saving Statements (PSS)

If you exceed the Annual Allowance, we will issue you a PSS by the 5 October following the end of the relevant tax year, showing your Pension Input Amount as at the previous 5 April for the pension benefits you hold with us, including any impact of any unused allowance from the previous 3 years which can be used to offset the amount by which to exceeded the annual allowance.

4). Working with our employers

Engagement with our employers is key to helping us deliver an effective service for both members and employers and to meet our statutory requirements. The Fund is committed to working closely with employers to build positive working relationships to ensure we work together to create efficiencies and meet service standards.

4.1. Communication, training and support

The Fund has a dedicated Employer Relationship Manager who helps coordinate and oversee all employer matters and provide support and information.

a). Employer newsletters: The Fund will periodically send employer newsletters with the purpose of:

- Advising employers when there are any changes to policies, strategies, scheme rules, procedures or forms;
- Informing employers of key events or members communications; and
- Making employers aware of other important Fund developments.

b). Employer Forums: Employer forums also take place periodically and have a similar purpose to newsletters, but they also provide an opportunity to ask questions and to meet colleagues.

d). Employer's Guide: The employer's guide is produced and maintained as a technical reference point, training tool and outlines roles and responsibilities. It is currently held on the Fund's website.

c). Employer website: As well as the current website hosting the employers guide, it also provides employers with access to all of the Fund's templates, forms and other supporting information about the Fund. The Fund will be moving to a separate, dedicated employer website during the application of this strategy to improve the amount of information available to employers and to help with the ease of finding it.

d). Face to face meetings, email and phone: Individual employer meetings are available on request by either the employer or WPF. Pension benefit team members are also always available during office hours to provide support over email or phone.

f). Training sessions: WPF will provide training sessions for employers on a quarterly basis and upon request, if required. These training sessions will be aimed at staff in the following areas:

Payroll – In areas such as Pensionable Pay, Assumed Pensionable Pay and monthly contributions.

HR - New staff, policies, absences and retirements. The support will also cover the role of the external payroll provider, what you are asking of them and making sure there are no gaps in an employer's processes.

Finance – Triennial valuation, setting contribution rates and assumptions and strain costs.

Further information on the Fund's approach to communications can be found on the website in the Fund's Communication Strategy.

4.2 Nominated contacts

To enable the WPF to communicate efficiently with employers, we require all employers to nominate a lead person in each key area related to Fund administration:

- a) Payroll
- b) HR
- c) Finance
- d) Strategic lead*

*Smaller employers, or employers with few active members, may use the strategic lead as the one person to receive all the communications in all areas, to pass on to the relevant parties within their organisation. The strategic lead will be the key contact for governance related matters affecting the WPF.

4.3. Service standards

In order to meet the vision, set out in the Fund's Business Plan and the Fund's statutory requirements, the Fund has developed a set of service standards for both the Fund and employers split down by process.

All employers are required to meet the timeframes outlined in Appendix 1. The Fund's target timeframes can be found in Appendix 2.

The Fund will monitor employer's performance against the standards set out in Appendix 1 and report these back to employers at appropriate intervals after taking account the size of the employer's active membership and whether any performance issues or concerns have been identified. Where issues arise, the Fund will follow the processes outlined in Appendix 3.

4.3. Other responsibilities

In order to fulfil an employer's general statutory roles and responsibilities, the Fund requires employers to:

- Enter in a Memorandum of Understanding with the Fund (to cover data protection matters) using the Fund's standard format, as amended from time to time;
- Ensure their approach to data retention maintains data which may be required for pension administration purposes for a sufficient time as advised by the Fund;
- Formulate and maintain an employer's discretion policy; and
- Formulate and maintain any other documents which may be required from time to time in relation to the fulfilment of an employer's legal requirements to assist with the administration of the pension scheme.

4.4. Ensuring compliance with statutory requirements and levels of performance

It is the responsibility of the Administering Authority, Scheme employers and WPF to ensure compliance with all statutory requirements.

tPR imposes a statutory obligation on Administering Authorities, as scheme managers, and the Local Pension Board to report failures which are likely to be of material significance. All breaches

of statutory requirements are recorded in the Fund's breaches log and reported quarterly to the Pension Fund Committee and Local Pension Board. Where particular employers are consistently failing to meet the standards required, these employers will also be notified to the Board. This log may also be published on the WPF website within the WPF's Annual Report. Where there is a material breach which represents a reportable event to tPR then tPR would also expect to see an improvement plan implemented to rectify this position. Each Scheme employer's performance is monitored against the standards set out in this document, in particular in Appendix 1. Reporting to Committee and Board will include both quality and timeliness of each Scheme employer's data provision.

Where the Fund identifies areas of improvement or poor performance for one of more employers, the Fund will use the Employer Escalation policy outlined in Appendix 3. In all cases, the Fund will offer support to help the employer make the improvements required.

The Fund's own administration performance is overseen by the Pension Fund Committee and Local Pension Board and the Fund is required to self-report breaches of legislation and data quality scores to the Pension Regulator. The Fund's targets are outlined in Appendix 1 and 2.

4.5. External payroll providers

The WPF is willing to exchange data directly with any employer's external payroll provider, but ultimately the responsibility for the accurate and timely submission still sits with the participating employer. The Fund may require that certain employer approves major data submissions from an external payroll provider, such as end of year submissions or information submitted on I-connect.

However, if the Fund is unsatisfied with the performance of an external payroll provider, it will initially raise issues with the payroll provider concerned but then revert back to the employer if these prove unsuccessful, as the per the details of the escalation policy outline in Appendix 3.

Furthermore, if the Fund continues to remain unsatisfied with the ability and willingness of the external payroll provider to provide the information necessary, the Fund may require that the employer approves all data submissions from the payroll provider prior to receipt by the Fund.

Review of Pension Administration Strategy

Purpose of the Report

1. The purpose of this report is to allow the Board to review the updated Pension Administration Strategy prior to approval by Committee.

Background

2. Under the Local Government Pension Scheme (LGPS) Regulations 2013, each LGPS Fund in England and Wales is empowered to produce and implement a Pension Administration Strategy, with an accompanying Service Level Agreement, which will apply to all employers in its Fund.
3. The aim of this attached draft strategy is to set out the quality and performance standards expected of all Scheme employers within the Wiltshire Pension Fund (WPF) and of the Fund itself. It seeks to promote good working relationships, improve efficiency and enforce quality between Scheme employers and the Administering Authority. It also provides details on how performance levels will be monitored and the action that might be taken if they fall below the stated expectations.
4. This strategy is updated from its 2015 version and ensures the governance and administration requirements of the Pension Regulator (tPR) are properly addressed which now fall to the Fund and its employer organisations.

Considerations for the Board

The key points of the Pension Administration Strategy

5. The following key changes have been made to this Strategy:
 - a). All relevant Fund and employer targets have been reviewed and updated to ensure they operate within the Disclosure Regulations (as relevant).
 - b). All major Fund and employer processes are now covered.
 - c). The Strategy includes a clear escalation policy which includes references to additional administration charges, hierarchical escalation and reporting to the Pension Regulator.
 - d). The Strategy now links to the Business Plan, KPI timeframes and the way work is actually managed within the pension administration team.
 - e). Specific targets have been included to relation to employers who use the Fund's i-Connect software (which has now gone live with a small group of employers will be gradually rolled out over all employers over the next year and half).
6. Officers will now report the performance of employers against the new KPIs identified and will explicitly separate the Fund's largest five employers (and also group together all other employers as one).

7. Officers are currently aligning their internal processes to make sure they work towards the timelines identified, including chasing employers for data. It is essential that the Administration Strategy is properly integrated into the way employers and Fund work in order for it to be effective in achieving its objectives.
8. This updated draft Strategy went out to consultation with Scheme employers and no material feedback was received.
9. The updated Strategy will be taken to Pension Committee meeting for approval following consideration from the Board and any recommendations it makes. The planned implementation date is from 1 January 2020 and will be published on the WPF website and circulated to all Scheme employers and external payroll providers.
10. Officers have self-assessed the compliance of this Strategy against Regulation 59 of the LGPS Regulations 2013.

Environmental Impact of the Proposal

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

Financial Considerations & Risk Assessment

12. There are no direct financial implications involved with the implementation of this Strategy. However, in the longer term this Strategy should lead to more efficient benefits administration operation and the ability to redirect resources for the benefit of scheme members.
13. This implementation of this Strategy assists in addressing risks PEN008, PEN010, PEN035.

Legal Implications

14. There are no material legal implications arising from the proposals.

Safeguarding Considerations/Public Health Implications/Equalities Impact

15. There are no known implications at this time.

Reasons for Proposals

16. This is a significant strategy with respect to the level of success and efficiency of the day to day administration of the Fund and its subsequent effects on providing an effective service to members.

Proposals

17. The Board is asked to consider the Wiltshire Pension Fund Administration Strategy and to make any recommendations it has to officers or Committee prior to approval.

ANDY CUNNINGHAM
Head of Pensions Administration and Relations

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

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

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Appendix 1: Service Level Agreement - processing involving both employers and the Fund.

A). i-Connect rollout

In late 2019, WPF will begin the implementation of i-Connect. i-Connect is a portal provided by the WPF for the use of employers to enable the submission of data to the WPF securely. WPF will provide a guide and training for i-Connect for all employers to help with the three-month onboarding process, and will continue to provide support and guidance thereafter. The guide will include an extract of what needs to be provided by employers and will be available on the WPF's website: <https://wiltshirepensionfund.org.uk/>

B). Employer responsibilities for i-Connect users only

All i-Connect employers will be required to undertake the following actions using i-Connect.

- WPF will expect: contributions, CARE and Pensionable Pay on a monthly and cumulative basis; new starters; leavers; and any administration changes to be submitted through i-Connect.
- **iConnect** submission processed by 19th of the month, following the month in which the contributions were deducted.
- Any errors or suppressions, i.e. the target update file cannot be applied because of the issue, should be resolved prior to processing.
- **Monthly returns** received by 19th of the month, following the month in which the contributions were deducted and agreeing with the contributions reported on the i-Connect data upload.
- If an employer is unsure of any element of their responsibilities, they should contact the Employer Relationship Manager who will assist them and make a site visit, if necessary.

C). Other employer responsibilities (both i-Connect and non i-Connect)

Note i: Where differences in responsibilities exist between i-Connect and non i-Connect employers, these will be highlighted accordingly in the table below.

Note ii: All employers are required to send through information using the Fund's standard template and forms, as updated from time to time.

1). New Joiners

| Benefits Process | | Performance target | | | |
|------------------|--|---|---|---|--|
| Description | | Employer responsibility and target (working days) | Fund target (working days) | Total Target (working days) | Disclosure Legal Requirement |
| 1.1 | To set up a new joiner on the pension administration system and provide a statutory notification and scheme information to the member. | Starter forms to be sent to the Fund and received within 20 days of the member joining the scheme (Note: N/A for i-Connect users as the starter information will be automatically generated based on the information in section B above) | To set up a new record within 20 days of correct form/data file being received from the scheme employer and to send the statutory notification to the member. | 40 days from the date the member started. | 2 months from date of joining OPPS Regs 2013 6(6) |

2). Early Leavers

| Benefits Process | | Performance target | | | |
|------------------|------------------------------|---|--|-----------------------------|--|
| Description | | Employer responsibility and target (working days) | Fund target (working days) | Total Target (working days) | Disclosure Legal Requirement |
| 2.1 | Deferred benefit entitlement | Leaver forms issued to the Fund within 20 days of the member exiting the scheme (Note: N/A for i-Connect users as the starter information will be automatically generated based on the information in section B above) | Member notified of deferred benefit entitlement within 20 days of the leaver notification (excluding any time where WPF wait for a query response from the employer) | 40 days | 2 months from date of leaving OPPS Regs 2013 16 (3) |

| | | | | | |
|-----|----------------------------|--|---|---------|-------------------------------|
| 2.2 | Refund/transfer out option | N/A | Options and claim forms provided to member within 20 days of the leaver notification (excluding any time where WPF wait for a query response from the employer) | 20 days | 2 months from date of leaving |
| 2.3 | Refund payments | Where the member opts out within 3 months, to process the refund payment on the next available payroll date. | Refund payment to be made within 10 days of receipt of all necessary information from member/ employer. | 10 days | OPPS Regs 2013 16(3) |

3). Retirements (from active status)

| Benefits Process | | Performance target | | | |
|------------------|-------------------------------------|--|---|-----------------------------|--------------------------------------|
| Description | | Employer responsibility and target (working days) | Fund target (working days) | Total Target (working days) | Disclosure Legal Requirement |
| 3.1 | Retirement quote and options issued | Individual retirement forms to be sent to Fund within 2 days of the retirement date (ideally this would be sent in advance of the retirement) | Member issued with quote and claim forms within 5 days of receipt of the retirement notification (and AVC fund value if applicable) | 7 days | 1 month following date of retirement |
| 3.2 | Retirement benefits paid | N/A | Lump sum payment made within 10 days of receipt of all required information (and receipt of AVC fund payment if applicable) or within 10 days following retirement date if this is later. | 10 days | N/A |

| | | | | | |
|--|--|--|--|--|--|
| | | | First monthly pension to be paid on next available pensions payroll run. | | |
|--|--|--|--|--|--|

4. Ill Health retirements (from active status)

| Benefits Process | | Performance target | | | |
|------------------|---|--|--|-----------------------------|------------------------------|
| Description | | Employer responsibility and target (working days) | Fund target (working days) | Total Target (working days) | Disclosure Legal Requirement |
| 4.1 | Member notified of entitlement and of which Tier they have been awarded. If Tier 3, notice should include terms under which Tier 3 is paid, reviewed or cancelled | Within 10 days of decision being made | N/A | 10 days | N/A |
| 4.2 | Submission of information to the Fund. | Ill health retirement form and relevant ill health certificate issued to the Fund within 2 days of the member leaving the scheme (ideally beforehand). | Member issued with quote and claim forms within 5 days of receipt of the retirement notification (and AVC fund value if applicable) | 7 days | N/A |
| 4.3 | Retirement benefits paid | N/A | Lump sum payment made within 10 days of receipt and correct completion of all required documents (and receipt of AVC fund payment if applicable) or within 10 days of retirement date if this is later | 10 days | N/A |

| | | | | | |
|--|--|--|---|--|--|
| | | | First monthly pension to be paid on next available pensions payroll run | | |
|--|--|--|---|--|--|

5). Review of Tier 3 Ill Health Benefits

| Benefits Process | | Performance target | | | |
|------------------|---|--|--|-----------------------------|------------------------------|
| Description | | Employer responsibility and target (working days) | Fund target (working days) | Total Target (working days) | Disclosure Legal Requirement |
| 5.1 | To review Tier 3 ill-health pensions in payment after 18 months of commencement and, if required after 3 years. | In line with regulations and advice of IRMP. | Reminder letter issued to employer 25 days prior to 18-month review. | 18 month review date | N/A |
| 5.2 | To notify member in writing when Tier 3 pension ceases. | As soon as is reasonably practical after IRMP advice. | To stop Tier 3 pension and notify member within 10 days of notification and all required documents from employer. | 10 days | N/A |
| 5.3 | To notify member of uplift to Tier 2 benefits. | Provide Fund with relevant ill health certificate signed by IRMP within 10 days. | To award and notify member of the Tier 2 uplift within 10 days of notification and all required documents from employer. | 20 days | N/A |

6). Provision of estimates

| Benefits Process | | Performance target | | | |
|------------------|--|---|----------------------------|-----------------------------|------------------------------|
| Description | | Employer responsibility and target (working days) | Fund target (working days) | Total Target (working days) | Disclosure Legal Requirement |

| | | | | | |
|-----|--|--|---|---------|-------------------------------|
| 6.1 | Scheme employer led estimate requests (redundancy/flexible retirement) | N/A | Employer issued with member quote and strain costs within 10 days of receipt of all the required information. Member issued with quotation within 10 days of receipt of estimate request form from employer (if required). | 10 days | N/A |
| 6.2 | Member led estimate requests (active members) * | Employer to complete pay details section of the form within 5 days of receipt of form from the member. | Member issued with quotation within 10 days of completion of estimate request form | 15 days | 2 months from date of request |
| 6.3 | Member led estimate requests (deferred members) * | N/A | Member issued with quotation within 10 days of completion of estimate request form | 10 days | 2 months from date of request |

*WPF only provide estimates if the request is within the next 12 months. Members who require an estimate for a later date should run a projection using the *My Wiltshire Pension* site.**7. Early payment of deferred benefits on grounds of ill health**

| Benefits Process | | Performance target | | | |
|------------------|--|---|----------------------------|-----------------------------|-------------------|
| Description | | Employer responsibility and target (working days) | Fund target (working days) | Total Target (working days) | Legal Requirement |
| 7.1 | Request for early payment on ill-health grounds made by member to former employer. | Request acknowledged within 5 days. | N/A | 5 days | N/A |

| | | | | | |
|-----|---|--|--|---------|-----|
| 7.2 | Employer to arrange for IRMP referral | Within 15 days | N/A | 15 days | N/A |
| 7.3 | Notification to member of any award determined. | Within 10 days of decision being made following IRMP assessment. | | 10 days | N/A |
| 7.4 | Member notified of benefits due in relation to the award determined by employer | N/A | Within 10 days of the fund obtaining all relevant information required by the employer | 10 days | N/A |
| 7.5 | Retirement benefits paid. | N/A | Lump sum payment made within 5 days of receipt and correct completion of all required documents. First monthly pension paid on next available pensions payroll run. | 5 days | N/A |

8. Death in service

| Benefits Process | | Performance target | | | |
|------------------|--|---|---|-----------------------------|-------------------|
| Description | | Employer responsibility and target (working days) | Fund target (working days) | Total Target (working days) | Legal Requirement |
| 8.1 | Death in service Request for death certificate and other documentation to Next of Kin | Employer to notify Fund using Death in service form within 2 days of being notified or becoming aware of the death. | Acknowledgement and request letter sent within 5 days | 7 days | N/A |

| | | | | | |
|-----|---|-----|---|--------|-----|
| 8.2 | Request for further information from NOK | N/A | Within 5 days of receiving initial information | 5 days | N/A |
| 8.3 | To write to surviving spouse/partner/children to give details of benefits payable | N/A | Within 5 days of receipt of all relevant and accurate information | 5 days | N/A |
| 8.4 | To make payment of death grant and survivor's benefits | N/A | Within 5 days of receipt of all relevant and accurate information | 5 days | N/A |

9). Additional Pension Contributions (APCs)

| Benefits Process | | Performance target | | | |
|------------------|--|--|--|--|-------------------|
| Description | | Employer responsibility and target (working days) | Fund target (working days) | Total Target (working days) | Legal Requirement |
| 9.1 | Extra pension contract (application sent direct to the fund) | Employer to deduct extra contributions from member's pay based on the instructions set out on the form within 10 days of instruction from the Fund or the next available payroll, whichever is soonest | On receipt of extra pension application from a member, to issue the employer with an instruction to deduct extra contributions within 10 days of application from member and pension record updated within 10 days of application. | 10 days for contributions, 20 days for record to be updated. | N/A |

| | | | | | |
|-----|---|--|--|--|-----|
| 9.2 | <p>Lost pension contract (enquiry/application sent to scheme employer)</p> <p>Note: Applications for buying back the lost pension must be within 30 days of the member returning to work for the member to only pay 1/3rd and the employer to contribute 2/3rds. (if there is an administrative delay the employer can extend the 30 day limit to share the cost)</p> | <p>Employer to provide a quote to the member detailing the amount of lost pay/pension as soon as the members return to work is confirmed.</p> <p>Employer to provide application to the fund within 10 days of receipt of members election to proceed.</p> | <p>N/A</p> <p>To set up contract on pension database within 10 days of receiving the application from the employer</p> | <p>30 days maximum</p> <p>20 days</p> <p>20 days</p> | N/A |
|-----|---|--|--|--|-----|

10. Divorce: Provision of quote

| Benefits Process | | Performance target | | | |
|------------------|---|--|--|-----------------------------|---|
| Description | | Employer responsibility and target (working days) | Fund target (working days) | Total Target (working days) | Legal Requirement |
| 10.1 | Issue pension quotation to member. | If applicable, to provide the fund with pay data within 5 days of request. | Within 10 days of all required information. | 10 days | <p>3 months from date of request.</p> <p>The Pensions on Divorce etc. (Provision of Information) Regulations 2000</p> |
| 10.2 | Implementation and notification of Pension Sharing Order (PSO). | N/A | Within 25 days of receipt of all required information. | 25 days | 4 months from receiving all required |

| | | | | | |
|--|--|--|--|--|--------------------------------|
| | | | | | information and admin charges. |
|--|--|--|--|--|--------------------------------|

11. Internal Dispute Resolution Procedure (IDRP) Stage 1 Appeal against determination of scheme employer

| Benefits Process | | Performance target | | | |
|-------------------------|---|--|-----------------------------------|------------------------------------|--------------------------|
| Description | | Employer responsibility and target (working days) | Fund target (working days) | Total Target (working days) | Legal Requirement |
| 11.1 | Acknowledgement sent to applicant on receipt of Stage 1 application | Within 5 days of request | N/A | 5 days | N/A |
| 11.2 | Forms to be issued to the employer's stage 1 adjudicator | Within 2 days | N/A | 2 days | N/A |

| | | | | | |
|------|---|--|---|----------|---|
| 11.3 | Stage 1 adjudicator to give written notice of the decision to the applicant and a copy to the employer and to the Fund (this should also include information on further appeal rights under stage 2) | Within 2 months of the date on which the application was received If no such notice can be given by this date an interim reply should be issued with an explanation as to the reasons for the delay and an expected decision date | N/A | 2 months | Within 2 months of the date on which the application was received If no such notice can be given by this date an interim reply should be issued with an explanation as to the reasons for the delay and an expected decision date LGPS Regs 2013 75 (1) |
| 11.4 | The Employer to act on any actions arising from the stage 1 decision The Fund to act on any actions arising from the stage 1 decision, if appropriate after the employer has carried out their actions (this could include recalculation of the applicants benefits) | Within 10 days of receiving the decision | Within a further 10 days of receiving information from the employer | 20 days | N/A |

12. Internal Dispute Resolution Procedure (IDRP) Stage 1- Appeal against determination of the Fund

| Benefits Process | | Performance target | | | |
|------------------|--|---|---|-----------------------------|--|
| Description | | Employer responsibility and target (working days) | Fund target (working days) | Total Target (working days) | Legal Requirement |
| 12.1 | Acknowledgement sent to applicant on receipt of Stage 1 application | N/A | Within 2 days | 2 days | N/A |
| 12.2 | Forms to be issued to the Fund's stage 1 adjudicator | N/A | Within 2 days | 2 days | N/A |
| 12.3 | Stage 1 adjudicator to give written notice of the decision to the applicant and a copy to the Fund (this should also include information on further appeal rights under stage 2) | N/A | <p>Within 2 months of the date on which the application was received</p> <p>If no such notice can be given by this date an interim reply should be issued with an explanation as to the reasons for the delay and an expected decision date</p> | 2 months | <p>Within 2 months of the date on which the application was received</p> <p>If no such notice can be given by this date an interim reply should be issued with an explanation as to the reasons for the delay and an expected decision date</p> <p>LGPS Regs 2013 75 (1)</p> |

| | | | | | |
|------|--|-----|--|---------|-----|
| 12.4 | The Fund to act on any actions arising from the stage 1 decision | N/A | Within 10 days of receiving the decision | 10 days | N/A |
|------|--|-----|--|---------|-----|

13. Internal Dispute Resolution Procedure -Stage 2 – Appeal against either the Fund or the employer

| Benefits Process | | Performance target | | | |
|------------------|--|---|---|-----------------------------|--|
| Description | | Employer responsibility and target (working days) | Fund target (working days) | Total Target (working days) | Legal Requirement |
| 11.1 | Acknowledgement sent to applicant on receipt of Stage 2 application | Within 5 days of request | Within 5 days of request | 5 days | N/A |
| 11.2 | Forms to be issued to the fund/employer's stage 2 adjudicator | Within 2 days | Within 2 days | 2 days | N/A |
| 11.3 | Stage 2 adjudicator to give written notice of the decision to the applicant and a copy to the employer and to the Fund (this should also include information on further appeal rights) | <p>Within 2 months of the date on which the application was received</p> <p>If no such notice can be given by this date an interim reply should be issued with an explanation as to the reasons for the delay and an expected decision date</p> | <p>Within 2 months of the date on which the application was received</p> <p>If no such notice can be given by this date an interim reply should be issued with an explanation as to the reasons for the delay and an expected decision date</p> | 2 months | <p>Within 2 months of the date on which the application was received</p> <p>If no such notice can be given by this date an interim reply should be</p> |

| | | | | | |
|------|---|--|--|---------|--|
| | | | | | issued with an explanation as to the reasons for the delay and an expected decision date |
| 11.4 | <p>If applicable the Employer to act on any actions arising from the stage 2 decision</p> <p>The Fund to act on any actions arising from the stage 2 decision, if applicable after the employer has carried out their actions (this could include recalculation of the applicants benefits)</p> | Within 10 days of receiving the decision | Within 10 days of receiving the decision | 10 days | <p>Within 2 months of receiving all documentation from member/employer or to provide a holding reply for a further 2 months with explanation as to why no decision can yet be reached.</p> <p>LGPS Regs 2013 75(1)</p> |

Section B: Finance Administration

Employer Targets

| Description | Performance Target |
|--|--|
| <p>1. Paying contributions and information:</p> <p>Remit and provide schedule of employer/employee contributions</p> <p>AND</p> <p>An encrypted (using passwords as supplied if applicable) monthly contribution return (MCR) in the correct format as determined by WPF.</p> <p>Note: The monthly contribution return is non-applicable for fully onboarded I-connect users.</p> | <p>By the 22nd (or 19th paying by cheque) calendar day of the following month to which the contributions were deducted.</p> <p>If late payment occurs, we reserve the right to charge interest in accordance with regulation 71 of the LGPS regulations, which states interest should be charged at Bank of England Base Rate plus one percent.</p> |
| <p>2. End of year contribution return:</p> <p>Send WPF a completed and accurate, end of year detailed contribution spreadsheet in WPF's standard format.</p> <p>Note: The end of year return is non-applicable for full onboarded I-connect uses.</p> | <p>If applicable, by the 14 May of each year, to cover the financial year ending on 31 March of that same year.</p> <p>We reserve the right to recharge additional print, postage and officer costs arising from the Fund's inability to issue Annual Benefit Statements by the statutory deadline of 31 August as a result of the late / incomplete submission of data.</p> |

| | |
|--|---|
| <p>3. Additional payments due:</p> <p>Payment of additional fund payments (for example strain costs) in relation to early payment of benefits from flexible retirement, redundancy, business efficiency retirement and any other payment due under Wiltshire Pension Fund charging policy as stated on our website.</p> | <p>To be received within 30 calendar days of receipt of the invoice from Wiltshire Pension Fund, or within the timescales specified if different.</p> |
| <p>4. TUPE transfers out (if they occur):</p> <p>Inform WPF of all cases where a prospective new employer or admitted body may join the fund as the result of reorganization or TUPE transfers and to pay all charges due under WPF charging policy.</p> | <p>Notify the Employer Relationship Manager at least 3 months before the date of the transfer or reorganisation and ideally before any tender process commences (if relevant).</p> |
| <p>5. AVCs:</p> <p>Arrange payment of contributions to AVC provider(s)</p> | <p>Pay over contributions to the AVC provider(s) by the 22nd of the month following the month of election or 19th if by cheque.</p> |

Section C: Discretions, policies and data protection

| | Activity | Performance Target | |
|-----|------------------------------------|---|---|
| | | Employer target | Fund target |
| 1). | Employer Discretions Policy | To produce and maintain an employer's discretion policy with 3 months of joining the Fund and within 3 months of being advised of any changes to legislation. | To advise employers of any changes to the legislative requirements within 2 months of them occurring. |

Section D: Member communications and fund publications

| | Activity | Performance Target | |
|-----|---|---|--|
| | | Employer target | Fund target |
| 1). | Annual Benefits statements (ABS) All active and deferred members are issued an ABS for the year ending 31 st March | To provide end of year data for all members by 14 th May (see section B) if relevant | All ABSs to be issued by 31 st August following the most recent year end (providing employer has submitted correct year-end data within the timeframes stated.) |
| 2 | Additional Voluntary Contribution (AVC) annual statements The Fund's is required to send out year end statements from the legacy AVC providers to relevant members. The legacy AVC provider produces the statements. | N/A | All AVC statements to be issued by 31 st August following the most recent year or within 4 weeks of receipt if later. |

| | | | |
|-----|---|---|---|
| 3). | Pension Saving Statements (PSS) for Annual Allowance All members who have exceeded the standard Annual Allowance are issued a PSS for the year ending 5 th April | To provide further pay data for members within 10 days of a request from the fund | All PSSs to be issued by 6 th October following the tax year end date (providing the employer has submitted all required data) |
|-----|---|---|---|

Appendix 2: Service Levels - Processes only relating to the Fund

Section A: Benefit processes

1). Transfers

| Description | | Fund target (working days) | Legal Requirement |
|-------------|---|--|-------------------------------|
| 1.1 | Transfer in quotation | Member issued with quotation within 15 days of providing CETV of previous pension benefits | 2 months from date of request |
| 1.2 | Transfer in completion confirmation | Member issued with confirmation letter within 20 days | N/A |
| 1.3 | Transfer out quotation including requests from Financial advisors | Member issued with required information within 15 days | N/A |
| 1.4 | Transfer out payments | Payment made to new pension scheme within 10 days of receipt of all relevant documents | N/A |

2). Retirements (from deferred status excluding ill health) early payment

| Description | | Fund target (working days) | Legal Requirement |
|--------------------|-------------------------------------|---|--------------------------|
| 2.1 | Retirement quote and options issued | Member issued with quote and claim forms within 5 days of request or within 10 days of retirement date if the request date is for a future date (if member has an AVC then fund value will also need to be received by the provider) | 1 month |
| 2.2 | Retirement benefits paid | Lump sum payment made within 10 days of receipt of correctly completed documents (and receipt of AVC fund value if applicable) or within 10 days of retirement date if this is later First monthly pension paid on next available pensions payroll run | N/A |

3). Retirements (from deferred status excluding ill health) full payment

| Benefits Process | | Fund target (working days) | Legal Requirement |
|-------------------------|-------------------------------------|---|--------------------------|
| Description | | Fund target (working days) | Legal Requirement |
| 3.1 | Retirement quote and options issued | Member issued with quote and claim forms 25 days ahead of benefits being due in full (if member has an AVC then fund value will also need to be received from the provider) | 1 month |
| 3.2 | Retirement benefits paid | Lump sum payment made within 10 days of receipt and correct completion of all required documents (and receipt of AVC fund value if applicable) or within 10 days of retirement date if this is later. | N/A |

| | | | |
|--|--|--|--|
| | | First monthly pension paid on next available pensions payroll run. | |
|--|--|--|--|

4. Deaths (excluding Death in service)

| Benefits Process | | | |
|------------------|--|--|-------------------|
| Description | | Fund target (working days) | Legal Requirement |
| 4.1 | Acknowledgement of death and request for further information | Acknowledgement and request letter sent within 5 days | 2 months |
| 4.2 | Notification of benefits payable to dependants | Payment made within 10 days of receipt of all required information | N/A |
| 4.3 | Dependants benefits paid | Issued within 5 days of all required information | N/A |
| 4.4 | Lump sum death grant paid | First pension amount paid on next available pay run | N/A |

5. Internal Dispute Resolution Procedure (IDRP) Stage 1 – Appeal against determination of WPF

| Benefits Process | | | |
|------------------|---|---|---|
| Description | | Fund target (working days) | Legal Requirement |
| 5.1 | Acknowledgement sent to applicant on receipt of Stage 1 application | Within 2 days of request | N/A |
| 5.2 | Forms to be issued to the Fund's stage 1 adjudicator | Within 2 days of request | N/A |
| 5.3 | Stage 1 adjudicator to give written notice of the | Within 2 months of the date on which the application was received | Within 2 months of the date on which the application was received |

| | | | |
|-----|--|---|--|
| | decision to the applicant and a copy to the Fund (this should also include information on further appeal rights under stage 2) | If no such notice can be given by this date an interim reply should be issued with an explanation as to the reasons for the delay and an expected decision date | If no such notice can be given by this date an interim reply should be issued with an explanation as to the reasons for the delay and an expected decision date LGPS Regs 2013 75 (1) |
| 5.4 | The Fund to act on any actions arising from the stage 1 decision | Within 10 days of determination of receiving the decision | N/A |

6. Internal Dispute Resolution Procedure (IDRP)- Stage 2

| Benefits Process | | | | |
|------------------|--|---|-----------------------------|---|
| | Description | Fund target (working days) | Total Target (working days) | Legal Requirement |
| 11.1 | Acknowledgement sent to applicant on receipt of Stage 2 application | Within 5 days of request | 5 days | N/A |
| 11.2 | Forms to be issued to the fund/employer's stage 2 adjudicator | Within 2 days | 2 days | N/A |
| 11.3 | Stage 2 adjudicator to give written notice of the decision to the applicant and a copy to the employer and to the Fund (this should also | Within 2 months of the date on which the application was received If no such notice can be given by this date an interim reply should be | 2 months | Within 2 months of the date on which the application was received If no such notice can be given by this date an interim reply should be |

| | | | | |
|------|--|--|---------|---|
| | include information on further appeal rights) | issued with an explanation as to the reasons for the delay and an expected decision date | | issued with an explanation as to the reasons for the delay and an expected decision date |
| 11.4 | If applicable the Employer to act on any actions arising from the stage 2 decision The Fund to act on any actions arising from the stage 2 decision, if applicable after the employer has carried out their actions (this could include recalculation of the applicants benefits) | Within 10 days of receiving the decision | 10 days | Within 2 months of receiving all documentation from member/employer or to provide a holding reply for a further 2 months with explanation as to why no decision can yet be reached. LGPS Regs 2013 75(1) |

7. Customer Service

| Benefits Process | | | |
|------------------|---|---|-------------------|
| | Description | Fund target (working days) | Legal Requirement |
| 6.1 | Responding to scheme members email and written requests | Response issued within 10 days (in some circumstances this may be an acknowledgement of receipt with next steps outlined rather than a full resolution) | None |
| 6.2 | Responding to scheme members complaints | Acknowledgement issued within 5 days | None |
| 6.3 | Issuing full response to members complaints | Full response issued within 25 days | None |

| | | | |
|-----|---|---|------|
| 6.4 | Monitoring IDRPs in accordance with stage 1 and stage 2 reviews | Response issued within 2 months (see the funds full IDPR procedure) | None |
|-----|---|---|------|

Section B: Finance & Fund Accounting

| Description | Performance Target |
|---|---|
| Issue formal valuation results (including individual employer contribution rates) | 10 working days from receipt of final results from Fund Actuary (but in any event no later than 31 October following the valuation date of 31 March). |
| Carry out cessation valuation exercise on cessation of admission agreements | Within 1 month of receiving all benefit administration forms and information required from the ceasing employer (e.g. Leaver forms). |
| Issue FRS102 report | Within the timeframe stated in the 'terms of engagement' letter issued following a signed request for FRS102 report. |

Appendix 3: Employer escalation policy

1. Introduction

The purpose of this policy is to outline the Fund's approach to resolving data and processing issues with employers.

The Fund wishes to work closely in partnership with all its participating employers to efficiently and effectively administer their employees and former employees' pensions. The Fund also works in a highly legislated, complex environment which means that its data requirements are not always straightforward, yet it is required to process data within certain timeframes to remain compliant with legislation and also to provide high quality customer service to members.

The aspiration of the Fund is always to focus on preventative approaches with employers, such as training and support, to limit the occasions when an escalation of issues is necessary.

2. Scope of this policy

The policy covers the Fund's approach to all data issues outlined within the Pension Administration Strategy.

3. Approach

The Fund will monitor employers' performance against the targets set out within the Pension Administration Strategy and will use the approach outlined in section 4 where the timeframes are breached.

In all cases, the Fund wishes to work closely and support the employer to resolve the issues identified.

The approach in section 4 is a guide to the approach the Fund will use, and the Fund reserves the right to take an alternative approach where it is necessary and proportionate to do so.

4. Escalation approaches by process

a). i-Connect administration submissions (if relevant)

| | Issue identified | |
|--|---|--|
| | Return not received by the deadline | Materially incorrect or a poor-quality return is received |
| i). Monthly i-Connect upload | <p>Step 1: <u>7 days prior to deadline</u> A reminder email will be sent by the i-Connect system to the appropriate i-Connect employer contact, as identified by the employer.</p> <p>Step 2: <u>3 Working days after deadline</u> If an i-Connect file has still not been processed then a late reminder email will be sent by the i-Connect system.</p> <p>Step 3: <u>8 Working days after deadline</u> If no response is received, the matter will be referred to the Employer Relationship Manager who will phone and email the employer contacts, escalating to more senior roles within the employer's structure.</p> <p>Step 4: <u>If step 3 does not resolve the matter</u> The Head of Pension Administration will write a formal letter to the employer advising the Fund's intention to refer the matter to the Pension Regulator and, if appropriate, apply an additional administrative charge. Timeframes and estimated costs will be set out in this letter.</p> | <p>1.) The Fund's Data & Systems team will highlight any errors or suppressions that have not been resolved prior to processing. They will send an email to the appropriate employer contact, as identified by the employer within 10 working days of submission. Issues must be resolved by the employer prior to the next monthly submission</p> <p>2.) If issues are not resolved by the employer prior to the next monthly submission the matter will be referred to the Employer Relationship Manager who will phone and email the employer contacts, escalating to more senior roles within the employer's structure.</p> <p>3). If errors persist, a formal letter will be written to the employer from the Head of Pension Administration advising the Fund's intention to refer the matter to the Pension Regulator and, if appropriate, apply an additional administrative charge.</p> |
| ii). Rectifying queries identified by i-Connect. | | |

b). Periodic spreadsheet returns for non i-Connect user (as relevant) and other ad hoc requests for bulk data submissions

| | Issue identified | |
|--|---|--|
| | Return not received by the deadline | Materially incorrect or a poor-quality return is received |
| <p>i). Monthly administration return (large employers only)</p> <p>ii). Monthly Contribution Return (all employers)</p> <p>iii). End of year return (all employers)</p> <p>iv). Other bulk data requests</p> | <p>Step 1: <u>2 working days after deadline</u> A reminder email will be sent by the Fund’s Data & Systems team to the appropriate employer contact, as identified by the employer.</p> <p>Step 2: <u>5 working days after reminder email</u> If no response is received a further email will be sent by the Data and Systems Team to the same email address and also to the employer’s Lead pension contact</p> <p>Step 3: <u>10 working days after reminder email</u> If no response is received, the matter will be referred to the Employer Relationship Manager who will phone and email the employer contacts, escalating to more senior roles within the employer’s structure.</p> <p>Step 4: <u>If step 3 fails to resolve the matter</u> The Head of Pension Administration will write a formal letter to the employer advising the Fund’s intention to refer the matter to the Pension Regulator and, if appropriate, apply an additional administrative charge. Timeframes and estimated costs will be set out in this letter.</p> | <p>1). The Fund’s Data & Systems team will summarise the areas of concern and email the sending employer these, offer further explanation and support and set out a timeframe for re-submission.</p> <p>2). If problems persist, the team will offer further support and assistance, including if appropriate and practical, a face to face visit.</p> <p>3). If the employer does not engage with the support offered or fails to respond, steps 2 onwards from the adjacent column will apply.</p> |

c). Individual benefit administration cases

Note: For particularly urgent cases, the timeframes outlined below may be condensed.

| Issue identified | |
|--|---|
| Information not received by the deadline or in the stated timeframe | Materially incorrect or poor-quality information is received |
| <p>Step 1: <u>Deadline missed</u> A member of the benefits team will send a reminder email and, if appropriate, a phone call.</p> <p>Step 2: <u>5 working days after the reminder in step 1</u> If no response is received, a further email will be sent to the same email address and also to the employer’s Lead pension contact.</p> <p>Step 3: <u>10 working days later</u> If no response is received, the matter will be referred to the Benefits Manager or Pension Benefits Work Management Officer who will phone and email the employer contacts, escalating to more senior roles within the employer’s structure.</p> <p>Step 4: <u>If step 3 does not resolve the matter</u> A formal letter will be written to the employer from the Head of Pension Administration advising the Fund’s intention to refer the matter to the Pension Regulator or, if appropriate, apply an additional administrative charge.</p> | <p>1). A member of staff will summarise the area of concern and email the appropriate employer contact with these, offer further explanation and support and set out a timeframe for re-submission.</p> <p>2). If problems persist, the team will offer further support and assistance, including if appropriate and practical, a face to face visit.</p> <p>3). If the employer does not engage with the support offered or fails to respond, steps 2 onwards from the adjacent column will apply.</p> |

d). General data and employer engagement issues

Where general data or employer engagement issues arise, normally as highlighted by the Fund analysis of an employer’s data submission against the timeframes within this document, the Employer Relationship Manager, or a suitable colleague, will initially offer support and training and seek the engagement of a senior member of the employer concerned. If the approached outlined is unsuccessful, the matter will be raised internally with the Fund and the Fund will take an approach which is proportionate with the issue faced which could be further support or the levy of additional administration charges, as outlined in section 5 below, and reporting to the Pension Regulator.

e). Payment of contributions

Step 1: More than one late payment in a 12-month period

Where a contribution payment, and the appropriate accompanying remittance advice, is received after 22nd (or 19th if paying by cheque) of the month more than once in any 12-month period, Wiltshire Pension Fund will issue the employer with a written notice of unsatisfactory performance. We will set out standards in our communication and offer support, if applicable we will request attendance at a training/coaching session.

Step 2: Attendance at conference call/meeting and agree action plan

Where no improvement has been demonstrated by the employer, or where there has been a failure to take agreed action by the scheme employer, or no response is received to the initial letter, the scheme employer will be asked to attend a conference call/meeting with representatives of the Fund to discuss area(s) of non-compliance with performance standards and to agree an action plan to address them.

Where appropriate, the originating employer will be informed and expected to work with the Fund to resolve the issues.

Step 3: Formal written notice

If no improvement is seen within one month or a scheme employer is unwilling to attend a meeting to resolve the issue, the Fund will issue a formal written notice, setting out – the area(s) of non-compliance with performance standards that have been identified and the steps taken to resolve those area(s)

Step 4: Notify members and contact the Pension Regulator

If the employer fails to comply with their scheme administrative duties after the steps above have been implemented, Wiltshire Pension Fund reserves the right to notify the member(s) involved and to notify all members employed by the employer in the event of serious or persistent failure. Alternatively, or in addition, the Fund is also likely to classify such as failure as being of material interest to the Pension Regulator and hence would be required to record it as a breach.

5). Administrative charges

In conjunction with the Fund's charging policy, where the Fund considers that it has incurred additional costs (including officer's time) as a result of an employer's poor level of administrative performance, Regulation 22 of the Local Government Pension Scheme Regulations 2013 allows the Fund to recover these costs.

The Fund very much considers this approach a last resort which it will only use if it feels it has exhausted all other reasonable means of improving the employer's performance.

Where such a situation arises, the Fund will apply a charge based on a double of the hourly rate of staff involved multiplied by the estimated number of hours involved. The Fund will raise an invoice for such a charge and provide a breakdown of the charge and send it to the employer accordingly.

Note i: Where orders or instructions issued by The Pensions Regulator, the Pensions Ombudsman or other regulatory body require financial compensation or a fine to be paid by Wiltshire Pension Fund, or by any officer responsible for it, and it is due to the default, omission or otherwise negligent act of the employer, the sum concerned will be recharged to the employer.

Note ii: In addition, where the Fund incurs costs related to the stage 1 review of the Internal Dispute Resolution Procedure (IDRP) which are due to an employer's action or lack of action, these costs will be charged to the employer. Similarly, the employer will pay for all costs where the IDRP is aimed solely at the employer and the costs will be apportioned between employer and Fund where the IDRP is targeted at both the Fund and employer.

Appendix 4: Oversight, scrutiny and continuous improvement

Introduction

Overriding legislation dictates the minimum standard by which the WPF and Scheme Employers must meet in providing various items of information. In addition, regulatory guidance sets out a number of requirements for the Fund and scheme employers to provide information to each other, scheme members, prospective scheme members and dependants.

Relevant legislation

In discharging their roles and responsibilities under the LGPS Regulations, the Administering Authority and scheme employers are required to comply with the following regulations, which require scheme employers to supply information on time.

- The Occupational Pensions Schemes (Disclosure of Information) Regulations 1986;
- The Pensions Act 1995;
- The Disability Discrimination Act 1995;
- The Data Protection Act 2018;
- The Freedom of Information Act 2000;
- The Pensions Act 2004;
- The Finance Act 2004;
- The Discretionary and Compensation Regulations 2006;
- The Age Discrimination Act 2006;
- The Pensions Act 2008;
- Employment Rights Act 2010;
- Public Services Pension Act 2013;
- The Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014;
- The Pensions Regulators Code of Practice no.14 Governance and Administration of Public Service Pension Schemes

The Pensions Acts provide for fines to be levied on Pension Scheme Administrators, where information is not processed in a timely manner.

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WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD
14 November 2019

Review of the Fund Communications Strategy

Purpose of the Report

1. The purpose of this report is to review the updated Fund Communications Strategy prior to approval by Committee.

Background

2. Under the Local Government Pension Scheme (LGPS) Regulations 2013, each LGPS Fund in England and Wales is required to produce and implement a Fund Communication Strategy.
3. The Fund's last strategy was published in May 2015 and this proposed new strategy would replace the previous strategy.
4. The aim of this attached draft strategy is to set out how the Fund communicates with scheme employers, members and member representatives (as required).
5. It is a LGPS regulatory requirement to produce such a strategy and the Regulations also stipulate certain requirements concerning the contents of the strategy.

Considerations for the Board

6. The following key changes have been made to this Strategy:
 - a). The Strategy now links to the new Business Plan and the Fund's overall objective and vision;
 - b). It states the Fund's intention to move to a digital approach to all communication and to attempt to remove paper-based communications wherever possible;
 - c). It discusses how *My Wiltshire Pension* will be used as a key communication tool for members;
 - d). It reflects the new approach to providing payslips to members; and
 - e). It outlines some changes in the approaches to certain communications such as newsletters which are currently posted to members.
7. Officers have self-assessed the compliance of this Strategy against Regulation 61 of the LGPS Regulations 2013 and deem this Strategy to be compliant.
8. The updated Strategy will be taken to Pension Committee meeting for approval following consideration from the Board and any recommendations it makes. The planned implementation date is from 1 January 2020 and will be published on the WPF website and circulated to all Scheme employers.

Environmental Impact of the Proposal

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

Financial Considerations & Risk Assessment

10. There are no direct financial implications involved with the implementation of this Strategy.

Legal Implications

11. There are no material legal implications arising from the proposals.

Safeguarding Considerations/Public Health Implications/Equalities Impact

12. There are no known implications at this time.

Reasons for Proposals

13. This is an important, regulatory strategy which the Fund must maintain.

Proposals

14. The Board is asked to consider the Communications Strategy and to make any recommendations it has to officers or Committee prior to approval.

ANDY CUNNINGHAM
Head of Pensions Administration and Relations

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

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

The Wiltshire Pension Fund's Communications Strategy

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Introduction

Wiltshire Pension Fund (“the Fund”) administers the Local Government Pension Scheme (LGPS), on behalf of Wiltshire Council, and is one of 89 LGPS Funds across England and Wales. Wiltshire Council is also one of around 190 contributing scheme employers.

The Fund administers the LGPS pension for over 68,000 members. The membership consists of those who are currently paying in (“Active”), no longer contributing (“Deferred”), those who are now in receipt of their pension (“Pensioners”) and survivors of former members (“Dependents”)

The Communications Strategy sets out how the Fund will engage, educate and fulfil the needs of its members and employers. It is relevant to all membership groups and employers.

Objectives

In accordance with the Fund’s Business Plan 2019-22, the Fund’s vision is to be an exemplar LGPS Fund. The vision has been broken down into 11 different themes that provide a detailed approach as to how the Fund will achieve its goal.

This Communications Strategy details how the Fund will achieve the exemplar status in its communications by outlining the different communication methods that the Fund will adopt. In particular, it focuses on meeting two of the themes:

- To provide outstanding customer service and stakeholder relationships; and
- Embracing technology.

The Fund has a diverse scheme and employer membership with varying levels of understanding of pensions, access to technology and communication preferences and the key objectives for this Strategy is to provide effective communications for all preferences, needs and knowledge levels and to meet all legislative requirements. To help assist with this approach, we have broken down the membership into different segments and our approach for each is shown in the Appendix. The Fund will also breakdown those segments into small groups as appropriate for each communication it sends.

The Fund recognises that we are now part of ‘the Digital Age’, and a key objective of the Fund’s communication strategy is to move to an online-based communications approach wherever possible and appropriate to do so.

As an example of this, in 2019 the Fund launched its online member portal, My Wiltshire Pension, which allows members to access their pension online and provide a service for members to make projections of their pension and find out more information about the Scheme. The long-term vision of the My Wiltshire Pension portal is to encourage member engagement online, where it is accessible 24/7 and on any device.

How does the Fund communicate with its Members and Scheme Employers?

- **Email:** This is the main form of communication for employers and is becoming increasingly common for scheme members. The Fund keeps a Scheme Employer mailing list updated. Since the launch of My Wiltshire Pension, the Fund will be writing out to members via email to those who have registered online.
- **Website:** The Fund has two websites: a public website aimed at scheme members and stakeholders and an employer website. Both are kept up to date with the latest news, forms, guides, policies and reports.
- **Post:** The Fund will continue to write out to members via the postal service if there are no electronic communication details provided.
- **Telephone:** The Fund operates a dedicated customer services number which operates on all working days from 08:30 – 17:00.
- **In Person:** The Fund will be represented by its staff members attending events, drop in sessions and meetings.
- **Webinars:** For bitesize employer training and online meetings.

Current Members

Wiltshire Pension Fund Website

The main website, www.wiltshirepensionfund.org.uk, is the central source of general information relating to the Fund and is accessible to the public. The homepage is split out into categories for prospective and current members to find out more information. There is a news section which is kept up to date with legislative changes and events.

Members can download useful documents and guides that inform members on specific areas of the LGPS. Member forms are also available to download, complete and return to the Fund should any changes to their account be made.

My Wiltshire Pension Online Portal

The My Wiltshire Pension online portal, my.wiltshirepensionfund.org.uk, is accessible to all members of Wiltshire Pension Fund.

Members have online access to their current LGPS pension held by Wiltshire Pension Fund and their entitlement at retirement. There is the function to make pension projections at any time in the future, where a member is over 55 and under the age of 75, that will include any LGPS reduction or enhancement factors.

Members can also manually update their expression of wish nomination(s), their email address and their communication preferences. Deferred members can update their postal address.

There is a *Contact Us* section to get in touch with the relevant member of staff at Wiltshire Pension Fund, depending on the category of the enquiry.

Annual Benefit Statements

Each year, members receive an Annual Benefit Statement that is calculated up to the 31st March of that year, that shows their current pension built up to date and a projection to their Normal Retirement Age. Under the regulations, members must receive an Annual Benefit Statement by 31st August which states their current Pension value.

The Fund provides supporting notes to accompany the Annual Benefit Statement that will allow members to understand their Pension benefits.

From 2020, the Annual Benefit Statements will be only be available to download via My Wiltshire Pension as standard; members who would like to receive a paper copy through the post will need to contact the Fund to request this.

Newsletter

The Fund will produce regular member newsletters and bulletins that are available online via the Website and My Wiltshire Pension. This will contain news and events, along with information about the LGPS.

Financial Well-being

The Fund support members in their own financial well-being, these are currently delivered by:

- **Affinity Connect:** the leading provider in public sector financial planning host a series of courses that are offered throughout the county of Wiltshire on Pre-retirement and Mid Career planning.
- **Wiltshire Pension Fund:** The Fund offer bespoke retirement and mid-career planning sessions that cover the LGPS only.

Wiltshire Pension Fund Conference

Scheme members are invited to attend the annual conference, that is held during the Autumn. This half day event consists of an update from the Fund and breakout sessions in different areas from financial planning to digital engagement.

The Fund encourages members from any age to attend, as it is a useful session to understand more on their pension and how the Fund operates.

Pensioners and Dependents

Newsletter

The Fund will annually produce a Pensioners Newsletter that is available online via the ePayslips portal and the website. This will contain news and events, along with information about the LGPS.

ePayslips

Pensioners now have access to view their monthly pension payslip online via the RPowered ePayslips portal. The service is administered by our third-party Payroll provider, Wiltshire Council. The ePowered portal displays monthly pension payslips that can be downloaded as a PDF. Also included are P60s, correspondence letters and newsletters.

New Pensioners will be automatically enrolled to receive an e-payslip. Existing Pensioners can register to this service by emailing pensionerspayrollteam@wiltshire.gov.uk to request a link to the online portal and to be given a secret code that will enable access to their account.

Scheme Employers

Employer Website

From early 2020, Scheme employers will have their own dedicated website which is being set up to assist with administering the LGPS on behalf of their members. The Employer Website contains Employer Guides, useful information, policies and working instructions. There is also a training section to support administering the scheme.

E-Newsletter

The Fund will bi-annually produce an employer's e-Newsletter that is emailed to the employer mailing list. This will contain news and events, along with important information about the LGPS.

Member Support for Scheme Employers

The following initiatives are available which are advertised to Scheme Employers, these are:

- **My Wiltshire Pension Roadshow:** a drop-in service at the employer's office/school for Scheme members to ask questions and help register on the portal.
- **LGPS Member Presentations:** for members of staff at the employer's office/school, this can cover topics on member benefits, retirement options and how to boost your pension.
- **Financial Planning seminars with Affinity Connect:** Pre-Retirement and Mid-Career financial planning seminars are pre-booked throughout the year and advertised to all Scheme Employers. Affinity Connect provide information on the LGPS, State Pension, Savings and Investments along with lifestyle choices.

How the Fund communicates with representatives of members

Representatives of members will typically fall into one of the following categories:

- **Power of attorney or parent/guardian of a child pensioner:** The Fund will communicate with these persons in the same way as it would with the member, as outlined elsewhere in this policy, subject to receiving sufficient evidence of the arrangement or relationship.
- **Family, friends or colleagues of members:** The Fund will only communicate with these categories of persons when both the member has given their expressed permission and the Fund determines using its absolute discretion that it is appropriate to do so. Normally, the Fund will assume that the permission only relates to communication of a single matter (i.e. the expressed permission is not perpetual).
- **Financial advisers:**
The Fund will only communicate with a member-appointed financial adviser in limited circumstances subject to receiving a signed authorisation form from the member and being able to verify the identity of the adviser.

The Fund will only send calculated figures directly to the member (who may then decide whether to share these with the adviser).

The Fund will not complete generic templates from financial advisers requesting information about a member.

How the Fund communicates with prospective members

The main website provides a wealth of information available to prospective members while the Fund also provides promotional material for Scheme employers to send to members and will present to prospective members on request.

How the Fund communicates with potential beneficiaries (following a death)

Following the death of a Scheme Member it is sometimes necessary to establish the details and relationships of potential beneficiaries. The Fund will communicate with any relevant persons identified to establish the required information, but it will not share the details of any expression of wish form, the amount of any death grants due or any other details concerning the deceased's pension.

Confirmed beneficiaries will only be given details of the death grant due to them.

Data Protection

Wiltshire Council has a duty to protect personal information and will process personal data in accordance with the Data Protection Act 2018, GDPR, and any amendments to the act. The Fund may, if it chooses, pass certain details to a third party, if the third party is carrying out an administrative function of the Fund, for example, the Fund's AVC provider.

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

For further information on how we use your data please refer to the Data Protection Act 2018, that is referenced on the Wiltshire Pension Fund website under Forms and Publications – Policies & Strategies.

Customer Services

Wiltshire Pension Fund has a dedicated telephone numbers for members to call if they have an enquiry. The telephone number for this service is 01225 713613, the email address is pensionenquiries@wiltshire.gov.uk

The service is open Monday – Friday from 08:30 – 17:00. There is an option to call in person to County Hall, in Trowbridge, and request to meet with a member of staff to discuss a pension enquiry although members are encouraged to arrange such a meeting in advance.

Accessibility

All communications from the Fund can be produced in large print, audio, braille or in another language on request.

For those with hearing difficulties, the Fund can communicate by visual means, rather than using the telephone. There is also use of the Tynetalk facility and Wiltshire Council can offer a hearing loop at the reception of the main offices.

Feedback

The Fund is committed to provide an excellent service and to be an exemplar LGPS Fund. Feedback methods for members, scheme employers, committee members, investment sub-committee and Local Pension Boards are provided via a number of ways including; online surveys, feedback forms and individual responses.

Strategy Review and Measuring Success

This strategy will be formally reviewed at least every three years and following any material change in legislation.

At least annually, officers will self-assess the success of this strategy against the objectives laid out within and in consideration of feedback received. The Fund will then take any action necessary as a result of such a self-assessment.

Policy approved by Wiltshire Pension Fund Committee on [DATE]

Appendix

List of Communications

| Scheme Members | Prospective Members | Scheme Employers |
|--|----------------------|-------------------------------------|
| Annual Benefit Statements | The Website | Dedicated Employer Website |
| My Wiltshire Pension & The Website | Available on Request | Employer Forums |
| Customer Services: email, telephone, in person | | Newsletter |
| Newsletter | | Training: classroom based & webinar |
| Financial Planning Seminars | | Email mailing list |
| Member videos on YouTube | | |

Communication Methods & Frequency

| Communications Material | Website | My Wiltshire Pension | Emailed | Post | Frequency | When Reviewed |
|---|---------|----------------------|---------|------|----------------------|---------------|
| Brief Guide to the LGPS | ✓ | ✓ | × | ✓ | Constantly Available | Annually |
| New Starter Pack | ✓ | × | × | ✓ | Constantly Available | Annually |
| Active Member Annual Benefit Statement | × | ✓ | × | ✓* | Annually | Annually |
| Deferred Member Annual Benefit Statement | × | ✓ | × | ✓* | Annually | Annually |
| Active & Deferred Newsletter | ✓ | ✓ | ✓ | × | Annually | Annually |
| Pensioners Newsletter | ✓ | × | × | × | Annually | Annually |
| Member Conference | ✓ | × | × | × | Annually | Annually |
| Retirement Packs | ✓ | ✓ | × | × | Constantly Available | Annually |
| Employer Guide | ✓ | × | × | × | Constantly Available | Annually |
| Employer Newsletter | ✓ | × | ✓ | × | Bi-Annual | Bi-Annual |
| Committee Member Handbooks | ✓ | × | ✓ | × | 3 Years | 3 Years |
| Business Plan | ✓ | × | × | × | 3 Years | 3 Years |
| Annual Report | ✓ | × | × | × | Annually | Annually |
| Valuation Report | ✓ | × | × | × | 3 Years | 3 Years |
| Fund Policies and strategies | ✓ | × | × | × | 3 Years | As Required |

*Requires members to opt in to postal communications.

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WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD

14 November 2019

Data Retention Strategy

Purpose of the Report

1. Following the introduction of GDPR & the Data Protection Act 2018 the purpose of this report is to set out the Wiltshire Pension Fund's (WPF) proposed Data Retention Strategy. In setting out this policy the Fund's seeks to make a clear distinction between its Data Improvement Strategy addressing current & future data quality requirements as determined by the Pension Regulator and its Data Retention Strategy which aims to manage the minimisation & deletion of data which it can no longer justify holding.

Background

2. GDPR Article 29 of the Working Party guidelines on retention periods states that meaningful information about the likely period for retaining data should be provided to data subjects. A retention strategy for the Fund should therefore set a defined period beyond which personal data will no longer be held, preferably by category of the data concerned. Administering Authorities & their Pension Fund's should therefore not hold personal data any longer than is "**necessary**" noting that if they do not attempt to give a defined period for which personal data is held, strictly speaking they are not complying with GDPR. The relevant GDPR articles associated with this requirement are Articles 5(1) and 5(2), and in particular Article 5(1)(c) - (e). Recital 39 should also be noted.
3. The South West Audit Partnership conducted an internal audit at the request of officers and in their Pension Administration report dated 30th April 2019 presented to the Board in May it stated that the Fund would need to develop a strategy concerning its retention of personal member data;

2.1 – We recommend that the Fund liaise with the Information Governance team to help develop a plan to meet the GDPR requirements. The Fund needs to keep documented notes of the steps they are taking to meet the GDPR.

4. Officers have since approached the Information Governance team who stated that they can only contribute in relation to the statutory guidance and that the determination of '**necessary**' is purely an operational decision.
5. Over the last 18 months the LGA in conjunction with its legal advisers Squire Patton & Boggs (UK) LLP have developed guidance for LGPSs in relation to developing a data retention strategy, the last of which was issued in July 2019. The key elements of that guidance summarised below;

Personal data will be retained for **the greater of**;

- such period as the Member (or any Beneficiary who receives benefits after the Member's death) are entitled to benefits from the Fund and for a period 15 years after those benefits stop being paid;
- 100 years from the members DOB;

- 100 years from the DOB of any beneficiary who received benefits from the Fund after the Member's death.
6. Fund officers propose to implement the LGA's guidance into WPF policy & based on the guidance Fund officers either intend to, or have already undertaken the following key actions;
- Incorporate the LGPS defined periods into the Fund's privacy statement & where necessary into its Memorandum of Understanding and Pension Administration Strategy documents;
 - Develop & implement a Data Retention Strategy covering all the databases in which personal member data is held, which will first seek to minimise and then delete data the Fund can no longer justify holding, whilst also giving consideration to the Fund's wider obligations in relation to audit and valuation cycles;
 - Update existing & introduce new retention policies and procedures concerning the management of data;
 - Work with its Scheme Employers to provide a co-ordinated Data Retention policy framework. Officers will recommend to Employers that they should retain data for up to 28 years, including 15 years after an employee has left an employers service; &
 - Liaise with the Fund's key database managers concerning the management of data on their respective databases.

Considerations for the Board

7. A draft Data Retention Strategy has been prepared by Officers which will operate in accordance with the following guiding principles;
- Where a member record holds "No Liability", the data will be minimised after 4 years. This will ensure that following a liability being extinguished no data will be removed until one further valuation cycle has been completed. The minimisation of data on a record will be the removal of all data (excluding documents) from a database, other than that data which enables the Fund to track what happened to that liability. For example, the basic details enabling where a member's benefit was transferred to;
 - After 15 years has passed the remaining record including any documentation will be deleted. This includes pension payroll data held on SAP, although Wiltshire Council's payroll department may seek to delete extinguished records after 7 years in accordance with its only policy;
 - Due to the historic format in which documents have been held, no retention dates were recorded. It is therefore not possible to minimise documents in the same manner as electronic data;
 - Going forward it is the intention to apply retention dates to all documents, using the same 4 year and 15 year strategy as its corresponding electronic data;
 - Where a member has more than one record & only one record has "No Liability" within it, that record will be retained until the last linked or associated record has also been extinguished, in the manner specified above;
 - Annual data retention reviews will be conducted by officers and incorporated into officer procedures;
 - Minimisation & deletion of records will be driven primarily by the Fund's Altair database & any records identified will be reported so that subordinate databases can be reviewed and cleaned as required;

- 3rd party service providers will be monitored annually to ensure that they operate in accordance with the data retention specifications set out in their contracts;
8. At present the Fund's primary database provider Heywood's does not offer a bulk automated minimisation & deletion function to enable Fund officers to minimise or remove member data from Altair. Therefore in the interim the following actions are proposed;
- An ad-hoc report of all "No Liability" records on Altair will be run for records which have not held a liability for more than 30 years. Heywood's will then be asked to delete all data and documents associated with those records identified. These old records are classed as very low risk & chosen to trial this interim process;
 - Subject to successful completion of the deletion of "No liability" records older than 30 years, a second ad-hoc reporting request will be made for records more than 15 years old;
 - Thereafter annual data retention reviews will be conducted as specified above by requesting Heywood's to delete "No Liability" records until such time as they have developed the functionality for officers to complete the exercise themselves.
9. The Management User Group which comprises of a selection of LGPSs officers across the UK is currently liaising with Heywood's to develop the appropriate functionality.

Environmental Impact of the Proposal

10. Not applicable.

Financial Considerations & Risk Assessment

11. There are no financial considerations at this time, however there will be costs associated with the ad-hoc bulk deletion requests & the possibility of developing software by 3rd party service providers, particularly Heywood's in order to allow officers to manage the data retention task themselves.

Legal Implications

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

13. There are no known implications at this time.

Reasons for Proposals

14. To comply with GDPR & the Data Protection Act 2018.

Proposals

15. The Board is asked to endorse the guiding principles outlined in point 6 by which the Fund's Data Retention Strategy has been formulated.

16. The Board is asked to endorse the outlined scope of the Fund's Data Retention Strategy set out in point 7.

17. The Board is asked to recommend to the Committee the proposed interim measures for managing the Fund's compliance with current data retention legislation, prior to officers being provided with the software capability by their service providers. Outlined in point 8.

Andy Cunningham
Head of Pensions, Administration & Relations

Report Author: Richard Bullen, Fund Governance & Performance Manager

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

| Governance & Administration risks in Public Service Pension Schemes: Engagement Report Findings & Analysis | | |
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| Record-keeping | | |
| tPR findings | tPR recommendations | Pension Fund comment |
| Many scheme managers have moved from annual to monthly member data collection and found this enabled them to verify data at an earlier stage, with some funds providing monthly reports to employers highlighting the quality of data submitted and action points they need to complete | Scheme managers should be aware of how the member data they hold is measured. Data quality needs regular review. A robust data improvement plan should be implemented as appropriate. | Through the implementation of i-Connect, the Fund is moving to monthly data collection and aware from end of year reporting. Where possible member data is measured in accordance with tPR guidelines. Where those guidelines require clarification Fund officers have interpreted the requirement & recorded that interpretation. As tPR clarify their definitions the Fund will adopt them. A data improvement plan has been approved by the Board & data cleansing has started to form part of officers regular work. |
| Well-run funds are aware of the quality of the common and scheme specific data they hold. Where it is not entirely accurate robust and measurable, data improvement plans are in place. scheme managers of these funds consider a range of methods to improve data quality, including tracing exercises and improving contract management methods. | The quality of member data should be understood by the Scheme Manager and Pension Board. It should be recorded and tracked to ensure common and scheme specific data is of good quality. An action plan should be implemented to address any poor data found | Common & Scheme specific data is measured annually, but not tracked more regularly due to complications and costs in doing so. Not all sub-data improvement plans have been fully implemented. |
| They also generally have a robust PAS in place which detail rights and obligations of all parties to the fund. | Although not a legal requirement, a PAS could be implemented clearly setting out responsibilities and consequences of not complying with duties to the fund. The Pension Board should review the PAS and ensure it will stand up to challenges from employers. | The new PAS will be submitted to the Board at their 14th November 2019 for review. |
| Internal Controls | | |
| tPR findings | tPR recommendations | Pension Fund comment |
| There were a range of approaches to identifying, monitoring and mitigating risks to the funds we engaged with. Some funds had detailed risk | A risk register should be in place and cover all potential risk areas. It should be regularly reviewed by the pension board | The Fund's risk register is updated each quarter and submitted to both the Committee & Board meetings for review |

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| management frameworks in place and clear defined procedural documents. Others lack detailed risk registers or do not review the risks to the fund on a | The scheme manager should take a holistic view to risks and understand how they are connected | The risk register enables a holistic view. Risks are divided into Horizon, Dynamic, Ongoing & Dormant, with an evidence based identification |
| We found evidence across a number of funds of key person risk, where a long serving member of staff has developed a high level of knowledge about their role and internal processes but this knowledge is not documented. This leaves these funds exposed to the risk of a sharp downturn in administration and governance standards should the key person unexpectedly leave their role. | The pension board should have good oversight of the risks and review these at each pension board meeting. | The Board review the risk register each quarter |
| | Internal controls and processes should be recorded, avoiding an over reliance on a single person's knowledge levels. | The Fund is managed via a framework of high level policies/strategies. A documentation hierarchy exists and officers have instigated a project to ensure that all procedures & other documents, at all levels within the hierarchy remain up to date. |
| Funds with an engaged s.151 officer who has a good relationship with the scheme manager are more likely to have clear and robust internal controls. | The scheme manager should ensure all processes are documented and reviewed on a regular basis. | A project is in place, however progress is slower than hoped due to the Fund's current management of multiple improvement projects. |
| | Decision and action logs covering all decisions provide a useful reference point as decisions recorded in minutes can be hard to locate | Both the Board & the Committee have actions logs which are regularly maintained |
| Administrators | | |
| tPR findings | tPR recommendations | Pension Fund comment |
| Better performing scheme managers have a close relationship with their administrator, whether they use a third party provider or an internal team. In these instances robust SLAs are in place which are routinely monitored by senior managers. These scheme managers are also willing to effectively challenge reports from administrators to ensure they fully understand the work being done. | Scheme managers must agree targets and have a strong understanding of what service providers are expected to achieve. The scheme manager should challenge and escalate as appropriate should agreed standards not be met. | Targets & service expectations are set out in the Scope of service section of provider contracts. A programme of annual service provider performance reviews is undertaken by officers. |
| | Contract lengths should be known and planned against to allow sufficient time to consider contract extensions or for the tender process, as appropriate. This mitigates risks in handing over to a new administrator. | A contract management schedule exists and Fund officers work closely with Wiltshire Council's Procurement Dept. |

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| Not all scheme managers have clear oversight of the work being done by administrators or question the information provided by them when it is appropriate to do so. This leads to the scheme manager not understanding how well the fund is performing and can act as a barrier between the scheme manager and both participating employers and members. | It is helpful for the administrator to attend and present to pension board meetings as pension board members can use their knowledge and understanding to effectively challenge reports being provided. | The Scheme Manager regularly attends Board meetings. Attendees are the s151 Officer, Head of Pension Administration & Relations, Investment Manager & Fund Governance & Performance Manager |
| There is a variety of methods used to appoint third party administrators, and scheme managers generally carefully consider the best approach for the individual circumstances of their fund. | Scheme managers should hold regular meetings with their service providers to monitor performance. | At least annual reviews are held with all key service providers & a schedule of reviewing all service providers is in place. |
| Member Communication | | |
| tPR findings | tPR recommendations | Pension Fund comment |
| A number of scheme managers are currently reviewing the documents they send to savers. It is widely appreciated that pensions and retirement provision is complicated, and communication with savers needs to be in plain English. A variety of methods are being used, with the strongest scheme managers in this area working closely with a technical team and also enlisting the assistance of | Information sent to members should be clear, precise and free from jargon. | Documentation Management & End to End process review projects have been implemented to ensure member documentation is clear & relevant |
| | There should be senior oversight of communications sent to members and prospective members. | An updated Communications strategy is to be presented to the Board on 14th November 2019. The Fund has a Communication's Manager to provide day to day senior oversight. |
| Not all scheme managers fully appreciate the extent of their duties to provide information to savers, with some not knowing about the legal duty to inform active members where employee contributions are deducted but not paid to the fund within the legislative timeframe. | It is often helpful for scheme managers to measure the effectiveness of their communication with savers, eg measuring website traffic and running surveys | A regular framework for measuring the effectiveness of not just member communications, but all communications needs to be implemented. Officers will consider the options available to complete this task |
| Internal Dispute Resolution Procedure (IDRP) | | |
| tPR findings | tPR recommendations | Pension Fund comment |
| Some scheme managers have clear procedures in place for recording, and learning from, complaints and disputes they receive. They use this information | There should be a clear internal policy on how to handle complaints, including escalation to suitable senior members of staff. | A clear IDRP policy exists & was updated in 2019. It was reviewed as appropriate during the Board meeting in August in conjunction with the SWAP Audit report |

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| to make changes to the way the fund is run in order to provide the best possible service to beneficiaries. | People entitled to use the IDRPs should be given clear information about how it operates. | Clear steps are held on the Fund's website and included in correspondence issued to a complainant |
| Not all the complaints procedures and IDRPs we saw were clear about who was entitled to use them, and in some cases details of how to complain were not clearly published. This limits the ability of people with an interest in the funds to raise concerns and | This information should be easily available, eg on the fund website. | Yes, it is. |
| | The pension board and scheme manager should have oversight of all complaints and outcomes, including those not dealt with in-house. | The Fund's Technical & Compliance Manager maintains a log of all IDRPs managed by the Fund. |
| Not all scheme managers have a clear definition of a complaint. It is important for scheme managers to act in a consistent manner and if what a complaint looks like is not known this will affect its ability to put things right. | Complaints and compliments could be analysed to identify changes that can be made to improve the operation of the fund. | Analysis is not formally undertaken at the moment. Due to the low number of cases currently being experienced, analysis of themes could be considered unreliable. However, officers always consider learning points and making changes in processes following complaints. |
| Pension Boards | | |
| tPR findings | tPR recommendations | Pension Fund comment |
| Scheme managers have a variety of methods for appointing pension board members and the structure of these boards also varies between funds. In some cases board member rotation is staggered to help preserve knowledge levels. Additionally, some boards have independent chairs, depending on the needs of the individual pension board. | The scheme manager should arrange training for pension board members and set clear expectations around meeting attendance. | A three year training plan was implemented in 2019, which includes annual training reviews. Board members are expected to attend 4 meetings per annum. |
| | Individual pension board member training and training needs should be assessed and clearly recorded. | Annual assessments take place |
| We also found a mix of engagement levels amongst pension board members. Some scheme managers are able to call on strong, committed pension boards to assist them with the operation of the fund. Other scheme managers face challenges around pension board members who routinely fail to attend meetings or complete the training they need to meet the required level of knowledge and understanding | The pension board should meet an appropriate number of times a year, at least quarterly. | Board members meet at least 4 times per annum |
| | Processes should be in place to deal with an ineffective pension board member by either the chair of the pension board or the scheme manager | The process for managing an ineffective Board member is set out in the Board's Terms of Reference |
| | Scheme managers should be aware of the risk of pension board member turnover and ongoing training needs. | An ongoing programme of member appointments & induction training is designed to mitigate this risk. |

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| The relationships between pension boards and scheme managers varied - where the pension board had a strong relationship with the scheme manager, including a willingness to challenge, we found better-run funds. | Regular contact between the scheme manager and chair of the pension board is helpful. An open and auditable dialogue outside of formal meetings can help improve the governance and administration of the fund. | The Board chair is invited to attend Committee meetings and Committee training. The Chair also attends planning meeting organised by Fund officers. |
| | The chairs of the pension board and pension committee should consider attending each other's meetings to observe as this leads to better transparency. | This is done on a regular basis. |
| | Pension board members should be fully engaged and challenge parties where appropriate. | Officers believe that the Fund's LPB is both active & experienced, enabling this requirement to be fulfilled |
| Employers & Contributions | | |
| tPR findings | tPR recommendations | Pension Fund comment |
| Scheme managers monitoring the payment of contributions often face the challenge of payroll providers making a single payment for several employers and delaying sending a breakdown of the amount paid. Some scheme managers have been working with participating employers to encourage them to provide training to payroll providers where the payroll company won't engage with a body it doesn't have a direct contractual relationship with. | Scheme managers should understand the financial position of participating employers and take a risk-based and proportionate approach to identifying employers most at risk of failing to pay contributions. Red, Amber, Green reporting often provides extra focus. | The Accounts team update the Governance officer monthly, who in turn completes the Fund's tPR breach report. Where an employer repeatedly fails to pay contributions the Fund's escalation policy is implemented. |
| | Employer solvency should be considered on an ongoing basis and not just at the time of each valuation. | An annual programme of employer solvency & covenant reviews should be formally implemented by officers. |
| Scheme managers have a variety of ways of assessing the risk of employers failing to pay contributions or having a disorderly exit from the fund, depending on the fund's resources. Better resourced and funded scheme managers will carry out detailed covenant assessments of all participating employers, with other scheme managers only reviewing those they believe to pose | Where employers outsource the payroll function, early engagement with the employer on the potential risks will help them manage their supplier. | The number of Sponsoring Employers to the Fund has increased significantly in recent years. The Fund should consider the level of resource devoted to the management of its employers |
| | Employers may exit the fund so it is helpful to have a principle based policy on how to manage this given that circumstances are likely to vary in individual situations. | The Fund has an up to date Employer cessation policy and the mechanism for individual employer's to exit the Fund is set out in documents like their Admission Agreements |
| Most scheme managers seek security from employers to mitigate the risk of a failure to pay contributions. Some scheme managers rely on guarantees, particularly in relation to participating | Scheme managers should develop an understanding of the risk and benefits of a range of security types, such as charges, bonds and guarantees. | The Fund already does this as part of its cessation policy and approach to setting up new employers. |

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| employers providing outsourced services. Others expect the majority of employers to set up a bond. Only a few scheme managers accepted a wide range of security types, generally those with larger funds. | Scheme managers should consider whether accepting a range of security types will offer more effective protection to the fund, rather than focussing on a single form of security. | Following the 2019 valuation it is intended that an employer covenant review will take place. Consideration of security types should form part of that review. |
| Decisions around what security to require are often based on previous ways of operating, rather than considering the best option in individual circumstances. | Scheme managers should understand which employers have not provided any security for unpaid contributions and consider what appropriate steps can be taken to secure fund assets. | Admitted body are covered by a Scheme Employer guarantee while we monitor contribution payments for all other employers. Ultimately, if an employee fails to pay contributions then their funding position suffers and there isn't a direct risk to the rest of the Fund. |
| | Where security is in place, Scheme Managers should have a policy on when the security should be triggered | Please refer to the Employer cessation policy |
| Cyber Security | | |
| tPR findings | tPR recommendations | Pension Fund comment |
| Most scheme managers are heavily reliant on the security systems put in place by the Local Authority, with some not engaging with how the procedures in place affect the fund. Scheme managers of well run funds have a good understanding of the IT systems in place, even where these are implemented by the Local Authority. | Scheme managers and pension boards should understand the risk posed to data and assets held by the fund so steps can be taken to mitigate the risks. This should be reflected in the risk register. | Cyber risk is recorded in the risk register (PEN018). Annual reports will be requested from the Fund's key IT providers Wiltshire Council & Heywood's covering their cyber security arrangements |
| | Regular, independent, penetration testing should be carried out. Scheme managers should consider physical security as well as protection against remote attacks. | Officers will attend a cyber security seminar in January 2020 to understand this requirement. As required, Wiltshire Council will use the services of GCHQ to assist in managing this function. |
| Some scheme managers have not given consideration to the risks posed by cyber crime. For these funds, cyber security did not appear on the risk register before our engagement with the scheme manager. | Where cyber security is maintained by the Local Authority rather than the scheme manager, the scheme manager should understand the procedure and ensure the fund's requirements are met. | It is intended to request an annual report from 2020 & where required invite a member of Wiltshire Council's IT team to a Board meeting to fully explain the Council's procedures. |
| Scheme managers that are aware of the risks associated with cyber crime generally have robust procedures in place to test the effectiveness of both cyber security and resilience methods. | Scheme managers should be aware of the cyber security processes used by third party providers, such as the administrator or custodian, that handle fund assets or data. | It is intended to request an annual report from 2020 & where required invite a member of Heywood's IT team to a Board meeting to fully explain Heywood's procedures. |
| Internal fraud and false claims | | |
| tPR findings | tPR recommendations | Pension Fund comment |

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| Scheme managers generally appear to have an awareness of the risks of fraud against their fund, both from an internal and external source. We found scheme managers are generally aware of publicised fraudulent activity that have affected other pension schemes and have taken steps to review their own procedures. | Scheme managers should regularly review their procedures to protect the fund's assets from potential fraud. | Procedures are reviewed annually as part of SWAP Key Controls audit. Fund Officers intend to implement additional reviews whereby Managers will periodically audit staff against operating procedures. |
| | A clearly auditable process should be in place for the authorising of payments. Ideally, this would require more than one person to provide authority to make the payment. | A process of separate checkers and authorisers are in place within both the Admin & Accounting/ Investment areas. Authorisation levels are also specified and monitored. This check forms part of the SWAP internal audit. |
| Scheme managers of well run funds typically take steps to regularly screen member existence. Their scheme managers are also aware that not all incorrectly claimed pension benefits are the result of an attempt to defraud the fund and can identify when to treat a situation with sensitivity. | A scheme manager should have a policy in place to differentiate between a potential fraud and a potential honest mistake by a saver. | A bespoke policy for such determinations doesn't exist at the WPF. The suite of procedures currently in operation, the escalation policy and the discretion delegated to senior officers is considered sufficient to manage this rare eventuality. NFI & certificate of existence exercises are periodically undertaken to identify such situations. |
| Most scheme managers have introduced multiple levels of sign offs, with more than one person being required to agree to a payment being made. The scheme managers were also aware of frauds involving other funds, where this had been made public. They had taken steps to reduce their own vulnerability to similar issues. | Where a fraud is detected in the scheme manager's fund, or another one, they should take steps to stop the fraud and analyse causes to prevent a reoccurrence. | The occurrence of a fraud will be recorded as a TPR breach. It will be escalated to the Head of Pensions and appropriate action taken, which will include, where appropriate, communication with the Board & Committee |
| | Where paper records are being used they should be held securely to prevent the risk of loss or misappropriation. | Paper records are no longer used, however where the Fund holds historic paper records they are kept secure in locked cabinets and safes |

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LOCAL PENSION BOARD - WORK PLAN

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| Meeting: |
| Standard Items: |
| Membership |
| Attendance of Non Members |
| Apologies for absence |
| Minutes of last Board & matters arising not on agenda |
| Chairman's announcements |
| Declaration of Interest |
| Public Participation |
| Date of Next Meeting |
| Urgent Items |
| |
| Main business items: |
| |
| Board Governance |
| Election of Vice Chair |
| Board Budget setting |
| Board KPIs to monitor |
| Board Annual Report |
| Review Board's Terms of Reference (if and as required) |
| Board Annual Training Plan Update |
| Training Item relevant to agenda |
| Code of Conduct & Conflicts of Interest Policy |
| Role & purpose of the LPB |
| Forward Work Plan Review |
| Review - how did the Board do? |

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| Meeting: |
| Fund Governance |
| 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 |
| tPR Code of Practice 14/record keeping compliance survey results |
| Results of national LGPS KPI survey and Funds own KPIs |
| Review external advisor appointments process/controls and internal SLAs |
| Review Triennial Valuation Process |
| Review Triennial Valuation Results |
| Review fund delegations and internal controls |
| Review CIPFA Admin, WM investment and other Fund benchmarking results |
| Meeting: |
| Fund Plans, Policies & Strategies |
| 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 |

| Meeting: |
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| Administration |
| Review employers compliance (data) |
| Review Fund fraud risk prevention and mitigation measures |
| Review Fund website contents/resilience |
| Review of Fund IDRPs procedures & cases |
| Review Fund Communications (employers/members) |
| Review of Data Security & Business Recovery |
| Review GMP reconciliation process |
| Benchmark Annual Report with other Funds |
| Review of Annual Benefit Statement process |
| Financials & Audit |
| Review Fund Annual Report |
| Review Fund Annual Accounts |
| Review Internal Audit Report |
| Review External Audit Report |
| Input to Annual External Audit Plan |
| Input to Annual Internal Audit Plan |

Total number of Agenda Items:

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