

AGENDA

Meeting: Wiltshire Pension Fund Committee
Place: Room CR1, Swindon Borough Council Offices, Euclid Street,
SN1 2JH
Date: Wednesday 12 December 2018
Time: 10.30 am

Please direct any enquiries on this Agenda to Jim Brewster, of Democratic Services, County Hall, Bythesea Road, Trowbridge, direct line 01225 718242 or email jim.brewster@wiltshire.gov.uk

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

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Chairman's Briefing:	Date	Time	Place
	Wednesday 12	10.00	CR1, Civic Offices, Swindon,

Membership:

Voting Membership

Wiltshire Council Members:

Cllr Tony Deane (Chairman)
Cllr Gordon King
Cllr Christopher Newbury
Cllr Tom Rounds
Cllr Roy While (Vice-Chairman)

Substitute Members

Cllr Derek Brown OBE
Cllr Sarah Gibson
Cllr Gavin Grant
Cllr Bob Jones MBE
Cllr Fleur de Rhé-Philippe
Cllr Ian Thorn

Swindon Borough Council Members

Cllr Steve Allsopp
Cllr Timothy Swinyard

Employer Body Representatives

Mrs Diane Hall

Non-voting Membership

Observers

Mike Pankiewicz
Stuart Dark

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Public Participation

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

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

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

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

PART I**Items to be considered when the meeting is open to the public****1 Apologies for Absence**

To receive any apologies for absence or substitutions for the meeting.

2 Minutes (Pages 7 - 14)

To confirm the Part 1 minutes of the meeting held on 20 September 2018.

3 Declarations of Interest

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

4 Chairman's Announcements

To receive any announcements through the Chairman.

5 Public Participation

The Council welcomes contributions from members of the public.

Statements

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

Questions

To receive any questions from members of the public or members of the Council received in accordance with the constitution.

Those wishing to ask questions are required to give notice of any such questions in writing to the officer named on the front of this agenda no later than 5pm on **5 December** in order to be guaranteed of a written response. In order to receive a verbal response questions must be submitted no later than 5pm on **7 December**. Please contact the officer named on the front of this agenda for further advice. Questions may be asked without notice if the Chairman decides that the matter is urgent.

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

- 6 **Minutes and Key Decisions of the Local Pensions Board**
(Pages 15 - 24)
- To consider the Part 1 minutes, and recommendations arising, from the Local Pension Board meeting held on 11 October 2018.
- The Board's current Work Plan is available [here](#)
- 7 **Scheme, Legal, Regulatory and Fund Update** (Pages 25 - 30) **10:30**
- A report from the Head of Pensions Administration updates the Committee on the latest regulatory and legal updates for the LGPS.
- 8 **Pension Fund Risk Register** (Pages 31 - 38) **10:40**
- An update from the Head of Pensions Administration on the Wiltshire Pension Fund Risk Register is circulated for Members' to note.
- 9 **LPB Code of Conduct Policy** (Pages 39 - 46) **10:50**
- Members are asked to consider the revised LPB Code of Conduct Policy.
- 10 **Review of other Funds' Committee arrangements:** **11:00**
- A verbal update by the Independent Governance Advisor.
- 11 **Training Review** (Pages 47 - 76) **11:10**
- A review by the Fund Governance and Performance Manager on training and the results of the recent exercises on Knowledge Assessment and Effectiveness.
- 12 **Date of Next Meeting**
- To note that the next regular meeting of the Committee will be held on 14 March 2019.
- 13 **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.
- 14 **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 15 – 20 because it is

likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraphs 1 & 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

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

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|----|---|--------------|
| 15 | <u>Review of key contract costs</u> <i>(Pages 77 - 84)</i> | 11:25 |
| | The report presented by the Fund Governance and Performance Manager on the approximate costs incurred in relation to the Fund's key contracts. | |
| 16 | <u>Brunel Pension Partnership update</u> <i>(Pages 85 - 98)</i> | 11:40 |
| | A verbal update by the Investment Manager on the progress of the implementation of the Brunel Pension Partnership. | |
| 17 | <u>Investment Quarterly Progress Report</u> <i>(Pages 99 - 116)</i> | 11:50 |
| | A confidential report is circulated updating the Committee on the performance of the Fund's investments as to 30 September 2018. This was considered by the Investment Sub-Committee at its meeting on 22 November 2018 and is circulated for information only. | |
| 18 | <u>Minutes and Key Decisions of the Investment Sub Committee</u>
<i>(Pages 117 - 122)</i> | |
| | An update on other matters considered at the last Investment Sub Committee meeting. | |
| 19 | <u>Minutes</u> <i>(Pages 123 - 130)</i> | |
| | To confirm the Part 2 (confidential) minutes of the meeting held on 20 September 2018. | |
| 20 | <u>Investment Strategy, Employer Investment Strategies and Triennial Valuation training</u> | 12:10 |
| | Presentations from Hymans-Robertson and the Investment Manager. | |

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WILTSHIRE PENSION FUND COMMITTEE

**PART 1 MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING
HELD ON 20 SEPTEMBER 2018 AT KENNET ROOM - WILTSHIRE COUNCIL
OFFICES, COUNTY HALL, TROWBRIDGE.**

Present:

Cllr Steve Allsopp, Cllr Tony Deane (Chairman), Jim Edney, Cllr Gordon King,
Cllr Christopher Newbury, Cllr Tom Rounds and Cllr Roy While (Vice-Chairman)

Also Present:

Cllr Philip Whitehead

45 Welcome

The Chairman welcomed those present to the meeting.

46 Apologies for Absence

Apologies had been received from Diane Hall, Ian Duncan and Howard Pearce.

47 Minutes

Resolved:

To confirm the minutes of the meeting held on 21 June 2018.

48 Declarations of Interest

Jim Edney declared a pecuniary interest in item 23 and left the meeting prior to this item being discussed.

49 Chairman's Announcements

The Chairman advised that Brunel Pension Partnership would be requested to submit details on their performance and the Fund had recently considered the company as an manager for infrastructure investment. It was noted the Chairman had received a letter from Unison about responsible investment and was preparing a response.

50 **Public Participation**

There were no members of the public present.

51 **Minutes and Key Decisions of the Local Pension Board**

A update was provided on the minutes and key decisions of the Local Pension Board. A key update included that the Board had expressed concern on the Risk Register item PEN012 due to the interim nature of the current Treasurer appointment, and requested this risk be kept under regular review. The Board had received comprehensive updates on the Fund's new Communication Strategy and branding, in addition to its approach on ensuring compliance with the General Data Protection Regulations 2018. Discussion on the Investment Strategy Statement held at the LPB, had centred on Environmental Social and Governance principles and their alignment with the ISS.

The Chairman observed the Local Pension Board had, similarly to Committee, requested an update from Brunel on the its costs and performance against Business Plan objectives. Members of the committee expressed concern about the level of duplication of discussion items at both Board and Committee, it was also highlighted this could sometimes delay the agreement of policies. Officers and advisers highlighted they were aware of another Council which had merged the Board and Committee, whereas some other authorities ran one meeting on from the other with joint discussion over certain policies.

Resolved:

To note the update on the work of the Local Pension Board and to request a report to the next meeting on potential future options for the Committee and Board, developed in consultation with the Independent Governance Adviser.

52 **Scheme, Legal, Regulatory and Fund Update**

A report from the Head of Pensions Administration updated the committee on the latest regulatory and legal updates for the LGPS. In particular, the Government's 'separation project' was discussed; there would be consultation before a final report in Spring 2019. The Committee heard the purpose of the project was to consider conflicts of interest with senior officer and members, the Scheme Advisory Board had however been clear that any separation would still involve local democratic accountability. The committee also discussed reforms to public sector exit payments, this was tabled for debate at Parliament, however details had not yet been released. A final update was that the Government Actuaries Department was to publish its final section 13 review of triennial valuations across the LGPS, however the Fund was not concerned about the outcome as it had already been informally advised that no issues had been identified by GAD.

Resolved:

To note the scheme, legal, regulatory and Fund update and request officers consider whether it is appropriate for a current Department for Work and Pensions consultation to be added.

To request officers update the Committee the progress of the ‘separation project’ and invite committee members to contribute to the consultation at an appropriate time.

53 **Pension Fund Risk Register**

An update from the Head of Pensions Administration on the Risk Register was circulated for members to consider. There was 1 remaining red risk for the Fund in respect of the pooling of LGPS assets. Committee members commented they were conscious of this risk and noted the transition to Brunel had been delayed by a year. The Fund’s Independent Governance Adviser considered Brunel was progressing well compared to other pools. Members queried over-reliance on key officers in Brunel, and it was agreed questions should be raised with Brunel about succession planning. Members suggested a performance-related bonus scheme that was organised against clear and fair performance indicators would drive performance and attract high calibre candidate to Brunel. It was also highlighted that Brunel would require dedicated staff to manage infrastructure investment.

Resolved:

To note the Risk Register and request feedback on Brunel’s bonus scheme be reflected back to the company.

54 **Draft Annual Report**

The Fund’s Annual Report detailed a sound audit opinion and accounts. It was commented that with resource demands as the Fund supported asset pooling, the Fund should focus on legal compliance and delivering sound accounts, before extending its work to comparing itself to others within the LGPS. Members considered the Fund needed to demonstrate in its public communications that it was a responsible investor and had no direct investment in fossil fuels, as such the Fund planned to publish more information about its investments on its website.

Resolved:

To approve the draft annual report, subject to review by the Local Pension Board Chair prior to publication.

55 **Employer Charging Policy**

Officers presented an Employer Charging Policy which had been developed to reflect existing practices. The charges were divided between general running costs and additional, employer-specific costs. Costs were mostly based on professional fees and did not include overheads and officer time, members felt this should be factored into charges when the scale of the work was significant.

Resolved:

To approve the employer charging policy for the Fund with the addition of staff costs/officer time where there are extra costs specific to employer and significant to the fund. The finalisation of these costs was delegated to officers.

56 **Revised Employer Cessation Policy**

The Committee considered a revised employer cessation policy, that had been updated as a result of a new requirement for surpluses to be returned to employers upon leaving the fund and due to more complicated situations with Multi Academy Trusts. Advisers and members felt the policy was sensible and were reassured by the fact it was supported by the Actuary.

Resolved:

To approve the revised Employer Cessation Policy for the Fund with effect from 1 October.

57 **Key Performance Indicators**

The Head of Pensions Administration and Relations updated on Key Performance Indicators, to which new measures had been added. There was a downward trend on KPIs, mostly attributed to vacancies in the team which had impacted upon administration, however these vacancies had now been filled and so the KPIs should see improvement in due course. It was noted the Fund was obliged to publish some figures as part of its annual scheme returns.

In response to questions, officers advised the new resource would be directed to meeting tPR requirements, overtime arrangements were also targeted to the processing of deferred member benefits. On the issue of complaints, the Fund received few formal complaints and prioritised those activities which were of high importance to customers.

It was noted an ambition for the Fund in the future was to develop KPIs for employers.

Resolved:

To note the Fund's performance against Key Performance indicators.

58 **Local Pension Board Annual Report**

The Governance and Performance Manager introduced the LPB Annual Report, to which two changes had been made following LPB review. The Committee felt the Annual Report was owned by the Board and did not require Committee approval.

Resolved:

To note the Local Pension Board annual report and recommend in future this is approved by the Board only.

59 **Training Plan**

Richard Bullen, Fund Governance and Performance Manager, informed the committee a survey had been developed by Hymans on training needs and circulated to Committee and Board members for response. The survey would inform the training schedule for members, alongside the Business Plan priorities, and the Chairman encouraged members to complete this. Officers also offered the Pensions Regulator to speak to the committee on the Code of Practice 14 requirements. The Fund was also considering making more training available online, members suggested it would also be efficient to have training following on from a Committee meeting. Positive feedback was provided from a recent training event, it had been interactive, with time for a question and answer session.

Resolved:

To note the update from the Governance and Performance Manager.

To request further training on the valuation process at a future meeting and to take up the offer of training from the Pensions Regulator.

The Chairman requested substitute members also be invited to training events.

60 **Date of Next Meeting**

The next meeting of the Committee was to be held on 12th December 2018 in Swindon.

The Chairman requested the invitation be extended to substitute members to attend a training event following on from the main committee meeting.

61 **Urgent Items**

There were no urgent items.

62 **Exclusion of the Public**

Resolved:

To agree that in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the business specified in Minute Numbers 63-68 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraphs 1 & 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

63 **Brunel Pension Partnership Update**

The Committee was updated on the progress of Brunel Pension Partnership.

Resolved:

To note the update on the progress of Brunel Pension Partnership.

To request an event be organised with Greater Manchester Pension Fund to discuss investment in local infrastructure.

64 **Investment Quarterly Progress Report**

The interim Investment Manager updated on the performance of the Fund's investment.

Resolved:

To note the performance of the Fund's investments over the last quarter.

65 **Investment Sub-Committee**

A brief update was provided following the recent Investment Sub Committee meeting.

Resolved:

To note the update from the recent of Investment Sub Committee meeting.

To delegate authority to officers, in consultation with the Chairman and advisers from Mercers to transfer funds to Brunel Pension Partnership to

invest in infrastructure (£0-50m), subject to adequate reassurances from Brunel being supplied to Mercers.

66 Procurement of Actuarial Contract

Potential processes for the procurement of an actuarial appointment were discussed.

Resolved:

To agree Option B as set out in the report and delegate authority to officers to progress this procurement.

To recommend members are invited to meet the Actuary upon appointment.

67 Procurement of Independent Governance Advisor Contract:

The committee was presented with options for the procurement of an Independent Governance Adviser contract.

Resolved:

To proceed with Request for Quote option as presented in the report.

68 Minutes

Resolved:

To confirm the Part 2 minutes of the meeting held on 21 June 2018.

(Duration of meeting: 10.30 am - 1.15 pm)

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

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

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LOCAL PENSION BOARD

DRAFT MINUTES OF THE LOCAL PENSION BOARD MEETING HELD ON 11 OCTOBER 2018 AT KENNET ROOM, COUNTY HALL, TROWBRIDGE, BA14 8JN.

Present:

David Bowater, Sarah Holbrook, Mike Pankiewicz, Howard Pearce (Chairman) and Barry Reed

Also Present:

Cllr Tony Deane, Cllr Gordon King and Cllr Philip Whitehead

51 Welcome

The Chairman welcomed those present to the meeting.

52 Apologies

Apologies for absence had been received from Cllr Britton.

53 Minutes

Resolved:

To confirm the minutes of the meeting held on 12th July 2018.

To note updates on the action tracker and that this document had been reviewed by the Chairman.

54 Declarations of Interest

There were no declarations of interest.

55 Chairman's Announcements

There were no Chairman's Announcements.

56 Public Participation and Councillors Questions

There were no public questions or statements.

57 Minutes and Key Decisions of the Wiltshire Pension Fund Committee

The Board considered the key decisions of the Wiltshire Pension Fund Committee meeting held on 20th September 2018 and noted the Chairman of the Board had an action to review the Annual Report before publication.

Resolved:

To note the key decisions of the Wiltshire Pension Fund Committee.

58 National LGPS Survey Results

The Board was presented with a summary of the results of a national survey by Hymans-Robertson on the confidence of Pension Committee and Boards in fund decision making. The Wiltshire results had just been received and would be digested by officers following the meeting and circulated to Committee and Board members.

Confidence levels were high across the country, in particular in the investments side of decision making. Confidence in administration decision making was lower, but still high. Understanding of Fund Accounting and Auditing had the lowest level of confidence. Officers confirmed they would use Wiltshire's survey responses to develop suitable training. It was noted that for 2019 there would be three new CIPFA guidance documents on fund annual reporting, administration/KPI reporting, and accounting for asset pooling costs/savings. These would assist the preparation of the 2018/19 annual report and audited annual accounts.

Resolved:

To note the LGPS Confidence Assessment results and LPB training needs on new annual reporting, accounting, and auditing requirements.

59 Training Item: Fund Delegations and Controls

A report by the Head of Pensions Administration and Relations concerning the interaction of relevant committees and delegations to officers was presented. It was noted some responsibilities were set out in the Wiltshire Council Constitution, where the role of the Committee, Sub Committee and officers were defined. The s151 officer was then able to further delegate responsibilities to other officers. Officers considered the responsibility for making high level strategic decisions were clear, however the line between officer and committee responsibility on other decisions could vary according to circumstance, therefore a formal record of this would be useful.

The Interim Investment Manager advised the governance framework would be strengthened as a result of more decision making being done within Brunel

since the company was FCA regulated. The Board considered possible duplication between decisions at both Board at Committee, and the Chairman confirmed the Board's role was to review the Administering Authority policies and decisions rather than to make them. An update on the appointment of a permanent S151 officer was provided.

Resolved:

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**

60 External Audit report

The Interim Investment Manager updated on the external audit exercise and explained the auditor had been happy with the accounts. It was explained the end of year accounts for 2017-18 had been challenging due to moving custodian and having data on two systems. For 2018/19 the accounts were also expected to be challenging due to the Fund having new auditors, and there also being new accounting requirements.

Following questions, it was confirmed Brunel was to be audited separately and the Fund would work with Brunel to ensure all elements of the Fund's accounts were covered as its assets moved over into the pool. The Board considered anything it would like to be factored in to the internal audit and the Chairman requested it be checked that the Fund had met previous internal audit recommendations.

Resolved:

To note the attached Final Audit Report and the verbal update on the appointment of the Fund's external auditor.

To note the anticipated complications for the 2018/19 audit.

To request officers discuss with the internal auditors about specific requirements for 2018/19 and the checking of compliance with previous audit recommendations.

61 Review of Fund Procurement Processes

The Fund Governance and Performance Manager presented on current procurement and contract management for the appointment of external advisors and other key contracts. It was explained the Fund had over 40 contracts to manage and at present the Fund was reviewing all procured services driven by

3 overarching requirements: a) existing services which were approaching the end of their contractual term, b) ensuring compliance with GDPR, c) reviewing the procured services being offered to ensure that the scope of service was consistent with the Fund's needs, particularly in respect of software capability. Officers advised the current process was to investigate the re-tendering of contracts six months before they became due for renewal.

Members of the Board, and the Chairman of the Wiltshire Pension Fund Committee expressed an interest in understanding the largest contracts the Fund had in place and suggested attention should be placed on these. It was also suggested the Fund could benchmark its contract costs with other Funds. In response to questions it was confirmed the decision to use SAP as the payroll system for paying pensioners and dependants was chosen by Payroll and not the Fund although ultimately the Fund was responsible for the service.

Resolved:

To note the update and self-assessment undertaken by officers, and to recommend further details on key contract costs be presented to the Wiltshire Pension Fund Committee.

62 Update on GMP Reconciliation Process

A report from the Governance and Performance Manager on GMP reconciliations was available for the Board to consider. The Fund Governance and Performance Manager updated the Fund was moving towards the end of stage two and was close to reconciliation, with most GMP liabilities having been agreed with HMRC.

The Board discussed the issue of overpayments when the GMP would be lower than HMRC or where no GMP was recorded on the member record and it was understood officers would form a policy on this following further discussions with other Funds and at a national level. Officers advised they would report back to Committee on final national agreements on the implications of the rectification of the GMP values with pensions in payment.

Resolved:

To note the Fund's approach to the GMP project and progress to date.

63 GAD Section 13 Review

An executive summary of the recently reviewed report by GAD was available to the Board. The report was a requirement on GAD to review the way actuarial valuations were undertaken. There were currently variances between actuaries and funds, however there had been no concerns flagged for Wiltshire. The GAD report gave some recommendations to the Scheme Advisory Board, however these were not expected to be implemented ahead of the next valuation due to

the number of bodies that would have to consider the recommendations. It was highlighted that actuarial firms had some concerns around the recommendations.

Resolved:

To note the GAD report and actuarial response.

64 Presentation by the Pension Regulator on its role in relation to the LGPS

Stephen Rowntree gave a training session on the role of the Pensions Regulator to regulate compliance with the governance and administration requirements in the Public Service Pensions Act 2013, to educate on requirements and enforce them. The Regulator's Code of Practice 14 set out the governance and administration policies funds should be compliant with. The Annual Survey indicated the progress in the LGPS had slowed in the last year, it was highlighted a third of all funds did not hold 4 Board meetings per year, this indicated governance issues.

The role of the LPB was discussed and it was stressed the Board had a duty to assist the scheme manager to secure compliance with legislation, guidance and regulations. The legal requirements on Board members were also detailed, in particular the requirement to report breaches depending on the issue, scale and outcome. An example of a breach by employers in a fund was presented.

The regulatory powers of the Regulator were presented alongside examples of it using its powers more robustly. Current challenges for schemes were considered: 2018 scheme return requirements, GDPR, Pensions Dashboard, cyber resilience. Following questions from the Board it was confirmed the Regulator was working to strengthen governance and administration to ensure consistency for members across the LGPS. The Regulator could not establish where Wiltshire sat nationally in survey results due to it being an anonymous survey, however the Fund could compare the national results against their submission. The Pensions Dashboard was discussed, alongside what the fund should realistically aim for in data quality. It was confirmed the Regulator expected a fund to take all reasonable steps to ensure accurate data and acknowledged 100% accuracy for all data all of the time was not feasible and 95% was a more realistic aim.

Resolved:

To thank Stephen Rowntree for the informative presentation and to request an update on tPR progress in 12 months time.

65 Review of Annual Benefit Statements process 2018

Officers provided an update on the Annual Benefit Statement exercise, in summary the majority of statements had been released on time, with only those members for which the Fund did not have the correct address or outstanding data issues being held back. The Board heard that officers were working to improve data accuracy to assist the exercise the following year, including the use of new software.

In response to questions it was confirmed that the Fund was currently testing a self-service facility for accessing benefit information, and this would be gradually rolled out. It was agreed that, moving forward, benchmarking against other funds would be useful. Officers advised they logged and categorised queries the Fund received in response to Annual Benefit Statement to identify any themes.

Resolved:

To note the outcome of the Annual Benefit Statement exercise and achievement of the deadline.

To request information be provided to the next Board meeting on those employers whose end of year ABS data was repeatedly late, lacking, or incorrect over the last 3 years.

66 Scheme Legal, Regulatory and Fund update

The Head of Pensions Administration and Relations advised there was no further information from Government on the status of the Public Sector Exit Cap. The Board also heard it was not yet clear how material quadrennial cost caps would be to the Fund. Members discussed the Pensions Dashboard project and this was still in very early development. With regard to the Scheme Advisory Board 'Separation Project', this was being consulted on and the general consensus from most funds was that a greater degree of separation between a fund management and administering authority could be beneficial, however in general conflicts of interests amongst Council officers and elected Committee members were thought to be well-managed.

Resolved:

To note the Scheme, Legal, Regulatory and Fund update, and the completion of certain reviews.

To request the addition of the DWP, CIPFA, TPR, and Pensions Ombudsman guidance to future updates.

67 Risk Register Update

The Board was presented with the Fund's current Risk Register; there had been no change to the risk categories or levels since the last meeting; one red risk remained: PEN020: Pooling of LGPS assets. In light of the presentation from the Pensions Regulator earlier in the meeting, members considered whether cyber security should be added to the risk register. Cllr Philip Whitehead reassured the Board that Wiltshire's IT security had been substantially upgraded in recent months. It was noted that external auditors should also be checking cyber security and recommended officers regularly review risks and add them to the register as appropriate.

Resolved:

To note the Risk Register and request officers regularly review cyber security and add this to the register if appropriate.

68 Administration Key Performance Indicators

The Head of Pensions Administration and Relations presented the Fund's administration KPIs for review, it was noted the Fund was also developing its reporting capability to provide splits between employer and Fund performance and comparisons against statutory disclosure timelines and the Fund's administration strategy.

On Benefits Administration KPIs, Q1 2018/19 had seen a downward trend with the total number of completed cases falling, the biggest reductions over the quarter were deferred and refund cases. However, the quarter also saw an increase in benefit estimates completed. It was noted that the reduction in performance was due a legacy of vacant posts and more junior members of staff in roles, as the team was now fully staffed.

The Board noted the staffing issues the Fund had recently struggled with and praised the effort the team was putting into improving performance and drilling into more detail on performance measures.

Resolved:

To note the Fund's performance against Key Performance Indicators.

69 How did the Board do?

Members discussed a recent CIPFA training event on LGPS Fundamentals had been useful for Board members. The Governance and Performance Manager updated on the promotion that had been undertaken for the vacant employer representative position on the Board and that officers were considering widening the application criteria to the whole employer group. It was suggested the Board approach large Multi Academy Trusts for a representative.

Resolved:

To request the Chairman approach Multi-Academy Trusts for an Employer Member Representative.

70 Urgent items

There were no urgent items.

71 Date of next meeting and Forward Plan

The next meeting of the Board was to be held on 24 January 2019. The Board noted the Chairman would review the Forward Work Plan ahead of future meetings.

72 Exclusion of the Public

Resolved:

That in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the business specified in Minute Numbers 72-75 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraph 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

73 Brunel Pension Partnership update

The interim Investment Manager gave a verbal update on the progress of Brunel Pension Partnership.

Resolved:

To note the update on the progress of Brunel Pension Partnership.

74 Minutes and Key Decisions of the Wiltshire Pension Fund Committee, Investment Sub-Committee and Brunel Oversight Board

Resolved:

To note confidential minutes from the Committee, Investment Sub-Committee and Brunel Oversight Board.

75 Minutes

Resolved:

To confirm the minutes of the meeting held on 12th July 2018.

(Duration of meeting: 10.30 am - 1.00 pm)

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

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

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APPENDIX 1

Organisation	Subject	Link	Status	Comments	Risk
HM Treasury	GMP Indexation in public service pension schemes	https://www.gov.uk/government/consultations/indexation-and-equalisation-of-gmp-in-public-service-pension-schemes	Updated	<p>Following the Government’s consultation on how to address the implications of State Pension reforms for Guaranteed Minimum Pensions (GMP) of public servants below State Pension age, on 22 January 2018 the Government decided to extent the temporary arrangements which initially came into force for the period 2016 to 2018. The temporary arrangements effectively mean that for pensioners who reach state pension age between 6 April 2016 and 5 April 2021, any GMP element of the member’s pensions receive the same pension increase amounts as the non-GMP element of a member’s pension. The Government has extended the temporary arrangement as it has still not decided what to do in the long-term in this area.</p> <p><u>Note:</u> HM Treasury has confirmed that the recent High Court judgement raised by Lloyds does not affect the LGPS</p>	
	Reforms to public sector exit payments: response to the consultation	https://services.parliament.uk/bills/2017-19/publicsectorexitpaymentslimitation.html	Updated	<p>The Bill was presented to Parliament on Tuesday 5 September 2017 and there was no debate and the second reading has been repeatedly delayed since. The latest scheduled date is 25 January 2019. It is a Private Member’s Bill, which are often not printed until close to the second reading debate and hence no text is still available.</p>	
	Quadrennial valuations & Cost Caps		New	<p>In a Written Ministerial Statement on the 6th September 2018, the Chief Secretary to the Treasury, Elizabeth Truss, announced details of the quadrennial (notional) valuation of the public service pension schemes, including the Local Government Pension Scheme in England and Wales. A transcript of the announcement can be found here. In the LGPS, there is a two-stage process in place which could mean that as a result of the quadrennial valuation, the Scheme design changes. It is also recommended that the cost cap valuation cycle (not the normal scheme valuation) should be moved from a triennial to quadrennial cycle. This is not likely to have any impact on the normal valuation cycle.</p>	
CIPFA	Preparing the Annual Report: Guidance for LGPS Funds	https://www.cipfa.org/policy-and-guidance/consultation/lgps-%e2%80%93-preparing-the-annual-	New	<p>CIPFA has released a consultation on proposed changes to the Annual Report to reflect changes to the operation of the Scheme since the last publication in 2014 (e.g. asset pools, legislation etc). The new guidance is considered statutory by MHCLG includes new additions such as standardised KPIs and cost figures which appears to partially replace the purpose of the voluntary CIPFA benchmarking exercise.</p>	

Organisation	Subject	Link	Status	Comments	Risk
		report,-c-,,-guidance-for-lgps-funds		The consultation closes on 7 December 2018.	
The Pension Regulator (tPR)	Miscellaneous		New	<p>There is increased communications from the Pension Regulator in checking that Funds are meeting their duties. This has come in the form of:</p> <ul style="list-style-type: none"> • An enhanced annual written survey; • A phone survey; • The first submission of common and conditional data scores as part of the Scheme Returns • Checking that Funds had submitted Benefit Statements and if they need to report themselves to tPR; and • Stressing that the tPR expects to see improvements in data quality over time. 	
HM Revenues & Customs	Revenue and Customs Brief 14 (2016): VAT, Deduction of VAT on pension fund management costs following Court of Justice of the European Union decision in PPG	https://www.gov.uk/government/publications/revenue-and-customs-brief-14-2016-vat-deduction-of-vat-on-pension-fund-management-costs-following-court-of-justice-of-the-european-union-decision	No change since the last meeting	Changes to the reclamation of VAT on fund management costs may affect LGPS funds once pooling is in place. These changes were originally due with effect from 1st January 2017 but have now been pushed back to at least 1st January 2018. Project Brunel will be keeping an eye on how it is evolving and take appropriate advice.	
MHCLG	Guidance on Preparing and Maintaining an Investment Strategy Statement' (ISS)	https://www.gov.uk/government/publications/local-government-pension-scheme-guidance-on-preparing-and-maintaining-an-investment-strategy-statement	No change since the last meeting	<p>Following the High Court ruling on 23rd June 2017 that elements of the Governments Statutory Guidance on preparing and maintaining an Investment Strategy Statement was unlawful the Government subsequently published updated guidance removing the offending clauses - that funds should not pursue policies that are contrary to UK foreign policy or UK defence policy.</p> <p>The Government has been given leave to appeal the High Court decision, so further updates will be given once the outcome of any appeal is known.</p>	

Organisation	Subject	Link	Status	Comments	Risk
The Department of Work and Pensions (DWP)	Pension dashboard project	https://pensionsdashboardproject.uk/industry/about-the-pensions-dashboard-project/	Updated	<p>DWP is leading this project and the intention was to 'go live' during 2019 and has stated that it will consult on the project 'later in 2018'.</p> <p>After some speculation that the Government was having doubts about the project, it was confirmed in the Autumn Budget 2018 that the Government was committed to deliver the project and had assigned £5m to help its implementation.</p>	
Scheme Advisory Board (SAB)	Academies' review	http://www.lgpsboard.org/index.php/structure-reform/review-of-academies	No change since the last meeting	<p>SAB commission PwC to produce a report on "Options for Academies in the LGPS" commissioned and the report was published in May 2017. The report identified and highlighted problems/issues experienced by stakeholders. No recommendations were made in the report, although the potential benefits of new approaches to the management of academies within the LGPS were highlighted. The proposals were wide ranging from minor alterations to academies being grouped together in a single LGPS Fund.</p> <p>SAB's work is still on-going and Bob Holloway from the LGA previously stated that a wide range of options in both work streams are still be considered. For example, changing the administration arrangements or putting academies into their own Fund etc. However, a consultation will be released on any changes proposed before they are put into force.</p>	
	Cost cap mechanism		New	<p>As part of the introduction of the new public service pensions in 2014/2015, a notional cost control mechanism was put in place to make sure that Schemes such as the LGPS remained within notional upper and lower cost threshold. Following the most recent review of this, the LGPS was found the breach the lower threshold which should, in theory, mean that Scheme changes should be made to bring it back up. One option for doing this could be changes to the employee contributions bands (reducing the income from employees). SAB is correctly considering what changes to propose with a target implementation date of April 2018.</p> <p>At the same time, all parties involved acknowledge that the mechanism is arguably flawed and it possible that a review may be undertaken in the future.</p>	
	Investment fees - Code of Transparency	http://www.lgpsboard.org/index.php/structure-reform/cost-transparency	No change since the last meeting	<p>The move toward investment fee transparency and consistency is seen by the Board as an important factor in the LGPS being perceived as a value led and innovative scheme. Transparency is also a target for the revised CIPFA accounting standard issued for inclusion in the statutory</p>	

Organisation	Subject	Link	Status	Comments	Risk
				<p>annual report and accounts and included in the government's criteria for pooling investments.</p> <p>To assist LGPS funds in obtaining the data they require in order to report costs on a transparent basis SAB has published its Code of Transparency in May 2017. The Code is voluntary and asset managers who sign up will demonstrate their commitment to transparent reporting of costs. SAB will procure a third party to monitor compliance of those who sign up.</p>	
	Tier 3 employers review	http://www.lgpsboard.org/index.php/board-publications/invitation-to-bid	Updated	<p>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.</p> <p>Aon Hewitt has recently produced a detailed report which is available on the SAB website which outlines its finding on the identification of issues but the report doesn't make any specific recommendations. SAB is yet to advise what actions it will take following receipt of the report.</p>	
	Separation Project	http://www.lgpsboard.org/images/PDF/BoardFeb18/PaperBItem50218.pdf	No change since the last meeting	<p>The objective of the Separation Project is to identify both the issues deriving from the current scheme administrative arrangements and the potential benefits of further increasing the level of separation between host authority and the scheme manager role.</p> <p>KPMG produced a report in 2015 which outlined options ranging from removing the potential conflicts of interest for the S151 role to complete separation (i.e. each Fund would become a standalone company).</p> <p>On 21 August 2018, the SAB restarted the project and put out a 'proposal for assistance' from an appropriate bidder to take the project forward. The deadline for bid submissions has since closed but the</p> <p>The Head of Pensions Administration and Relations attended a conference on 19 September 2018 (hosted by Hymans-Robertson) which further discussed the project. Attendees generally favoured some greater degree of separation although most Funds' represented felt that conflict of interests amongst officers and committee/board members were sufficiently well managed.</p>	

Organisation	Subject	Link	Status	Comments	Risk
	Guidance Project	http://www.lgpsboard.org/images/PDF/BoardFeb18/PaperBItem50218.pdf	No Change	<p>The Guidance project will identify regulations which may be better sited within statutory guidance and to both propose the necessary amendments and assist HMCLG with the drafting of guidance.</p> <p>This project is at an early stage and no further information is available at this time.</p>	
	Data Project	http://www.lgpsboard.org/images/PDF/BoardFeb18/PaperBItem50218.pdf	No Change	<p>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.</p> <p>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.</p>	

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WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
12 December 2018

WILTSHIRE PENSION FUND RISK REGISTER

Purpose of the Report

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

Background

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

Key Considerations for the Committee / Risk Assessment

3. The significance of risks is measured by interaction of the likelihood of occurrence (likelihood) and the potential impact of such an occurrence (impact). This register uses the Council's standard "4x4" approach, which produces a risk status of Red, Amber or Green (RAG).
4. There has been no changes to the risk categories or levels since the last meeting
5. One remaining red risk remains: ***PEN020: Pooling of LGPS assets.***
6. Work continues to mitigate where possible the risks above along with the other remaining medium risks highlighted on the risk register.

Financial Implications

7. No, direct implications.

Legal Implications

8. There are no known implications from the proposals.

Environmental Impacts of the Proposals

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

10. There are no known implications at this time.

Proposals

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

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

Ref.	Risk	Risk Category	Cause	Impact	Risk Owner	Controls in place to manage the risk	Current Risk Rating				Further Actions necessary to manage the risk	Risk Action Owner	Date for completion of action	Target Risk Rating				Direction of Travel
							Impact	Likelihood	x	Level of risk				Impact	Likelihood	x	Level of risk	
PEN001	Failure to process pension payments and lump sums on time	Benefits Administration	Non-availability of Altair pensions system, SAP payroll system, key staff, or error, omission, etc.	Retiring staff will be paid late, which may have implications for their own finances. It also has reputational risk for the Fund and a financial cost to the employers if interest has to be paid to the members.	Andy Cunningham	Maintenance and update of Altair and SAP systems, sufficient staff cover arrangements, sufficient staff training and QA checking of work. Adherence to Pension Administration Strategy and regular monitoring of performance. Documentation of processes and reconciliations. When work loads are high, payments to members are prioritised above other work.	2	2	4	Low	None	N/A	N/A	2	2	4	Low	→
PEN004	Inability to keep service going due to loss of main office, computer system or staff	Benefits Administration	Fire, bomb, flood, etc.	Temporary loss of ability to provide service	Andy Cunningham	Business Continuity Plan was last reviewed in Dec 2016 and revised version is due to be implemented in Dec 2018 or Jan 2019. The team have the ability to work from home or remotely if required. The pension system is also hosted by its supplier, which reduces the risk should Wiltshire Council's IT servers fail. The Fund also operates a mostly paperless office.	4	1	4	Low	None	N/A	N/A	4	1	4	Low	→
PEN005	Loss of funds through fraud or misappropriation	Benefits Administration	Fraud or misappropriation of funds by an employer, agent or contractor	Financial loss to the Fund	Andy Cunningham	Internal and External Audit regularly test that appropriate controls are in place and working. Regulatory control reports from investment managers, custodian, etc, are also reviewed by audit. Due Diligence is carried out whenever a new manager is appointed. Reliance is also placed in Financial Services Authority registration.	4	1	4	Low	None	N/A	N/A	4	1	4	Low	→
PEN014	Failure to provide the service in accordance with sound equality principles	Benefits Administration	Failure to recognise that different customers have different needs and sensitivities.	Some customers may not be able to access the service properly or may be offended and raise complaints. At worst case, this could result in a court case, etc.	Andy Cunningham	The Fund has done an Equality Risk Assessment and has an Equality Implementation Plan in place	2	1	2	Low	None	N/A	N/A	2	1	2	Low	→
PEN021	Ability to Implement the Public Sector Exit Cap	Benefits Administration	Introduction of exit cap will require an additional burden on the administration team as is likely to effect all redundancy calculations.	Changes need to be communicated to individuals and employers and systems adapted once the revised regulations have been approved	Andy Cunningham	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: discussions with employers and changes to employer discretions policies, benefit and systems calculations and the associate communications.	2	2	4	Low	None	Andy Cunningham	N/A	1	3	3	Low	→
PEN022	Risks related to reconciliation of GMP records (increase in staff resource & reputational)	Benefits Administration	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.	Andy Cunningham	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 resources being: *Focussed on other, more urgent areas; *The time HMRC takes to respond to queries; and *By Funds trying to engage with Government to agree on a nation wide approach.	2	4	8	Medium	Still working with other south-west Funds to try to agree on a common approach and present it to Government Departments. The SW Funds sent a letter outlining its view to the SAB and is awaiting a response. Once the Government's view is clearer, the Fund plans to implement a overpayments policy.	Richard Bullen	Feb-19	1	3	3	Low	→
							Current Risk Rating				Target Risk Rating							
Ref.	Risk	Risk Category	Cause	Impact	Risk Owner	Controls in place to manage the risk	Impact	Likelihood	x	Level of risk	Further Actions necessary to manage the risk	Risk Action Owner	Date for completion of action	Impact	Likelihood	x	Level of risk	Direction of Travel

PEN003	Insufficient funds to meet liabilities as they fall due	Funding & Investments	Contributions from employees / employers too low, failure of investment strategy to deliver adequate returns, significant increases in longevity, etc.	Immediate cash injections would be required from the scheme employers. This shouldn't be an issue for the Fund but it looks likely that investment income might need to be used within the next 12 months.	Jennifer Devine	Funding Strategy Statement, Investment Strategy, Triennial Valuations, membership of Club Vita, modelling of future cash flows.	2	2	4	Low	This is factored into the Strategic Asset Allocation review, which is now in progress. Both the Fund Investment Consultant and Fund Actuary will be closely involved in the work.	Jennifer Devine	May-19	4	1	4	Low	→
PEN006a	Significant rises in employer contributions for secure employers due to increases in liabilities	Funding & Investments	Scheme liabilities increase disproportionately as a result of increased longevity, falling bond yields, slack employer policies, etc. The current price of gilts lead to a worsening Funding Position.	Employer contribution rates become unacceptable, causing upward pressure on Council Tax and employers' costs.	Andy Cunningham	Longevity and bond yields are generally beyond the control of the Fund although the Investment Sub-committee is currently considering certain risk management techniques such as Liability Driven Investments. 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	1	2	Low	None	Andy Cunningham	N/A	2	2	4	Low	→
PEN006b	Significant rises in employer contributions for non-secure employers due to increases in liabilities	Funding & Investments	Scheme liabilities increase disproportionately as a result of increased longevity, falling bond yields, slack employer policies, etc. The current price of gilts lead to a worsening Funding Position.	Employer contribution rates become unacceptable, causing upward pressure on Council Tax and employers' costs.	Andy Cunningham	As above	2	2	4	Low	As above	Andy Cunningham	N/A	2	2	4	Low	→
PEN007a	Significant rises in employer contributions for secure employers due to poor/negative investment returns	Funding & Investments	Poor economic conditions, wrong investment strategy, poor selection of investment managers, poor consideration of all financial & non-financial risks including ESG issues.	Poor/negative investment returns, leading to increased employer contribution rates	Jennifer Devine	Use of expert consultants in the selection of investment strategy and investment managers, regular monitoring of investment managers (1/4ly), regular reviews of investment strategy (annually). Monthly review of % of Fund held in each mandate. Also a flight path strategy implemented to take off risk as funding levels improve. Fund member of LAPFF & uses PIRC to proxy vote on shares in line with agreed policy for ESG issues. Compliance with Stewardship code.	2	1	2	Low	The implementation of the Stabilisation Policy limits increases for secure employers.	Jennifer Devine	N/A	2	1	2	Low	→

											Current Risk Rating				Target Risk Rating			
Ref.	Risk	Risk Category	Cause	Impact	Risk Owner	Controls in place to manage the risk	Impact	Likelihood	x	Level of risk	Further Actions necessary to manage the risk	Risk Action Owner	Date for completion of action	Impact	Likelihood	x	Level of risk	Direction of Travel
PEN007b	Significant rises in employer contributions for non-secure employers due to poor/negative investment returns	Funding & Investments	Poor economic conditions, wrong investment strategy, poor selection of investment managers, poor consideration of all financial & non-financial risks including ESG issues.	Poor/negative investment returns, leading to increased employer contribution rates	Jennifer Devine	Use of expert consultants in the selection of investment strategy and investment managers, regular monitoring of investment managers (1/4ly), regular reviews of investment strategy (annually). Monthly review of % of Fund held in each mandate. Also a flight path strategy implemented to take off risk as funding levels improve. Fund member of LAPFF & uses PIRC to proxy vote on shares in line with agreed policy for ESG issues. Compliance with Stewardship code.	2	2	4	Low	A risk based framework is now in place to review employers long term financial stability. This informs the policy for stepping in contribution rates to assist in affordability issues where requested by an employer. It will be continuously reviewed, as part of the updating of the Investment Strategy Statement.	Jennifer Devine	N/A	2	2	4	Low	→
PEN015	Failure to collect payments from ceasing employers	Funding & Investments	When an employer no longer has any active members a cessation valuation is triggered and a payment is required if a funding deficit exists to meet future liabilities	Failure to collect cessation payments means the cost of funding future liabilities will fall against the Wiltshire Pension Fund	Andy Cunningham	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	2	4	Low	None	Andy Cunningham	Dec-18	2	1	2	Low	→

PEN016	Treasury Management	Funding & Investments	The Fund's treasury function is now segregated from Wiltshire Council. This includes the investment of surplus cash in money markets.	Exposure to counterparty risk with cash held with external deposit holders could impact of Funding level of the Fund	Jennifer Devine	The Pension Fund will review an updated Treasury Management Strategy at the March meeting which follows the same criteria adopted by Wiltshire Council but limits individual investments with a single counterparty to £6m.	3	1	3	Low	The Council uses Sector's credit worthiness service using ratings from three rating agencies to provide a score. Surplus cash is transferred to the Custodian at month end ensuring cash balances are minimal.	Roz Vernon	N/A	3	1	3	Low	→
PEN024	Impact of EU Referendum	Funding & Investments	The impact of the EU referendum	A vote to exit the EU may produce short term volatile market movements which could impact on asset performance.	Jennifer Devine	The Fund has liaised with its investment managers on the potential impact of an exit. The Fund has agreed to revert to a 50% overseas equities hedged position for the current timeframe to reflect the current weakness of sterling.	3	2	6	Medium	The markets and weightings are closely monitored as part of the "fightpath" and "rebalancing" processes. A single provider to manage all aspects of risk management, is also under consideration.	Jennifer Devine	On-going	3	1	3	Low	→
PEN026	Impact of MiFid II Regulations	Funding & Investments	New MiFID 2 investment regulations from Jan 2018 will classify LGPS Funds as "retail" investors. They will need to opt up to professional status.	If Wiltshire Pension Fund is unable to attain "professional" status it will limit the range of investments available and may lead to the forced sale of assets.	Jennifer Devine	Wiltshire Fund Fund is now being treated as a Professional Client, having followed due process.	2	2	4	Low	None.	Jennifer Devine	Completed	3	1	3	Low	→

											Current Risk Rating				Target Risk Rating				
Ref.	Risk	Risk Category	Cause	Impact	Risk Owner	Controls in place to manage the risk	Impact	Likelihood	x	Level of risk	Further Actions necessary to manage the risk	Risk Action Owner	Date for completion of action	Impact	Likelihood	x	Level of risk	Direction of Travel	
PEN002	Failure to collect and account for contributions from employers and employees on time	Regulatory & Governance	Non-availability of SAP systems, key staff, error, omission, failure of employers' financial systems, failure to communicate with employers effectively. LGPS 2014	Adverse audit opinion for failure to collect contributions by 19th of month, potential delays to employers' FRS17 year-end accounting reports and to the Fund's own year-end accounts.	Jennifer Devine	Robust maintenance and update of ALTAIR and SAP systems, sufficient staff cover arrangements, sufficient staff training and QA checking of work. We constantly work with employers to ensure they understand their responsibilities to pay by 19th of the month. The Breaches framework now require the Fund to log material late payments.	2	2	4	Low	Implemented. Reconciled to the bank account every month and monitored in dedicated monthly meeting, by management. From 1 April 18 will be regularly reported to the Committee. Will also be included in the statutory accounts from 18/19 onwards.	Roz Vernon	Nov-18	2	2	4	Low	→	
PEN008	Failure to comply with LGPS and other regulations	Regulatory & Governance	Lack of technical expertise / staff resources to research regulations, IT systems not kept up-to-date with legislation, etc	Wrong pension payments made or estimates given. Investment in disallowed investment vehicles or failure to comply with governance standards. Effect: Unhappy customers, tribunals, Ombudsman rulings, fines, adverse audit reports, etc	Andy Cunningham	*Sufficient staffing, training and regulatory updates. *Competent software provider and external consultants. *Technical & Compliance post reviews process and procedures and maintains training programme for the team. *KPIs against statutory standards *Imbedding checks and controls into all processes.	2	2	4	Low	None	Andy Cunningham	N/A	2	2	4	Low	→	
PEN009	Failure to hold personal data securely	Regulatory & Governance	Poor procedures for data transfer to partner organisations, poor security of system, poor data retention, disposal, backup and recovery policies and procedures.	Poor data, lost or compromised, fines from the Information Commissioner, reputational risk of failure to meet Data Protection legislation.	Andy Cunningham	Compliance with Wiltshire Council's Data Protection & IT Policies. Annual Data Protection training given to the team. On-going cleansing of data undertaken by Systems Team. The Fund has produced a new suite of procedures and controls following the introduction of GDPR.	3	3	9	Medium	Further reviews and changes in relation to the GDPR.	Andy Cunningham	On-going	2	1	2	Low	→	
PEN010	Failure to keep pension records up-to-date and accurate	Regulatory & Governance	Poor or non-existent notification to us by employers and members of new starters, changes, leavers, etc	Incorrect records held, leading to incorrect estimates being issues to members and incorrect pensions potentially being paid.	Andy Cunningham	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.	3	2	6	Medium	The Fund is currently addressing new data issues identified by a review of the tPR two key data standards while ensure data is of high quality is an on-going responsibility	Mark Anderson	Ongoing	2	1	2	Low	→	

PEN011	Lack of expertise of Pension Fund Officers and Service Director, Finance	Regulatory & Governance	Lack of training, continuous professional development and continuous self assessment of skills gap to ensure knowledge levels are adequate to carry out roles to the best of their ability	Bad decisions made may be made in relation to any of the areas on this register, but particularly in relation to investments.	Andy Cunningham	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 formulated annual Training Plans and Relevant officers are also reviewed against the CIPFA Knowledge & Skills Framework to ensure adequate expertise exists.	3	3	9	Medium	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 Senior Staff	Andy Cunningham/Corporate Directors	Feb-19	2	1	2	Low	---
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PEN012	Over-reliance on key officers	Regulatory & Governance	The specialist nature of the work means that there are inevitably relatively experts in investments and the local authority pension regulations	If someone leaves or becomes ill, a large knowledge gap could be left behind.	Andy Cunningham	Key people in the team are seeking to transfer specialist knowledge to colleagues. In the event of a knowledge gap, however, we can call on our external consultants and independent advisors for help in the short-term. In August 2018, the Pension Fund officers (Admin & Relations) undertook a Key Person Dependencies exercise to identify areas where knowledge needed to be shared more widely. Officers are currently sharing the identified areas to reduce the risk of knowledge being lost.	3	3	9	Medium	None - the risk will reduce once the existing team increases its level of knowledge and experience through greater time in their roles.	Andy Cunningham	Ongoing	2	1	2	Low	---
PEN017	Lack of expertise on Pension Fund Committee	Regulatory & Governance	Lack of structured training and continuous self assessment of skills gap to ensure knowledge levels are adequate to carry out roles to the best of their ability	Bad decisions made may be made in relation to any of the areas on this register, but particularly in relation to investments. There is also a requirement for Funds to 'Comply or Explain' within their Annual Report on the skills knowledge of members of the Committee	Andy Cunningham	Members are given Induction Training when they join the Committee, as well as subsequent opportunities to attend courses/seminars and specialist training at Committee ahead of key decisions. There is a Members' Training Plan and Governance Policy. Further training and advice can be called on from our consultants, independent advisors and investment managers too.	2	3	6	Medium	The results of the knowledge assessment are being 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.	Richard Bullen		2	1	2	Low	---
PEN019	Maintenance of Local Pension Board & Investment Sub-Committee	Regulatory & Governance	Failure of Wiltshire Council to maintain a Local Pension Board, from finding suitable representatives and the officer time required to support the Board and sub-committee.	Reputational risk from a national perspective and failure to adhere to legislation resulting in action by the Government or the Pension Regulator. Ineffective operation of the Investment sub-Committee leading to bad decision making.	Andy Cunningham	Mechanisms are in place to recruit to vacancies as they arise.	2	2	4	Low	None. A review of the effectiveness of the Investment Sub-Committee was undertaken which indicates its effectiveness and positive contribution in considering investments in more detail and freeing up Pension Committee agenda time. The Local Pension Board Annual Reports has shown how its been effective.	Andy Cunningham	N/A	1	3	3	Low	---
PEN020	Pooling of LGPS assets	Regulatory & Governance	The Fund needs to pool its LGPS assets with other Funds using the Brunel Pensions Partnership.	Poor implementation could be costly in terms of additional fees and poor investment returns.	Jennifer Devine	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	4	12	High	Significant amount of resource still required by officers to progress this project.	Jennifer Devine	Ongoing	1	3	3	Low	---

Ref.	Risk	Risk Category	Cause	Impact	Risk Owner	Controls in place to manage the risk	Current Risk Rating				Further Actions necessary to manage the risk	Risk Action Owner	Date for completion of action	Target Risk Rating				Direction of Travel
							Impact	Likelihood	x	Level of risk				Impact	Likelihood	x	Level of risk	

PEN023	Resources of Officers and Members to meet the expansion of business items	Regulatory & Governance	The recent expansion of business items resulting from continued consultations, pooling of assets, and additional governance requirements.	It is increasingly more difficult for officers to thoroughly consider issues and to deliver concise agenda papers covering all the relevant issues, while members are faced with larger report packs trying to cover the pertinent details.	Andy Cunningham	More use of web links within the Committee papers to reduce the size of the packs. The adequacy of officers resources to support the Fund's 3 committees, the on-going pooling agenda and the additional complexities arising from regulatory scheme changes is still being monitored through work planning and appraisals.	3	3	9	Medium	None at present but this varies from meeting to meeting depending on the demands and other work responsibilities.	Andy Cunningham	N/A	1	2	2	Low	→
PEN025	Academisation of Schools, the possibility of MAT breakups and cross fund movements.	Regulatory & Governance	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 170 to between 400 and 500.	Andy Cunningham	Regular communications with schools to understand their intentions. Revised cessation policy aims to address some of the risks relating to MAT breakups.	2	3	6	Medium	The Fund is monitoring the SAB review of academies roles in the LGPS and will take actions (e.g. respond to consultations) as necessary to try to mitigate this risk further.	Andy Cunningham	N/A	1	1	1	Low	→
PEN027	Significant structural change to LGPS Funds or to our Fund	Regulatory & Governance	A merger, takeover from another Fund or of another Fund. Significant changes to how certain employer categories participate in the Fund - for example Tier 3 employers or academies.	Depending on its nature and scale: a major impact on employer numbers, governance, control and operational matters.	Andy Cunningham	To keep abreast of any national development and respond to consultations when they occur. To take appropriate opportunities to increase the membership and the numbers of employer of the Fund. For example, where a multi academy Trust wishes to consolidate its cross-Fund operations within a single Fund.	4	2	8	Medium	None	Andy Cunningham	N/A	3	1	3	Low	→
PEN013	Failure to communicate properly with stakeholders	Communication	Lack of clear communications policy and action, particularly with employers and scheme members.	Scheme Members are not aware of the rights and privileges of being in the scheme and may make bad decisions as a result. Employers are not aware of the regulations, the procedures, etc, and so the data flow from them is poor.	Andy Cunningham	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	2	4	Low	None	Denise Robinson/Ashleigh Salter	N/A	1	1	1	Low	→

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WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE

12 December 2018

Code of Conduct and Conflict of Interest Policy for the Local Pension Board

Purpose of the Report

1. *The purpose of this report is to request that the Wiltshire Pension Fund approve the Local Pension Board (LPB) Code of Conduct and Conflict of Interest Policy for the Board following a request for changes to be made to the form registering Members' interests at the Committee meeting held on 21st June (Minute No. 30).*

The original report requesting Committee Member approval earlier this year has been retained within this report for background information only. Only text marked in italics represents updates associated with the queries raised on 21 June enabling context for approval of the revised version.

Background

2. To ensure sound governance of the LPB, there are certain principles that LPB Members must follow, particularly in relation to code of conduct and conflicts of interest.
3. The Regulations, along with the Pension Regulators Code of Practice (no 14), and the Scheme Advisory Board's guidance, outline a duty on Wiltshire Council to satisfy itself that LPB Members do not have conflicts of interest on appointment or whilst they are Members of the LPB. LPB Members need to be made aware of their duties under a code of conduct.
4. To fulfil this obligation, officers, with assistance from Wiltshire Council legal services and Hymans Robertson, developed a Code of Conduct and Conflicts of Interest Policy which was agreed by the Wiltshire Pension Fund Committee in December 2015.
5. Training was provided to Board members as to its purpose and application of the policy document. In essence, the guidelines place a requirement on all LPB Members to act in accordance with the Seven Principles of Public Life and to notify Democratic Services of any potential conflict of interest arising as a result of their position on the Board.
6. It is stated in the Code of Conduct and Conflict of Interest Policy that the document will be reviewed at least annually by the Committee, in December 2016 the policy document was reviewed by the Committee following suggestions from the LPB, and updated with regards to its references to the status of the Scheme Advisory Board. The changes are available to view [here](#). *At the Committee meeting held on 21st June questions were raised over the design of the form to be completed by Members & it was agreed that the form for registering Members interests should be referred to the Council's Legal Services department for review. The changes relate to;*
 - *The legal need to declare 'none' where no interests exist*
 - *Whether interests members were legally obliged to declare could be explicitly identified from other requests*

- *Whether the interests of the member and their spouse, civil partner or cohabitee need be separated*
7. The LPB reviewed the policy at its meeting on the 15 March 2018 and endorsed it without any changes other than to recommend that it is reviewed and approved by Wiltshire Pension Fund Committee every two years in future. *Based on the changes requested Officers amended the form and sought approval for those changes from the Council's Legal Services department. Legal Services approved the changes, which have also been approved by the Member requesting the changes on 21st June & the Local Pension Board prior to this meeting.*
 8. The previous [report](#) to the Committee also addressed questions posed by Board members as to how the scope of the Policy Guidelines were proportionate to the statutory requirements, and the practical implications of the policy. A [benchmarking exercise](#) was undertaken comparing the Policy Guidelines to those of other Funds.

Considerations for the Committee

9. The Code of Conduct and Conflict of Interest Policy states it should be reviewed and approved by the Committee at least every two years.
10. There have been no material changes to the Regulations and relevant legislation since the last review of the document therefore it is not considered that material changes to the content of the document are required.
11. It is however recommended the Policy Guidelines be amended to state they will be reviewed and approved by the Committee at least every two years, or upon any material changes to the Regulations, relevant legislation and scheme guidance.
12. There is no requirement to review the policy on a yearly basis, relevant legislation and Scheme Advisory Board Guidance states such a policy should be kept 'under regular review'. It is considered the proposal above accords with this requirement.
13. *To approve the Local Pension Board (LPB) Code of Conduct and Conflict of Interest Policy for the Board, including the revised form for registering Members interests.*

Environmental Impact of the Proposal

14. There are no known environment implications from this report.

Financial Considerations & Risk Assessment

15. There are no significant financial implications from this report.
16. The Code of Conduct and Conflict of Interest Policy Guidelines will assist in mitigating the reputational risk should an issue arise which hasn't been identified or managed.

Legal Implications

17. There are no material legal implications arising from this report. Legal Services have been consulted regarding the legislation referred to in this report.
18. The Policy Guidelines have been drafted to reflect the requirements of Wiltshire Council's constitution, legislation and the guidance of regulatory bodies including the Pension Regulator's Code of Practice No 14 and the Scheme Advisory Board guidance.

19. If the administering authority fails to ensure that each LPB member follows Policy Guidelines which fulfil the requirements of the constitution, legislation and guidance, the following risks may apply:

- a) the LPB may actually act improperly or be perceived to have acted improperly;
- b) there may be a challenge to the work carried out by the LPB, for instance, challenge by judicial review as a result of failure to comply with statutory obligations;
- c) there may be intervention by the Regulator;
- d) there may be adverse comment by the Scheme Advisory Board, and associated reputational harm.

20. Any individual LPB member who fails to follow Policy Guidelines adopted by the administering authority may be in breach of:

- a) regulations 108(3) and (4) of the LGPS Regulations 2013; and
- b) Protocol 2 of Wiltshire Council's constitution,

which may also lead to the risks set out at paragraph 16 above.

Safeguarding Considerations/Public Health Implications/Equalities Impact

21. There are no known implications at this time.

Reasons for Proposals

22. To ensure the LPB has an up to date policy to direct members' conduct and to address any conflicts of interest.

23. The Board has operated in accordance with this policy since December 2015 and is now well-established. It is considered an annual review of this policy is no longer required by the Administering Authority and the alternate proposal accords with statutory requirements to keep the document under regular review.

Proposals

24. The Committee is requested to approve the attached Code of Conduct and Conflict of Interest Policy Guidelines to the Wiltshire Pension Fund Committee, subject to an amendment that these guidelines will be reviewed and approved by the Committee at least every two years, or upon any material changes to the Regulations, relevant legislation and scheme guidance.

25. *The Committee is requested to approve the Code of Conduct and Conflict of Interest Policy Guidelines to the Wiltshire Pension Fund Committee, including the attached form for registering Members interests.*

ANDY CUNNINGHAM
Head of Pensions Administration and Relations

Report Author: Richard Bullen, Fund Governance & Performance Manager

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

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Appendix 1: Declaration of Interest Form

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

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

Part 1 requires mandatory completion & is for public disclosure

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

PART 1 - For Public Disclosure

I,

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

1. Employment, office, trade, profession or vocation

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

Member

Spouse/Civil Partner/Cohabitee

2. Contracts

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

Member

Spouse/Civil Partner/Cohabitee

3. Securities

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

Member

Spouse/Civil Partner/Cohabitee

4. Disclosure of Gifts and Hospitality

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

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

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

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

1. Employment, office, trade, profession or vocation

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

Member

Spouse/Civil Partner/Cohabitee

2. Contracts

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

Member

Spouse/Civil Partner/Cohabitee

3. Securities

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

Member

Spouse/Civil Partner/Cohabitee

4. Disclosure of Gifts and Hospitality

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

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

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

Member

Spouse/Civil Partner/Cohabitee

6. Changes to Registered Interests

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

Signed:

Date:

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
12 December 2018

PENSION FUND – TRAINING REVIEW

Purpose of the Report

1. The purpose of this report is to update Members on the results of the Pensions Knowledge & Understanding assessment & Member Effectiveness reviews following Members' completion of the on-line assessment tool circulated by the Fund's Actuarial Consultants, Hyman Robertson.

Background

2. The last assessment of Committee & Board member training was completed in 2015. Since then both the Committee & Board have experienced a number of changes in the appointment & removal of members & in light of these changes & in view of the time that has elapsed it was decided that an updated training & development strategy assessment should be undertaken.
3. In addition, the Committee & Board Members were also asked during June & July of this year to complete Hyman Robertson's national confidence assessment exercise. The results of this feedback were presented to Board members at their meeting on 11th October 2018 and are included within this meeting pack for Committee members information.
4. The Pensions Knowledge & Understanding assessment & Member Effectiveness review was open to members during the period 22nd October to 15th November and 8 out of 10 members completed the survey. The results will now form the basis of the Members future training strategy over the next 3 years, along with other topically training areas as they arise.

Considerations for the Committee

5. Although it is recognised that the on-line assessment results could only ever test a sample of the depth of knowledge held by Members, the results do highlight themes across members which it would be useful to provide additional training on. In particular these will include;
 - Actuarial methods, standards and practices
 - Pensions Administration
 - Investment Performance & risk management
6. It was noted that Committee members scored highly in areas of Pensions legislation & Accounting & Audit Standards. It was also evident that members felt confident in their roles based on the national confidence assessment exercise.
7. Officers will now undertake a more detailed analysis of the results, along with other training opportunities such as the tPR trustee toolkit and compile a comprehensive training programme.

Conclusions

8. To note that across the Committee members a good standard of knowledge, understanding & member effectiveness is being maintained, and that an updated training programme should be viewed as building upon the knowledge and experience that already exists.

Environmental Impact

9. There is no environmental impact from this report.

Financial Considerations

10. There are no immediate financial considerations.

Risk Assessment

11. There are no risks identified at this time.

Legal Implications

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

13. There are no implications at this time.

Proposals

14. The Committee are asked to note the assessment made by Officers.

ANDY CUNNINGHAM
Head of Pensions Administration and Relations

Report Author: Richard Bullen – Fund Governance & Performance Manager

LGPS

National Confidence Assessment

HYMANS  ROBERTSON

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Wiltshire Pension Fund

National Confidence Assessment

Overview

Hymans Robertson has undertaken an extensive exercise, assessing the confidence levels of those tasked with managing and assisting the 100 Local Government pension funds across the UK.

Over 50 LGPS funds participated in this first ever national assessment of Pension Committee ('Committee') and Local Pension Board ('LPB') members. Using the findings from this assessment LGPS funds will gain a strong insight into the current confidence levels of the individuals responsible for running their fund, which can help in developing more targeted and appropriate training plans for the future.

Background

The Wiltshire Pension Fund agreed to participate in the National Confidence assessment using our online questionnaire. Based on the responses from this assessment and using this results report, a formal member training plan can be either implemented or supplemented by these findings. The questionnaire is an initial assessment of Committee and LPB members' confidence within 8 key areas such as Governance, Investment Performance and Actuarial Methods.

Why does this matter?

In recent years we have seen a marked increase in the scrutiny being shown to public service pension schemes, including the 100 funds that make up the LGPS across the UK. The Public Service Pensions Act 2013 introduced new governance legislation, not least the requirement for local pension boards to be set up, and extended the remit of the Pensions Regulator to public service schemes as set out in its Code of Practice 14¹. These new requirements have seen governance gain greater prominence in regular Committee business.

All this is on top of the general oversight of the scheme, by the Ministry of Housing, Communities and Local Government ('MHCLG') in England & Wales and Scottish Ministers in Scotland, and their respective scheme advisory boards.

While fund officers may deal with the day-to-day running of the funds, it is vital that members of the Committee understand that they have ultimate responsibility for making and/or ratifying the most important decisions including investment matters and issues concerning pension administration.

The introduction of MIFID II in January 2018 placed a far greater emphasis on the attained pension knowledge levels required by Committee members when undertaking their statutory role. Consequently, the results of this assessment will indicate how participants gauge their own knowledge levels. We would

¹ **Governance and administration of public service pension schemes – issued April 2015**

encourage the use of these results to better understand the areas where Committee and LPB members feel comfortably informed, but crucially where further training may be of benefit.

In keeping with the theme of increased external scrutiny, it is vital not only that the Committee and LPB have confidence in their roles, but also that the Fund can demonstrate the steps taken to facilitate this. We would suggest you keep a record of the process used to assist the Committee and LPB with training and development. This report could form part of the overall member training records.

Approach

The members of the Wiltshire Pension Fund Committee and LPB were invited to complete an online survey. In total there were 4 respondents from the Committee and there were 2 respondents from the LPB.

Each respondent was given the same set of 29 questions on the 8 areas below:

1	Committee Role and Pensions Legislation
2	Pensions Governance
3	Pensions Administration
4	Pensions Accounting and Audit Standards
5	Procurement and Relationship Management
6	Investment Performance and Risk Management
7	Financial Markets and Product Knowledge
8	Actuarial Methods, Standards and Practices

Members could rate their confidence by answering “not confident”, “slightly confident”, “mostly confident” or “completely confident”.

The responses have been collated and analysed. For each of the 8 sections we have calculated the proportion of responses which were “mostly” or “completely” confident.

Results

The results are displayed under 2 headings in this section – ‘overall results’ and ‘individual results’. The ‘overall results’ shows the responses by category, and how these compare with the benchmark results from all respondents across the LGPS. Details of how the individual members responded is shown under the ‘individual results’ section (colour coding from Red ‘not confident’ to Green ‘completely confident’).

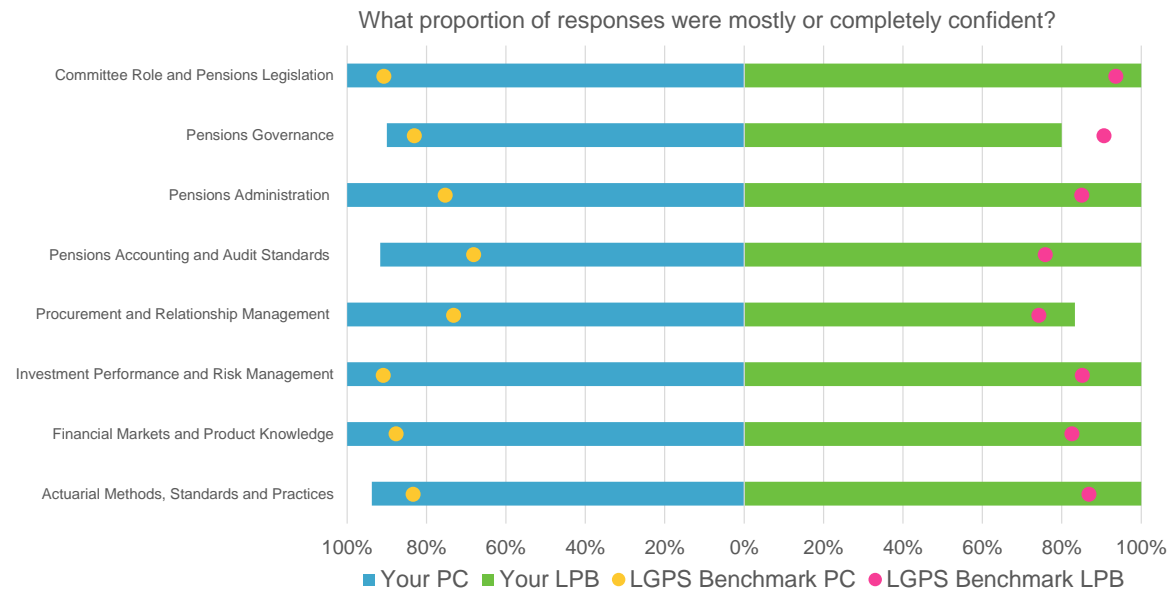
Overall Results

For each of the 8 areas we have shown the proportion of responses which were ‘mostly’ or ‘completely’ confident. This lets you see how the Committee and LPB levels of confidence vary by subject area, allowing you to pinpoint specific areas for development where fewer members have indicated they are confident. Current training plans and timetables should be reviewed and possibly adjusted based on these results.

[Reading the overall results spreadsheet](#)

The Committee (PC) scores are to the **left** of the central axis, with the LPB scores to the **right**. For both groups, the chart also dots the average National confidence score based on the responses from all participating funds.

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Benchmarking

As this confidence assessment is being conducted at national level across a number of LGPS funds we are able to provide details of how your Fund's results compare to those across the average of all funds who have taken part to date.

Commentary on Wiltshire Pension Fund results

We are mindful that the Fund's recent priorities may have an impact on their results i.e. if more recent time has been devoted to investment decisions, then you may expect members to be more confident in this area. Consequently, these results may be impacted from this 'timing' effect. Overall from the responses received there appears a strong understanding and confidence in most areas from both groups.

It is evident from the results of the assessment that the Committee's area of least confidence concerns Pensions Governance. However, the responses to questions in this section were still higher than the national average. The area of least confidence for the LPB was also Pensions Governance.

Comparison - National results

The Committee are generally more confident when compared with the national picture. The areas the Committee felt least confident were:

- Pensions Governance
- Pensions Accounting and Audit Standards
- Actuarial Methods, Standards and Practices

Typically the areas of least national confidence for LGPS Committees surveyed were Pensions Accounting and Audit Standards, Procurement and Relationship Management, and Pensions Administration.

The results from the LPB are also generally more in line when compared with the national picture. The areas the LPB felt least confident were:

- Pensions Governance
- Procurement and Relationship Management

Typically the areas of least national confidence for LGPS LPB surveyed were Procurement and Relationship Management, Pensions Accounting and Audit Standards, and Financial Markets and Product Knowledge.

Individual results

Question	Pensions Committee					Local Pensions Board		
	Member 1	Member 2	Member 3	Member 4	Committee Average	Member 1	Member 2	Board Average
1a I understand my role and obligations under the LGPS Regulations and Committee's/Board's own terms of reference	4	3	3	3	3.3	4	4	4.0
1b I understand the role of the Chair, Chief Finance Officer and Monitoring Officer in the running of the Scheme	4	4	3	4	3.8	4	3	3.5
1c I understand the main features of the Regulations applicable to the Local Government Pension Scheme	3	3	3	3	3.0	4	4	4.0
2a I am clear what the objectives are for the Fund	4	4	4	3	3.8	4	4	4.0
2b I understand the role of the administering authority in relation to the LGPS	4	3	4	4	3.8	4	2	3.0
2c I am aware of the Scheme Advisory Board and understand its role and interaction with other bodies in relation to the governance of the LGPS	4	3	2	3	3.0	3	4	3.5
2d I understand the roles and powers of MHCLG, the Pensions Regulator and the Pensions Ombudsman as they relate to the working of the scheme	4	3	2	3	3.0	3	2	2.5
2e I understand the Funds approach to risk management and how risk is monitored and managed	4	4	3	4	3.8	4	4	4.0
3a I understand the statutory record keeping requirements and the Funds policy in relation to member data, contribution collection and scheme communication	3	3	4	4	3.5	3	4	3.5
3b I have an appreciation of the Funds administration strategy and how this is delivered (inc. where appropriate the use of third parties and their performance)	3	3	4	4	3.5	3	4	3.5
3c I understand the Pensions Regulator's measures of good administration practice set out in its Code of Practice 14	3	3	3	4	3.3	4	3	3.5
4a I understand the role of the elected member in the preparation of pension fund accounts	4	4	1	4	3.3	4	4	4.0
4b I understand the difference between the different types of valuations that are carried out e.g. the triennial funding valuation, IAS19/FRS102 accounting valuations and the Government Actuary's valuation (Section 13)	3	3	4	3	3.3	4	4	4.0
4c I have a general understanding of the Accounts and Audit Regulations and the regulatory requirements for sound internal controls and proper accounting practice	3	4	4	4	3.8	4	4	4.0
5a I understand the effect pooling will have on the procurement process and the changed relationship between the committee and those that manage its assets	4	3	3	3	3.3	4	4	4.0
5b I understand the role of procurement frameworks in procuring services	4	4	4	3	3.8	4	4	4.0
5c I have a clear sense of how I will assess the Fund's providers (managers, Pool, advisors etc).	4	3	3	3	3.3	1	4	2.5
6a I understand the Fund's investment objectives	4	4	4	3	3.8	4	4	4.0
6b The Fund's investment beliefs are reflected in the underlying investment strategy	4	4	4	3	3.8	4	4	4.0
6c I understand the Fund's net cashflow position and how this might change over time	4	4	4	4	4.0	4	4	4.0
6d I am aware of Environmental, Social and Governance risks and the Fund's approach to managing these risks	4	3	4	4	3.8	3	4	3.5
7a I have a good understanding of the financial markets and investment vehicles available to the Fund	3	3	3	3	3.0	3	4	3.5
7b I understand the risk and return characteristics of the main asset classes	3	3	4	3	3.3	3	4	3.5
7c I understand why the Committee would decide to further diversify the Fund and how it would do this	4	3	4	3	3.5	3	4	3.5
7d I understand the difference between active and passive management and the pros/cons associated with each	4	3	4	3	3.5	4	4	4.0
8a I understand the role of the Fund actuary	4	3	4	3	3.5	4	4	4.0
8b I have a good understanding of the formal valuation process	3	3	3	4	3.3	4	4	4.0
8c I understand the broad principles of the Funding Strategy Statement	3	3	4	3	3.3	4	4	4.0
8d I broadly understand the implications of including new employers into the Fund and the importance of the employer covenant	3	2	4	4	3.3	4	4	4.0

Next Steps

Based on the results we would suggest that there should be consideration to the following next steps:

- Set up a structured training plan for the next 12 months covering the main areas highlighted in this report
- Confirmation of the Committee / LPB member strength of understanding via a specific governance assessment of the members knowledge and understanding
- Review of the risk management procedures at the Fund
- Discussion with both groups as to what they would specifically like in an actuarial training session
- TPR has recently published a module on the subject of Advisors and Service Providers - this could be used as the basis for a training session
- Conduct a knowledge assessment covering the 8 topics. This will assess the knowledge levels of both groups against the same 8 topics

We are happy to run training sessions, and/or provide training materials covering any of the topics covered in this report. The value of a face-to-face session for this type of training lies in members being able to ask relevant questions and interrogate the trainer on the specific areas they want to develop knowledge in. We are also able to conduct the knowledge assessment for both groups.

We will be producing a national report discussing and analysing the results at the national level. A copy of this will be made available to the Fund when the report is complete. If you wish to discuss the contents of this report further, please get in touch with Peter Riedel, Barry Dodds or myself.

Prepared by Hymans Robertson LLP.



Ian Colvin

Head of LGPS Benefits and Governance Consultancy

Reliances and Limitations

This report has been prepared for the Wiltshire Pension Fund.

This report must not be released or otherwise disclosed to any third party except with our prior written consent, in which case it should be released in its entirety.

Hymans Robertson LLP do not accept any liability to any party unless we have expressly accepted such liability in writing.

This report has been prepared by Hymans Robertson LLP, based upon its understanding of legislation and events as at August 2018.

LGPS

Knowledge Assessment

HYMANS  ROBERTSON



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Wiltshire Pension Fund

Wiltshire Pension Fund Committee and Local Pension Board - Knowledge assessment

Executive Summary

LGPS Knowledge assessment questionnaire – Results & Commentary

Since the introduction of the Public Service Pensions Act 2013 (“the 2013 Act”) there has been an increased focus on the governance arrangements of public sector pension schemes, including the Local Government Pension Scheme (LGPS). As a result the Pensions Regulator now has a far greater interest in the governance arrangements across public sector schemes and we are increasingly seeing them use the powers available to them. It is important, therefore, that LGPS Administering Authorities can demonstrate strong governance arrangements are in place, and this includes the knowledge and understanding of those responsible for the management and administration of these schemes.

Hymans Robertson have been instructed to conduct a high level knowledge assessment of the Wiltshire Pension Committee (PC) and Pension Board (PB), to inform on the current position and to highlight any actions required to address our findings. Our initial assessment covers the 8 key areas within the CIPFA knowledge and skills framework:

- Pensions Legislation;
- Pensions Governance;
- Pensions Administration;
- Pensions Accounting & Audit Standards;
- Pension Service Procurement & Relationship Management;
- Investment Performance & Risk Management;
- Financial Markets & Product Knowledge;
- Actuarial Methods, Standards & Practices.

The questionnaire is initially set out at a high level, with responses required to 3 questions on each of the above areas. Further, detailed, assessments are available in respect of each of the areas covered, where required. The output from this exercise can then be fed into the PC and PB training plans for the coming year.

Results, Commentary and Suggested Actions

A total of **8 out of 10** PC members and **4 out of 4*** PB members responded to the questionnaire (*one respondent is a member of both groups, but their results have been detailed only within the PC). Initial analysis from both groups suggests a similar level of overall knowledge and understanding across each of the 8 areas tested.

Pension Committee

The PC member's results provide evidence of a good level of knowledge and understanding within this group. Specifically, the assessment shows they have a better grasp of **Pensions Legislation** and **Pensions Accounting & Audit Standards** than that of **Actuarial Methods, Standards & Practices** and **Pension Administration**. There may be a need, therefore, to consider further training and detailed assessment in these two areas, particularly as we approach the next round of funding valuations in 2019.

Pension Board

The PB members also demonstrated a fairly strong level of knowledge and understanding on most of the areas tested in the questionnaire. Their results were particularly strong on **Pensions Governance** and **Investment Performance and Risk Management**. Their results were weaker in relation to **Actuarial Methods, Standards & Practices** and **Pensions Accounting & Audit Standards**, suggesting further training and more detailed assessment might be required in these areas.

Comparison with the National Confidence assessment – Perception vs. Reality

As with many LGPS funds that took part in the National Confidence assessment, Wiltshire Pension Fund committee and pension board respondents detailed, on the whole, high levels of confidence on the topics assessed. The reality of the knowledge assessment has shown that there are areas where members may feel confident but when tested on their actual knowledge, there are some topics that require member training.

General

When it came to the topics of **Financial Markets and Product knowledge** and **Pensions Legislation** both the PC and PB demonstrated a strong level of understanding. Overall, there is not a strong discrepancy of results between the two groups and, consequently, any training plans developed or updated should complement both groups' requirements.

Our main observations from the assessment:

- The PC appear well informed on matters of **Pensions Legislation** and **Pension Accounting & Audit Standards**. We believe they would benefit from further training and detailed assessment in in most other areas noted for lower marks, particularly **Actuarial Methods, Standards & Practices** and **Pension Administration**.
- The PB member's knowledge was particularly strong on **Pensions Governance**. This may be due to the PB's role in supporting the Administering Authority, as the scheme manager. As with the PC, however, further training and detailed assessment may be beneficial in relation to **Actuarial Methods, Standards & Practices**.

- **Governance** and **Financial Markets and Product knowledge** scored as the joint highest combined score for both groups and **Actuarial methods, standards and practices** the combined lowest joint score.

Report Details

Results tables

In the **result tables** section below we set out the individual, anonymised, results of each PC and PB respondent, together with an average score of their group based on their responses. The results table can be viewed both in the prism of how individuals have fared via each columns and as a collective group within each section and question. As an example the section on Pensions Administration highlights that 2 members of the Committee got all three questions right and the majority got either 1 or 2 wrong answers.

Ranking of highest to lowest correctly answered sections

Based on the member results we have ranked the sections assessed, for both the committee and pension board, on the highest to lowest correctly answered. This allows a quick high level analysis on areas which officer may want to target for improvements.

Commentary and suggested actions

In the tables within this section of the report, we provide further analysis of the numbers of correct and incorrect responses across the 8 topics, together with a short commentary on each and initial suggested actions for the Administering Authority to consider.

Results tables

Committee member answers (anonymised)

Question	Pensions Committee									
Pensions Legislation										
1.1 Which of the following Regulations currently apply to LGPS employers? (tick one box)										5.0
1.2 Which of the following type of employee cannot generally be a member of the LGPS?										4.0
1.3 Which of the following could be considered as not being the role of the pension fund committee/panel? (tick one box)										5.0
Pensions Governance										
2.1 What Act establishes the setting up of the local pension boards and their responsibilities?										5.0
2.2 Which of the following is not the role of the administering authority? (tick one box)										4.0
2.3 What is the role of the administering authority's Chief Finance Officer (Section 151 officer) in relation to the LGPS? (tick one box)										4.5
Pensions Administration										
3.1 Which of the following is not one of the Pensions Regulator's measures of good practice set out in its code of practice 14? (tick one box)										5.0
3.2 Which of the following is the current standard capital value of tax privileged annual pension savings a person can ordinarily enjoy without suffering a tax penalty? (tick one box)										2.5
3.3 When a member pays AVCs, who is responsible for deciding in to which Funds their contributions are invested? (tick one box)										2.5
Pensions Accounting and Audit Standards										
4.1 Which of the following statements describes the role of an elected member in the preparation of pension fund accounts? (tick one box)										5.0
4.2 Which of the following statements describes the responsibilities of the external auditor in the preparation of pension fund accounts? (tick one box)										5.0
4.3 In England and Wales, pension fund accounts are to be included in the Statement of Accounts of every authority that administers an LGPS fund in accordance with? (tick one box)										4.0
Pension Service Procurement and Relationship Management										
5.1 Which of the following statements is true? (tick one box)										4.5
5.2 What does the acronym OJEU stand for? (tick one box)										5.0
5.3 If an administering authority outsources administration to a third party provider, who is then responsible for the services provided to LGPS members? (tick one box)										3.0
Investment Performance and Risk Management										
6.1 Where should the Fund's voting policy be stated? (tick one box)										3.5
6.2 Which of the following is the least appropriate method of measuring how well the Fund is meeting its investment objective? (tick one box)										3.0
6.3 If long term fixed interest gilt and index linked gilt yields fall, which of the following is true? (tick one box)										4.5
Financial Markets and Product knowledge										
7.1 Your funding level is calculated as (tick one box)										4.5
7.2 The pension committee/panel is considering further diversifying the fund. Which of the following statements is true? (tick one box)										4.5
7.3 By lending money to companies or to Government you would be investing in which asset class? (tick one box)										5.0
Actuarial methods, standards and practices										
8.1 How often is a formal valuation of the pension fund required to take place? (tick one box)										4.5
8.2 Which of the following assumptions will the fund actuary not take into account as part of the formal valuation process? (tick one box)										3.5
8.3 The "future service rate" is (tick one box)										1.5

PB member answers (anonymised)

Question	Local Pensions Board				
Pensions Legislation					
1.1 Which of the following Regulations currently apply to LGPS employers? (tick one box)					3.0
1.2 Which of the following type of employee cannot generally be a member of the LGPS?					3.0
1.3 Which of the following could be considered as not being the role of the pension fund committee/panel? (tick one box)					5.0
Pensions Governance					
2.1 What Act establishes the setting up of the local pension boards and their responsibilities?					5.0
2.2 Which of the following is not the role of the administering authority? (tick one box)					4.0
2.3 What is the role of the administering authority's Chief Finance Officer (Section 151 officer) in relation to the LGPS? (tick one box)					4.0
Pensions Administration					
3.1 Which of the following is not one of the Pensions Regulator's measures of good practice set out in its code of practice 14? (tick one box)					4.0
3.2 Which of the following is the current standard capital value of tax privileged annual pension savings a person can ordinarily enjoy without suffering a tax penalty? (tick one box)					4.0
3.3 When a member pays AVCs, who is responsible for deciding in to which Funds their contributions are invested? (tick one box)					3.0
Pensions Accounting and Audit Standards					
4.1 Which of the following statements describes the role of an elected member in the preparation of pension fund accounts? (tick one box)					3.0
4.2 Which of the following statements describes the responsibilities of the external auditor in the preparation of pension fund accounts? (tick one box)					4.0
4.3 In England and Wales, pension fund accounts are to be included in the Statement of Accounts of every authority that administers an LGPS fund in accordance with? (tick one box)					2.0
Pension Service Procurement and Relationship Management					
5.1 Which of the following statements is true? (tick one box)					3.0
5.2 What does the acronym OJEU stand for? (tick one box)					5.0
5.3 If an administering authority outsources administration to a third party provider, who is then responsible for the services provided to LGPS members? (tick one box)					3.0
Investment Performance and Risk Management					
6.1 Where should the Fund's voting policy be stated? (tick one box)					4.0
6.2 Which of the following is the least appropriate method of measuring how well the Fund is meeting its investment objective? (tick one box)					4.0
6.3 If long term fixed interest gilt and index linked gilt yields fall, which of the following is true? (tick one box)					5.0
Financial Markets and Product knowledge					
7.1 Your funding level is calculated as (tick one box)					3.0
7.2 The pension committee/panel is considering further diversifying the fund. Which of the following statements is true? (tick one box)					4.0
7.3 By lending money to companies or to Government you would be investing in which asset class? (tick one box)					5.0
Actuarial methods, standards and practices					
8.1 How often is a formal valuation of the pension fund required to take place? (tick one box)					5.0
8.2 Which of the following assumptions will the fund actuary not take into account as part of the formal valuation process? (tick one box)					3.0
8.3 The "future service rate" is (tick one box)					1.0

Ranking of highest to lowest correctly answered sections

We have set out below the ranking of results between the PC and PB across the 8 topic headings.

PC ranking

1	Pensions Legislation
2	Pensions Accounting and Audit Standards
3	Financial Markets and Product knowledge
4	Pensions Governance
5	Pension Service Procurement and Relationship Management
6	Investment Performance and Risk Management
7	Pensions Administration
8	Actuarial methods, standards and practices



















PB ranking



















1	Pensions Governance
2	Investment Performance and Risk Management
3	Financial Markets and Product knowledge
4	Pensions Legislation
5	Pensions Administration
6	Pension Service Procurement and Relationship Management
7	Pensions Accounting and Audit Standards
8	Actuarial methods, standards and practices







































Commentary and suggested actions



















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Responses	Commentary and Suggested Action																		
<p>Section 1 – Pensions Legislation (3 questions)</p> <p>PC Responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>22</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>2</td> </tr> </table> <p>PB Responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>8</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>4</td> </tr> </table> <p>Combined Responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>30</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>6</td> </tr> </table>		Correct	22		Incorrect	2		Correct	8		Incorrect	4		Correct	30		Incorrect	6	<p><i>Commentary</i></p> <p>The responses from the PC member’s indicate a strong level of knowledge on the three questions posed in this area. Only one area caused a slight level of uncertainty and that was on the type of employee eligible to be a member of the LGPS*.</p> <p>Within this area the PB members evidenced a slightly lower grasp of Pensions Legislation detail. They would perhaps benefit best from further training and detailed assessment or information bulletin on the key issues within the Pensions Legislation area.</p> <p>*Confirmation of the types of members that are able to join the LGPS and the different employer organisations now represented in the LGPS (particularly following a TUPE transfer). This could be broaden out to include details on Best Value Authorities and new Fair Deal implications.</p> <p>Encouragingly all respondents knew the answer to the question on the pension fund committee role.</p> <p><i>Suggested Action</i></p> <ol style="list-style-type: none"> 1. Ensure that there is appropriate training in place to maintain and improve members knowledge in this area 2. Introduce a Legislation update into Committee / PB meetings
	Correct	22																	
	Incorrect	2																	
	Correct	8																	
	Incorrect	4																	
	Correct	30																	
	Incorrect	6																	


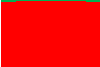





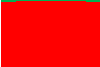





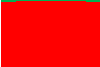




Responses	Commentary and Suggested Action																		
<p>Section 2 – Pensions Governance (3 questions)</p> <p>PC Responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>21</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>3</td> </tr> </table> <p>PB responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>10</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>2</td> </tr> </table> <p>Combined responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>31</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>5</td> </tr> </table>		Correct	21		Incorrect	3		Correct	10		Incorrect	2		Correct	31		Incorrect	5	<p><i>Commentary</i></p> <p>This was the joint highest combined score from both groups. This snapshot of pension governance indicates that members of the PC and PB have a good knowledge of the governance issues faced by LGPS funds.</p> <p>While it ranks 4th in the PC ranking, it was only one more correct answer from being the equal highest score for that group.</p> <p>Governance has seen increased publicity across the public sector schemes in recent years, as well as more widely across the pensions’ world. The results of this assessment indicate that the Administering Authority has been successful in bringing this area to the attention of both the PC and PB, who in turn have placed the necessary importance on ensuring they have the knowledge and understanding required of them.</p> <p><i>Suggested Action</i></p> <ol style="list-style-type: none"> 1. Officers to ensure that governance training requirements are a strong focus for committee and pension board members. 2. Specific training session on external bodies (MHCLG / TPR / TPO) roles and responsibility would give members a strong understanding of the full LGPS governance and external scrutiny landscape.
	Correct	21																	
	Incorrect	3																	
	Correct	10																	
	Incorrect	2																	
	Correct	31																	
	Incorrect	5																	



















Responses	Commentary and Suggested Action																		
<p>Section 3 – Pensions Administration (3 questions)</p> <p>PC Responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>14</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>10</td> </tr> </table> <p>PB responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>8</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>4</td> </tr> </table> <p>Combined responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>22</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>14</td> </tr> </table>		Correct	14		Incorrect	10		Correct	8		Incorrect	4		Correct	22		Incorrect	14	<p><i>Commentary</i></p> <p>Though this was generally well answered by the PB members, this was the second weakest area for the PC. There appears to be a lack of pension tax knowledge based on the tax question in this section and the answers supplied by the PC members.</p> <p>It is important that those responsible for running or assisting in the good governance of LGPS funds have a good grounding in all aspects of their role, therefore, administration knowledge and understanding should be given an increased prominence on the agenda of both groups.</p> <p>A training session on pension administration would be advisable, to better inform the PC/PB members. Furthermore, we would advise that confirmation as to how AVC's work within the LGPS should be presented to both groups.</p> <p><i>Suggested Action Suggested Action</i></p> <ol style="list-style-type: none"> 1. Pension administration presentation for PC members (with PB members invited) 2. Review of the administration report supplied to both groups. 3. Both groups to be asked for their thoughts on this area and how they would prefer information to be presented to them
	Correct	14																	
	Incorrect	10																	
	Correct	8																	
	Incorrect	4																	
	Correct	22																	
	Incorrect	14																	

Responses	Commentary and Suggested Action																		
<p>Section 4 – Pensions Accounting & Audit Standards (3 questions)</p> <p>PC Responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>22</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>2</td> </tr> </table> <p>PB responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>7</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>5</td> </tr> </table> <p>Combined responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>29</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>7</td> </tr> </table>		Correct	22		Incorrect	2		Correct	7		Incorrect	5		Correct	29		Incorrect	7	<p><i>Commentary</i></p> <p>This area had the biggest disparity between both groups. Though the PC had indicated that they weren't as confident on this topic within the National Confidence assessment, when presented with specific questions they were almost all answered correctly.</p> <p>The PB may want a specific session with the pension accountant and the lead audit manager for the Fund. They may also require a meeting with the external auditor for the Fund and confirm the audit requirements for the Wiltshire Pension Fund.</p> <p><i>Suggested Action</i></p> <ol style="list-style-type: none"> 1. Review of the presentation of pension accounting and audit reports to both groups. 2. Provide appropriate training to the PB on this topic
	Correct	22																	
	Incorrect	2																	
	Correct	7																	
	Incorrect	5																	
	Correct	29																	
	Incorrect	7																	

Responses	Commentary and Suggested Action																		
<p>Section 5 – Pension Service Procurement & Relationship Management (3 questions)</p> <p>PC Responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>19</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>5</td> </tr> </table> <p>PB responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>8</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>4</td> </tr> </table> <p>Combined responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>27</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>9</td> </tr> </table>		Correct	19		Incorrect	5		Correct	8		Incorrect	4		Correct	27		Incorrect	9	<p><i>Commentary</i></p> <p>This was generally a well answered section, however the response from both the PC and PB members suggested some weakness in the area of outsourcing.</p> <p>This is a key point that both groups should understand. Scheme employers and administering authorities may outsource a variety of services for others to deliver but cannot abdicate their responsibilities when doing so.</p> <p><i>Suggested Action</i></p> <ol style="list-style-type: none"> 1. The question regarding outsourcing of services points to the wider question on Fund responsibilities. We would recommend that a training session or paper is produced for members on specific responsibilities of the administering authority.
	Correct	19																	
	Incorrect	5																	
	Correct	8																	
	Incorrect	4																	
	Correct	27																	
	Incorrect	9																	

Responses	Commentary and Suggested Action																		
<p>Section 6 – Investment Performance & Risk Management (3 questions)</p> <p>PC Responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>16</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>8</td> </tr> </table> <p>PB responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>10</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>2</td> </tr> </table> <p>Combined responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>26</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>10</td> </tr> </table>		Correct	16		Incorrect	8		Correct	10		Incorrect	2		Correct	26		Incorrect	10	<p><i>Commentary</i></p> <p>Perhaps surprisingly this was one of the poorer answered questions for the PC. Traditionally we have seen this section being well understood, so the apparent lack of understanding here is possibly a cause for concern. Furthermore the evidence from the National Confidence assessment suggested that this would be a strong area for the Committee.</p> <p>Conversely this was generally well answered by the PB. The reason why there has been a difference in knowledge in this area between the PC and PB should be investigated by officers – has there been any specific PB training in this area?</p> <p><i>Suggested Action</i></p> <ol style="list-style-type: none"> 1. The adjustment to the world of LGPS pooling will unalterably affect how the PC deals with investment issues going forward. We would suggest this adjustment is made clear to members and there is a strong understanding of their role now on investment matters. 2. Confirmation to the PC on the method of measuring the Fund against its investment objectives – possibly via a presentation on how this is appropriately tracked 3. PC to undertake training and detailed assessment on the topic
	Correct	16																	
	Incorrect	8																	
	Correct	10																	
	Incorrect	2																	
	Correct	26																	
	Incorrect	10																	

Responses	Commentary and Suggested Action																		
<p>Section 7 – Financial markets & Product knowledge (3 questions)</p> <p>PC Responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>22</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>2</td> </tr> </table> <p>PB responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>9</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>3</td> </tr> </table> <p>Combined responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>31</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>5</td> </tr> </table>		Correct	22		Incorrect	2		Correct	9		Incorrect	3		Correct	31		Incorrect	5	<p><i>Commentary</i></p> <p>This was the second highest combined score and the highest for the PC. There was very little that caused issues to respondents.</p> <p>This was also strongly answered within the National Confidence assessment for Wiltshire and perhaps this is due to the traditional time that this is given to it within meetings. Given the changes to English and Welsh LGPS funds investment governance structure, with the introduction of investment pooling, the Fund should regularly review that knowledge in this area is maintained at the current high level.</p> <p><i>Suggested Action</i></p> <ol style="list-style-type: none"> Regular updates from the Brunel Pension Partnership
	Correct	22																	
	Incorrect	2																	
	Correct	9																	
	Incorrect	3																	
	Correct	31																	
	Incorrect	5																	

Responses	Commentary and Suggested Action																		
<p>Section 8 – Actuarial methods, standards & practices (3 questions)</p> <p>PC Responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>13</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>11</td> </tr> </table> <p>PB responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>6</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>6</td> </tr> </table> <p>Combined responses</p> <table border="0"> <tr> <td></td> <td>Correct</td> <td>19</td> </tr> <tr> <td></td> <td>Incorrect</td> <td>17</td> </tr> </table>		Correct	13		Incorrect	11		Correct	6		Incorrect	6		Correct	19		Incorrect	17	<p><i>Commentary</i></p> <p>This section was the lowest combined score by quite a margin from the majority of the other topics – bar pension’s administration. Only 1 member of the PC correctly answered what the future service rate means and no members of the PB answered this question correctly. This, along with the varied answers received within the actuarial assumption question, would indicate that both groups require training on actuarial concepts. This is particularly relevant, given the fact that the Administering Authority is about to undertake the formal triennial valuation as at 31 March 2019.</p> <p>The question regarding the frequency of valuations was flawlessly answered by both groups.</p> <p><i>Suggested Action</i></p> <ol style="list-style-type: none"> 1. Committee and Pension Board given training and then reassessment on this topic
	Correct	13																	
	Incorrect	11																	
	Correct	6																	
	Incorrect	6																	
	Correct	19																	
	Incorrect	17																	

Conclusion	Commentary and Suggested Action
<p><u>Prioritise training for the PC on the basis of:</u></p> <ol style="list-style-type: none"> 1. Training session that specifically focusses on LGPS administration issues 2. Training on actuarial, standards and practices (share with PB). Particularly important in the run up to the 2019 Fund Valuation 3. Overview training on roles and responsibilities within the LGPS <p><u>Prioritise training for the PB on the basis of:</u></p> <ol style="list-style-type: none"> 1. Initial training on accounting and audit standards 2. Training on actuarial, standards and practices (with Committee) 3. Overview training on roles and responsibilities within the LGPS 	<p>In combination with the indicative results from the Funds’ participation in our National Confidence assessment and the findings from this knowledge assessment, both groups have evidenced a relatively strong level of knowledge and understanding required across the various areas for which they have responsibility.</p> <p>There was, however, evidence of a lack of understanding in certain areas. In order to ensure a balanced level of knowledge and understanding across all of the required areas, training plans should aim to maintain the competency levels of high performing areas while raising it in those lower performing areas.</p> <p><i>Overview - suggested actions</i></p> <ol style="list-style-type: none"> 1. Ongoing assessment of the Committee and PB knowledge within each specific sections. Where required, adjustment to members training plans following results.

Prepared by:-

Pete Riedel and Andrew McKerns

Hymans Robertson Benefits and Governance Consultants

30 November 2018

For and on behalf of Hymans Robertson LLP

Appendix 1: Questions and Answers

1	Pensions Legislation	Answer	2	Pensions Governance	Answer
1.1	Which of the following Regulations currently apply to LGPS employers?		2.1	What Act establishes the setting up of the local pension boards and their responsibilities?	
	A The Local Government Pension Scheme Regulations 2013			A Pensions Act 1995	
	B The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016			B Public Service Pensions Act 2013	✓
	C The Local Government (Early Termination of Employment) (Discretionary Compensation) (England & Wales) Regulations 2006			C Pension Schemes Act 1993	
	D All of the above	✓		D Superannuation Act 1972	
1.2	Which of the following type of employee cannot generally be a member of the LGPS?		2.2	Which of the following is not the role of the administering authority?	
	A Cleaners employed by a Further Education College			A Maintain and administer the local LGPS Fund	
	B Secretarial staff in an academy			B Determine how the fund's assets are allocated	
	C Employees of a contractor providing a service in connection with the function of a scheme employer			C Advise the Secretary of State on changes to the LGPS	✓
	D Teachers in a local authority school	✓		D Pay pension benefits to members and dependants	
1.3	Which of the following could be considered as not being the role of the pension fund committee/panel?		2.3	What is the role of the administering authority's chief finance officer (section 151 officer) in relation to the LGPS?	
	A Agreeing the fund's communication policy			A Confirming early retirement decisions	
	B Agreeing the early retirement decisions of the senior officers	✓		B Ensuring there is an effective system of internal financial control	✓
	C Setting the overall funding objectives			C Providing expert advice	
	D Signing off the triennial funding valuation			D Appointing the fund's advisers	

3	Pensions Administration	Answer	4	Pension accounting and Audit Standards	Answer
3.1	Which of the following is not one of the Pensions Regulator's measures of good practice set out in its code of practice 14?		4.1	Which of the following statements describes the role of an elected member in the preparation of pension fund accounts?	
A	Appropriate knowledge and understanding		A	Approve the statement of accounts	✓
B	Strong internal controls and good data and record keeping		B	Examine on a test basis, evidence that the information contained in the accounts is consistent with the information contained in supporting information	
C	Providing high quality information to members		C	Provide an opinion on whether the accounts reflect a 'true and fair view' of the financial transactions of the pension fund	
D	Performance against industry standards	✓	D	No involvement at all – it is solely an officer function	
3.2	Which of the following is the current standard capital value of tax privileged annual pension savings a person can ordinarily enjoy without suffering a tax penalty?		4.2	Which of the following statements describes the responsibilities of the external auditor in the preparation of pension fund accounts?	
A	£50,000.00		A	Approve the statement of accounts	
B	£40,000.00	✓	B	Selecting suitable accounting policies and then applying them consistently	
C	£215,000.00		C	Provide an opinion on whether the accounts reflect a 'true and fair view' of the financial transactions of the pension fund	✓
D	There is no annual limit		D	No involvement at all – it is solely an officer function	
3.3	When a member pays AVCs, who is responsible for deciding in to which funds their contributions are invested?		4.3	In England and Wales, pension fund accounts are to be included in the Statement of Accounts of every authority that administers an LGPS fund in accordance with?	
A	The AVC provider		A	CIPFA CoP	
B	The administering authority		B	Local Government Act	
C	The scheme employer		C	The LGPS Regulations	✓
D	The scheme member	✓	D	Public Services Pensions Act	

5	Pension Service Procurement and Relationship Management	Answer	6	Investment Performance and Risk Management	Answer
5.1	Which of the following statements is true?		6.1	Where should the Fund's voting policy be stated?	
A	Appointments of advisers, investment managers and other providers above a minimum threshold (in terms of value p.a.) are subject to European public procurement regulations	✓	A	It does not have to be recorded	
B	The committee should agree the procurement rules that they will apply to each appointment in advance		B	The Statement of Investment Principles / Investment Strategy Statement	
C	All advisory and manager appointments are subject to the requirements of EU public procurement		C	The Funding Strategy Statement	✓
D	Appointments of advisers and investment managers above a minimum threshold (in terms of value) are subject to UK public procurement regulations		D	In the pension committee/panel minutes	
5.2	What does the acronym OJEU stand for?		6.2	Which of the following is the least appropriate method of measuring how well the fund is meeting its investment objective?	
A	Official Journal of the European Union	✓	A	A comparison of the investment return relative to that of other LGPS funds	✓
B	Officers' Journal of European Underwriters		B	A comparison of the investment return relative to its strategic benchmark return	
C	Operational Jurisdiction of European Users		C	A comparison of the value of the assets relative to the value of the liabilities	
D	Occupational Justification of Expenditure Usage				
5.3	If an administering authority outsources administration to a third party provider, who is then responsible for the services provided to LGPS members?		6.3	If long term fixed interest gilt and index linked gilt yields fall, which of the following is true?	
A	The third party provider		A	The discounted value of the liabilities falls	
B	The administering authority	✓	B	The discounted value of the liabilities rises	✓
C	Scheme employers				
D	All of the above				

7	Financial markets and Product knowledge	Answer	8	Actuarial methods, standards and practices	Answer
7.1	Your funding level is calculated as		8.1	How often is a formal valuation of the pension fund required to take place?	
A	Value of assets / value of liabilities	✓	A	Every year	
B	Value of liabilities / value of assets		B	Every 3 years	✓
C	Contribution income / pensions paid		C	Whenever there is a change in the regulations	
			D	Every 5 years	
7.2	The pension committee/panel is considering further diversifying the fund. Which of the following statements is true?		8.2	Which of the following assumptions will the fund actuary not take into account as part of the formal valuation process?	
A	The fund can be diversified by choosing new assets which behave differently to the ones currently in the fund	✓	A	Inflation	
B	The fund can be diversified by choosing new assets which behave in broadly the same way to the ones currently in the fund		B	Investment returns	
C	Private equity should be considered as it is positively correlated with listed equities		C	Life expectancy	
D	Hedge funds should be included as they guarantee to provide a return in all market conditions		D	Cost of early retirement strain costs	✓
7.3	By lending money to companies or to Government you would be investing in which asset class?		8.3	The "future service rate" is	
A	Bonds	✓	A	The cost of 1 additional year extra benefit accrual for the fund	✓
B	Property		B	The cost of paying pensions out in the next year	
C	Equities		C	The rate calculated by Government for the LGPS as a whole	
D	Cash		D	The cost of all future benefit accrual until members retire	

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