

AGENDA

Meeting: Wiltshire Pension Fund Committee

Place: County Hall, Bythesea Road, Trowbridge, BA14 8JN

Date: Tuesday 17 December 2019

Time: 10.30 am

Please direct any enquiries on this Agenda to Jessica Croman, of Democratic Services, County Hall, Bythesea Road, Trowbridge, direct line 01225 718262 or email jessica.croman@wiltshire.gov.uk

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

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

Membership:

Cllr Steve Allsopp
Cllr Tony Deane (Chairman)
Cllr Brian Ford
Cllr Simon Jacobs

Cllr George Jeans
Cllr Gordon King
Cllr Christopher Newbury

Substitutes:

Cllr Derek Brown OBE
Cllr Matthew Dean
Cllr Sarah Gibson
Cllr Gavin Grant

Cllr Robert Jandy
Cllr Bob Jones MBE
Cllr Fleur de Rhé-Philippe MBE
Cllr Ian Thorn

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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

AGENDA

Part I

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

1 **Membership**

To note any changes to the membership of the Committee.

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

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

3 **Apologies for Absence**

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

4 **Minutes** (*Pages 7 - 18*)

To confirm the Part 1 minutes of the meeting held on 3 October and 25 October.

5 **Review of Actions Log**

6 **Declarations of Interest**

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

7 **Chairman's Announcements**

To receive any announcements through the Chairman.

8 **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 Tuesday 10 December 2019 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 Thursday 12 December 2019. 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.

9 **Minutes and Key Decisions of the Local Pensions Board**

To consider the Part 1 minutes, and recommendations arising, from the Local Pension Board meeting held on 14 November.

10 **Scheme, Legal, Regulatory and Fund Update** (*Pages 19 - 24*)

A report from officers updating the Committee on various developments.

11 **Fund Benchmarking** (*Pages 25 - 28*)

A paper showing the results of benchmarking exercise on costs per member of Funds within the Brunel PP group.

12 **Key Performance Indicators (KPIs)** (*Pages 29 - 42*)

A report summarising the latest KPIs for the period 1 July 2019 to 30 September 2019.

13 **Budget Monitoring Report** (*Pages 43 - 48*)

A paper by Officers providing a quarterly update on progress against the Fund's budget.

14 **Pension Fund Risk Register** (*Pages 49 - 56*)

An updated Risk Register is brought to the Committee for its consideration.

15 **Good Governance Report (Phase 2)** (*Pages 57 - 74*)

A paper summarising the phase 2 summary report from Hymans Robertsons, on behalf of the SAB, in relation to *Good Governance*.

16 **Administration Strategy** (*Pages 75 - 120*)

A revised Administration Strategy is presented to Committee for approval.

17 **Communication Strategy** (*Pages 121 - 132*)

A revised Communications Strategy is presented to Committee for approval.

18 **Annual Training Review** (*Pages 133 - 146*)

An update on the Fund's training strategy and a present a new training strategy for officers.

19 **Audit Plan 2020-2021** (*Pages 147 - 150*)

A paper proposing the Audit's Plan for 2020-2021

20 **Contract Management Review** (*Pages 151 - 154*)

A summary of the contracts review during the year and those due for review in the future.

21 **Date of Next Meeting**

To note that the next regular meeting of the Committee will be held on 26 March 2020.

22 **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.

23 **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 24-27 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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24 **Brunel Pension Partnership update**

A verbal update by the Investment Manager on the progress of the implementation of the Brunel Pension Partnership.

25 **Investment Quarterly Progress Report** (*Pages 155 - 184*)

Four confidential reports are circulated updating the Committee on the performance of the Fund's investments. These were considered by the Investment Sub-Committee at

its meeting on 5 September and are circulated for information only.

26 **Investment Sub-Committee Minutes** (*Pages 185 - 198*)

To confirm the Part 2 (confidential) minutes of the meeting held on 3 October and 25 October.

27 **Brunel Oversight Board Meeting Minutes**

Finalised and draft minutes from the most recent meeting.

Wiltshire Pension Fund Committee

MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 3 OCTOBER 2019 AT COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

Present:

Cllr Steve Allsopp, Cllr Tony Deane (Chairman), Diane Hall, Cllr Robert Jandy (Substitute), Cllr Gordon King, Chris Moore and Mike Pankiewicz

Also Present:

Anthony Fletcher and Howard Pearce

55 **Membership**

It was noted that Councillor Roy While had stood down from being a Councillor. A replacement for his position on the WPFC would be appointed at the next full council meeting.

The committee thanked Roy for his contributions to the WPFC and the council.

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

Two members of the public were present for part 1 of the agenda.

57 **Apologies for Absence**

Apologies were received from:

Cllr Brian Ford who was substituted by Cllr Robert Jandy

58 **Minutes**

RESOLVED

The Part 1 minutes of the meeting held on 18 July 2019 were approved.

59 **Declarations of Interest**

There were no declarations of interest.

60 **Chairman's Announcements**

The chairman announced that there would be an extraordinary WPFC on the 25 October to consider the valuations.

Barry Dodds, Hymans Robertson, explained that Hymans had been working on the valuations over the last few months noting delays relating to data quality. The initial results had been discussed and the valuations would be presented at the WPFC meeting on the 25 October, with a meeting to follow in the afternoon of the 25 October with employers. The valuations followed a mechanistic approach displaying the impacts on life expectancy. It was likely that some rates would go up or down.

Key points from questions asked included: whether the papers/ findings would be available prior to the meeting; confirmation on the deadline to agree rates and the frequency of valuation exercises.

Officers and Hymans in response noted that: A summary of the valuation process and results would be available five working days prior to the meeting and individual employer reports would be available on the day; The legal deadline to agree employer contribution rates was the 31 March 2020 although the aim was to try and agree the rates within a month of issuing them, there was not an obligation to negotiate the rates, although it was in the best interest of everyone to find a mutually agreeable rate; the Fund had responded to the consultation on the frequency of the valuation exercise noting their concerns on having the exercise every five years, although this was now out of their hands to change.

RESOLVED

Officers and Hymans to produce a valuation briefing paper prior to 25th October meeting.

Officers to review data queries raised during the valuation process and identify themes.

61 **Public Participation**

Public Participation

Jane Laurie

The Chairman referred to the public questions received and invited officers to respond to the questions.

- 1. Which oil, gas and coal companies are included in the Wiltshire Pension Fund's managed funds, and how much is invested in each?*

Officers noted that not all of the relevant information was immediately available. The pensions team had written to the investment managers and were working to collate the information. A written response would be provided within five working days.

2. *As stated at the Responsible Investing seminar, the Brunel Partnership allows for areas of particular interest and concern to partners to be selected. Will the WPF select climate change (and the risk of stranded assets) as one of their top concerns?*

Officers noted that Wiltshire Council had recently declared a climate emergency, Brunel were aware of Wiltshire's position, and that work was on-going.

3. *What analysis has the WPF done into the potential risk of stranded assets, especially in oil, gas and coal investments? How does this risk compare to that of any negative impact, if any, resulting from divestment from these companies?*

Officers noted that this type of analysis was not carried out in house, but that officers would expect the Fund's investment managers to carry out work prior to making an investment, and as part of ongoing monitoring. The WP was aware of the issues and the committee had been briefed. If there were any concerns, the WPF and officers could raise the issues with investment managers. Diverse portfolios were built to try and avoid stranded assets.

Jane Laurie gave a three minute statement.

The Chairman thanked Jane for her comments noting that the WPF was heading in the right direction.

RESOLVED

The Pension Investment Manager to provide a written response to Jane Laurie within 5 working days.

62 **Minutes and Key Decisions of the Local Pensions Board**

RESOLVED

To approve the Part 1 minutes, and recommendations, from the Local Pension Board meeting held on 22 August 2019.

63 **Review of Actions Log**

Richard Bullen, Fund Governance & Performance Manager, highlighted the key points of the actions log which included:

- At the WPF in December 2018 it was agreed to provide more metrics to compare the WPF with other funds. CIPFA had produced a standard template for all funds to use to publish their figures. WPF was using the

template along with other funds to enable comparison. The national direction was to have public data which would could be compared.

- The administration strategy was under review and would be taken to the next LPB and WPF meetings.
- IT issues were being raised at an appropriate level as they appear.
- The unaudited annual report was published on the website. A final version would be available once the annual accounts had been signed off. No issues were highlighted from the audit of the WPF accounts.
- Implementing the strategic asset allocation was on-going.

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

Andy Cunningham, Head of Pensions, introduced the item referencing the report included with the agenda, noting that not much had changed. Key areas highlighted were: The consultation on the valuation cycle had ended in July although no response from the Government had yet been received; The Good Governance project was on-going with a report from Hymans; Officers had completed the rollout of the new online scheme member portal (Member Self Service (MSS)). There had been a 20% take up so far and it was hoped that the number would rise over time; The benefit statement has been published -, despite a few issues and the majority of benefit statements were sent on time. 92% of the statements were sent out on time, with data quality, missing data and IT issues being sighted as the key reasons for the failure to deliver the other 8%. An amber Pension Regulator breach has been recorded and a strategy to issue the remaining statements formulated.

During the debate the following points were made: That retirees could only access their payslip on a separate system as not much information is currently held on MMS; MMS take up would be monitored; The pensions dashboard was still in its very early stages and officers were unsure what the system would look like, or the information it would provide.

RESOLVED

Officers to implement the strategy to improve the issuance of member Benefit Statements

65 **Internal Audit Report**

The Governance & Performance Manager introduced the item explaining that WPF challenged itself against the compliance with the Pension Regulator's Code of Practice 14 for the Fund year 2018-19.

A questionnaire was used which posed 83 questions covering all areas of the Fund's internal controls, it was concluded that most of the areas reviewed were found to be adequately controlled and being well managed. Overall an improvement was observed from 16 areas identified as requiring improvement in 2017-18 to 10 areas in 2018-19.

SWAP (the Independent Auditor) provided a “Reasonable” assurance concerning the self-assessment followed and recommended that the Fund completed random sample testing of the responses received from managers involved in the self-assessment to confirm that the responses were correct.

It was noted that the new risks identified related to the LPB as it was difficult to recruit to the board. Steps were being taken to change the terms of reference for the Board so recruitment could be less prescriptive. A training strategy was being written for officers and member training would be explored further.

RESOLVED

Officers to submit an Officer training policy to the Board.

Officers to sample test responses from Managers in accordance with the auditor’s recommendation.

66 **Budget Monitoring Report**

Jenny Devine, Pensions Investment Manager, introduced the report noting that some figures had been identified which were missing from the report and the overall overspend was less than previously thought.

Rozalyn Vernon, Fund Investment & Accounting Manager, explained that there had been a £27k overspend on the controllable budget, with a £1.9M net overspend which was mostly due to investment manager costs and Brunel costs.

During the discussion it was noted that: there had been a lack of continuity and transparency in the process of employing agency staff, including the transfer of an agency staff member to the Bloom Agency.

The Chairman requested that future reports include simplified data.

RESOLVED

To note the projected outturn for 2019/20 and the details of the appendix.

67 **Pension Fund Risk Register**

The Governance & Performance Manager introduced the risk register and gave an overview of the changes that had been made.

Questions were asked about the McCloud case and data reliance. In response, officers explained that the McCloud case highlighted issues around the requirements of data collection and not the quality of that data. Data had not been collected as existing regulations did not require it and the McCloud case has potentially created a retrospective requirement. The WPF is asking all employers to retain their data and providing guidance on data retention.

Employers would be asked to retain data for 13 years, with the WPF asking for an additional 15 years for it to be retained. Employers would therefore be requested to retain their data for 28 years although it was recognised that they were entitled to set their own data retention policies.

The committee discussed the WPF's position on carbon footprint and responsible investments and they agreed that the WPF was moving in the right direction. However, the risk register would continue to record this issue as an amber risk.

There was a brief discussion on Brexit and it was noted that it was difficult to know the impacts of Brexit. The Chairman also noted that changes to the appointment of a S151 officer continued to be a risk.

At the end of the debate it was;

RESOLVED

The Committee noted the Risk Register and approved the changes/actions recommended by officers in their briefing report.

It was agreed that the Chairman would speak to Council leader regarding the appointment of a S151 officer.

68 **Good Governance Report**

The Governance & Performance Manager presented the results of a review commissioned by the Scheme Advisory Board (SAB) & published by Hymans Robertson in July 2019, which examined the effectiveness of the current LGPS governance models and considered the alternatives or enhancements which could strengthen LGPS governance.

Four governance models had been proposed with the majority of feedback favouring options 1 and 2, namely Improved Practice & Greater ring-fencing. In summary, the feedback generally indicated that whilst more clarity would be welcome in the Fund's governance arrangements the role of the Administering Authority was still seen as valuable and no one model would suit all Funds.

The training of Members was briefly discussed and it was noted that there was a training strategy in place which treated both the LPB and WPF in the same way. Both groups of Members were encouraged to maintain their knowledge & understanding albeit, it was recognised that only the Board members has a statutory duty to do so.

A question was asked as to whether an independent advisor would need to be involved with asset transitions to Brunel, with another independent advisor checking their work.

The committee was advised that officers had recommended to Brunel to use an independent advisor in the future.

RESOLVED

The appointment of an Asset Transition Manager would be recorded on the risk register.

Paper copies of the Good Governance document would be circulated to members on request.

69 **Date of Next Meeting**

It was noted that there was an extraordinary committee meeting on the 25 October 2019 and the next ordinary meeting would take place on the 17 December 2019.

70 **Urgent Items**

There were no urgent items.

71 **Exclusion of the Public**

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 72-78 because it was 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.

72 **AVC Review Update**

A report on the AVC review was presented and it was;

RESOLVED

The committee noted the paper, Governance Report and performance figures from Prudential.

Officers would report the results of their AVC reviews annually to Committee on an exception basis & that future reporting should focus on funds primarily used by members.

Future reporting should recommend whether AVC investment choices need to altered.

73 **Alternative Employer Investment Strategy**

The Head of Pensions Administration & Relations introduced the proposal for implementing a separate employer investment strategy for certain groups of employers and it was;

RESOLVED

a). **The Committee approved the introduction of the separate employer investment strategy as outlined within the report, to apply with effect from 1 April 2020 for relevant employers (or sooner if an employer requests);**

b) **To delegate to officers the approach to onboarding appropriate employers and to moving employers between the main and alternative investment strategy.**

c). **For officers to wait until they see what the take up is before exploring the possibility of introducing a further alternative investment strategy where they consider it would appear to be beneficial for employers and the Fund.**

74 **Funding Strategy Statement (FSS)**

Officers and Hymans Robertson presented an updated draft FSS and it was;

RESOLVED

The Committee approved the draft Wiltshire Pension Fund - Funding Strategy Statement 2019, subject to the period of consultation of employers not resulting in any material changes being deemed required by officers.

75 **Brunel Pension Partnership Update**

There was a verbal update by the Investment Manager on the progress of the implementation of the Brunel Pension Partnership.

76 **Investment Quarterly Progress Report**

Three confidential reports were presented updating the Committee on the performance of the Fund's investments. These were considered by the Investment Sub-Committee at its meeting on 5 September and were circulated for information only.

RESOLVED

- **To note the two investment reports and the update provided by officers and advisers at the meeting;**

- To approve increasing the allocation to Magellan up to 8% of the total value of the Fund, less the value of the Partners Group portfolios, to be funded from the disinvestment from the Loomis Sayles Absolute Return bond fund;
- To increase the allocation to global property to 35% of the total property portfolio;
- To implement the disinvestment from Barings diversified growth fund by making a series of 5-6 equal sized monthly redemptions, and temporarily invest the proceeds in index linked gilts;
- To approve that the increase in protection assets is actioned by creating a new allocation to secured income of 10% of the total fund value, and that this is held in index linked gilts (from the proceeds of the Barings disinvestment) in the interim until this can be deployed;
- To begin the process of data sharing information on the property portfolios with Brunel, and to seek more assurance on the documentation and ability of Brunel to manage the first transitions before reassessing whether to go ahead with transitioning Wiltshire's property funds to Brunel;
- To instruct CBRE to notify Wiltshire officers before making any commitments to closed-ended funds;
- To approve the expenditure of £13,000 on an exercise to carry out carbon footprinting analysis on the Fund's investments;
- To sign up to support the Transition Pathway Initiative;
- To transfer the Fund's entire passive equity exposure (from the currently held portfolios of UK passive equities, hedged global passive global equities and hedged fundamental passive equities) into a portfolio of hedged low carbon passive equities, to be managed by Brunel.

77 **Minutes and Key Decisions of the Investment Sub Committee**

The Part 2 (confidential) minutes of the Investment Sub Committee meeting held on 5 September 2019 were presented and it was;

RESOLVED

To approve the minutes and key decisions of the Part 2 (confidential) minutes of the Investment Sub Committee held on 5 September 2019.

78 **Minutes**

The Part 2 (confidential) minutes of the meeting held on 18 July 2019 were presented and it was;

RESOLVED

To approve the Part 2 (confidential) minutes of the meeting held on 18 July 2019.

(Duration of meeting: 10.30 am - 1.55 pm)

The Officer who has produced these minutes is Jessica Croman of Democratic Services, direct line 01225 718262, e-mail jessica.croman@wiltshire.gov.uk

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

Wiltshire Pension Fund Committee

MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 25 OCTOBER 2019 AT KENNET ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

Present:

Cllr Steve Allsopp, Dark, Cllr Tony Deane (Chairman), Diane Hall, Cllr George Jeans, Cllr Gordon King, Chris Moore, Cllr Christopher Newbury and Mike Pankiewicz

Also Present:

Andy Cunningham, Richard Bullen, Jennifer Devine, Deborah Hindson, Catherine McFadyen, Barry Dodds

79 **Apologies for Absence**

Apologies were received from Howard Pearce.

80 **Declarations of Interest**

There were no declarations of interest.

81 **Chairman's Announcements**

There were no Chairman's announcements.

82 **Public Participation**

There were no members of the public present.

83 **Date of Next Meeting**

It was noted that the next regular meeting of the Committee will be held on 17 December 2019.

84 **Urgent Items**

There were no urgent items.

85 **Exclusion of the Public**

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 86 - 87 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.

86 **Valuation Results**

The Committee received a presentation from the actuary outlining the results of the latest Triennial Valuation including the whole fund position and the provisional, individual employer contribution rates.

Resolved

- 1. To note the contents of this paper and the verbal report of the Actuary.**
- 2. To note the provisional employer contribution rates for the next three years as provided on the 25 October 2019, for presentation to the employer bodies.**
- 3. To note that discussions will be held between officers and employer bodies to finalise employer contribution rates in line with Funding Strategy Statement, and taking account of any risk-based review, and that an update will be presented to the March Committee meeting.**

87 **Flight Path Review**

The Committee received a proposal from Jenny Devine, Investment Manager, regarding the arrangements in place around the de-risking flight path procedure.

Resolved

To approve that the current flight path procedure is amended, such that the funding level continues to be monitored, and if the funding level as at the 2019 actuarial valuation falls by 20%, then an immediate review is triggered, with appropriate actions recommended to the Committee in a timely manner.

(Duration of meeting: 10.30am-12.30pm)

The Officer who has produced these minutes is Craig Player of Democratic Services, direct line 01225 7131391, e-mail craig.player@wiltshire.gov.uk

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

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

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

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

Organisation	Subject	Link	Status	Comments	Risk Ref
				we made to make onerous retrospective changes to the Scheme (w/e from April 2019 but not known until the end of 2019/early 2020) and that such changes would not be included within the triennial valuation.	
	Tier 3 employers review	http://www.lgpsboard.org/index.php/board-publications/invitation-to-bid	No change since the last meeting	Covers those Fund employers with no tax raising powers or guarantee (excludes academies). SAB is keen to identify the issues and risks related to these employers' participation in the LGPS and to see if any improvements/changes can be made. There are currently two concurrent phases of work involved – collating data and identification of issues. SAB will then assess the risks to Funds and consider next steps. Aon Hewitt has recently produced a detailed report which is available on the SAB website which outlines its 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.	None
	Good Governance Project (formerly known as the Separation Project)	http://www.lgpsboard.org/images/PDF/BoardFeb18/PaperBItem50218.pdf	Updated	Hymans-Robertson, on behalf of the SAB, has now released its report on phase II which outlines a number of specific recommendations. These recommendations will be presented to the Committee on 17 December 2019.	None
	Guidance Project	http://www.lgpsboard.org/images/PDF/BoardFeb18/PaperBItem50218.pdf	No change since the last meeting	The Guidance project will identify regulations which may be better placed within statutory guidance and to both propose the necessary amendments and assist HMCLG with the drafting of guidance. This project is at an early stage and no further information is available at this time.	PEN039

Organisation	Subject	Link	Status	Comments	Risk Ref
	Data Project	http://www.lgpsboard.org/images/PDF/BoardFeb18/PaperBItem50218.pdf	No change since the last meeting	<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>	None
Wiltshire Pension Fund	Miscellaneous Updates	None	New	<p>a). <u>Terms of reference:</u> The proposed Terms of Reference for the Local Pension Board and Wiltshire Pension Fund Committee have now been amended and are ready to be re-submitted to the Constitutional Focus Group before progressing to the Standards Committee and Full Council for approval in early 2020.</p> <p>The Local Pension Board ToR have only had relatively minor changes while the Committee ToR have been updated to bring them up to a similar level of detail to the LPB.</p> <p>b). <u>Triennial valuation update:</u> The actuary presented the results of the triennial valuation to the Committee and employers on 25 October 2019. Officers are now in the process of agreeing final contribution rates with employers within the parameters agreed by the Committee in the funding strategy statement.</p> <p>c). <u>Funding strategy statement:</u> The revised funding strategy statement has now been published following the end of the statutory consultation with employers (no responses)</p> <p>d). <u>I-connect:</u> The Fund has now gone live with its first three employers after a period of testing and dual running and is now looking to onboard on average 10 employers per month over a period for around 1.5 years until it has complete coverage of employers.</p> <p>e). <u>tPR Scheme Return and survey:</u> Officers have completed both of these important pieces of work and sent them back to tPR.</p>	None

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WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE

17 December 2019

Fund Benchmarking review

Purpose of the Report

1. This report sets out to provide the Wiltshire Pension Fund (WPF) Committee with a benchmark comparison of the Fund's statistical results recorded in its Annual Report & Accounts (AR&A) 2018/19 against its peer group of fund's within the Brunel Pension Partnership arrangement.
2. The benchmark comparisons are made up of the total cost per member figure as an indicator of how Fund is operating.

Background

3. Historically, benchmarking LGPS pension funds against each other has not been practical, as funds have not prepared their AR&A statistics using the same measures, leading to a lack of comparability. However, the introduction of the new CIPFA accounting standards "Preparing the Annual Report: Guidance for Local Government Pension Scheme Funds (2019 Edition)" has attempted to move some way to resolving this lack of clarity.
4. Whilst the new guidance required by Regulation 57 of The Local Government Pension Scheme Regulations 2013 (England and Wales) has made benchmarking comparisons easier to achieve, a number of the WPF's peer group have not yet adopted the new guidance for the 2018/19 scheme year. We believe that this is primarily due to the lateness in which the final guidance was published by CIPFA but also because of difficulties that Funds seem to be having in extracting the required information. Consequently, officers have only made comparisons on the cost per member basis and not on administrative processing targets as previously anticipated.

Considerations for the Committee

Cost per member results

5. Whilst there is a degree of comparability in the headline figures, each Fund's approach to splitting at the more granular level between the practice areas of investment, administration & governance is less clear. This is particularly apparent in respect of the Environment Agency's cost per member result which is more than three times greater than its next nearest peer. Furthermore, WPF is clearly an outlier on Governance costs which suggests a materially different approach is being taken by other funds (note officers were planning to change this anyway as also align future budget setting to the same three categories).
6. Broadly speaking the total cost per member value of funds range between £150 & £300 per annum (the national average being £245.30) with the biggest influence on the final figure being the cost of each fund's investment fees. With regard to the anomaly presented by the Environment Agency three factors appear to be apparent, namely it has both a closed and open fund & the values in Appendix I were only taken from the AR&A's

in its open fund, its administration is outsourced whilst all other funds operate an in-house administration arrangement.

Conclusion

7. As indicated it is still too early to place too much scrutiny on these results. Whilst the headline values have provided a degree of high-level reference, it is clear from the results that for any real burden to be placed on them, an analysis of what sits behind the figures would need to take place with each fund. In particular, the Fund is aware there appears to be material differences in how costs are attributed between each of the three buckets.
8. In a broad assessment of the WPF against its peers, its cost per member results mean the Fund sits approximately in the middle of its peer group despite going through a period of change and investment in improvements.
9. It is also noteworthy to observe that WPF have been earlier in embracing new guidance whilst some others in our peer group have been slower to do so.

Environmental Impact of the Proposal

10. Not applicable.

Financial Considerations & Risk Assessment

11. There are no known implications at this time.

Legal Implications

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

13. There are no known implications at this time.

Proposals

14. For the Committee to note:
 - a). The findings of this assessment.
 - b). Officers' intention to expand the depth of analysis in future once more Funds adopt the CIPFA guidance. In particular, to benchmark service standards.
 - c). Officers' intention to align future budget setting between the categories of Administration, Governance and Investment and to re-assess it's approach to the SF3 categories.

Andy Cunningham
Head of Pensions, Administration & Relations

Report Author: Richard Bullen, Fund Governance & Performance Manager

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

Brunel Pension Partnership Group Cost & Performance Benchmarking - Annual Reports 2019

Cost area	Comment (including National Average CPM figure)	Avon Pension Fund	Buckinghamshire County Council Pension Fund	Cornwall Pension Fund	Devon Pension Fund	Dorset County Pension Fund	Environment Agency Pension Fund	Gloucestershire County Council Pension Fund	Oxfordshire Pension Fund	Somerset Pension Fund	Wiltshire Pension Fund	
Unit Cost Per Member 2018/19												
A). Investment management expenses												
Total cost (£'000)	3 SF3 classification	£23,109	£13,501	£15,602	£15,210	£11,991	£24,337	£6,492	£8,116	£6,178	£9,401	
Total membership no.	1	111,145	77,678	53,604	128,146	71,133	26,335	60,134	63,536	66,889	67,307	
Cost per member (£)	2 £216.55	£198.84	£173.81	£291.06	£118.69	£168.57	£924.13	£107.96	£127.74	£92.36	£139.67	
B). Administration costs												
Total cost (£'000)	4 SF3 classification	£1,829	£2,177	£964	£2,084	£1,745	£576	£1,397	£1,797	£1,170	£1,867	
Total membership no.	1	111,145	77,678	53,604	128,146	71,133	26,335	60,134	63,536	66,889	67,307	
Cost per member (£)	2 £20.08	£15.75	£28.03	£17.98	£16.34	£24.53	£21.87	£23.23	£28.28	£17.49	£27.74	
C). Oversight & Governance costs												
Total cost (£'000)	5 SF3 classification	£1,436	£559	£214	£705	£609	£1,371	£553	£470	£608	£135	
Total membership no.	1	111,145	77,678	53,604	128,146	71,133	26,335	60,134	63,536	66,889	67,307	
Cost per member (£)	2 £8.67	£12.36	£7.20	£3.99	£5.50	£8.56	£52.20	£9.20	£7.40	£9.09	£2.01	
Total cost per member (£) (B+C)		£28.75	£28.11	£35.23	£21.97	£21.84	£33.09	£74.07	£32.43	£35.68	£26.58	£29.75
Total BPP Group ranking		4	8	2	1	7	10	6	9	3	5	
Total cost per member (£) (A+B+C)		£245.30	£226.95	£313.04	£140.46	£201.66	£998.06	£140.39	£163.42	£118.94	£169.42	
Total cost per member BPP Group ranking		8	7	9	3	6	10	2	4	1	5	

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WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
17 December 2019

PENSION FUND KEY PERFORMANCE INDICATORS

Purpose of the Report

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

Background

2. The Fund has committed to reporting administration KPIs in order to help improve management information, assist with performance monitoring and increase transparency of the administration performance. This objective fits in with our overriding objectives to ensure the effective management and governance of the Fund and to provide an effective, customer friendly benefits administration service.
3. This commitment is also in line with the Pensions Regulator's increased focus on governance of public service pension schemes resulting from the extension of its remit to cover public service pension schemes via the Public Service Pension Act 2013 and the resulting *Code of Practice 14 - Governance and administration of public service pension scheme* which sets out the wide-ranging governance requirements the Regulator expects to see adhered to.

Considerations for the Committee

4. As part of the goal to improve the quality of KPI reporting the following changes have been made:
5. Appendix 2: tPR Measures
Officers have commissioned its pension software provider, Heywood, to produce revised Common and Conditional data in line with the approach agreed by the Pension Regulator and Scheme Advisory Board.
 - a). Common data: It is worth noting that the methodology used by the Fund to date for self-assessing itself against this measure was 'harsher' than the approach agreed between the Regulator and Heywood and hence the percentage score increase is attributable to the change in methodology rather than an underlying improvement in data quality.
 - b). Conditional data: This is first time the Fund has been able to produce this figure following SAB's completion of its analysis.
Both of these scores will be submitted to tPR as part of the statutory Scheme Return.
6. Appendix 4: Employer breakdown (table 2)
Officers have now included a breakdown of the figures shown in table 1 for the largest 5 employers so that the Board and Committee are aware of where employer delays lie. Note a more detailed breakdown has not been provided because the number cases quickly become immaterial when looking at the data of smaller employers.

Conclusions

General comments

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

Disclosure Regulations (Appendix 1)

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

tPR Common and Conditional Data percentages (Appendix 2)

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

Administration Strategy KPIs – Fund (Appendix 3)

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

Administration Strategy KPIs – Employers (Appendix 4)

15. In the majority of cases, employers provide Retirement information before the date the member leaves with 71% meeting the target time. Employer performance also appears to be fairly consistent across different employers.
16. The submission time for leavers and refunds are significantly longer with over half the leavers being submitted over two months late, which contributes to the issues identified in the Disclosure KPIs (Appendix 1). Table 2 also shows considerable variation across the

major employers for leavers and refunds (which are submitted together). Employers timeliness should improve with the use of i-Connect.

Environmental Impact

17. There is no environmental impact from this report.

Financial Considerations

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

Risk Assessment

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

Legal Implications

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

21. There are no implications at this time.

Proposals

22. The Committee is requested to note the:
a). Fund's performance against the KPIs; and
b). Officer's intention to add benchmarked KPIs against other Funds each year following the publication of each Fund's Annual Report and Accounts.

Andy Cunningham

Head of Pensions Administration and Relations

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

APPENDIX 1: Disclosure Requirements (CIPFA template)

Benefit Administration Key Performance Indicators

Disclosure Regulations

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

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

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

APPENDIX 2: tPR Data Quality scores

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

Total score = 97.9% (from 94.2%)

b). tPR Conditional Data Percentage

Total score = 95.4%

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

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

Wiltshire Pension Fund

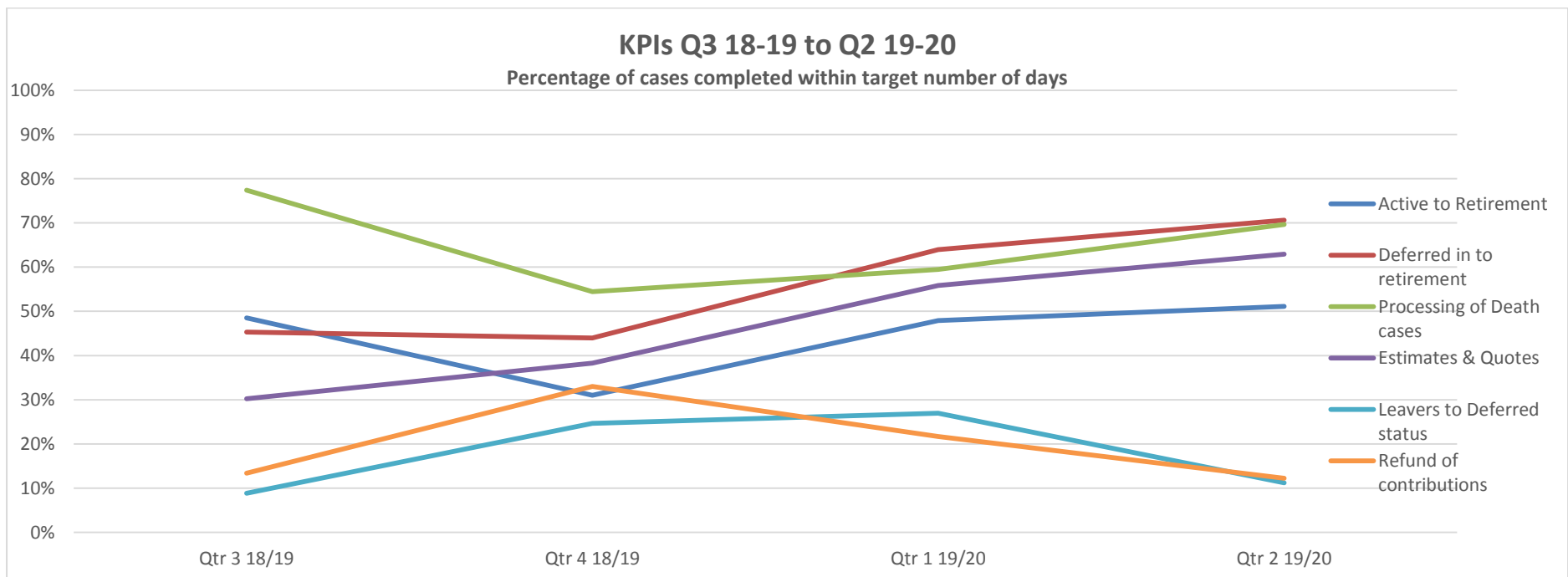
Benefit Administration Key Performance Indicators

Administration Strategy

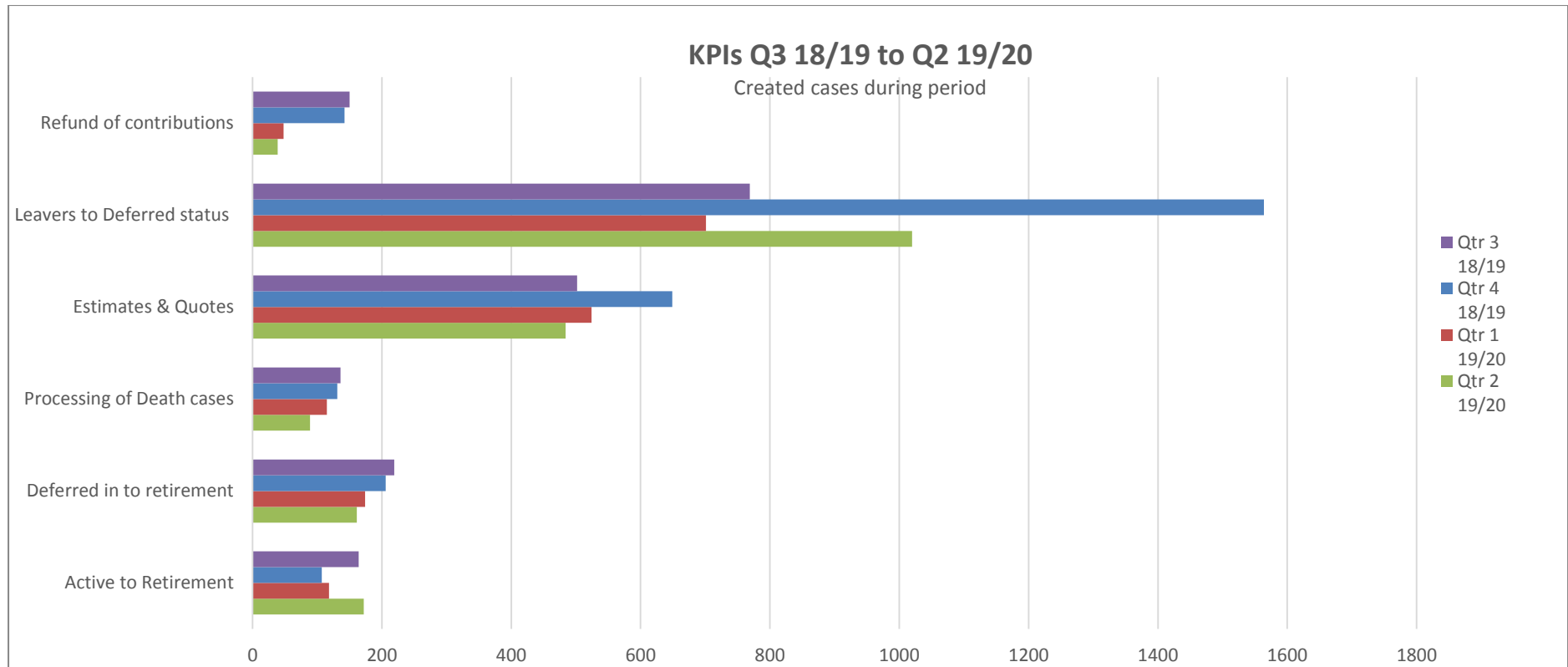
Period **01/07/2019** to **30/09/2019**

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

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

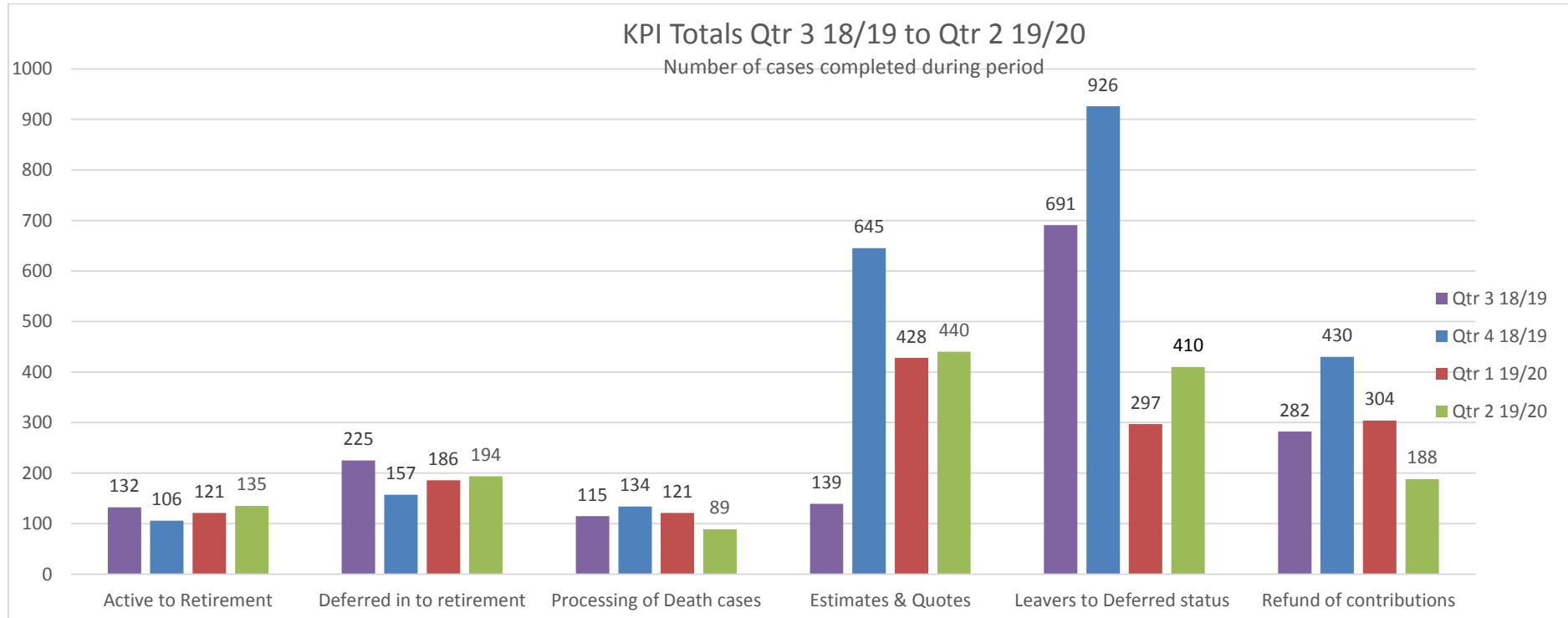


APPENDIX 3: Administration Strategy KPIs - Fund (Chart 2)

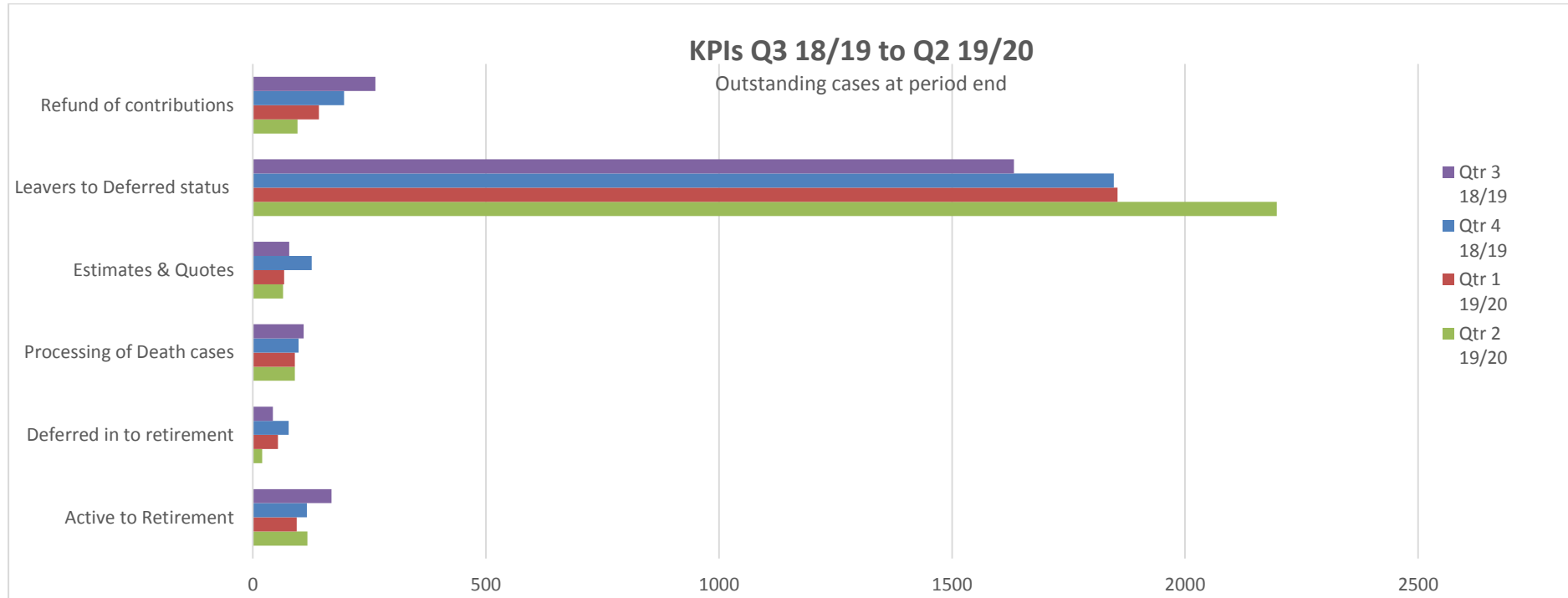


Note: Leaver to Deferred Status includes cases which will be later determined to be refund of contributions.

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



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



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

Employer Key Performance Indicators

Administration Strategy

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

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

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

5 Largest Employers and others

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

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

Employer

Managed
Records

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

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

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WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
17 December 2019

WILTSHIRE PENSION FUND PROJECTED OUTTURN

Purpose of the Report

1. This paper presents a projected outturn on the Fund's financial activities.

Key Considerations for the Committee

Overall projection against controllable budgets

2. A net over-spend of £47k (1.7%) is currently being projected against controllable budgets (excluding investment management fees and securities lending income). This comprises a £22k (0.9%) projected underspend against Fund Scheme Administration and a £69k (25.1%) overspend against Fund Investment Costs (see *appendix 1*).

Other costs

3. The costs of pooling are expected to be £395k higher than previously estimated. This is due to using Brunel's previous budget in the Wiltshire Pension Fund budget, however we now know that costs will be higher due to increased Brunel budget and amended business case as reviewed and approved by the Brunel Oversight Board.
4. From quarter 3 the forecast includes a reduced forecast (by £26k) for securities lending income. This is because the securities lending income came almost entirely from one stock held in Baillie Gifford's global equities portfolio, and as this has now been transitioned into the Brunel Pool we are unlikely to receive the same level of securities lending income going forward.
5. Because of better than expected investment performance the latest projection for investment management costs is a total £1.7m spend above initial expectations. Investment Management Fees are mostly dependent on Fund manager performance.

(see *appendix 2*)

Key points for members to note

6. The overspend against Fund Investment Costs includes £50k overspend against Investment Administration. As reported to the Committee at its last meeting, these are agency costs that relate to last financial year which were not charged to our accounts until 2019/20 due to a delay in the member of staff being set up on the Bloom agency system via HR/Procurement.
7. The investment overspend also includes £19k overspend against Investment Consultancy fees. This is in relation to greater than initially expected costs associated with developing the new strategic asset allocation as determined by the Committee during the year. Additional costs in this area include costs for appointing the listed infrastructure manager (Magellan), carrying out additional reviews on the best way to deploy protection assets), and additional costs associated with pooling (for example assurance work done on Brunel's property offering). Subsequently, this is a difficult area in which to budget costs, as issues may emerge throughout the year where advice which was not anticipated is required. Officers will continue to monitor investment consultancy costs and will endeavour to keep costs as low as possible while still ensuring that appropriate advice is sought when there is a need. Investment consultancy costs have also been reduced in some areas, for example carrying out in-house a piece of work relating to the annual report which was previously done by the consultants.

8. The £22k net underspend projected against the Administration budget is largely to a projected underspend against external legal costs and bank interest received following increases to bank interest rates during the year.
9. The Committee are asked to note the changes to the layout of this report as requested by members at the previous meeting. The report now includes:
 - A prior year comparison column (appendix 1 and 2)
 - Percentages to illustrate level of projected over/ underspend against budget (appendix 1 and 2)
 - Additional data which shows fees relative to the investment gains/ losses achieved during the year (appendix 3)

We have also made some additional changes as follows:

- Controllable costs for Fund Investment and Fund Scheme Administration are now reported on a separate Appendix to Fund Investment Management Fees (along with costs of pooling and securities lending income). This is to reflect that spend on Manager Fees are mostly dependent on manager performance.

The Committee is also asked to note that there will be a move towards reporting the cost of Governance separately from Investment and Administration to attain a better link of budget and spend to the source of decision making and better alignment with the SF3 return and compliance with general industry best practice.

Environmental Impacts of the Proposals

10. There no known environmental impact of this report.

Financial & Legal Implications

11. The financial implications are outlined within the report. There are no known legal implications from the proposals.

Safeguarding Considerations/Public Health Implications/Equalities Impact

12. There no known implications at this time.

Proposals

13. The Committee is asked to:
 - i. Note the projected outturn for 2019/20 and details in the attached appendices
 - ii. Approve the move to reporting and budgeting for Governance costs separately to Investment and Administration as outlined in paragraph 9 above.

ROZALYN VERNON
Fund Investment and Accounting Manager

Report Author: Rozalyn Vernon, Fund Investment and Accounting Manager

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

Appendices:

Appendix 1: Projected Outturn Summary – Fund Investment and Fund Scheme Administration
Appendix 2: Projected Outturn Summary – Fund Investment Management fees and Securities Lending Income
Appendix 3: Fees Relative to Investment Gain/ Loss Achieved

WILTSHIRE PENSION FUND BUDGET 2019-20 FORECAST

Appendix 1

2019-20

Explanations

	Prior Yr Spend £000	Budget £000	2019-20 Projection £000	Variance £000	Variance %
<u>Fund Investment Costs</u>					
Investment Administration	133	149	199	50	34% Costs from 1819 due to HR/Procurement delay in setting member of agency staff up for payment
Investment Consultancy	168	117	136	19	16% Cost of manager selection (Magellan) and strategy review (additional detail provided in appendix 2)
Corporate Governance Services	9	9	9	0	0%
	310	275	344	69	25%
<u>Fund Scheme Administration</u>					
Pension Scheme Administration	1,649	2,002	1,977	-25	-1% Interest rates have increased leading to greater returns on overnight deposits
Actuarial Services	291	285	307	22	8% Overspend on work relating to the valuation exercise
Legal Advice	49	50	30	-20	-40% Reduced spend expected on external legal services in 1920 due to changes in the Internal Legal Team.
Committee & Governance	75	109	110	1	1%
	2,064	2,446	2,424	-22	-1%
Total - CONTROLLABLE BUDGETS	2,374	2,721	2,768	47	2%

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WILTSHIRE PENSION FUND BUDGET 2019-20 FORECAST

Appendix 2

	2019-20					Explanations
	Prior Year Spend £000	Budget £000	Projection £000	Variance £000	Variance %	
<u>Fund Investment Management Fees</u>						
Segregated Funds	9,092	5,568	5,603	35	1%	Forecast updated to reflect latest fee estimates for the year
Pooled Funds *	7,396	3,339	4,980	1,641	49%	*Includes Invisible (or non direct charged) fees adjustment for higher asset base and investment in direct infrastructure.
Total FUND INVESTMENT FEES	16,487	8,907	10,583	1,676	19%	
Brunel - cost of pooling	1,292	660	1,055	395	60%	Higher forecast spend on pooling via Brunel, due to increased budget and amended business case as reviewed and approved by the Brunel Oversight Board.
Securities Lending Income	- 596	- 300	- 274	26	-9%	Reduced sec lending income expected following transition of Overseas Equities fund into the Pool in December
Total NET COSTS OF INVESTMENT MANAGEMENT	17,184	9,267	11,364	2,097		

Appendix 3

FEES RELATIVE TO INVESTMENT MARKET VALUE

Fund	31-Mar-19 Closing market value £000	1 April - 31 March 19 Total Fees £000	1 April - 31 March 19 Fees to closing mv %	30-Sep-19 Total market value £000	30-Sep-19 Total fees £000	2019/20 Fees to mv %
CBRE Global Multi Manager - Property	343,114	479	0.14%	350,501	240	0.14%
Baillie Gifford - Global Equity	436,612	1,391	0.32%	443,402	759	0.34%
Legal & General - Passive Gilts	424,140	92	0.02%	414,209	12	0.01%
Legal & General - Global Equity	132,922	126	0.09%	139,396	22	0.03%
Investec - Emerging Markets	257,780	1,125	0.44%	274,971	601	0.44%
Brunel - Passive UK Equity	66,052	16	0.02%	69,054	2	0.00%
Legal & General - Smart Beta	343,733	379	0.11%	363,023	166	0.09%
M&G	1,531	10	0.64%	1,528	4	0.50%
Magellan	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	87,687	237	0.54%
Barings - Dynamic Asset Allocation	246,080	1,080	0.44%	256,343	558	0.44%
Partners - Pooled Infrastructure 2012	26,769	395	1.48%	28,329	214	1.51%
Partners - Direct Infrastructure 2015	21,430	475	2.22%	28,005	233	1.66%
Partners - Global Infrastructure 2018	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	5,502	142	5.15%
Loomis - MAC and ARB	276,736	1,369	0.49%	282,491	697	0.49%
	2,576,899	6,937		2,744,440	3,886	

* Please note that fees for Baillie Gifford exclude the annual performance fee

* Figures for Partners 2018 not included in 201819 totals as this Fund has only been in place since January 2018

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WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
17 DECEMBER 2019

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

Key Considerations for the Committee / Risk Assessment

4. The significance of risks is measured by the interaction of the likelihood of occurrence (likelihood) and the potential impact of such an occurrence (impact). This register uses the Council's standard "4x4" approach, which produces a risk status of Red, Amber or Green (RAG).
5. During the last quarter the following "new risk" was identified which follows a general recommendation by the Pension Regulator on how Funds should view and manage Cyber Risk.
 - **PEN018: Failure to set in place appropriate Cyber Security measures:** (Green) Over reliance by the Fund is potentially being placed on its Administering Authority's IT security arrangements & that of its key software database providers without proper scrutiny/reporting of their security arrangements.
6. The evidence-based review of the register identified the following risks had changed or need to be recategorized;
 - **PEN032: Failure to manage Fund budgets & controllable costs:** (From Amber to Green) Budget monitoring reports are now submitted to the Committee at each quarterly meeting.

7. Risks remaining “red”, high risk:
 - **PEN048: The transition of the pooling of LGPS assets with BPP fails to deliver the projected savings:** Progress and updates should continue to be regularly reported to Committee
8. It is recommended that one risk is removed from quarterly presentation to the Committee. This is;
 - **PEN035: Failure to maintain the Pension Administration Strategy as an effective strategy document:** (Green) A draft Pension Administration Strategy has been prepared for presentation to the Committee in December. It will relate to the Fund's business plan.

Board recommendations at their meeting – 14th November 2019

- **PEN042: Significant retrospective legislation changes related to the McCloud case:** (From Red to Amber) On actuarial guidance it is anticipated that whilst a review will be required the financial impact may be minimal as in most cases the underpin check for a member's benefits will not bite. However, the administrative impact is still expected to be material and hence this risk has been set at amber.
Recommendation to remain red due to potentially significant administrative impact.
- **PEN011: Lack of expertise of Pension Fund Officers and Service Director, Finance:** The Director of Finance & Procurement is still being filled on an interim basis, however other senior officer roles in the Pension Fund have now been filled by permanent staff for a significant period of time. This risk has therefore reduced.
Recommendation to remain amber & on main risk register until permanent s151 Officer appointed.
- **PEN017: A lack of knowledge and expertise on the Pension Fund Committee:** (From Amber to Green) Generally both Committee & Board members are taking a more active approach to training and requesting structured training in key areas.
Recommendation to remain amber & be split into PEN017a – Knowledge & Understanding & PEN017b – Member compliance with all relevant regulations.
- **PEN049: MiFID II compliance** (Amber) A new risk to be added to the risk register

Financial Implications

9. No direct implications.

Legal Implications

10. There are no known implications from the proposals.

Environmental Impacts of the Proposals

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

12. There are no known implications currently.

Proposals

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

ANDY CUNNINGHAM
Head of Pensions Administration and Relations

Report Author: Richard Bullen, Fund Governance & Performance Manager

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

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Ref.	Risk	Cause	Impact	Primary Risk Category (CIPFA)	Secondary Risk Category (Operational)	Risk Owner	Level of risk (Inherent)	Impact	Likelihood	Inherent risk score	Controls in place to manage the risk	Impact	Likelihood	Residual risk score	Further Actions necessary to manage the risk	Level of risk (Residual)	Direction of Travel	Risk Action Owner	Date for completion of action
Horizon Risks																			
PEN049	Failure to comply with the FCAs MIFID II compliance	The introduction of new financial & investment requirements with effect from 3rd January 2018 in which the Fund opted up to "Professional Investor" status	Committee members & key officers, particularly those sitting on the ISC need to ensure that they maintain a requisite level of knowledge & understanding to satisfy the "Professional Investor" requirements	FINANCIAL MARKETS & PRODUCTS	SERVICE FUNCTION	Jennifer Devine	Medium	4	2	8	Controls include: 1) An annual review of training needs for members & officers 2) A self-certification by members that they continue to consider themselves "professional investor" competent 3) The implementation of a policy & procedure to ensure officers to manage the ongoing compliance framework & 4) For the MIFID II requirements to be included in the 2020-21 audit plan	4	1	4	None	Low	↑	Jennifer Devine	N/A
PEN018	Failure to set in place appropriate Cyber Security measures	Over reliance by Fund is potentially being placed on its Administering Authority's IT security arrangements & that of its key software database providers without proper scrutiny/reporting of their security arrangements	Impact is significant concerning the operational effectiveness of the Fund, notably in relation to the data held and the ability to calculate and process member benefits	ADMINISTRATION	SERVICE FUNCTION	Andy Cunningham	Low	4	1	4	Cyber security reports to be requested on an annual basis from both Wiltshire Council's IT department & the main database manager Heywood's. Further steps will be considered on the receipt of those reports	4	1	4	None	Low	↑	Andy Cunningham	N/A
PEN045	GMP legislative changes	The Government has been planning to make a number of changes to way that GMPs work which brings about certain risks. In particular, changes to the indexation approach (which have been repeatedly delayed) and equalisation between males and females.	Both sets of plans could increase scheme costs and cause material amounts of additional administrative work.	ADMINISTRATION	SERVICE FUNCTION	Andy Cunningham	Low	2	2	4	Senior officers to keep themselves apprised of developments.	2	2	4	None	Low	→	Andy Cunningham	N/A
PEN044	Change to valuation cycle	The Government is consulting on changing the fund valuation cycle. In short term this could mean a one-off 5 year gap followed by quadrennial valuations.		GOVERNANCE	SERVICE FUNCTION	Andy Cunningham	Low	1	3	3	Officers will respond to the consultation stating they are not in favour of such a change	1	3	3	None	Low	→	Andy Cunningham	N/A
PEN043	Administration disruption and employer cost pressures cause by the Cost Cap review	The cost cap floor has been breached meaning the Scheme rules need to be adjusted.	Administration: Some impact on administration processes and communications - unknown at the moment as the details have not been finalised. Cost: Higher costs for employers	ADMINISTRATION	SERVICE FUNCTION	Andy Cunningham	Medium	2	4	8	None until further information is available. Note: this is unlikely to happen until the McCloud case changes are finalised, as McCloud will already increase costs in itself.	2	4	8	None	Medium	→	Andy Cunningham	N/A
PEN042	Significant retrospective legislation changes related to the McCloud case	An age discrimination case taken to Court by a group of firefighters and Judiciary employees	Increased contribution rates for employers and high levels of administration time and complication.	ADMINISTRATION	SERVICE FUNCTION	Andy Cunningham	High	3	4	12	None - Whilst it now appears almost certain that a change will take place, it is still unclear exactly what the change will be, its magnitude and how the Fund can mitigate it. It is noted that the Valuation results have made no allowance for the consequences of the McCloud case, primarily due to the prudence applied to the investment return expectations of 75%, but also due to the implementation of actuarial guidance.	2	4	8	On actuarial guidance it is anticipated that whilst a review will be required the financial impact may be minimal as in most cases the underpin check for a member's benefits will not bite	Medium	→	Andy Cunningham	N/A
PEN040	The Fund's inability to implement the conclusion of the Fair Deal Consultation	This consultation contains proposals which would strengthen the pensions protections that apply when an employee of an LGPS employer is compulsorily transferred to the employment of a service provide	The proposed amendments to the LGPS Regulations 2013 would, in most cases, give transferred staff a continued right to membership of the LGPS. Failure to implement the changes would have a significant impact on affected members benefits.	GOVERNANCE	SERVICE FUNCTION	Andy Cunningham	Low	2	2	4	Officers have responded to the consultation but have yet to hear anything further from MHCLG. The next step is likely to be either another consultation or the introduction of legislation. Officers will continue to monitor developments to help ensure it is prepared to make any changes required.	2	2	4	None	Low	→	Denise Robinson	N/A
PEN039	The Fund's inability to implement the reforms associated with the Good Governance Project	SAB has requested a review of governance structures for the LGPS using a criteria of four possible governance models which might help funds to deliver good governance for their employers and members. A final consultation report is due in July 2019	Poor governance has a reputational risk impact, leading to poor service for Fund stakeholders, a lack of clarity of roles & responsibilities and potential conflicts of interest emerging	GOVERNANCE	SERVICE FUNCTION	Andy Cunningham	Low	2	2	4	Officers have contributed feedback to the consultation exercise in May 2019 and taken part in various discussions. This has helped officers gain an understanding of the likely direction of travel and help ensure the Fund is aligned and prepared (for example by making certain adjustments to the terms of reference).	2	2	4	None	Low	→	Richard Bullen	N/A
PEN038	The Fund's inability to implement the DWP's Dashboard within a notified timescale.	Late communication by the DWP to specify their requirements for the Fund to comply with this new nationwide Dashboard. Potential for unexpected implementation costs and/or the Fund being unable to meet the reporting requirements.	Non-compliance would lead to a reputational risk for the Fund. A statutory requirement to contribute may also be created.	ADMINISTRATION	SERVICE FUNCTION	Andy Cunningham	Low	1	2	2	Senior officers to keep themselves apprised of developments and seek more detailed information as the project develops.	1	2	2	None	Low	→	Mark Anderson	N/A
PEN021	Ineffective implementation of the Public Sector Exit Cap	The Treasury is consulting on draft regulations to introduce a cap of £95,000 on exit payments in the public sector, in response to concerns about the number of exit payments that exceed or come close to £100,000 and the need to ensure they represent value for money. This will include changes to LGPS regulations. Introduction of exit cap will require an additional burden on the administration team as it is likely to effect all redundancy calculations. Funds are often given little time to implement changes which brings about this risk.	Changes need to be communicated to individuals and employers and systems adapted once the revised regulations have been approved. LGPS Fund's could be in breach of the legislation in they are logistically unable to implement the cost cap mechanism once introduced.	LEGISLATIVE	SERVICE FUNCTION	Andy Cunningham	Low	2	2	4	Currently monitoring the progress of the developments to allow adequate time to take any actions necessary. We are not anticipating any changes to occur quickly and, depending on the final outcomes, WPF will set up a project cover: discussions with employers and changes to employer discretions policies, benefit and systems calculations and the associate communications.	2	2	4	None	Low	→	Andy Cunningham	N/A

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

PEN036	Failure to implement a Dashboard of KPIs for regular monitoring	Difficulties in extracting the required data from the workflow section of the administration system. Improve the range of Key Performance Indicators (KPIs) produced for the Committee and Local Pension Board to help provide transparency and clearer oversight & management of administration performance.	Failure to implement a dashboard of comparable benchmarks, will be counter to the Pension Regulator's requirements on factors such as data quality measures	ADMINISTRATION	BUSINESS PLAN (App 1 - 22) (App 2 - 6)	Andy Cunningham	Medium	3	2	6	Officers are implementing a suite of KPIs to be utilised at different levels. Namely, at a Statutory level, for the Committee & the Board, for use between Employers & the Fund & at management level for use at an operational level within the Pension's dept.	2	1	2	Low	→	Mark Anderson	On-going
PEN035	Failure to maintain the Pension Administration Strategy as an effective strategy document.	The Pension Administration Strategy has not been reviewed since 2015.	To improve the administration performance of the Fund and of its participating employers. If this does not improve the Fund will be in breach of compliance requirements laid down by the Regulator.	ADMINISTRATION	BUSINESS PLAN (App 1 - 16)	Andy Cunningham	Low	2	1	2	A draft Pension Administration Strategy has been prepared for presentation to the Committee in December. It will relate to the Fund's business plan.	2	1	2	Low	↓	Denise Robinson	26/09/19
PEN034	Failure to implement Lean process review	Low KPI performance has been identified, particularly in relation to the disclosure requirements, as a result of inefficient processes and insufficient training and support.	An end to end processing review of all repeatable processes with the key objectives of improving the customer experience and identifying and realising efficiencies. Semi-automated work allocation is required to target key items of casework more quickly	ADMINISTRATION	BUSINESS PLAN (App 1 - 12,14)	Andy Cunningham	Medium	3	2	6	The Fund's Project team has started a programme of work over a 2 year timeframe to review repetitive processes within the dept.	3	1	3	Low	→	Mark Briggs	On-going
PEN032	Failure to manage Fund budgets & controllable costs	During a period of chain management involving the introduction of new staff, new software & new working practices the cost control against the Fund's approved budget requires close management	Poor budget setting & cost control can lead to over expenditure and a loss of value in the services being offered by the Fund. As a public sector Scheme there is also a reputational risk associated with the poor management of funds.	GOVERNANCE	SERVICE FUNCTION	Andy Cunningham	Low	3	1	3	Annual Fund budgets are approved in the 1st quarter of each year. Expenditure against the budget are monitored by Senior Officers. Senior Officers work with the Council's Treasury team to ensure accurate specification of charges made to the Fund. Senior Officers maintain a contract management framework to monitor the fees of service providers. All invoices are compared against estimates before payment is made.	2	1	2	Low	→	Jennifer Devine	On-going
PEN030	Failure to procure & contract manage service providers appropriately	GDPR, the migration of Managers to BPP & a review of Fund contracts were undertaken in 2018 in conjunction with the Procurement dept. to establish the position of the Fund existing suite of contracts	A lack of a contract management framework will create an inability to manage existing service provider arrangements, limit the updating of service scopes so that the Fund's requirements remain to contracts & anticipate the incorporation of new legislation & regulations. This will lead to increased costs & risks to the Fund.	PROCUREMENT & RELATIONSHIP MANAGEMENT	BUSINESS PLAN (App 1 - 13)	Andy Cunningham	Low	1	2	2	A contract management framework has been developed by officers to anticipate the review of Fund contracts as they fall due. Fund officers have also attended Contract Management training provided by the Council's Procurement Department.	3	1	3	Low	→	Richard Bullen	On-going
PEN029	Failure to implement the effectiveness review between the Committee & Board	An effectiveness review conducted by Hymans was undertaken in 2018, following which a report was produced and a focus group created of key Wiltshire Council stakeholders to act on the outcomes of the Report. The review covered the Committee, Board & ISC.	An ineffective Committee & Board could lead to a poorly run Pension Fund, which has a lack of governance and internal controls. Defining the roles & responsibilities of all groups & stakeholders enable clarity of purpose & efficient management.	GOVERNANCE	BUSINESS PLAN (App 1 - 21,24)	Andy Cunningham	Medium	3	3	9	Creation of a Focus steering group to implement the recommendations of the Hymans report. A review of Governance documentation, such as Terms of Reference of the Committee, Board & ISC to bring it up to date and ensure that all documentation is consistent & integrated with the other documentation around it.	2	2	4	Low	→	Richard Bullen	On-going
PEN028	Failure to introduce new administration software effectively	Implementation of new software including MS5, I-connect, e-payslips, payment instruction automation, a new website & semi-automated workflow allocation. All to be completed by 2022.	Delay in the payment of member benefit, poorer data quality, sub-standard communication arrangements with members & employers & slower delivery times leading to a more costly service	ADMINISTRATION	BUSINESS PLAN (App 1 - 1,2,3,4,5,14) (App 2 - 1,2,3)	Andy Cunningham	Low	2	2	4	Individual project plan have been prepared for each implementation of software, including their GDPR implications, with individual project issue logs and risk registers. A bespoke Project team has also been established within the pension's dept. who initiate formal handovers to officers on completion of the new implementation.	2	1	2	Low	→	Mark Briggs	On-going
PEN026	A lack of effectiveness of Committee meeting due to the impact of MIFID II Regulations	MIFID 2 investment regulations from Jan 2018 will classify LGPS Funds as "retail" investors. They will need to opt up to professional status	If Wiltshire Pension Fund is unable to maintain "professional" status it will limit the range of investments available and may lead to the forced sale of assets.	INVESTMENT PERFORMANCE & RISK	SERVICE FUNCTION	Jennifer Devine	Medium	3	2	6	Wiltshire Fund is now being treated as a Professional Client, having followed due process. Maintenance of the Fund's Professional Client status will require on-going compliance with the requirements including competence	3	1	3	Low	→	Jennifer Devine	On-going
PEN024	The implementation of Brexit causes investment volatility or unexpected legislative changes	EU referendum result.	The arrangements by which the UK leaves the EU may produce short term volatile market movements which could impact on asset performance.	FINANCIAL MARKETS & PRODUCTS	SERVICE FUNCTION	Jennifer Devine	Medium	3	2	6	The Fund has liaised with its investment managers on the potential impact of an exit. The Fund has agreed to revert to a 50% overseas equities hedged position for the current timeframe to reflect the current weakness of sterling.	3	1	3	Low	→	Jennifer Devine	On-going
PEN022	The rectification of records with GMP issues is time-consuming, costly & causes reputational damage.	From 1 April 2016, State Second Pension ceases and HMRC no longer provides GMP data on members to Funds.	If GMP records for members are inaccurate there is the potential for incorrect liabilities being paid by the Fund.	ADMINISTRATION	BUSINESS PLAN (App 1 - 18) (App 2 - 7)	Andy Cunningham	Medium	2	4	8	Large project is still ongoing and software from Heywood's is being used to process amendments to Altair on bulk. Progress has been delayed due to the Fund trying to engage with Government to agree on a nationwide approach and in order to undertake further analysis of the problems identified.	2	4	8	Medium	↓	Mark Briggs	u/k

Ongoing Risks

PEN048	The transition to pooling of LGPS assets with BPP fails to deliver the projected savings	The Fund needs to pool its LGPS assets with other Funds using the Brunel Pensions Partnership.	Poor implementation could be costly in terms of unanticipated costs and/or savings less than projected.	INVESTMENT PERFORMANCE & RISK	BUSINESS PLAN (App 1 - 10)	Jennifer Devine	High	4	3	12	The Fund is working with Brunel Pension Partnership on pooling arrangements. Progress and updates regularly reported to Committee. The Fund's passive portfolios have been pooled with significant fee savings, but a budget increase is also currently being proposed. The final position is still uncertain.	3	3	9	Medium	→	Jennifer Devine	On-going
PEN041	The Fund's inability to implement a strategy to ensure Climate Change considerations are integral to its investment strategy	There is a global climate change emergency, as declared by Wiltshire Council in February 2019.	Failure to embed climate change considerations in the investment strategy could cause a negative impact on investment returns over the long term.	FINANCIAL MARKETS & PRODUCTS	SERVICE FUNCTION	Jennifer Devine	Medium	3	3	9	Work is being done within the Brunel pool to address this risk. The Committee needs to use the support offered by Brunel to help define policies in this area and implement them via the Investment Strategy Statement.	2	2	4	Low	↓	Jennifer Devine	On-going
PEN033	Failure to manage AVC providers	The Fund is a Data Controller with four AVC providers under management who operate to a system of policies & endorsements rather than service provider contracts. Consequently, there is a risk due to the mismatch between Fund responsibility & control in relation to the assets under management.	Failure of an AVC provider can lead to issues of reputational risk to the Fund, as well as being exposed to adverse governance & financial implications.	ACCOUNTING & AUDITING	SERVICE FUNCTION	Jennifer Devine	Low	2	2	4	A minimum of annual service review reviews have been implemented with all AVC providers, managed by the Investment & Accounting team. The review will cover customer service & investment performance.	2	1	2	Low	→	Roz Vernon	On-going
PEN025	Further academisation of Schools, the possibility of MAT breakups and cross fund movements.	Potential for further schools to convert to academy status, MATs to breakdown	Additional governance and administration risk. If all schools were to convert then the number of employers in the Fund could jump from 180 to between 400 and 500.	GOVERNANCE	SERVICE FUNCTION	Andy Cunningham	Low	2	2	4	Regular communications with schools to understand their intentions. Revised cessation policy aims to address some of the risks relating to MAT breakups.	2	2	4	Low	→	Andy Cunningham	N/A
PEN017a	A lack of knowledge and expertise on the Pension Fund Committee	Lack of structured training and continuous self assessment of skills gap to ensure knowledge levels are adequate to carry out roles to the best of their ability	Bad decisions made may be made in relation to any of the areas on this register, but particularly in relation to investments. There is also a requirement for Funds to 'Comply or Explain' within their Annual Report on the skills knowledge of members of the Committee	GOVERNANCE	BUSINESS PLAN (App 1 - 24)	Andy Cunningham	Medium	2	3	6	Members are given Induction Training when they join the Committee, as well as subsequent opportunities to attend courses/seminars and specialist training at Committee ahead of key decisions. There is a Members' Training Plan and Governance Policy. Further training and advice can be called on from our consultants, independent advisors and investment managers too.	2	1	2	Low	→	Richard Bullen	On-going

PEN017a	A lack of Committee Member compliance with all regulations	Lack of Member willingness or awareness to be compliant with new regulations as they come into force leading to breaches of legislation and reportable offences	Over reliance on officers & advisers to ensure compliance leading to a lack of oversight challenge	GOVERNANCE	BUSINESS PLAN (App 1 - 24)	Andy Cunningham	Medium	2	3	6	Member attendance at conferences & seminars enables independent information sources. Update of the Look forward plan including the introduction of an annual audit plan to ensure the fund's compliance requirements are implemented & the results of the audit reported to Committee	2	1	2	None	Low	→	Richard Bullen	On-going
PEN016	A lack of effectiveness in respect of the Fund's Treasury Management Services	The Fund's treasury function is now segregated from Wiltshire Council. This includes the investment of surplus cash in money markets.	Exposure to counterparty risk with cash held with external deposit holders could impact of Funding level of the Fund	INVESTMENT PERFORMANCE & RISK	SERVICE FUNCTION	Jennifer Devine	Low	3	1	3	The Pension Fund will review an updated Treasury Management Strategy annually which follows the same criteria adopted by Wiltshire Council but limits individual investments with a single counterparty to £6m. The Fund will also review in Treasury Management Agreement with the Council in 2019.	2	1	2	The Council uses Sector's credit worthiness service using ratings from three rating agencies to provide a score. Surplus cash is transferred to the Custodian at month end ensuring cash balances are minimal. A minimum of annual updates by the Council need to be presented to the ISC	Low	→	Roz Vernon	N/A
PEN015	Failure to collect payments from ceasing employers	When an employer no longer has any active members a cessation valuation is triggered and a payment is required if a funding deficit exists to meet future liabilities	Failure to collect cessation payments means the cost of funding future liabilities will fall against the Wiltshire Pension Fund	ACTUARIAL METHOD	BUSINESS PLAN (App 1 - 7,15)	Andy Cunningham	Medium	3	2	6	The Pension Fund Committee approved a revised cessation policy on 20 September 2018 to address regulatory changes made in May 2018 and certain scenarios which had arisen which the previous policy did not adequately address. Furthermore, all new admitted bodies require a guarantor to join the Fund which means that a stable Scheme Employer is required to act as the ultimate guarantor.	2	1	2	None	Low	→	Andy Cunningham	On-going
PEN014	Failure to provide the service in accordance with sound equality principles	Failure to recognise that different customers have different needs and sensitivities.	Some customers may not be able to access the service properly or may be offended and raise complaints. At worst case, this could result in a court case, etc.	ADMINISTRATION	SERVICE FUNCTION	Andy Cunningham	Low	2	1	2	The Fund has done an Equality Risk Assessment and has an Equality Implementation Plan in place	2	1	2	None	Low	→	Luke Webster/ Jennie Green	On-going
PEN013	Failure to communicate properly with stakeholders	Lack of clear communications policy and action, particularly with employers and scheme members.	Scheme Members are not aware of the rights and privileges of being in the scheme and may make bad decisions as a result. Employers are not aware of the regulations, the procedures, etc, and so the data flow from them is poor.	GOVERNANCE	BUSINESS PLAN (App 1 - 23)	Andy Cunningham	Low	2	2	4	The Fund has a Communications Manager and Employer Relationship Manager posts dedicated to these areas full-time, including keeping the website up-to-date, which is a key communications resource. The Fund also has a Communications Policy.	2	1	2	None	Low	→	Denise Robinson/ Ashleigh Salter	N/A
PEN011	Lack of expertise of Pension Fund Officers and Service Director, Finance	Lack of training, continuous professional development and continuous self assessment of skills gap to ensure knowledge levels are adequate to carry out roles to the best of their ability	Bad decisions made may be made in relation to any of the areas on this register, but particularly in relation to investments.	GOVERNANCE	BUSINESS PLAN (App 1 - 20,25)	Andy Cunningham	Medium	3	2	6	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.	2	1	2	The Director of Finance & Procurement is still being filled on an interim basis but other senior officer roles in the Pension Fund are now filled by permanent staff for a significant period of time. The Board expressed ongoing concern over the lack of a permanent s151 officer at their meeting on 14/11/19	Low	↑	Andy Cunningham/ Corporate Directors	On-going
PEN010	Failure to keep pension records up-to-date and accurate	Poor or non-existent notification to us by employers and members of new starters, changes, leavers, etc	Incorrect records held, leading to incorrect estimates being issued to members and incorrect pensions potentially being paid.	GOVERNANCE	BUSINESS PLAN (App 2 - 8)	Andy Cunningham	Medium	3	2	6	Data & systems Team constantly working to improve data quality, data validation checks carried out through external partners (e.g. the Fund's actuaries and tracing agencies), proactive checks done through national fraud initiative and the Fund's Data Improvement Plan.	3	1	3	The Fund is currently addressing new data issues identified by a review of the tPR two key data standards and other data reviews while ensuring data is of high quality is an on-going responsibility.	Low	→	Mark Anderson	On-going
PEN008	Failure to comply with LGPS and other regulations	Lack of technical expertise / staff resources to research regulations, IT systems not kept up-to-date with legislation, etc	Wrong pension payments made or estimates given. Investment in disallowed investment vehicles or failure to comply with governance standards. Effect: Unhappy customers, tribunals, Ombudsman rulings, fines, adverse audit reports, etc	ADMINISTRATION	BUSINESS PLAN (App 1 - 20,25)	Andy Cunningham	Low	2	2	4	*Sufficient staffing, training and regulatory updates. *Competent software provider and external consultants. *Technical & Compliance post reviews process and procedures and maintains training programme for the team. *KPIs against statutory standards *Embedding checks and controls into all processes. *Audits & internal reviews to maintain best practice	2	2	4	None	Low	→	Luke Webster/ Jennie Green	N/A
PEN007b	Significant rises in employer contributions for non-secure employers due to poor/negative investment returns	Poor economic conditions, wrong investment strategy, poor selection of investment managers, poor consideration of all financial & non-financial risks including ESG issues.	Poor/negative investment returns, leading to increased employer contribution rates	FINANCIAL MARKETS & PRODUCTS	BUSINESS PLAN (App 1 - 8,9) (App 2 - 4)	Jennifer Devine	Medium	3	2	6	Use of expert consultants in the selection of investment strategy and investment managers, regular monitoring of investment managers (1/4ly), 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. Use of Brunel Pensions Partnership to proxy vote on asset shares held within the Pool (previously this service was provided by PIRC and then Brunel for an interim period from May 19 to November 19 until the legacy assets transitioned). Compliance with Stewardship code.	2	2	4	A risk based framework is now in place to review employers long term financial stability. This informs the policy for stepping in contribution 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. Query over covenant reviews following expiry of PWC contract.	Low	→	Jennifer Devine	On-going
PEN007a	Significant rises in employer contributions for secure employers due to poor/negative investment returns	Poor economic conditions, wrong investment strategy, poor selection of investment managers, poor consideration of all financial & non-financial risks including ESG issues.	Poor/negative investment returns, leading to increased employer contribution rates	INVESTMENT PERFORMANCE & RISK	BUSINESS PLAN (App 1 - 8,9) (App 2 - 4)	Jennifer Devine	Low	2	1	2	Use of expert consultants in the selection of investment strategy and investment managers, regular monitoring of investment managers (1/4ly), 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. Use of Brunel Pensions Partnership to proxy vote on asset shares held within the Pool (previously this service was provided by PIRC and then Brunel for an interim period from May 19 to November 19 until the legacy assets transitioned). Compliance with Stewardship code.	2	1	2	The implementation of the Stabilisation Policy limits increases for secure employers.	Low	→	Jennifer Devine	On-going
PEN006b	Significant rises in employer contributions for non-secure employers due to increases in liabilities	Scheme liabilities increase disproportionately as a result of increased longevity, falling bond yields, slack employer policies, etc. The current price of gilts lead to a worsening Funding Position.	Employer contribution rates become unacceptable, causing upward pressure on Council Tax and employers' costs.	ACTUARIAL METHOD	BUSINESS PLAN (App 1 - 6)	Andy Cunningham	Low	2	2	4	As above	2	2	4	As above	Low	→	Andy Cunningham	On-going
PEN006a	Significant rises in employer contributions for secure employers due to increases in liabilities	Scheme liabilities increase disproportionately as a result of increased longevity, falling bond yields, slack employer policies, etc. The current price of gilts lead to a worsening Funding Position.	Employer contribution rates become unacceptable, causing upward pressure on Council Tax and employers' costs.	ACTUARIAL METHOD	BUSINESS PLAN (App 1 - 6)	Andy Cunningham	Low	2	2	4	Longevity and bond yields are generally beyond the control of the Fund as are the values of the liabilities in general. However, the Fund has started the 2019 Triennial Valuation process and it is concurrently reviewing its investment strategy and implementing separate employer investment strategies. Furthermore, the Fund and each employer must have a Discretions Policy in place to help control discretionary costs (e.g. early retirements, augmented service, etc).	2	2	4	None	Low	→	Andy Cunningham	On-going
PEN005	Loss of funds through fraud or misappropriation	Fraud or misappropriation of funds by an employer, agent or contractor	Financial loss to the Fund	ACCOUNTING & AUDITING	SERVICE FUNCTION	Jennifer Devine	Low	4	1	4	Internal and External Audit regularly test that appropriate controls are in place and working. Regulatory control reports from investment managers, custodian, etc, are also reviewed by audit. Due Diligence is carried out whenever a new manager is appointed. Reliance is also placed in Financial Services Authority registration.	4	1	4	None	Low	→	Roz Vernon	On-going
PEN002	Failure to collect and account for contributions from employers and employees on time	Non-availability of SAP systems, key staff, error, omission, failure of employers' financial systems, failure to communicate with employers effectively. LGPS 2014	Adverse audit opinion for failure to collect contributions by 19th of month, potential delays to employers' FRS17 year-end accounting reports and to the Fund's own year-end accounts.	ACCOUNTING & AUDITING	SERVICE FUNCTION	Jennifer Devine	Low	2	2	4	Robust maintenance and update of Altair and SAP systems, sufficient staff cover arrangements, sufficient staff training and QA checking of work. Officers regularly work with employers to ensure they understand their responsibilities to pay by 19th of the month. The Breaches framework now require the Fund to log material late payments.	2	2	4	None	Low	→	Roz Vernon	On-going

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WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
17 December 2019

PENSION FUND – GOOD GOVERNANCE IN THE LGPS

Purpose of the Report

1. This report presents the Phase II of the review commissioned by the Scheme Advisory Board (SAB) and produced and published by Hymans Robertson in November 2019, examining the effectiveness of the current LGPS governance models and considers the alternatives or enhancements which can strengthen LGPS governance going forward.

Background

2. This latest report follows the Phase I report, published in July 2019, which was presented to the Committee on 3 October 2019.

Considerations for the Committee

3. The Phase II report takes the review forward and now makes 16 specific recommendations which are envisaged as being introduced as statutory guidance by, or on behalf, of MHCLG.
4. Appendix 1 of the SAB/Hymans Robertson published report summaries all recommendations while the report itself explains the reasoning leading to each recommendation.
5. Some particularly noteworthy recommendations are: A.2 (“the LGPS Senior Officer”), D.1 & D.2 (Appropriate level of knowledge and understanding for the Committee and s151 officer), E.3. (Standardised KPIs), E.5 (separate approach to pay for Fund to that of the host authority).

Conclusions

6. Officers generally agree with the ‘outcomes’ approach taken within the report although officers note that stating that there should be a single ‘LGPS Senior Officer’ seems to be step away from this approach. Furthermore, officers also have some concern that for a Scheme that is already heavy on oversight, whether introducing more in-depth policies, compliance statement and reviews will merely add to the burden for senior officers and potentially distract from the ability to lead the teams effectively.
7. Whilst not explicitly stated within the report itself, we understand that each set of statutory guidance related to these recommendations will be subject to consultation so there will be another chance for Funds to comment on the progress and recommendations which may well result in changes being made.

Environmental Impact

8. There is no environmental impact from this report.

Financial Considerations

9. There are no immediate financial considerations.

Risk Assessment

10. There are no risks identified at this time.

Legal Implications

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

12. There are no implications at this time.

Proposals

13. The Committee is asked to note the report prepared by Hymans Robertson.

ANDY CUNNINGHAM
Head of Pensions Administration and Relations

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



Good governance in the LGPS

Phase II report from Working Groups to SAB

November 2019

Process

Following on from the presentation of the Good Governance Report to the SAB on 8 July 2019, the Board agreed to constitute two working groups to take forward the proposals included in the report. Hymans Robertson were appointed to assist the working groups in this next phase of the good governance project.

The first working group (Standards and Outcomes Workstream) was asked to focus on specifying clearly the outcomes and standards that the SAB wishes to see achieved by funds under the proposed approach, and how these outcomes should be evidenced.

The second working group (Compliance and Improvement Workstream) was asked to focus on establishing the compliance regime that will be required to independently assess funds against this framework.

This report has been prepared for the SAB by both working groups and includes detailed implementation proposals for their workstream including a list of the changes required to guidance to implement this framework.

Thanks to contributors

Thank you to the following who contributed to the working groups and this report.

Euan Miller Assistant Director of Pensions (Funding and Business Development), Greater Manchester Pension Fund

Peter Moore Chair of CIPFA's Pensions Panel

Mark Wynn Director of Corporate Services at Cheshire West and Chester Council, SCT

Nick Gannon TPR

Con Hargrave MHCLG

Jenny Poole Head of Finance & Audit/GO Shared Services at Cotswold District Council

John Raisin Independent Advisor

Joe Dabrowski Head of DB, LGPS and Standards, PLSA

Karen McWilliam Consultant, Aon

Jeffrey Dong Chief Treasury Officer at City & County of Swansea, SWT

Caroline Holland Director of Corporate Services at London Borough of Merton, SLT

Nicola Mark Head of the Norfolk Pension Fund, Practitioner representative to SAB

Annemarie Allen Consultant, Barnet Waddingham

Chris Moore Director of Corporate Services and Section 151 Officer, Carmarthenshire County Council

Rachel Brothwood Director of Pensions, West Midlands Pension Fund

Robert Holloway SAB secretariat, LGA

Jeff Houston SAB secretariat, LGA

Jon Richards Unison

David Aldous National Audit Office

Yvonne Johnson Chair of the Pension Fund Panel, London Borough of Ealing, Scheme Employer Representative, SAB.

Hymans Robertson facilitators:

Catherine McFadyen, John Wright, Ian Colvin, Steven Law

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Terminology

Atypical administering authorities

This report has been drafted largely using terminology relevant to the majority of administering authorities who are local authorities. However, it is recognised that there are some administering authorities which do not fit this model. In taking forward any of the proposals outlined in this report it will be necessary to ensure that principles can be applied universally to LGPS funds and that any guidance recognises the unique position of some funds.

Use of terms

Throughout this document the following terms have a specific meaning unless the context makes clear that another meaning is intended:

Administering authority refers to a body listed in part 1 of Schedule 3 to the LGPS Regulations 2013 that is required to maintain an LGPS pension fund. In particular the term is used here when such a body is carrying out LGPS specific functions.

For example “Each administering authority must publish an annual report.”

Committee. A committee formed under s101 of the Local Government Act 1972 to which the administering authority delegates LGPS responsibilities and decision making powers. Alternatively, can refer to an advisory committee or panel which makes recommendations on LGPS matters to an individual to whom the administering authority has delegated LGPS decision making responsibility.

For example “The pensions committee should have a role in developing the business plan.”

Host authority refers to a council or other body that is also an administering authority but is used to refer to that body when it is carrying out wider non-LGPS specific functions.

For example “Delivery of the LGPS function must be constant with the constitution of the host authority.”

The fund carries a more general meaning and is used to refer to the various activities and functions that are necessary in order to administer the LGPS.

For example “Taking this course of action will improve the fund's administration”.

Alternatively, the term is used in the context of the scheme members and employers who contribute to the LGPS arrangements of a specific administering authority.

For example “The number of fund employers has increased in recent years.”

Workstream 1: Standards and outcomes

Proposals and background

A. General

1. It is envisaged that all the proposals made in this document will be enacted via the introduction of new statutory governance guidance which will supersede current and previous guidance, although it will contain elements of existing legislation and guidance where appropriate. This guidance would be issued on behalf of MHCLG, although MHCLG may seek assistance on drafting the guidance.
2. In order to improve the accountability for fund governance, it is proposed that each administering authority must have a single named officer who is responsible for the delivery of the pension function. (“the LGPS senior officer”). This may be the S151 officer, assuming they have the capacity, LGPS knowledge and internal assurance framework to assume that role. Alternatively, the LGPS senior officer role may be undertaken by another officer who has the remit of delivering the LGPS function in its entirety and who is likewise suitably qualified and experienced and has the capacity to assume this role. This should be a person close enough to the running of the fund that they have sight of all aspects of the fund’s business. The role of the responsible person should be assigned through the host authority’s scheme of delegation and constitution. If the person who undertakes this key role within the host authority changes it may be necessary for the role of the responsible person to be reviewed.
3. In order to improve the transparency and auditability of governance arrangements, each fund must produce an enhanced annual governance compliance statement, in accordance with the statutory governance guidance, which sets out details of how each fund has addressed key areas of fund governance. The preparation and sign off of this statement will be the responsibility of the LGPS senior officer and it must be co-signed by the host authority’s s151 officer, where that person is not also the LGPS senior officer. The expectation will also be that committees and local pension boards would be appropriately involved in the process.



A.1 MHCLG will produce statutory guidance to establish new governance requirements for funds to effectively implement the proposals below. (“the Guidance”).

A.2 Each administering authority must have a single named officer who is responsible for the delivery of all LGPS related activity for that fund. (“the LGPS senior officer”).

A.3 Each administering authority must publish an annual governance compliance statement that sets out how they comply with the governance requirements for LGPS funds as set out in the Guidance. This statement must be signed by the LGPS senior officer and, where different, co-signed by the S151 officer.



B. Conflicts of interest

1. Administering authorities must evidence that conflicts, and in particular, potential and perceived conflicts, as well as actual conflicts are being identified, monitored and managed. Some administering authorities currently only follow the conflicts of interest requirements of the host authority which are typically focused on the elected member register of interest and code of conduct. The Guidance should require all administering authorities to publish a specific LGPS conflicts of interest policy and should stipulate the areas that the policy should address. In addition to registering interests, this will include information on how it identifies, monitors and manages conflicts, including areas of potential conflict that are specific to the LGPS as listed:

- Any commercial relationships between the administering authority or host authority and other employers in the fund/or other parties which may impact decisions made in the best interests of the fund. These may include shared service arrangements which impact the fund operations directly but will also include outsourcing relationship and companies related to or wholly owned by the Council, which do not relate to pension fund operations.
- Contribution setting for the AA and other employers.
- Cross charging for services or shared resourcing between the AA and the fund
- Dual role of the AA as an owner and client of a pool
- Local investment decisions
- Any other roles within the Council being carried out by committee members or officers which may result in a conflict either in the time available to dedicate to the fund or in decision making or oversight. For example, some roles on other finance committees, audit or health committees or finance cabinet should be disclosed.

Each administering authority's policy should address:

- How potential conflicts of interest are identified and managed;
- How officers, employer and scheme member representatives, elected members, members of the local pension board and advisers and contractors understand their responsibilities in respect of ensuring that conflicts of interest are properly managed;
- Systems, controls and processes, including maintaining clear records, for managing and mitigating potential conflicts of interest effectively such that they never become actual conflicts;
- How the effectiveness of its conflict of interest policy is reviewed and updated as required;
- How a culture which supports transparency and the management and mitigation of conflicts of interest is embedded.
- How the specific conflicts that arise from its dual role as both an employer participating in the Fund and the administering authority responsible for delivering the LGPS for that fund are managed.
- In putting together such a policy it is recognised that membership of the LGPS is not, in and of itself, a conflict of interest.

Each fund should be required to make public its conflicts of interest policy.

2. During the Phase I survey a number of respondents said that it would be very helpful to define the extent of fiduciary duties in respect of the individuals, committees and boards involved in LGPS governance. The SAB working group came to the conclusion that that while clarification on the fiduciary question is desirable, the complex legal considerations mean that this is beyond the scope of this project. The Group is aware that the SAB has separately undertaken to collate various references to fiduciary duties and public law principles and provide a guide which illustrates how these might be applied to the LGPS. It would be helpful for The Guidance to make reference to the SAB's findings in this area.

B.1 Each fund must produce and publish a conflicts of interest policy which includes details of how actual, potential and perceived conflicts are addressed within the governance of the fund, including reference to key conflicts identified in the Guidance.

B.2 The Guidance should refer all those involved in the management of the LGPS, and in particular those on decision making committees, to the guide on statutory and fiduciary duty which will be produced by the SAB.

C. Representation

1. The initial phase of the Good Governance review highlighted that many pension committees now have non-administering authority employer and scheme member representatives although local practice varies as to whether these members have a vote. Primary legislation in the form of the Local Government Act 1972 allows local authorities wide discretion over committee appointments and delegations and this issue ultimately remains one of local democracy.

The Guidance should require that all administering authorities prepare, maintain and publish their policy on representation and to require that they provide:

- the rationale for their approach to representation for non-administering authority employers and local authority and non-local authority scheme members on any relevant committees; and
- the rationale as to whether those representatives have voting rights or not.

Best practice would suggest that scheme member representation in some form is a desirable goal for administering authorities. In addition to representation on committees, administering authorities should state other ways in which they engage their wider employer and Scheme membership

The Guidance should also acknowledge the important principle that administering authorities may wish to retain a majority vote on decision making bodies in order to reflect their statutory responsibilities for maintaining the fund.

C.1 Each fund must produce and publish a policy on the representation of scheme members and non-administering authority employers on its committees, explaining its approach to representation and voting rights for each party.



D. Skills and training

1. The Good Governance Review noted the need for enhanced levels of training for key LGPS individuals. While there exists a statutory duty on members of local pension boards to maintain an appropriate level of knowledge and understanding to carry out their role effectively, no such statutory duty applies to those sitting on s101 committees.

The Guidance should mandate a similar knowledge and understanding requirement for those carrying out a delegated decision-making role on s101 committees as well as officers involved in the fund. At committee, knowledge should be considered at a collective level and it should be recognised that new members will require a grace period over which to attain the requisite knowledge.

Training should be delivered as part of a supportive environment and committee and board members will not be required to undertake tests, although it is recognised that best practice would include assessments or other means to identify gaps in knowledge.

The Guidance should clarify that the expectation is that the TPR requirements that apply to Local Pension Boards should equally apply to Committee and senior officers within the context of an appropriate LGPS specific framework, for example the CIPFA knowledge and skills Code of Practice and Framework (currently being updated). As a minimum those sitting on pension committees or the equivalent should comply with the requirements of MiFID II opt-up to act as a professional client but the expectation is that a higher level and broader range of knowledge will be required.

Training records must be maintained.

2. There should be an LGPS training requirement for s151 officers (or those aspiring to the role) as part of their CPD. An appropriate level of LGPS knowledge must be attained by S151 officers of an administering authority. A level of LGPS knowledge should also be attained by S151 officers of other public bodies participating in the LGPS, although it is not expected that that they should have the depth and breadth of knowledge required of the S151 officer of an administering authority. This should be specified and administered by an appropriate professional body.

D.1 Introduce a requirement in the Guidance for key individuals within the LGPS, including LGPS officers and pensions committee members, to have the appropriate level of knowledge and understanding to carry out their duties effectively.

D.2 Introduce a requirement for s151 officers to carry out LGPS relevant training as part of their CPD requirements to ensure good levels of knowledge and understanding.

D.3 Administering authorities must publish a policy setting out their approach to the delivery, assessment and recording of training plans to meet these requirements.

D.4 CIPFA and other relevant professional bodies should be asked to produce appropriate guidance and training modules for s151 officers and to consider including LGPS training within their training qualification syllabus.

E. Service delivery for the LGPS function

The Good Governance Review proposed that LGPS funds should be able to evidence that their administration and other resource (quantity and competency) is sufficient to meet regulatory requirements and that their budget is appropriate to deliver this. In this context administration refers to all of the tasks and processes required to deliver the Scheme and is not limited to the calculation and payment of benefits. This definition encompasses a funds accountancy function, investment support, employer liaison, systems, communications etc.

1. Clarity around roles, responsibilities and decision making are central to good delivery of the LGPS function. The Guidance should require funds to document roles and responsibilities and develop, maintain and publish a “roles and responsibilities matrix” which sets out who within the organisation is responsible for final sign off, implementation, oversight and recommending the key decisions that the fund is required to make.

The “roles and responsibilities matrix” should reflect the host authority’s scheme of delegation and constitution and be supported by a clearly documented management structure.

2. The Guidance should require that each administering authority must develop, maintain and publish an administration strategy which sets out its approach to the matters mentioned in regulation 59 (2) of the LGPS Regulations 2013 and the Guidance. We recommend that the Board ask that this proposal to be implemented by MHCLG within the LGPS Regulations at their earliest opportunity.
3. A series of some 10 to 15 key indicators or measures of standards of LGPS service delivery to members and employers should be agreed. These indicators should be drawn wherever possible from current reporting structures. All administering authorities must be required to report against these as part of their governance compliance statement.

It is acknowledged that there are inherent difficulties in drawing conclusions when comparisons are not always on a true like for like basis but it is preferable to introduce measures now and seek to improve the measurement approach over time.

4. Each Administering Authority has a specific legal responsibility to administer the LGPS within their geographical region and to maintain a specific reserve for that purpose. It is important therefore that the fund’s budget is set and managed separately from the expenditure of the host authority.

Budgets for pension fund functions should be sufficient to meet all statutory requirements, the expectations of regulatory bodies and provide a good service to Scheme members and employers. The budget setting process should be one initiated and managed by the fund’s officers and the pension committee and assisted by the local pension board.

Required expenditure should be based on the fund’s business plan and deliverables for the forthcoming year. The practice should not simply be to update last year’s budget by an inflationary measure or specify an “available” budget and work back to what level of service that budget can deliver.

The body or individual with delegated responsibility for delivering the LGPS service should have a role in setting that budget. Typically, this will involve the pension committee being satisfied that the proposed budget is appropriate to deliver the fund’s business plan but it is recognised that other governance models exist within the LGPS. Whichever approach is used, it should be clearly set out in the roles and responsibilities matrix and be consistent with the host authority’s scheme of delegation and constitution.





E. Service delivery for the LGPS function (continued)

Where a proposed budget is approved, the senior LGPS officer will confirm in the governance compliance statement that the administering authority has approved the budget required to deliver the pensions function to the required standard. If the budget is not approved, the senior LGPS officer will declare that in the governance compliance statement, including the impact of that on service delivery as expressed in a reduced business plan.

These statements in the governance compliance statement will be co-signed by the S151 officer where this is not the same person as the senior LGPS officer.

5. Each Administering Authority has a duty to ensure that its pensions function is staffed such as to enable it to deliver an effective pensions service to the all fund employers and members. It is therefore important that the recruitment and retention practices applied to the pensions function facilitate this. For example, the use of market supplements may be necessary to recruit/retain both investment and pensions administration staff. Further, given that the pension fund budget is set and managed separately from the expenditure of the host authority, the impact of general council staffing policies such as recruitment freezes should not be applied to the pension fund by default.

E.1 Each administering authority must document key roles and responsibilities relating to its LGPS fund and publish a roles and responsibilities matrix setting out how key decisions are reached. The matrix should reflect the host authority's scheme of delegation and constitution and be consistent with role descriptions and business processes.

E.2 Each administering authority must publish an administration strategy.

E.3 Each administering authority must report the fund's performance against an agreed set of indicators designed to measure standards of service.

E.4 Each administering authority must ensure their committee is included in the business planning process. Both the committee and LGPS senior officer must be satisfied with the resource and budget allocated to deliver the LGPS service over the next financial year.

E.5 Each Administering Authority must give proper consideration to the utilisation of pay and recruitment policies, including as appropriate market supplements, relevant to the needs of their pension function. Administering Authorities should not simply apply general council staffing policies such as recruitment freezes to the pensions function.

Workstream 2: Compliance and improvement

F. Compliance and improvement

One of the key features of the original Good Governance Review was the view that in order to ensure required standards are adhered to consistently there needs to be regular independent review of administering authorities governance arrangements.

1. The new MHCLG guidance should set out a process for an Independent Governance Review, to include the features set out below.
 - a. It will be mandatory for each Fund to commission an Independent Governance Review (“IGR”) which will audit the fund’s Governance Compliance Statement and review compliance with the requirement of the new statutory guidance.
 - b. There should be a standardised framework and process for IGRs which covers all areas set out in new MHCLG guidance.
 - c. It is critical that the IGR should be conducted by appropriate persons who:
 - properly understand the LGPS;
 - are sufficiently at arm’s length from the administering authority’s pensions function, that is, they do not have an existing contractual relationship with the administering authority which conflicts with their ability to carry out a properly independent and objective assessment of governance standards and compliance with new statutory requirements; and
 - are in some way “accredited” to ensure consistent standards of review.
 - d. To ensure consistent standards from those conducting IGRs, a procurement framework should be put in place which sets out the standard requirements, standard reporting and standard fee for an LGPS IGR. Ideally this should be in place for 2020/21.
 - e. Suppliers who can demonstrate they are suitably qualified and knowledgeable may be appointed to the framework, from which any LGPS Funds may appoint an external supplier.
 - f. Alternatively, administering authorities may choose to have their IGR review carried out by their own internal audit or another appropriate party to the same standards as the framework.
 - g. Each administering authority should have an IGR completed biennially, by a date which will be notified by the SAB.
 - h. The SAB may direct, as a result of concerns about the governance of a fund (or for another reason), that an administering authority must have an IGR completed outside of the two-year cycle.
 - i. The IGR will report findings to the body and/or individual with delegated responsibility for delivery of the LGPS as set out in the roles and responsibilities matrix and to the local pension board.
 - j. The administering authority must develop an improvement plan to address any issues raised in the IGR.
 - k. The report from the IGR and improvement plan must be published and also be submitted to SAB and relevant SAB sub-committees.
 - l. SAB will put in place a panel of independent experts to scrutinise the IGR reports, looking for outliers and areas of concern. The panel of experts will be drawn from LGPS stakeholders to include the s151 community and other parties as appropriate.
 - m. The SAB panel may enter into discussions with funds where the panel find the IGR report or agreed improvement plan or progress against a previous improvement plan are considered to be unsatisfactory. Additionally, they may refer the unsatisfactory IGR to TPR or further escalate to MHCLG.
 - n. Failure to submit an IGR report by the required date will result in automatic referral.
 - o. A dry run is recommended in parallel with the timeline for drafting the required Guidance.
 - p. Nothing in this process overrides an individual’s responsibility to report breaches of the law under the Pensions Act 2004 or any other professional or legal whistleblowing obligations.





F. Compliance and improvement (continued)

2. LGA run a peer challenge process for some areas of local government. It is a process commissioned by a council and involves a small team of local government officers and councillors spending time at the council as peers to provide challenge and share learning. It is suggested that a similar peer challenge process is established for the LGPS.

F.1 Each administering authority must undergo a biennial Independent Governance Review and, if applicable, produce the required improvement plan to address any issues identified.

IGR reports to be assessed by a SAB panel of experts.

F.2 LGA to consider establishing a peer review process for LGPS Funds.

Summary of the compliance and improvement process

Annually, each administering authority to produce a governance compliance statement signed by the senior LGPS officer and S151 which demonstrates compliance with LGPS requirements.

Biennially, each administering authority to commission an Independent Governance Review (IGR).

IGR reports to senior LGPS officer, pensions committee and pensions board.

IGR report goes to a SAB panel of experts for assessment. Panel could request further details of improvement plans, make recommendations or report to TPR & MHCLG


Next steps

The Working Group recommends that SAB and MHCLG accept the recommendations in this report and initiate phase III of the project.

Phase III should contain the following elements:

1. MHCLG to draft the required changes to the Guidance.
2. SAB to ask the National Framework to begin work on establishing Independent Governance Review provider framework.
3. SAB to establish the 10-15 KPIs referred to within proposal E.3.
4. It is envisaged that the governance compliance statement will act as a summary, evidencing the Fund's position on all areas of governance and compliance. Where a fund is non-compliant in a certain area the statement should provide information within and accompanying improvement plan about the steps being taken in order to address non-compliance. SAB to consider drawing up a complete list of the topics that should be included within the governance compliance statement.



A photograph of a lush forest. The ground is covered in a dense carpet of small, vibrant purple flowers, likely bluebells. Tall, slender tree trunks rise vertically, their green leaves forming a thick canopy overhead. Sunlight filters through the leaves, creating dappled light on the forest floor.

Appendix A

Summary of recommendations

Area	Proposal
A. General	A.1 MHCLG will produce statutory guidance to establish new governance requirements for funds to effectively implement the proposals below. (“the Guidance”).
	A.2 Each administering authority must have a single named officer who is responsible for the delivery of all LGPS related activity for that fund. (“the LGPS senior officer”).
	A.3 Each administering authority must publish an annual governance compliance statement that sets out how they comply with the governance requirements for LGPS funds as set out in the Guidance. This statement must be signed by the LGPS senior officer and, where different, co-signed by the S151 officer.
B. Conflicts of interest	B.1 Each fund must produce and publish a conflicts of interest policy which includes details of how actual, potential and perceived conflicts are addressed within the governance of the fund, including reference to key conflicts identified in the Guidance.
	B.2 The Guidance should refer all those involved in the management of the LGPS, and in particular those on decision making committees, to the guide on statutory and fiduciary duty which will be produced by the SAB.
C. Representation	C.1 Each fund must produce and publish a policy on the representation of scheme members and non-administering authority employers on its committees, explaining its approach to representation and voting rights for each party.
D. Knowledge and understanding	D.1 Introduce a requirement in the Guidance for key individuals within the LGPS, including LGPS officers and pensions committee members, to have the appropriate level of knowledge and understanding to carry out their duties effectively.
	D.2 Introduce a requirement for s151 officers to carry out LGPS relevant training as part of their CPD requirements to ensure good levels of knowledge and understanding.
	D.3 Administering authorities must publish a policy setting out their approach to the delivery, assessment and recording of training plans to meet these requirements.
	D.4 CIPFA and other relevant professional bodies should be asked to produce appropriate guidance and training modules for s151 officers and to consider including LGPS training within their training qualification syllabus.
E. Service delivery for the LGPS function	E.1 Each administering authority must document key roles and responsibilities relating to its LGPS fund and publish a roles and responsibilities matrix setting out how key decisions are reached. The matrix should reflect the host authority’s scheme of delegation and constitution and be consistent with role descriptions and business processes.
	E.2 Each administering authority must publish an administration strategy.
	E.3 Each administering authority must report the fund’s performance against an agreed set of indicators designed to measure standards of service.
	E.4 Each administering authority must ensure their committee is included in the business planning process. Both the committee and LGPS senior officer must be satisfied with the resource and budget allocated to deliver the LGPS service over the next financial year.
	E.5 Each Administering Authority must give proper consideration to the utilisation of pay and recruitment policies, including as appropriate market supplements, relevant to the needs of their pension function. Administering Authorities should not simply apply general council staffing policies such as recruitment freezes to the pensions function.
F. Compliance and improvement	F.1 Each administering authority must undergo a biennial Independent Governance Review and, if applicable, produce the required improvement plan to address any issues identified. IGR reports to be assessed by a SAB panel of experts.
	F.2 LGA to consider establishing a peer review process for LGPS Funds.



WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
17 December 2019

Review of Pension Administration Strategy

Purpose of the Report

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

Background

2. Under the Local Government Pension Scheme (LGPS) Regulations 2013, each LGPS Fund in England and Wales is empowered to produce and implement a Pension Administration Strategy, with an accompanying Service Level Agreement, which will apply to all employers in its Fund.
3. The aim of this attached draft strategy is to set out the quality and performance standards expected of all Scheme employers within the Wiltshire Pension Fund (WPF) and of the Fund itself. It seeks to promote good working relationships, improve efficiency and enforce quality between Scheme employers and the Administering Authority. It also provides details on how performance levels will be monitored and the action that might be taken if they fall below the stated expectations.
4. This strategy is updated from its 2015 version and ensures the governance and administration requirements of the Pension Regulator (tPR) are properly addressed which now fall to the Fund and its employer organisations.
5. The current draft of the Pension Administration Strategy went out to consultation with Scheme employers and no material feedback was received.
6. The updated Strategy was taken to the Local Pension Board on 14 November 2019. The Board made two recommendations:
 - a). Additional requests for resources should consider the ability to deliver the Administration Strategy;
 - b). To investigate whether employers should be expected to sign up to the strategy
7. Officers accept the first recommendations and have considered the second recommendation. As the consultation received no material feedback, officers consider the response to signify acceptance of its contents. Furthermore, it is impractical to try to gain individual agreement from around 190 employers and it raises the question of how it applied if an employer refuses to sign it. Furthermore, there is no legislative requirement to do so (the Regulations just require a consultation to take place). Hence, officers have decided not to seek individual agreement from employers.

Considerations for the Committee

The key points of the Pension Administration Strategy

8. The following key changes have been made to this Strategy:
 - a). All relevant Fund and employer targets have been reviewed and updated to ensure they operate within the Disclosure Regulations (as relevant).

- b). All major Fund and employer processes are now covered.
 - c). The Strategy includes a clear escalation policy which includes references to additional administration charges, hierarchical escalation and reporting to the Pension Regulator.
 - d). The Strategy now links to the Business Plan, KPI timeframes and the way work is actually managed within the pension administration team.
 - e). Specific targets have been included to relation to employers who use the Fund's i-Connect software (which has now gone live with a small group of employers will be gradually rolled out over all employers over the next year and half).
9. Officers will now report the performance of employers against the new KPIs identified and will explicitly separate the Fund's largest five employers (and also group together all other employers as one).
 10. Officers are currently aligning their internal processes to make sure they work towards the timelines identified, including chasing employers for data. It is essential that the Administration Strategy is properly integrated into the way employers and Fund work in order for it to be effective in achieving its objectives.
 11. The planned implementation date is from 1 January 2020 and will be published on the WPF website and circulated to all Scheme employers and external payroll providers.
 12. Officers have self-assessed the compliance of this Strategy against Regulation 59 of the LGPS Regulations 2013.

Environmental Impact of the Proposal

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

Financial Considerations & Risk Assessment

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

Legal Implications

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

17. There are no known implications at this time.

Reasons for Proposals

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

Proposals

19. The Committee is asked to approve the Wiltshire Pension Fund Administration Strategy.

ANDY CUNNINGHAM
Head of Pensions Administration and Relations

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

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

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WILTSHIRE
PENSION FUND

Wiltshire Pension Fund
Administration Strategy
(2019 – 2022)

Implementation date: December 2019

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1. Introduction
2. Objectives
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Appendix 1: Service Level Agreement (Employers and Fund)

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Appendix 4: Oversight, scrutiny and continuous improvement

DRAFT

1). Introduction

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

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

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

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

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

Future administration aspirations and i-Connect

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

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

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

Application of this policy

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

2). Objectives

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

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

In particular, the Pension Administration Strategy objectives are that;

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

3). Our commitment to members

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

3.1. New Members

a). New Joiner Information

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

b). Transfers in from previous pension schemes

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

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

3.2. Existing members: administrative processing

a). Early Leavers

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

b). Refunds

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

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

c). Transfer Out quote and completion

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

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

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

d). Estimates of retirement benefits

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

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

e). Retirement quotations

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

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

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

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

f). Retirement payments

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

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

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

g). Death grants

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

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

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

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

3.3. Existing members: Annual Communications

a). Annual Benefit Statements (ABSs)

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

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

b). Pension Saving Statements (PSS)

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

4). Working with our employers

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

4.1. Communication, training and support

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

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

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

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

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

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

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

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

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

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

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

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

4.2 Nominated contacts

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

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

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

4.3. Service standards

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

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

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

4.3. Other responsibilities

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

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

4.4. Ensuring compliance with statutory requirements and levels of performance

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

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

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

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

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

4.5. External payroll providers

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

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

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

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

A). i-Connect rollout

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

B). Employer responsibilities for i-Connect users only

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

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

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

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

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

1). New Joiners

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

2). Early Leavers

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

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

3). Retirements (from active status)

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

			First monthly pension to be paid on next available pensions payroll run.		
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4. Ill Health retirements (from active status)

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

			First monthly pension to be paid on next available pensions payroll run		
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5). Review of Tier 3 Ill Health Benefits

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

6). Provision of estimates

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

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

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

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

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

8. Death in service

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

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

9). Additional Pension Contributions (APCs)

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

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

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

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

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

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

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

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

12.4	The Fund to act on any actions arising from the stage 1 decision	N/A	Within 10 days of receiving the decision	10 days	N/A
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13. Internal Dispute Resolution Procedure -Stage 2 – Appeal against either the Fund or the employer

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

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

Section B: Finance Administration

Employer Targets

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

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

Section C: Discretions, policies and data protection

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

Section D: Member communications and fund publications

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

3).	Pension Saving Statements (PSS) for Annual Allowance All members who have exceeded the standard Annual Allowance are issued a PSS for the year ending 5 th April	To provide further pay data for members within 10 days of a request from the fund	All PSSs to be issued by 6 th October following the tax year end date (providing the employer has submitted all required data)
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Appendix 2: Service Levels - Processes only relating to the Fund

Section A: Benefit processes

1). Transfers

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

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

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

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

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

		First monthly pension paid on next available pensions payroll run.	
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4. Deaths (excluding Death in service)

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

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

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

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

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

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

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

7. Customer Service

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

6.4	Monitoring IDRPs in accordance with stage 1 and stage 2 reviews	Response issued within 2 months (see the funds full IDPR procedure)	None
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Section B: Finance & Fund Accounting

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

Appendix 3: Employer escalation policy

1. Introduction

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

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

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

2. Scope of this policy

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

3. Approach

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

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

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

4. Escalation approaches by process

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

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

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

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

c). Individual benefit administration cases

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

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

d). General data and employer engagement issues

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

e). Payment of contributions

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

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

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

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

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

Step 3: Formal written notice

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

Step 4: Notify members and contact the Pension Regulator

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

5). Administrative charges

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

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

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

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

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

Appendix 4: Oversight, scrutiny and continuous improvement

Introduction

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

Relevant legislation

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

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

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

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WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
17 December 2019

Review of the Fund Communications Strategy

Purpose of the Report

1. The purpose of this report is to present the updated Fund Communications Strategy to Committee for approval.

Background

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

Considerations for the Committee

6. The following key changes have been made to this Strategy:
 - a). The Strategy now links to the new Business Plan and the Fund's overall objective and vision;
 - b). It states the Fund's intention to move to a digital approach to all communication and to attempt to remove paper-based communications wherever possible;
 - c). It discusses how *My Wiltshire Pension* will be used as a key communication tool for members;
 - d). It reflects the new approach to providing payslips to members; and
 - e). It outlines some changes in the approaches to certain communications such as newsletters which are currently posted to members.
7. Officers have self-assessed the compliance of this Strategy against Regulation 61 of the LGPS Regulations 2013 and deem this Strategy to be compliant.
8. The updated Strategy was taken to the Local Pension Board on 14 November 2019. The Board made four recommendations in respect of the Strategy:
 - a). When officers review the required resources, it should be made clear which resources were required for communication purposes;

b). To track the take up of the digital communications so that adequate monitoring can take place and continued communication with those not using digital platforms;

c). Information on digitalisation should be made available on all platforms to avoid issues and meet compliance; and

d). To note in the annual report that monitoring of digitalisation communications was taking place.

As all of these changes relate to monitor the effectiveness of the strategy, no changes have been made to the draft strategy (except for some minor correction to wording).

9. The planned implementation date is from 1 January 2020 and will be published on the WPF website and circulated to all Scheme employers.

Environmental Impact of the Proposal

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

Financial Considerations & Risk Assessment

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

Legal Implications

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

13. There are no known implications at this time.

Reasons for Proposals

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

Proposals

15. The Committee is asked to approve the Communications Strategy.

ANDY CUNNINGHAM
Head of Pensions Administration and Relations

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

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

The Wiltshire Pension Fund's Communications Strategy

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Introduction

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

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

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

Objectives

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

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

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

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

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

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

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

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

Current Members

Wiltshire Pension Fund Website

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

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

My Wiltshire Pension Online Portal

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

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

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

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

Annual Benefit Statements

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

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

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

Newsletter

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

Financial Well-being

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

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

Wiltshire Pension Fund Conference

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

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

Pensioners and Dependents

Newsletter

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

ePayslips

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

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

Scheme Employers

Employer Website

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

E-Newsletter

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

Member Support for Scheme Employers

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

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

How the Fund communicates with representatives of members

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

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

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

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

How the Fund communicates with prospective members

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

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

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

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

Data Protection

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

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

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

Customer Services

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

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

Accessibility

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

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

Feedback

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

Strategy Review and Measuring Success

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

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

Policy approved by Wiltshire Pension Fund Committee on [DATE]

Appendix

List of Communications

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

Communication Methods & Frequency

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

*Requires members to opt in to postal communications.

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WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
17 DECEMBER 2019

Fund Training Strategy Update

Purpose of the Report

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

Background

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

Considerations for the Committee

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

Governance & Legislation

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

Investment

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

Accounting & Auditing

- Understanding the role of 3rd party assurance

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

Environmental Impact of the Proposal

10. Not applicable.

Financial Considerations & Risk Assessment

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

Legal Implications

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

13. There are no known implications at this time.

Reasons for Proposals

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

Proposals

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

Andy Cunningham
Head of Pensions, Administration & Relations

Report Author: Richard Bullen, Fund Governance & Performance Manager

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

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Wiltshire Pension Fund

Summary of Members Training Survey – October 2019

Scoring

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

Results

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

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

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

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

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

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

Wiltshire Pension Fund

Officer training policy

Purpose

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

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

Scope

The scope of the officer training policy seeks to;

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

Objectives of the policy

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

Strategy for the execution of the policy

The key steps enabling the policy to be executed are;

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

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

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

Monitoring & Reporting

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

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

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

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

Oversight & review

This policy will be overseen and reviewed by considering;

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

Documents

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

References

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

October 2019

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WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE

17 December 2019

Fund Audit Plan – 2020/21

Purpose of the Report

1. To enable members of the Committee to agree the Fund's audit plan for 2020/21.

Background

2. To ensure good governance, legislative compliance and oversight of the Fund the Committee should agree its audit plan each year. The scope of the plan will need to consider audits conducted by the externally appointed auditor's Deloitte for completion of the Annual Report & Account's (AR&A) & the internal audits offered by the South West Audit Partnership (SWAP) covering the Fund's compliance with regulations such as the Pension Regulator's Code of Practice 14, its internal financial controls, the Data Protection Act 2018/GDPR, the Fund's FCA's MiFID II compliance & the LGPS regulations.
3. **External Audit** – The Wiltshire Pension Fund (WPF) will employ the services of Wiltshire Council's external auditor in conjunction with the requirements of the Council's Audit Committee. It is anticipated that officers will prepare an audit timetable including an interim site visit by Deloitte in December 2019, prior to the preparation of the draft accounts in May. Deloitte's will then undertake a further site visit in May/June after which officers will submit the draft report & accounts for 2019/20 to both the Board & Committee in July. It is intended that the AR&A's for 2019/20 will be completed by 31st July and published by 1st December 2020.
4. **Internal Audits** – Each year a risk identification approach is employed by Wiltshire Council to determine the terms of reference of its internal auditors. As part of this determination the Pension Fund Committee should make recommendations to the Audit Committee on areas of compliance it considers necessary (potentially following recommendations made by the Board). In 2020/21 it is anticipated that SWAP should complete a site visit to undertake an annual review of the Fund's internal financial controls, the Data Protection Act 2018/GDPR & its MiFID II compliance (Ref: LPB minute 76 on 14/11/2019) arrangements in March.
5. **Officer self-assessment** – The Fund's internal audit report in July 2019 covering Pension Regulator's Code of Practice 14 made only one observation following an officer annual self assessment in June. In addition, officers propose to implement a strategy of internal reviews in 2020 assisting the internal financial controls audit, but which will be focused on the implementation of embedding the Fund's administration processes.

Considerations for the Committee

External Audit

6. Whilst the Fund's AR&A's 2018/19 was completed by 31st July 2019 it was noted that Deloitte's were unable to sign off their audit report due to an audit requirement connected with the Council's annual accounts. Consequently members may wish to give

consideration to the WPF's future requirement to prepare its AR&A's separately to Wiltshire Council's annual accounts.

Internal Audits

7. An annual audit is essential to cover the Fund's key financial controls. In conjunction with this audit the Committee may wish to give consideration in 2020/21 to the Fund's policy and procedures associated with its compliance of the FCA's MiFID II regulations. In addition, it is recommended that a further audit takes place concerning the Fund's compliance with the Data Protection Act 2018/GDPR and that the internal audit plan agreed should ensure that the scope of these audits all take place as part of one larger audit.

Officer self-assessment

8. The successful audit of the Fund's compliance against the Pension Regulator's Code of Practice 14 suggested that auditing against these regulations may need to take place only every other year. In addition to this recommendation, the Committee is asked to consider that the self assessment is brought forward from June each year to March, so that in future years the Code of Practice audit timetable will be consistent with other internal audits. It should be noted that the Pension Regulator proposes to introduce a new Code of Practice 15 later in 2020 & an early audit of the Code 14 will enable officers to implement any changes required by the new Code 15, prior to an internal audit by SWAP in 2021.
9. Officers plan to implement a framework of internal reviews during 2020 covering its compliance & controls of external reporting. The internal reviews will sit within the "Three lines of defence model" as the second line of defence between the oversight provided by the Board & Committee and the Fund's internal auditors.

Environmental Impact of the Proposal

10. Not applicable.

Financial Considerations & Risk Assessment

11. There are no known implications at this time.

Legal Implications

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

13. There are no known implications at this time.

Proposals

14. For the Committee to approve the continued joint Wiltshire Council & Fund accounting arrangements in 2020, but to assess the execution of those arrangements, bearing in mind potential SAB guidance recommending that the Fund's accounts be separated from Wiltshire Council's.
15. For the Committee to approve the scope of the internal audits in 2020/21, covering the Fund's internal financial controls, MiFID II & Data Protection Act 2018/GDPR compliance.

16. For the Committee to approve that only an officer self-assessment of the Pension Regulator's Code of Practice 14 should take place in 2020, with an internal audit planned for 2021, likely to cover the Pension Regulator's Code of Practice 15 requirements.

Andy Cunningham
Head of Pensions, Administration & Relations

Report Author: Richard Bullen, Fund Governance & Performance Manager

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

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WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE

17 December 2019

Contract Management review - 2020

Purpose of the Report

1. To provide the Committee with a summary of the service provider contracts managed & reviewed in 2019 and to consider the contracts to be tendered and reviewed during 2020.

Background

2. In December 2018 officers provided the Committee with an update of the Fund's key service provider contracts aimed at reassuring members that a best value approach was being maintained as part of the Fund's overall procurement arrangements. In an continuation of this strategy the tables below detail the review of service providers which have occurred in 2019 & which will form part of the Fund's best value reviews in 2020.

Contract management reviews & tenders in 2019

Service Provider reviews			
Service Provider	Service provider	Review date	Comments
Aquila Heywood	Pension database provider	Quarterly	Meetings reformatted to make them more relationship management focused & include action logs & service reports
Prudential	AVC Provider	September	Review of the provider's investment & administrative performance submitted to the Committee in October
Target Professional Services	Data & member tracing service	November	The Fund intends to complete a certificate of existence exercise on all pensioners in 2020. It is proposed that Target will manage overseas pensioners
Western Union	Overseas pension payment service	August	Seeking to implement their Global Pay service to bring administration efficiencies to the Fund's Payroll & Accounting teams

Service Provider tenders			
Service Provider	Service provider	Contract re/started	Comments
CFH DocMail Ltd	Printing company	September	Agreed an 18 month term with a estimated £5k saving p.a. & the introduction of remote printing
DA Archiving	Archiving & imaging service	January	Agreed a 5 year term to support the Fund's Papervision function
Hymans	Actuarial Services	April	Agreed a 4 year 11 month term
MJ Hudson & Allenbridge	Independent Adviser	April	Agreed a 3 year term covering investment, administration & governance services
Muse Advisory	Stage 1 IDRPA Adjudicator	January	Agreed a 5 year term with greater definition of the provider's scope of service
Nova Sail	Software Automation tool	October	Agreed a 4 year term

Pensions & Investment Research Consultants (PIRC)	ESG Investment Adviser	Ceased March	Service taken on by BPP
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Contract management reviews & tenders in 2020

In addition to the quarterly Aquilia Heywood review meetings & annual reviews with Target Professional Services, Western Union & the Prudential reviews will include;

Service Provider reviews			
Service Provider	Service provider	Review date	Comments
Hymans	Actuarial Services	April	To build on the service currently provided
MJ Hudson & Allenbridge	Independent Adviser	April	To build on the service currently provided
Wiltshire Council	Pension Payroll	July	Assess services against the 2018 SLA
Wiltshire Council	Treasury Management services	February	Implement an annual review of service

Service Provider tenders			
Current Service Provider	Service provider	Contract review date	Comments
Mercer Ltd	Investment Adviser	January	To consider services in light of the creation of BPP
Osborne Clarke	External Legal Adviser	October	May split into two lots covering Investment advice & general pensions legal advice
No current appointment	Employer Covenant reviews	April	Appointment will initially focus on Employer situations highlighted by the valuation 2019

- In addition to the operational contract management reviews, Fund officers will also manage investment manager contracts as services transition to the Brunel Pension Partnership.

Considerations for the Committee

- During 2019 officers devoted a significant amount of time managing external service provider contracts. On receipt of the final outcome of SABs good governance review Pension Fund officers will assess whether they will be a need to develop a framework of Service Level Agreements with other service areas within Wiltshire Council.

Environmental Impact of the Proposal

- Not applicable.

Financial Considerations & Risk Assessment

- There are no known implications at this time.

Legal Implications

- There are no material legal implications from this report.

Safeguarding Considerations/Public Health Implications/Equalities Impact

8. There are no known implications at this time.

Proposals

9. For the Committee to note the best value contract management review strategy implemented by officers.

Andy Cunningham
Head of Pensions, Administration & Relations

Report Author: Richard Bullen, Fund Governance & Performance Manager

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

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