



WILTSHIRE  
PENSION FUND

# Local Pension Board Annual Report

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12 July 2018

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## Chairman's introduction

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

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

This report covers the period from 1st April 2017 to 31st March 2018 during which the Board has held 4 meetings over this period. The focus of the LPB during 2017-18 has been on ensuring;

a) the LPB governance complies with the statute and LGPS regulations that apply to it and best practice guidance issued by the national LGPS Advisory Board.

b) its members are fully conversant with the LPB's statutory duties and responsibilities such as the requirements of the Pensions Regulator.

c) the Wiltshire fund continues to fulfil its statutory duties.

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

The LPB made a number of recommendations to the Pensions Committee (see pages 11 to 17).

Perhaps the most important was in respect of management of resource risks in connection with the pooling of the funds asset with the Brunel Pensions Partnership and the increasing administration pressures on the fund arising from the requirements of the TPR and growth in new employers, especially academies, joining the fund.

The LPB was pleased that the Administering Authority has addressed these concerns in the development of a new staffing structure for the fund which will help future proof it.

The LPB has undertaken a review of the compliance with the Pensions Regulators Code of Practice 14. The LPB welcomes the actions being implemented by the fund to ensure it fully complies with the Code.

The LPB has also reviewed the Pension Funds website and stressed the need for information to be kept up to date and the new fund website being user friendly for fund members and employers to increase its usage.

Looking ahead the LPB will seek to assist and support the Fund in respect of increased data quality requirements from the Pensions Regulator and the risks & opportunities arising from the next stages of pooling of the Fund's assets in the Brunel Pensions Partnership in 2018.

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

Howard Pearce

Independent Chair

## Legal basis of LPB and annual reporting

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

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

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

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

The Regulations require that the Local Pension Board must be constituted of at least 4 members, two of whom must represent the membership of the fund and two of who must represent the fund’s employers. Employer and Scheme member representatives are required to have the capacity to represent their respective constituencies. While it is permissible for the local pension board to contain “independent” members i.e. those who are neither member nor employer representatives, such members are not permitted to vote. Details of how the Chair and members of the Local Pensions Board were and are appointed can be found in the terms of reference <http://www.wiltshirepensionfund.org.uk/media/3560/terms-of-reference-local-pension-board.pdf>

The Wiltshire Pension Fund Local Pension Board is comprised of;

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

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

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

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

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

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

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

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

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

The Governance Compliance Statement of the Wiltshire Pension Fund can be found [http://www.wiltshirepensionfund.org.uk/media/4115/governance\\_compliance\\_statement.pdf](http://www.wiltshirepensionfund.org.uk/media/4115/governance_compliance_statement.pdf)

## LPB members register and declarations of interests

### Local Pension Board as at 31 March 2018

Role	Member	Date of Appointment	Date Left	Number of meetings attended (maximum 4)
<b>Independent Chairman</b>	Howard Pearce	12/05/2015		4
<b>Employer Member Representatives</b>	Lynda Croft	14/07/2015	05/03/2018	3
	Sarah Holbrook	23/02/2016		2
	Cllr. Richard Britton	16/05/2017		2
	Cllr. Christopher Newbury	14/07/2015	16/07/2017	1
<b>Scheme Member Representative</b>	David Bowater	14/07/2015		3
	Mike Pankiewicz	14/07/2015		4
	Barry Reed	14/07/2015		3

### Biographies of the Local Pension Board Members

#### Independent Chairman:

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

#### Employer Member Representatives:

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

Lynda Croft, Director of Finance, Wiltshire College

Christopher Newbury, Wiltshire Councillor

Richard Britton, Wiltshire Councillor

#### Scheme Member Representative:

David Bowater, Wiltshire Council employee, active member

Barry Reed, Unison representative, retired member

Mike Pankiewicz, Unison representative, active member

Full biographies for all Board Members can be found here

<http://www.wiltshirepensionfund.org.uk/wiltshire-pension-fund/about-us/local-pension-board/>

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

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

## LPB approved training plan and members training logs

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### Achieving the required level of knowledge and skills

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

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

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

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

Date of meeting	Topics Covered	HP	MP	DB	BR	CN	LC	SH	RB
06/04/2017	Data Protection & Quality Standards	✓	✓	✓	✓	✓	✓		
13/07/2017	Complaints & Dispute Handling	✓	✓		✓		✓	✓	✓
20/07/2017	General Data Protection Regulations	✓							
18/10/2017	Fraud Prevention & Mitigation	✓	✓	✓			✓	✓	
15/03/2018	Annual Reporting Requirements	✓	✓	✓	✓				✓

The following were joint training sessions with the pension committee:

Date of meeting	Topics Covered	HP	MP	DB	BR	CN	LC	SH	RB
22/05/2017	LGPS, Investment Strategy, Governance & the Brunel Pensions Partnership	✓	✓	✓			✓	✓	

The following were additional training opportunities undertaken by Board Members:

Date of meeting	Topics Covered	HP	MP	DB	BR	CN	LC	SH	RB
16/05/2017	PSLA Local Government Conference		✓						
21/06/2017	Fund AGM	✓	✓						
08/09/2017	LGPS Investment training	✓	✓						
01/11/2017	Fund Investment Away day		✓						
08/11/2017	LGA training workshop								✓
10/11/2017	LGPS Summit	✓							
15/11/2017	Brunel Pensions Partnership engagement	✓	✓					✓	✓
07/02/2018	CIPFA LPB training	✓							
01/03/2018	LGC Investment Conference		✓						
26/03/2018	CIPFA LPB training	✓							
27/03/2018	Scheme Advisory Board LPB/PC Forum	✓							

Key:

HP – Howard Pearce, Independent Chair

MP – Mike Pankiewicz, Member Representative

DB – David Bowater, Member Representative

MP – Barry Reed, Retired Member Representative

CN – Councillor Newbury, Employer Representative

LC – Lynda Croft, Employer Representative

SH – Sarah Holbrook, Employer Representative

RB – Richard Britton, Employer Representative

## LPB Year 3 Work plan and outcomes

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

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

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

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

- Monitor performance of administration, governance and investments against key performance targets and indicators.
- Review the effectiveness of processes for the appointment of advisors and suppliers to the Administering Authority.
- Monitor investment costs including custodian and transaction costs.
- Monitor internal and external audit reports.
- Review the risk register as it relates to the scheme manager function of the Administering Authority
- Review the outcome of actuarial reporting and valuations.
- Provide advice and make recommendations when required to the Committee on areas that may improve the effectiveness and efficient operation and governance of the Fund.

[The Local Pension Board's agreed workplan for 2015/16 – 2018/19](#)  
[Agenda for the Local Pension Board, Thursday, 12 July 2018](#)

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

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

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

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

	Area	Minute	Outcome
All meetings	Pension Committee and Investment Sub-Committee decision making	The Local Pension Board actively scrutinises all Pension Committee and Investment Sub-Committee papers and minutes.	Minuted in LPB minutes
6 April 2017	Administration Key Performance Indicators	<p>The LPB welcomed the proposed KPIs for measuring the summary of the Fund's performance against key performance indicators and to request that statutory timeframes for administration processes are factored into the KPIs.</p> <p>The LPB <u>recommended</u> that once the KPI process is established it is developed to allow comparisons to be made against other Funds and to identify the administration costs associated with each process.</p>	<p>The restructure of the Pensions Dept. has delayed the introduction of a comprehensive suite of KPIs to measure the Fund's performance.</p> <p>Implementation will continue on completion of the restructure</p>
6 April 2017	Risk Register update	The LPB noted that the Pensions Committee had requested that Financial Instruments Directive II (MiFid II), and the impact of an increasing number of Multi Academy Trusts, be added to the Risk Register. On discussion of succession planning for staff, it was noted that the Apprenticeship Levy would be a tool for the Fund to train new staff, however it was suggested that the Fund may also benefit from a graduate recruitment scheme.	<p>MiFid II &amp; the impact of an increasing number of Multi Academy Trusts has been added to the risk register was noted.</p> <p>The need for succession planning was noted along with graduate a recruitment programme which &amp; has been a considered by staff as part of the restructure within the Pensions Dept.</p>

	Area	Minute	Outcome
		The LPB noted the measures being taken to mitigate risks, and <u>recommended</u> that consideration is given in the future to developing a graduate recruitment programme for the Fund.	
6 April 2017	Internal Audit Key Controls report and update on actions from previous audits	<p>The LPB noted that SWAP internal audit report had given the Fund a 'Reasonable Assurance' opinion, and there were no significant findings in the report with only two medium risks identified. Of the two medium risks, the outstanding reconciliations between Altair and SAP were now back up to date, the reconciliation between Altair and Pension Payroll remained and was being addressed as part of the GMP reconciliation project. In respect of compliance with the Pension Regulator's Code of Practice No.14 there were no significant findings and the Fund was found to be fully compliant in publishing information about the scheme and managing risk.</p> <p>The LPB discussed the impact of asset pooling on the funds auditing arrangements and it was <u>recommended</u> that in future the Fund's auditors would need to collaborate with the auditors for Brunel Pension Partnership (BPP).</p>	<p>Guidance from the LGA on the treatment of GMPs in relation to the reconciliation of the Pension Payroll remains outstanding.</p> <p>The recommendation of changes to the audit arrangements have been noted and will be raised with the new Auditor's Deloitte's.</p>
6 April 2017	Review of Investment Strategy Statement	The LPB noted note the updated Investment Strategy Statement and the need for a future review process in 12-18 months-time in light of asset pooling.	Committee approved changes to the 2018 Investment Strategy Statement (21 <sup>st</sup> June 2018), subject to amendments to include further detail on Brunel and the Flight Path, risk management & a statement in respect of ESG issues
6 April 2017	Business Plan update	The LPB noted the revised target dates and priorities, as previously requested by the Board. Members considered the highest risk items in terms of resourcing were	Actions relating to the appointing of a Scheme Actuary & prioritising BBP were note by Officers

	Area	Minute	Outcome
		establishing the Brunel Pension Partnership. It was noted that although the tender process for appointing a fund actuary was a high priority it was not yet time critical. The LPB noted that the Business Plan would be reviewed in 2018 and would also include priorities in respect of Brunel Pension Partnership.	
6 April 2017	Review of Fund Communication	<p>The LPB noted that the strategy had been developed in 2015 and included various mediums of communication to all types of members and stakeholders of the fund including: website updates, Annual Benefit Statements and Newsletters. The team offered Pension Clinics for members of the Fund to meet with officers, these meetings had proven very popular and further dates were being offered.</p> <p>The Board concluded it was content with the current communication strategy, especially due to the pressure on resources as a result of Brunel Pension Partnership.</p>	No action required
13 July 2017	Chairman's Announcements	The Chairman and the Vice Chairman recently attended a CIPFA conference at which there had been much discussion around new information from the Pensions Regulator and insurance indemnity for Board members. Advisers at the conference had recommended that funds purchase insurance for their Board members, since they were non-Council committees and therefore were not covered by their insurance policy. It was noted other Funds had not developed their Local Pension Boards and risk management to the same extent as Wiltshire.	No action required
13 July 2017	Election of the Vice-Chairman	The LPB appointed Mike Pankiewicz as Vice Chairman for 2017-18	No action required

	Area	Minute	Outcome
13 July 2017	Key Decisions of the Wiltshire Pension Fund Committee	The LPB noted the Committee had agreed the legal documentation for Brunel Pension Partnership and agreed to its Admitted Body Status in the Fund	No action required
13 July 2017	Training Item- Complaints and Dispute Handling	<p>The LPB noted that once a dispute was raised with the Fund, officers try to resolve it, if the matter cannot be resolved it would be referred to an independent adjudicator, and following that to the Associate Director for Finance with support from Hymans Robertson. Should a dispute progress pass these stages, the final stages were referral to the Ombudsman and then the courts</p> <p>The LPB noted that fund employers were required to provide details of the adjudicators they used in disputes, the Fund had requested these details and recently provided employers with further guidance, particularly in respect of ill health retirement cases</p>	The LPB thanked the Technical & Compliance Manager for his training session. No action required.
13 July 2017	Scheme, Legal, Regulatory and Fund update	<p>The LPB noted that a recent High Court decision which ruled that Government guidance that funds should not pursue policies contrary to UK defence or foreign policy was unlawful. The ruling would impact on guidance for preparing an Investment Strategy Statement.</p> <p>The implication of the Markets in Financial Instruments Directive II (MiFid II) consultation paper was discussed, the Fund had responded to the consultation and an update on the matter would be brought to the next meeting. The Board also heard that PwC had produced a report 'Options for Academies in the LGPS', which highlighted issues experienced by stakeholders, recommendations on the matter would be progressed by the Scheme Advisory Board (SAB). In respect of the Wiltshire Pension Fund, it was heard that officers</p>	Officers confirmed ill health liability insurance has been provided to those Scheme Employers choosing to take it out

	Area	Minute	Outcome
		were in the process of introducing an ill-health liability insurance for scheme employers.	
13 July 2017	Risk Register Update	The Board noted the risk register and <u>recommended</u> administrative support for the Fund to remain in house and the Fund should review staffing resources to ensure it supported the statutory requirements of the Fund.	Board considerations where noted which recommended that the Fund review resource allocated to fulfilling its statutory requirements
13 July 2017	Review of the Statement of Accounts	The LPB noted the Wiltshire Pension Fund Statement of Accounts and <u>recommended</u> future reports should disclose details of key management personnel, and wording describing the role of the Local Pension Board be amended.	Board considerations noted. Details of key management personnel will form part of the changes
13 July 2017	Internal Audit	The LPB notes the Internal Audit report and recommended that resource be directed to address the risks in respect of reconciliations and data management	Implementation of a strategy of reconciliations & data management has commenced. A Data Improvement Plan will form part of future meeting packs
13 July 2017	Feedback from the Wiltshire Pension Fund Annual General Meeting	The LPB noted the update from the AGM and support a move to hold this later in the year to coincide with the publication of the Funds Annual Report.  The LPB <u>recommended</u> officers review the format of the AGM in response to the needs of employers and scheme members	In light of feedback received the AGM has been rebranded as the Wiltshire Pension Fund Conference & moved to the fourth quarter of the calendar year.
13 July 2017	Review of Governance Compliance Statement	The Chairman advised the DCLG guidance referenced in the Governance Compliance Statement was several years out of date and DCLG would need to renew this to update it for asset pooling.  The LPB noted the updated Governance Compliance Statement	No action required
13 July 2017	Local Pension Board Annual Report and Benchmarking	The LPB noted the Annual Report and delegated authority to officers, in consultation with the Chairman, to amend the document to track tPR compliance and the	No action required

	Area	Minute	Outcome
		implementation of Board recommendations	
13 July 2017	The Pensions Regulator Code of Practice 14 Survey Results	The LPB noted the summary results of the Pensions Regulator's Code 14 survey and it was considered the Fund has responded positively and ensured improvement plans were in place. Currently the Fund was investigating software through which data submitted by employers would be reviewed before submission to the Fund to ensure only quality data was included. The LPB made the point that summary results did not allow for differentiation between LGPS and other national schemes, and some of the questions had been unclear which could have affected the results	Board considerations noted. Officers are looking at the possibility of aligning the summary results with other LGPSs, however ensuring that the basis & metrics on which those results are produced are consistent with other Funds is an ongoing exercise.
13 July 2017	Proposed Response to Scheme Advisory Board Local Pension Board Survey	The LPB agreed the proposed response to the SAB survey, with the addition of comments to support more collaboration and benchmarking between Boards.	Board comments noted
13 July 2017	Review of Wiltshire Pension Fund Website	The LPB were requested to submit their feedback on the Wiltshire Pension Fund website prior to the October Local Pension Board meeting	The Board provided their feedback & the new website hosted by Hyman Robertson is now live
13 July 2017	Implementation of Costs Transparency	The LPB noted the update on the implementation of the code on investment costs transparency and recommended it be factored into the Wiltshire Pension Fund and Brunel Pension Partnership manager appointment process.	Board guidance is under review by the Fund's Investment Manager
13 July 2017	How did the Board do?	The LPB agreed to review the timetabling and work plan of Board meetings following consideration of the SAB survey results once published	Board considerations noted
18 Oct 2017	Training Item: Fraud Prevention and Mitigation	The LPB noted the key focus of the funds fraud prevention work and safeguard was on: cyber-fraud, fraud by scheme members, and fraud committed by employees working for the Fund. It was confirmed the Fund safeguarded against fraudulent investments by	The training item on Fraud Prevention & Mitigation was noted by the Board

	Area	Minute	Outcome
		employing an external auditor and custodian to check on investments held. Similar arrangements would also be in place for Brunel Pension Partnership. It was noted scheme members were at risk of being tricked into transferring out of the Fund and making poor investments by rogue companies, the Fund warned members against transferring out of the Fund, however was not able to stop them. In respect of employer members in the Fund, it was noted they had a requirement to ensure accurate employee records were submitted to the Fund.	
18 Oct 2017	Scheme Legal, Regulatory and Fund update	The LPB noted two items which were categorised as high risk were the implementation of the General Data Protection Regulations in May 2018 and the Markets in Financial Instruments Directive II. In preparation for the GDPR the Fund was developing a project plan to ensure its data controller and data processor practices were compliant with the new regulations and was sharing best practice with other funds to ensure its practice was pension- specific. In response to MiFid II the Fund was in the process of opting up to 'professional' investor status and had sent letters to its investment managers.	It is noted that the GDPR project plan has been implemented & the Fund's practices are compliant with the new legislation. An independent audit of the implementation of GDPR will be undertaken. In respect of MiFid II letters have been sent to Investment Managers.
18 Oct 2017	Risk Register Update	The LPB noted the Risk Register and measures being taken to mitigate risks, and that a report on WPF compliance with GDPR would be presented to its April 2018 meeting.	With the April meeting rescheduled, the report was submitted to the Board at their July meeting.
18 Oct 2017	Administration Key Performance Indicators	The LPB noted the Fund's performance against its Key Performance Indicators and that future reports would include performance against legally defined deadlines. The LPB commented that the KPIs identified that Active to Retirement cases had	Officers to develop a comprehensive performance strategy

	Area	Minute	Outcome
		seen a fall each quarter in meeting the target timeframe due to resourcing issues. Refund of contributions had also seen a fall in terms of meeting targets. It could be useful to compare performance and costs with other funds. It was confirmed the costs were compared in the CIPFA benchmarking report, however performance comparisons were difficult to make as they were not like for like. The Chairman mentioned that inter-fund transfers were low relative to the target and this was perhaps an area to monitor in the future.	
18 Oct 2017	External and Internal Audit Update	The LPB noted the Final Audit Report and the verbal update on the appointment of the Fund's external auditor. The LPB <u>recommended</u> the Fund be audited against the Pensions Regulator Code of Practice 14 as part of the 2018 internal audit plan.	Completed
18 Oct 2017	Guaranteed Minimum Pension (GMP) Project update	The LPB noted the progress of the GMP reconciliations project and request any risks arising for the Fund be reviewed in December 2018	Officers to provide an update in December 2018
18 Oct 2017	Annual Benefit Statement Publication Review	The LPB noted the report on the publication of the Annual Benefit Statement. The LPB <u>recommended</u> that in 2018 if employers have not submitted complete and correct data to the Fund over a three-year period, they be contacted to investigate the route cause, and if there is no resolution, consideration be given to reporting them to the Pension Regulator	The performance of Employers will form part of the comprehensive performance strategy
18 Oct 2017	Employers Contributions Review	The LPB noted late contributions were reducing for the Fund, and of those, most were received within the month. Officers explained the Fund required a robust internal control system in place to monitor contributions now an increasing number of employers were within the Fund. The Fund was investing	Board considerations noted, but consideration of the impact on long term employer relationships are also being considered by Officers

	Area	Minute	Outcome
		<p>more into monitoring late contributions and providing a clear process of initial warning to employers, with this escalating to a fine and reporting a breach to the Board if the matter was not resolved.</p> <p>The LPB encouraged the Fund to charge employers for late contributions in accordance with the current WPF policy</p>	
18 Oct 2017	Local Pension Board Feedback on the Wiltshire Pension Fund Website	The LPB noted the comments received on the content and style of the Fund's website, and members were requested to visit other Fund websites to feedback and inform the design of the Wiltshire site. The Board was advised that Hymans Robertson would provide and manage a new off-the-shelf website which would be more attractive to members, the Fund intended to progress this as a short-term solution until a bespoke site could be developed	With the appointment of a new Communications Manager website development continues to be under review by Officers.
15 Mar 2018	Training Item	The LPB welcomed the Head of Pensions Administration and Relations who presented a training session on WPF Annual Reporting Requirements. The LPB <u>recommended</u> benchmarking the performance of the fund against other funds within BPP be included in the LPB work plan.	The Board thanked the Head of Pensions Administration & Relations on his presentation
15 Mar 2018	Annual Business Plan Update	The LPB noted the progress of implementing items on the Annual Business Plan and to recommend item 12 be upgraded to medium priority. The LPB <u>recommended</u> that future Business Plan updates include new items which have occurred since the business plan was first produced, and include on-going work items that have rolled-forward from previous plans, to capture the full picture of existing and new work.	Changes to the Business Plan are to be made
15 Mar 2018	Local Pension Board Budget	The LPB noted the budget had been updated to include provision	Completed

	Area	Minute	Outcome
		for an extension of the indemnity insurance policy	
15 Mar 2018	Scheme Legal, Regulatory and Fund update	The LPB noted that the Scheme Advisory Board want to start 3 projects in 2018 relating to improving member data to meet the Pensions Regulator requirements, identifying regulations requiring statutory guidance and the drafting of such guidance, and the potential benefits of further increasing the level of separation between the host authority and scheme manager role.	The Head of Pensions Administration & Relations advised the Board that discussion was ongoing concerning the criteria for Conditional member data which should form part of the statistical definition on which improvement will be measured
15 Mar 2018	Pension Fund Risk Register	The LPB noted that in respect of PEN021, the register should be updated to reflect the latest review date and PEN019 be updated to reflect the establishment of the LPB	Changes to the risk register will be made
15 Mar 2018	Administration Key Performance Indicators	The LPB noted the Fund's performance against Key Performance Indicators and the improvement work taking place. It was confirmed the Fund aspired to compare its KPIs against other funds, however this would not be a simple comparison as funds used different measures. The Chairman suggested CIPFA should be requested to update their guidance. Officers confirmed the team working to support key tasks were trained to complete this specialist work and there was a good level of resilience within the service.	Officers to develop a comprehensive performance strategy
15 Mar 2018	Review of the LPB Code of Conduct and Conflict of Interest Policy	The LPB endorsed the Code of Conduct and Conflict of Interest Policy Guidelines to the Wiltshire Pension Fund Committee and agreed one amendment that the guidelines be reviewed and approved by the Committee at least every two years, or upon any material changes to the Regulations, relevant legislation and scheme guidance.	No action required

	Area	Minute	Outcome
15 Mar 2018	Governance Compliance Statement	<p>The LPB noted the updated Governance Compliance Statement and made the following <u>recommendations</u>:</p> <ul style="list-style-type: none"> <li>• That section 1A be updated to reflect the delegation of asset management to Brunel Pension Partnership</li> <li>• That a hyperlink be added to the Board’s Terms of Reference.</li> <li>• In section Fc) TPR requirements be added at the end</li> </ul> <p>The LPB advised that officers seek clarity on any requirement for the Pension Fund Committee to report into the Audit Committee, prior to consideration of the Governance Compliance Statement by the Committee.</p>	Completed

## LPB Actions log

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

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

[Agenda for the Local Pension Board, Thursday, 12<sup>th</sup> July 2018](#)

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

From April 2015 the Pensions Regulator assumed a new oversight responsibility in respect of Public Service Pension Schemes, including the LGPS. To assist schemes in understanding the Regulator's expectations they have issued Code of Practice No. 14 that applies specifically to the governance and administration of public service pension schemes setting out the legal requirements in these specific matters. It also provides practical guidance and sets out standards of conduct and practice expected of those who exercise functions in relation to the legal requirements. This guidance can be viewed on the following link;

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

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

A full external review of the Wiltshire Pension Fund's compliance with the Regulators Code of Practice was undertaken by the South West Audit Partnership on 25<sup>th</sup> January 2017.

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

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

All the above areas are being addressed by Officers and the Board agreed to monitor their implementation.

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

During 2017 progress was made in some of the areas highlighted in the auditor's report. In particular;

- The meeting minutes record Board Members declaring their conflicts of interest and the register of interests being updated
- The 2017 Annual Benefit Statements were issued within the regulatory timescale
- That further work had been undertaken concerning the Fund's data cleansing process in line with the Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014 ('the Record Keeping Regulations'). Namely, the Guaranteed Minimum Pension reconciliation exercise with HMRC'S records.
- It has been recognised that due to a restructure within the Pensions Department & following the departure of key officers to new roles the strategy framework relating to Board members knowledge & understanding had not been immediately implemented following the South West Audit Partnership report. The Chairman of the Board & new Officers are now reviewing the training strategy framework and have agreed to implement an externally co-ordinated self-assessment training review superseding the review undertaken in 2015, along with a Board effectiveness review. A report of the results of this independent survey will be prepared by the Consulting Actuary's to the Fund for submission to the Board.

A report of an independent survey will be reported to the Board of the Wiltshire Pension Fund setting out the work that had been done in undertaking a further assessment of the Fund's compliance with the requirements of the Code of Practice 14 report.

The assessment will be similar to an external audit and measure the performance in fulfilling the Fund's legal obligations as well the areas of the Code that function as practical guidance. The Code is broken down into 4 sections;

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

The focus for Officers is to continue to undertake a review of the compliance requirements and carefully project plan to ensure compliance with any statutory deadlines.

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

## Summary of LPB communications outlining links to the website

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

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

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

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

The complete Communications Strategy can be seen here;

<http://www.wiltshirepensionfund.org.uk/media/3183/communications-policy.pdf>

In the first quarter of 2018 Members of the Local Pension Board were given access to a new Wiltshire Pension Fund website supported by the Actuarial Consultants & gave their feedback of the design & content of the new website. In April 2018, the existing website was replaced by the new design.

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

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

## LPB operational costs for 2017-18 & Budget for 2018-19

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

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

The budget for 2017-18 and 2018 – 19 can be seen below.

	<b>2017-18 Budget £</b>	<b>2017-18 Actual £</b>	<b>2018-19 Budget £</b>
Independent Chair Remuneration	9,214	9,216	9,214
Independent Advisor Fees	7,000	4,905	7,000
Training	6,000	640	4,200
Printing	1,000	0	0
Committee Services Recharge	3,000	3,000	3,000
Travel & Subsistence & costs	800	1,053	800
Catering	400	87	400
Insurance	-	2,800	2,800
<b>Total</b>	<b>27,414</b>	<b>21,701</b>	<b>27,414</b>

## Assurance of the LPB Annual Report

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

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

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

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

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

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

This Report is intended for the information of Wiltshire Council and the Scheme members and employers who participate in the Wiltshire Pension Fund. This Report has been formally noted by the Wiltshire Pension Fund Committee at their meeting of 20<sup>th</sup> September 2018

## LPB forward look to 2018-19 and proposed work plans

[The Board's workplan for 2017-18](#)

[The Board's workplan for 2018-19](#)