



WILTSHIRE
PENSION FUND

Local Pension Board Annual Report

23 May 2019

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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 2018 to 31st March 2019 during which the Board has held 3 meetings over this period. The focus of the LPB during 2018-19 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 fourth year.

The LPB made a number of recommendations to the Pensions Committee (see pages 10 to 20) and is pleased that the vast majority were accepted and have either been completed or are in the process of being completed. Perhaps the most important was in respect of management of resource risks in connection with the pooling of the fund's 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.

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. The local pension board as has 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

LPB members register and declarations of interests

Local Pension Board as at 31 March 2019

Role	Member	Date of Appointment	Number of meetings attended in 2019/20 (maximum 3)
Independent Chairman	Howard Pearce	12/05/2015	3
Employer Member Representatives	Sarah Holbrook	23/02/2016	3
	Cllr. Richard Britton	16/05/2017	2
Scheme Member Representative	David Bowater	14/07/2015	1
	Mike Pankiewicz	14/07/2015	3
	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

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 2013¹ 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

¹ 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 24th January 2019, the Board agreed to implement an updated training strategy from the 2015 version and develop the necessary level of knowledge and skills. Among the recommendations were;

- That all Local Pension Board members complete annual self-assessment form in order to supplement the on-line training assessments circulated by Hymans Robertson which included a National Confidence, Knowledge & Effectiveness review assessments 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 new Board members would attend a 3 day LGPS Pensions Fundamentals Course presented by the Local Government Association, receive a copy of the Member's handbook and attend an Officer led Induction training session. It is intended that this suite of basic training of all the key areas of the LGPS will provide a thorough understanding of the scheme, its legislation and an appreciation of the different areas of work.
- In addition new Board members will 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	SH	RB
12/07/2018	GDPR	✓	✓		✓	✓	✓
19/09/2018	Local Pension Board Induction Day	n/a	n/a	n/a	n/a	✓	✓
11/10/2018	Fund Delegations & Controls	✓	✓	✓	✓	✓	
11/10/2018	Contract Management	✓	✓	✓	✓	✓	
11/10/2018	tPR and its role in relation to the LGPS	✓	✓	✓	✓	✓	
24/01/2019	Introduction of new software and use of new online services	✓	✓		✓	✓	✓

The following were joint training sessions with the Pension Committee:

Date of meeting	Topics Covered	HP	MP	DB	BR	SH	RB
09/05/2018	Investment Away Day - Collateral Management - Mercer				✓	✓	
12/12/2018	Valuation training	✓	✓		✓		✓
14/03/2019	Enhancing your LGPS Pension - AVCs	✓	✓				
14/03/2019	Valuation training - Assumption setting	✓	✓				

The following was additional training opportunities undertaken by Board Members:

Date of meeting	Topics Covered	HP	MP	DB	BR	SH	RB
27/06/2018	CIPFA LPB annual conference	✓					
-	GAD S13/data workshops	✓					
10/10/2018	CIPFA Autumn seminar				✓		
14/11/2018	LPB Annual Conference	✓					
17/01/2019	Annual LGPS Governance Conference	✓	✓				

Key:

HP – Howard Pearce, Independent Chair

MP – Mike Pankiewicz, Member Representative

DB – David Bowater, Member Representative

MP – Barry Reed, Retired Member 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 (LPB) is to assist the Administering Authority in securing compliance with the LGPS Regulations, other legislation relating to the governance and administration of the Scheme and requirements imposed by the Pensions Regulator. In the pursuit of this aim it is for the LPB to set up a work plan that operates in conjunction with the workplan of the Fund whilst giving being committed to its own primary function.

The LPB'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.

At its meeting on 24th January 2019 the Local Pension Board reviewed the delivery of its core functions and noted that it had achieved 75% of the core functions tasked to it since 2015.

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
All meetings	Scheme Legal, Regulatory & Fund update	Key updates included: the reforms to public sector exit payments, amendments to the LGPS regulations, the Pensions Dashboard, the Separation Project, to assist HMCLG in the drafting of guidance & a SAB project to assist authorities in meeting their tPR data management requirements. CIPFA were bringing out a number of new publications over the next year the Fund should be updated on. The delays with HM Treasury and CIPFA projects were noted & the increased activity of The Pensions Regulator was highlighted. The attendance of tPR at the previous Board meeting was noted and an invitation to attend a future meeting should be made. Resolved: <ul style="list-style-type: none"> • To request the addition of the DWP, CIPFA, TPR, and Pensions Ombudsman guidance in future updates. • To liaise with the Regulator concerning the content of their presentation 	Board proposals to be taken forward
12 July 2018 (Min 25)	Minutes	Benchmarking of the Fund against other Funds in Brunel Pensions Partnership did not feature on the	It was recognised that the different basis on which Funds produce

	Area	Minute	Outcome
		action tracker, it was included in the Fund's Work Plan	their statistics have made comparison difficult. CIPFA's 2018/19 guidance in relation to the production of the Annual Report & Accounts introduced a section on Scheme KPI's which will offer a more consistent benchmarking framework for comparison
12 July 2018 (Min 30)	Key Decisions of the Wiltshire Pension Fund Committee	The Board's Code of Conduct requires further legal advice on which elements of the Register of Interest form. It was recommended the Conflict of Interest Policy be compared to the Pensions Regulator guidance. Resolved: To recommend the Conflict of Interest Policy be reviewed against the Pensions Regulator guidance.	Legal guidance was sought and changes to the Board's Conflict of Interest policy were approved by both the Board Chairman & the Committee at the Committee meeting held on 12 th December 2018 (Minute 77).
12 July 2018 (Min 31)	Draft Statement of Accounts	The Fund's Statement of Accounts were expecting a clean external audit. Additional resource in the next year may be required to support the new CIPFA disclosure requirements. The appointment of a new external auditor was discussed as well as the technical changes required to the accounts as detailed below. Resolved: To recommend the following amendments: <ul style="list-style-type: none"> • Under 'Local Pension Board' include a reference that the LPB also has an oversight function to ensure tPR compliance • Split the figures for cash and derivatives or, remove the figures for derivatives in the accounts where this is zero. • Remove zero figures in the accounts. • Under 'Basis of Preparation', wording to be updated to reflect the regulatory status of the approach taken. • Include Brunel Pension Partnership, Local Pension Board 	The revisions were made, and the draft Annual Report & Accounts were approved by the Committee at their meeting on 20 th September 2018 (Minute 54). The Board further approved the Accounts on 11 th October 2018 (Minute 60) <p>Appointment of Deloitte's the new external auditor was made by the Administering Authority in Q4 2018.</p> <p>Officers can confirm that both training & a review of processes have taken place to ensure the new CIPFA guidance will be factored into the 2018/19 accounts.</p>

	Area	Minute	Outcome
		<p>transactions and key management remuneration in the 'related party transactions' in the accounts. The note the CIPFA guidance recommends more disclosure over these transactions.</p> <ul style="list-style-type: none"> • AVCs be included in the accounts, and the wording in accounts be amended to reflect this since there are specific requirements about which AVCs that should be disclosed. • To request an update on the process for the appointment of a new external auditor at the next meeting. • To recommend the compliance with the CIPFA disclosure agreement is factored into the 2018/19 accounts. 	
12 July 2018 (Min 32)	GDPR	<p>The Fund had mapped the data it held, sent out Privacy Notices, appointed a Data Protection Officer, issued training, updated policies and been in regular communication with employers. Next steps would include a review of service provider contracts and arranging for audits to verify processes were being followed correctly. It was explained the Fund was working with all its partners, managers, and employers in the fund to check their own processes were sound. It was recognised that this would make the fund more efficient moving forward processes.</p> <p>Resolved: To recommend it reviews its interpretation of GDPR against the advice of the Scheme Advisory Board on & to ensure the Fund focuses on the important and sensitive data it holds.</p>	<p>Officers were unable to establish clear guidance from SAB however officers have asked the South West Audit Partnership (SWAP) to undertake a GDPR audit. A report is due to be submitted to the Board at their meeting on 23rd May 2019.</p>
12 July 2018 (Min 34)	Local Pension Board Annual Report	<p>The Board considered its annual report and noted the requirement on members to advise officers of training events they had attended so this could be recorded. The Chairman recommended an additional Section be added to</p>	Completed

	Area	Minute	Outcome
		record whether recommendations of the Board had been adopted by the Committee/Fund. Resolved: To add an additional section to record the implementation of LPB recommendations	
12 July 2018 (Min 35)	TPR – Code of Practice 14 Record Keeping Compliance	A report which tested the Fund’s compliance against the Pension Regulators Code of Practice 14 Record Keeping Regulations & internal controls was reviewed. Overall the Fund was well managed, two areas had been improved since the last review, 13 others required improvement and one new risk had been added. The report set out an action plan to improve the risks identified. Resolved: To request an update on progress at a future meeting within the next 6 months.	Officers can confirm that the risks have been addressed & an independent Code of Practice review by the SWAP in 2019 will take place. A report is due to be submitted to the Board in August 2019.
12 July 2018 (Min 36)	Internal Audit Report	A “Reasonable Assurance” opinion was given by SWAP. There were no significant findings in the report, with one new priority 3 risk identified and two more priority 3 risks remaining from the 2016-2017 year (one of which was not due until December 2019). The new priority 3 risk related to the Fund Investment & Accounting Manager ensuring verification of reconciliations prepared by the Accounting Technician which were now in place and occurring monthly. For the two other risks, the monthly reconciliations of New Pensioners and New Dependents between the Altair Pension system and SAP Pension Payroll were currently being put in place while the full reconciliation between all Altair and Pension Payroll records was planned to start towards the end of 2018. Members sought assurance the Fund paid for the internal audit, rather than Wiltshire Council. Resolved: To request an update on progress against recommendations	Officers have introduced a Data Improvement Plan as recommended by tPR which has been published demonstrating the strategy for reconciling the Altair & SAP databases. With guidance required from MHCLG, SAB, HMRC, the Lloyds Court case concerning the equalisation of GMP’s & the Fund own legal adviser’s full reconciliation of the Payroll remains pending. Officers can confirm that internal auditor fees are re-charged to the Fund

	Area	Minute	Outcome
12 July 2018 (Min 38)	Risk Register update	Since the last report to the Board, officers had downgraded PEN012 'Overreliance on key officers' as a number of key staffing roles had been filled. Officers advised that most operational and strategic decisions were made by the Head of Pensions Administrations and Relations or the Investment Manager, therefore the s151 vacancy did not impact on the running of the Fund day to day. The lack of strategic direction if this vacancy was not filled was expressed. Resolved: To recommend the Committee regularly review PEN012 due to the outstanding permanent vacancy for the Treasurer/Section 151 officer to the Fund	The Administering Authority have appointed a long term interim s151 Officer & the risk continues to be monitored by all stakeholders
12 July 2018 (Min 41)	Investment Strategy Statement	The Fund's Investment Strategy Statement was updated in respect of the de-risking of strategic asset allocation when the funding level increased & its current approach to decision making with Brunel Pension Partnership. The policy be updated, in respect of the Fund's approach to fossil fuel divestment and Environment, Social and Governance (ESG) approach. It was noted that investment managers considered ESG ratings in their investments, and the Committee should monitor Brunel's approach to decarbonisation. Resolved: To recommend, upon next review of the Investment Strategy Statement by Committee, that: <ul style="list-style-type: none"> • reference is made to ESG policy and that ESG policy is reviewed in light of a forthcoming government consultation paper on final salary pension schemes in respect of ESG; • an annex be included to illustrate the Fund's compliance with Regulation 7. 	Officers noted the Board's recommendations and will incorporate the changes in the strategy review due in July 2019
12 July 2018 (Min 42)	LPB Training Strategy update 2018	Officers were confident the Board's training plan was compliant but would develop a more	A new 3-year training strategy was noted by the Board on 24 th January

	Area	Minute	Outcome
		comprehensive training strategy. The Chairman advised the Pensions Regulator was offering member training sessions and suggested the Fund take advantage of this. Resolved: To recommend officers contact the Pensions Regular about the offer of training events.	2019 (Minute 11). As part of that strategy Officers will invite tPR to present to the Committee in 2019
12 July 2018 (Min 47)	LPB Insurance Indemnity Policy update	The Board considered the extension of an insurance indemnity policy. Resolved: To recommend, and delegate to officers the continuation of an insurance policy for the Board.	New Board insurance implemented from October 2018
12 July 2018 (Min 48)	Brunel Pension Partnership update	Resolved: To note the update on the progress of Brunel Pension Partnership and request an update in 2019 on whether the pool was on track with forecasting savings and transactions.	To be taken forward into the 2019/20 Scheme year and will be reflected in future Annual Accounts
11 October 2018 (Min 59)	Fund Delegations & Controls	A report concerning the interaction of relevant committees and delegations to officers was presented. It was noted some responsibilities were set out in the Wiltshire Council Constitution, where the role of the Committee, Sub Committee and officers were defined. The s151 officer was then able to further delegate responsibilities to other officers. Officers considered the responsibility for making high level strategic decisions were clear, however the line between officer and committee responsibility on other decisions could vary according to circumstance. The Interim Investment Manager advised the governance framework would be strengthened as a result of more decision-making being done within Brunel since the company was FCA regulated. The Chairman confirmed the Board's role was to review the Administering Authority policies and decisions rather than to make them. Resolved: To request the development of a formal record of	A review of the formal record of Brunel, Committee and officer delegations has been incorporated as part of the Member Effectiveness review. Completion of the Terms of Reference review for each group will in turn clarify the cascade of delegations and this will be taken forward into the 2019/20 Scheme year.

	Area	Minute	Outcome
		<p>Brunel, Committee and officer delegations in respect of:</p> <ul style="list-style-type: none"> • clarifying where different responsibilities should sit; • the flow of communications between the various parties; and • the level of decision making assigned to each party 	
11 October 2018 (Min 60)	External Audit Report	<p>The Interim Investment Manager confirmed that the auditor had been happy with the accounts. For 2018/19 the accounts were also expected to be challenging due to the Fund having new auditors and new accounting requirements. BPP was audited separately and the Fund would work with BPP to ensure all elements of the Fund's accounts reconciled. The Board requested internal audit check that the Fund had met previous internal audit recommendations. Resolved: To discuss with the internal auditors about the requirements for 2018/19 and the checking of compliance with previous audit recommendations.</p>	<p>The scope of the internal audits Financial Controls audit in May 2019 to be presented to the Board will include a check against previous internal audit recommendations.</p>
11 October 2018 (Min 61)	Review of Fund Procurement Processes	<p>Current procurement and contract management appointments of external advisors and other key contracts were reviewed. Reviews were driven by 3 overarching requirements: a) existing services which were approaching the end of their contractual term, b) ensuring compliance with GDPR, c) ensuring the procured services offered fitted the scope of service consistent to the Fund's needs. Members expressed an interest in understanding the largest contracts the Fund had in place. Resolved: To recommend further details on key contract costs be presented to the Wiltshire Pension Fund Committee.</p>	<p>Key contracted were reviewed by the Wiltshire Pension Fund Committee on 12th December 2018 (Minute 83)</p>
11 October 2018 (Min 64)	Presentation by tPR on its role in relation to the LGPS	<p>A training session on the role of tPR to regulate compliance with the governance and administration requirements of the Public Service Pensions Act 2013, to educate</p>	<p>To be taken forward into the 2019/20 Scheme year.</p>

	Area	Minute	Outcome
		members on requirements and enforce them & ensure consistency. The Regulator expected a fund to take all reasonable steps to ensure accurate data and acknowledged 100% accuracy for all data all of the time was not feasible and 95% was a more realistic aim. Resolved: To request an update on tPR progress in 12 months-time.	
11 October 2018 (Min 65)	Review of Annual Benefit Statements process 2018	In summary the majority of statements had been released on time, with members who did not have the correct address or had outstanding data being held back. Officers advised they logged and categorised queries the Fund received in response to Annual Benefit Statement to identify any themes. Resolved: To request information be provided to the next Board meeting on those employers whose end of year ABS data was repeatedly late, lacking, or incorrect over the last 3 years	Board considerations noted
11 October 2018 (Min 67)	Risk Register Update	In light of the presentation from the Pensions Regulator earlier in the meeting, members considered whether cyber security should be added to the risk register. The Board were assured that Wiltshire's IT security had been substantially upgraded in recent months. Resolved: To request officers regularly review cyber security and add this to the register if appropriate.	Officers have considered the Board's recommendation but consider that whilst cyber security is a critical risk, being a fully hosted service, the risk management of cyber security is beyond the remit of the Fund's risk register. Such risks would be managed separately through sub-contraction.
11 October 2018 (Min 69)	How did the Board do?	The vacant employer representative position on the Board was considered. It was suggested the Board approach large Multi Academy Trusts for a representative. Resolved: To request the Chairman approach Multi-Academy Trusts for an Employer Member Representative.	Direct approaches to MATs have been made, however the vacancy still remains open.
24 January	Minutes and action tracking	Officers reported that the action log had been edited and subject to	It was recognised that the different basis on

	Area	Minute	Outcome
2019 (Min 3)		<p>revision due to considerations arising from ongoing internal review. The following recommendations were made by the Board Resolved:</p> <ul style="list-style-type: none"> • Action 7.15 Revise parameters of benchmarking to base this work upon outputs that have been developed as standard metrics across similar funds and that are practical and affordable. • Action 8.7 Amended to note that the Fund will use the new Annual Report format produced by CIPFA as a means to identify the most meaningful and useful KPIs which can be compared across Funds. Due to methodological complications, metrics on costs-per-process would not be actioned. The recommendation to measure performance against statutory timeframes would remain. 	<p>which Funds produce their statistics have made comparison difficult. CIPFA's 2018/19 guidance in relation to the production all Funds Annual Report & Accounts introduced a section on Scheme KPI's which Officers believe will offer a more consistent benchmarking framework for comparison between Funds. Whilst the importance for benchmarking was recognised, the basic need for such extensive benchmarking was challenged by officers</p>
24 January 2019 (Min 7)	Key Decisions of the Wiltshire Pension Fund Committee	<p>The Director for Finance & Procurement outlined ongoing discussion on how the benefits of each governing body could be fully realised to drive the pension fund forward through a more holistic approach to governance. The relationship between Board and Committee was emphasised as being iterative and two-way.</p> <p>Resolved: The Board noted the minutes of the previous Wiltshire Pension Fund Committee held on 12 December 2018.</p>	<p>A focus group based on the effectiveness review has been formed and each groups term of reference is currently being reviewed. To be taken forward into the 2019/20 Scheme year.</p>
24 January 2019 (Min 8)	Introduction of new software and use of on-line services	<p>Three new online services; Member Self-Service allows members to manage key aspects of their account. Docmail improves member communications by enabling more efficient mailshot operations. iConnect allows data exchange between employers and the administering authority. Implementation of these software applications was significant piece taking up to three to five years to complete. Resolved: An update will</p>	<p>To be taken forward into the 2019/20 Scheme year.</p>

	Area	Minute	Outcome
		be brought to Board and Committee in 12 months to allow assessment of efficiencies and cost-reductions derived from these services.	
24 January 2019 (Min 9)	Governance Effectiveness review	Officers talked through the completed Hymans Robertson 'Effectiveness Review' highlighting the concerns and the room for improvement that it had evidenced. It was suggested that the review be repeated at regular intervals. Resolved: The Board noted the value of the Effectiveness Review and agreed with proposal for officers to address the recommendations stated in the report.	To be taken forward into the 2019/20 Scheme year.
24 January 2019 (Min 10)	LPB self-assessment against its achievement of its core functions 2015-2018	A report that indicated the LPB achieved up to 75% of its core functions. Areas of development were to be included in a future programme of work. The Chair suggested that the annual or quarterly iteration of core functions be reviewed to ensure a balance between operations and strategy within capacity limitations. Ensuring that there is a well-understood, efficient and effective working relationship between Board and Committee is necessary. Resolved: That the frequency of assessment against its core functions be better balanced with capacity within the team to conduct this self-assessment.	To be taken forward into the 2019/20 Scheme year.
24 January 2019 (Min 11)	LBP Training policy and plan for 2019/22	A report outlining a programme of training for the next three years was presented. Annual self-assessments would continue, a formal MiFID II competence review would take place whilst any overarching training review would move to a four-year cycle to align with committee appointments and to allow early identification of training needs. Resolved: • The Training Policy and Plan would be	The policy & plan have been issued & a formal annual MiFID II review would take place each Autumn.

	Area	Minute	Outcome
		made available to Board and Committee members. <ul style="list-style-type: none"> • The Investment Manager would coordinate the annual MiFID II competence arrangements. 	
24 January 2019 (Min 12)	LPB Budget 2019/20	The Chair indicated that provision should be maintained in relation to governance advice particularly concerning CIPFA benchmarking requirements Resolved: The Board recommended to the Pension Fund Committee that it was included in the Fund's Administration budget for 2019-20.	The budget was approved at the Committee meeting on 14 th March 2019 (Minute 15)
24 January 2019 (Min 14)	Risk Register	A discussion of how to present inherent risk and residual risk and its categorisation using RAG schema took place. Officers agreed that the risk registers targets could make the relationship of control and mitigating activity to risk clearer. Resolved: <ul style="list-style-type: none"> • To review the Risk Register as a vehicle to clarify the distinct roles of Board and Committee. • Officers would look into adopting a revised template for the risk register which uses inherent and residual risk 	Officer will migrate to a new corporate risk register and submit it to the next Board meeting.
24 January 2019 (Min 15)	Administration Key Performance Indicators	It was intended to build on an evidence-based approach to increasing employer engagement. Increasing employer engagement needs to be balanced with the growing regulatory requirements required of those communications. Resolved: The Board noted the Fund's performance against its KPIs and proposed changes to future methodologies used to produce and report on KPIs to the Board.	Officers continue to develop and progress the KPI reports.
24 January 2019 (Min 22)	Date of next meeting & Forward Plan	The Forward Plan needs to link into the overall business plan. The Committee would give this linkage expression through its co-ordinated work-plan.	Board considerations noted & will be included in the Committee workplan

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.

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.

In June 2018 Officers of the Wiltshire Pension Fund undertook an internal review of compliance with the Regulators Code of Practice the results of which were submitted the Board in July 2018.

Outlined in the Officers report it was noted that officers operated to a questionnaire which posed 84 questions covering all areas of the Fund's internal controls & the answers to most of the areas reviewed were that they were found to be adequately controlled. On the whole risks were being well managed but some practices required improvement of their internal controls to ensure the achievement of objectives.

Of the 16 areas identified as requiring improvement 2 had shown improvement since the South West Audit Partnerships 2017 report and have moved from a greater risk to a lesser risk. This left 13 risks where no significant progress had been made & 1 new risk where the risk rating had worsened. The key risks identified where progress had worsened or no improvement had been made are set out below. Officers will set in place an updated Action Plan to address all risks falling below the required standard the details of which are summarised below, this will be monitored by the Board;

- Internal controls should be reflected in the Fund's service provider contracts.
- A review of internal controls is required to ensure all Fund procedures are up to date
- Ensuring that Employers provide timely & accurate information
- Implementing a data improvement plan
- Setting in place procedures to reconcile Fund & Employer records
- Ensuring AVC statements are compliant with legal requirements
- Ensuring Employers issue new Scheme members will all the essential basic Scheme information, that the format for issuing basic Scheme information to members in the required legal format & that all information to members is provided within the required legal timescales

- That not all features of the scheme's documented dispute resolution procedures required by the code are in place in the documents of the scheme
- That 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)

The full review of the Pension Regulator's Code of Practice 14 requirement will be made by the Local Pension Board as at of its meeting agenda in August 2019.

During 2018 the items identified in the auditor's report of 2017 were maintained. In particular;

- The meeting minutes record Board Members declaring their conflicts of interest and the register of interests continue to be updated. The Board Code of Conduct Policy & Conflict of Interest Policy Guidelines, including the attached form for registering Members interests was also updated
- The 2018 Annual Benefit Statements were issued within the regulatory timescale
- 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'). Covering not only the ongoing Guaranteed Minimum Pension reconciliation exercise with HMRC'S records, but also the implementation of a Data Improvement Plan which was granted approved at the Committee meeting on 14th March 2019.
- The implementation of a new members training strategy covering the period 2018 to 2022. Details of which can be found in the Annual Report & Accounts for the period ending 31st March 2019. [\(Link\)](#)

For the Scheme year 2019/20 the Fund has commission a new audit to be conducted by the South West Audit Partnership, following an exercise by officers who will complete their questionnaire of 84 questions, in connection with the Fund's compliance with the requirements of the Code of Practice 14.

The Auditors 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

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.

The Fund has launched a new website called My Wiltshire Pension for active and deferred members to see their pension online and for the Fund to provide further education and engagement with its membership. Members will be able to change their personal details, see the pension accrued to date and forecast what pension they could receive at a future date. The Fund is half way through the implementation phase with circa 51,050 members being contacted in a staged implementation.

The Fund also provide an online ePayslip facility for circa 16,300 pensioners to access their payslips. ePayslips provide pensioner members with quicker access to their payslips while making a saving in both paper and cost to the Fund.

The complete Communications Strategy can be seen here;

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

The Wiltshire Pension Fund's current website is supported by the Fund's Actuarial Consultants. This website went live in April 2018 and forms part of the suite of electronic communications recently introduced that will support the Fund in delivering its communication strategy.

www.wiltshirepensionfund.org.uk

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

LPB operational costs for 2018-19 & Budget for 2019-20

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 2018-19 and 2019 – 20 can be seen below.

	2018-19 Budget £	2018-19 Actual £	2019-20 Budget £
Independent Chair Remuneration	9,214	9,216	9,214
Independent Advisor Fees	7,000	5,000	7,000
Training	4,200	800	4,200
Committee Services Recharge	3,000	3,000	3,000
Travel & Subsistence & costs	800	1,300	800
Catering	400	100	400
Insurance	2,800	2,800	2,800
Total	27,414	22,216	27,414

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 23rd May 2019.

LPB forward look to 2019-20 and proposed work plans

[The Board's workplan for 2019-20](#)