

## **WILTSHIRE COUNCIL**

WILTSHIRE PENSION FUND LOCAL PENSION BOARD  
21 May 2020

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### **PENSION FUND – TPR CODE OF PRACTICE 14 REVIEW**

revealed

#### **Purpose of the Report**

1. This report updates the Board on the findings of an internal review of the Wiltshire Pension Fund's compliance with the Pension Regulator's Code of Practice 14 for the Fund year 2019-20;

#### **Background**

2. For the 2018-19 year the review was undertaken in two stages. Firstly, a self-assessment by officers covering the Fund's adequacy against its compliance with the Pension Regulator's Code of Practice 14, in relation to the areas of internal controls, governance, administration & resolving issues based on an independent questionnaire originally provided by Aon Consulting. Secondly, by independent internal audit conducted by SWAP to provide assurance that the self-assessment completed by officers was sufficiently robust and reliable in its execution.
3. The 2018-19 self-assessment an overall improvement in the Fund's compliance with the Code of Practice, identifying a reduction in the number of risks requiring improvement from 2017-18, from 16 to 10. The independent internal audit submitted to the Board in August 2019 recorded a "reasonable assurance", with the caveat that as part of any future self-assessment process random sample testing should be undertaken to ensure that the information provided by the Fund's Management team was correct.
4. Two key changes have been made to the officer's self-assessment for 2019-20. These were;
  - a) The period of assessment has been altered from 1<sup>st</sup> July to 30<sup>th</sup> June, to 1<sup>st</sup> July to 31<sup>st</sup> March each year to bring the self-assessment into line with the scheme year & thus enhance comparability with other Fund reporting; &
  - b) The implementation of random sample testing whereby the Governance Manager has scoped the testing selecting 10% of the responses provided & conducting a separate evidence-based review of the responses. Only green responses were selected.
5. As a result of SWAPs recommendation, the "Consideration for the Board" section below has been split into two parts. Firstly, a summary of the self-assessment for 2019-20 & secondly a summary detailing the sample testing which has been undertaken.

#### **Considerations for the Board**

Self-assessment analysis

6. The questionnaire posed 83 questions covering all areas of the Fund's internal controls & the answers to most of the areas reviewed were that the Fund was found to be adequately controlled and being well managed. Overall an improvement was observed from 10 areas identified as requiring improvement in 2018-19 to 8 areas in 2019-20.

7. Of the 10 areas identified as requiring improvement in 2018-19, 2 had shown improvement moving to a well-managed green risk status, most notably reflected in the understanding of tPR breach reporting & its management. This left 7 risks where no significant progress had been made, plus 1 risk where a marginal improvement had occurred improving from a red to an amber risk rating. All 8 amber risks identified are set out below. Officers will continue to implement their action plan to address the risks failing to reach the adequate standard.

| <b>Ongoing Risks identified</b> |  |                    |
|---------------------------------|--|--------------------|
| <b>Risk No.</b>                 | <b>Description of the risk</b>   | <b>Remedy date</b> |
| B12                             | Board members completion of the Pension Regulator's toolkit for training   | October '20        |
| E7                              | A review of internal controls is required to ensure all Fund procedures are up to date   | December '20       |
| F1                              | Do member records record the information required as defined in the Regulations and are they accurate  | Rolling programme  |
| F2                              | Ensuring that Employers provide timely & accurate information  | July '20           |
| F10                             | Setting in place procedures to reconcile Fund & Employer records   | December '20       |
| H3                              | Has a benefit statement been provided to all active, deferred and pension credit members who have requested one within the required timescales | October '20        |
| H7                              | Are Employers issuing new Scheme members will all the essential basic Scheme information   | December '20       |
| H9                              | Is all information to members provided within the required legal timescales  | December '20       |

#### Independent Sample Testing

8. Guidelines in connection with samples tested was not part of the recommendation made by SWAP. Officers have therefore sought to independently evidence the responses made, by selecting a cross section of categories with green responses & then detailing the evidence supporting that response.

| <b>Sample Risks reviewed</b> |   |   |   |
|------------------------------|---|---|---|
| <b>Risk No.</b>              | <b>Description of risk</b>  | <b>Response</b>   | <b>Evidence</b>   |
| A3                           | Was the Scheme Return completed on time                               | 2018-19 Scheme Return submitted on 15th November 2019.                              | A copy of the Return can be found on TPR Exchange                         |
| B8                           | Are Board members investing sufficient time in learning & development | Training records are published as part of the Board's Annual Report                 | Although content is published, a CIPFA recommendation of duration isn't.  |
| B11                          | Are training records being actively maintained                        | A training log is maintained by the Governance Manager                              | The training log is circulated annually to members to verify its accuracy |
| C10                          | Is the Board membership in line with legal requirements               | Yes, there are 3 member & 3 employer reps. with an independent non-voting chairman. | An actual number isn't specified, only that the voting membership is even |

|     |   |   |   |
|-----|---|---|---|
| F11 | Are member data process compliant with GDPR   | Staff GDPR training is annual. In 2018 data protection procedures were written & in Q1 2020 a system access & security review was completed | Current Fund compliance relies heavily on the Council & 3 <sup>rd</sup> party security processes. During 2020 officers will implement Fund level processes. |
| H5  | Have ABS AVC statements been provided within the required timescales                        | All AVC statements with the exception of Equitable Life (EQ) were issued on time. EQ were issued late due to the Utmost takeover            | Issuance is within 12 months of the end of the relevant Scheme year. The statutory deadline was achieved, just not the Fund's own standards                 |
| H12 | Does the Fund's Communications strategy ensure delivery of pension provision to its members | A new Communication strategy was approved in December 2019, incorporating the Fund's intention of operating on a more digital platform      | Whilst the Communication strategy ensures the vision, the delivery is not currently evidenced. Statistics to evidence delivery are being developed          |
| I7  | Are notification requirements in relation to TPAS & the Ombudsman adhered to                | Notification of the requirements appear on the Fund's website   | Notifications can be found under "Understanding pensions", "Useful links" on the Fund's website.  |

## **Conclusions**

### Self-assessment analysis

9. As minuted in the Board minutes in February 2020 new members should seek to complete TPR toolkit training within 6 months of taking their seat on the Board (B12).
10. Fulfilling the Fund's standard business & change management commitments in accordance with its business plan continues to place a strain on officer resources to update & maintain the Fund's procedures (E7 & H7).
11. It is envisaged that the implementation of new software, notably i-Connect, should address the Fund's core issues of non-compliance in relation to F1, F2 & F10, which in turn will also have a direct impact on H3 & H9. In short, this means that if the Fund can ensure the receipt of good quality data from its employers on a timely basis the Fund's disclosure of information to its members will be significantly enhanced.

### Independent Sample Testing

12. Whilst the sample testing evidence identified a degree of divergence between the responses provided & the independent evidence acquired, officers are satisfied that the level of divergence is not material & that the process by which sample testing is undertaken is appropriate.

In particular, the sample testing noted that only in risks B8, F11 & H12 was sufficient evidence lacking to support the response. Action to remedy the required level of evidence in all cases has been taken.

## **Environmental Impact**

13. There is no environmental impact from this report.

### **Financial Considerations**

14. There are no immediate financial considerations resulting from the reporting of the Fund's compliance with tPR Code of Practice 14.

### **Risk Assessment**

15. Any risks reflected in this report shall be reflected in the Risk Register.

### **Legal Implications**

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

### **Safeguarding Considerations/Public Health Implications/Equalities Impact**

17. There are no implications at this time.

### **Proposals**

18. The Board is asked to note the internal, self-assessment undertaken.

ANDY CUNNINGHAM  
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