

Phil Norrey
Chief Executive

To: The Chair and Members of the
Devon Pension Board

County Hall
Topsham Road
Exeter
Devon
EX2 4QD

(See below)

Your ref :
Our ref :

Date : 26 March 2019
Please ask for : Gerry Rufolo 01392382299

Email: gerry.rufolo@devon.gov.uk

DEVON PENSION BOARD

Wednesday, 3rd April, 2019

A meeting of the Devon Pension Board is to be held on the above date, at 10.30 am in the Committee Suite - County Hall to consider the following matters.

P NORREY
Chief Executive

A G E N D A

PART 1 - OPEN COMMITTEE

- 1 Apologies
- 2 Minutes (Pages 1 - 4)
Minutes of the meeting held on 11 February 2019, attached
- 3 Items Requiring Urgent Attention

Items which in the opinion of the Chairman should be considered at the meeting as matters of urgency.
- 4 Membership

To note that two Member representative Board Member positions expire in 2019.

MATTERS FOR CONSIDERATION OR REVIEW

- 5 Internal Audit Report and 2019/20 Audit Plan (Pages 5 - 20)

Report of the County Treasurer (CT/19/36) attached
- 6 Devon Pension Fund Risk Register (Pages 21 - 40)

Report of the County Treasurer (CT/19/37) attached

7 Pension Board Annual Report (Pages 41 - 44)

Report of the County Treasurer (CT/19/38), attached

8 Training Review and 2019/20 Training Plan (Pages 45 - 54)

Report of the County Treasurer (CT/19/39) attached

MATTERS FOR INFORMATION

9 Investment and Pension Fund Committee (Pages 55 - 60)

Minutes of the Investment and Pension Fund Committee held on 22 February 2019, attached

10 Pension Board Budget Monitoring Report (Pages 61 - 62)

Report of the County Treasurer (CT/19/40), attached

11 Peninsula Pension Administration Update and Performance Statistics (Pages 63 - 68)

Report of the County Treasurer (CT/19/41), attached

12 Breaches Policy (Pages 69 - 72)

Report of the County Treasurer (CT/19/42), attached

13 Actions and Recommendations Tracker (Pages 73 - 82)

Report of the County Treasurer (CT/19/42), attached

14 Future Work Programme (Pages 83 - 84)

Report of the County Treasurer (CT/19/44), attached

15 Dates of Meetings


15 July 2019, 21 October 2019 and 16 January 2020 at 10.30 an

PART II - ITEMS WHICH MAY BE TAKEN IN THE ABSENCE OF PRESS AND PUBLIC ON THE GROUNDS THAT EXEMPT INFORMATION MAY BE DISCLOSED

Nil

Members are reminded that Part II Reports contain confidential information and should therefore be treated accordingly. They should not be disclosed or passed on to any other person(s). Members are also reminded of the need to dispose of such reports carefully and are therefore invited to return them to the Democratic Services Officer at the conclusion of the meeting for disposal.

Membership
Devon County Council Councillors C Slade (Chair) and S Randall Johnson Fund Employer Representatives Graham Smith (Devon & Cornwall Police) and Carl Hearn (Tavistock Town Council)

<p><u>Fund Member Representatives</u> Andy Bowman, Paul Phillips, Colin Shipp and vacancy <u>Independent Member (non-voting)</u> William Nicholls</p>
<p>Declaration of Interests</p> <p>Members are reminded that they must declare any interest they may have in any item to be considered at this meeting, prior to any discussion taking place on that item.</p>
<p>Access to Information</p> <p>Any person wishing to inspect any minutes, reports or lists of background papers relating to any item on this agenda should contact Gerry Rufolo 01392382299 Agenda and minutes of the Committee are published on the Council's Website and can also be accessed via the Modern.Gov app, available from the usual stores.</p>
<p>Webcasting, Recording or Reporting of Meetings and Proceedings</p> <p>The proceedings of this meeting may be recorded for broadcasting live on the internet via the 'Democracy Centre' on the County Council's website. The whole of the meeting may be broadcast apart from any confidential items which may need to be considered in the absence of the press and public. For more information go to: http://www.devoncc.public-i.tv/core/</p> <p>In addition, anyone wishing to film part or all of the proceedings may do so unless the press and public are excluded for that part of the meeting or there is good reason not to do so, as directed by the Chair. Any filming must be done as unobtrusively as possible from a single fixed position without the use of any additional lighting; focusing only on those actively participating in the meeting and having regard also to the wishes of any member of the public present who may not wish to be filmed. As a matter of courtesy, anyone wishing to film proceedings is asked to advise the Chair or the Democratic Services Officer in attendance so that all those present may be made aware that is happening.</p> <p>Members of the public may also use Facebook and Twitter or other forms of social media to report on proceedings at this meeting. An open, publicly available Wi-Fi network (i.e. DCC) is normally available for meetings held in the Committee Suite at County Hall. For information on Wi-Fi availability at other locations, please contact the Officer identified above.</p>
<p>Emergencies</p> <p>In the event of the fire alarm sounding leave the building immediately by the nearest available exit, following the fire exit signs. If doors fail to unlock press the Green break glass next to the door. Do not stop to collect personal belongings, do not use the lifts, do not re-enter the building until told to do so.</p>
<p>Mobile Phones</p> <p>Please switch off all mobile phones before entering the Committee Room or Council Chamber</p>
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<div>  <p>Induction loop system available</p> </div>

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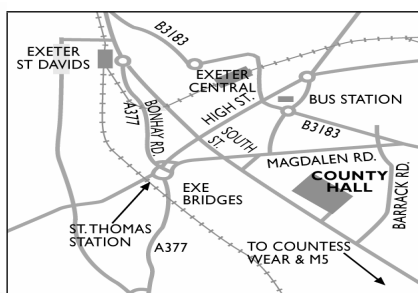
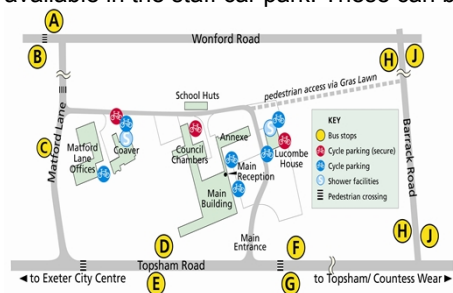
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NB   Denotes bus stops

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First Aid

Contact Main Reception (extension 2504) for a trained first aider.

DEVON PENSION BOARD

11 February 2019

Present

Councillors C Slade (Chair) and S Randall-Johnson

Fund Employer Representative

Mr C Hearn

Fund Member Representative

Mr P Phillips and Mr C Shipp

Independent Member

Mr W Nicholls

Apologies: -

Mr A Bowman, Ms H Keighley and Mr G Smith

* **94** **Minutes**

RESOLVED that the Minutes of the Meeting held on 15 October 2018 be signed as a correct record.

* **95** **Items Requiring Urgent Attention**

No item was raised as a matter of urgency.

* **96** **Membership**

The Committee noted that Heather Keightley and Paul Phillip's membership as Member representatives were due to expire 2019 and these positions would be advertised shortly. The Committee also noted that Ms Keightley had resigned with immediate effect and would not be standing for a further term.

* **97** **Internal Audit Report - Pension Fund Board Governance Arrangements**

The Committee considered the Report of the County Treasurer (CT/19/10) on a review of the Devon Pension Fund Board governance arrangements as part of the agreed annual internal audit plan. The overall conclusion of the work of the Board was that a 'Good Standard' of control was in place. Audit had also found the Board to be compliant with legislation and regulation, and the risk register included all related risks and mitigations. The Devon Pension Board forward plan provided for effective planning and decision making and a satisfactory level of information was being provided to support Members. The detailed Report (showing all the findings was attached) and included areas identified by Members where existing practice could be enhanced to increase the overall effectiveness and which was being addressed within the management response and action plan.

It was **MOVED** by Councillor Slade, **SECONDED** by Councillor Randall Johnson, and

RESOLVED that the internal audit opinion that the Pension Fund Board Governance arrangements contain a satisfactory level of internal control be noted; and that a further audit and review against the actions identified be submitted in 12 months.

Agenda Item 2

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DEVON PENSION BOARD
11/02/19

* 98 Pension Fund Risk Register

The Committee considered the Report of the County Treasurer (CT/19/11) on the identified risks incorporated into the Fund's Risk Register, previously considered by the Board at its meeting on 15th October 2018.

The Risk Register highlighted the key risks in relation to the Pension Fund, the current processes in place to mitigate the risks, and the planned improvements in place to provide further assurance. This incorporated the risk register of both the Investments Team and Peninsula Pensions.

A corporate Risk Register (including the Investment Fund and Peninsula Pensions) would be published on the County Council's website in due course.

It was **MOVED** by Councillor Slade, **SECONDED** by Councillor Randall Johnson, and

RESOLVED that the Pension Fund Risk Register and the additional actions proposed to mitigate risk be noted.

* 99 Regulatory Update and Consultations

The Committee considered the Report of the County Treasurer (CT/19/12) on the LGPS (Miscellaneous Amendment) Regulations 2018 and consultation document issued by The Ministry for Housing, Communities and Local Government (MHCLG) in its capacity as stewards of the LGPS; and on the Local Government Pension Scheme: Statutory Guidance on Asset pooling.

These 2018 Regulations corrected an error in the LGPS (Amendment) 2018 Regulations and now proposed that deferred members who left under the 1995 Regulations were able to take payment of their LGPS pension without the need for their former employer's consent from age 55, with the appropriate reduction for early payment.

Pensions paid to survivors of civil partnerships or same sex marriages would now be equal to those provided to widows of male members. These changes would be backdated to 5th December 2005 in respect of a surviving civil partner and 13th March 2017 in respect of a surviving spouse of a same sex marriage.

The Regulations also now provided for MHCLG to issue statutory guidance on the operation of the scheme rules. The LGPS was a single scheme but administered locally and the intention was to avoid funds taking different approaches, especially in relation to sensitive areas such as eligibility for survivor benefits.

On 3rd January 2019 MHCLG had also issued an informal consultation on draft Statutory Guidance on Asset Pooling. This guidance replaced previous ones and built on Ministerial communications and guidance on investment strategies.

The Guidance was in line with the current understanding of the Government's intentions, and therefore Officers were not currently proposing to respond to the consultation subject to any views by the Pension Board or Investment and Pension Fund Committee. The consultation would close on the 28th March 2019.

Members commented on the vagueness of the term 'reasonable period' in relation to the 'regular review of active and passive management'. It was generally accepted by Investment Managers that this would normally be up to 5 years.

It was **MOVED** by Councillor Slade, **SECONDED** by Mr C Hearn, and

RESOLVED that the changes to the scheme regulations be noted and that the Investment and Pension Fund Committee note the consultation on Asset Pooling.

* **100** **Fair Deal - Strengthening Pension Protection Policy Consultation**

The Committee considered the Report of the County Treasurer (CT/19/13) on a Ministry of Housing, Communities and Local Government (MHCLG) consultation released in May 2016 regarding the introduction of greater pension protection for employees of LGPS employers who were compulsorily transferred to service providers. The 2016 consultation proposed that, in line with the Government's Fair Deal Guidance of October 2013, most LGPS members in this position should have continued access to the LGPS with the new service provider. A further consultation regarding Fair Deal would be running from 10th January to 4th April 2019, which had taken into consideration some of the concerns raised in the initial consultation.

Board Members supported the additional security these measures would provide for transferring employees and the certainty it offered for 'deemed' employers who were generally small and medium sized enterprises (SMEs), especially prevalent in Devon. The Board also felt that the proposals when approved should be clearly communicated to both employees and employers, noting that information would be posted on the Peninsula Pensions' web pages.

It was **MOVED** by Councillor Slade, **SECONDED** by Councillor Randall Johnson, and

RESOLVED that the report be noted and the proposals to strengthen the pension protections that apply following an outsourcing in respect of all transferred staff of relevant LGPS employers.

* **101** **Investment and Pension Fund Committee**

The Board received the minutes of the meeting held on 16 November 2018. In relation to Minute *91 Independent Advisor Arrangements, the Board noted that a new appointment would be made under the existing contract with MJ Hudson Allen Bridge. Following the expiration of the contract a new agreement would be sought under the Council's Financial Regulations and procurement protocols.

* **102** **Brunel Update**

The Committee considered the Report of the County Treasurer (CT/19/14) on progress with investment pooling, and the relationship with the Brunel Pension Partnership Ltd. The key issues over the last quarter had been the agreement of Brunel's Business Plan for 2019/20, and progress on launching portfolios. Brunel was also planning a governance review.

Members noted the substantial projected savings from the pooling of assets and Officers undertook to provide Board Members a breakdown of these savings.

It was **MOVED** by Councillor Slade, **SECONDED** by Mr C Hearn, and

RESOLVED that the Board notes the latest position with the Brunel Pension Partnership.

* **103** **Proposed Changes to the LGPS Regulations Report**

The Committee considered the Report of the County Treasurer (CT/19/15) on the periodic assessment of the costs of the pension schemes in accordance with the provisions of the public service pension framework to ensure reforms remained affordable and sustainable.

The Report outlined proposed changes by the Government Actuary Department (GAD) relating to the Scheme.

The Head of Peninsula Pensions reported that the proposed changes were now 'paused' by Government pending the outcome of a recent legal appeal (relating to age discrimination).

Agenda Item 2

4

DEVON PENSION BOARD
11/02/19

* 104 Peninsula Pensions Performance Report

The Committee received the Report of the County Treasurer (CT/19/16) on Peninsula Pensions' performance against its internal service standard targets for the 9 months ending 31 December 2018. Performance targets were monitored monthly via a task management system and reporting tool with the pension database. The Service was also implementing an extensive training plan which would impact on day to day service performance in the short term.

The Head of Peninsula Pensions reported that enhancements to performance reports were currently being developed. Future reports would demonstrate performance against the Disclosure Regulations and internal targets, including high, medium and low priority areas, a log of breaches and action plans for key areas.

The Board also received a performance report (circulated at the meeting) covering October 2016 – January 2019 noting that recent performance had not dropped significantly despite the current additional team training and process review.

* 105 Action and Recommendations Tracker

The Board noted the Report of the County Treasurer (CT/19/17) on an Audit Action Log created to track progress and completion of audit actions including a log of actions requested by this Board. Members commended this approach in helping ensure execution of identified actions.

* 106 Future Work Programme

The Board received the Report of the County Treasurer (CT/19/18) on a future work programme for the Board meeting four times per year covering standing items and matters for the April meeting.

The Fund's investment strategy was currently being reviewed by Mercer investment consultants, who would be making a presentation to the Investment and Pension Fund Committee on 22nd February. The review would also be reflected in a revised Investment Strategy Statement.

Members of the Board were invited to attend the Committee meeting for the presentation by Mercer.

* 107 Dates of Meetings/Training

3rd April 2019; 15th July 2019; and 21st October 2019

Training: Devon Pension fund Training Day – Thursday 28th March 10am to 4pm at the Conference Centre Coaver Club, County Hall.

***DENOTES DELEGATED MATTER WITH POWER TO ACT**

The Meeting started at 10.30 am and finished at 12.40 pm

Annual Internal Audit Report 2018/19 and the proposed Internal Audit Plan 2019/20

Report of the County Treasurer

Please note that the following recommendations are subject to consideration and determination by the Board before taking effect.
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Recommendation: i The Board note the Internal Audit Report for 2018/19
ii consider the proposed Internal Audit plan for 2019/20 and
iii consider whether it wishes to make any comments to the Investment and Pension Fund Committee.

1. Annual Internal Report – 2018/19

- 1.1. The Head of Devon Audit Partnership is required to provide the Authority with an assurance opinion on the system of internal control of the Fund, based on risk-based reviews and sample testing, that there are no major weaknesses in the system of control. In assessing the level of assurance to be given the following have been considered:
 - all audits undertaken during 2018/19, and prior years;
 - any significant recommendations not accepted by management and the consequent risks;
 - internal audit's performance;
 - any limitations that may have been placed on the scope of internal audit.
- 1.2. In carrying out systems and other reviews, Internal Audit assesses whether key, and other, controls are operating satisfactorily within the area under review, and an opinion on the adequacy of controls is provided to management as part of the audit report.
- 1.3. The final audit reports also include an action plan which identifies responsible officers, and target dates, to address control issues identified during a review. Implementation of action plans are reviewed during subsequent audits or as part of a specific follow-up process.
- 1.4. Management are provided with details of Internal Audit's opinion on each audit review carried out in 2018/19 to assist them with compilation of their individual annual governance assurance statements. If significant weaknesses have been identified in specific areas, these have been considered by the Authority in preparing its Annual Governance Statement which will be included with its published Statement of Accounts for 2018/19.
- 1.5. Overall, and based on work performed during 2018/19 and prior years, Internal Audit can provide **significant assurance** on the adequacy and effectiveness of the Fund's internal control environment.

Wider Assurance Received

- 1.6 The Devon Audit Partnership 2018/19 Half Year Internal Audit Report to Devon County Council, provided an overall assurance opinion of 'Significant Assurance' on the adequacy and effectiveness of the Authority's internal control framework based on work performed during 2018/19 at that time and audit experience from previous years. This included review of Corporate key financial systems and controls, including areas of Finance, HR, Digital Transformation and Business Support.

Agenda Item 5

- 1.7 External Audit (Grant Thornton UK LLP) annual audit letter to Devon County Council for the year ending 31 March 2018, stated that Grant Thornton gave an unqualified opinion on the pension fund accounts of Devon Pension Fund on 31 July 2018. Grant Thornton reported the key issues from audit of the Pension Fund accounts to the Audit Committee in July 2018.
- 1.8 Brunel Pension Partnership Limited (BPP), Annual Report and Financial Statements for the year ended 30 September 2018, includes the independent Auditor's (Grant Thornton UK LLP) report to the members of the BPP. Areas reviewed included the financial statements of BPP and the strategic report and the directors' report.

2. Internal Audit Plan 2019/20 and the Service Level Agreement

- 2.1. Under the Local Government Act 1972 the Authority, and specifically the Chief Financial Officer (the County Treasurer), has a statutory duty to "make arrangements for the proper administration of their financial affairs". Assurance that this is the case is given through the reporting of Internal Audit. The audits have been carried out under the terms of Accountancy and Audit Regulations 2015 and in accordance with the Public Sector Internal Audit Standards.
- 2.2. The Internal Auditors for the Pension Fund are responsible for ensuring that key systems, both financial and non-financial, are operating effectively and in line with the Authority's financial regulations. This is achieved through the two audit plans: one for the Devon Pension Fund and one for Peninsula Pensions.

The Aim of the Plans

- 2.3. The plans are reviewed and agreed on an annual basis, incorporating the key risks identified through the risk registers, discussions with senior managers and areas identified by Internal Audit. Our plan will be shared with external audit colleagues to prevent duplication in work, and to maximise audit coverage across systems, including financial systems.
- 2.4. The main objectives of the plan are to provide assurance to the County Treasurer, Members and the external auditors that systems are:
 - Secure
 - Effective
 - Efficient
 - Accurate
 - Complete
 - Compliant
- 2.5. In order to confirm this risk based reviews, system reviews and compliance testing are completed at the Fund's administrative offices and at Peninsula Pensions' offices.

The Plan

- 2.6. The audit plans for the financial year 2019/20 allows for up to 40 days of internal audit support for the Pension Fund and 45 days of internal audit support for Peninsula Pensions.

- 2.7. We have reviewed the risk registers and worked with senior management to determine the key risks to the Fund and from this have developed a plan for the coming year. The plan considers both financial and non-finance based systems, and our work will provide assurance to the County Treasurer and Members on the effectiveness of arrangements.
- 2.8. Our working papers and audit reports are available to external audit colleagues for their consideration in planning their work.
- 2.9. Any major findings (if applicable) from the previous year's audit plan will be reviewed to ensure that agreed recommendations have been implemented and are effective.

Timetable

- 2.10. The audits will be completed at specified times of the year through consultation and prior agreement of the Assistant County Treasurer (Investment & Treasury Management) and the Peninsula Pensions management.
- 2.11. All findings will be reviewed with senior management at the end of each audit programme and prior to the issue of reports.
- 2.12. A copy of all final reports will be forwarded to our External Auditors, Grant Thornton, for their information.

Service Level Agreement

- 2.13. The audit plan for 2019/20 is attached, at Appendix 1, for consideration and will be forwarded for approval of the Pensions and Investment Fund Committee.

3. Conclusion

- 3.1. The Board is asked to note the Internal Audit Report for 2018/19 and consider the proposed Internal Audit plan for 2019/20 and consider whether it wishes to make any comments to the Investment and Pension Fund Committee.

Mary Davis

Electoral Divisions: All

Local Government Act 1972

Accounts and Audit Regulations 2011

List of Background Papers - Nil

Contact for Enquiries: Robert Hutchins

Tel No: (01392) 383000 - Dart Suite, Larkbeare House

DEVON PENSION FUND

ANNUAL INTERNAL AUDIT REPORT 2018/19

and

PROPOSED INTERNAL AUDIT PLAN 2019/20

Section 1 - ANNUAL INTERNAL AUDIT REPORT 2018/19

1 INTRODUCTION

- 1.1 The following report sets out the background to audit service provision, review work undertaken in 2018/19, and provides an opinion on the overall adequacy and effectiveness of the Authority's internal control environment.
- 1.2 This supports the organisation in complying with the Accounts and Audit Regulations 2015 which requires all Authorities to carry out a review at least once in a year of the effectiveness of its system of internal control, and to incorporate the results of that review into their Annual Governance Statement (AGS). The AGS must then be published with the Annual Statement of Accounts

1.2 BACKGROUND

2.1 Service Provision

- 2.1.1 The Internal Audit (IA) Service for the Devon Pension Fund (the Fund) is delivered by the Devon Audit Partnership. This is a shared service arrangement between Devon, Torbay, Plymouth, Torridge and Mid Devon councils constituted under section 20 of the Local Government Act 2000

2.2 Regulatory Role

- 2.2.1 There are two principal pieces of legislation that impact upon internal audit in local authorities:
- **Section 6 of the Accounts and Audit Regulations (England) Regulations 2015** which states that ".....a relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control"
 - ".....a larger relevant body must, at least once in each year, conduct a review of the effectiveness of its internal audit"
 - **Section 151 of the Local Government Act 1972**, which requires every local authority to make arrangements for the proper administration of its financial affairs.

- 2.2.2 There are also professional guidelines which govern the scope, standards and conduct of Internal Audit, including the Public Sector Internal Audit Standards (PSIAS).
- 2.2.3 In addition, Internal Audit is governed by policies, procedures, rules and regulations established by the Authority. These include standing orders, schemes of delegation, financial regulations, conditions of service, anti-fraud and corruption strategies, fraud prevention procedures and codes of conduct, amongst others.

3 OBJECTIVES AND SCOPE

- 3.1 This report presents a summary of the audit work undertaken; includes an opinion on the adequacy and effectiveness of the Fund's internal control environment. The report outlines the level of assurance that we can provide, based on the internal audit work completed during the year.
- 3.2. The Head of Devon Audit Partnership is required to provide the Authority with an assurance on the system of internal control of the Fund, based on risk-based reviews and sample testing, that there are no major weaknesses in the system of control. In assessing the level of assurance to be given the following have been taken into account:
- all audits undertaken during 2018/19, and prior years
 - any significant recommendations not accepted by management and the consequent risks
 - internal audit's performance
 - any limitations that may have been placed on the scope of internal audit.
- 3.3 Definitions of annual assurance opinions are shown in **Appendix B**.

4 INTERNAL AUDIT COVERAGE 2018/19

- 4.1 Financial management arrangements within the Authority are well established and staff have many years of experience giving them a good understanding and knowledge of the financial controls and requirements of regulations and policies.
- 4.2 Our work in 2018/19 has included completion of 6 audits (one of which was a joint audit across both Devon Pension Fund and Peninsula Pensions) and the preparation of two audit advice briefing notes. The individual assurance opinions issued in respect of our assignment work and, where applicable, the status of the audits is set out in the following table. We have also provided in-year audit advice to management including in relation to members self-service bank changes and employer contribution forms.

Key – DPF = Devon Pension Fund PP = Peninsula Pensions

Areas Covered		Stage	PF or PP	Level of Assurance
1	Communication with Stakeholders (joint audit)	Final	DPF and PP	Good Standard
2	Effectiveness of the Devon Pension Board	Final	DPF	Good Standard
3	Custodian Arrangements	Final	DPF	High Standard
4	Responsible Investment	Final	DPF	High Standard
5	GDPR Compliance	Final	PP	Good Standard
6	Death in Service / Death of Pensioners	Final	PP	Good Standard
7	Audit advice provided to management in relation to audit review of new training plan processes	N/A	PP	N/A
8	Audit advice provided to management in relation to audit review of new internal quality check processes	N/A	PP	N/A

- 4.3 Our reviews this year and in prior years provide enough evidence that the Devon Pension Fund and Peninsula Pensions have suitable governance arrangements in place to mitigate exposure to identified risks. Good working practices are in place to meet statutory requirements. The Investment and Pension Fund Committee are kept well informed, concerning the Fund's value and the allocation of assets, and are updated regarding the LGPS Governance scheme.
- 4.4 We identified some areas where controls could be improved, and actions were agreed with management. Executive summaries from our work are shown in **Appendix A**.
- 4.5 We note that Devon Pension Fund management took a report to the Board, in February 2019, with an Audit Action Log created to track progress and completion of audit actions including a log of actions requested by the Board. We note that Members commended this approach in helping ensure execution of identified actions
- 4.6 Devon Audit Partnership also maintain records of progress against agreed actions.

5 INTERNAL AUDIT OPINION

- 5.1 In carrying out systems and other reviews, Internal Audit assesses whether key, and other, controls are operating satisfactorily within the area under review, and an opinion on the adequacy of controls is provided to management as part of the audit report.
- 5.2 Our final audit reports also include an action plan which identifies responsible officers, and target dates, to address control issues identified during a review. Implementation of action plans are reviewed during subsequent audits or as part of a specific follow-up process.
- 5.3 Management are provided with details of Internal Audit's opinion on each audit review carried out in 2018/19 to assist them with compilation of their individual annual governance assurance statements. No significant weaknesses were identified in these reviews, however if any significant weaknesses had been identified in specific areas, these would have been considered by the Authority in preparing its Annual Governance Statement which is included with its published Statement of Accounts for 2018/19.
- 5.4 Overall, and based on work performed during 2018/19, Internal Audit can provide **'significant assurance'** on the adequacy and effectiveness of the Fund's internal control environment

Section 2 - INTERNAL AUDIT PLANS 2019/20

1 INTRODUCTION

- 1.1 Under the Local Government Act 1972, the Chief Financial Officer has a statutory duty to make arrangements for the proper administration of the Authority's financial affairs. Assurance that this is the case is given through the reporting of Internal Audit. Audits will be carried out under the terms of Accountancy and Audit Regulations 2015.
- 1.2 As the Internal Auditors for the Pension Fund it is our responsibility to ensure that systems are operating effectively and in line with the Authority's financial regulations, and for Peninsula Pensions it is our responsibility to ensure that we provide an independent, objective assurance service, designed to add value and improve the organisations operations. We help the Pension Fund accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. We achieve this through the two audit plans: one for the Devon Pension Fund and one for Peninsula Pensions.

2 THE AIM OF THE PLANS

- 2.1 The audit plans are reviewed and agreed on an annual basis, incorporating the key risks identified through the Fund's risk register and areas identified by Internal Audit in consultation with management. However good practice also recognises that it is advisable for plans to remain flexible, to enable them to be amended according to prevailing risks and changes to the control environment in the organisation, so whilst the annual plan should be approved at an appropriate level, it should also be capable of being flexed as necessary. Our plan will be shared with external audit colleagues to prevent duplication of work, and to minimise audit coverage across systems, including financial systems.
- 2.2 The main objectives of the plan are to provide assurance to the Chief Financial Officer and the external auditors that all financial systems are: -
- Secure
 - Effective
 - Efficient
 - Accurate
 - Complete
 - Compliant
- 2.3 In order to confirm this risk-based reviews; system reviews and compliance testing are completed at the Fund's administrative office and at Peninsula Pensions offices.

3 THE PLANS

- 3.1 The audit plans for the financial year 2019/20 allows for up to 40 days of internal audit support for the Pension Fund and 45 days of internal audit support for Peninsula Pensions.
- 3.2 We have worked with senior management to determine the key risks to the Fund and from this have developed a plan for the coming year. The plan considers both financial and non-finance based systems, and our work will provide assurance to the County Treasurer and Members on the effectiveness of arrangements. Our working papers are available to external audit colleagues for their consideration in planning their work.
- 3.3 We liaise with the Fund's external auditors to discuss the testing planned to ensure this supports their requirements. The remainder of the planned days incorporates reviews of specific systems as identified through an audit risk assessment process, the Authority's risk register and discussion with management.
- 3.4 Any significant findings from the previous year's audit plan will be reviewed to ensure that agreed recommendations have been implemented and are effective.
- 3.5 As part of the audit plan we will also provide assistance and advice, and be a central contact point for senior management.

4 TIMETABLE

- 4.1 The audits will be completed at specified times of the year through consultation and prior agreement with senior management. This will also take into account the timetable of external audit where applicable.
- 4.2 All findings will be reviewed with senior management at the end of each audit programme and prior to the issue of any draft reports.
- 4.3 A copy of all final reports will be forwarded to your External Auditors for their information.

5 2019/20 PLANS

- 5.1 The following table sets out the planned internal audit work for 2019/20. Other issues and systems are sometimes identified during the audits and if found will be discussed with senior management. These issues may be incorporated into future audit plans dependent upon priority and risk assessment.

Devon Pension Fund Plan 2019/20

Audit risk areas	Days
1. Admission and Departure of Employers to the Fund (DPF/PP)*	5
2. Employer Contributions (DPF)	8
3. Governance Arrangements - Effectiveness of the Devon Pension Board (2018/19 audit follow-up) and Effectiveness of the Investment & Pension Fund Committee (DPF)	10
4. Pensions Regulator Code of Practice 14 Compliance, including validation of completed self-assessment (DPF/PP)*	6
5. Actuarial Valuation (DPF/PP)*	5
6. Audit Planning, Advice and Reporting	6
Total days	40

- 5.2 The cost of these days will be £11,680. Additional support will be provided as and when required. Our standard daily rate for this work will be £292, although specialist support may be at a different rate.

Peninsula Pensions Plan 2019/20

Audit risk areas	Days
1. Admission and Departure of Employers to the Fund (DPF/PP)*	5
2. Annual Reporting Compliance (PP)	7
3. Payroll and Immediate Payment System (PP) (brought forward at client request from 2018/19)	10
4. Interfacing of submission of employer data with the Pensions administration system and use of Employer Self-Service (PP)	6
5. Pensions Regulator Code of Practice 14 Compliance, including validation of completed Self-Assessment (DPF/PP)*	6
6. Actuarial Valuation (DPF/PP)*	5
7. Audit Planning, Advice and Reporting	6
Total days	45

* Denotes joint DPF/PP audit and for which DPF and PP days will be combined in total.

- 5.3 The cost of these days will be £13,140. Additional support will be provided as and when required. Our standard daily rate for this work will be £292, although specialist support may be at a different rate

Robert Hutchins
Head of Devon Audit Partnership
March 2019

Appendix A

Executive Summaries for audits undertaken in 2018/19

DPF & PP: Communication with Stakeholders

The Devon Pension Fund Communications Policy was found to be written in accordance with the applicable sections of the LGPS Regulations 2013. We have recommended inclusion of references to the General Data Protection Regulations and the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, along with clearer reference to the availability of the document in other formats.

The Policy is supported by internal strategy and planning documents, which were found to be current, identified key stakeholders and prioritised communication.

Communications and engagement were found to be sufficient and effective although we did note that the annual employers' consultative meeting did not take place in 2017 due to prioritising Brunel engagement.

A number of recommendations have been made to enhance the existing policy and strategy documents, support further future engagement and increase the benefits from the websites.

DPF: Effectiveness of Devon Pension Board

The Devon Pension Fund Board governance arrangements are compliant with legislation and regulation, and the risk register includes related risks and mitigations.

Instances of consecutive non-attendance at Board meetings and training events in the period preceding the audit were identified.

An Annual Training Plan is in place and approved by Members; delivery against the plan is similarly reported annually.

The Devon Pension Board forward plan provides for effective planning and decision making by the Board. A satisfactory level of information is provided to Members to support this process, and where not restricted, this information along with meeting minutes is publicly published.

Some Members provided their view in relation to the effectiveness of the Board, and whilst largely positive, there are areas where existing practice could be enhanced to increase the overall effectiveness.

The outcomes from the Effectiveness of the Devon Pension Board audit were also reported at the February 2019 Devon Pension Board meeting.

DPF: Custodian Arrangements

Devon Pension Fund (DPF) transfer of the custody of investment assets from Northern Trust to State Street took effect on 3 April 2018. Assurances regarding the credit worthiness of State Street were provided by Brunel and the procurement framework required that the Fund assets would be protected in the event of insolvency of the Custodian.

We understand that the Custodian is subject to regular review and oversight as part of Brunel Pension Partnership obligations under FCA handbook requirements, including on-site due diligence, relationship management meetings and regular KPI monitoring.

The timing of transition was selected by DPF, to minimise impact on the production of the Fund's annual report and accounts. We have received management assurance that the transition of custody arrangements to State Street took effect as planned.

There are sufficient mechanisms in place for Devon Pension Fund scrutiny of Custodian arrangements and performance, and these include regular and timely reporting in relation to the transfer of the custody arrangements and performance reporting in relation to the Fund.

The DPF Risk Register incorporates risks in relation to the Custodian and is subject to regular review and update by management and members

DPF: Responsible Investment

The Devon Pension Fund (DPF) Investment Strategy Statement (ISS) reflects the requirements of the LGPS Management and Investment of Funds Regulations 2016 and makes provision for responsible investment.

Expectations in relation to external investment managers considering Environmental, Social and Governance (ESG) risks in making investment decisions and engaging with invested companies is set out in the ISS and reported in the Annual Report and Accounts.

Controls are seen to be in place to mitigate against failure of the fund to comply with Responsible Investment requirements. Whilst voting records show that Local Authority Pension Fund Forum (LAPFF) recommendations are not always followed, including in relation to ESG matters, DPF work with investment managers to explore the reasons for this.

It is noted that DPF plan to work with Brunel to further develop reports on stewardship and to measure the carbon footprint of DPF investments.

Brunel has Responsible Investment and Stewardship policies in place, and we note that the DPF has now received confirmation from the FRC that the Fund's statement to the UK Stewardship Code meets the reporting requirements of tier 1 signatory status; DPF management will want to review the revised Code when published

PP: GDPR Compliance

The GDPR Project Plan was found to have been developed and implemented taking into account relevant legislation, regulation and guidance. The project was managed at a senior level and was adequately resourced.

We found that the Plan had been largely delivered with remaining tasks in relation to historic hard copy and electronic data, population of the risk register, and completion of data protection impact assessments. Identification of and required actions resulting from third party responses to surveys and consideration of the implications for data held outside of the EEA in relation to pension payments also needs to be taken forward.

Management have provided assurances that they are adequately resourced to maintain ongoing compliance now that the new requirements are embedded as business as usual, with a caveat in relation to addressing the historic records.

PP: Death in Service / Death of Pensioners

System workflow processes are effectively used to manage the process following notification/identification of the death of an LGPS scheme member or employee, and these processes include secondary review and approval prior to data being processed for payment.

Our testing confirmed that death notifications are processed timely and accurately, and payments are subject to approval in line with the usual Finest system controls.

We did, however, find that at the time of audit there were no benefits team procedure notes to support the workflow process and that training may improve performance. We note that the intention of implement internal QC processes in early 2019 and acknowledge that this will also support improved performance.

We also noted further opportunities to facilitate prompter action in relation to deaths thereby reducing the risk of overpayments to members / pensions; these are use of the National Insurance database to ensure that members do not have other benefits in other schemes (Regulation 40 (5)), regular NFI matching / screening, and widening on line notification of deaths for other areas outside of the DCC Tell Us Once service.

Annual Assurance Opinion definitions

Opinion	Definitions
Full Assurance	Risk management arrangements are properly established, effective and fully embedded, aligned to the risk appetite of the organisation. The systems and control framework mitigate exposure to risks identified & are being consistently applied in the areas reviewed.
Significant Assurance	Risk management and the system of internal control are generally sound and designed to meet the organisation's objectives. However, some weaknesses in design and / or inconsistent application of controls do not mitigate all risks identified, putting the achievement of particular objectives at risk.
Limited Assurance	Inadequate risk management arrangements and weaknesses in design, and / or inconsistent application of controls put the achievement of the organisation's objectives at risk in a number of areas reviewed.
No Assurance	Risks are not mitigated and weaknesses in control, and /or consistent non-compliance with controls could result / has resulted in failure to achieve the organisation's objectives in the areas reviewed, to the extent that the resources of the Council may be at risk, and the ability to deliver the services may be adversely affected.

PENSION FUND RISK REGISTER

Report of the County Treasurer

Please note that the following recommendations are subject to consideration and determination by the Board before taking effect.

Recommendation: That the Board notes the Pension Fund Risk Register and the additional actions proposed to mitigate risk.

1. Introduction

- 1.1. Effective risk management is an essential part of any governance framework as it identifies risks and the actions required to mitigate their potential impact. For a pension fund, those risks will come from a range of sources including the funding position, investment performance, membership changes, benefits administration, costs, communications and financial systems. Good information is important to help ensure the complete and effective identification of significant risks and the ability to monitor those risks. The risks that have been identified are incorporated into the Fund's Risk Register.
- 1.2. The Pension Board monitors the Risk Register as part of its scrutiny role in relation to risk and compliance, and will raise any specific concerns to the Investment and Pension Fund Committee, as necessary. The Board previously considered the Risk Register at its meeting on 11th February 2019.
- 1.3. The Risk Register is attached at Appendix 1 to this report. It highlights the key risks in relation to the Pension Fund, the current processes in place to mitigate the risk, and the planned improvements in place to provide further assurance. This incorporates the risk register of both the Investments Team and Peninsula Pensions.
- 1.4. The Investment and Pension Fund Committee is the ultimate risk owner for the Pension Fund and the Risk Register is presented to the Committee on an annual basis.

2. Assessment of Risk

- 2.1. Risks are assessed in terms of the potential impact of the risk event should it occur, and in terms of the likelihood of it occurring. These are then combined to produce an overall risk score. Each risk is scored assuming no mitigation, and then on the basis of the mitigation in place.
- 2.2. In addition to the current mitigation in place, further actions are planned to provide a greater level of assurance, and these are detailed together with the planned timescale for the action to take place. The level of risk will be reviewed once these additional actions have been implemented.
- 2.3. Further risks are likely to arise from future decisions taken by the Investment and Pension Fund Committee, and from changes in legislation and regulations. Where such new risks arise, they will be added to the risk register, assessed, and mitigation actions identified.

Agenda Item 6

3. Revisions to the Risk Register

- 3.1. The Risk Register is reviewed and updated on an ongoing basis during the year. There have however been no further amendments since the previous Pension Board meeting.
- 3.2. Taking account of the revisions above there are now 43 risks recorded in the Risk Register. The following table summarises the number of risks assigned to low, medium and high-risk scores, before and after mitigation.

Risk Category	Number of Inherent Risks Identified	Number of Risks following mitigating action
High	10	2
Medium	23	7
Low	10	34

- 3.3. Action taken to mitigate risks has reduced the number of high risks from 10 to 2. The remaining high risk is in respect of a market crash leading to a failure to reduce the deficit.

4. Conclusion

- 4.1. The Board are asked to note the Pension Fund Risk Register, and the additional actions proposed to mitigate risk.

Mary Davis

Electoral Divisions: All
Local Government Act 1972
List of Background Papers - Nil
Contact for Enquiries: Charlotte Thompson
Tel No: (01392) 381933 Room G99

Appendix 1 - Devon Pension Fund Risk Register

Risk no.	Description of Risk and Potential Impact	Inherent Risk			Mitigating Controls	Current Risk			Risk Owner	Additional Plans	Timescale
		Impact	Likelihood	Combined Score		Impact	Likelihood	Combined Score			
Governance Arrangements											
G1	The Administering Authority fails to have appropriate governance arrangements, including the requirement for a Pension Board, resulting in: <ul style="list-style-type: none">• Non-compliance with legislation and/or best practice.• Inability to determine policy, make effective decisions and/or deliver service.• Risk to reputation.	4	2	8	<ul style="list-style-type: none">• DCC has produced a Governance Policy and Compliance Statement, as required by regulation 31 of the LGPS Regulations 2008.• The Governance Policy and Compliance Statement is reviewed and updated regularly and scheme employers are consulted to ensure that the policy remains appropriate.• The Statement is published on the Devon Pensions website: https://www.peninsulapensions.org.uk/wp-content/uploads/2013/10/Devon-Pension-Fund-Governance-Policy-270215.pdf• Pension fund stakeholders are made aware of the Statement.• DCC has appointed an Investment and Pension Fund Committee to discharge the duties of the Council as Administering Authority of the Pension Fund.• The Committee review and approve the annual statement of accounts of the Devon Pension Fund, consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from any audit that need to be brought to the attention of the Council.• A Pension Board has been established as required by the Public Service Pension Act 2013.• Support and training are being provided to ensure that the Board is equipped to undertake its role.	4	1	4	Mark Gayler / Charlotte Thompson		

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Appendix 1 - Devon Pension Fund Risk Register

Risk no.	Description of Risk and Potential Impact	Inherent Risk			Mitigating Controls	Current Risk			Risk Owner	Additional Plans	Timescale
		Impact	Likelihood	Combined Score		Impact	Likelihood	Combined Score			
G2	<p>The Investment and Pension Fund Committee and Pension Board are unable to fulfil their responsibilities effectively, resulting in:</p> <ul style="list-style-type: none"> • Non-compliance with legislation and/or best practice. • Inability to determine policy, make effective decisions and/or deliver service. • Risk to reputation. 	3	3	9	<ul style="list-style-type: none"> • The Committee has adopted the CIPFA Code of Practice on Knowledge and Skills, and regular training is provided to ensure that members have the level of understanding required. • An Annual Training Plan has been agreed for 2018/19. • A training and induction programme is available for new Committee and Pension Board Members. • The Fund subscribes to relevant bodies (e.g. CIPFA, LAPFF, NAPF) and sends representatives to major conferences. • DCC organises at least two training days per year for Investment and Pension Fund Committee and Pension Board members, with an additional engagement day being held with the Brunel Pension Partnership. • Committee and Pension Board members are made aware of and adhere to the Governance Compliance Statement, and are encouraged to identify training requirements. 	3	2	6	Mark Gayler / Charlotte Thompson		
Funding and Investments											
F1	<p>The Committee Members and Investment Officers make inappropriate decisions as a result of insufficient knowledge of financial markets and inadequate investment and actuarial advice received, resulting in:</p> <ul style="list-style-type: none"> • Poor Fund performance/financial loss. • Increased employer contribution costs. 	4	3	12	<ul style="list-style-type: none"> • The Investment Strategy is set in accordance with LGPS investment regulations. • The Investment Strategy is reviewed, approved and documented by the Investment and Pension Fund Committee. • The Investment Strategy takes into account the Fund's liabilities. • DCC employ an external investment advisor who provides specialist guidance to the Investment and Pension Fund Committee regarding the investment strategy. • An Annual Training Plan has been agreed for 2018/19. Training programmes are available for Committee Members and Investment Staff. • Members and Officers are encouraged to challenge advice and guidance received when necessary. 	4	2	8	Mark Gayler	Following discussion at the Investment and Pension Fund Committee in June 2018, officers will review best practice at other LGPS funds with a view to enhancing future training plans for the Pension Board and Investment and Pension Fund Committee	For 2019/20 Training Plan

Appendix 1 - Devon Pension Fund Risk Register

Risk no.	Description of Risk and Potential Impact	Inherent Risk			Mitigating Controls	Current Risk			Risk Owner	Additional Plans	Timescale
		Impact	Likelihood	Combined Score		Impact	Likelihood	Combined Score			
F2	<p>The Pension Fund has insufficient assets to meet its long term liabilities.</p> <p>The Pension Fund's investment strategy and /or Fund Managers fail to produce the required returns, or organisational changes / manager departures at a Fund Manager damage performance, resulting in:</p> <ul style="list-style-type: none"> • Financial loss. • Insufficient funds available to meet future obligations. 	5	3	15	<ul style="list-style-type: none"> • Triennial actuarial valuations provide periodic indications of the growth in assets against liabilities. Employer contribution rates are set in response to this. The 2016 actuarial valuation includes provision for the fund to achieve full funding over 22 years. • The funding level is updated on a quarterly basis, based on roll forward of the Triennial valuation data and subsequent investment returns, pension and salary increases and reported to the Committee. • The investment strategy is reviewed annually by the Pension Fund Committee with advice from the External Investment Advisor to determine whether any action needs to be taken to amend the fund's asset allocation strategy. • The Fund's investments are diversified across a range of different types of assets to minimise the impact of losses in individual markets. • Fund-specific benchmarks and targets are set. • Fund assets are kept under regular review as part of the Fund's performance management framework. • Fund managers have been thoroughly vetted prior to appointment and performance is reviewed regularly against the benchmark and performance objectives, and this is reported to Committee. Appropriate action may be taken if it is considered that an Investment Manager is underperforming. • The depth of expertise in the fund managers' teams have been assessed as part of the appointment process. • Performance targets are agreed by the Investment and Pension Fund Committee and are based upon recommendations provided by the DCC in-house Investment Team and our external investment advisor. • The Investment and Pension Fund Committee have the power to terminate a fund manager's contract if it is deemed that the manager has not performed as expected, or there are concerns about future performance due to organisational change / manager departures. • Mercers were appointed to undertake an investment strategy review for the fund in 2016. The final report and recommendations were presented to the Investment and Pension Fund Committee in Feb 2017. 	5	2	10	Mark Gayler	<p>From April 2018, responsibility for new fund manager appointments and monitoring of the new managers appointed will transfer to the Brunel Pension Partnership. The Devon Fund will still have incumbent managers to monitor for a transition period of around 2 years, and will then need to focus on monitoring of Brunel's performance.</p>	Transition period to March 2020

Appendix 1 - Devon Pension Fund Risk Register

Risk no.	Description of Risk and Potential Impact	Inherent Risk			Mitigating Controls	Current Risk			Risk Owner	Additional Plans	Timescale
		Impact	Likelihood	Combined Score		Impact	Likelihood	Combined Score			
F3	The fund is exposed to unnecessary risks and avoidable costs due to poorly structured investment arrangements, resulting in: • Financial loss.	5	2	10	The Fund attempts to ensure the achievement of best value and minimise exposure to risk via the following: • The Fund's investments are diversified across a range of different types of assets to minimise the impact of losses in individual markets. • IMA disclosure tables are reviewed to ensure best execution by managers. • Investment managers are asked to provide invoices for fees, wherever possible. • Specialist services (e.g. transitions, currency transfers) are considered where appropriate in order to reduce costs. • Banking and custodian arrangements are reviewed and re-tendered when appropriate.	4	1	4	Mark Gayler	The Brunel Pension Partnership has been set up as part of the investment pooling requirements of Government. The future investment arrangements under Brunel should provide for improved risk management and better risk adjusted investment returns	April 2018 onwards
F4	Collapse of a fund manager or negligence, fraud or wilful default committed by a fund manager, resulting in: • Financial loss.	4	2	8	• The Fund considers the financial stability of managers during the appointment process and the situation is kept under review. • DCC use a global custodian service to ensure that there exists a separation of investment management arrangements from custody of assets. • Legal requirements are in place for fund managers and are set out in the investment management agreements. • Fund managers are required to be fully compliant with FCA, PRA and other regulatory requirements. • The risk that a fund manager cannot provide a service during windup is mitigated by the availability of transition management arrangements put in place by the Brunel Pension Partnership.	3	2	6	Mark Gayler		

Appendix 1 - Devon Pension Fund Risk Register

Risk no.	Description of Risk and Potential Impact	Inherent Risk			Mitigating Controls	Current Risk			Risk Owner	Additional Plans	Timescale
		Impact	Likelihood	Combined Score		Impact	Likelihood	Combined Score			
F5	Market crash leading to an increase in the deficit, or at best a failure to reduce the deficit. For example the Fund experienced a loss of around 20% during 2008/09. <ul style="list-style-type: none"> Financial loss. Increased employer contribution costs. 	5	3	15	<ul style="list-style-type: none"> The fund is well diversified and consists of a wide range of asset classes which aims to mitigate the impact of poor performance from an individual market segment. Investment performance reporting and monitoring arrangements exist which provide the committee and investment officers with the flexibility to rebalance the portfolio in a timely manner. The long term nature of the liabilities provides some mitigation, in that markets tend to bounce back after crashes, such that the impact is significantly reduced. 	4	3	12	Mark Gayler		
F6	Pay and price inflation are higher than anticipated. <ul style="list-style-type: none"> An increase in liabilities which exceeds the previous valuation estimate. 	4	3	12	<ul style="list-style-type: none"> The triennial actuarial valuation review focuses on the real returns on assets, net price and pay increases. Employers pay for their own salary awards and are reminded of the geared effect on pension liabilities of any bias in pensionable pay rises towards longer serving employees. The Fund has investments in infrastructure funds with inflation linked returns, to act as a hedge against inflation increases. The Committee has received training on understanding liabilities and potential approaches to Liability Driven Investment. Hymans Robertson were commissioned to produce a report which reviewed the strategy for the fixed interest and its role in managing inflation risk. The report was presented to the I&PFC in September 2015, and recommendations partly implemented. This issue was also addressed in the strategic review carried out by Mecer in 2016/17. 	3	3	9	Mark Gayler		
F7	Increase in number of early retirements due to public service cuts and/or ill health leading to pension liabilities increasing. <ul style="list-style-type: none"> An increase in liabilities which exceeds the previous valuation estimate. 	3	3	9	<ul style="list-style-type: none"> Employers are charged the extra capital cost of non ill health retirements following each individual decision. Employer ill health retirement experience is monitored. 	2	2	4	Dan Harris		

Appendix 1 - Devon Pension Fund Risk Register

Risk no.	Description of Risk and Potential Impact	Inherent Risk			Mitigating Controls	Current Risk			Risk Owner	Additional Plans	Timescale
		Impact	Likelihood	Combined Score		Impact	Likelihood	Combined Score			
F8	The average life expectancy of pensioners is greater than assumed in actuarial assumptions. • An increase in liabilities which exceeds the previous valuation estimate.	4	3	12	<ul style="list-style-type: none"> Life expectancy assumptions are reviewed at each valuation. Mortality assumptions include an allowance for future increases in life expectancy. 	3	2	6	Mark Gayler		
F9	Scheme employers' contributions to the Fund are not received, processed and recorded completely and accurately • Increased costs across all the remaining scheme employers	3	3	9	<ul style="list-style-type: none"> The team has procedures in place to monitor the receipt of contributions to the fund. The team communicates regularly with scheme employers to ensure that contributions are made in a timely manner and are recorded accurately. Details of any outstanding and overdue contributions are recorded and appropriate action is taken in order to recover payments. 	3	1	3	Mark Gayler/ Martyn Williams		
F10	An employer struggles to meet contributions increases following an actuarial review and/or ceases to exist with insufficient funding available to settle any outstanding debts, or refuses to pay the cessation value. • Departing employer not fully meeting its liabilities which leads to increased costs across the remaining scheme employers.	3	3	9	<p>The risk is mitigated by:</p> <ul style="list-style-type: none"> Vetting prospective employers before admission and ensuring that they fully understand their obligations. Applications for admission to the Fund are considered carefully and a bond or guarantee is put into place if required. The Actuary has an objective of keeping contributions as stable as possible whilst ensuring the long term solvency of the Fund. Outstanding liabilities will be assessed and recovered from any successor bodies or spread amongst remaining employers. The actuarial valuation attempts to balance recovery period with risk of withdrawal. If necessary, appropriate legal action will be taken. An Employer Covenant Risk Assessment has been undertaken by the Fund Actuary, Barnett Waddingham 	2	2	4	Mark Gayler/ Dan Harris		
F11	A significant number of LGPS members transfer their pension pots to other pensions providers in order to obtain a capital sum under the Government's "Freedom and Choice" legislation, resulting in: • Significant cashflow out of the Fund. • Reduction in assets greater than reduction in the Fund's liabilities.	3	2	6	<p>The risk is mitigated by:</p> <ul style="list-style-type: none"> Effective communication of the benefits of remaining in the LGPS. Actuarial calculation of transfer value should ensure transfer value does not exceed reduction in liability. 	2	2	4	Mark Gayler/ Dan Harris		

Appendix 1 - Devon Pension Fund Risk Register

Risk no.	Description of Risk and Potential Impact	Inherent Risk			Mitigating Controls	Current Risk			Risk Owner	Additional Plans	Timescale
		Impact	Likelihood	Combined Score		Impact	Likelihood	Combined Score			
F12	The result of the EU Referendum and the decision to leave the European Union results in significant economic instability and slowdown, particularly with the increasing possibility of no-deal, and as a consequence lower investment returns, resulting in: <ul style="list-style-type: none"> Financial loss, and/or failure to meet return expectations. Increased employer contribution costs. 	4	4	16	The risk is mitigated by: <ul style="list-style-type: none"> Diversification of the Fund's investments across the world, including economies where the impact of "Brexit" is likely to be smaller. The long term nature of the Fund's liabilities provides some mitigation, as the impact of "Brexit" will reduce over time. 	3	4	12	Mark Gayler/ Charlotte Thompson	Further consideration will be given during the Autumn to the risks associated with Brexit and any further mitigating actions that may be required.	Autumn 2018
F13	The result of the EU Referendum and the decision to leave the European Union results in changes to the regulatory and legislative framework within which the Fund operates	3	3	9	The risk is mitigated by: <ul style="list-style-type: none"> The Government is likely to ensure that much of current EU regulation is enshrined in UK law. Officers receive regular briefing material on regulatory changes and attend training seminars and conferences, in order to ensure that any regulatory changes are implemented in the management of the Fund. 	2	3	6	Mark Gayler/ Dan Harris		
F14	The Markets in Financial Instruments Directive II (MiFID II) presents the risk that the Devon Fund is downgraded to retail client status resulting in assets being sold at less than fair value and the Fund being unable to access a range of investment opportunities, resulting in: <ul style="list-style-type: none"> Financial loss, and/or failure to meet return expectations. Reduction in diversification opportunities and resultant increase in risk. 	4	2	8	The risk is mitigated by: <ul style="list-style-type: none"> All the Fund's current fund managers and financial counterparties have accepted Devon's application for elective professional client status. Robust training plan to ensure committee and officers have required knowledge and experience to meet the qualitative criteria to opt up. Availability of LGA template to enable the Fund to make multiple applications to financial institutions to opt back up to professional client status, should any new applications or amendments be required. 	3	1	3	Mark Gayler		

Appendix 1 - Devon Pension Fund Risk Register

Risk no.	Description of Risk and Potential Impact	Inherent Risk			Mitigating Controls	Current Risk			Risk Owner	Additional Plans	Timescale
		Impact	Likelihood	Combined Score		Impact	Likelihood	Combined Score			
Brunel Pension Partnership											
The risks highlighted in this section are those most relevant to the operation of the Devon Fund, the Brunel Pension Partnership has its own comprehensive risk register to monitor the total risk of the Brunel project.											
B1	<div>The Devon Pension Fund has insufficient resources available to deliver the pooling proposal within the required timescale, without impacting the day-to-day management of the fund.</div> <div><ul style="list-style-type: none">The management of the Pension Fund is adversely affected due to existing resources concentrating on the pooling proposal, resulting in underperformance and failure to meet statutory obligations.The Brunel Pension Partnership is not able to deliver the required service and the Devon Pension Fund faces the risk of alternative measures being imposed by Government.</div>	4	3	12	<div>The Brunel Pension Partnership is now established as an FCA regulated company, fully staffed to meet the business case as approved by the 10 client LGPS funds.</div> <div><ul style="list-style-type: none">Governance arrangements are in place with an Oversight Board of elected members and a Client Group of fund officers from each of the LGPS client funds to oversee the service provided by Brunel and ensure that Brunel are delivering on their key objectives.Regular update meetings are held between the County Treasurer and Assistant County Treasurer, as well as update meetings within the Devon Investment Services team, to review progress, workloads in order to identify and address any areas of concern.</div>	4	2	8	Mark Gayler	<div>Additional staffing resources may be required if it becomes apparent that insufficient resources exist to take forward the proposal without impacting the day-to-day management of the fund.</div>	
B2	<div>Asset transition costs are greater than forecast.</div> <div><ul style="list-style-type: none">Failure to control operational risks and transaction costs during the transition process may lead to an increase in the initial set-up costs forecast by the pooling proposal.</div>	4	3	12	<div>Two asset transition management companies have analysed the costs of transitioning our current assets into the pool, under a variety of scenarios. The results of these analyses have been used as a basis for calculating the initial set-up costs of the Brunel Pension Partnership.</div> <div><ul style="list-style-type: none">The transition process includes selling securities from one portfolio and buying securities in another while systematically controlling operational risks and transaction costs. There may also be the opportunity to transfer securities in ‘specie’, that is to transfer a security directly from an existing portfolio into the new portfolio. The timing of sales and purchases is also critical.A transition management service will be used by Brunel to ensure assets are transitioned efficiently, with the objective of preserving asset values, managing risk and project managing the transition process to ensure that costs are monitored and controlled. A transition advisor will also be used to ensure that the transition process for each portfolio has been carried out in an efficient and effective manner</div>	4	2	8	Mark Gayler		

Appendix 1 - Devon Pension Fund Risk Register

Risk no.	Description of Risk and Potential Impact	Inherent Risk			Mitigating Controls	Current Risk			Risk Owner	Additional Plans	Timescale
		Impact	Likelihood	Combined Score		Impact	Likelihood	Combined Score			
Custody											
Cu1	Failure of custodian leading to losses which results in a failure to reduce the deficit and potential adverse media interest. • Financial loss.	4	2	8	• The custodian contract is subject to regular review and periodic re-tendering. • Following the fomration of the Brunel Pension Partnership, State Street were appointed as Third Party Administrator, and will provide a custody service to each of the Brunel client funds. The procurement process included an assessment of their financial standing. • The custodian must adhere to FCA and PRA financial regulations. • Fund assets are protected in the event of insolvency of the custodian	3	2	6	Mark Gayler/ Charlotte Thompson		
Communication											
Cm1	Insufficient communication and engagement with the Pension Fund Stakeholders. • Non-compliance with legislation and/or best practice. • Inability to determine policy, make effective decisions and/or deliver service. • Reputation risk.	3	3	9	• A communications strategy is in place and was last reviewed and updated in November 2015. • The Devon Investment Services and Peninsula Pensions websites are kept up to date. • Fund Performance is reported to the Investment & Pension Fund Committee on a regular basis. • Meetings are held regularly with the Fund’s Employing Authorities. • Benefit illustrations are sent annually to contributing and deferred Fund members. • The contact list for employers is updated regularly. • Annual forums are held for employers and Trade Unions. • The annual report and accounts are published on the Peninsula Pensions website.	3	2	6	Mark Gayler / Dan Harris / Martyn Williams	The Communications Strategy is in the process of being reviewed and updated.	Mark Gayler / Martyn Williams Pension Board Oct 2018 Investment and Pension Fund Committee Nov 2018

Appendix 1 - Devon Pension Fund Risk Register

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Risk no.	Description of Risk and Potential Impact	Inherent Risk			Mitigating Controls	Current Risk			Risk Owner	Additional Plans	Timescale
		Impact	Likelihood	Combined Score		Impact	Likelihood	Combined Score			
Accounting											
A1	Failure to comply with pension fund accounting regulations. <ul style="list-style-type: none">• Risk of the accounts being qualified by the auditors.	3	3	9	<ul style="list-style-type: none">• Staff are kept up to date with changes to legislative requirements via network meetings, professional press, training and internal communication procedures.• Pension Fund financial management and administration processes are maintained in accordance with the CIPFA Code of Practice, International Financial Reporting Standards (IFRS), and the DCC Financial Regulations.• Regular reconciliations are carried out between in-house records and those maintained by the custodian and investment managers.• Internal Audits are carried out on an annual basis.• External Audit review the Pension Fund's accounts annually.	3	2	6	Mark Gayler/ Angela Stirland		
Data Protection											
D1	The Pension Fund systems and data may not be secure and appropriately maintained. <ul style="list-style-type: none">• Loss of sensitive data.• Reputation risk.• Financial loss arising from legal action.	3	2	6	<ul style="list-style-type: none">• It is a mandatory requirement for all DCC employees to undertake Data Protection training and to adhere to DCC's data protection policy.	3	1	3	Mark Gayler/ Dan Harris		

Appendix 1 - Devon Pension Fund Risk Register

Risk no.	Description of Risk and Potential Impact	Inherent Risk			Mitigating Controls	Current Risk			Risk Owner	Additional Plans	Timescale
		Impact	Likelihood	Combined Score		Impact	Likelihood	Combined Score			
Internal											
11	Concentration of knowledge in a small number of officers and risk of departure of key staff, or non-availability due to sickness or other issues. • The risk of losing key staff could lead to a breakdown in internal processes and service delivery, causing financial loss and potential risk to reputation.	4	3	12	• The Investment Manager is able to cover in the absence of the Assistant County Treasurer. • Secondment arrangements, whereby the Head of Peninsula Pensions and the Investment Manager have swapped roles for a period of 1-2 years will improve the sharing of knowledge and the resilience of the Fund. • Knowledge of all tasks shared by at least two team members and can in addition be covered by senior staff. • Training requirements are set out in job descriptions and reviewed annually with team members through the appraisal process. • A formal training record for officers is maintained centrally. • A procedure manual is in place which sets out work instructions for the majority of crucial tasks undertaken.	4	2	8	Mark Gayler / Charlotte Thompson / Dan Harris	• The Devon Investment Services procedure manual will continue to be refined and updated on an ongoing basis. • Ensure the review of CIPFA’s knowledge and skills framework relating to officers results in key outcomes being delivered.	
12	Failure of in-house treasury management practices leading to fraud, corruption or error. • Risk of financial loss & damage to reputation.	3	3	9	• Counterparty transactions are authorised by senior staff outside of the investment team. • All staff are covered by fidelity insurance up to £15 million • Sufficient members in the team to cover absence and leave - a weekly planner is produced in order to review cover requirements. • Appropriate separation of duties exists. • Treasury Management Practices are reviewed and updated regularly. • Up to date financial regulations and practices.	3	2	6	Mark Gayler		
Governance Arrangements/Code of Practice											

Appendix 1 - Devon Pension Fund Risk Register

Risk no.	Description of Risk and Potential Impact	Inherent Risk			Mitigating Controls	Current Risk			Risk Owner	Additional Plans	Timescale
		Impact	Likelihood	Combined Score		Impact	Likelihood	Combined Score			
PP1	Failure to issue Annual Benefit statements to active and deferred members by 31st August: <ul style="list-style-type: none"> • Reputational risk and complaints • Fines 	2	4	8	<ul style="list-style-type: none"> • Project management approach • Regular contact with employers to obtain data. • Monthly interfacing to reduce workload at year end • Statements to employers for 31/7/18 to allow time for distribution to staff prior to 31/8/18 	2	3	6	Dan Harris / Rachel Lamb / Mike Germon	We are looking to increase employer take up of monthly interfaces and are exploring options to improve software processes.	31.08.18 to have all pre April 2018 leavers processed
PP2	Failure to provide Basic information about the LGPS including: how benefits are worked out; how member and employer contributions are calculated	2	4	8	<ul style="list-style-type: none"> • Reviews of documentation/letters • Website regularly update • Links to Pension Funds investment information and LGPS included on website • A revised New Starter pack has been designed and is now provided to members 	2	3	6	Dan Harris / Shirley Cuthbert / Rachel Lamb / Natalie Taylor	Our methods and content of communication will be reviewed to ensure that members and employers are provided with accurate and relevant information.	Ongoing
PP3	Non-compliance with legislation and failure to correctly implement new legislation and regulations, resulting in: <ul style="list-style-type: none"> • Incorrect payments being made. • Risk of financial loss and damage to reputation. 	3	3	9	<ul style="list-style-type: none"> • LGA/External training. • Project work approach to implementation of legislative changes. • In house training for all staff. • Use of Perspective and Bulletins 	2	2	4	Dan Harris / Shirley Cuthbert / Rachel Lamb / Natalie Taylor	A Training and Technical team is now in place, following the Pension Review. The team has commenced delivering training across the teams.	Ongoing
PP4	Failure of employing authority to provide timely and accurate member data and not fulfilling their responsibilities resulting in delays or errors with benefit payments. <ul style="list-style-type: none"> • Risk of financial loss and damage to reputation. • Incorrect benefit calculations • Delays while we request missing information 	3	3	9	<ul style="list-style-type: none"> • Administration Strategy in place since April 2015, employer duties clearly identified. Ability to fine employers is provided for in strategy and LGPS regulations. • Employing authorities are contacted for outstanding information when it is identified that information is missing or contains errors. • Outstanding data queries are passed to Employer and Communications Team to monitor • Advice and consultancy provided. • Yearly checks on data to highlight gaps • Employer administration meetings held twice a year • Quarterly e-zine with administration updates, plus special editions when required • Guidance available on website • Individual employer meetings include review of employer performance 	3	2	6	Dan Harris / Shirley Cuthbert / Rachel Lamb / Natalie Taylor	An Employer and Communications team is now in place. The team will consider employer performance and take action to address any issues, as required.	Ongoing

Appendix 1 - Devon Pension Fund Risk Register

Risk no.	Description of Risk and Potential Impact	Inherent Risk			Mitigating Controls	Current Risk			Risk Owner	Additional Plans	Timescale
		Impact	Likelihood	Combined Score		Impact	Likelihood	Combined Score			
PP5	Failure to advise/act on any material changes made to the LGPS as well as other overriding legislation/Public Sector Review	2	4	8	<ul style="list-style-type: none"> • Reviews of documentation/letters / Staff ongoing training • Website regularly update • Links to Pension Funds investment information and LGPS included on website • Participation in all high level Government discussions and consultations • Ensure best practice is implemented and PP is seen as a centre of excellence for pension administration • Be recognised nationally by peers as one of the leaders in pension administration and facilitate site visits 	2	3	6	Dan Harris / Shirley Cuthbert / Rachel Lamb / Natalie Taylor	Training and Technical team is now in place following the team restructure. Completed July 2018.	Now ongoing

Appendix 1 - Devon Pension Fund Risk Register

Risk no.	Description of Risk and Potential Impact	Inherent Risk			Mitigating Controls	Current Risk			Risk Owner	Additional Plans	Timescale
		Impact	Likelihood	Combined Score		Impact	Likelihood	Combined Score			
Communication											
PP6	Insufficient communication and engagement with LGPS scheme members/employers <ul style="list-style-type: none">• Non-compliance with legislation and/or best practice.• Inability to determine policy, make effective decisions and/or deliver service.• Reputation risk.• Employees not joining the scheme.	3	3	9	<ul style="list-style-type: none">• The Peninsula Pensions website is kept up to date.• Meetings between PP managers and Communications team on a regular basis, with a communications plan and strategy for the year ahead• Meetings are held with the Funds Employing Authorities and on request for training.• Benefit illustrations are sent annually to contributing and deferred Fund members.• The contact list for employers is updated regularly.• Annual forums are held for employers and Trade Unions.• The annual report and accounts are published on the Peninsula Pensions website.	3	2	6	Dan Harris / Shirley Cuthbert / Rachel Lamb / Natalie Taylor	The Peninsula Pensions Senior Management team are in the process of reviewing our communication strategy and requirements to take the service forward.	Ongoing
Pensioner Payroll/Finance											
PP7	Pension benefits are not paid. <ul style="list-style-type: none">• Risk of financial loss arising from compensation claims• Damage to reputation.	4	2	8	<ul style="list-style-type: none">• The payroll system is set up to pay pensioners monthly.• Disaster recovery plan in place with Heywoods which will restore data within 7 days in the event of system failure.• The payroll manual has been revised and updated following the introduction of RTI (Real Time Information) and new administration systems.	4	1	4	Dan Harris / Rachel Lamb / Mike Germon	Fully updated Pensioner Payroll Manual is now in place. An online training resource outlining the key payroll processes will follow in 2018	Dec-2018
PP8	Pension benefits continue to be paid to deceased pensioners. <ul style="list-style-type: none">• Risk of financial loss and damage to reputation.	2	3	6	<ul style="list-style-type: none">• All pensioners are contacted annually.• Pension suspended if post is returned• Pensioners are incorporated into National Fraud Initiative.• Further targeted checks are conducted with credit reference agencies as appropriate.• Monthly mortality screening is undertaken and any positive matches are ceased immediately• Western Union overseas existence service undertaken bi annually	2	2	4	Dan Harris / Rachel Lamb / Mike Germon	Tell us once service is being rolled out to LGPS. IT assistance has been required - one person can now access but need to extend to others	Ongoing

Appendix 1 - Devon Pension Fund Risk Register

Risk no.	Description of Risk and Potential Impact	Inherent Risk			Mitigating Controls	Current Risk			Risk Owner	Additional Plans	Timescale
		Impact	Likelihood	Combined Score		Impact	Likelihood	Combined Score			
PP9	A significant number of LGPS members transfer their pension pots to other pensions providers in order to obtain a capital sum under the Government's "Freedom and Choice" legislation, resulting in: <ul style="list-style-type: none"> Significant cashflow out of the Fund. Reduction in assets greater than reduction in the Fund's liabilities. 	3	2	6	The risk is mitigated by: <ul style="list-style-type: none"> Effective communication of the benefits of remaining in the LGPS. Actuarial calculation of transfer value should ensure current fair value and not be detrimental to the fund. CLG monitoring CETVs nationwide and reviewing accordingly (may introduce regulations amendments to prohibit if thought necessary) 	2	2	4	Dan Harris / Shirley Cuthbert / Rachel Lamb / Natalie Taylor		Ongoing
Data Protection											
PP10	The Pension administration systems and data may not be secure and appropriately maintained, leading to: <ul style="list-style-type: none"> Loss of sensitive data. Reputation risk. Financial loss arising from legal action. 	3	2	6	<ul style="list-style-type: none"> Access and security controls exist and the system is tested regularly by Heywoods and PP. The system is subject to regular checks by internal audit. 	3	1	3	Dan Harris / Shirley Cuthbert / Rachel Lamb / Natalie Taylor	GDPR training was delivered to all team members throughout April and May 2018 to ensure that staff are fully aware of requirements under the new data protection legislation.	Ongoing to ensure continued compliance.
PP11	Personal data being issued to wrong individual due to manual/printer error <ul style="list-style-type: none"> Loss of sensitive data. Reputation risk. Financial loss arising from legal action. 	3	2	6	<ul style="list-style-type: none"> It is a mandatory requirement for all DCC employees every 2 years to undertake Data Protection training and to adhere to DCC's data protection policy. GDPR training was delivered to all team members throughout April and May 2018 to ensure that staff are fully aware of requirements under the new data protection legislation. Internal E-Learning training 'Sharing personal data' was also undertaken by whole office during March 2018. 	3	1	3	Dan Harris / Shirley Cuthbert / Rachel Lamb / Natalie Taylor	Staff are fully aware of requirements under GDPR legislation. New Data Protection E-Learning to be undertaken when available.	Ongoing to ensure continued compliance.
Internal											
PP12	Concentration of knowledge in a small number of key officers and risk of departure of key staff, or non-availability due to sickness or other issues. <ul style="list-style-type: none"> The risk of losing key staff could lead to a breakdown in internal processes and service delivery, causing financial loss and potential risk to reputation. 	4	3	12	<ul style="list-style-type: none"> Knowledge of all tasks are shared by at least two team members and can in addition be covered by senior staff. Training requirements are set out in job descriptions and reviewed annually with team members through the appraisal process. 	4	2	8	Dan Harris / Shirley Cuthbert / Rachel Lamb / Natalie Taylor	The Training and Technical are in the process of creating procedure notes for the team. These will help to ensure consistency across the teams and will assist with the training of new recruits.	Ongoing.

Appendix 1 - Devon Pension Fund Risk Register

Risk no.	Description of Risk and Potential Impact	Inherent Risk			Mitigating Controls	Current Risk			Risk Owner	Additional Plans	Timescale
		Impact	Likelihood	Combined Score		Impact	Likelihood	Combined Score			
PP13	Failure of scheme membership data and pension benefit calculation processes leading to fraud, corruption or error. <ul style="list-style-type: none"> • Unauthorised payments under the Finance Act 2004. • Risk of financial loss and damage to reputation. 	3	2	6	<ul style="list-style-type: none"> • Information and instructions are only accepted from authorised sources. • Employers and scheme members are required to review and confirm membership records annually. • Benefit calculations are checked by senior colleagues and are subject to independent authorisation. • All transactions comply with DCC financial regulations and are subject to independent authorisation. • All staff are covered by fidelity insurance up to £15 million. • Members approaching 75 are separately identified monthly. • Data accuracy checks undertaken by the systems team including address / NINO checks 	3	1	3	Dan Harris / Shirley Cuthbert / Rachel Lamb / Natalie Taylor / Mike Germon	Employer Self Service being introduced to including a reporting element to assist Employers with checking their data annually and signing off as correct	In progress
PP14	Failure to comply with disclosure regulations and to process accurate pension benefit payments in a timely manner (e.g. the requirement to issue information within a certain timescale after a request/event). <ul style="list-style-type: none"> • Complaints • Monitoring Employer performance and chasing outstanding data • Fines 	3	2	6	<ul style="list-style-type: none"> • Robust workflow management system in place. • Payroll deadline procedures in place • Item in Business Continuity/Disaster Recovery Plan • Participate in National Fraud Initiative (NFI) • Life Certificates exercise carried out /mortality checks 	3	1	3	Dan Harris / Shirley Cuthbert / Rachel Lamb / Natalie Taylor	Full review of performance within PP being conducted to incorporate Employer performance and Admin strategies	Ongoing
PP15	Failure of in-house management practices leading to fraud, corruption or error. <ul style="list-style-type: none"> • Risk of financial loss & damage to reputation. 	3	3	9	<ul style="list-style-type: none"> • Transactions are authorised by senior staff • All staff are covered by fidelity insurance up to £15 million • Sufficient members in the team to cover absence and leave • Heywoods Audit trace report • Appropriate separation of duties exists. • Up to date regulations and practices. • Internal and external audit checks performed to ensure that appropriate and effective controls are in place 	3	2	6	Dan Harris / Shirley Cuthbert / Rachel Lamb / Natalie Taylor		

Appendix 1 - Devon Pension Fund Risk Register

Risk no.	Description of Risk and Potential Impact	Inherent Risk			Mitigating Controls	Current Risk			Risk Owner	Additional Plans	Timescale
		Impact	Likelihood	Combined Score		Impact	Likelihood	Combined Score			
PP16	Failure of Shared Service leading to partner fund externalising pension administration <ul style="list-style-type: none"> • Reputation risk. • Financial loss arising from legal action • Loss of experienced/key staff 	3	2	6	Constant assessment of Performance Quarterly Shared Service meetings with key Fund colleagues. Regular meetings between Peninsula Pensions and Employers, Employer Newsletters	3	2	6	Dan Harris / Shirley Cuthbert / Rachel Lamb / Natalie Taylor	Full review of performance within PP being conducted to incorporate Employer performance and Admin strategies	
IT/Systems											
PP17	System failure. <ul style="list-style-type: none"> • Loss of sensitive data. • Reputation risk. • Financial loss arising from legal action. 	5	2	10	<ul style="list-style-type: none"> • The system is backed-up daily. System is hosted by Heywoods • A full disaster recovery plan and Business Continuity Plan is in place and tested/updated annually. 	5	1	5	Dan Harris / Shirley Cuthbert / Rachel Lamb / Natalie Taylor / Mike Germon		
PP18	Cyber attack <ul style="list-style-type: none"> • Loss of access to sensitive data. • Reputation risk. • Financial loss arising from legal action. 	5	2	10	<ul style="list-style-type: none"> • Ensure that the relevant people are suitably vetted and trained, that administrators and service providers have measures in place to avoid security breaches • A full disaster recovery plan and Business Continuity Plan is in place and tested/updated annually. • Information from The Pensions Regular: You can assess how secure your scheme is and find out more about protecting yourself on the government's Cyber Essentials website. And for more information about protecting against cyber threats, visit the National Cyber Security Centre's website. 	5	1	5	Dan Harris / Shirley Cuthbert / Rachel Lamb / Natalie Taylor / Mike Germon		
PP19	Member Self Service: Systems and data may not be secure and appropriately maintained. <ul style="list-style-type: none"> • Data security / • Data Protection • Loss of sensitive data • Reputation risk 	3	2	6	<ul style="list-style-type: none"> • Information and Instructions are only accepted from authorised sources • It is a mandatory requirement for all DCC employees to undertake Data Protection training and to adhere to DCC's Data Protection Policy • Regular penetration testing • Secure website (annual license renewal) 	3	1	3	Dan Harris / Shirley Cuthbert / Rachel Lamb / Natalie Taylor / Mike Germon		

DEVON PENSION BOARD ANNUAL REPORT 2018/19

Report of the County Treasurer

Please note that the following recommendations are subject to consideration and determination by the Board before taking effect.

Recommendation: that the Board consider the Devon Pension Board Annual Report for 2018/19

1. Introduction

- 1.1. The Devon Pension Fund Annual Report 2018/19 will be considered for approval by the Investment and Pension Fund Committee later this year. The report will contain the statement of accounts together with other information about the Fund's performance during the year, including the Devon Pension Board Annual Report.

2. Devon Pension Board Annual Report 2018/19

- 2.1. The Devon Pension Board Annual Report details the work undertaken by the Board during 2018/19. The report highlights the areas reviewed by the Board, and the key recommendations that have been reported to and acted upon by the Investment and Pension Fund Committee.
- 2.2. Officers have constructed an initial draft of the report for consideration and review by the Board, which is attached at Appendix 1.

3. Conclusion

- 3.1. The Board is asked to consider the Devon Pension Board Annual Report 2018/19.

Mary Davis

Electoral Divisions: All
Local Government Act 1972
List of Background Papers - Nil
Contact for Enquiries: Charlotte Thompson
Tel No: (01392) 381933 Room G99

DEVON PENSION BOARD ANNUAL REPORT 2018/19

The Devon Pension Board was established in 2015, following the introduction of new governance arrangements by the Public Sector Pensions Act 2013. This act sets out the requirements for the establishment of a local pensions board with the responsibility for assisting the LGPS local scheme managers (Devon County Council) in relation to the following:

- compliance with LGPS regulations and any other relevant legislation;
- compliance with requirements imposed by the Pensions Regulator in relation to the LGPS;
- the effective and efficient governance and administration of the LGPS.

The Board makes recommendations to the County Council through its Investment and Pension Fund Committee (or such Committee as is appointed to exercise those functions) and to Officers to improve governance standards. The Board may also, in exceptional circumstances and where relevant, also refer matters to the Scheme Advisory Board.

The Board is composed of four representatives of scheme members, four representatives of scheme employers and one non-voting independent member and from January 2019 meets four times a year.

Devon Pension Board as at 31 March 2019

Role	Member	Date of Appointment	Date Left	Number of meetings attended (maximum 3)
Employer Representatives	Colin Slade	September 2018		1 (of 2)
	Graham Smith	May 2015		2 (of 3)
	Carl Hearn	May 2015		3 (of 3)
	Sara Randall Johnson	May 2016		3 (of 3)
Scheme Member representatives	Andy Bowman	May 2015		2 (of 3)
	Colin Shipp	April 2016		3 (of 3)
	Paul Phillips	August 2017		3 (of 3)
	Heather Keightley	May 2015	January 2019	0 (of 2)
Independent	William Nicholls	October 2015		2 (of 3)

Some of the key areas of work undertaken by the Board during 2018/19 are detailed below:

- **Review of the internal audit reports for 2017/18 and the Internal Audit Plan for 2018/19.** The Board requested follow-up reports providing updates regarding the outstanding audit actions. An audit action log has now been created and will be presented to the Board at each meeting for review. The Board also considered and reviewed the external audit report on the Pension Fund Annual Report and Statement of account 2017/18.

- **Devon Pension Fund Risk Register.** During 2018/19, the Pension Board have reviewed the Risk Register and made a number of suggestions which were adopted by the Investment and Pension Fund Committee. The risk register was subsequently updated to include the board's recommendations
- **Reporting Breaches Policy review and breach log.** Following a request from the pension board, the Board was presented with the draft Reporting Breaches policy for review along with the current breaches log. The Reporting Breaches Policy is now in place along with an annual review of the breaches log.
- **Statutory Statements.** The Board conducted a review of the fund's Statutory Statements and made suggestions for improvements where necessary. This review included The Investment Strategy Statement, Communications Policy and the Governance and Compliance statement. Amendments and additions were put forward and adopted by the Investment and Pension Fund committee. This included increasing the frequency of Pension Board meetings to four a year.
- **Minutes from Investment & Pension Fund Committee meetings.** The Board reviewed each set of minutes from the Investment & Pension Fund Committee meetings held during 2018/19 to ensure that decisions have been made in accordance with the terms of reference.
- **Administration Performance.** The Board regularly review the performance statistics of Peninsula Pensions against local performance standards and national CIPFA Benchmarking data.
- **Training and Attendance.** The Board gave consideration to the Annual Training Plan and conducted a review of the attendance of Board members at meetings and training events.

It is a legislative requirement that Pension Board members have the capacity to take on the role, and it is expected that members should receive relevant training. Pension Board members are expected to complete The Pension Regulator's Public Sector Toolkit to ensure that Board members have sufficient knowledge and skills to carry out their role effectively. To date six members of the board have successfully completed the online training programme.

More information on the work of the Devon Pension Board can be found on the Peninsula Pensions website, including links to minutes, agendas and reports from meetings of the Board and the contact details of Board members:

<https://www.peninsulapensions.org.uk/pension-fund-investments/devon-county-council-investments/pension-board/>

TRAINING REVIEW 2018-19 AND TRAINING PLAN 2019-20

Report of the County Treasurer

Please note that the following recommendations are subject to consideration and determination by the Board before taking effect.

Recommendation: that the Board notes the report and considers whether it wishes to make any comments to the Investment and Pension Fund Committee.

1. Introduction

1.1. In accordance with Section 248 of the Pensions Act 2004, every individual who is a member of a Local Pension Board must:

- Be conversant with the rules of the LGPS;
- Be conversant with any document recording policy about the administration of the Fund which is for the time being adopted in relation to the Fund;
- Have knowledge and understanding of the law relating to pensions;
- Have knowledge and understanding of such other matters as may be prescribed.

1.2. The Pension Board will comply with the requirements of the Pensions Act 2004, including compliance with the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills, the agreement of an Annual Training Plan and shall report on members' attendance at training events.

2. Training 2018/19

2.1. Several training sessions were held during 2018/19 for members of the Investment and Pension Fund Committee and Devon Pension Board.

2.2. Dates and a summary of items covered are detailed below:

Pension Fund Training Event - April 2018

- Global Economic Outlook
- Asset Allocation
- Equity Protection Strategies
- Breaches policy, GDPR and latest LGPS issues
- Currency Hedging
- The future role of Devon Pension Fund in a "pooled world"

Pension Fund Training Event – October 2018

- De Risking
- Is now the time to de risk
- LGPS and SAB Update
- 2019 Valuation
- LGPS Annual Review and Long Term Performance

Brunel Engagement event – November 2019

- Update on portfolios and migration projects
- Annual Business Plan

Agenda Item 8

Pension Fund Training Event – March 2019

- Global Markets and Investment Outlook
- Bond and bond markets
- Role of the Scheme Advisory Board and LGPS Update
- Currency Hedging
- Pensions Administration Strategy
- Sustainable Investment, Stewardship and Engagement

2.3. In addition to attending training sessions, members have completed, or are in the process of completing, The Pension Regulator Trustee Toolkit. The toolkit includes a series of online learning modules and resources which have been developed to help members meet the minimum level of knowledge and understanding introduced in the Pensions Act 2004. The results of these assessments will be used to identify areas of knowledge that require additional training and future training sessions will be designed to incorporate these requirements.

2.4. Officers will continue to support those members who have yet to complete the modules throughout 2019/20.

3. Training Plan 2019-20

3.1. The 2019/20 Training Plan is attached at Appendix 1 and sets out a proposal for training to be provided over the year in order to ensure that both the Investment and Pension Fund Committee and the Pension Board have the knowledge and skills required in accordance with the CIPFA Code.

3.2. A training needs analysis was undertaken during February to help officers identify knowledge gaps and ensure that the 2019/20 training plan addresses those areas.

3.3. Officers have reviewed the Training plan to ensure that it reflects current best practise. It is now recommended that the chairperson of the Pension Board undertakes the LGA's LGPS Fundamentals course. The training needs analysis will be undertaken annually in which all pension board and Investment and Pension Fund Committee members are encouraged to partake.

4. Training Register

4.1. A register of attendance at each of the training events is maintained by officers.

4.2. The attendance register for 2018-19 is shown at Appendix 2 though it does not include the March 2019 training event.

5. Conclusion

5.1. The Board is asked to note the report and to consider whether it wishes to make any comments to the Investment and Pension Fund Committee.

Mary Davis

Electoral Divisions: All

Local Government Act 1972

List of Background Papers - Nil

Contact for Enquiries: Charlotte Thompson

Tel No: (01392) 381933 Room G99

Devon Pension Fund Training Plan 2019/20



1 Introduction

The Devon Pension Fund has had a longstanding commitment to training for those involved in the governance of the Fund to ensure that they have the skills and understanding required to carry out their stewardship role. This has included regular events to cover the latest developments in the LGPS, investment strategy and performance monitoring. In February 2014, the Investment and Pension Fund Committee adopted the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills.

It is important that members of both the Investment and Pension Fund Committee and the Devon Pension Board receive appropriate training in order to carry out their roles effectively

This training plan sets out how levels of understanding will be assessed, and how the knowledge and skills requirement and other regulatory requirements will be supported through training events over the next year.

2 Knowledge and Skills Framework

There are six areas of knowledge and skills that have been identified as the core requirements for those with decision making responsibility for LGPS funds. They are:

- Pensions legislative and governance context.
- Pensions accounting and auditing standards.
- Financial services procurement and relationship management.
- Investment performance and risk management.
- Financial markets and products knowledge.
- Actuarial methods, standards and practices.

Members of the Investment and Pension Fund Committee and the Pension Board are expected to have a collective understanding and senior officers are expected to have expertise of these areas of knowledge and skills.

3 Pension Board Specific Requirements

Under the regulations the members of the Pension Board are required to have the capacity to take on the role. In addition, in accordance with Section 248A of the Pensions Act 2004, it is expected that every individual who is a member of a Local Pension Board will receive training, and as a result:

- Be conversant with the rules of the LGPS, in other words the Regulations and other regulations governing the LGPS (such as the Transitional Regulations and the Investment Regulations);
- Be conversant with any document recording policy about the administration of the Fund which is for the time being adopted in relation to the Fund;
- Have knowledge and understanding of the law relating to pensions;
- Have knowledge and understanding of such other matters as may be prescribed.

4 Committee and Pension Board Training

Training for the Investment and Pension Fund Committee and the Pension Board during the year will focus on the following areas:

1. **The six areas of the Knowledge and Skills framework** – These will continue to be a major area of focus, with training focused on gaps in knowledge identified through the annual training needs analysis exercise. In addition, the Pensions Regulator has developed online training sessions covering Public Sector Pension arrangements and all members of the committee and pension board are encouraged to complete this online training and achieve full accreditation. Officers will continue to work with the Devon County Council Member Development Officer and individual Committee and Board members to ensure that they have the skills and knowledge required.
2. **Brunel Pension Partnership** – Training and briefings will continue to be provided regarding the progress of the Brunel Pension Partnership. Now that the governance structures have been implemented the training is likely to focus on the services and portfolios that Brunel will be providing, the transition arrangements, and ensuring that the Committee and Board are able to effectively monitor the ongoing operation of the company to ensure it is providing the required level of service in a cost-effective manner.
3. **Potential new investment opportunities** – Training will be provided on new areas of investment that may be considered by the Committee. Sessions will be provided to keep Committee and Pension Board members up-to-date with the latest market developments, and look at the Fund's long-term performance.

4. Regulatory / Legislative Changes – Training will be provided on the implications of any legislative and regulatory changes.

Training will be delivered through the following events to be held during the year:

Brunel Engagement Day– Autumn 2019

A further joint event is planned to be held with other LGPS funds within the Brunel pool to provide a further update on the Brunel Pension Partnership. This will focus on the portfolios and services being provided by Brunel and the transition arrangements.

Devon Pension Fund Training Day – Autumn 2019

Further training will be provided to include pension administration and the latest regulatory changes, an update on financial markets and products, long term investment performance and asset allocation, responsible investment and the 2019 Triennial Actuarial Valuation.

Devon Pension Fund Training Day – Spring 2020

The day will focus further on the six areas of the Knowledge and Skills Framework with an emphasis on any gaps in knowledge that have been identified.

Other Training

Training needs analysis will be undertaken annually to help identify training gaps in individual members' knowledge. Any gaps will be addressed in future training plans. Any areas identified that will not be met by the core training described above, then additional training can be accessed to meet those needs.

Specific training can be identified for the Chairman of the Investment and Pension Fund Committee and the Pension Board to support them in their role if required. In addition, induction training will be provided for all new members of the Committee and Pension Board.

Resources are available to meet all the training requirements outlined above.

5 Officer Training

It is important that officers have the required training to carry out the tasks of managing the Fund's investments and administering the payment of benefits. The knowledge and skills required of staff are set out in their job descriptions, including any formal qualifications required. Senior Officers should be familiar with the requirements of the CIPFA Code of Practice on Knowledge and Skills and should have expert knowledge of the six areas of the framework.

Senior officers will attend relevant conferences and seminars during the year to ensure that they remain up-to-date with the latest requirements. In addition, they will be expected to keep up to date through use of the internet, and conduct research on relevant issues where required. All staff will have specific training identified to meet assessed requirements. Individual training plans will be put in place and these will be recorded and reviewed as part of the annual appraisal process.

A central training record will be maintained by each of the Investment Team and Peninsula Pensions of the events attended and training received by all members of staff.

For senior officers, there will be a particular focus on the following areas:

1. **Governance** – Understanding the guidance and regulations in relation to local pension boards, and keeping up to date with how other Funds are working with their boards, in order that the Pension Board can be supported effectively and add value to the governance of the Fund.
2. **New Investment Arrangements** – Keeping up to date with progress in developing the Brunel pooling arrangements, and the contract management skills that will be required to manage the relationship with the Brunel company.
3. **New Investment Products** – Keeping up-to-date with what the market is offering, in order to assess the validity of new products for investment by the Devon Fund.
4. **Accounting Issues** – Keeping up to date with the latest CIPFA guidance on the format of the Pension Fund Statement of Accounts and the content of the Annual Report, including new requirements resulting from investment pooling.
5. **Pensions Admin Regulations** – Understanding the latest guidance and interpretation of changes to LGPS Regulations and their impact on procedures.
6. **Pensions Admin Systems** - Keeping up to date with updates/new releases to our software system Altair, passing down training to all staff.
7. **Wider Pensions Issues** – Understanding the impact of wider Government reforms to pensions, such as the cost cap mechanism for Public sector schemes and Guaranteed Minimum Pension equalisation.

6 Reporting and Compliance

In line with the CIPFA Code of Practice a disclosure will be made in the Fund's Annual Report and Accounts that covers:

- How the Skills and Knowledge framework has been applied.
- What assessment of training needs has been undertaken.
- What training has been delivered against the identified training needs.

Training Register 2018-19

Name	Representing	Pension Fund Training Event 19/04/18	Pension Fund Training Event 18/10/18	Brunel Pension Partnership Engagement Day 07/11/18
Investment and Pension Fund Committee				
Atkinson, Yvonne	Devon County Council	√	√	√
Channon, Christine	Devon County Council	√	X	√
Connett, Alan	Devon County Council	√	X	√
Edgell, Richard	Devon County Council	√	√	√
Edwards, Peter	Devon District Councils	√	X	X
Franceschini, Roberto	UNISON	√	√	√
Bloxham, Ray	Devon County Council	NA	√	√
Healy, Donna	Other Employers	√	√	√
Hosking, Richard	Devon County Council	√	√	√
Lomax, Colin	UNISON	√	√	-
Lowry, Mark	Plymouth City Council	-	√	-
O'Dwyer, James	Torbay Council	√	√	√
Parker Delaz Ajete, Lorraine	Plymouth City Council	√	√	√
Rimron, Jo	GMB	√	√	-

Additional training undertaken

Ray Bloxham

LGPS Fundamentals Course

Name	Representing	Pension Fund Training Event 19/04/18	Pension Fund Training Event 18/10/18	Brunel Pension Partnership Engagement Day 07/11/18
Pension Board				
Bowman, Andy	Member Representative	√	√	√
Colin Slade	Devon County Council	NA	√	√
Hearn, Carl	Tavistock Town Council	√	√	√
Keightley, Heather	Member Representative	–	√	√
Nicholls, William	Independent Member	–	√	√
Phillips, Paul	Member Representative	√	√	-
Randall Johnson, Sara	Devon County Council	√	√	√
Shipp, Colin	Member Representative	–	√	-
Smith, Graham	Devon and Cornwall Police	√	√	-

Additional training undertaken

Graham Smith

Barnet Waddingham Pension Trustee Annual Conference

INVESTMENT AND PENSION FUND COMMITTEE

22 February 2019

Present: -

Devon County Council

Councillors R Bloxham (Chair), Y Atkinson, R Edgell and R Hosking

Unitary and District Councils

Councillors L Parker-Delaz-Ajete (Plymouth City Council) and J O'Dwyer (Torbay Council)

Other Employers

Ms D Healy

Unison and Retired Members: Non-Voting Observers

R Franceschini, C Lomax and J Rimron

Apologies: -

Councillors P Edwards, A Connett and A Saywell

* **93** **Standards Committee**

The Chair welcomed Mr Hodgins who was attending the meeting in his capacity as a Co-opted Member of the Council's Standards Committee to observe and monitor compliance with the Council's ethical governance framework.

* **94** **Minutes**

RESOLVED that the Minutes of the Meeting held on 16 November 2018 be signed as a correct record, subject to the correction of the spelling of the name to read 'Councillor L Parker-Delaz-Ajete' in the list of attendees.

* **95** **Items Requiring Urgent Attention**

There was no item raised as a matter of urgency.

* **96** **Independent Advisor Arrangements**

The Committee noted the Report of the County Treasurer (CT/19/20) on the appointment by the County Treasurer (in consultation with a Panel comprising Members of this Committee) of Mr A Fletcher as the Independent Investment Advisor. The Committee welcomed Mr Fletcher to his first meeting.

* **97** **Devon Pension Board**

The Committee noted the Minutes of the Pension Board meeting held on 11 February 2019.

* **98** **Brunel Oversight Board**

The Committee noted the Minutes of the Brunel Oversight Board held on 1 November 2018.

* **99** **Brunel Update**

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22/02/19

The Committee noted the Report of the County Treasurer (CT/19/21) on progress with investment pooling, and the relationship with the Brunel Pension Partnership Ltd. The key issues over the last quarter had been the agreement of Brunel's Business Plan for 2019/20, and progress on launching portfolios. Brunel was also planning a governance review. This Report had also been considered by the Pension Board meeting on 11th February 2019.

* 100 Investment Management

The Committee considered the Report of the County Treasurer (CT/19/22) on the Fund value and asset allocation, performance against the benchmark, funding level, budget forecast monitoring and cash management, and engagement activity by the Fund's external investment managers. Members had also received the LAPFF Quarterly Engagement Report for the Quarter to December 2018.

The Fund value at 31 December 2018 stood at £4,032.8 million, a decrease of £300m over the quarter, following significant market falls over the quarter. As a result, the Fund value at the end of December was around £50m lower than at 31 March 2018.

It was **MOVED** by Councillor O'Dwyer, **SECONDED** by Councillor Edgell and

RESOLVED

(a) that the Investment Management Report be noted;

(b) that the monthly reallocations from UK Passive to Global Passive be suspended, to be reviewed further later in the year; and

(c) that compliance with the 2018/19 Treasury Management Strategy be noted.

* 101 Treasury Management Strategy 2019/20

The Committee considered the Report of the County Treasurer (CT/19/23) on a proposed Treasury Strategy and plans to be followed in the coming year, shown in draft at Appendix 1 to the Report. The Strategy set out the current treasury position, cash investments, prospects for interest rates and the investment strategy and was broadly consistent to that agreed for 2018/19.

It was **MOVED** by Councillor Bloxham, **SECONDED** by Councillor Parker-Delaz-Ajete and

RESOLVED that the Treasury Management Strategy for 2019/20 as set out in Appendix 1 of Report (CT/19/23) be adopted.

* 102 MHCLG Policy Consultation: Fair Deal - Strengthening Pension Protection

The Committee considered the Report of the County Treasurer (CT/19/24) on a Ministry of Housing, Communities and Local Government (MHCLG) consultation called 'Fair Deal – Strengthening Pension Protection' which was running from 10th January to 4th April 2019 (attached at Appendix 1 of the Report). The consultation had taken into consideration some of the concerns which had been raised in a previous consultation released in May 2016 regarding the introduction of greater pension protection for employees of LGPS employers who were compulsorily transferred to service providers.

The 2016 consultation had proposed that, in line with the Government's Fair Deal guidance of October 2013, most LGPS members in this position should have continued access to the LGPS with the new service provider. Whilst there was general agreement with the approach the draft response nonetheless detailed some areas of concerns relating to definitions,

additional administrative burdens for Administering Authorities in relation to the 'deemed employer status' proposals and the need for further guidance.

It was **MOVED** by Councillor Bloxham, **SECONDED** by Councillor Parker-Delaz-Ajete, and

RESOLVED that the Consultation response, attached at Appendix 2 of Report CT/19/24 be approved.

* **103** **Application for Admitted Body Status**

The Committee noted that the following application for admitted body status had been approved since the last meeting of the Committee: Exwick Ark, a new provider for a Devon County Council contract for Tresillian Nursery, commencing 1 January 2019 (closed agreement with 12 staff).

* **104** **Annual Consultative Meeting with Staff and Retired Members**

The Committee noted that the Annual Consultative Meeting was being held in the afternoon commencing at 2.15pm. Presentations would be made by Steve Tyson, in his capacity as Non-Executive Director of the Brunel Pension Partnership, Mark Gayler, Assistant County Treasurer, Daniel Harris, Head of Peninsula Pensions, and Charlotte Thompson in her role as lead officer for the Pension Board.

Members of the Committee were invited to attend.

* **105** **Committee Training**

The Committee noted the training day for Members of this Committee and the Pension Board on Thursday 28th March from 10am.

* **106** **Dates of Future Meetings**

28 June 2019, 13 September 2019, 15 November 2019, and 21 February 2020 at 10.30 am.

Dates of County Council meetings were available at online at:

<https://democracy.devon.gov.uk/mgCalendarMonthView.aspx?GL=1&bcr=1>

* **107** **Exclusion of the Press and Public**

RESOLVED that the press and public be excluded from the meeting for the following items of business (Minutes *107 and *108) under Section 100(A)(4) of the Local Government Act 1972 on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Schedule 12A of the Act, information relating to the financial or business affairs of an individual other than the County Council and, in accordance with Section 36 of the Freedom of Information Act 2000, by virtue of the fact that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

* **108** **Employer Contributions**

(An item taken under Section 100A (4) of the Local Government Act 1972 during which the press and public were excluded, no representations having been received to such consideration under Regulation 5(5) of the Local Authorities (Executive Arrangements).

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The Committee considered the report of the County Treasurer (CT/19/25) on employer contributions set following each triennial actuarial valuation and comprised two elements: • A primary rate – to meet the liabilities accrued during the year. • A secondary rate, or deficit contribution, to meet the employers' past deficit over a period of years.

The report outlined the situation with regard to the deficit contributions of one of the Fund's employers.

It was **MOVED** by Councillor Bloxham, **SECONDED** by Councillor Atkinson, and

RESOLVED that the County Treasurer, in consultation with the Chair, be authorised to take the action as set out in the Report.

* 109 Strategic Investment Review

(An item taken under Section 100A (4) of the Local Government Act 1972 during which the press and public were excluded, no representations having been received to such consideration under Regulation 5(5) of the Local Authorities (Executive Arrangements).

The Committee received the Report of the County Treasurer (CT/19/26) on a "refresh" of the review (previously carried out by Mercer investment consultants in 2016/17) of the Fund's investment strategy. The Committee also received a presentation from Mercer Investment on the changes from the last review.

It was **MOVED** by Councillor Bloxham, **SECONDED** by Councillor Edgell and

RESOLVED

(a) that the medium to long term proposals set out in the Mercer report be approved in principle, subject to further review;

(b) that an additional £100 million be committed to infrastructure via the Brunel private markets team;

(c) that further reports be brought to the Committee to authorise transition of assets to Brunel at the appropriate time; and

(d) that the County Treasurer be authorised to issue a notice of termination of contract to LaSalle Investment Management in respect of the management of the property portfolio at the appropriate time when Brunel are ready to take on management.

* 110 Part 1 - Open Committee

RESOLVED that the press and public be now readmitted to the meeting for the following item.

* 111 Investment Strategy Statement

The Committee considered the Report of the County Treasurer (CT/17/27) on a proposed revised Investment Strategy Statement. Guidance required that the Investment Strategy Statement should be revised at least every three years, and/or when any significant changes were agreed.

Following the review of investment strategy undertaken by Mercer the revised Investment Strategy Statement (ISS) reflected the outcome of the review (Minute 108 refers). This set out the strategic asset allocation for 2019/20 and the opportunity had also been taken to make

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INVESTMENT AND PENSION FUND COMMITTEE
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other minor amendments. The revised Investment Strategy Statement was attached as Appendix 1 of the Report.

It was **MOVED** by Councillor Bloxham, **SECONDED** by Ms Healy and

RESOLVED that the revised Investment Strategy Statement be approved.

***DENOTES DELEGATED MATTER WITH POWER TO ACT**

The Meeting started at 10.30 am and finished at 1.07 pm

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DEVON PENSION BOARD BUDGET– Forecast Outturn for 2018/19 and Budget for 2019/20

Report of the County Treasurer

Please note that the following recommendations are subject to consideration and determination by the Board before taking effect.

- Recommendations:**
- a) that the Board notes the forecast outturn for the Devon Pension Board budget 2018/19.**
 - b) that the Board approves the Devon Pension Board budget for 2019/20.**

1. Introduction

- 1.1. It is appropriate that the Devon Pension Board is given adequate resources to fulfil its task. As a minimum, the Board will require:
 - allowances and/or expenses for Board members;
 - accommodation and administrative support to conduct its meetings and business;
 - training;
 - legal, technical and other professional advice (where required).
- 1.2. Regulation 106(9) of the Regulations specifies that the expenses of a Local Pension Board shall be regarded as part of the costs of administration of the Fund. These expenses will include, but are not limited to, the cost of secretarial support and any necessary advisory support, overheads attaching to the arranging of meetings and, if the Administering Authority makes provision, payment of allowances and/or expenses to members of the Local Pension Board.
- 1.3. A budget for the direct costs for the Devon Pension Board for 2018/19 was agreed by the Board at its meeting on 23rd April 2018.

2. Devon Pension Board Budget Monitoring Statement – Forecast Outturn 2018/19

- 2.1. The budget monitoring statement showing the forecast outturn position for the financial year ending 31st March 2019 is set out below.

Devon Pension Board Budget 2018/19

Budget	Description	Forecast Outturn	Variance
£		£	£
2,000	Training	1,500	-500
1,000	Travel and Member expenses	550	-450
4,000	Committee Support	3,667	-333
23,000	Officer Support	23,000	0
500	Printing and Postage	100	-400
30,500	Total Expenditure	28,817	-1,683

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3. Devon Pension Board Budget 2019/20

- 3.1. An indicative budget for the direct costs for the Devon Pension Board for 2019/20 is set out below. The budget has been formed by an analysis of the total estimated costs incurred during 2018/19 and additional resource costs to cover the increase in board meetings from two to four per annum.

Devon Pension Board Budget 2019/20

Forecast Outturn 2018/19 £	Description	Proposed Budget 2019/20 £
1,500	Training	2,000
550	Travel and Member expenses	1,000
3,667	Committee Support	7,300
23,000	Officer Support	35,000
100	Printing and Postage	500
28,817	Total Expenditure	45,800

4. Conclusion

- 4.1. The Board is asked to note the forecast outturn for the Devon Pension Board Budget 2018/19 and to approve the Devon Pension Board budget for 2019/20.

Mary Davis

Electoral Divisions: All

Local Government Act 1972

List of Background Papers - Nil

Contact for Enquiries: Charlotte Thompson

Tel No: (01392) 381933 Room G99

PENINSULA PENSIONS PERFORMANCE REPORT

Report of the County Treasurer

Please note that the following recommendations are subject to consideration and determination by the Board before taking effect.

Recommendation: The Board notes the report.

1. Introduction

- 1.1. Peninsula Pensions' internal service standard target is to complete 90% of work within 10 working days from the date that all necessary information has been received. Performance targets are monitored on a monthly basis via a task management system and reporting tool within the pension database.

2. Team Performance

- 2.1. During 2017/18, the team issued 77% of work within target. At the last meeting of the Board, we reported that performance had remained consistent at 77% for the 9 months ending 31st December 2018. Performance over January and February has increased to 83%, which brings the total performance for the 11 months ending 28th February 2019 to 78%.
- 2.2. It is pleasing to see an increase in performance, albeit marginal, as we are continuing to undertake an extensive training plan across the member services section, which is impacting the normal day-to-day workloads of staff. We are also in the process of recruiting to several vacant positions within the team which should help to improve things further going forward.
- 2.3. Appendix 1 shows the performance relating to the Devon Fund only for the 11 months ending 28th February 2019.
- 2.4. A report showing the longer-term performance is attached at appendix 2. Members will note that the total number of cases outstanding has dropped significantly over the period reported.

3. Future changes to performance reporting

- 3.1. At the February meeting of the Board, officers reported that we are in the process of reviewing and improving our methods of reporting performance.
- 3.2. Future performance reports will now include performance against the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, which set out the minimum requirements regarding the disclosure of pension information, in addition to our internal service standard targets.
- 3.3. Our pensions administration software, which is used to monitor performance, has now been updated to record both sets of performance targets and the reports are now in development.

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- 3.4. In addition to this, officers have also completed the review of task classification and prioritisation of tasks, as discussed during the February meeting, and these revised classifications will feed into future reports. This will help to ensure that tasks are dealt with appropriately and in a more effective and timely manner.
- 3.5. Officers will bring a future report to the Board which sets out the new classification of tasks.

4. Conclusion

- 4.1. The Board is asked to note the Performance report.

Mary Davis

Electoral Divisions: All

Local Government Act 1972

List of Background Papers - Nil

Contact for Enquiries: Dan Harris / Shirley Cuthbert

Tel No: (01392) 383000

Summary of Work Completed 01/04/18 – 28/02/19 (DCC)

	Within Target	Over Target	Total	Success Rate
Priority Procedures	5,514	1,403	6,917	80%
Non-Priority Procedures	20,971	6,209	27,180	77%
TOTAL	26,485	7,612	34,097	78%

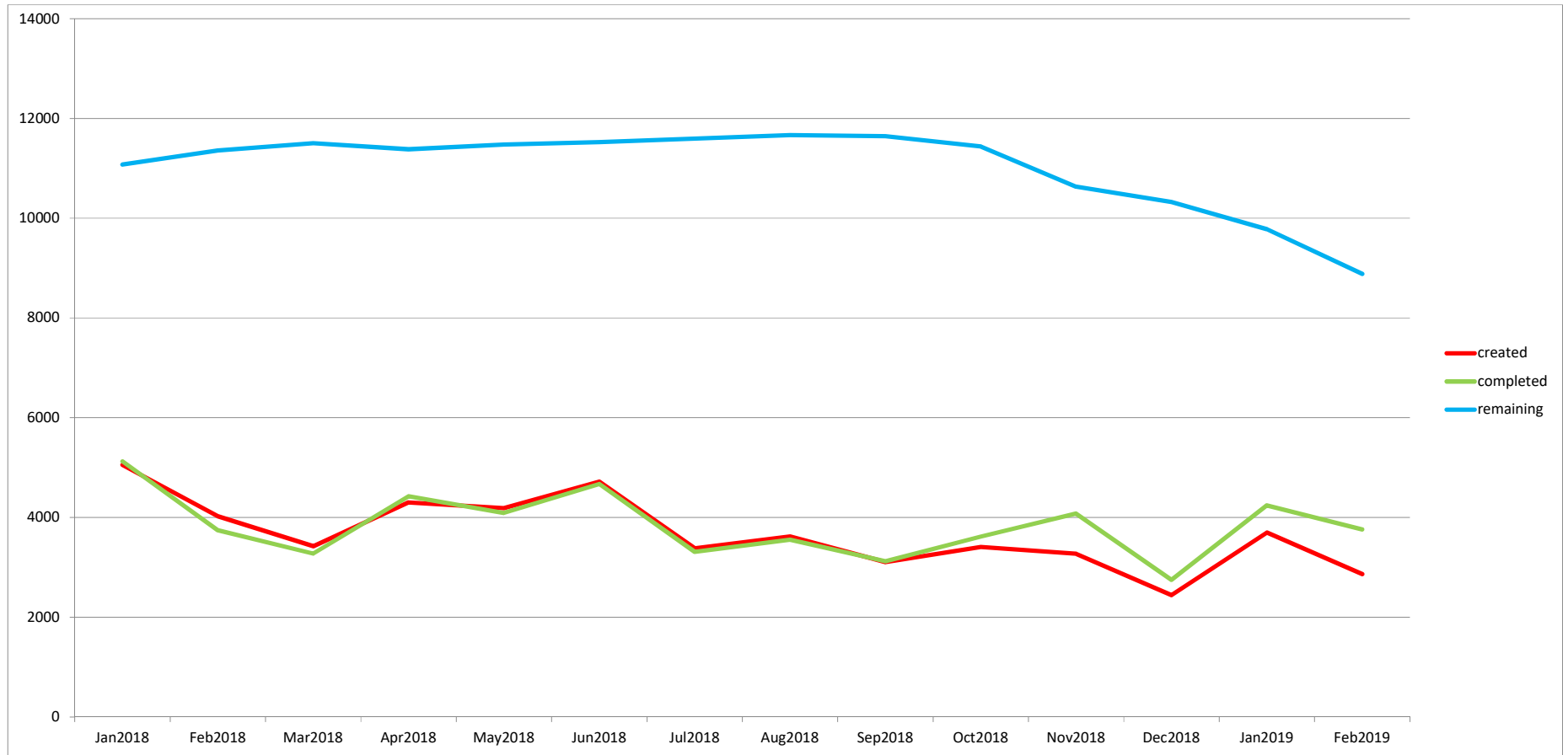
Priority Procedures

	Within Target	Over Target	Total	Success Rate
Deaths	644	273	917	70%
Employer Estimates	232	12	244	95%
Priority General	2,897	336	3,233	90%
LGPS Retirements	783	499	1,282	61%
Deferred Benefit Retirements	958	283	1,241	77%
TOTAL	5,514	1,403	6,917	80%

Non-Priority Procedures

	Within Target	Over Target	Total	Success Rate
Amalgamation of Records	663	1,085	1,748	38%
Additional Voluntary Contribution Calculations	732	117	849	86%
Deferred Benefit Calculations (including recalculations)	886	531	1,417	63%
Divorce Calculations	326	12	338	96%
Frozen Refunds	999	1,509	2,508	40%
Other Member Estimates	322	378	700	46%
Non-Priority General	12,867	1,558	14,425	89%
Payroll Adjustments	1,714	70	1,784	96%
Police & Fire Retirement Estimates	2	1	3	67%
Refunds	948	119	1,067	89%
Retirement Estimates	1,091	320	1,411	77%
New Starters	139	-	139	100%
Transfer Values In	70	150	220	32%
Transfer Values Out	212	359	571	37%
TOTAL	20,971	6,209	27,180	77%

Peninsula Pensions Adminstration Performance (Jan 2018 - Feb 2019)



BREACHES POLICY

Report of the County Treasurer

Please note that the following recommendation is subject to consideration and determination by the Board before taking effect.
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Recommendation: that the Board notes the breaches log for 2018/19

1. Introduction

- 1.1. The Pensions Act 2004 imposes a requirement to report a breach of the law to The Pensions Regulator as soon as is reasonably practicable.
- 1.2. This requirement applies to all individuals with a role in the LGPS (including members of the Local Pension Board, Investment and Pension Fund Committee and officers) who have a duty to report breaches of the law when they have reasonable cause to believe that a breach has occurred.

2. Breaches Log

- 2.1. The Pensions Regulator became responsible for the oversight of public sector pension schemes in 2015. Codes of Practice issued by The Pensions Regulator include practical guidance and set out expected standards and best practice in respect reporting material breaches.
- 2.2. Our Breaches Policy and procedures have been designed to comply with the guidance provided by the Pensions Regulator and to ensure that Devon Pension Fund follows best practice in this area. The Breaches Policy was last presented to the Board at the April 2018 meeting.
- 2.3. A breach is likely to be of material significance to the Regulator where it was caused by:
 - acting, or failing to act, in deliberate contravention of the law;
 - dishonesty;
 - incomplete or inaccurate advice;
 - poor administration;
 - poor governance;
 - slow or inappropriate decision-making practices.
- 2.4. Breaches that are determined not to be of material significance to the Regulator will not be reported but must still be recorded in the Breaches Log.
- 2.5. The Breaches Log for 2018/19 is attached at Appendix 1 to this report. Members should note that the 3 breaches recorded for 2018/19 are considered not to be of material significance to The Pensions Regulator and therefore were not reported.

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3. Conclusion

3.1. The Board is asked to note the Breaches Log for 2018/19.

Mary Davis

Electoral Divisions: All

Local Government Act 1972

List of Background Papers - Nil

Contact for Enquiries: Dan Harris

Tel No: (01392) 383000

Record of Breaches 2018-19

Date	Category	Description and cause of breach	Possible effect of breach and wider implications	Reaction of relevant parties to breach	Reported/Not reported (with justification if not reported and dates)	Traffic light system colour	Outcome of report and/or investigations	Outstanding actions	Comments
Aug-2018	LGPS Administration	In total, 7,735 Annual Benefit Statements were not issued by the deadline for deferred members. This figure consisted of the following: Marked as 'gone away' - 2,962 Status 2 (undecided leaver): 4,413	The member has been unable to check: <ul style="list-style-type: none">• personal data is complete and accurate• correct contributions have been credited• what their pension may be at retirement	n/a	Not reported. A total of 20% of statements were not issued. 8% were not issued as a current address was not held (GBG Connexus are currently undertaking tracing work) and 12% we were awaiting information from employer). New processes being put in place with employers including the introduction of monthly interfaces which should help to resolve these problems. Deferred members not covered by Pensions Regulator specifically.	A failure by some participating employers to act in accordance with scheme procedures, indicating variable standards of implementing those procedures.	n/a	Introduction of improved processes requiring employers to submit monthly returns. Address tracing.	
Aug-2018	LGPS Administration	In total, 307 Annual Benefit Statements were not issued by the deadline for active members. This figure consisted of: Produced on 01/09/18: 196 Outstanding: 111	The member has been unable to check: <ul style="list-style-type: none">• personal data is complete and accurate• correct contributions have been credited• what their pension may be at retirement	A letter was sent to all scheme members that we were unable to provide an ABS, explaining why this was not possible.	Not reported. Less than 1% of ABS were not issued. Very few statements were affected and a large proportion of those not issued in time were issued shortly after deadline	A small number of members affected when compared with total statements issued. Action has been taken to correct the breach, identify and tackle its cause, to minimise the risk of reoccurrence (members not contacted as only small delay in receiving statements) It is unlikely that the scheme will be in breach of other legal requirements.	n/a	Encourage employers to use monthly CARE interface so that leavers and any issues are highlighted sooner - aim to make this mandatory for employers during 2019/20 Annual trace on addresses - trial of new tracing service underway	
Ongoing	LGPS Administration	Backlog of work - LGPS to be actioned. Feb 2019 - When considered against disclosure requirements: 442 (over 30 days) - 121 of which on reply due awaiting information from elsewhere to be chased - balance outstanding: 321	The member has been unable to check: <ul style="list-style-type: none">• personal data is complete and accurate• correct contributions have been credited• what their pension may be at retirement		Not reported. A full review of the service has been undertaken and a new structure is in place with effect from July 2018. The LGPS Framework was used to obtain quotes for assisting with the backlog, but this has had limited success and we have therefore taken the decision to address this internally. The figures for the backlog are reported internally on a weekly basis and are presented to the Pension Board and management team on a regular basis.	We have attempted to increase staffing numbers, with some success, but attracting temporary staff has proven to be counter-productive. This area is still the subject of ongoing review. We have considered outsourcing, but this has been largely unsuccessful, is very costly and does not tackle the problem in a reasonable timeframe, nor does it provide a complete solution. We are also reviewing the source of some of the issues with the aim of tackling these at an earlier stage in the process, utilising increased training for employers and staff, better use of technology and revised procedures to improve the efficiency of processes. Some of these have a longer lead-in time than others, but this is being monitored against the Service Improvement Plan and we are making good progress.	n/a	Continue with actions set out in the service improvement plan including employer training & communications, staff training, revised procedures, implementation of technological solutions (enhanced member self-service, enhanced employer self-service, employer interfaces, etc.)	

ACTIONS AND RECOMMENDATION TRACKERS

Report of the County Treasurer

Please note that the following recommendation is subject to consideration and determination by the Board before taking effect.

Recommendation: that the Board notes funds progress on completing actions arising from internal audits and Pension Board member recommendations or requests.

1. Introduction

- 1.1. As part of an agreed actions from previous board meetings an Audit action log has been created to track progress and completion of audit actions and recommendations. In addition, officers have also produced a log of actions and requests raised by the Pension Board.

2. Trackers

- 2.1. The Audit Actions tracker allows Board Members to monitor responses, actions and progress against audit findings from internal audit reports. The programme of internal audits is agreed with fund officers on an annual basis and undertaken throughout the year. The attached tracker includes actions arising from 2018/19 audits completed to date.
- 2.2. The Actions and Recommendations tracker compiles a list of actions, recommendations and requests raised by the Devon Pension Board. The attached list includes items dating back to April 2018.

3. Conclusion

- 3.1. The Board is asked to note the attached action trackers.

Mary Davis

Electoral Divisions: All
Local Government Act 1972
List of Background Papers - Nil
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PENINSULA PENSIONS AUDIT ACTION TRACKER				Appendix 1
The audit action tracker allows Board Members to monitor responses, actions and progress against audit actions and recommendations arising from internal audits				
Recommendations 2018/19	Priority	Management response and action plan including responsible officer	Follow up response	ACTIONED?
Audits scheduled	Days	Proposed Quarter		
Communication with Stakeholders (joint audit, 16 days in total)	8	Q1*		
General Data Protection Regulations (GDPR) compliance	8	Late Q1/early Q2		
Death in service / Death of Pensioners	10	Q3		
Quality assurance/control area	8	Q4		
Planning, reporting and advice	5	Q1-4		
Contingency	6			
Communication with Stakeholders				
The planned revision to the Communications Policy should include reference to the General Data Protection Regulations which came into effect in May 2018. Should GDPR communications compliance activity be deemed by management to constitute a 'material change' in policy, it is recommended that the Communications Policy should be updated immediately to reflect this.	High	Agreed. GDPR will be considered in relation to the Communication Policy and revision due to take place this year, prior to the November 2018 IPFC meeting, and alongside item d) at recommendation 1.1.3 below regarding Data Protection. Devon Pension Fund - Assistant County Treasurer (Investments & Treasury Management) by 30/11/18)		1/2/19 confirmed by CT Investments Manager that Communications Policy was updated shortly after this audit and approved by Committee November 2018
The next scheduled review of the Communications Policy provides management with an opportunity to give consideration to the relevant provisions of the Pensions Regulator Code of Practice 14 'Governance and Administration of Public Service Pension Schemes', that relate to communication standards, and to update the Communications Policy accordingly, as required.	Opportunity	Agreed. Consideration will be given to this in relation to the Communication Policy revision due to take place this year, and alongside recommendation 1.1.4 where the Pension Regulator's Code makes reference to statutory provision of information requirements. Devon Pension Fund - Assistant County Treasurer (Investments & Treasury Management) (by 30/11/18)	New Communication Policy approved November 2018 incorporating the points raised in this audit	1/2/19 confirmed by CT Investments Manager that Communications Policy was updated shortly after this audit and approved by Committee November 2018
The following examples of areas covered within other Pension Fund Communications Policies, are provided for management consideration in relation future revision of the Devon Pension Fund Communications Policy:		Agreed. Consideration will be given to these examples in relation to the Communication Policy revision due to take place this year. Devon Pension Fund - ACC (Investments & Treasury Management) by 30th November 2018		1/2/19 confirmed by CT Investments Manager that Communications Policy was updated shortly after this audit and approved by Committee November 2018
a) Annual review of the Fund's Communications Policy b) Reference to Pensions Helpline number / email within the Policy document				
c) Reference to improving Service Standards e.g. seeking stakeholder feedback and the means for this e.g. on-line/Smart phone feedback form, feedback form included alongside Annual Benefit statement, feedback sought at all engagement events.		Avon Pension Fund's communications activity is identified as a potential good practice example for peer comparison purposes, for which the Avon Pension Fund webpages http://www.avonpensionfund.org.uk/ and on-line customer survey http://www.avonpensionfund.org.uk/customer-survey refer		
d) Inclusion of a section on Data Protection e) Reference to Pensions Pooling arrangements and Brunel Pension Partnership Ltd	Opportunity			

The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 are applied by the service in relation to requests for information. Reference to these Regulations could be included within the Communications policy.	Low	Agreed. Consideration will be given to this in relation to the Communication Policy revision due to take place this year, and alongside recommendation 1.1.2. Devon Pension Fund - ACC (investments & treasury management) by 30th November 2018		1/2/19 confirmed by CT Investments Manager that Communications Policy was updated shortly after this audit and approved by Committee November 2018
It is recommended that management give consideration to CIPFA Guidance 'Delivering good governance in Local Government' in relation to effective engagement with stakeholders, and the West Midlands Pension Fund – good practice in stakeholder engagement case study included therein, in relation to possible application to future DPF Communication Policy revision.	Opportunity	Agreed. Consideration will be given to this in relation to the Communication Policy revision due to take place this year. Devon Pension Fund - ACC (Investments & Treasury Management) by 30th November 2018		1/2/19 confirmed by CT Investments Manager that Communications Policy was updated shortly after this audit and approved by Committee November 2018
It is recommended that consideration to be given to making clear reference within the Communications Policy to the availability of information in alternative formats, e.g. Braille or audio version, how this can be requested by stakeholders and how the service would facilitate this.	Medium	Agreed. Consideration will be given to this in relation to the Communication Policy revision due to take place this year. Devon Pension Fund - ACC (Investments & Treasury Management) by 30th November 2018		1/2/19 confirmed by CT Investments Manager that Communications Policy was updated shortly after this audit and approved by Committee November 2018
Quantitative measures for which the service could make provision to collect, measure and monitor include: i) satisfaction survey results relating to Communications and use/content of website; and ii) website usage figures, including in relation to the DPF Investments and LGPS webpages, and, should it be possible to do so, the number of 'hits' against the on-line Communications Policy document (when the updated document is communicated to stakeholders and published).		Agreed. Conversations are on-going between Peninsula Pensions management and the DCC Communications Team in regard to the collection and analysis of website usage figures (including in relation to 'new views', 'bounce back' etc) and discussion will take place internally regarding the appropriate timescale for consideration of implementation of additional customer feedback mechanisms regarding the Devon Pension Fund - Communication Policy and potentially additional Peninsula Pensions webpages. Customer feedback is also being sought from employers and via management client liaison.		Ongoing
It is recommended that the service progress monitoring and analysis of website usage figures, and consideration of an on-line website satisfaction survey, and that thought should also be given to monitoring satisfaction with communication outside of that provided on-line.	Medium	A review of website content is planned for this financial year and this recommendation will be considered alongside that review. Head of Peninsula Pensions by 31 March 2019		Ongoing
It is recommended that management consider resource availability to take forward the work of making the Communications strategy a living document following the internal restructure exercise.	Opportunity	Agreed - Head of Peninsula Pensions by 31 March 2019		Currently under review
It is noted that there are Peninsula Pensions webpages, applicable to LGPS members and employers, which would benefit from updating. These include, at the time of audit, 'Member News', 'Member Newsletters' and 'Employer News'.		Agreed. This will be considered including within the website review and as per recommendation 2.2.1 above.		Have arranged regular meetings with DCC comms team to ensure pages are regularly reviewed and are kept up to date
Furthermore, other than the on-line 'Contact Us' form, there was no easily located customer feedback form or pop-up on-line survey found. It is noted that a survey for website users is something that is planned by Peninsula Pensions.		Head of Peninsula Pensions (by 31 March 2019)		Completed - Customer feedback option added to contact us page

It is recommended that customer feedback mechanisms are reviewed and planned activity in this area be progressed. As per Risk 1, Avon Pension Fund on-line customer satisfaction / feedback mechanisms are proposed as a possible good practice example	Medium			Actioned - procedure notes relating to 'death' processes in place (and have been since at least 2009 - on SharePoint)
It is recommended that management establish a contract or Service Level Agreement with the DCC Communications Team for services to be provided in 2018/19 by DCC, in order to ensure that working arrangements are documented, including the cost to be paid by Peninsula Pensions and level of service to be provided by the DCC Communications Team.	Medium	Agreed. This is in-hand and is being taken forward as a high priority action by management. Head of Peninsula Pensions 31/3/19		In progress
General Data Protection Regulations (GDPR) compliance				
It is recommended that the GDPR Project Risk Register Risk be further populated including in relation to risk scoring, updated on an on-going basis and to form part of the internal management conversation on GDPR, and for links to be made as required to the published DPF/PP Risk Register as appropriate.	Medium	Agreed. Head of Peninsula Pensions, and Technical & Compliance Manager – by 31 March 2019.		In progress
Data Protection Impact Assessments should be undertaken, and a process established for this process to become 'business as usual' for the service, including in relation to written process notes to be prepared and communicated to relevant teams regarding the required process to be followed.	Medium	Agreed. Head of Peninsula Pensions, and Technical & Compliance Manager, in liaison with DCC Data Protection Officer – by 31 March 2019.	Use same procedure as Devon County Council - link on GDPR Project document	Yes - No further action required
Management should establish, and in liaison with DCC Data Protection Officer as required, whether there is further action that is required to be taken by the service regarding 'data' transferred out side of the European Economic Area (EEA) in relation to Western Union pension payments made to bank accounts outside of the UK and correspondence to members living abroad.	Medium	Agreed. Head of Peninsula Pensions, and Technical & Compliance Manager, in liaison with the DCC Data Protection Officer – by 31 March 2019.		Actioned
Management to identify and take forward any required action resulting from the output from GDPR compliance questionnaires issued to third parties outside of DCC procurement processes (these bodies are understood to be Heywoods, Stormpress, Hugh Symons, RNIB, Target).	Medium	Agreed. Head of Peninsula Pensions, and Technical & Compliance Manager, in liaison with the DCC Data Protection Officer – by 31 March 2019.	All third parties have Data processing agreements in place	Yes - No further action required
The project and service will need to allow adequate time and resource to addressing the 'historic' paper records held by Peninsula Pensions, which are understood to be located at various locations (including Great Moor House, County Hall and Larkbeare); and consideration of 'historic' data held on the Altair system, for all client areas (including previous client areas), in liaison with the system provider Heywoods.	High	Agreed. In view of developing a high level plan or strategy for addressing historic records. Head of Peninsula Pensions, and Technical & Compliance Manager – by 31 December 2018. The review of historic records will be a longer term piece of work for which resource will need to be identified to aid completion.	Head of PP to liaise with County Hall to arrange removal / destruction of historic papers held there. Need to consider re removal of data in line with retention policy going forwards (ALTAIR)	Head of PP contacted DCC facilities management to arrange disposal
It is recommended that management prepare an internal process notes document for data security and data breach procedures and for this to be communicated to all staff.	High	This has been completed. The process is documented within training material, which has been communicated to officers. The documentation is located within the Peninsula Pensions central repository on SharePoint, and this location has been communicated to officers.		Yes - No further action required
Management may wish to consider, for internal reference purposes, completion of the ICO data protection self-assessment toolkit.	Opportunity	Agreed. Technical & Compliance Manager, in liaison with the Head of Peninsula Pensions, to consider utilising the ICO toolkit, if deemed appropriate for the service. By 31 March 2019.		Agreed - to be actioned
Death in service / Death of Pensioners				

It is recommended that comprehensive written procedure notes be developed and maintained for use by Benefits team members involved in Death In Service / Death of Pensioner processes, for training and reference purposes.	Medium	Death in Service and Survivor procedure notes are now in place for use by the Benefits team. Management will ensure that all additional procedure notes, relating to 'death' processes are in place. Technical & Compliance Manager – by 31 March 2019.	Technical Manager (MG) to ensure in place on Pensioner Payroll team - to liaise with Pensioner Payroll Manager AT (11/1/19)	Actioned - procedure notes relating to 'death' processes in place (and have been since at least 2009 - on SharePoint)
It is recommended that all staff involved in the Death in Service / Death of Pensioners processes should be suitably trained, and their work monitored particularly in relation to the work of new or inexperienced team members, until the required level of competency is reached.	Medium	Agreed. Training in this area is on-going and will continue to be monitored by management. Head of Peninsula Pensions and Technical & Compliance Manager.	Form part of QA/QC arrangements	In progress
It is recommended that the Service review of internal Quality Check processes considers the initial audit advice, relating to the control environment, provided in 2017-18.	Medium	Agreed. Internal review of quality check processes is due to commence in Q4. This will include consideration of internal audit input and advice. Technical & Compliance Manager.		Arranged Feb 2019
In relation to purchasing of death certificates, it is recommended that only the named credit/debit card holder(s), in each case, procure required certificates and that, if necessary, Service working practices be updated to reflect this. Where there is a requirement for more than one person in the team to make purchases, the Service should consider what other options might be available, e.g. via issue of an additional card(s) or alternative means of purchasing.	Medium	This matter has been addressed. Additional cards have been issued to relevant team members. Head of Peninsula Pensions.		No further action required
It is recommended that management consider contingency arrangements in respect of Payroll death in service, death of member processes and in relation to review of team member access to information such as the General Register Office registers, the LGPS National Insurance Number database system, as part of these processes.	Medium	The support arrangements in place are considered to be sufficient. Workplace process videos are planned, making use of available technology, for training and contingency purposes. Technical & Compliance Manager.	Pensioner Payroll manual in place - Technical Manager to liaise with Pensioner Payroll Manager and arrange consideration of video software - commencing with 'running of payroll'	In progress
The use of the National Insurance Database should be taken forward to ensure compliance with regulations.	Low	Management will give consideration to this. Technical & Compliance Manager – by 30 September 2019.		Actioned
It is recommended that the Service continues to undertake regular deceased person matching/screening processes, and that resource is maintained to promptly review and action the outputs from these processes where action is required by the Service to prevent pensions overpayment.	Medium	Agreed. Head of Peninsula Pensions and Technical & Compliance Manager.		No further action - ongoing procedure
For business continuity purposes, it is recommended that more than one staff member be given access to and training on use of Tell Us Once, for the purpose of receiving and actioning death of member/pensioner notification.	Medium	Agreed in relation to team member access to and training on use of Tell Us Once. Technical & Compliance Manager – arrangements for this to be initiated by 31 March 2019.	2 officers have access - EER & Comms Manager and Pensioner Payroll Manager - consider additional user login	Actioned
Consideration should also be given to how on-line notification is received outside of DCC, including from Somerset, Torbay and Plymouth council areas.		Not agreed in relation to notification from outside of DCC as this is outside of Peninsula Pension's remit and would require national initiative.		
It is recommended that amounts owing, relating to death in service / death of member processes, continue to be monitored and regularly reported to management.	Medium	Agreed. Head of Peninsula Pensions and Technical & Compliance Manager.		No further action required - ongoing procedure (Finance team)

DEVON +A1:F23PENSION FUND AUDIT ACTION TRACKER				Appendix 2
The audit action tracker allows Board Members to monitor responses, actions and progress against audit actions and recommendations arising from internal audits				
Recommendations 2018/19	Priority	Management response and action plan including responsible officer	Follow up response	ACTIONED?
Audit scheduled	Days	Proposed Quarter		
Communication with Stakeholders (joint audit, 16 days in total)	8	Q1*		
Effectiveness of the Pension Board	10	Late Q1/early Q2		
Custodian Arrangements	7	Q3		
Responsible Investments	7	Q4		
Planning, reporting and advice	5	Q1-4		
Contingency	3			
Effectiveness of the Pension Board				
It is recommended that the Devon Pension Fund, Pension Board, webpage is updated to include the most recent version of the Devon Pension Fund Governance Policy and Compliance Statement (the version currently in the Pension Board section is marked as approved in 2015). A later version (marked as approved in 2017) is located in the pension fund investments section of the website.	Low	Agreed. Investment Manager, in liaison with the Head of Peninsula Pensions (by 31 March 2019)	Revised Governance Policy dated November 2018 loaded onto both parts of the website	Completed
Management to consider the difference in approach regarding provision of Devon Pension Poard member contact details. If the reason is that DCC publish only DCC email addresses (Councillor email addresses being @devon.gov.uk; whereas other email addresses given as per the Peninsula Pensions webpages include external email addresses) consideration should be given to whether DCC email addresses should be provided/allocated to Devon Pension Board members. And in relation to Board member changes, it is recommended that any updates are made in both locations concurrently.	Medium	Agreed. It will be considered whether there is a way of referring users from the Democracy in Devon - Devon Pension Board member webpages to the Peninsula Pensions Devon Pension Board webpage for further information including contact details. Investment Manage / Assistant County Treasurer - Investments, in liaison with the Democracy team (31 March 2019). Management felt however that would not be appropriate for Devon Pension Board members who are not County Councillors or DCC employees to be provided with a devon.gov.uk email address		Completed - not possible to provide DCC email addresses to non DCC members/staff
It is recommended that management continue to review Devon Pension Board member attendance at Board meetings and training events, and bring to the Board's attention accordingly consecutive non attendance at two meetings or two training events, inaccordance with the Devon Pension Board Terms of Reference.	Medium	Agreed. Considerations will be given to attaching the attendance log to Board reports. Investment Manager / Assistant County Treasurer - Investments. 31 March 2019	First report of attendance provided to the Board October 2018. On Future Work programme for every April and October board meetings	Completed
It is recommended that all the on going actions agreed by management relating to recommendations within the 2017-18 Induction Process for New Board and Committee members audit continue to be progressed and completed in 2018-19.	Medium	Agreed		Completed

The responses to the survey as shown in Appendic C should be reviewed and taken forward as appropriate by management	Medium	Agreed. The survey responses will be considered. Investment Manager / Assistant County Treasurer - Investments. 31 March 2019		Completed
Custodian arrangements				
Management may wish to consider making an update to the DPF Governance Policy and Compliance statement, and any related documentation maintained by DPF, in relation to the appointment of the DPF Custodian under the Brunel pensions pooling arrangements.	Opportunity	Will be addressed at the next review of the all relevant Fund statutory statements		
Responsible Investment				
The plans for DPF management to work with Brunel to further develop reports on stewardship and to measure the carbon footprint of DPF investments, and for this information to be regularly reported to the IPFC, should be progressed.	Medium			

Appendix 2

DEVON PENSION BOARD ACTIONS AND RECOMMENATIONS TRACKER

The actions tracker allows Board members to monitor responses, actions and outcomes against their recommendations or requests. The tracker will be updated following each board. Once an action has been completed, it will be shaded out to indicate that it will be removed from the tracker at the next meeting.

Date	Recommndations / Actions	Response	Progress
23/04/2018	67 - outcome of pending court case to be reported to members in due course		Case ongoing
23/04/2018	69 - Feedback on the risk register, any changes would be reported back to the members.	revised risk register updated and presented at October 2018 meeting	Completed
23/04/2018	70 - review of Investment Strategy Statement		
	- consideration to reference in the Statement, issues relating to gender in-balance on the larger Corporate Boards and how the Fund could exert influence as an institutional investor (via the Brunel Partnership's Fund managers for example)	Will included in section 6 (D) in the February 2020 revision	In progress
23/04/2018	71 - suggestion would be reviewed by the Officers for report to the Investment and Pension Fund Committee		
	Whilst members attendance on training courses had been generally good, some form of accreditation and feedback on knowledge gained could be provided, rather just a record of attendance, with a more detailed breakdown of the various components, which would provide clearere evidence of effective member training	Officers reviewing training plan	Completed Training needs analysis was undertaken in February 2019 to identify training needs. This will be undertaken annual to asses levels of knowledge and aid the development of the annual training plans.
	Good practice and documentation from Cornwall County Council aspects of which could be adopted by Devon, and the County Treasuere undertook to review the document in consultation with the members development officer and glean areas of good practice which could be adopted	Officers reviewing training plan	Completed - Cornwall's approach was discussed at the June committee and members were not keen on the accreditation approach. Best practice across the LGPS appears to be completion of the Pension Regulator training and regular training needs analysis to identify knowledge gaps.

	recognition of other areas of more informal learning by member which could also add to their knowledge and experience	Officers reviewing training plan	Completed - Include attendance at other training events and conferences in the annual Training log
15/10/2018	90 - Future admin reports to cover trend analysis and include RAG assessment. Annual breaches report would be presented to future meetings	with Dan and Shirley. Breaches report to be brought to board annually but will bring any breaches to the attention of the board throughout the year.	Admin performance monitoring undergoing an overhaul - in development
11/02/2019	97 - Further audit on the effectiveness of the Pension Board is undertaken in the next 12 months	Will add this to 2019/20 internal audit plan	Completed

FUTURE WORK PROGRAMME

Report of the County Treasurer

Please note that the following recommendation is subject to consideration and determination by the Board before taking effect.

Recommendation: that the Board review and approve the future work programme and make suggestions for other areas of consideration going forward.

1. Introduction

- 1.1. The Devon Pension Board will meet four times per year to review and discuss issues concerning the Devon Pension Fund. In order to ensure that appropriate areas are covered going forwards it was agreed at the first meeting of the Board to implement a Future Work Programme.

2. Future Work Programme

- 2.1. A proposal for the Future Work Programme of the Pension Board is set out below:

Standing Items

- Minutes of the Investment and Pension Fund Committee;
- Devon Pension Fund Risk Register;
- Peninsula Pensions Administration Performance Statistics;
- Brunel Progress report.
- Actions and recommendations Tracker
- Future Work Programme.

July 2019

- Governance Policy Review
- Pension Board Terms Reference review
- Annual Pension Board attendance review
- Administration Strategy

October 2019

- Budget Monitoring
- Statutory Statements – Communications Policy
- External Audit Findings Report
- Annual Benefit Statement report

Agenda Item 14

January 2020

- Funding Strategy
- Pension Board Audit
- Attendance record review

3. Conclusion

- 3.1. The Future Work Programme aims to set out a clear agenda for future areas of review and discussion for the Pension Board. This will help to provide assurance that the Devon Pension Fund is managed and administered effectively and efficiently, ensuring that it complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.
- 3.2. The Board is asked to review and approve the future work programme and make suggestions for other areas of consideration going forward.

Mary Davis

Electoral Divisions: All

Local Government Act 1972

List of Background Papers - Nil

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