

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 : 11 October 2019  
Please ask for : Gerry Rufolo 01392382299

Email: gerry.rufolo@devon.gov.uk

## **DEVON PENSION BOARD**

Monday, 21st October, 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 - 6)

Minutes of the meeting held on 15 July 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.

### **MATTERS FOR CONSIDERATION OR REVIEW**

4 Review of the Communications Policy (Pages 7 - 22)

Report of the County Treasurer (CT/19/89), attached

5 Pension Administration Strategy Review (Pages 23 - 40)

Report of the County Treasurer (CT/19/90), attached

6 Pension Fund Risk Register (Pages 41 - 60)

Report of the County Treasurer (CT/19/91), attached

- 7 Review of Attendance (Pages 61 - 62)

Report of the County Treasurer (CT/19/92), attached

**MATTERS FOR INFORMATION**

- 8 Investment and Pension Fund Committee (Pages 63 - 68)

Minutes of Investment and Pension Fund Committee held on 13 September 2019, attached

- 9 Peninsula Pensions Performance Report (Pages 69 - 72)

Report of the County Treasurer (CT/19/93), attached.

- 10 Devon Pension Board: Budget Monitoring 2019/20 (Pages 73 - 74)

Report of the County Treasurer (CT/19/94), attached.

- 11 Actions and Recommendation Tracker (Pages 75 - 84)

Report of the County Treasurer (CT/19/95), attached

- 12 External Audit Findings Report 2018/19 (Pages 85 - 104)

Report of the County Treasurer (CT/19/96) attached

- 13 Future Work Programme (Pages 105 - 106)

Report of the County Treasurer (CT/19/97), attached

- 14 Dates of Future Meetings

The Pension Board will meet at 10.30am on the following dates:

Thursday, 16th January 2020; Thursday, 16th April 2020; Monday, 13th July 2020; Monday, 19th October 2020; Friday, 22nd January 2021; and Monday, 26th April 2021

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

RECOMMENDED that the press and public be excluded from the meeting for the following item of business under Section 100(A)(4) of the Local Government Act 1972 on the grounds that it involves 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.

- 15 Governance Review (Pages 107 - 116)

Report of the County Treasurer (CT/19/98), attached

*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  
G Smith (Devon & Cornwall Police) and C Hearn (Tavistock Town Council)  
Fund Member Representatives  
J Bailey, A Bowman, P Phillips and C Shipp  
Independent Member (non-voting)  
W Nicholls

### **Declaration of Interests**

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.

### **Access to Information**

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.

### **Webcasting, Recording or Reporting of Meetings and Proceedings**

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/>

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.

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.

### **Emergencies**

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.

### **Mobile Phones**

Please switch off all mobile phones before entering the Committee Room or Council Chamber

If you need a copy of this Agenda and/or a Report in another format (e.g. large print, audio tape, Braille or other languages), please contact the Information Centre on 01392 380101 or email to: [centre@devon.gov.uk](mailto:centre@devon.gov.uk) or write to the Democratic and Scrutiny Secretariat at County Hall, Exeter, EX2 4QD.



Induction loop system available

## **NOTES FOR VISITORS**

All visitors to County Hall, including visitors to the Committee Suite and the Coaver Club conference and meeting rooms are requested to report to Main Reception on arrival. If visitors have any specific requirements or needs they should contact County Hall reception on 01392 382504 beforehand. Further information about how to get here can be found at: <https://new.devon.gov.uk/help/visiting-county-hall/>. Please note that visitor car parking on campus is limited and space cannot be guaranteed. Where possible, we encourage visitors to travel to County Hall by other means.

**SatNav** – Postcode EX2 4QD

## **Walking and Cycling Facilities**

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## **Access to County Hall and Public Transport Links**

Bus Services K, J, T and S operate from the High Street to County Hall (Topsham Road). To return to the High Street use Services K, J, T and R. Local Services to and from Dawlish, Teignmouth, Newton Abbot, Exmouth, Plymouth and Torbay all stop in Barrack Road which is a 5 minute walk from County Hall. Park and Ride Services operate from Sowton, Marsh Barton and Honiton Road with bus services direct to the High Street.

The nearest mainline railway stations are Exeter Central (5 minutes from the High Street) and St David's and St Thomas's both of which have regular bus services to the High Street. Bus Service H (which runs from St David's Station to the High Street) continues and stops in Wonford Road (at the top of Matford Lane shown on the map) a 2/3 minute walk from County Hall, en route to the RD&E Hospital (approximately a 10 minutes walk from County Hall, through Gras Lawn on Barrack Road).

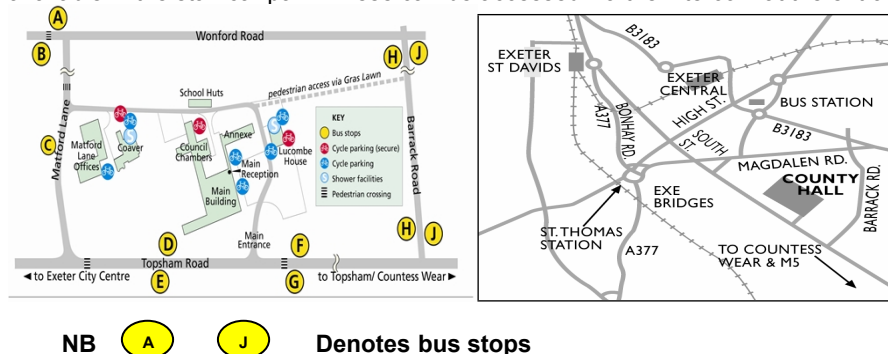
## **Car Sharing**


Carsharing allows people to benefit from the convenience of the car, whilst alleviating the associated problems of congestion and pollution. For more information see: <https://liftshare.com/uk/community/devon>.

## **Car Parking and Security**

There is a pay and display car park, exclusively for the use of visitors, entered via Topsham Road. Current charges are: Up to 30 minutes – free; 1 hour - £1.10; 2 hours - £2.20; 4 hours - £4.40; 8 hours - £7. Please note that County Hall reception staff are not able to provide change for the parking meters.

As indicated above, parking cannot be guaranteed and visitors should allow themselves enough time to find alternative parking if necessary. Public car parking can be found at the Cathedral Quay or Magdalen Road Car Parks (approx. 20 minutes walk). There are two disabled parking bays within the visitor car park. Additional disabled parking bays are available in the staff car park. These can be accessed via the intercom at the entrance barrier to the staff car park.



**NB**   Denotes bus stops

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## **First Aid**

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



## DEVON PENSION BOARD

15 July 2019

### Present

Councillors C Slade (Chair) and S Randall-Johnson

William Nicholls, Independent Member  
Julie Bailey, Fund Member Representative  
Paul Phillips, Fund Member Representative  
Andy Bowman, Fund Member Representative

### Attending in Accordance with Standing Order 25 (2)

Councillor R Bloxham

### Apologies:-

C Hearn, G Smith and C Shipp

### \* 122 Minutes

**RESOLVED** that the Minutes of the meeting held on 3 April 2019 be signed as a correct record.

### \* 123 Items Requiring Urgent Attention

No item was raised as a matter of urgency.

### \* 124 Membership

The Board welcomed the re-appointment of Mr Paul Phillips and appointment of Ms Julie Bailey to the Devon Pension Board (both Fund Member representatives).

### \* 125 Review of the Investment Strategy Statement and Pension Board Terms of Reference

The Board considered the Report of the County Treasurer (CT/19/67) on a review of the Fund's policies and statements including a revised version of the Investment Strategy Statement circulated at the meeting and also appended to the minutes.

There was a total of four statutory policies that the Fund was required to have and maintain:

- Funding Strategy Statement (review due April 2020)
- Investment Strategy Statement
- Communications Policy (review due October 2019)
- Governance Policy and Compliance Statement. (review January 2020)

The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 required each LGPS administering authority to have in place an Investment Strategy Statement. The guidance required that the Investment Strategy Statement should be revised at least every three years, and when there were any significant changes.

The Investment Strategy Statement required by the regulations included: -

- (a) a requirement to invest money in a wide variety of investments;

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(b) the authority's assessment of the suitability of particular investments and types of investments;

(c) the authority's approach to risk, including the ways in which risks were measured and managed;

(d) the authority's approach to pooling investments, including the use of collective investment vehicles and shared services;

(e) the authority's policy on how social, environmental or corporate governance considerations were considered in the selection, non-selection, retention and realisation of investments; and

(f) the authority's policy on the exercise of rights (including voting rights) attaching to investments.

Following the review of investment strategy undertaken by Mercer, a revised Investment Strategy Statement (ISS) had been put together to reflect the outcome of the review. This set out the strategic asset allocation for 2019/20 and the opportunity had also been taken to make other minor amendments. The revised Investment Strategy Statement had been approved by the Investment and Pension Fund Committee in February 2019.

The Report also set out the Pension Board's Terms of Reference which the Board was required to review each year to ensure they remained effective and reflective of the work and focus of the Board.

In discussion, Members and Officers referred to the anticipated guidance from the Ministry of Housing, Communities and Local Government which would reflect issues such as climate change, the terms of reference and the move to four meetings per year, the recent declaration of a climate emergency and whether this should be more explicit in Strategy documents and the feedback and reporting mechanisms from the Local Authority Pension Fund (LAPF) to the Investment and Pension Fund Committee.

The Board asked that there be more easily accessible information on the webpages for improved communication to scheme members regarding climate change and ESG issues. Officers agreed to pick this up as part of a forthcoming review of communications and webpages.

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

**RESOLVED** that the terms of reference of the Pension Board, Investment Strategy Statement and Compliance Statement be endorsed and the Investment and Pension Fund Committee be asked to note the Board's comments on the importance of climate change and ESG issues in monitoring of investments and the expansion of this in future Strategies.

\* 126

## **Devon Pension Fund Risk Register**

The Board considered the Report of the County Treasurer (CT/19/68) on the Risk Register as part of the Board's scrutiny role in relation to risk and compliance previously considered at its meeting on 3rd April 2019.

The Risk Register (attached at Appendix 1 to the Report) highlighted 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 incorporated the risk register of both the Investments Team and Peninsula Pensions.



The Risk Register was reviewed and updated on an ongoing basis during the year and a number of areas, including aspects highlighted by the Board, had been amended as appropriate, removing additional plans and adding them to the mitigating controls.

The Board noted the addition of two new risks. The first (F4) related to ESG (Environmental, Social and Governance) risks. Whilst this was contained within the Investment Strategy Statement, and managed through the investment strategy, it hadn't been previously referenced in the Fund risk register. The second risk (F16) referred to the McCloud and Sargeant cases which were legal challenges to the protections which had been put into revised scheme regulations in the Judges' and Firefighters pension schemes. The cases were likely to have implications for the LGPS regulations which put in place similar protections for those nearing retirement when the CARE (Career Average) scheme was brought in in 2014.

The Board, in discussion, referred to climate change not being on the risk register.

It was **MOVED** by Councillor Slade **SECONDED** by A Bowman, and

**RESOLVED** that the Board notes the Pension Fund Risk Register and the additional actions proposed to mitigate risk be noted and that Mr Rose (Risk Management & Internal Audit) be invited to a future meeting of the Board.

\* 127 **Annual Review of Attendance**

The Board considered the Report of the County Treasurer (CT/19/69) on the annual review of attendance, in line with the Board's terms of reference, of attendance at the Board's four meetings and training events. An updated version was circulated at the meeting to include attendance at the Board meeting on 3 April 2019, which was appended to the minutes. The log showed attendance of both board meeting and training events.

Members discussed the attendance rates of Board Members, the potential for 'shadows' and the process for appointment to the Board for fund employer representatives.

It was **MOVED** by Councillor Randall Johnson, **SECONDED** by A Bowman, and

**RESOLVED** that the attendance as recorded be noted and the Board ask that Fund Employers be asked to nominate representatives based on ability to attend future meetings and training events (notwithstanding training was a legal requirement).

\* 128 **Investment and Pension Fund Committee**

The Board received the Minutes of the meeting held on 3 April 2019 and noted that C Lomax would stand down as a Unison / Retired Members representative of the Investment and Pension Fund Committee.

\* 129 **Peninsula Pension Administration Strategy Review Update**

The Committee considered the Report of the County Treasurer (CT/19/70) on the administration strategies, a mechanism to formulate a service level agreement between the administering authority and the scheme employers and which covered a number of areas including: administration performance standards; employer performance standards; and procedures for liaison and communication between the fund and scheme employers.

The administration strategy helped to strengthen governance arrangements by setting out clear policies and performance standards for the fund and scheme employers and ensured continued compliance with the Pensions Regulator Code of Practice 14.

The current administration strategy had been approved by the Investment and Pension Fund Committee in April 2015, following consultation with employers.

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At the Devon Pension Fund training day held on 28th March 2019, Peninsula Pensions had informed participants that a review of the administration strategy would be undertaken during 2019/20. The review followed the restructure of Peninsula Pensions, an increase in the use of online technology and communication methods, improved performance monitoring and increased scrutiny of public sector pension funds by The Pensions Regulator.

A draft of the Strategy would be presented to the Board at its meeting on 21<sup>st</sup> October 2019 meeting, before full consultation with employers.

It was **MOVED** by Councillor Slade, **SECONDED** by A Bowman, and

**RESOLVED** that the actions being undertaken by officers to ensure compliance and best practice be noted and endorsed.

## \* 130 Peninsula Pensions Administration - Performance Statistics

The Board noted the Report of the County Treasurer (CT/19/71) Peninsula Pensions' internal service standard targets and 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. This additional reporting element had been introduced in 1st January 2019.

Performance targets were monitored on a monthly basis via a task management system and reporting tool within the pension database. Performance against the Disclosure Regulations for 2018/19 was 98% and there was a continued improvement in performance despite implementation of an extensive training plan across the member services section, which was impacting the normal day-to-day workloads of staff.

Officers had also conducted a review of the classification and prioritisation of tasks carried out by the member services team. This would help ensure that tasks were dealt with appropriately and in a more effective and timely manner.

Appendix 1 of the Report showed a detailed breakdown of administration performance relating to the Devon Pension Fund for the year ending 31st March 2019 against the internal targets and Disclosure Regulations and Appendix 2 the longer-term performance of Peninsula Pensions in respect of the Devon Pension Fund from 1st January 2017 to 31st March 2019. Members noted that the total number of cases outstanding had dropped significantly over the period reported.

Members commented and asked questions about how issues were categorised as low, medium and high priority and also the importance of good communications on expectations and timeliness of responses.

It was **MOVED** by Councillor Slade, **SECONDED** by A Bowman, and

**RESOLVED** that the Report be noted.

## \* 131 LGPS Update

The Board noted the Report of the County Treasurer (CT/19/72) on an update on some of the latest issues affecting the LGPS. The report focused on the Good Governance Project launched by the Scheme Advisory Board and various issues relating to actuarial valuations.

The Good Governance Project was a project to look at the governance structures within LGPS and whether any changes to regulations were required to improve governance. The project was considering four options including improved practice, greater ring-fencing of the LGPS within existing structures, use of new structures and new local authority body. This would report later in the year.

In relation to the Governments consultation and actuarial variations, the Board noted that the Investment and Pension Fund Committee had resolved to submit a response to MHCLG. A response would be submitted by the County Treasurer in consultation with the Chair of the Investment and Pension Fund committee following circulation to Committee Members.

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

**RESOLVED** that the Report be noted.

\* **132**      **Actions and Recommendations Tracker Reports**

The Board considered the Report of the County Treasurer (CT/19/73) on the Audit action log created to track progress and completion of audit actions and recommendations. In addition, the report detailed a log of actions and requests raised by the Pension Board.

The Actions and Recommendations tracker comprised a list of actions, recommendations and requests raised by the Devon Pension Board and includes items dating back to April 2018.

Members referred to the audit tracker and suggested future reports could contain key milestone dates and a progress update on the actions.

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

**RESOLVED** that the progress on completing actions arising from internal audits and Pension Board member recommendations or requests be noted.

\* **133**      **Future Work Programme**

The Board considered the Report of the County Treasurer (CT/19/74) on a proposed future Work Programme for the year over the next three meetings.

The Future Work Programme set out a clear agenda for future areas of review and discussion for the Pension Board, providing provide assurance that the Devon Pension Fund was managed and administered effectively and efficiently, and that it complied with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

Members noted the intention to have attendance data as a standing agenda item and a further item on risk management in January 2019.

Officers further advised there had been a recent Governance review and a Report would be brought to the October Board meeting.

It was **MOVED** by Councillor Slade, **SECONDED** A Bowman, and

**RESOLVED** that the future work programme as set out in the Report be noted, with the inclusion of the items listed above.

\* **134**      **Dates of Future Meetings**

Monday 21st October 2019; Thursday 16th January 2020; and Thursday 16th April 2020.

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The Meeting started at 11.30 am and finished at 12.36 pm

## STATUTORY STATEMENTS – COMMUNICATIONS POLICY

### 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 provide any comments on the draft Communications Policy.

#### 1. Introduction

- 1.1. The Communications Policy is one of the four statutory statements that the Fund is required to have in place. It sets out the Fund's policies on the provision of information and publicity about the Scheme to members, representatives of members and employing authorities. It sets out the format, frequency and method of distributing such information or publicity, other key organisations that we communicate with, our values in relation to communications and the professional expertise available to the Fund.
- 1.2. The Communications Policy was last updated and considered by the Investment and Pension Fund Committee in November 2018. The policy has been updated to include a Complaint Handling and Communications with Key Governance Partners sections. The sections referring to the Investment and Pension Committee and the Pension Board have been streamlined to avoid repetition of the Governance Policy.

#### 2. Communications Policy

- 2.1. The Communications Policy covers the following areas:
- 2.2. Data Protection  
Included to capture the new General Data Protection Regulations that come into force in May 2018 and details how members can access the personal information the fund holds about them.
- 2.3. Why and how we communicate  
This section provides a simple introduction explaining the importance of communicating with employers and employees (including prospective, active, deferred and retired members) and how each of these groups is entitled to receive expert support and information. Links to the Customer Charter can also be found in this section. The new Complaints Handling section has been included here which includes reference to the Internal Dispute Resolution Procedure.
- 2.4. Communication with Key Governance Partners  
This section contains information regarding the management of the Fund and includes links to the minutes of the Investment and Pension Fund Committee and Pension Board.
- 2.5. Professional Know How  
The Devon Pension Fund employs the services of a range of specialists. This section provides information about the fund's actuary, investment fund managers, independent advisor, Brunel and explains how the Fund obtains legal advice.

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## 2.6. Other Organisations We Connect With

This section highlights some of the external organisations that the Fund engages with on a regular basis and provides a summary of the connection.

## 2.7. Meeting Stakeholder Information Needs

Scheme Members and Employers have been identified as the two key stakeholder groups connected to the Devon Pension Fund. Appendix A to the policy clearly states the information requirements of each group and notes the corresponding product(s) and frequency of delivery and availability, in order to satisfy the information requirements.

## 3. Conclusion

- 3.1. The revised Communications Policy will be presented to the Investment and Pension Fund Committee for approval at its meeting on 15<sup>th</sup> November. The Board is asked to consider the draft policy and whether it wishes to make any comment 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 County Council Pension Fund Communications Policy**

**Draft Revision for Devon Pension Board  
October 2019**

# Agenda Item 4

## Devon County Council Pension Fund Communications Policy



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## Review

The accuracy and relevance of this policy document is checked annually, and it is revised whenever there are significant changes to the LGPS or to the Authority's procedures and responsibilities.

## Data Protection

The Devon Pension Fund Administering Authority is a Data Controller under the General Data Protection Regulations. This means we store, hold and manage your personal data in line with statutory requirements to enable us to provide you with pension administration services.

To enable us to carry out our statutory duty, we are required to share your information with certain bodies, but only do so in limited circumstances.

For more information about how we hold your data, who we share it with and what rights you have, please see our privacy notice: [https://www.peninsulapensions.org.uk/wp-content/uploads/2018/03/GDPR\\_PNS-Devon-2.docx](https://www.peninsulapensions.org.uk/wp-content/uploads/2018/03/GDPR_PNS-Devon-2.docx)

## Rights to Information

This document outlines the Fund's policy for communications with our members, participating employer organisations and the wider LGPS world. It sets out our methods and principles for managing interaction and includes a summary of the key strands of communications.

Increasingly we are using electronic forms of communication in the interests of economy, efficiency and environmental issues, but we offer members the opportunity to receive paper copies by post. Face-to-face and telephone communications will continue to be important channels for members to interact with the Fund and vice-versa.

Our print and electronic communications are designed with consideration for those with additional needs and we can arrange large print, audio or Braille versions of all printed literature.

There is nothing in this policy statement that affects your rights to access or receive information under the Freedom of Information Act or the Disclosure requirements of the Local Government Pension Scheme (LGPS). You are entitled to see the information we hold about you and can request a copy by using this link <https://new.devon.gov.uk/accesstoinformation/data-protection/accessing-your-personal-data>.

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## Devon County Council Pension Fund Communications Policy



### Why we Communicate

We have a large and broad range of member organisations for whom we need to offer specialist advice in order that they fully understand their obligations as employers in the Devon Pension Fund.

Our scheme members, whether current employees and actively contributing toward pension benefits, former employees with deferred pension rights, or retired and in receipt of a pension, number in their tens of thousands. All are entitled to expert support and information.



### Our Communication Standards

We aspire to supply a high-quality pension administration service providing value for money and to meet the highest possible standards in our dealings with all our customers.

These aims are set out in our [Customer Charter](#) which has been drawn up specifically with employee members in mind, whether active, deferred or of pensioner status. It describes how individuals who contact us will be treated by our Pensions Services staff. It sets out core standards of service which are measurable and encourages members to provide us with feedback on how we are doing as well as what to do if unhappy with the service they have received.

### How We Connect

We have a range of communication channels and when deciding which to use we consider the message, our customer, and the cost to the Fund. Each time, the aim is to use the most appropriate and efficient means for connecting with scheme members and employers, whilst delivering concise, clear and above all accurate information.

To contain administration costs and embrace the use of technology, the fund aims to communicate as much as possible via electronic methods. This helps to ensure that we can maintain contact with our members and largely remove the need for subsequent member tracing services. However, in accordance with The Occupational and Personal Pensions Schemes (Disclosure of Information) Regulations 2013, members have been given the option to elect to continue to receive all communications via the postal service. Members who have not made such an election should sign up for Member Self-Service.

Here are some of the common communication channels we use:

## Internet

Peninsula Pensions is a shared admin service run by Devon County Council on behalf of the Devon and Somerset Pension Funds.



The service web site is an extensive information resource with dedicated sections for anyone who may be thinking of joining, is already a member, or may be a previous member or a pensioner member <https://www.peninsulapensions.org.uk/> Using the navigable menu the reader can access electronic copies of scheme literature and advice such as on methods of increasing future retirement benefits through options like Additional Voluntary Contributions (AVCs) and Additional Pension

Contributions (APCs) - although members should note that we are unable to counsel on whether any scheme suits an individual's personal circumstances and strongly advise that anyone considering an AVC arrangement or any such product takes independent advice before making a final decision.

There is also a section for employers where they can obtain the latest news and advice or search the Employers Guide and source forms.

## Member Contact

Members are welcome to call 01392 383000 and ask for 'Pensions' to speak directly with one of the team. For email queries a form found on the 'Contact us' pages of the Peninsula Pensions website should be completed and submitted. The query will then be automatically routed to the team best placed to answer the query.

Call Us: 01392 383000 and "ask for pensions"

Our LGPS phone lines are open  
Monday to Thursday 12pm – 5pm  
and Friday 12pm – 4.30pm

## Complaint Handling

We make every effort to get things right so that members do not have any complaints. However, should you have a grievance please contact us so we can put things right as quickly as possible.

Members who are not satisfied with any decision made should contact Peninsula Pensions in the first instance either by phone, letter or using the contact us page on the Peninsula Pensions website. We will always aim to resolve issues informally though there is a formal complaint process known as the Internal Dispute Resolution Procedure. This process has two stages though most complaints are resolved at the first stage. Any complaint made will be treated seriously and considered thoroughly and fairly.

# Agenda Item 4

## Devon County Council Pension Fund Communications Policy



### Newsletters

Employer organisations of the Devon Pension Fund receive a quarterly newsletter via the Peninsula Pensions shared service in the form of an electronic magazine informing them of the latest news and developments affecting the LGPS. This is intended to be helpful and informative.



We encourage employers to circulate the newsletter within their organisation and make available direct emailing to those members of staff who would like it. Special bulletins of this newsletter are also sent from time to time when the occasion or need arises.

Similarly, Peninsula Pensions publishes the newsletter Pensions Post, through which we keep our Fund members up to date with pensions legislation and changes, and this is made available on the website and member self-service for those who have not elected for postal communications.

### Member Self-Service

Members can now access their own pension records online, via the Altair Member Self Service portal incorporated into our website. Using simple and easy to navigate screens accessed through a fully auditable security system a member or pensioner is able to:

- update personal details
- view payslips, P60s and annual benefits statements
- model their own benefit calculations
- view newsletters
- request benefit statements
- notify the pensions department of any amendments required
- print nomination and other forms for completion

### Scheme Literature

A range of scheme literature is produced by the Fund and made available to employer organisations and employees through our website.

The Fund has produced an Employer Guide. This is a key product for employers as it is a comprehensive reference source which helps them to understand and fulfill their responsibilities. An electronic version is maintained on Devon Pension Fund's website within the dedicated employer section. Copies of leaflets and forms are also available to employers from the website or on request.

### Training & Liaison

We offer specialist training and advice to all Fund employers and this covers the full range of administrative activities and tasks. We will also deliver training that is tailored to the specific needs of an employer in-situ. Additionally, we are now developing e-learning modules for employers and members on our website.

The Fund also holds an annual meeting at a technical level for all employers. This meeting, known as the Pension Liaison Officers Group (PLOG) provides an outstanding opportunity for all parties to exchange views and news as well as addressing technical issues. Additional PLOGs will be organised periodically if needs arise. Future events will be recorded and published on the website wherever possible.

Dedicated liaison officers provide communications and support to employers on various aspects of pension management and administration.

## **Annual Employers Meeting**

Employer organisations have the opportunity to meet senior Investment and Pension Fund managers once a year at the Annual Employers Meeting. Pitched at a high-level target audience of decision makers, the meeting provides formal and informal opportunities to exchange information and ask questions about fund performance, actuarial issues, changes to workplace pension's law, and developments in the reform of public pensions and LGPS specifically. Post event feedback and improvement opportunities are sought from everyone attending this annual event.

## **Annual Consultative Meeting**

An Annual Consultative Meeting (ACM) with fund members is held early in the calendar year. This is organised with the trade unions (Unison and GMB).

The Chair of the Committee, the County Treasurer, the Assistant County Treasurer – Investments and Treasury Management, and the Head of Peninsula Pensions attend the ACM to make presentations and answer any questions.

## **Benefit Statements, Pay Advices, and P60s**

Every year, we issue an annual benefit statement to all current contributing members. This shows the current and prospective value of the member's benefits.

Deferred members will also receive a statement where a current address is held for them or through Member Self Service.

We send pay advices to pensioners in April and May each year. These show the effect of the annual pension increase and will include a P60 tax document summarising pay and the tax deducted from it for the previous year.

A payslip is also issued to pensioners if there has been a change of more than £1 to their net monthly income.

## **Annual Report**

The Devon Pension Fund's current Annual Report and Accounts is made available at the Peninsula Pensions website <https://www.peninsulapensions.org.uk/pension-fund-investments/devon-county-council-investments/devon-fund-key-documents/> Hardcopy of the full report can be provided upon request. Employee members are informed of the web link via pay slips and all retired members receive a leaflet by post or through Member Self Service.

# Agenda Item 4

## Devon County Council Pension Fund Communications Policy



Archived annual reports and accounts can also be accessed via the website, as can a range of Fund publications, including among others our Investment Strategy Statement, Funding Strategy Statement, and the most recent Actuarial Valuation Report.

### Communications with Key Governance Partners

Pensions governance is all about monitoring pension schemes to make sure they are run in their members' interests. Managers of the Devon County Council Investment and Peninsula Pensions teams work closely with the Investment & Pension Fund Committee and the Devon Pension Board to ensure that representatives are fully informed about Pension Fund matters and that they are fully supported in fulfilling their duties and responsibilities and able to make critical decisions.

Our Governance Policy and Compliance Statement outlines the arrangements for the Devon Pension Fund as maintained by Devon County Council in accordance with regulation 31 of the Local Government Pension Scheme (Administration) Regulations 2008 (as amended). Under this provision all LGPS Funds in England and Wales are required to produce a Governance Compliance Statement, revise it following any material change in their delegation arrangements and publish it.

You can discover more about the governance of the Devon Pension Fund by reading **our Governance Policy and Compliance Statement** [here](#)

### The Investment and Pension Fund Committee

The Investment and Pension Fund Committee fulfils the duties of Devon County Council as the Administering Authority of the Pension Fund.

The committee is made up of representatives from Devon County Council, Unitary and District Councils, other non-council employers, Trade Union and retired Members.

Investment and Pension Fund Committee Meetings are held at least quarterly and are open to the public as observers, other than where information is exempt from public disclosure under the Local Government Act 1972. Committee agendas, reports and minutes are made available via the Devon County Council web site

[http://www.devon.gov.uk/index/councildemocracy/decision\\_making/cma/index/councildemocracy/decision\\_making/cma/index\\_inv.htm](http://www.devon.gov.uk/index/councildemocracy/decision_making/cma/index/councildemocracy/decision_making/cma/index_inv.htm)

### The Devon Pension Board

The Board will meet four times a year, with meetings falling in between the meetings of the Investment and Pension Fund Committee.

More information on the Pension Board along with terms of reference and meeting minutes can be found on the Peninsula Pensions website at <https://www.peninsulapensions.org.uk/pension-fund-investments/devon-county-council-investments/pension-board/>





### The Investments Team

The Devon County Council Investments Team provides all governance partners with the accurate data and unambiguous clarity of message they need to help them shape opinions and make informed decisions in their duties

## Peninsula Pensions

Peninsula Pensions is a shared administration service run by Devon County Council on behalf of the Devon and Somerset Pension Funds. It provides an expert administration service to employers and members of public service pension schemes. This skilled team currently provides its expertise to members and employer organisations of:

- Both the Devon County Council LGPS Scheme and the Somerset County Council LGPS Scheme, as well as
- The Avon and Somerset Police Pension Scheme, and
- The Gloucestershire Fire and Rescue Service Pension Scheme

Visit <https://www.peninsulapensions.org.uk/>



### Professional Know How

The Devon Pension Fund employs the services of a range of actuarial and investment specialists in order for it to achieve its purpose and fulfil its pensions promise

## Actuarial Services

The Fund Actuary performs a three-yearly Actuarial Valuation of the Devon Pension Fund as required by LGPS Regulations. Assets and liabilities are measured and valued, and employer contribution rates are calculated that will achieve the long-term Fund Strategy.

The Fund maintains communications with the Actuary and Employers throughout this exercise. All employers get the opportunity to meet the Actuary when preliminary results are known.

# Agenda Item 4

## Devon County Council Pension Fund Communications Policy



The Actuary also provides us with information and advice on a range of issues affecting the Fund, especially when an employer organisation is seeking to join or, more rarely, exit the Fund.

Actuarial Services to the Fund are currently provided by <https://www.barnett-waddingham.co.uk/>

### **Investment Fund Managers & Independent Advisors**

Investment performance is consistently monitored and evaluated against portfolio objectives and benchmarks. This is undertaken by the County Treasurer's Investment Team which has regular performance review meetings with the professional external Fund Managers who are appointed to invest the monies belonging to the Fund.

The County Treasurer reports to the Investment and Pension Fund Committee on investment performance and each active external Fund Manager will attend a briefing meeting with the Committee on an annual basis.

Investment constraints are set by the Committee whose professional knowledge is supplemented by the advice of the County Treasurer's Investment Team and an experienced independent investment adviser.

### **The Brunel Pension Partnership Ltd.**

In the 2015 Autumn Statement, the Government published criteria for the pooling of Local Government Pension Scheme (LGPS) investments. This followed on from the policy statement made in the July budget that the Government was looking for LGPS funds to pool their investments into larger funds to achieve savings through economies of scale and increased bargaining power. Investment costs will be reduced along with other costs for all types of investment used in the pool.

Devon County Council is a shareholder of the Brunel Pension Partnership Ltd. (Brunel) which is one of eight national Local Government Pensions Scheme LGPS Pools. The Devon Fund will continue to be responsible for its own investment strategy, and for deciding the strategic asset allocation between different asset classes to meet local investment objectives. However, Brunel will be responsible for selection and monitoring of the external investment managers who will manage the investments.

Brunel will manage the investments for the pension funds of Avon, Buckinghamshire, Cornwall, Devon, Dorset, Environment Agency, Gloucestershire, Oxfordshire, Somerset, and Wiltshire; bringing together approximately £30 billion investments of the 10 likeminded funds.

It is expected that Devon Pension Fund investment assets will be fully transitioned across to Brunel during the period between April 2018 and mid-2021.

The Q&A for Fund members on this official investment reform can be found [here](#).

The Q&A for Fund employers can be found [here](#)

And further news and information can be found at: [www.brunelpensionpartnership.org](http://www.brunelpensionpartnership.org)

### **Brunel Oversight Board**

The Chairman of the Devon Pension Fund and the chairs of the nine other Brunel clients meet on a quarterly basis to review the performance of Brunel and discuss other policy areas in relation to the operation of Brunel. This is a crucial body to ensure effective scrutiny of the operation of Brunel, and



to act as a conduit of information between Brunel and the pension committees of the ten participating LGPS funds.

## Brunel Client Group

The investment managers of the ten LGPS funds that participate in the Brunel pool meet with each other and with Brunel on a monthly basis. The channel of communication between Brunel and the Client Group is vital to the effective management of the relationship between Brunel and the client funds, the effective management of the pooled investments and the transition of assets to Brunel. Communication within the Brunel Client Group is also crucial to the sharing of best practice and seeking further opportunities for collaboration to reduce costs and improve performance.



### Legal Advice

Legal advice to the Fund is provided by the Devon County Council Solicitor, but may involve the appointment of specialist legal advisors for aspects of fund management.

## Wider Audiences

There are other groups and associations the Devon Pension Fund engages with in delivering a professional and competent service for its members. Each has its own needs in terms of message and media which the Fund will deploy to make sure that the meaning and significance is delivered strongly and securely. Here are some of them:

### Press and Media

The Devon Pension Fund will actively engage with the press and other media organisations to ensure clarity of fact and fair representation. Enquiries from these bodies are handled by Devon County Council's Press and PR Office.

## Ministry of Housing, Communities and Local Government (MHCLG)

MHCLG (<https://www.gov.uk/>) is responsible for government policy on some public sector pensions including the LGPS. The Devon Pension Fund responds to consultation proposals for scheme changes.

## LGPS Scheme Advisory Board

The Local Government Pension Scheme Advisory Board (<http://www.lgpsboard.org/>) is a body set up under Section 7 of the Public Service Pensions Act 2013. The purpose of the Board is to encourage best practice, increase transparency and coordinate technical and standards issues, and provide recommendations to the Secretary of State.

# Agenda Item 4

## Devon County Council Pension Fund Communications Policy



It will consider items passed to it from the Ministry of Housing, Communities and Local Government ("MHCLG"), the Board's sub-committees and other stakeholders as well as items formulated within the Board. Recommendations may be passed to the MHCLG or other bodies. It is also likely that it will have a liaison role with the Pensions Regulator. Guidance and standards may be formulated for local scheme managers and pension boards.

The Devon Fund will need to respond to initiatives undertaken by the Scheme Advisory Board, providing information where required, and feeding into the Board's working groups.

### **Local Government Association (LGA)**

The LGA (<http://www.local.gov.uk/workforce>) represents the interests of 375 local authorities in England and Wales to central government and other bodies; specifically in this instance with regard to local government pensions' policy. The Workforce Team provide technical advice, a suite of guides, booklets and publications and a full programme of pensions training. The Fund obtains clarification and advice from LGA specialists from time to time.

### **The Pensions Regulator**

The Public Service Pensions Act 2013 gave additional responsibility to the Pensions Regulator (<http://www.thepensionsregulator.gov.uk/>) to oversee the LGPS. The Regulator has issued a code of practice for LGPS funds to follow. The Devon Fund is required to report any significant breaches of the code of practice or regulatory requirements to the Pensions Regulator.

### **The Pension and Lifetime Savings Association (PLSA)**

PLSA (<http://www.plsa.co.uk/>) speaks collectively for workplace pension schemes with the aim of influencing the direction of retirement provision. It has deep working relationships in Westminster and Whitehall. The Devon Pension Fund is a member of this organisation and this helps us to be part of the national pension debate both in our own right and as a group with other local authority pension funds.

### **The Local Authority Pension Fund Forum (LAPFF)**

LAPFF (<http://www.lapfforum.org/>) seeks to optimise the influence of local authority pension funds as shareholders to advance high standards of Corporate Governance and Corporate Social Responsibility. The Forum has a number of business meetings and an annual conference or AGM each year which is usually attended by the Assistant County Treasurer – Investments and Treasury Management.

### **The Society of County Treasurers (SCT)**

This is a forum of all Shire and Unitary Council Treasurers meeting regularly for the sharing of information and best practice on all financial matters including pension fund management (<http://www.sctnet.org.uk/>).

### **The South West Area Pension Officers Group (SWAPOG)**

This liaison network is set up to promote consistent and uniform interpretation of LGPS rules and regulations among administering authorities in the region. They meet quarterly to discuss pension administration issues and share best practice.

## Summary of Information Needs: What all prospective and existing members can expect

Expectation	Product	Frequency
Information and news about the scheme; contact details	Internet Website  Pensions Post Newsletter	Available online and within 3 months of any material changes  Available through member self service
Scheme and Transfer credit information for prospective and new members	Starters promo leaflet and Pension Welcome Pack	Leaflet distributed through Employers. Pension Pack issued to new members upon joining. Also available on the website.
Knowledge of Fund Finances, investment performance, and investment principles	Annual Report & Accounts (Summary leaflet)  Annual Consultative Meeting (ACM)	Online & uploaded to Member Self Service. Employee members are advised of web link via pay slips.  Annual
Knowledge of benefits (Active and Deferred Members)	Benefits Statements	Available online & uploaded to Member Self-Service or posted
Ways to improve future pensions benefits	AVC and APC product information	Constantly available online
Information about Benefits in Payment	Pensioner Newsletter  Pay advices	Annual or within one month of any change. Also updated on MSS.  April & May incl. P60 for previous year
Representation on the Investment & Pension Fund Committee	Trade Union Reps with observer status	At least 4/5 occasions per year
Access to Investment & Pension Fund Committee papers and minutes	Administering Authority archive	Constantly available online
Representation on the Pension Board	Proportionate representation	At least twice per year

# Agenda Item 4

## Devon County Council Pension Fund Communications Policy



### Summary of Information Needs: What all employers can expect

Expectation	Product	Frequency
Scheme literature, guides and forms; Fund Policies and Reports	Internet Website	Constantly available online
Information about changes in legislation and revisions to scheme requirements. Latest news and investment performance updates.	E-Zine newsletter	Quarterly plus special bulletins. Archived bulletins are uploaded to the website
Knowledge of Fund Finances	Annual Report & Accounts (Full Report)	Annual and archived reports via the website
Knowledge of the Fund's progress, the pension landscape, developments, news, and information exchange.	Employers Meeting / Forum	Annual plus special events according to need
Understanding of actuarial matters including funding levels and employer contribution rates.	'Meet the Actuary' Employers Meeting  Liaison and support	Three-yearly upon the Actuarial Valuation of the Devon Fund  Ongoing
Technical knowledge and understanding of administrative activities and tasks	Specialist Training Pension Liaison Officer Group (PLOG)	On demand Annual and as needs arise
Scheme information and promotional materials for prospective members	Welcome Pack	Constantly available online
Enrolment of Employees - advice for employers on complying with auto-enrolment reforms under workplace pension legislation.	Information, template letters, forms and flowcharts  Project guidance	Online  Dedicated specialist support
Representation on the Investment & Pension Fund Committee	Proportionate representation	At least 4/5 occasions per year
Access to Investment & Pension Fund Committee papers and minutes	Administering Authority Archive	Constantly available online
Representation on the Pension Board	Proportionate representation	At least twice per year
Open Days	Member self-service familiarity / awareness sessions	Annual, plus special events according to need.

## PENSION ADMINISTRATION STRATEGY

### 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 is asked to note the revised Pension Administration Strategy and to consider whether it wishes to make any comments to the Investment and Pension Fund for consideration**

#### 1. Introduction

- 1.1. Administration strategies were first introduced into the LGPS regulations in 2008, and now fall under Regulation 59 of the LGPS 2013 Regulations.
- 1.2. Although they are not a legal requirement, administration strategies provide a mechanism to formulate a service level agreement between the administering authority and the scheme employers. They cover a number of areas including procedures for liaison and communication, and set out the performance standards and expectations for employers and the administering authority.
- 1.3. They also aide governance arrangements, ensuring that scheme employers and Peninsula Pensions work together to ensure compliance with The Pension Regulators Code of Practice.
- 1.4. In April 2015, Peninsula Pensions implemented a Pension Administration Strategy, following review and approval from the Devon Investment and Pension Fund Committee.
- 1.5. Regulation 59 requires that the strategy is kept under review and revised as appropriate. An administering authority must consult with its scheme employers and such other persons as it considers appropriate during this process.

#### 2. Strategy Revision

- 2.1. On the 28<sup>th</sup> March 2019 at the Devon Pension Fund training event, Peninsula Pensions informed participants that a review of the Administration Strategy would be undertaken this year.
- 2.2. This review follows the restructure of Peninsula Pensions, and reflects the growth in membership and demands of Scheme members and employers, changes to LGPS regulations, advances in technology and improvements to performance monitoring.
- 2.3. A revised draft Pension Administration Strategy document is attached at Appendix 1.

# Agenda Item 5

2.4. The timetable for implementation is set out below:

Draft revision presented to the Devon Pension Board	Oct 2019
Presented to Investment and Pension Fund Committee	Nov 2019
Consultation held with Employers	Dec 2019 /Jan 2020
Approval by Investment and Pension Fund Committee	Feb 2020
Revised Strategy effective from	April 2020

## 3. Conclusion

- 3.1. The revision of the Pension Administration Strategy is now moving into the consultation stage.
- 3.2. Once in place the strategy will support Peninsula Pensions, the Devon Investment Team and Scheme Employers in exercising their duties and responsibilities for the benefit of the scheme members and the Devon Pension Fund.
- 3.3. The Board is asked to note the revised Pension Administration Strategy and to consider whether it wishes to make any comments to the Investment and Pension Fund for consideration.

Mary Davis

Electoral Divisions: All  
Local Government Act 1972  
List of Background Papers - Nil  
Contact for Enquiries: Shirley Cuthbert  
Tel No: (01392) 385229

# **LOCAL GOVERNMENT PENSION SCHEME**

## **Devon Pension Fund Administration Strategy**



**April 2020**

# Agenda Item 5



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## 1. Introduction

Peninsula Pensions was formed in 2013 as a shared pension administration service, with Devon County Council acting as lead authority, for the provision of the Local Government Pension Scheme (LGPS) administration for Devon and Somerset administering authorities.

The Devon and Somerset Pension Funds, Investment and Pension Fund Committees and Pension Boards remain independent from each other with each Administering Authority retaining investment and governance responsibility.

Although not a statutory requirement, a Pension Administration Strategy (PAS) was introduced in April 2015, following approval by the Devon and Somerset Investment and Pension Fund Committees. Although there is a separate PAS in place for each Fund, the content is identical in order to ensure a fair and consistent approach is maintained for all stakeholders.

The legal context for this Strategy is [Regulation 59 of The Local Government Pension Scheme Regulations 2013](#) which allows Funds the opportunity to prepare and review a Pensions Administration Strategy. The PAS also has regard to [the Occupational and Personal Pension Schemes \(Disclosure of Information\) Regulations 2013](#) and [The Pension Regulator Public Sector Code of Practice 14](#).

The PAS sets out the performance standards and expectations of the Administering Authority and the employing authorities, defining clear roles and responsibilities, and aims to ensure the delivery of a high quality service for all stakeholders.

The revision to the PAS, effective from April 2020, reflects the growth in membership and demands of Scheme members and employers, changes to LGPS regulations and advances in technology.

The PAS is linked to the following statutory documents of the Fund which are located within the Devon Fund Investment area of the Peninsula Pensions [website](#):

- Governance Policy and Compliance Statement
- Communications Strategy
- Funding Strategy Statement
- Investment Strategy Statement

Under no circumstances does the PAS override any provision or requirement of the LGPS regulations nor is it intended to replace the more extensive commentary provided by the Employers' Guide and website for day-to-day operations.

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## 2. Key Administration Strategy focus

This strategy formulates the administrative arrangements between the pension fund and the participating employing authorities. It recognises that fund employers and Peninsula Pensions have a shared role in delivering an efficient and effective pension service to scheme members and that this can only be achieved by co-operation.

The strategy document sets out in detail how we will achieve our key focus points stated below:

- setting out the quality and performance standards required of the Fund and scheme employers
- promoting good working relationships and improving efficiency between the Fund and its scheme employers for the benefit of scheme members
- enhancing the flow of data by having clear channels of communication in place, so that each authority is fully aware of its role and responsibilities within this process
- providing a framework to enable administration costs relating to significant employer underperformance to be met directly by the employer responsible, rather than shared across all the employers in the Fund\*

(\* [Regulation 70 of the 2013 LGPS Regulations](#) permits the recovery of additional costs from an employer where unsatisfactory performance levels have incurred additional costs to the Fund)

An annual report will be issued by Peninsula Pensions to illustrate the extent to which the performance standards established under this strategy have been achieved and such other matters arising from the strategy as appropriate.

## 3. Record keeping

Record-keeping is a fundamental part of managing a scheme such as the LGPS. Funds and employers have a legal obligation to collate and maintain accurate data records.

Peninsula Pensions must be able to demonstrate that records are accurate and up to date, within the parameters of data protection legislation, in order to govern and administer the pension scheme efficiently and effectively for scheme members.

Employers (and their delegated payroll providers) are responsible for providing the core data required by the Fund. Employers need to ensure that legal obligations regarding the provision of timely and accurate information to the scheme are met.

The Fund has a legal duty to provide scheme members with accurate and timely information regarding their benefits. The use of electronic processes aides all parties to do this in a timely and efficient manner.

A strong working partnership between the Fund and employers is key in delivering a successful administration service. This document describes how the Fund provides support to employers in meeting their responsibilities.



If employers have concerns about the data required, they should contact Peninsula Pensions without delay. This will allow Peninsula Pensions to work with employers to resolve any issues and enable both parties to meet their requirements for the benefit of scheme members.

Where an employer does not actively engage with the Fund to resolve issues and/or consistently fails to meet its responsibilities under the LGPS Regulations, the Fund (or stakeholders such as the Pension Board) has a statutory duty to report any breach to The Pensions Regulator. If deemed to be materially significant, The Pensions Regulator has the authority to take prompt and effective action to investigate and correct the breach and its causes, and, where appropriate, to notify any members whose benefits have been affected.

More information about the work of The Pensions Regulator can be found via the following link: <https://www.thepensionsregulator.gov.uk/en>

#### **4. Roles and Responsibilities**

The key focus of the strategy set out in Section 2 will be achieved by:

- Clearly defining the respective roles of Scheme Employers and the Administering Authority
- Setting clear and achievable standards of service levels for the functions carried out by Scheme Employers and the Administering Authority
- Setting out clear procedural guidance for the secure and effective exchange of information between Scheme Employers and the Administering Authority
- Monitoring service delivery, identifying poor performance and establishing a platform for the provision of support to improve performance where required
- Continuous development of resources via the use of digital technology and staff training for both the Fund and its employers
- Applying charges where an employer consistently fails to meet deadlines to ensure the resulting additional administrative strain is not a burden on all employers

#### **The Employer's Roles and Responsibilities**

The key responsibilities for the Employer are to:

- Communicate the LGPS to eligible staff
- Ensure the correct level of monthly pension contributions are collected and paid by the 7<sup>th</sup> of the following month, and no later than the 19<sup>th</sup>
- Report information and data to the Pension Fund as set out in this Strategy
- Keep up to date with Peninsula Pension Communications
- Provide a prompt response to information requests

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## The Administering Authority's Roles and Responsibilities

The key responsibilities for the Administering Authority are to:

- Administer the LGPS in respect of all scheme members (Active, Deferred and Pensioner members) in accordance with this Strategy
- Maintain and review the Fund's Statements, Policies and Reports and all other matters relating to the Governance of the scheme
- Communicate and engage with employers on LGPS matters
- Provide support/training to scheme employers
- Maintain and develop an effective web presence for the benefit of members and scheme employers

A guide to the roles and responsibilities of employers and the Administering Authority are set out in Appendix A. The guides include a summary of duties, defining the main functions, which enable the Pension Fund to deliver an efficient, accurate and high-quality pension service to scheme members.

Any breaches of duty will be recorded on our breaches register, which will be reviewed by the Pension Board on a quarterly basis. Individual breaches will be reported to The Pensions Regulator as required.

## **5. Performance Monitoring**

The strategy recognises that there is a shared responsibility for ensuring compliance with the LGPS regulations and the PAS. Below we have set out the ways in which performance and compliance will be monitored;

- The Fund and scheme employers must aim to ensure that all functions and tasks are carried out to the agreed quality standards set out in this Strategy
- The Fund will regularly monitor, measure and report on compliance with the agreed service standards outlined in this document
- The Fund will undertake a formal review of performance against this strategy on an annual basis and liaise with employers in relation to any concerns on performance
- The Fund monitors its own performance against internal key performance indicators and the Disclosure Regulations 2013. Formal monitoring is carried out on a monthly basis, and is reported to the Pension Board on a quarterly basis
- The performance of scheme employers against the standards set out in this document will be reported to the Investment and Pension Fund Committee and Pension Board, as appropriate, and will include data quality
- The Fund will also regularly report to employers regarding individual performance, identifying any areas for improvement including outstanding data items



## Underperformance Fees

The LGPS regulations provide pension funds with the authority to recover any administration costs incurred as a result of the underperformance of a scheme employer, from the employer responsible for the underperformance.

To date the Fund has not recovered these additional costs, and has taken the decision to work with employers to improve service delivery. However, we reserve the right to pass on these costs to the employer.

From April 2020 Peninsula Pensions will monitor any additional costs incurred in the administration of the scheme as a direct result of underperformance, with a view to recovering these costs from the responsible employer.

A breaches report will be presented to the Pension Board on a quarterly basis.

In the event of a levy being issued to the Fund by The Pensions Regulator, the levy will be passed on to the relevant employer where it can be demonstrated that the employer's action or inaction are responsible for the levy.

Any disagreement regarding the amount of the levy will be decided by the Secretary of State who will have regard to:

- the provisions of the pension administration strategy that are relevant to the case, and
- the extent to which the pension fund and the employing authority have complied with those provisions in carrying out their functions under these regulations.

## Interest on late payments

In accordance with LGPS regulations, interest will be charged on any outstanding amount overdue from an employing authority by more than one month.

Interest will be calculated at 1% above the base rate on a day-to-day basis from the payment due date and will be compounded with three-monthly rests.

The employer will be reported to The Pensions Regulator where contributions are received late in accordance with The Pensions Regulator Code of Practice.

## Feedback from Employers

Peninsula Pensions is also accountable for its performance and we welcome feedback from our Employers regarding the performance of the Fund against the standards in this administration strategy, as set out in Appendix A.

Comments should be sent to [peninsulaemployers@devon.gov.uk](mailto:peninsulaemployers@devon.gov.uk) or to the Employer and Communications Manager. Any feedback received will be incorporated into the quarterly reports provided to the Pension Board.

# Agenda Item 5



## 6. Liaison and Communication

The delivery of a high quality, cost-effective administration service is not only the responsibility of the Administering Authority but it also depends on the Administering Authority working with a number of individuals in different organisations to ensure that members and other interested parties receive the appropriate level of service and that statutory requirements are met.

Peninsula Pensions has a dedicated Employer & Communications Team who will work with employers to ensure they are equipped to meet their responsibilities in line with the LGPS Regulations.

Every employer will have access to a dedicated Member Services Team who will assist employers with queries relating to individual members.

**Commented [MG1]:** Do you mean a dedicated individual in the team?

Each employing authority will designate a named individual(s) to act as a **Pension Liaison Officer**, who will serve as the primary contact regarding any aspect of administering the LGPS. The Pension Liaison Officer(s) will be provided with a user name and password to access the employer section of the Peninsula Pensions website

Peninsula Pensions will employ a multi-channel approach in liaising and communicating with employing authorities to ensure that all requirements are consistently met.

The various channels of communication employed by the fund include:

1. The **Peninsula Pensions website** is the main communication tool for both employers and scheme members.
  - o **Employers** – a dedicated and secure employer section where employers can access procedure guides, information on courses run by the Fund, access back copies of the Pensions Line, access Employer Self Service and Interface information. All employers are required to provide data through the Employer Self Service Portal and/or Interfaces.
  - o **Scheme members** – access to up-to-date information about all aspects of the LGPS and the Member Self Service area where members can update personal details, review annual benefit statements, complete their own pensions estimates and access online tutorials.
  - o **Contact Details** – Peninsula Pension staff roles and contact information are available on the website, together with contact details for the Investment Team, Investment and Pension Fund Committee and Pension Board.
2. **Scheme members** who have chosen to opt out of the Member Self Service will continue to receive postal communication. They will still be able to access up-to-date information about all aspects of the LGPS via our website.



3. **Periodic newsletters** are issued to scheme members and all employing authorities and published on the Peninsula Pensions website.
4. **Induction and pre-retirement workshops** undertaken upon request to develop both employer and scheme member understanding (minimum of attendees 10 required per workshop)
5. **Pension surgeries** held for scheme members upon employer request to resolve any individual or collective issues that members may have.
6. **Regular E-zine** sent directly to employer representatives to provide notification of any scheme / administrative updates and developments.
7. **Employer seminars and training groups** held at least annually to review scheme developments, and/or to resolve any training needs that employers may have.
8. **Annual Consultative Meeting** held to review investment and administrative performance during the preceding 12 months, and to consider future plans and challenges.
9. **Employer representatives** distribute information supplied by the pension fund to scheme members within their organisation, such as scheme guides and factsheets.

**Note:** Peninsula Pensions are not responsible for verifying the accuracy of any information provided by the employer for the purpose of calculating benefits under the provisions of the Local Government Pension Scheme and the Discretionary Payments Regulations. This responsibility rests with the employer.

**Payroll providers** – for employers who have delegated the responsibility to a payroll provider, for the provision of information direct to Peninsula Pensions, a delegation form will need to be completed confirming the areas for which they are permitted to act on your behalf. If information received from the payroll provider results in incorrect information being issued or incorrect benefits being paid to scheme members, the responsibilities under the Local Government Pension Regulations lie with the Employer.

# Agenda Item 5



**7. Actuarial work**

An actuarial valuation is conducted by the Pension Fund’s actuary, as appropriate. The actuary determines the Fund’s assets and liabilities in respect of each employer and calculates the appropriate contribution rate to be applied for the subsequent three year period.

The costs associated with the administration of the scheme are charged directly to the pension fund, and the actuary takes these costs into account in assessing the employers’ contribution rates.

In the event that an employer elects to outsource a service, the actuary is required to produce a report in respect of those scheme members involved in the outsourcing. The outsourcing employer will be liable for the cost of producing this report.

An employer may also commission the fund actuary to undertake additional work, the costs of which will be charged to the employer. Please note that these costs will also include an element of the cost of any administration work involved in liaising with the actuary.

Devon Pension & Investment Committee  
Devon County Council

Date.....





## **Performance Standards**

The delivery of an efficient and cost-effective administration is dependent upon a successful joint working partnership between the Pension Fund and key individuals within or representing the scheme employer.

Performance standards are expressed as targets (i.e. the level of performance expected in normal circumstances). It is accepted that there may be occasions where it may not be possible to achieve the target indicated and a pragmatic approach will be adopted, subject to employers using their best endeavours to meet expected standards wherever possible.

### **1.Communication**

<b>Function/Role</b>	<b>Performance Target</b>
Primary contacts - Nominate and keep under review named contacts including main contact and HR and payroll links.	Within 1 month of employer joining fund or change to nominated representative
Stage 1 Appeals (IDRP) Officer - Appoint a person to consider appeals under Stage 1 of the Applications for the Adjudication of Disagreements Procedure (AADP) and provide full, up to date contact details to the Fund.	Within 1 month of becoming a scheme employer or within 1 month of a change in Appeals Officer
Independent Registered Medical Practitioner (IRMP) - Appoint an IRMP qualified in occupational health medicine, or arrange with a third party, and seek approval of the appointment from the Fund, for the consideration of all ill-health retirement applications from active and deferred members.	Within 1 month of becoming a scheme employer or within 1 month of a change in IRMP(s)
Employer Discretions - Formulate and publish policies in relation to all areas where the employer may exercise a discretion within the LGPS (including providing a copy of the policy document to the Fund).	Initial policy and subsequent revisions to be provided within 1 month of publishing
LGPS content in Contracts - Ensure Fund- approved LGPS content is included in all contract / appointment / adjustment communications for LGPS-eligible positions including direction to Peninsula Pensions <a href="#">website</a> .	Review LGPS content annually or within 1 month following receipt of information regarding adjustment to Fund approved wording
Distribute any information provided by the Fund to scheme members/potential scheme members.	Within timeframe set out by Fund
Refer new / prospective scheme members to the Fund's website.	Within 1 month of commencement of employment or change in contractual conditions
Outsourcing - Notify the Fund of contracting out of services which will involve a TUPE transfer of LGPS eligible staff to another organisation to enable LGPS information to be provided to potential contractors.	At the point of deciding to tender a service

# Agenda Item 5



Work with Peninsula Pensions to arrange for the admission of a contractor as a new employer in the Fund.	A minimum of 2 months in advance of the date of contract
Notify Peninsula Pensions of changes / extension / cessation of arrangements with a contractor.	Within 5 working days of decision being made
Assist Peninsula Pensions in ensuring that the terms of the contractor's admission as a scheme employer (Admission Agreement) are complied with.	Notify the Pension Fund if the terms of the Admission Agreement have been breached
Respond to enquiries from Peninsula Pensions and Fund representatives.	Within 2 weeks from receipt of the enquiry
Respond to enquiries from Peninsula Pensions and Fund representatives relating to Breaches of the Law.	Within 1 week of the request

## 2. Payments to the Fund

Function/Role	Performance Target
The Employer's Rate - Apply the employer contribution rate and deficit sum agreed with the Fund on becoming a scheme employer and adjust as instructed by the Fund from a date determined by the Fund.	Within 5 working days of receipt of information from the Fund effective from a date determined by the Fund following advice from the scheme actuary
The Employee's Rate - Calculate and review the correct employee contribution rate for all members at commencement and on 1st April each year. Also, to be reviewed at intervals during the year at the employer's discretion.	Within 5 working days of commencement, on 1st April each year and as per the employer's discretionary policy on adjusting the employee's contribution rate at intervals during the year
Assumed Pensionable Pay (APP) - Ensure the correct application of APP during periods of reduced/nil pay in accordance with the LGA's HR & Payroll Guides.	Review of eligibility for APP immediately upon a member moving to reduced/nil pay
Monthly Payment to the Fund - Remit Employee, Employer and any Additional contributions and submit the online Contributions Form to the Fund.	By the 19th of the month after deduction from pay or date specified by Fund
Payment of AVCs - Remit Additional Voluntary Contributions (AVCs) to the AVC provider(s).	By the 19th of the month following the deduction from pay



Make strain/shortfall payments to the Fund in respect of early payment of benefits from flexible retirement, redundancy or business efficiency retirement or where a member retires early with employer's consent.	Within 5 working days of receipt of invoice from Peninsula Pensions
Remit recharge payments in respect of pension members – e.g. Discretionary Compensation/Enhancement.	Within 5 working days of receipt of invoice from Peninsula Pensions
Payments in respect of FRS102 and IAS19 work carried out on behalf of Employers by the Fund and the Fund Actuary.	Within 5 working days of receipt of invoice from Peninsula Pensions
Payments in respect of all other work carried out on behalf of the Employer by the Fund's Actuary and connected data quality assurance undertaken by the Fund.	Within 5 working days of receipt of invoice from Peninsula Pensions
Prompt payment of invoices issued by the Fund for specific services provided e.g. admission agreement work.	Within 5 working days of receipt of invoice from Peninsula Pensions
Make payment of additional costs to the Fund associated with non-compliance with performance standards of the scheme employer.	Within 5 working days of receipt of invoice from Peninsula Pensions

### 3. Year-End Return

Function/Role	Performance Target
Completing the Year-End Return - Provide a fully reconciled and completed Year-End Return to the Fund in the format stipulated in the instructions issued each February.	By 19th April following the year-end unless employers are notified of an alternative date by the Fund
To resolve all queries returned from the Year-End Return.	To respond fully to all queries from the Fund within 3 weeks of receipt of the query. In circumstances where an employer submits a late year-end return limiting the Fund's time to complete its duties, the timescales may be reduced, as advised by the Fund

# Agenda Item 5



## 4. Scheme Members Information

Function/Role	Performance Target
To notify Peninsula Pensions of all new scheme members, changes in personal details, e.g. name, working hours via Interface or Employer Self Service.	1 month
On cessation of membership determine the reason for retirement, final pay for calculating pre 2014 benefits and CARE pay for post 2014 benefits as appropriate.  <b>NB</b> Where an employee is suffering from a Terminal Illness and limited life expectancy, employers should contact Peninsula Pensions for guidance without delay.	For members in receipt of regular pay, where the employer can accurately project pay to the date of retirement, up to 1 month prior, or within 1 week following final pay period. Leavers under age 55 within 1 month following final payday
Apply a scheme members election to opt out of the LGPS to the member's payroll record.  Notify Peninsula Pensions in line with the process for leavers, as stated above.	Election applies from the 1st of the month for the next available payroll, except where an opt-out is made within 3 months of an employee joining the scheme. In such cases the opt-out is backdated to the joining date and all contributions refunded directly.
Where a member dies in service - determine final pay for calculating pre 2014 benefits and CARE pay for post 2014 benefits as appropriate.	Within 1 week of final pay period
Provide monthly CARE data within required format.	Within 2 weeks of pay run
Ensure members are notified of the option to pay Additional Pension Contributions following absences not covered by APP.	Within 2 weeks of the return to work
Apply/adjust/cease the deduction of Additional Pension Contributions following an APC application from a scheme member and forward information via Interface or ESS to Peninsula Pensions.	In the month following receipt of election from scheme member or notification from the Fund
Notify Peninsula Pensions of periods of unpaid absence not covered by Assumed Pensionable Pay (APP).	Within 1 month
Arrange for the deduction of AVCs from scheme member's pay following election.	Commence deduction of AVCs in month following the month of election, as advised by AVC Provider



Provide end-of-year data within required format.	By date specified by Fund January each year
In line with General Data Protection Regulations (GDPR) an employer will protect information relating to a member contained in any item issued by Peninsula Pensions from improper disclosure. They will only use information supplied or made available by Peninsula Pensions for the LGPS.	Ongoing requirement

## 5. Peninsula Pensions

To complete cases in-line with the Disclosure Regulations, with at least 90% of cases completed within the internal targets.

Peninsula Pensions Responsibility	Disclosure regulations / Legal Requirement	Internal Targets
To accurately record and update member records on pension administration systems.	Within 3 months of effective date of change	2 weeks
To produce a <b>statutory notification</b> and forward to member's home address, together with information relating to the LGPS including how to request a transfer, inform us of previous service, and complete an expression of wish form.	Within 2 months of joining the scheme or within 2 months of request being made	1 month
To process employer year-end contribution returns and provide consolidated and grouped error reports for action by employers.	n/a	3 months
To produce annual benefit statements for all active members as at the preceding 31 March and notify electronically or by post to member's home address.	31 <sup>st</sup> August	31 <sup>st</sup> July
To produce annual benefit statements for all preserved members, as at the preceding 31 March, and notify electronically or by post to member's home address.	31 <sup>st</sup> August	30 <sup>th</sup> June
To provide information and quotations to scheme member about additional voluntary contribution (AVC) options.	Within 2 months of request being made	Within 10 working days
To provide information and quotations to a scheme member on the option of making Additional Pension Contributions (APCs).	Within 2 months of request being made	Within 10 working days
To produce retirement estimates for employers, once in receipt of all the necessary information.	Within 2 months of request being made	Within 10 working days

# Agenda Item 5



To accurately record and update member records on pension administration systems for those members leaving the scheme, without entitlement to immediate payment of benefits. Provide them with the options available and deferred benefit entitlement.	Within 2 months of receiving notification that pensionable service has ended or within 2 months of a request	Within 1 month
To accurately calculate and inform the member of the options available to them upon retirement.	Within 1 month following date benefit becomes payable (2 months if retiring before normal pension age)	10 working days from receiving all information from employer
Upon receipt of members completed retirement forms finalise pension records and authorise payment of lump sum and set up of payroll record.	n/a	Within 10 working days
Under the General Data Protection Regulations 2018 Peninsula Pensions will protect information relating to a member contained on any item issued by them or received by them from improper disclosure.	n/a	Ongoing requirement, online security within databases regularly reviewed
Each Administering Authority is responsible for exercising the discretionary powers given to it by the regulations. The Administering Authority is also responsible for publishing its policy to its members in respect of the key discretions as required by the regulations.		Peninsula Pensions will maintain links to these discretions on their website
Notification of Pension Fund Triennial Valuation results including contribution rates.		Assuming information provided by Actuaries provisional results December following valuation, with final results the following March

## 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 15<sup>th</sup> July 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. There have been no further changes to the Risk Register since June when the Investment and Pension Fund Committee last reviewed it. It has been noticed that the risk register presented to the board at the July meeting contained an older version of the administration risks. The attached register is now corrected and reflects the risk register as presented to the committee in June 2019.
- 3.2. There are now 45 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	11	3
Medium	24	7
Low	10	35

- 3.3. Action taken to mitigate risks has reduced the number of high risks from 11 to 3. The remaining high risks are in respect of a market crash leading to a failure to reduce the deficit, the impact of a no deal Brexit and the cost implications of the McCloud judgement.

## 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"><li>• Non-compliance with legislation and/or best practice.</li><li>• Inability to determine policy, make effective decisions and/or deliver service.</li><li>• Risk to reputation.</li></ul>	4	2	8	<ul style="list-style-type: none"><li>• DCC has produced a Governance Policy and Compliance Statement, as required by regulation 31 of the LGPS Regulations 2008.</li><li>• The Governance Policy and Compliance Statement is reviewed and updated regularly and scheme employers are consulted to ensure that the policy remains appropriate.</li><li>• The Statement is published on the Devon Pensions website: <a href="https://www.peninsulapensions.org.uk/pension-fund-investments/devon-county-council-investments/devon-fund-key-documents/">https://www.peninsulapensions.org.uk/pension-fund-investments/devon-county-council-investments/devon-fund-key-documents/</a></li><li>• Pension fund stakeholders are made aware of the Statement.</li><li>• DCC has appointed an Investment and Pension Fund Committee to discharge the duties of the Council as Administering Authority of the Pension Fund.</li><li>• 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.</li><li>• A Pension Board has been established as required by the Public Service Pension Act 2013.</li><li>• Support and training are being provided to ensure that the Board is equipped to undertake its role.</li></ul>	4	1	4	Mark Gayler / Charlotte Thompson		

## 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"> <li>• Non-compliance with legislation and/or best practice.</li> <li>• Inability to determine policy, make effective decisions and/or deliver service.</li> <li>• Risk to reputation.</li> </ul>	3	3	9	<ul style="list-style-type: none"> <li>• 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.</li> <li>• An Annual Training Plan is agreed by the Committee and Pension Board on an annual basis.</li> <li>• A training and induction programme is available for new Committee and Pension Board Members.</li> <li>• Committee and Pension Board members are asked to complete the Pension Regulator Trustee Toolkit.</li> <li>• The Fund subscribes to relevant bodies (e.g. CIPFA, LAPFF, PLSA) and sends representatives to major conferences.</li> <li>• 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.</li> <li>• Committee and Pension Board members are made aware of and adhere to the Governance Compliance Statement, and are encouraged to identify training requirements.</li> </ul>	3	2	6	Mark Gayler / Charlotte Thompson	Following discussion at the Pension Board in April 2019, officers will look at the possibility of producing a handbook/manual for Board and Committee members	By 31 December 2019
<b>Funding and Investments</b>											
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"> <li>• Poor Fund performance/financial loss.</li> <li>• Increased employer contribution costs.</li> </ul>	4	3	12	<ul style="list-style-type: none"> <li>• The Investment Strategy is set in accordance with LGPS investment regulations.</li> <li>• The Investment Strategy is reviewed, approved and documented by the Investment and Pension Fund Committee.</li> <li>• The Investment Strategy takes into account the Fund's liabilities.</li> <li>• DCC employ an external investment advisor who provides specialist guidance to the Investment and Pension Fund Committee regarding the investment strategy.</li> <li>• An Annual Training Plan has been agreed for 2018/19. Training programmes are available for Committee Members and Investment Staff.</li> <li>• Members and Officers are encouraged to challenge advice and guidance received when necessary.</li> </ul>	4	2	8	Mark Gayler / Charlotte Thompson	Following discussion at the Pension Board in April 2019, officers will look at the possibility of producing a handbook/manual for Board and Committee members	By 31 December 2019

## 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"> <li>Financial loss.</li> <li>Insufficient funds available to meet future obligations.</li> </ul>	5	3	15	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> <li>The Fund's investments are diversified across a range of different types of assets to minimise the impact of losses in individual markets.</li> <li>Fund-specific benchmarks and targets are set.</li> <li>Fund assets are kept under regular review as part of the Fund's performance management framework.</li> <li>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.</li> <li>The depth of expertise in the fund managers' teams have been assessed as part of the appointment process.</li> <li>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.</li> <li>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.</li> <li>External review of the Fund's investment strategy is commissioned on a regular basis. Mercers undertook an investment strategy review in 2016, which was then refreshed in February 2019. The 2019 report and recommendations were presented to the Investment and Pension Fund Committee in February 2019.</li> </ul>	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: <ul style="list-style-type: none"> <li>Financial loss.</li> </ul>	5	2	10	The Fund attempts to ensure the achievement of best value and minimise exposure to risk via the following: <ul style="list-style-type: none"> <li>The Fund's investments are diversified across a range of different types of assets to minimise the impact of losses in individual markets.</li> <li>IMA disclosure tables are reviewed to ensure best execution by managers.</li> <li>Investment managers are asked to provide invoices for fees, wherever possible.</li> <li>Specialist services (e.g. transitions, currency transfers) are considered where appropriate in order to reduce costs.</li> <li>Banking and custodian arrangements are reviewed and re-rendered when appropriate.</li> </ul>	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	The Fund fails to effectively manage risks associated with Environmental, Social and Governance (ESG) issues in relation to its investments, resulting in: <ul style="list-style-type: none"> <li>Financial loss.</li> <li>Reputational Damage.</li> </ul>	5	2	10	The Fund's Investment Strategy Statement sets out its approach to ESG issues and stewardship and engagement, including: <ul style="list-style-type: none"> <li>The Fund expects its fund managers (including the Brunel Pension Partnership) to monitor and manage the risks associated with ESG issues, and will review with managers on a regular basis how they are managing those risks.</li> <li>The Fund will engage (through Brunel, its asset managers, the Local Authority Pension Fund Forum or other resources) with investee companies to ensure they can deliver sustainable financial returns over the long term.</li> <li>The Fund holds annual meetings for both employers and scheme members to provide the opportunity for discussion of investment strategy and consideration of non-financial factors.</li> </ul>	4	1	4	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	<p>Collapse of a fund manager or negligence, fraud or wilful default committed by a fund manager, resulting in:</p> <ul style="list-style-type: none"> <li>Financial loss.</li> </ul>	4	2	8	<ul style="list-style-type: none"> <li>The Fund has considered the financial stability of managers during the appointment process and the situation is kept under review. In future when Brunel is selecting managers we would expect Brunel to consider financial stability of those managers, and will work with other Brunel clients to ensure that Brunel has in place robust procedures to do so.</li> <li>DCC use a global custodian service to ensure that there exists a separation of investment management arrangements from custody of assets.</li> <li>Legal requirements are in place for fund managers and are set out in the investment management agreements.</li> <li>Fund managers are required to be fully compliant with FCA, PRA and other regulatory requirements.</li> <li>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.</li> </ul>	3	2	6	Mark Gayler		
F6	<p>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.</p> <ul style="list-style-type: none"> <li>Financial loss.</li> <li>Increased employer contribution costs.</li> </ul>	5	3	15	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> </ul>	4	3	12	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			
F7	Pay and price inflation are higher than anticipated. • An increase in liabilities which exceeds the previous valuation estimate.	4	3	12	<ul style="list-style-type: none"> <li>The triennial actuarial valuation review focuses on the real returns on assets, net price and pay increases.</li> <li>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.</li> <li>The Fund has investments in infrastructure funds with inflation linked returns, to act as a hedge against inflation increases.</li> <li>The Committee has received training on understanding liabilities and potential approaches to Liability Driven Investment.</li> <li>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&amp;PFC in September 2015, and recommendations partly implemented. This issue was also addressed in the strategic review carried out by Mercer in 2016/17 and the refresh in 2018/19.</li> </ul>	3	3	9	Mark Gayler		
F8	Increase in number of early retirements due to public service cuts and/or ill health leading to pension liabilities increasing. • An increase in liabilities which exceeds the previous valuation estimate.	3	3	9	<ul style="list-style-type: none"> <li>Employers are charged the extra capital cost of non ill health retirements following each individual decision.</li> <li>Employer ill health retirement experience is monitored.</li> </ul>	2	2	4	Dan Harris		
F9	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"> <li>Life expectancy assumptions are reviewed at each valuation.</li> <li>Mortality assumptions include an allowance for future increases in life expectancy.</li> </ul>	3	2	6	Mark Gayler		
F10	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"> <li>The team has procedures in place to monitor the receipt of contributions to the fund.</li> <li>The team communicates regularly with scheme employers to ensure that contributions are made in a timely manner and are recorded accurately.</li> <li>Details of any outstanding and overdue contributions are recorded and appropriate action is taken in order to recover payments.</li> </ul>	3	1	3	Mark Gayler/ Martyn Williams		

## 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			
F11	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. <ul style="list-style-type: none"> <li>Departing employer not fully meeting its liabilities which leads to increased costs across the remaining scheme employers.</li> </ul>	3	3	9	The risk is mitigated by: <ul style="list-style-type: none"> <li>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.</li> <li>The Actuary has an objective of keeping contributions as stable as possible whilst ensuring the long term solvency of the Fund.</li> <li>Outstanding liabilities will be assessed and recovered from any successor bodies or spread amongst remaining employers.</li> <li>The actuarial valuation attempts to balance recovery period with risk of withdrawal.</li> <li>If necessary, appropriate legal action will be taken.</li> <li>An Employer Covenant Risk Assessment is undertaken by the Fund Actuary, Barnett Waddingham, in conjunction with the triennial valuations of the Fund.</li> </ul>	2	2	4	Mark Gayler/ Dan Harris		
F12	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"> <li>Significant cashflow out of the Fund.</li> <li>Reduction in assets greater than reduction in the Fund's liabilities.</li> </ul>	3	2	6	The risk is mitigated by: <ul style="list-style-type: none"> <li>Effective communication of the benefits of remaining in the LGPS.</li> <li>Actuarial calculation of transfer value should ensure transfer value does not exceed reduction in liability.</li> </ul>	2	2	4	Mark Gayler/ Dan Harris		
F13	The result of the EU Referendum and the decision to leave the European Union results in significant economic instability and slowdown, and as a consequence lower investment returns, resulting in: <ul style="list-style-type: none"> <li>Financial loss, and/or failure to meet return expectations.</li> <li>Increased employer contribution costs.</li> </ul>	4	4	16	The risk is mitigated by: <ul style="list-style-type: none"> <li>Diversification of the Fund's investments across the world, including economies where the impact of "Brexit" is likely to be smaller.</li> <li>The long term nature of the Fund's liabilities provides some mitigation, as the impact of "Brexit" will reduce over time.</li> </ul>	4	3	12	Mark Gayler/ Charlotte Thompson		

## 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			
F14	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"> <li>The Government is likely to ensure that much of current EU regulation is enshrined in UK law.</li> <li>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.</li> </ul>	2	3	6	Mark Gayler/ Dan Harris		
F15	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"> <li>Financial loss, and/or failure to meet return expectations.</li> <li>Reduction in diversification opportunities and resultant increase in risk.</li> </ul>	4	2	8	The risk is mitigated by: <ul style="list-style-type: none"> <li>All the Fund's current fund managers and financial counterparties have accepted Devon's application for elective professional client status.</li> <li>Robust training plan to ensure committee and officers have required knowledge and experience to meet the qualitative criteria to opt up.</li> <li>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.</li> </ul>	3	1	3	Mark Gayler		
F16	Outcome of the McCloud and Sargeant cases results in significant additional pension liabilities for the Fund, resulting in: <ul style="list-style-type: none"> <li>Increased employer contribution costs.</li> </ul>	4	3	12		4	3	12	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	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. • 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.	4	3	12	• The Brunel Pension Parnership is now established as an FCA regulated company, fully staffed to meet the business case as approved by the 10 client LGPS funds. • 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.	4	2	8	Mark Gayler	• As Brunel moves out of the transition phase into business as usual this risk will recede.	2020/21
B2	Asset transition costs are greater than forecast. • 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.	4	3	12	• 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. • 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	4	2	8	Mark Gayler		

# 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			
Custody											
Cu1	Failure of custodian leading to losses which results in a failure to reduce the deficit and potential adverse media interest. <ul style="list-style-type: none"><li>Financial loss.</li></ul>	4	2	8	<ul style="list-style-type: none"><li>The custodian contract is subject to regular review and periodic re-tendering.</li><li>Following the formation 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.</li><li>The custodian must adhere to FCA and PRA financial regulations.</li><li>Fund assets are protected in the event of insolvency of the custodian</li></ul>	3	2	6	Mark Gayler/Charlotte Thompson		
Communication											
Cm1	Insufficient communication and engagement with the Pension Fund Stakeholders. <ul style="list-style-type: none"><li>Non-compliance with legislation and/or best practice.</li><li>Inability to determine policy, make effective decisions and/or deliver service.</li><li>Reputation risk.</li></ul>	3	3	9	<ul style="list-style-type: none"><li>A communications strategy is in place and was last reviewed and updated in November 2018.</li><li>The Devon Investment Services and Peninsula Pensions websites are kept up to date.</li><li>Fund Performance is reported to the Investment &amp; Pension Fund Committee on a regular basis.</li><li>Meetings are held regularly with the Fund's Employing Authorities.</li><li>Benefit illustrations are sent annually to contributing and deferred Fund members.</li><li>The contact list for employers is updated regularly.</li><li>Annual forums are held for employers and scheme members.</li><li>The annual report and accounts are published on the Peninsula Pensions website.</li></ul>	3	2	6	Mark Gayler / Dan Harris / Martyn Williams		

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			
Accounting											
A1	Failure to comply with pension fund accounting regulations. <ul style="list-style-type: none"><li>• Risk of the accounts being qualified by the auditors.</li></ul>	3	3	9	<ul style="list-style-type: none"><li>• Staff are kept up to date with changes to legislative requirements via network meetings, professional press, training and internal communication procedures.</li><li>• 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.</li><li>• Regular reconciliations are carried out between in-house records and those maintained by the custodian and investment managers.</li><li>• Internal Audits are carried out on an annual basis.</li><li>• External Audit review the Pension Fund’s accounts annually.</li></ul>	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"><li>• Loss of sensitive data.</li><li>• Reputation risk.</li><li>• Financial loss arising from legal action.</li></ul>	3	2	6	<ul style="list-style-type: none"><li>• It is a mandatory requirement for all DCC employees to undertake Data Protection training and to adhere to DCC's data protection policy.</li></ul>	3	1	3	Mark Gayler/ Dan Harris		

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# Appendix 1 - Devon Pension Fund Risk Register

Appendix 2 – 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			
Internal											
11	<p>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.</p> <ul style="list-style-type: none"> <li>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.</li> </ul>	4	3	12	<ul style="list-style-type: none"> <li>The Investment Manager is able to cover in the absence of the Assistant County Treasurer.</li> <li>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.</li> <li>Knowledge of all tasks shared by at least two team members and can in addition be covered by senior staff.</li> <li>Training requirements are set out in job descriptions and reviewed annually with team members through the appraisal process.</li> <li>A formal training record for officers is maintained centrally.</li> <li>A procedure manual is in place which sets out work instructions for the majority of crucial tasks undertaken.</li> </ul>	4	2	8	Mark Gayler / Charlotte Thompson / Dan Harris	<ul style="list-style-type: none"> <li>The Devon Investment Services procedure manual will continue to be refined and updated on an ongoing basis.</li> <li>Ensure the review of CIPFA’s knowledge and skills framework relating to officers results in key outcomes being delivered.</li> </ul>	
Governance Arrangements/Code of Practice											
12	<p>Failure of in-house treasury management practices leading to fraud, corruption or error.</p> <ul style="list-style-type: none"> <li>Risk of financial loss &amp; damage to reputation.</li> </ul>	3	3	9	<ul style="list-style-type: none"> <li>Counterparty transactions are authorised by senior staff outside of the investment team.</li> <li>All staff are covered by fidelity insurance up to £15 million</li> <li>Sufficient members in the team to cover absence and leave - a weekly planner is produced in order to review cover requirements.</li> <li>Appropriate separation of duties exists.</li> <li>Treasury Management Practices are reviewed and updated regularly.</li> <li>Up to date financial regulations and practices.</li> </ul>	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			
PP1	Failure to issue Annual Benefit statements to active and deferred members by 31st August: <ul style="list-style-type: none"> <li>• Reputational risk and complaints</li> <li>• Fines</li> </ul>	2	4	8	<ul style="list-style-type: none"> <li>• Project management approach</li> <li>• Regular contact with employers to obtain data.</li> <li>• Monthly interfacing to reduce workload at year end</li> <li>• Statements to employers for 31/7/18 to allow time for distribution to staff prior to 31/8/18</li> </ul>	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.	31.08.19 to have all pre April 2019 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"> <li>• Reviews of documentation/letters</li> <li>• Website regularly update</li> <li>• Links to Pension Funds investment information and LGPS included on website</li> <li>• A revised New Starter pack has been designed and is now provided to members</li> </ul>	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"> <li>• Incorrect payments being made.</li> <li>• Risk of financial loss and damage to reputation.</li> </ul>	3	3	9	<ul style="list-style-type: none"> <li>• LGA/External training.</li> <li>• Project work approach to implementation of legislative changes.</li> <li>• In house training for all staff.</li> <li>• Use of Perspective and Bulletins</li> </ul>	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"> <li>• Risk of financial loss and damage to reputation.</li> <li>• Incorrect benefit calculations</li> <li>• Delays while we request missing information</li> </ul>	3	3	9	<ul style="list-style-type: none"> <li>• Administration Strategy in place since April 2015, employer duties clearly identified. Ability to fine employers is provided for in strategy and LGPS regulations.</li> <li>• Employing authorities are contacted for outstanding information when it is identified that information is missing or contains errors.</li> <li>• Outstanding data queries are passed to Employer and Communications Team to monitor</li> <li>• Advice and consultancy provided.</li> <li>• Yearly checks on data to highlight gaps</li> <li>• Employer administration meetings held twice a year</li> <li>• Quarterly e-zine with administration updates, plus special editions when required</li> <li>• Guidance available on website</li> <li>• Individual employer meetings include review of employer performance</li> </ul>	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"> <li>• Reviews of documentation/letters / Staff ongoing training</li> <li>• Website regularly update</li> <li>• Links to Pension Funds investment information and LGPS included on website</li> <li>• Participation in all high level Government discussions and consultations</li> <li>• Ensure best practice is implemented and PP is seen as a centre of excellence for pension administration</li> <li>• Be recognised nationally by peers as one of the leaders in pension administration and facilitate site visits</li> </ul>	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
<b>Communication</b>											
PP6	Insufficient communication and engagement with LGPS scheme members/employers <ul style="list-style-type: none"> <li>• Non-compliance with legislation and/or best practice.</li> <li>• Inability to determine policy, make effective decisions and/or deliver service.</li> <li>• Reputation risk.</li> <li>• Employees not joining the scheme.</li> </ul>	3	3	9	<ul style="list-style-type: none"> <li>• The Peninsula Pensions website is kept up to date.</li> <li>• Meetings between PP managers and Communications team on a regular basis, with a communications plan and strategy for the year ahead</li> <li>• Meetings are held with the Funds Employing Authorities and on request for training.</li> <li>• Benefit illustrations are sent annually to contributing and deferred Fund members.</li> <li>• The contact list for employers is updated regularly.</li> <li>• Annual forums are held for employers and Trade Unions.</li> <li>• The annual report and accounts are published on the Peninsula Pensions website.</li> </ul>	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
<b>Pensioner Payroll/Finance</b>											

## 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			
PP7	Pension benefits are not paid. • Risk of financial loss arising from compensation claims • Damage to reputation.	4	2	8	<ul style="list-style-type: none"> <li>The payroll system is set up to pay pensioners monthly.</li> <li>Disaster recovery plan in place with Heywoods which will restore data within 7 days in the event of system failure.</li> <li>The payroll manual has been revised and updated following the introduction of RTI (Real Time Information) and new administration systems.</li> </ul>	4	1	4	Dan Harris / Rachel Lamb / Mike Germon	Pensioner Payroll Manual and online training resource outlining the key payroll processes are now in place. This will be further developed by the creation of an online video training guide.	In progress
PP8	Pension benefits continue to be paid to deceased pensioners. • Risk of financial loss and damage to reputation.	2	3	6	<ul style="list-style-type: none"> <li>All pensioners are contacted annually.</li> <li>Pension suspended if post is returned</li> <li>Pensioners are incorporated into National Fraud Initiative.</li> <li>Further targeted checks are conducted with credit reference agencies as appropriate.</li> <li>Monthly mortality screening is undertaken and any positive matches are ceased immediately</li> <li>Western Union overseas existence service undertaken bi annually</li> </ul>	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
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: • 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: • 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
<b>Data Protection</b>											
PP10	The Pension administration systems and data may not be secure and appropriately maintained, leading to: • Loss of sensitive data. • Reputation risk. • Financial loss arising from legal action.	3	2	6	<ul style="list-style-type: none"> <li>Access and security controls exist and the system is tested regularly by Heywoods and PP.</li> <li>The system is subject to regular checks by internal audit.</li> </ul>	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.

## 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			
PP11	Personal data being issued to wrong individual due to manual/printer error <ul style="list-style-type: none"> <li>Loss of sensitive data.</li> <li>Reputation risk.</li> <li>Financial loss arising from legal action.</li> </ul>	3	2	6	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>Internal E-Learning training 'Sharing personal data' was also undertaken by whole office during March 2018.</li> </ul>	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.
<b>Internal</b>											
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"> <li>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.</li> </ul>	4	3	12	<ul style="list-style-type: none"> <li>Knowledge of all tasks are shared by at least two team members and can in addition be covered by senior staff.</li> <li>Training requirements are set out in job descriptions and reviewed annually with team members through the appraisal process.</li> </ul>	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.
PP13	Failure of scheme membership data and pension benefit calculation processes leading to fraud, corruption or error. <ul style="list-style-type: none"> <li>Unauthorised payments under the Finance Act 2004.</li> <li>Risk of financial loss and damage to reputation.</li> </ul>	3	2	6	<ul style="list-style-type: none"> <li>Information and instructions are only accepted from authorised sources.</li> <li>Employers and scheme members are required to review and confirm membership records annually.</li> <li>Benefit calculations are checked by senior colleagues and are subject to independent authorisation.</li> <li>All transactions comply with DCC financial regulations and are subject to independent authorisation.</li> <li>All staff are covered by fidelity insurance up to £15 million.</li> <li>Members approaching 75 are separately identified monthly.</li> <li>Data accuracy checks undertaken by the systems team including address / NINO checks</li> </ul>	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



## 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			
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). • Complaints • Monitoring Employer performance and chasing outstanding data • Fines	3	2	6	<ul style="list-style-type: none"> <li>Robust workflow management system in place.</li> <li>Payroll deadline procedures in place</li> <li>Item in Business Continuity/Disaster Recovery Plan</li> <li>Participate in National Fraud Initiative (NFI)</li> <li>Life Certificates exercise carried out /mortality checks</li> </ul>	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. • Risk of financial loss & damage to reputation.	3	3	9	<ul style="list-style-type: none"> <li>Transactions are authorised by senior staff</li> <li>All staff are covered by fidelity insurance up to £15 million</li> <li>Sufficient members in the team to cover absence and leave</li> <li>Heywoods Audit trace report</li> <li>Appropriate separation of duties exists.</li> <li>Up to date regulations and practices.</li> <li>Internal and external audit checks performed to ensure that appropriate and effective controls are in place</li> </ul>	3	2	6	Dan Harris / Shirley Cuthbert / Rachel Lamb / Natalie Taylor		
PP16	Failure of Shared Service leading to partner fund externalising pension administration • Reputation risk. • Financial loss arising from legal action • Loss of experienced/key staff	3	2	6	<ul style="list-style-type: none"> <li>Constant assessment of Performance</li> <li>Quarterly Shared Service meetings with key Fund colleagues.</li> <li>Regular meetings between Peninsula Pensions and Employers,</li> <li>Employer Newsletters</li> </ul>	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	
<b>IT/Systems</b>											
PP17	<b>System failure.</b> • Loss of sensitive data. • Reputation risk. • Financial loss arising from legal action.	5	2	10	<ul style="list-style-type: none"> <li>The system is backed-up daily. System is hosted by Heywoods</li> <li>A full disaster recovery plan and Business Continuity Plan is in place and tested/updated annually.</li> </ul>	5	1	5	Dan Harris / Shirley Cuthbert / Rachel Lamb / Natalie Taylor / Mike Germon		

# 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			
PP18	<b>Cyber attack</b> <ul style="list-style-type: none"> <li>• Loss of access to sensitive data.</li> <li>• Reputation risk.</li> <li>• Financial loss arising from legal action.</li> </ul>	5	2	10	<ul style="list-style-type: none"> <li>• Ensure that the relevant people are suitably vetted and trained, that administrators and service providers have measures in place to avoid security breaches</li> <li>• A full disaster recovery plan and Business Continuity Plan is in place and tested/updated annually.</li> <li>• 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.</li> </ul>	5	1	5	Dan Harris / Shirley Cuthbert / Rachel Lamb / Natalie Taylor / Mike Germon		
PP19	<b>Member Self Service:</b> Systems and data may not be secure and appropriately maintained. <ul style="list-style-type: none"> <li>• Data security / • Data Protection</li> <li>• Loss of sensitive data</li> <li>• Reputation risk</li> </ul>	3	2	6	<ul style="list-style-type: none"> <li>• Information and Instructions are only accepted from authorised sources</li> <li>• It is a mandatory requirement for all DCC employees to undertake Data Protection training and to adhere to DCC's Data Protection Policy</li> <li>• Regular penetration testing</li> <li>• Secure website (annual license renewal)</li> </ul>	3	1	3	Dan Harris / Shirley Cuthbert / Rachel Lamb / Natalie Taylor / Mike Germon		

## REVIEW OF ATTENDANCE

### 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 the attendance of members in line with the Pension Board's Terms of Reference**

#### 1. Introduction

- 1.1. The Devon Pension Board's Term of Reference currently states that the board will meet four times a year in addition to training events. Attendance at these meetings and training events is recorded and reported.

#### 2. Attendance log

- 2.1. The Terms of Reference also states that the membership of any member who fails to attend for two consecutive meetings or two consecutive training events shall be reviewed by the Board and shall be terminated in the absence of mitigating factors.
- 2.2. A log showing the attendance of both board meeting and training events is attached in appendix 1 and should be reviewed by the board.

#### 3. Conclusion

- 3.1. The Board is asked to review the attendance log in accordance with the Pension Board Terms of Reference.

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

# Agenda Item 7

## Board Member Attendance over last 4 meetings and training sessions

	Board Meeting					Training			
	15/10/2018	11/02/2019	03/04/2019	15/07/2019		19/04/2018	18/10/2018	07/11/2018	28/03/2019
<b>Fund Members</b>									
Bowman	Y	N	Y	Y		Y	Y	Y	Y
Shipp	Y	Y	N	N		N	Y	N	N
Phillips	Y	Y	Y	N		Y	Y	N	Y
Bailey	NA	NA	NA	Y		NA	NA	NA	NA
<b>Fund Employers</b>									
Slade (DCC)	N	Y	Y	Y		NA	Y	Y	Y
Smith (Police)	Y	N	N	N		Y	Y	N	N
Hearn (Tavistock)	Y	Y	Y	N		Y	Y	Y	Y
Randall Johnson (DCC)	Y	Y	Y	Y		Y	Y	Y	Y
<b>Independent member</b>									
Nicholls	Y	Y	N	Y		N	Y	Y	N

## INVESTMENT AND PENSION FUND COMMITTEE

13 September 2019

### Present:-

#### Devon County Council

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

#### Unitary and District Councils

Councillors M Lowry, J Pearce and J O'Dwyer

#### Other Employers

D Healy

#### Unison and Retired Members: Non Voting Observers

R Franceschini, J Rimron and S Teague

### Apologies:-

Councillors A Connett and L Parker-Delaz-Ajete

### \* 126 **Announcements**

The Chair welcomed Mr Ray 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.

### \* 127 **Minutes**

**RESOLVED** that the Minutes of the Meeting held on 28 June 2019 be signed as a correct record subject to a correction in Minute \*115 to show the Committee noted the Minutes of the meetings of the Brunel Oversight Board held on 31 January 2019 and 30 April 2019.

### \* 128 **Items Requiring Urgent Attention**

There was no item raised as a matter of urgency.

### \* 129 **Devon Pension Board**

The Committee noted the Minutes of the Devon Pension Board meeting held on 15 July 2019.

### \* 130 **Pension Fund Annual Report and Accounts 2018/19**

The Committee considered the Report of the County Treasurer (CT/19/81) on the draft 2018/19 Pension Fund Annual Report, including the Statement of Accounts.

The Pension Fund Accounts had been approved along with Devon County Council's accounts by the Audit Committee on 29 July 2019.

The Committee's role was to approve the full Annual Report which contained the statement of accounts together with other information about the Fund's performance during the year.

Revised guidance on what should be included in the Annual Report had been issued by CIPFA (the Chartered Institute of Public Finance and Accountancy) in March 2019. As a result, a number of new or revised sections had been added to the Annual Report. These

# Agenda Item 8

## INVESTMENT AND PENSION FUND COMMITTEE 13/09/19

related to Investment Pooling, Cost Transparency, Pension Fund Budget, Employers Contributions and Pensions Administration Performance.

The Independent Auditor Grant Thornton UK confirmed that in their opinion the Authority's Statement of Accounts (including the accompanying Pension Fund Statement) were consistent in all material respects with the audited financial statement in accordance with proper practice.

In terms of the Pension Fund's Governance and Compliance Statement, the Employee and Retired Member representatives indicated that they would keep their non-voting status under review.

Members commended the work of the Officers for the investment performance and pension administration and for the production and approval of the Statement of Accounts.

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

**RESOLVED** that the Pension Fund Annual Report and Accounts for 2018/19 be adopted (subject to minor drafting changes).

### \* 131 Investment Management Report

The Committee considered the Report of the County Treasurer (CT/19/82) on the Fund value and asset allocation, performance against the benchmark, funding level, budget monitoring, cash management and engagement activity. Members also received the LAPFF Quarterly Engagement Report for the Quarter to April-June 2019.

The Fund value at 30 June 2019 stood at £4,461.6m, an increase of £160m over the quarter.

Members discussed issues surrounding proposed regulatory changes related to residential infra-structure/ground rents and implications for the Fund. The risks around this had been raised by Officers with the Fund Manager concerned.

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

**RESOLVED**

(a) that the Investment Management Report be noted; and

(b) that compliance with the 2019/20 Treasury Management Strategy also be noted.

### \* 132 Investment Policy and Climate Change

(Councillor J Hodgson attended in accordance with Standing Order 25(2) and spoke to this item and referred to the need for a more active approach by the Fund in regard to the Council's declared climate emergency, including possible divestment in energy fossil fuel extraction companies).

The Committee considered the Report of the County Treasurer (CT/19/83) on an update on the Committee's role as a responsible shareholder, policy developments, the current position and direction of travel with the transitioning of the Fund's assets from existing external fund managers to the Brunel Pension Partnership. The Report outlined Brunel's approach (detailed in their Position statement, attached to the Report) on how it was addressing climate change with a focus across all investments and not just on fossil fuel extraction companies. However, pending the full transition, the Devon fund currently had no data on the carbon footprint of its investments and a proposed analysis as at 31 March 2019 would provide a useful benchmark. There would be a small additional cost for the benchmarking exercise.

The Committee's Independent Advisor outlined the Brunel approach working in partnership working with its Client Funds including Devon by addressing climate change by focussing across all investments, not just fuel extraction companies. They would engage with companies, monitor and track progress which may lead to divestment in the longer run where it was evident that sufficient progress was not being made and in accordance with the Committee's fiduciary responsibilities and good Social, Environmental and Ethical investment practice.

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

## **RESOLVED**

(a) that the Climate Change Position Statement issued by the Brunel Pension Partnership be noted; and

(b) that the undertaking of an analysis of the Fund's carbon footprint as at 31 March 2019 be approved and additional fee approval be authorised by the County Treasurer in consultation with the Chair, and the outcome (including methodology and detailed assessments) be reported to a future meeting of this Committee.

### \* 133 **Court Case**

The Committee noted the Report of the County Treasurer (CT/19/84) giving an update on a fraud case that involved irregularities in claiming an LGPS pension from the Devon Pension Fund. Officers would continue to work with the Police and the Employer to pursue the recovery of the overpayments.

### \* 134 **Employer Changes**

The Committee noted the following applications for admitted body status and other changes approved since the last meeting of the Committee:

(a) St Peter's Voluntary Aided School: outsourced its cleaning to Churchill Services Limited: closed agreement involving 3 staff.

(b) New academy conversions and changes:

- Cockwood, Kenton and Kenn C of E primary schools joined Osprey Learning Trust (formerly Teignmouth Learning Trust) – 01/06/19;
- Plympton St Mary C of E Infant School joined St Christopher's Primary Multi Academy Trust (MAT) – 01/08/19;
- Plymouth Academy Trust moved to Westcountry MAT – 02/10/19;
- St Luke's Science & Sports College joined Ted Wragg MAT – 01/10/19.

(c) Cessations – the following employers exited the Fund:

- Admitted body: Innovate (re Torquay Girls Grammar School) following loss of contract; and
- Admitted body: Well Connected – the last active member left.

### \* 135 **Committee Training**

The Committee noted the following training and engagement events arranged for Members of the Committee and Pension Board:

- Devon Pension Fund Training on Wednesday 30th October from 10am to 4pm; and

# Agenda Item 8

INVESTMENT AND PENSION FUND COMMITTEE  
13/09/19

- Brunel Pension Partnership Engagement Event on Tuesday 12th November from 10am to 3pm.

\* **136**      **Dates of Future Meetings**

15 November 2019 and 21 February 2020 at 10.30 am at County Hall, Exeter.

\* **137**      **Exclusion of the Press and Public**

**RESOLVED** that the press and public be excluded from the meeting for the following items of business 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.

\* **138**      **Brunel Pension Partnership - Transition of Assets**

(An item taken under Section 100A (4) of the Local Government Act 1972 during which the press and public were excluded).

The Committee considered the Report of the County Treasurer (CT/19/85) on progress in setting up the Property, Emerging Markets, Diversified Growth and Active High Alpha Global Equities portfolios and actions required to transition assets. The transition required careful management to mitigate the risks and costs.

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

**RESOLVED**

(a) that the County Treasurer be authorised to terminate the contract of the Devon Pension Fund's currently appointed active global equity manager at the appropriate time and liaise with the Brunel Pension Partnership to arrange the transition of assets to the Brunel Active High Alpha Global Equities Portfolio;

(b) that a further £110 million be allocated to the Brunel Low Volatility Equities portfolio, to be funded from the Brunel Passive Global Developed Equities portfolio; and

(c) that the Investment Strategy Statement be amended to increase the 2019/20 target for Active Low Volatility Equities to 5% of the Fund, and to reduce the Passive Equities target allocation to 38%.

\* **139**      **Brunel Pension Partnership - Reserved Matters**

(An item taken under Section 100A (4) of the Local Government Act 1972 during which the press and public were excluded).

The Committee considered the Report of the County Treasurer (CT/19/86) on reserved matters requests requiring shareholder consent.

The County Treasurer reported that she had referred the matter regarding a proposed salary cap for a new Chief Executive Officer of the Brunel Partnership to the Committee in order to provide guidance to her as the decision-maker for the Devon Fund. If a suitable candidate for the post could not be recruited within the proposed salary cap, which was subject to approval by the County Treasurer and the other partners, the matter would be reported back to this Committee.



The Acting Chief Executive Officer of Brunel, at the invitation of the Committee, joined the meeting and reported on the methodology used for setting a cap.

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

**RESOLVED**

(a) that the reserved matters request relating to the appointment of a Non-Executive Director on the Brunel Company Board be noted; and

(b) that an increase in the salary cap for Brunel's Chief Executive Officer post be approved in principle.

\* 140

**Employer Contributions**

(An item taken under Section 100A (4) of the Local Government Act 1972 during which the press and public were excluded).

The Committee considered the Report of the County Treasurer (CT/19/88) on a proposal by a Fund Employer to make an additional one-off payment to eliminate or reduce their future deficit contributions. The additional payment was now expected in October and it was proposed to use it to rebalance the current asset allocation back to target in accordance with the Investment Strategy.

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

**RESOLVED**

(a) that the proposed payment of a significant additional deficit contribution be noted; and

(b) that the investment of the additional deficit contribution as set out in the Report be approved.

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

The Meeting started at 10.30 am and finished at 12.50 pm

# Agenda Item 8

## 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.
- 1.2. In addition to the internal targets, Peninsula Pensions also monitors 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. This additional reporting element was introduced in 1st January 2019.
- 1.3. 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. At the previous meeting of the Board, it was reported that the administration performance for the financial year 2018/19 against internal targets was 78% (compared with 77% for 2017/18).
- 2.2. Performance for the most recent quarter, ending 30th June 2019, has improved again with a success rate of 90% against our internal targets.
- 2.3. Our performance against the Disclosure Regulations for the most recent quarter is 97%.
- 2.4. Appendix 1 of the report provides a detailed breakdown of administration performance relating to the Devon Pension Fund only for the quarter ending 30th June 2019 against Peninsula Pensions' internal targets and against the Disclosure Regulations.
- 2.5. Appendix 2 of the report presents the longer-term performance of Peninsula Pensions (Devon Fund only) from 1st January 2018 to 30th August 2019. Members will note that the total number of cases outstanding continues to reduce.

#### 3. Conclusion

- 3.1. 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  
Tel No: (01392) 383000

## Summary of Work Completed 01/04/19 – 31/06/19 (Devon Pension Fund)

	Cases Completed	Performance (Disclosure Regs)	Performance (Internal Targets)
High Priority Procedures	3,143	96%	94%
Medium Priority Procedures	4,227	98%	89%
Low Priority Procedures	1,218	98%	85%
<b>TOTAL</b>	<b>8,588</b>	<b>97%</b>	<b>90%</b>

### High Priority

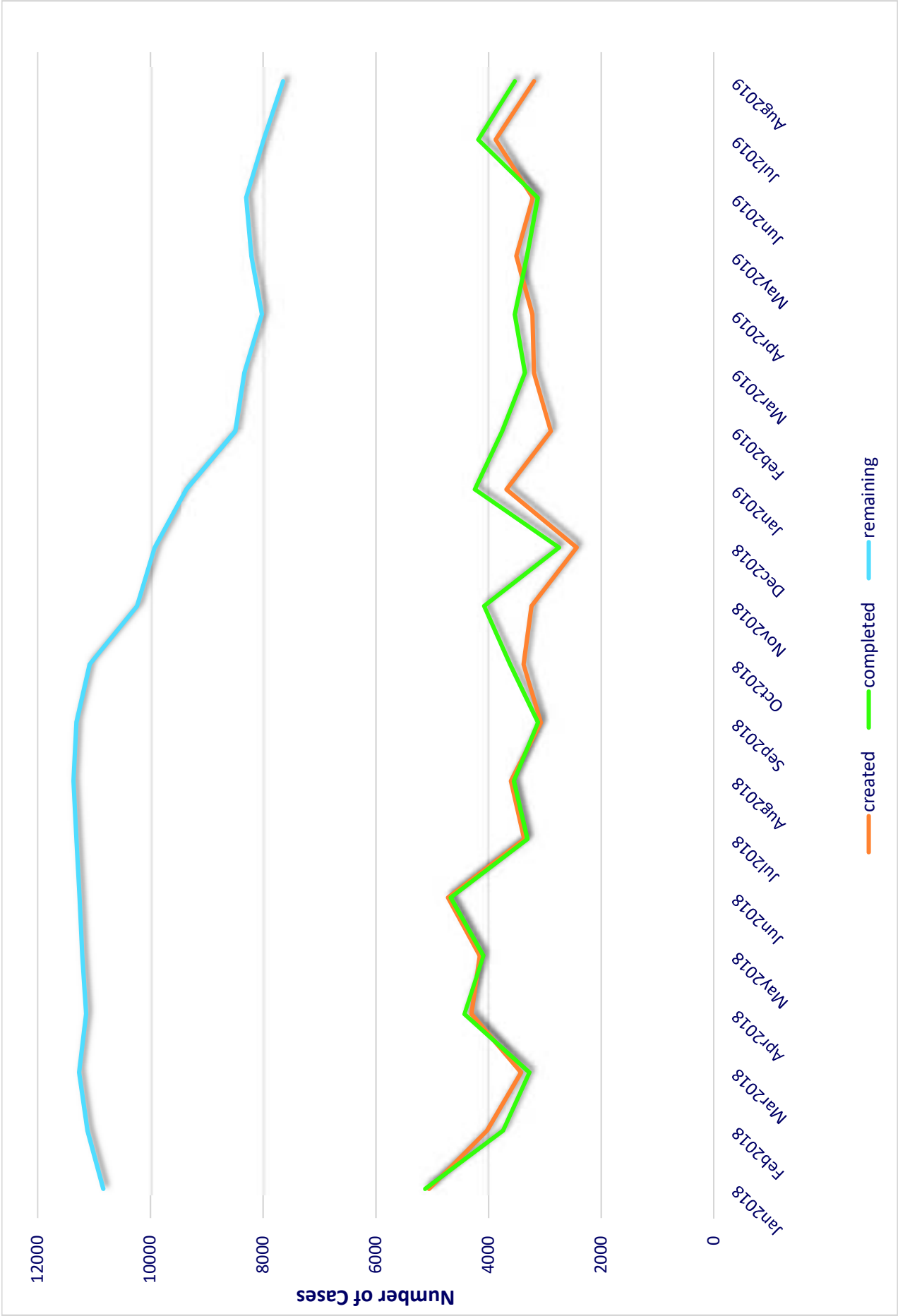
	Cases Completed	Performance (Disclosure Regs)	Performance (Internal Targets)
Changes	687	100%	99%
Complaints (Member)	11	100%	100%
Complaints (Employer)	0	0%	0%
Deaths	235	92%	84%
Payroll	797	99%	99%
Refunds	251	100%	100%
Retirements (Active)	470	87%	83%
Retirements (Deferred)	692	94%	92%
<b>TOTAL</b>	<b>3,143</b>	<b>96%</b>	<b>94%</b>

### Medium Priority

	Cases Completed	Performance (Disclosure Regs)	Performance (Internal Targets)
Amalgamation of Records	724	99%	67%
Deferred Benefit Calculations	846	99%	93%
Divorce Calculations	82	99%	99%
Employer Queries	497	89%	64%
Estimates (Bulk)	295	0%	100%
Estimates (Employer)	73	100%	100%
Estimates (Member)	230	100%	100%
General	560	100%	99%
HMRC	13	92%	69%
Member Self-Service	907	100%	100%
<b>TOTAL</b>	<b>4,227</b>	<b>98%</b>	<b>89%</b>

## Low Priority

	<b>Cases Completed</b>	<b>Performance (Disclosure Regs)</b>	<b>Performance (Internal Targets)</b>
Estimates (Other)	85	89%	84%
GMP Queries	0	0%	0%
Interfund Transfers In	63	97%	41%
Interfund Transfers Out	49	94%	33%
Pension Top Ups	143	100%	97%
Frozen Refunds	469	98%	98%
New Starters	72	99%	99%
Pension Transfers In	185	99%	65%
Pension Transfers Out	152	99%	88%
<b>TOTAL</b>	<b>1,218</b>	<b>98%</b>	<b>85%</b>



CT/19/94  
Devon Pension Board  
21<sup>st</sup> October 2019

## DEVON PENSION BOARD BUDGET MONITORING 2019-20 – Month 6

### 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 Devon Pension Board budget monitoring statement for month 6.

#### 1. Introduction

- 1.1. A budget of the direct costs for the Devon Pension Board for 2019-20 was agreed by the Board at its meeting on 3<sup>rd</sup> April 2019.

#### 2. Devon Pension Board Budget Monitoring Statement – Month 6

- 2.1. The budget monitoring statement for month 6 (as at the 30<sup>th</sup> September 2019) is set out below.

#### **Devon Pension Board Budget 2019/20**

Forecast Outturn 2018/19 £	Description	Proposed Budget 2019/20 £	Actual	Forecast
3,639	Training	2,000	1,168	2,000
531	Travel and Member expenses	6,000	202	6,000
3,667	Committee Support	3,500	0	3,500
26,408	Officer Support	33,750	16,838	33,750
500	Printing and Postage	750	0	750
<b>34,744</b>	<b>Total Expenditure</b>	<b>46,000</b>	<b>18,208</b>	<b>46,000</b>

#### 3. Conclusion

- 3.1. The Board is asked to note the monitoring report.

Mary Davis

Electoral Divisions: All

Local Government Act 1972

List of Background Papers - Nil

Contact for Enquiries: Charlotte Thompson

Tel No: (01392) 382520 Room G99





## 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 for Peninsula Pensions includes actions arising from 2018/19 and 19/20 audits completed to date. No audit reports for the Pension Fund audits undertaken during 2019/20 have yet been published.
- 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. Previously completed actions have been removed

#### 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  
Contact for Enquiries: Charlotte Thompson  
Tel No: (01392) 381933 Room G99

PENINSULA PENSIONS AUDIT TRACKER				APPENDIX 1
	Priority	Management response and action plan including responsible officer	Follow up response	ACTIONED?
<b>Recommendations 2018/19</b>				
<b>Peninsula Pensions (total days 45)</b>				
<b>Audit</b>	<b>Days</b>	<b>Proposed Quarter</b>		
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			
<b>Communication with Stakeholders</b>				
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.	<b>High</b>	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.	<b>Opportunity</b>	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)		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 <a href="http://www.avonpensionfund.org.uk/">http://www.avonpensionfund.org.uk/</a> and on-line customer survey <a href="http://www.avonpensionfund.org.uk/customer-survey">http://www.avonpensionfund.org.uk/customer-survey</a> refer		
d) Inclusion of a section on Data Protection e) Reference to Pensions Pooling arrangements and Brunel Pension Partnership Ltd	<b>Opportunity</b>			

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)		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			
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
<b>General Data Protection Regulations (GDPR) compliance</b>				
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 / destroyal 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.	<b>Opportunity</b>	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
<b>Death in service / Death of Pensioners</b>				
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.	<b>Medium</b>	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.	<b>Medium</b>	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.	<b>Medium</b>	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.	<b>Medium</b>	This matter has been addressed. Additional cards have been issued to relevant team members. Head of Peninsula Pensions.		No further action required
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.				
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.	<b>Medium</b>	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.	<b>Low</b>	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.	<b>Medium</b>	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.	<b>Medium</b>	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.	<b>Medium</b>	Agreed. Head of Peninsula Pensions and Technical & Compliance Manager.		No further action required - ongoing procedure (Finance team)

PENINSULA PENSIONS AUDIT ACTION TRACKER				APPENDIX 2
Recommendations 2019/20	Priority	Management response and action plan including responsible officer	Follow up response	ACTIONED?
Peninsula Pensions (total days 45)				
<b>Audit</b>	<b>Days</b>	<b>Proposed Quarter</b>		
Admission and Departure of Employers to the Fund		Q1		
Annual Reporting Compliance		Q2		
Pensions Regulator Code of Practice 14 compliance		Q2		
Interfacing and submission of employer data with the Pensions administration system, and use of Employer Self-Service		Q3		
Actuarial Valuation		Q4		
<b>Admission and Departure of Employers to the Fund</b>				
<b>Annual Reporting Compliance</b>				
It is recommended that management ensure that comprehensive procedure notes are put in place covering all these processes.				
These should include adequate reference to internal sign-off requirements and confirmation of the timescales for the completion and submission of returns, and make reference to related processes and information that is required for completion of the task, including where the responsibility for interdependent processes or provision of information sits within other teams.	Medium	Agreed. Technical & Compliance Manager by 31 March 2020		
It is recommended that management consider implementing a requirement for checklists, which could be held electronically possibly using the service internal SharePoint site, to be completed by officers for annual reporting tasks; given that these tasks fall outside of Altair (Pensions Administration system) taskflows. The completion and retention of checklists, to include internal sign-off where applicable, would provide an audit trail for management that the required tasks have been completed as required.	Opportunity	Consideration will be given to this recommendation. Technical & Compliance Manager 31 March 2020.		
As detailed above, consideration should be given to the use of exception and other system reporting where now or in the future accuracy of data submitted is not subject to verification at the time of processing. Thought should also be given to how corrections will be made in the event of inaccuracies being identified retrospectively, including where this has an implication for annual reporting returns.	Medium	Consideration will be given to this recommendation. Technical & Compliance Manager 31 March 2020.		
<b>Pensions Regulator Code of Practice 14 compliance</b>				
<b>Interfacing and submission of employer data with the Pensions administration system, and use of Employer Self-Service</b>				
<b>Actuarial Valuation</b>				

PENSION FUND AUDIT ACTIONS				APPENDIX 3
	Priority	Management response and action plan including responsible officer	Follow up response	ACTIONED?
<b>Recommendations 2018/19</b>				
<b>Pension Fund 40 days</b>				
<b>Audit</b>	<b>Days</b>	<b>Proposed Quarter</b>		
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			
<b>Effectiveness of the Pension Board</b>				
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.	<b>Low</b>	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 Board 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.	<b>Medium</b>	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 Manager / 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	DCC email address issue has been explored but it is confirmed that this is not possible. Currently investigating updating the Democracy pages with links across to the Peninsula Pensions Pension Board page.	In progress
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, in accordance with the Devon Pension Board Terms of Reference.	<b>Medium</b>	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.	<b>Medium</b>	Agreed	Completed though some committee and board members have yet to complete the TPR toolkit	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



## Appendix 4

### 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	Recommendations / Actions	Response	Progress
23/04/2018	67 - outcome of pending court case to be reported to members in due course	Final report to committee 15th September	Completed
03/04/2019	114 - Board members requested online/paper manual containing key documents and glossary of terms	In work -	In work though keeping an eye on developments with Good Governance Project as this now includes a focus on member development and knowledge
15/07/2019	125 - Investment Strategy statement - future revisions to expand on ESG and climate change issues	Awaiting MHCLG guidance	
15/07/2019	125 - Improved communication to members on ESG and climate change issues on website		
15/07/2019	127 - Ask fund employers to nominate fund representative based on ability to attend future meetings	Noted for future vacancies	Completed
15/07/2019	132 - Update audit and action logs with additional commentary on items marked 'in progress'.		Completed
15/07/2019	133 - Update future work programme to include attendance review as a standing item, over view of new audit system in January and governance review to the October meeting		Completed



## **EXTERNAL AUDIT FINDINGS REPORT 2018/19**

### **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 the External Audit Findings Report.

#### **1. Introduction**

- 1.1. The Audit Findings Report outlines the findings arising from the statutory audit of the Devon Pension Fund and the preparation of the Pension Fund's financial statements for the year ending 31<sup>st</sup> March 2019.

#### **2. Audit Findings Report 2018/19**

- 2.1. A copy of the Audit Findings report for the Devon Pension Fund is attached at Appendix 1. It describes the work the external auditors have undertaken to address the risks identified in the audit plan, which was presented to the Audit Committee in February 2019.
- 2.2. The report was presented to the Audit Committee on 29<sup>th</sup> July 2019 and provided to the Investment and Pension Fund Committee on 13<sup>th</sup> September 2019.

#### **3. Conclusion**

- 3.1. The Board is asked to note the Audit Findings Report.

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




## The Audit Findings for Devon Pension Fund

**DRAFT**

This version of the report is a draft. Its contents and subject matter remain under review and its contents may change and be expanded as part of the finalisation of the report.



Contents



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Appendices

- A. Action plan
- B. Audit adjustments
- C. Audit Opinion

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# Headlines

This table summarises the key findings and other matters arising from the statutory audit of Devon Pension Fund ('the Pension Fund') and the preparation of the Pension Fund's financial statements for the year ended 31 March 2019 for those charged with governance.

## Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the Pension Fund's financial statements:

- give a true and fair view of the financial position of the Pension Fund and its income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

Our audit work was completed on site during June and July 2019. Our findings are summarised on pages 5 to 10. We have identified one adjustment to the financial statements although this did not impact on the Pension Fund's reported financial position. Audit adjustments are detailed in Appendix B. We have also raised recommendations for management as a result of our audit work in Appendix A.

Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion – see Appendix C – subject to the following outstanding matters:

- review of the Annual Report
- finalisation of our internal 'hot review' process
- final Partner review

Our anticipated audit report opinion will be unmodified.

## Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit.

# Summary

## Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

## Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Materiality calculations remain the same as reported in our audit plan. We detail in the table below our determination of materiality for Devon Pension Fund.

	Pension Fund Amount (£)	Comments
Materiality for the financial statements	£40m	Our planning materiality was set at 1% of your actual net assets for the year ended 31 March 2018.  There was no need to revise this based on the draft financial statements for the year ended 31 March 2019 as there was not a significant change in the value of the Pension Fund's net assets.
Performance materiality	£30m	This is 75% of the materiality for the financial statements.
Trivial matters	£2m	This is 5% of the materiality for the financial statements.

## Audit approach

Our audit approach was based on a thorough understanding of the Pension Fund's business and is risk based, and in particular included:

- an evaluation of the Pension Fund's internal controls environment, including its IT systems and controls;
- substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

We have not had to alter our audit plan, as communicated to you on 27 February 2019.

## Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding work on page 3 being completed, we anticipate issuing an unqualified audit opinion following the County Council's Audit Committee meeting on 29 July 2019, as detailed in Appendix C.

# Significant findings – audit risks

Risks identified in our Audit Plan		Commentary
1	<b>Improper revenue recognition</b>  Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.	<b>Auditor commentary</b>  Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Fund, in our audit plan we stated that the risk of fraud arising from revenue recognition could be rebutted, because: <ul style="list-style-type: none"><li>• there was little incentive to manipulate revenue recognition;</li><li>• opportunities to manipulate revenue recognition were very limited; and</li><li>• the culture and ethical frameworks of local authorities, including Devon County Council and Devon Pension Fund, mean that all forms of fraud are seen as unacceptable.</li></ul> Therefore we did not consider this to be a significant risk for Devon Pension Fund at the planning stage. Our audit work has confirmed this assessment.
	<b>Management override of controls</b>  Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Pension Fund faces external scrutiny of its spending and stewardship of funds and this could potentially place management under undue pressure in terms of how they report performance. We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement	<b>Auditor commentary</b>  We have: <ul style="list-style-type: none"><li>• evaluated the design effectiveness of management controls over journals</li><li>• analysed the journals listing and determined the criteria for selecting high risk unusual journals</li><li>• tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration</li><li>• gained an understanding of the accounting estimates and critical judgements applied made by management and considered their reasonableness with regard to corroborative evidence</li><li>• evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.</li></ul> Our audit work has not identified any issues in respect of management override of controls. We have recommended that management review the critical judgements disclosed within the financial statements to ensure that they are (a) critical and that (b) the judgement applied is clearly set out.



# Significant findings – audit risks

Risks identified in our Audit Plan		Commentary
1	<b>Valuation of Level 3 investments</b> The Fund revalues its investments on an annual basis to ensure that the carrying value is not materially different from the fair value at the financial statements date.  By their nature Level 3 investment valuations lack observable inputs. These valuations therefore represent a significant estimate by management in the financial statements due to the size of the numbers involved (c£100m at 31 March 2018) and the sensitivity of this estimate to changes in key assumptions.  Under ISA 315 significant risks often relate to significant non-routine transactions and judgemental matters. Level 3 investments by their very nature require a significant degree of judgement to reach an appropriate valuation at year end.	<b>Auditor commentary</b> We have: <ul style="list-style-type: none"> <li>evaluated management's processes for valuing Level 3 investments</li> <li>reviewed the nature and basis of estimated values and consider what assurance management has over the year end valuations provided for these types of investments to ensure that the requirements of the Code are met</li> <li>challenged the basis of valuations</li> <li>considered the competence, expertise and objectivity of the management experts used</li> <li>reviewed the qualifications of the experts used to value Level 3 investments at year end and gained an understanding of how the valuation of these investments has been reached</li> <li>considered the reports on the internal controls in place for each of the fund managers</li> <li>for all Level 3 investments we tested the valuation by obtaining and reviewing the audited accounts (where available) at the latest date for individual investments and agreeing these to the fund manager reports at that date</li> <li>reconciled those values to the values at 31 March 2019 with reference to known movements in the intervening period</li> <li>formed our own expectation on the value of level 3 investments at year end and compared these to the year end confirmations provided by the various fund managers.</li> </ul>
	Management utilise the services of investment managers and/or custodians as valuation experts to estimate the fair value as at 31 March 2019.  We therefore identified valuation of Level 3 investments as a significant risk, which was one of the most significant assessed risks of material misstatement	Our audit work has not identified any issues in respect of the valuation of Level 3 investments. See also page 9.

Significant findings - other issues

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan and a summary of any significant control deficiencies identified during the year.

Issue	Commentary	Auditor view
<b>Potential impact of the McCloud judgement</b>  The Court of Appeal has ruled that there was age discrimination in the judges and firefighters pension schemes where transitional protections were given to scheme members.  The Government applied to the Supreme Court for permission to appeal this ruling, but this permission to appeal was unsuccessful.  The legal ruling around age discrimination (McCloud - Court of Appeal) has implications not just for pension funds, but also for other pension schemes where they have implemented transitional arrangements on changing benefits.	<p>Discussion is ongoing in the sector regarding the potential impact of the ruling on the financial statements of Local Government bodies.</p> <p>The Pension Fund has requested an estimate from its actuary of the potential impact of the McCloud ruling. The actuary's estimate was of a possible increase in pension funds total liabilities of £54.592m.</p> <p>Management's view is that the estimate is material for the Pension Fund and the disclosure note regarding the Funded Obligation (note 21) has been updated accordingly.</p>	<p>We have reviewed the analysis performed by the actuary, and consider that the approach that has been taken to arrive at this estimate is reasonable.</p> <p>There is sufficient evidence to indicate that a liability is probable and the Pension Fund's revised disclosure is appropriate given the information currently available.</p> <p>See audit adjustments in Appendix B.</p>

## Significant findings - Going concern

### Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management’s use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity’s ability to continue as a going concern” (ISA (UK) 570).

### Going concern commentary

#### Management’s assessment process

Management have prepared the financial statements on a going concern basis. This has been included as a critical judgement in the application of the Pension Fund’s accounting policies.

Management’s view is that the triennial revaluation of the Pension Fund by the appointed actuary, and any changes to contribution levels, ensures adequate long term funding for the scheme.

#### Work performed

We reviewed the most recent triennial valuation and took into account the funding level reported within this.

We reviewed the Pension Fund’s receipts and compared these to the benefits payable, noting that the two were broadly consistent with each other.

#### Concluding comments

- Management have completed an assessment regarding the applicability of the going concern principle.
- We concur with management’s view that the financial statements should be prepared on a going concern basis and that no material uncertainty exists regarding the Pension Fund’s ability to continue as a going concern.

Significant findings – key judgements and estimates

Summary of management's policy		Audit Comments	Assessment
Level 3 investments	<p>The Pension Fund has various pooled investments on the Net asset Statement as at 31 March 2019 valued at £158m. These investments are not traded on an open exchange/market and the valuation of the investment is highly subjective due to a lack of observable inputs. Management rely on the fund managers to provide year end valuations.</p>	<p>Please also see page 6.</p> <p>We have</p> <ul style="list-style-type: none"><li>assessed management's experts used to provide these valuations</li><li>considered the appropriateness of the underlying information used to determine the estimate</li><li>reviewed the consistency of the estimates with previous years and against peers / industry practice as the Pension Fund's Fund Managers act for other Pension Funds we audit</li><li>assessed the reasonableness of increase in the estimate by reference to the investments made in the year</li><li>ensured the adequacy of the disclosures relating to the estimate in the financial statements.</li></ul> <p>Our audit work has not identified any issues in respect of the valuation of Level 3 investments.</p>	<div>●</div> <div>Green</div>
Level 2 investments	<p>The Pension Fund has various pooled investments, including property funds, on the Net asset Statement as at 31 March 2019 valued at £2.68 billion. In order to determine the value, management rely on the custodian and the investment fund managers for their year end valuations.</p>	<p>We have</p> <ul style="list-style-type: none"><li>gained an understanding of the Fund's process for valuing Level 2 investments</li><li>reviewed the reconciliation of information provided by the individual fund managers, the custodian and the Pension Scheme's own records and sought explanations for significant variances</li><li>assessed the reasonableness of increase in the estimate by reference to the investments made in the year</li><li>ensured the adequacy of the disclosures relating to the estimate in the financial statements.</li></ul> <p>We asked management to change two investments (sterling deposits and foreign currency deposits) from Level Two to Level One and the financial statements were amended accordingly. Further information is included in Appendix B (page 13).</p> <p>Our audit work did not identify any other issues in respect the valuation of Level 2 investments.</p>	<div>●</div> <div>Green</div>

Assessment

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated (Red)
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic (Amber)
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious (Yellow)
- We consider management's process and key assumptions to be reasonable (Green)

## Other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
1 <b>Matters in relation to fraud</b>	We have previously discussed the risk of fraud with the County Council's Audit Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
2 <b>Matters in relation to related parties</b>	We are not aware of any related parties or related party transactions which have not been disclosed.
3 <b>Matters in relation to laws and regulations</b>	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
4 <b>Written representations</b>	A letter of representation has been requested from the Pension Fund which is included in the County Council's Audit Committee papers for 29 July 2019.
5 <b>Confirmation requests from third parties</b>	We requested from management permission to send confirmation requests to fund managers. This permission was granted and the requests were sent. These requests were returned with positive confirmation. There are no issues we wish to draw to the Audit Committee's attention.
6 <b>Disclosures</b>	We requested a number of changes to the disclosures within the financial statements. These are summarised in Appendix B, although none of are such significance to require separate reporting.
7 <b>Audit evidence and explanations/significant difficulties</b>	All information and explanations requested from management was provided.
8 <b>Matters on which we report by exception</b>	We are required to give a separate opinion for the Pension Fund Annual Report on whether the financial statements included therein are consistent with the audited financial statements. At the time of writing the Pension Fund Annual Report was not available.

## Independence, ethics and fees

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2017 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

### Audit Fees

We confirm below our final fees charged for the audit and, having made enquiries of all Grant Thornton UK LLP teams providing services to the Pension Fund, confirm there were no fees for the provision of non audit services other than the Pension Assurance Letters set out below. We set out the safeguards overleaf.

Audit Fees		Fee per Audit Plan	Expected fee	Per accounts (note 8)	Commentary
Pension Fund Audit		22,024	TBC	22,024	This scale fee was set by Public Sector Audit Appointments Ltd (PSAA)
Assessing the impact of the McCloud ruling			1,500		The Government's transitional arrangements for pensions were ruled discriminatory by the Court of Appeal last December. The Supreme Court refused the Government's application for permission to appeal this ruling. As part of our audit we have been considering the impact on the financial statements along with any audit reporting requirements.
Non Audit Fees					
Pension Assurance Letters			10,000		We have been contacted by the auditors of fourteen other local authorities who are admitted bodies of the pension scheme to provide assurance in terms of our work on the Pension Fund audit. Both PSAA, in the Terms of Appointment, and the National Audit Office, in its Auditor Guidance Notes, expects that auditors will cooperate with other local government auditors and therefore we are required to respond.
Total fees (excluding VAT)		£22,024	£TBC	£22,024	

# Independence and ethics

## Audit and Non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council and Pension Fund and the following non-audit service was identified. We set out the threat to our independence and safeguard that has been applied to mitigate this threat. Both PSAA, in the Terms of Appointment, and the National Audit Office, in its Auditor Guidance Notes, expects that auditors will cooperate with other local government auditors and therefore we are required to undertake this work.

	Expected Fee £	Threats identified	Safeguards
Audit related			
Pension Assurance Letters	£10,000	Self review	This is not considered a significant threat as we are not reviewing any information that we have prepared. As this is an audit related service, it is acceptable for the audit team to carry out this work. In addition, we have not prepared the financial information on which our assurances will be used by the requesting auditor to form an opinion on as part of their opinion on the financial statements of the admitted body.
		Management	The scope of the work does not include making decisions on behalf of management or recommending or suggesting a particular course of action for management to follow. We will not be making any recommendations as part of this work.
Non-audit related			
None			

These services are consistent with the Council's policy on the allotment of non-audit work to your auditors.  
All services have been approved by the Audit Committee.  
None of the services provided are subject to contingent fees.



Action plan

We have identified one recommendation for the Pension Fund from our audit. We have agreed this with management and we will report on progress on this during the course of the 2019/20 audit. The matter reported here is limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendation
<div><div>1</div><div><div><div></div></div><div>Green</div></div></div>	<div><div>Critical judgements</div><div>The financial statements set out a number of judgements which management consider are critical when determining how to apply the accounting policies of the Pension Fund.</div><div>Our view is that not all of the matters disclosed are 'critical' and also that the actual judgement applied is not clear.</div></div>	<div>Review the critical judgements disclosed within the financial statements to ensure that they are (a) critical and that (b) the judgement applied is clearly set out.</div> <div>Management response</div> <div>The Authority will review disclosures regarding critical judgements for 2019/20.</div>



# Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

## Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2019.

Area	Nature of adjustment
1 Level 2 investments	Foreign currency deposits and short term Sterling deposits totalling £34.6m were reclassified from Level 2 to Level 1 investments.
	This error was also identified in 2017/18 (£62m) and reoccurred because the Pension Fund did not update its working papers template.

Overall impact	£0
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## Misclassification and disclosure changes

A number of changes were made to the disclosures within the financial statements. These covered:

- Analysis of investments
- Accounting policies to ensure completeness and clarity
- Management remuneration

None of are such significance to require separate reporting.

The Pension Fund also included a disclosure regarding the impact of the McCloud judgement (see page 7)

## Audit Adjustments

### Impact of unadjusted misstatements

There are no unadjusted errors within the Pension Fund's financial statements.

### Impact of prior year unadjusted misstatements

There were adjustments identified during the prior year audit which had not been made within the final set of 2017/18 financial statements.

# Audit opinion

We anticipate we will provide the Pension Fund with an unmodified audit report

## Independent auditor's report to the members of Devon County Council on the pension fund financial statements of Devon Pension Fund

### Opinion

We have audited the financial statements of Devon Pension Fund the 'pension fund' administered by Devon County Council (the 'Authority') for the year ended 31 March 2019 which comprise the Fund Account, the Net Asset Statement and notes to the pension fund financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19.

In our opinion, the financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2019 and of the amount and disposition at that date of the fund's assets and liabilities;
- have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the pension fund's financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the County Treasurer's use of the going concern basis of accounting in the preparation of the pension fund's financial statements is not appropriate; or
- the County Treasurer has not disclosed in the pension fund's financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for the pension fund for a period of at least twelve months from the date when the pension fund's financial statements are authorised for issue.

### Other information

The County Treasurer is responsible for the other information. The other information comprises the information included in the Statement of Accounts and Annual Governance Statement, other than the pension fund's financial statements, our auditor's report thereon and our auditor's report on the Authority's financial statements. Our opinion on the pension fund's financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

## Audit opinion

In connection with our audit of the pension fund's financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the pension fund's financial statements or our knowledge of the pension fund obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the pension fund's financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinion on other matter required by the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice)**

In our opinion, based on the work undertaken in the course of the audit of the pension fund's financial statements and our knowledge of the pension fund the other information published together with the pension fund's financial statements in the Statement of Accounts and Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the pension fund's financial statements.

**Matters on which we are required to report by exception**

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;

- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

**Responsibilities of the Authority, the County Treasurer and Those Charged with Governance for the financial statements**

As explained more fully in the Statement of Responsibilities for the statement of accounts set out on page 134, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the County Treasurer. The County Treasurer is responsible for the preparation of the Statement of Accounts, which includes the pension fund's financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19, for being satisfied that they give a true and fair view, and for such internal control as the County Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the pension fund's financial statements, the County Treasurer is responsible for assessing the pension fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the pension fund will no longer be provided.

The Audit Committee is Those Charged with Governance. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

# Audit opinion

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the pension fund's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

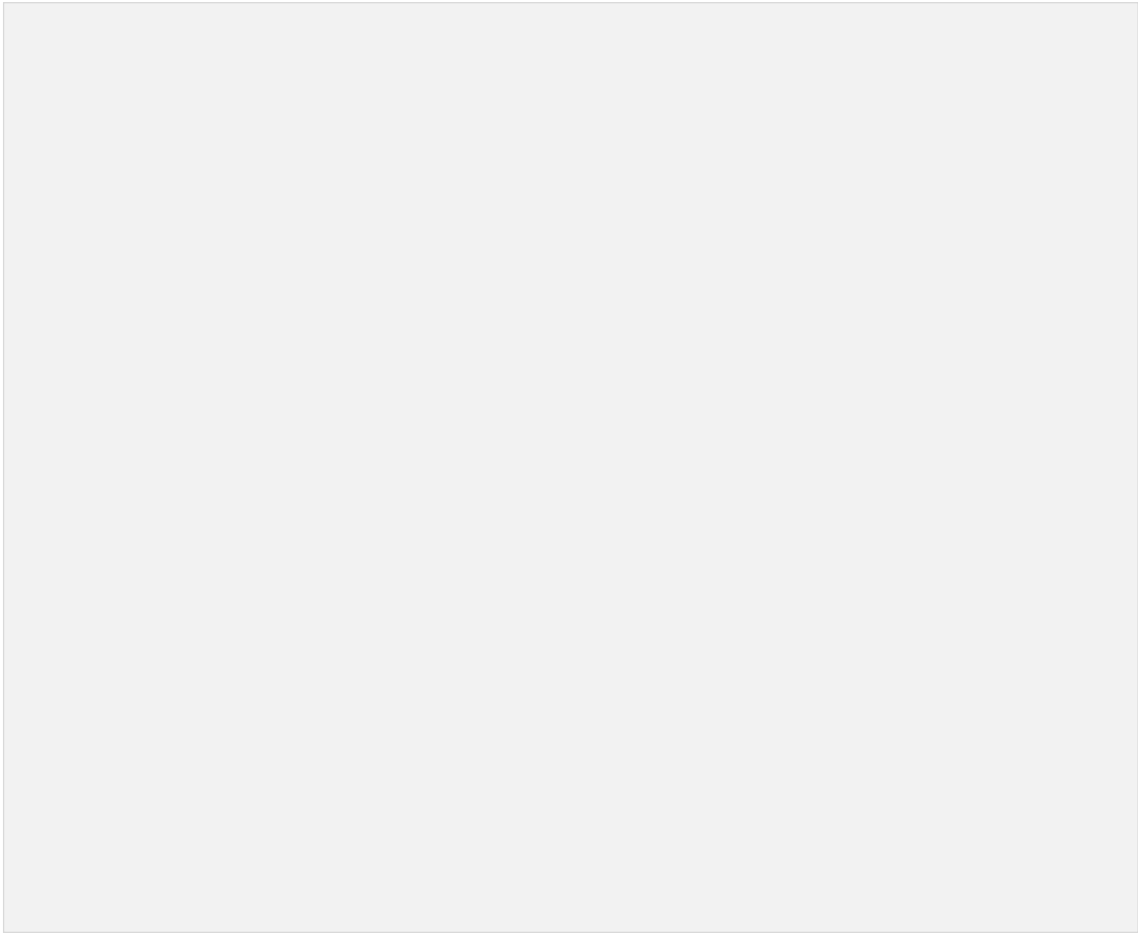
## Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

[Signature]

Jon Roberts, Key Audit Partner  
for and on behalf of Grant Thornton UK LLP, Local Auditor  
Bristol

[Date]



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## 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;
- Attendance Register
- Actions and recommendations Tracker
- Future Work Programme.

##### January 2020

- Actuarial Review
- Review draft Investment Strategy Statement
- Pension Board Audit
- Risk Management system
- Code of Practice compliance

# Agenda Item 13

## April 2020

- Funding strategy Statement
- Devon Pension Board Annual Report
- Training review and training plan
- Budget Monitoring report
- Annual Review of Breaches log

## July 2020

- Governance Policy and Compliance Statement
- Pension board Terms of Reference

### **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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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

