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To: The Chair and Members
of the Devon Pension
Board

County Hall
Topsham Road
Exeter
Devon
EX2 4QD

Date: 9 October 2020

Contact: Gerry Rufolo 01392382299

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DEVON PENSION BOARD

Monday, 19th October, 2020

A meeting of the Devon Pension Board is to be held on the above date at 10.30 am as a Virtual meeting to consider the following matters. To view and watch the meeting, please use the link below.

Phil Norrey
Chief Executive

A G E N D A

PART 1 - OPEN COMMITTEE

1 Apologies

2 Minutes

Minutes of the meeting held on 6 July 2020, previously circulated

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 Attendance (Pages 1 - 2)

- Report of the County Treasurer (CT/20/74), attached
- 5 Governance Policy Review (Pages 3 - 16)
- Report of the County Treasurer (CT/20/75), attached
- 6 Pension Board Budget Monitoring 2020/21 - Month 6 (Pages 17 - 18)
- Report of the County Treasurer (CT/20/76), attached
- 7 Devon Pension Fund Risk Register (Pages 19 - 52)

Report of the County Treasurer (CT/20/77), attached

MATTERS FOR INFORMATION

- 8 Investment and Pension Fund Committee (Pages 53 - 56)
- Minutes of the Investment and Pension Fund Committee meeting held on 18th September 2020, attached
- 9 Peninsula Pensions Administration Update and Performance Statistics (Pages 57 - 62)
- Report of the County Treasurer (CT/20/78), attached
- 10 Internal Audit (Pages 63 - 66)
- Report of the County Treasurer (CT/20/79), attached
- 11 Peninsula Pensions Performance Report (Pages 67 - 70)
- Report of the County Treasurer (CT/20/80), attached
- 12 LGPS Update (Pages 71 - 82)
- Report of the County Treasurer (CT/20/81), attached
- 13 Actions and Recommendations Trackers (Pages 83 - 88)
- Report of the County Treasurer (CT/20/82), attached
- 14 Future Work Programme (Pages 89 - 90)
- Report of the County Treasurer (CT/20/83), attached

15 Dates of Meetings

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

Friday 22nd January 2021
Monday 26th April 2021
Tuesday 13th July 2021
Monday 11th October 2021
Wednesday 2nd February 2022
Wednesday 4th May 2022

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

Nil

Members are reminded that Part II Reports contain exempt information and should therefore be treated accordingly. They should not be disclosed or passed on to any other person(s). They need to be disposed of carefully and should be returned to the Democratic Services Officer at the conclusion of the meeting for disposal.

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Committee Terms of Reference

For the terms of reference for any Committee, please [visit the Committee page](#) on the website and click on the name of the Committee. Under purpose of Committee, the terms of reference will be listed. Terms of reference for all Committees are also detailed within Section 3b of [the Council's Constitution](#).

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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. Filming must be done as unobtrusively as possible without additional lighting; focusing only on those actively participating in the meeting and having regard to the wishes of others present who may not wish to be filmed. Anyone wishing to film proceedings is asked to advise the Chair or the Democratic Services Officer in attendance.

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Declarations of Interest for Members of the Council

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Induction Loop available



REVIEW OF ATTENDANCE

Report of the County Treasurer

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

Recommendation: that the Board be asked to review the attendance record in accordance with the Terms of Reference

1. Summary

- 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
County Treasurer

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 4

Board Member Attendance 2020/21

	Board Meeting			Training		
	06/07/2020	06/07/2020				
Fund Members						
Bowman	Y	Y				
Shipp	N	N				
Phillips	Y	Y				
Bailey	Y	Y				
Fund Employers						
Slade (DCC)	Y	Y				
Piper (South Devon Co)	Y	Y				
Hearn (Tavistock)	Y	Y				
Randall Johnson (DCC)	Y	Y				
Independent member						
Nicholls	Y	Y				

Other training attended during the year

Bowman	Mallowfield LGPS Indalba	virtual attendance 02/06/2020	
Bowman	Barnet waddingham CIFPA LGPS local pension board members annual event		Jul-20
Piper	Barnet waddingham CIFPA LGPS local pension board members annual event		Jul-20
Randall Jof	Barnet waddingham CIFPA LGPS local pension board members annual event		Jul-20

Governance Policy Review

Report of the County Treasurer

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

Recommendation: that the Pension Board be asked to review the Governance Policy and consider if it wishes to make any comments to the Investment and Pension Fund Committee.

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### **1. Summary**

1.1. It is considered to be best practice to regularly review Fund policies and statements. There are a total of four statutory policies that the Fund is required to have and maintain which are:

- Funding Strategy Statement (review due January 2021)
- Investment Strategy Statement (review due October 2021)
- Communications Policy (review due July 2021)
- Governance Policy and Compliance Statement.

### **2. Introduction**

2.1 The Governance Policy and Compliance Statement is one of the four statutory statements that the Fund is required to have in place. Its purpose is to explain the governance arrangements for the Devon Pension Fund, as required by regulation 55 of the Local Government Pension Scheme Regulations 2013.

2.2 The Governance Policy sets out the governance arrangements for the Fund, including the make-up of the Investment and Pension Fund Committee and the Devon Pension Board, and an outline of the tasks delegated to the Committee, the Board and to the Fund's officers.

2.3 The Governance Policy and Compliance Statement has been updated to reflect the decision made at the June 2020 meeting of the Investment and Pension Fund committee where it was agreed to give one group vote to the three trade union representatives.

# Agenda Item 5

## 3. Conclusion

- 3.1 The Board is asked to endorse the revised Governance Policy and Compliance Statement and consider whether it wishes to make any comments to the Investment and Pension Fund Committee.

Mary Davis  
County Treasurer

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 Governance Policy and Compliance Statement**

**Approved by the Investment and Pension Fund Committee  
16 November 2018  
Amended by the Investment and Pension Fund Committee  
19 June 2020**

## 1. Introduction

**This policy and compliance statement outlines the governance arrangements for the Devon Pension Fund, maintained by Devon County Council, as required by regulation 31 of the Local Government Pension Scheme (Administration) Regulations 2008 (as amended).**

Under that 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. The statement is required to set out:

- (a) whether the administering authority delegates their function or part of their function in relation to maintaining a pension fund to a committee, a subcommittee or an officer of the authority;
- (b) if they do so:
  - (i) the terms, structure and operational procedures of the delegation;
  - (ii) the frequency of any committee or sub-committee meetings;
  - (iii) whether such a committee or sub-committee includes representatives of employing authorities (including authorities which are not Scheme employers) or members, and if so, whether those representatives have voting rights.
- (c) the extent to which a delegation, or the absence of a delegation, complies with guidance given by the Secretary of State and, to the extent that it does not so comply, the reasons for not complying.

Each administering authority is required to:

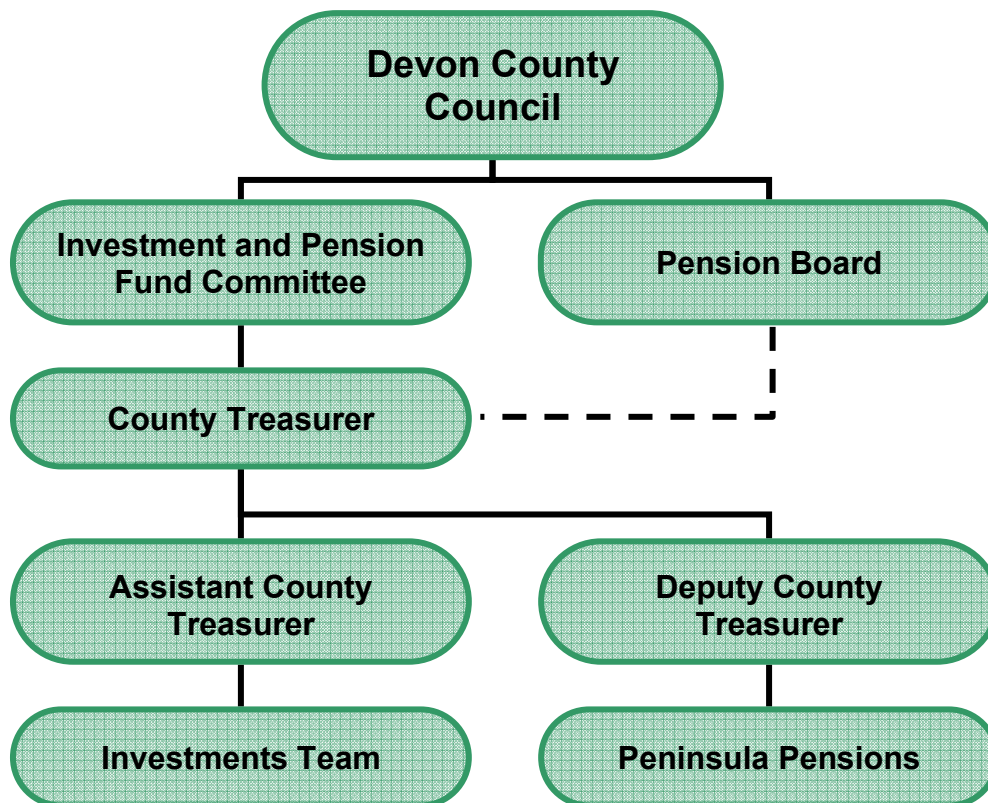
- (a) keep the statement under review;
- (b) make such revisions as are appropriate following a material change in respect of any of the matters mentioned in (a) to (c) above; and
- (c) if revisions are made:
  - (i) publish the statement as revised, and
  - (ii) send a copy of it to the Secretary of State.

In reviewing and making revisions to the statement, the authority must consult such persons as it considers appropriate.

The Governance Policy has been updated to reflect the governance changes required by the Public Sector Pensions Act 2013 and the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015.

## 2. Governance Structure

This Devon Pension Fund governance structure is illustrated below. The structure relates to administering authority responsibilities only. Devon County Council is also an employer within the Devon Pension Fund. A separate governance structure and scheme of delegation is in place in relation to Devon County Council's employer responsibilities.



# Agenda Item 5

## Devon County Council Pension Fund Governance Policy and Compliance Statement



### 3. The Investment and Pension Fund Committee

The Investment and Pension Fund Committee is composed as follows:

| Representing         | No | Comments                                                  |
|----------------------|----|-----------------------------------------------------------|
| Devon County Council | 6  | Administering Authority representatives                   |
| Unitary Councils     | 2  | One from each of Plymouth City Council and Torbay Council |
| District Councils    | 1  | Nominated by Devon LGA                                    |
| Other Employers      | 1  | Nominated by Employers Forum                              |
| The Contributors     | 2  | Nominated by UNISON / GMB unions                          |
| The Beneficiaries    | 1  | Nominated by UNISON / GMB unions                          |

All members and representatives, with the exception of the representatives nominated by the trade unions, have equal voting rights. Representatives nominated by the trade unions have one group vote. The Committee has also agreed that the Unitary and District authorities should be able to nominate substitute councillors to attend committee meetings should the nominated councillors be unable to do so.

The Investment and Pension Fund Committee is supported in the execution of its responsibilities by the following:

- The County Treasurer and staff from the Authority's Investments and Pensions Administration teams.
- An Independent Investment Advisor (currently Anthony Fletcher of MJ Hudson Allenbridge)
- An Actuary (Currently Graeme Muir of Barnett Waddingham)

The Committee meets quarterly, and also has regular training sessions that all representatives and substitute members are invited to attend, in order to ensure that they are equipped as well as possible to fulfil their obligations.

## 4. Role of the Investment and Pension Fund Committee

The Investment and Pension Fund Committee oversees the operation of the Devon Pension Fund on behalf of Devon County Council. The County Council's Constitution sets out the delegated role of the Investment and Pension Fund Committee as follows:

***To discharge the duties of the Council as Administering Authority of the Pension Fund and to review and approve the annual statement of accounts of the Devon Pension Fund, to 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. To review and approve the annual statement of the Pension Fund accounts.***

### ***Devon County Council Constitution Part 3 Responsibility for Functions paragraph 9.1***

In fulfilling that role the Committee undertakes the following tasks:

- Monitoring the administration of the Pension Scheme, including the benefit regulations and payment of pensions and their day to day administration, ensuring that it delivers best value and complies with best practice guidance where considered appropriate.
- Exercise of Pension Fund discretions on behalf of the Administering Authority.
- Determination of Pension Fund policy in regard to employer admission arrangements.
- Determination of the Pension Fund's Funding Strategy and approval of its Funding Strategy Statement.
- Receiving periodic actuarial valuation reports from the Actuary.
- Coordination of Administering Authority responses to consultations by Central Government, professional and other bodies.
- Approval and review of the content of the Investment Strategy Statement.
- Approval and review of the asset allocation benchmark for the Fund.
- Appointment and review of Investment Managers, Custodian and Advisors.
- Monitoring the quality and performance of each Investment Manager in conjunction with investment advisors and the Section 151 Officer.
- Monitoring the performance of the Brunel Pension Partnership Ltd.
- Setting and reviewing the investment parameters within which the Investment Managers can operate.
- Monitoring compliance of the investment arrangements with the Investment Strategy Statement.
- Assessment of the risks assumed by the Fund at a global level as well as on a manager by manager basis.
- Approval of the Annual Report.

# Agenda Item 5

## Devon County Council Pension Fund Governance Policy and Compliance Statement



### 5. The Pension Board

The Pension Board is composed of nine members as follows:

| Representing       | No | Comments                                                                                              |
|--------------------|----|-------------------------------------------------------------------------------------------------------|
| Fund Members       | 4  | Appointed by the Administering Authority from applicants responding to an advertisement.              |
| Fund Employers     | 4  | Two appointed by Devon County Council, plus two elected by employers at an Annual Employers' Meeting. |
| Independent Member | 1  | Appointed by the Administering Authority from applicants responding to an advertisement. (Non-voting) |

All members and representatives, with the exception of the Independent Member will have equal voting rights. The Board will appoint a Chairman and Vice Chairman from among its members. Members of the Investment and Pension Fund Committee are excluded from membership of the Pension Board.

The members of the Pension Board serve for a four year term, subject to the following:

- The representatives of the administering authority shall be appointed annually by the Devon County Council Annual Council Meeting, but with a view to maintaining stability of membership.
- Two member representatives and one employer representative shall serve for an initial six year term, after which a four year term will be served, to promote continuity of experience by reducing the risk of all members being replaced by new members at the same time.
- The independent member shall also serve for an initial six year term, after which a four year term will be served.
- 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.
- Arrangements shall be made for the replacement of members who resign or whose membership ceases due to non-attendance in line with the procedures for their original appointment.

The Pension Board requires the support of the Fund's key advisors to support it in the execution of its responsibilities. These will include the County Treasurer and staff from the Authority's Investments and Pensions Administration teams. It will also include staff from the Devon Audit Partnership. The Board will also be able to seek advice from other advisors, such as the Fund Actuary, and the Fund's external auditors.

The Board will meet four times a year, with meetings falling in between the meetings of the Investment and Pension Fund Committee. Additional meetings may be convened if significant issues arise. In addition training sessions will be held, which may be joint sessions with the Investment and Pension Fund Committee.



## 6. Role of the Pension Board

The role of the local Pension Board as defined by sections 5 (1) and (2) of the Public Service Pensions Act 2013, is to –

- Assist the Administering Authority as Scheme Manager; –
  - to secure compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS;
  - to secure compliance with requirements imposed in relation to the LGPS by the Pensions Regulator;
  - in such other matters as the LGPS regulations may specify.
- Secure the effective and efficient governance and administration of the LGPS for the Pension Fund.
- Provide the Scheme Manager with such information as it requires to ensure that any member of the Pension Board or person to be appointed to the Pension Board does not have a conflict of interest.

The Pension Board will also help ensure that the Devon Pension Fund is managed and administered effectively and efficiently and ensure that it complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

In fulfilling that role the Board undertakes the following tasks:

- Monitor compliance of the Pension Fund with legislation, guidance issued by the Pensions Regulator, and with the policies set out in the Fund's statutory statements.
- Review and scrutinise the performance of the Pension Fund in relation to its governance and administration, policy objectives and performance targets.
- Approval of the Annual Internal Audit Plan for the Devon Pension Fund and for Peninsula Pensions.
- Consideration of the Internal Audit Annual Report and regular update reports for the Devon Pension Fund and Peninsula Pensions.
- Consideration of the External Audit report on the Pension Fund Annual Report and Statement of Accounts.
- Review of the Pension Fund Risk Register.
- Monitoring of the Fund's Internal Dispute Resolution Procedures.
- Monitoring of the Pension Fund Breaches Register and Breaches Policy.

## 7. Role of the County Treasurer

The County Treasurer is Devon County Council's Section 151 (Local Government Act 1972) Officer and the Proper Officer under s115 of the Local Government Act 1972 responsible for the proper administration of the Council's financial affairs, including the Devon Pension Fund.

The following responsibilities are delegated to the County Treasurer:

- The management, monitoring and reporting to the Investment and Pension Fund Committee of the activities and the performance of the:
  - a. Investment Managers;
  - b. Investment Consultants and Advisors;
  - c. Fund Custodian.
- The management of the Fund's cash assets directly held by the Administering Authority.
- The authorisation of cash or asset movements between the Administering Authority, the Fund Custodian and the investment managers.
- Accounting for all investment transactions in compliance with standard accountancy and audit practice.
- Taking action to rebalance the Fund by moving funds between current managers, where actual asset allocation varies by more than 2.5% from the target allocation.
- Allocating surplus cash of up to £50m to the Fund's investment managers, in consultation with the Chairman and Vice-Chairman, when deemed that such an allocation could be made to the benefit of the Fund.
- The payment of fees to the investment managers and the custodian in accordance with their contractual agreements.
- Acting as the Shareholder Representative for Devon County Council in relation to the Brunel Pension Partnership Ltd. including the approval of reserved matters under the Shareholder Agreement.
- The Committee has delegated the use of voting rights on the Fund's shareholdings to the investment managers. In exceptional circumstances the County Treasurer may, in consultation with the Chairman and Vice-Chairman, direct the investment managers to vote in a specific way.
- The admission of organisations into the Pension Scheme - in accordance with approved policy.
- Under exceptional circumstances, taking urgent decisions regarding management of funds in the event that existing fund managers are unable to fulfil their responsibilities.
- In consultation with specialist advisors determining, on a risk by risk basis, whether to pursue litigation cases to attempt to recover sums due in relation to taxation issues or class actions.
- Exercising the discretionary powers allowed under the LGPS regulations.

## 8. Governance Compliance Statement

The following table sets out the Devon Pension Fund's level of compliance with the latest guidance issued by the Secretary of State for Communities and Local Government.

As a statutory public service scheme, the LGPS has a different legal status compared with Trust based schemes in the private sector. Governance matters in the LGPS therefore need to be considered on their own merits and with a proper regard to the legal status of the scheme. This includes how and where it fits in with the local democratic process through local government law and locally elected councillors who have the final responsibility for its stewardship and management.

| Principle                                                                                                                                                                                                                                             | Not Compliant | Partially Compliant | Fully Compliant |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------------|-----------------|
| <b>A. Structure</b>                                                                                                                                                                                                                                   |               |                     |                 |
| (a) The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council.                                                                             |               |                     | ✓               |
| (b) That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee. |               |                     | ✓               |
| (c) That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.                                                                                                                 |               |                     | N/A             |
| (d) That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.                                                                          |               |                     | N/A             |
| (e) In accordance with the Public Sector Pensions Act 2013 a Pension Board is in place with equal representation from employers and member representatives.                                                                                           |               |                     | ✓               |
| (f) That the Pension Fund is represented on the governance arrangements of the investment pool in which it participates.                                                                                                                              |               |                     | ✓               |
| <b>Explanation of level of compliance</b>                                                                                                                                                                                                             |               |                     |                 |
| (c) and (d) No secondary committee has been established.                                                                                                                                                                                              |               |                     |                 |

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## Devon County Council Pension Fund Governance Policy and Compliance Statement



| Principle                                                                                                                                                                                                                                                                      | Not Compliant | Partially Compliant | Fully Compliant |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------------|-----------------|
| <b>B. Representation</b>                                                                                                                                                                                                                                                       |               |                     |                 |
| (a) That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include:                                                                                                                                  |               |                     |                 |
| (i) employing authorities (including non-scheme employers, eg, admitted bodies)                                                                                                                                                                                                |               |                     | ✓               |
| (ii) scheme members (including deferred and pensioner scheme members);                                                                                                                                                                                                         |               |                     | ✓               |
| (iii) where appropriate, independent professional observers; and                                                                                                                                                                                                               |               |                     | ✓               |
| (iv) expert advisors (on an adhoc basis).                                                                                                                                                                                                                                      |               |                     | ✓               |
| (b) That where lay members sit on a main or secondary committee or the pension board, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision making process, with or without voting rights. |               |                     | ✓               |
|                                                                                                                                                                                                                                                                                |               |                     |                 |
| <b>C. Selection and Role of Lay Members</b>                                                                                                                                                                                                                                    |               |                     |                 |
| (a) That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee or the pension board.                                                                                           |               |                     | ✓               |
| (b) That at the start of any meeting, committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda.                                                                                                                  |               |                     | ✓               |

| Principle                                                                                                                                                                                                                                                          | Not Compliant | Partially Compliant | Fully Compliant |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------------|-----------------|
| <b>D. Voting</b>                                                                                                                                                                                                                                                   |               |                     |                 |
| (a) The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.                                           |               |                     | ✓               |
| <b>E. Training / Facility Time / Expenses</b>                                                                                                                                                                                                                      |               |                     |                 |
| (a) That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision making process. |               |                     | ✓               |
| (b) That where such a policy exists, it applies equally to all members of committees, subcommittees, advisory panels or any other form of secondary forum.                                                                                                         |               |                     | ✓               |
| (c) That the administering authority considers the adoption of annual training plans for committee members and maintains a log of all such training undertaken.                                                                                                    |               |                     | ✓               |
| <b>F. Meetings - Frequency</b>                                                                                                                                                                                                                                     |               |                     |                 |
| (a) That an administering authority's main committee or committees meet at least quarterly.                                                                                                                                                                        |               |                     | ✓               |
| (b) That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.                                                                                                     |               |                     | N/A             |
| (c) That an administering authority who does not include lay members in their formal governance arrangements, must provide a forum outside of those arrangements by which the interests of key stakeholders can be represented.                                    |               |                     | ✓               |

# Agenda Item 5

## Devon County Council Pension Fund Governance Policy and Compliance Statement



| Principle                                                                                                                                                                                                                                                            | Not Compliant | Partially Compliant | Fully Compliant |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------------|-----------------|
| <b>Explanation of level of compliance</b><br>(b) No secondary committee has been established.                                                                                                                                                                        |               |                     |                 |
| <b>G. Access</b>                                                                                                                                                                                                                                                     |               |                     |                 |
| (a) That subject to any rules in the council's constitution, all members of main and secondary committees or panels and the Pension Board have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee. |               |                     | ✓               |
| <b>H. Scope</b>                                                                                                                                                                                                                                                      |               |                     |                 |
| (a) That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.                                                                                                                                  |               |                     | ✓               |
| <b>I. Publicity</b>                                                                                                                                                                                                                                                  |               |                     |                 |
| (a) That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements.         |               |                     | ✓               |

## DEVON PENSION BOARD BUDGET MONITORING 2020/21 – MONTH 6

Report of the County Treasurer

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

The Board notes that the Devon Pension Board budget monitoring statement for month 6.

### 1. Summary

- 1.1. A budget of the direct costs for the Devon Pension Board for 2020-21 was agreed by the Board at its meeting on 6<sup>th</sup> July 2020.

### 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 2020/21

| Forecast<br>Outturn<br>2019/20<br>£ | Description                | Proposed<br>Budget<br>2020/21<br>£ | Actual        | Forecast      |
|-------------------------------------|----------------------------|------------------------------------|---------------|---------------|
| 3,639                               | Training                   | 5,000                              | 1,125         | 2,000         |
| 531                                 | Travel and Member expenses | 1,500                              | 158           | 1,000         |
| 3,667                               | Committee Support          | 4,000                              | 3,500         | 3,500         |
| 26,408                              | Officer Support            | 33,000                             | 17,223        | 33,750        |
| 500                                 | Printing and Postage       | 1,500                              | 0             | 750           |
| <b>34,744</b>                       | <b>Total Expenditure</b>   | <b>45,000</b>                      | <b>22,006</b> | <b>41,000</b> |

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## 3. Conclusion

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

Mary Davis  
County Treasurer

Electoral Divisions: All

### **Local Government Act 1972:**

#### **List of Background Papers - Nil**

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



## PENSION FUND RISK REGISTER

Mary Davis County Treasurer

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

The board is recommended to note the Pension Fund Register and the additional actions proposed to mitigate risk.

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### 1. Summary

- 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 6<sup>th</sup> July 2020.
- 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. It incorporates the risk register of both the Investments Team and Peninsula Pensions. A one-page summary on risk management and the matrix used to assess risks is attached at Appendix 2.
- 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. This version was approved by the Committee at its meeting held on 19<sup>th</sup> June 2020.

### 2. Introduction

- 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.

# Agenda Item 7

- 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.

## 3. Proposal

- 3.1. Several risks reviewed prior to the last Pension Board meeting in relation to the Covid-19 pandemic. These include F2 and F6 in relation to the volatility of markets as a result of the pandemic. Since then, markets have recovered for the time being and a note to this effect is added under the last review details.
- 3.2. Risks F4 and F17 have been updated as requested by the Board to state that the pension fund required fund managers to monitor and manage ESG risks.
- 3.3. Risk F9 regarding life expectancy actuarial assumptions has been updated to state that the 2022 valuation will look at the impact of the COVID 19 pandemic. Risk F11 is also updated to reflect our practice of reviewing the level of employer bonds following the triennial valuation.
- 3.4. Risk I2 has been updated to reflect that home working practice and procedures for Treasury Management are in place.
- 3.5. There are now 46 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 |
|---------------------------|-------------------------------------|---------------------------------------------|
| <b>Devon Pension Fund</b> |                                     |                                             |
| High                      | 12                                  | 4                                           |
| Medium                    | 14                                  | 6                                           |
| Low                       | 2                                   | 18                                          |
| <b>Peninsula Pensions</b> |                                     |                                             |
| High                      | 3                                   | 1                                           |
| Medium                    | 6                                   | 2                                           |
| Low                       | 9                                   | 15                                          |

3.6. Action taken to mitigate risks has reduced the number of high risks from 15 to 5. The remaining high risks are in respect of;

- Market Crash leading to a failure to reduce the deficit
- No deal Brexit
- Investment strategy not providing sufficient returns longer term
- Failure of the Pensions Administration system
- 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  
County Treasurer

Electoral Divisions: All

**Local Government Act 1972:**

**List of Background Papers - Nil**

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

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## Risks: Devon Pension Services

Risk status  
(score)


|                 |             |                  |                |                     |
|-----------------|-------------|------------------|----------------|---------------------|
| Overdue (0 - 0) | Low (1 - 9) | Medium (10 - 14) | High (15 - 23) | Very high (24 - 30) |
|-----------------|-------------|------------------|----------------|---------------------|

Mitigating  
controls


|             |       |       |     |           |
|-------------|-------|-------|-----|-----------|
| Not started | Green | Amber | Red | Completed |
|-------------|-------|-------|-----|-----------|

| Risk details                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Status and Risk owner                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Mitigating controls                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
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| <p><b><u>F 6: Funding and Investments</u></b><br/> <b><u>(/post_type/funding-and-investments-6)</u></b></p> <p>Cause:<br/> Global financial crisis.<br/> Substantial political changes.</p> <p>Event:<br/> The market crashes, reducing the value of investments.</p> <p>Impact:<br/> The deficit increases, or there is a failure to reduce the deficit.<br/> Financial loss.<br/> Increased employer contribution costs.</p> <hr/> <p><b>Notes</b><br/> 13/08/2019 - Risk wording updated and category added.</p> | <p>Inherent status : 20 High<br/> Current status : 16 High (  Unchanged)<br/> Risk owner: <u>Mark Gayler (/selected-risks?user=84)</u><br/> Accountable officer: <u>Mark Gayler (/selected-risks?user=84)</u><br/> Category: Financial<br/> Last review: 24 Aug 2020</p> <p><b>Latest review details</b><br/> Markets incurred significant losses as a result of the Coronavirus COVID-19 pandemic. This had a significant impact on the value of the Fund as at 31 March 2020. Markets have subsequently recovered to a significant extent but uncertainty remains and future volatility is to be expected. At the present time this will not impact on employer contributions, but there remains a risk to future contribution levels from the impact of market volatility on the value of the Fund at the next Actuarial Valuation as at 31 March 2022.</p> | <p>Green      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.</p> <p>Amber      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.</p> <p>Green      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.</p> |


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| Risk details                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Status and Risk owner                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Mitigating controls                                                                                                                                                                                                                                                                                 |
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| <p><b>F13: Funding and Investments</b><br/> <a href="#">(/post_type/funding-and-investments-13)</a></p> <p>Cause:<br/>           Significant economic instability and slowdown as a result of the decision to leave the European Union,<br/>           Event:<br/>           Lower investment returns.<br/>           Impact:<br/>           Financial loss, and/or failure to meet return expectations.<br/>           Increased employer contribution costs.</p> <hr/> <p>Notes<br/>           13/08/2019 - Risk wording updated and category added.<br/>           29/08/2019 - Risk wording updated.</p> | <p>Inherent status : 20 High<br/>           Current status : 16 High (  Unchanged)<br/>           Risk owner: <a href="#">Mark Gayler (/selected-risks?user=84)</a><br/>           Accountable officer: <a href="#">Mark Gayler (/selected-risks?user=84)</a><br/>           Category: Financial<br/>           Last review: 24 Aug 2020</p> <p><b>Latest review details</b><br/>           Brexit has now happened, but the future relationship between the UK and the EU is still unclear. The Coronavirus pandemic has taken focus away from trade talks adding to the uncertainty.</p> | <p>Amber      The long term nature of the Fund's liabilities provides some mitigation, as the impact of "Brexit" will reduce over time.</p> <p>Green      Diversification of the Fund's investments across the world, including economies where the impact of "Brexit" is likely to be smaller.</p> |

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| Risk details                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Status and Risk owner                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Mitigating controls                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
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| <p><b>F 2: Funding and Investments</b><br/> <a href="#">(/post_type/funding-and-investments-2)</a></p> <p><b>Cause:</b><br/> The Pension Fund's investment strategy and /or Fund Managers fail to produce the required returns.</p> <p><b>Event:</b><br/> The Pension Fund has insufficient assets to meet its long term liabilities.<br/> Organisational changes / manager departures at a Fund Manager damage performance.</p> <p><b>Impact:</b><br/> Financial loss.<br/> Insufficient funds available to meet future obligations.</p> <hr/> <p><b>Notes</b><br/> 13/08/2019 - Wording of risk updated and category added.</p> | <p>Inherent status : 20 High<br/> Current status : 15 High (  Unchanged)<br/> Risk owner: <a href="#">Mark Gayler (/selected-risks?user=84)</a><br/> Accountable officer: <a href="#">Mark Gayler (/selected-risks?user=84)</a><br/> Category: Financial<br/> Last review: 24 Aug 2020</p> <p><b>Latest review details</b><br/> In the short term returns will be impacted by market volatility arising from the Coronavirus COVID-19 pandemic (see risk F6). Markets have bounced back after the initial significant fall, but uncertainty remains. The mitigations are still relevant re longer term performance.</p> | <p>Green      Triennial actuarial valuations provide periodic indications of the growth in assets against liabilities. Employer contribution rates are set in response to this. The 2019 actuarial valuation includes provision for the fund to achieve full funding over 19 years.</p> <p>Green      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.</p> <p>Green      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.</p> <p>Green      The Fund's investments are diversified across a range of different types of assets to minimise the impact of losses in individual markets.</p> <p>Green      Fund-specific benchmarks and targets are set.</p> <p>Green      Fund assets are kept under regular review as part of the Fund's performance management framework.</p> <p>Green      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.</p> <p>Completed      The depth of expertise in the fund managers' teams have been assessed as part of the appointment process.</p> <p>Green      Performance targets are agreed by the Investment and Pension Fund Committee and are based upon recommendations</p> |

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| Risk details                                                                                                                                                                                                                                                                                                                                                                                                                          | Status and Risk owner                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Mitigating controls                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
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|                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <p>provided by the DCC in-house Investment Team and our external investment advisor.</p> <p>Green      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.</p> <p>Completed      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.</p> <p>Green      From April 2018, responsibility for new fund manager appointments and monitoring of the new managers appointed transferred to the Brunel Pension Partnership. The Devon Fund still has incumbent managers to monitor, but will primarily need to focus on monitoring of Brunel's performance.</p> |
| <p><b><u>F16: Funding and Investments (/post_type/funding-and-investments-16)</u></b></p> <p>Cause:<br/>Remedies resulting from McCloud and Sargeant legal cases.</p> <p>Event:<br/>Significant additional pension liabilities for the Fund.</p> <p>Impact:<br/>Increased employer contribution costs.</p> <hr/> <p><b>Notes</b><br/>13/08/2019 - Risk wording updated and category added.<br/>29/08/2019 - Risk wording updated.</p> | <p>Inherent status : 16 High</p> <p>Current status : 15 High (  Unchanged)</p> <p>Risk owner: <a href="#">Mark Gayler (/selected-risks?user=84)</a></p> <p>Accountable officer: <a href="#">Mark Gayler (/selected-risks?user=84)</a></p> <p>Category: Strategic</p> <p>Last review: 21 Sep 2020</p> <p><b>Latest review details</b><br/>Proposals for remedying the discrimination are now out for consultation.</p> | <p>Amber      A level of prudence was incorporated into the 2019 Triennial Valuation to take account of the potential consequences of McCloud/Sargeant</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

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| Risk details                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Status and Risk owner                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Mitigating controls                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
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| <p><b>B3: Brunel Pension Partnership</b><br/> <a href="#">(/post_type/b3-brunel-pension-partnership)</a></p> <p>Cause:<br/> Ineffective governance of Brunel or departure of key people from Brunel</p> <p>Event:<br/> Ineffective management of the Fund's investments or at the extreme breakup of the partnership.</p> <p>Impact:<br/> Significant costs to the Fund and financial loss.<br/> Reputational damage.</p>                                                                                                                                                                                                                                                                                                  | <p>Inherent status : 16 High</p> <p>Current status : 12 Medium</p> <p>Risk owner: <a href="#">Mark Gayler (/selected-risks?user=84)</a></p> <p>Accountable officer: <a href="#">Mark Gayler (/selected-risks?user=84)</a></p> <p>Category: Operational</p> <p>Last review: 08 Jun 2020</p> <p><b>Latest review details</b><br/> Risk added to system</p>                                                                                                                                                                                                                                                                   | <p>Completed Shareholder agreement in place sets out governance framework.</p> <p>Green Strong team now in place at Brunel, so not dependent on one or two key individuals.</p> <p>Green Brunel have their own risk register which is regularly monitored both by the Brunel Board and the Oversight Board and Client Group.</p> <p>Amber Governance review still to be concluded, with some key issues left unresolved.</p>                                                                                                                                                                                                                                                                                                            |
| <p><b>B1: Brunel Pension Partnership</b><br/> <a href="#">(/post_type/brunel-pension-partnership)</a></p> <p>Cause:<br/> 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.</p> <p>Event:<br/> The management of the Pension Fund is adversely affected due to existing resources concentrating on the pooling proposal.</p> <p>Impact:<br/> Underperformance and failure to meet statutory obligations.</p> <hr/> <p><b>Notes</b><br/> 13/08/2019 - Risk wording updated and category added.<br/> 20/02/2020 - Now part way through the transition process and progress is on course</p> | <p>Inherent status : 16 High</p> <p>Current status : 12 Medium (  Unchanged)</p> <p>Risk owner: <a href="#">Mark Gayler (/selected-risks?user=84)</a></p> <p>Accountable officer: <a href="#">Mark Gayler (/selected-risks?user=84)</a></p> <p>Category: Operational</p> <p>Last review: 24 Aug 2020</p> <p><b>Latest review details</b><br/> The transition to Brunel is still ongoing, but the majority of assets have transitioned. In 12 months time, this will move to business as usual and the transition risk can be removed.</p> | <p>Completed The Brunel Pension Partnership is now established as an FCA regulated company, fully staffed to meet the business case as approved by the 10 client LGPS funds.</p> <p>Completed 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.</p> <p>Green 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.</p> |




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| Risk details                                                                                                                                                                                                                                                                                                                                                                                          | Status and Risk owner                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Mitigating controls                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
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| <p><b><u>F17: Funding and Investments</u></b><br/> <b><u>(/post_type/f17-funding-and-investments)</u></b></p> <p>Cause:<br/> Climate Change<br/> Event:<br/> Impact on investee companies of the consequences of climate change and the transition to a low carbon economy<br/> Impact:<br/> Financial loss and/or failure to meet return expectations<br/> Increases employer contribution costs</p> | <p>Inherent status : 16 High<br/> Current status : 12 Medium (  Unchanged)<br/> Risk owner: <u>Mark Gayler (/selected-risks?user=84)</u><br/> Accountable officer: <u>Mark Gayler (/selected-risks?user=84)</u><br/> Category:<br/> Last review: 15 Jun 2020</p> <p><b>Latest review details</b><br/> Carbon footprint assessed as at 31 March 2019 and 31 December 2019, showing a 21% reduction in Weighted Average Carbon Intensity</p> | <p>Completed 100% of Brunel's portfolios, across all asset classes, are carbon and climate aware.<br/> Consideration of climate change impacts is fully embedded into their manager selection process</p> <p>Green Brunel integrates climate change into their risk management process, using carbon footprinting, assessing fossil fuel exposure and challenging managers on physical risks, and seek to reduce unrewarded climate and carbon risk.</p> <p>Green The Devon Fund requires its non-Brunel investment managers to take climate change risks into account and to engage with companies over their approach to climate change issues</p> <p>Green The Devon Fund will undertake an annual assessment of the carbon footprint of its investments. The assessment as at 31 December 2019 showed a 21% reduction in the Weighted Average Carbon Intensity of the Fund's equity investments compared with 31 March 2019</p> |


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| Risk details                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Status and Risk owner                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Mitigating controls                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
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| <p><b>F 1: Funding and Investments</b><br/> <a href="#">(/post_type/funding-and-investments)</a></p> <p><b>Cause:</b><br/> The committee Members and Investment Officers have insufficient knowledge of financial markets and inadequate investment and actuarial advice received.</p> <p><b>Event:</b><br/> The committee Members and Investment officers make inappropriate decisions.</p> <p><b>Impact:</b><br/> Poor fund performance/financial loss. Increased employer contribution costs.</p> <hr/> <p><b>Notes</b><br/> 13/08/2019 - Wording of risk updated and category added.<br/> 25/02/2020 - Wording of mitigation updated to reflect delay in producing handbook due to delay in new website</p> | <p>Inherent status : 16 High</p> <p>Current status : 12 Medium (  Unchanged)</p> <p>Risk owner: <a href="#">Mark Gayler (/selected-risks?user=84)</a></p> <p>Accountable officer: <a href="#">Charlotte. Thompson (/selected-risks?user=162)</a></p> <p>Category: Financial</p> <p>Last review: 21 Sep 2020</p> <p><b>Latest review details</b><br/> Controls reviewed. Training can be delivered virtually where required</p> | <p>Green      The Investment Strategy is set in accordance with LGPS investment regulations.</p> <p>Green      The Investment Strategy is reviewed, approved and documented by the Investment and Pension Fund Committee.</p> <p>Green      The Investment Strategy takes into account the Fund's liabilities.</p> <p>Green      DCC employ an external investment advisor who provides specialist guidance to the Investment and Pension Fund Committee regarding the investment strategy.</p> <p>Green      An Annual Training Plan has been agreed for 2020/21. Training programmes are available for Committee Members and Investment Staff. This can be delivered virtually where required</p> <p>Green      Members and Officers are encouraged to challenge advice and guidance received when necessary.</p> <p>Amber      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 31.08.20 to reflect new website</p> |


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| Risk details                                                                                                                                                                                                                                                                                                                                                                                                                | Status and Risk owner                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Mitigating controls                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
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| <p><b>I1: Internal (/post_type/internal)</b></p> <p>Cause:<br/>Concentration of knowledge in a small number of staff.</p> <p>Event:<br/>Loss of staff leading to a breakdown in internal processes and service delivery.</p> <p>Impact:<br/>Financial loss and potential risk to reputation.</p> <hr/> <p><b>Notes</b><br/>13/08/2019 - Risk wording updated and category added.<br/>29/08/2019 - Risk wording updated.</p> | <p>Inherent status : 16 High</p> <p>Current status : 12 Medium (  Unchanged)</p> <p>Risk owner: <a href="/selected-risks?user=84">Mark Gayler (/selected-risks?user=84)</a></p> <p>Accountable officer: <a href="/selected-risks?user=162">Charlotte. Thompson (/selected-risks?user=162)</a></p> <p>Category: Strategic</p> <p>Last review: 24 Aug 2020</p> <p><b>Latest review details</b><br/>Controls reviewed and confirmed</p> | <p>Green      The Investment Manager is able to cover in the absence of the Assistant County Treasurer.</p> <p>Completed      In 2018 the Head of Peninsula Pensions and the Investment Manager swapped roles to improve the sharing of knowledge and the resilience of the Fund. The change of roles has now been made permanent, but the shared knowledge will continue to provide resilience.</p> <p>Green      Knowledge of all tasks shared by at least two team members and can in addition be covered by senior staff.</p> <p>Training requirements are set out in job descriptions and reviewed annually with team members through the appraisal process.</p> <p>Green      A formal training record for officers is maintained centrally.</p> <p>Green      A procedure manual is in place which sets out work instructions for the majority of crucial tasks undertaken.</p> <p>Green      The Devon Investment Services procedure manual will continue to be refined and updated on an ongoing basis.</p> <p>Green      Ensure the review of CIPFA's knowledge and skills framework relating to officers results in key outcomes being delivered.</p> |



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| Risk details                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Status and Risk owner                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Mitigating controls                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
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| <p><b>B2: Brunel Pension Partnership</b><br/> <a href="#">(/post_type/brunel-pension-partnership-2)</a></p> <p><b>Cause:</b><br/>           There is a Failure to control operational risks and transaction costs during the transition process</p> <p><b>Event:</b><br/>           Asset transition costs are greater than forecast.</p> <p><b>Impact:</b><br/>           An increase in the initial set-up costs forecast by the pooling proposal.</p> <hr/> <p><b>Notes</b><br/>           13/08/2019 - Risk wording updated and category added.</p> | <p>Inherent status : 16 High</p> <p>Current status : 12 Medium (  Unchanged)</p> <p>Risk owner: <a href="#">Mark Gayler (/selected-risks?user=84)</a></p> <p>Accountable officer: <a href="#">Mark Gayler (/selected-risks?user=84)</a></p> <p>Category: Operational</p> <p>Last review: 24 Aug 2020</p> <p><b>Latest review details</b><br/>           The transition to Brunel is still ongoing, but the majority of assets have transitioned. In 12 months time, this will move to business as usual and the transition risk can be removed.</p> | <p><b>Completed</b> 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.</p> <p><b>Amber</b> 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.</p> <p><b>Green</b> 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</p> |



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| Risk details                                                                                                                                                                                                                                                                                                                                                                                                  | Status and Risk owner                                                                                                                                                                                                                                                                                                                                                                                                                              | Mitigating controls                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
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| <p><b>F 5: Funding and Investments</b><br/> <a href="#">(/post_type/funding-and-investments-5)</a></p> <p>Cause:<br/> Collapse of a fund manager.<br/> Fraudulent activity<br/> (Internal/external).<br/> Event:<br/> Negligent or wilful loss of pension funds.<br/> Impact:<br/> Inability to meet financial obligations.</p> <hr/> <p>Notes<br/> 13/08/2019 - Risk wording updated and category added.</p> | <p>Inherent status : 12 Medium<br/> Current status : 9 Low (  Unchanged)<br/> Risk owner: <a href="#">Mark Gayler (/selected-risks?user=84)</a><br/> Accountable officer: <a href="#">Mark Gayler (/selected-risks?user=84)</a><br/> Category: Financial<br/> Last review: 24 Aug 2020</p> <p><b>Latest review details</b><br/> Controls reviewed and updated</p> | <p>Green      The Fund has considered the financial stability of managers during past appointment processes and the situation is kept under review. Future selection processes will be the responsibility of the Brunel Pension Partnership. When Brunel is selecting managers we would expect them 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.</p> <p>Completed      DCC use a global custodian service to ensure that there exists a separation of investment management arrangements from custody of assets.</p> <p>Legal requirements are in place for fund managers and are set out in the investment management agreements.</p> <p>Green      Fund managers are required to be fully compliant with FCA, PRA and other regulatory requirements.</p> <p>Green      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.</p> |



# Agenda Item 7

| Risk details                                                                                                                                                                                                                                                                                                                                                                                                                                          | Status and Risk owner                                                                                                                                                                                                                                                                                                                                                                                                                                     | Mitigating controls                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
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| <p><b><u>Cu1: Custody (/post_type/custody)</u></b></p> <p>Cause:<br/>Changing economic climate, fraud or changing financial position of the Custodian.<br/>Event:<br/>Failure of Pensions custodian.<br/>Impact:<br/>Financial loss.<br/>Failure to decrease deficit.<br/>Adverse media interest/damage to reputation.</p> <hr/> <p><b>Notes</b><br/>13/08/2019 - Risk wording updated and category added.<br/>29/08/2019 - Risk wording updated.</p> | <p>Inherent status : 12 Medium<br/>Current status : 9 Low (  Unchanged)<br/>Risk owner: <a href="#">Mark Gayler (/selected-risks?user=84)</a><br/>Accountable officer: <a href="#">Charlotte. Thompson (/selected-risks?user=162)</a><br/>Category: Operational<br/>Last review: 24 Aug 2020</p> <p><b>Latest review details</b><br/>Controls reviewed and confirmed</p> | <p>Green      The custodian contract is subject to regular review and periodic re-tendering by the Brunel Pension Partnership.</p> <p>Completed      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.</p> <p>Green      The custodian must adhere to FCA and PRA financial regulations.</p> <p>Green      Fund assets are protected in the event of insolvency of the custodian</p>                                                                                                                 |
| <p><b><u>A1: Accounting (/post_type/accounting)</u></b></p> <p>Cause:<br/>Lack of training/awareness around pension fund accounting regulations.<br/>Event:<br/>Non compliance with accounting regulations and fin regs.<br/>Impact:<br/>Reputational damage.<br/>Qualified accounts.</p> <hr/> <p><b>Notes</b><br/>13/08/2019 - Risk wording updated and category added.<br/>29/08/2019 - Risk wording updated</p>                                   | <p>Inherent status : 12 Medium<br/>Current status : 9 Low (  Unchanged)<br/>Risk owner: <a href="#">Mark Gayler (/selected-risks?user=84)</a><br/>Accountable officer: <a href="#">Angela Stirland (/selected-risks?user=164)</a><br/>Category: Compliance<br/>Last review: 24 Aug 2020</p> <p><b>Latest review details</b><br/>Controls reviewed and confirmed</p>    | <p>Green      Staff are kept up to date with changes to legislative requirements via network meetings, professional press, training and internal communication procedures.</p> <p>Green      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.</p> <p>Green      Regular reconciliations are carried out between in-house records and those maintained by the custodian and investment managers.</p> <p>Green      Internal Audits are carried out on an annual basis.</p> <p>Green      External Audit review the Pension Fund's accounts annually.</p> |

# Agenda Item 7


| Risk details                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Status and Risk owner                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Mitigating Controls                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
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| <p><b>I2: Internal (/post_type/internal-2)</b></p> <p>Cause:<br/>Inadequate treasury management practices.</p> <p>Event:<br/>Fraud, corruption or error.</p> <p>Impact:<br/>Risk of financial loss.<br/>Damage to reputation.</p> <hr/> <p><b>Notes</b><br/>13/08/2019 - Risk wording updated and category added.</p>                                                                                                                                            | <p>Inherent status : 12 Medium</p> <p>Current status : 9 Low (  Unchanged)</p> <p>Risk owner: <a href="/selected-risks?user=84">Mark Gayler (/selected-risks?user=84)</a></p> <p>Accountable officer: <a href="/selected-risks?user=84">Mark Gayler (/selected-risks?user=84)</a></p> <p>Category: Operational</p> <p>Last review: 24 Aug 2020</p> <p><b>Latest review details</b><br/>Controls reviewed and updated. Enforced working at home as a result of the Coronavirus pandemic has demonstrated the effectiveness of the processes in place working remotely</p> | <p>Green Counterparty transactions are authorised by senior staff outside of the investment team.</p> <p>Green All staff are covered by fidelity insurance up to £15 million</p> <p>Green Sufficient members in the team to cover absence and leave - a weekly planner is produced in order to review cover requirements.</p> <p>Green Appropriate separation of duties exists.</p> <p>Green Treasury Management Practices are reviewed and updated regularly.</p> <p>Green Up to date financial regulations and practices.</p> <p>Green Processes in place ensure that all elements of the daily treasury management activity can be carried out remotely away from the office.</p>                                                         |
| <p><b>Cm1: Communication (/post_type/communication)</b></p> <p>Cause:<br/>Inadequate communications plan and/or insufficient resource to action.</p> <p>Event:<br/>Insufficient communication and engagement with pension fund stakeholders.</p> <p>Impact:<br/>Damage to reputation.<br/>Uniformed policy decisions.<br/>Non compliance with legislation/best practice.</p> <hr/> <p><b>Notes</b><br/>13/08/2019 - Risk wording updated and category added.</p> | <p>Inherent status : 12 Medium</p> <p>Current status : 9 Low (  Unchanged)</p> <p>Risk owner: <a href="/selected-risks?user=84">Mark Gayler (/selected-risks?user=84)</a></p> <p>Accountable officer: <a href="/selected-risks?user=162">Charlotte. Thompson (/selected-risks?user=162)</a></p> <p>Category: Operational</p> <p>Last review: 24 Aug 2020</p> <p><b>Latest review details</b><br/>Controls reviewed and confirmed</p>                                                                                                                                   | <p>Completed A communications strategy is in place and was last reviewed and updated in November 2018.</p> <p>Green The Devon Investment Services and Peninsula Pensions websites are kept up to date.</p> <p>Green Fund Performance is reported to the Investment &amp; Pension Fund Committee on a regular basis.</p> <p>Green Meetings are held regularly with the Fund's Employing Authorities.</p> <p>Green Benefit illustrations are sent annually to contributing and deferred Fund members.</p> <p>Green The contact list for employers is updated regularly.</p> <p>Green Annual forums are held for employers and scheme members.</p> <p>Green The annual report and accounts are published on the Peninsula Pensions website.</p> |

# Agenda Item 7


| Risk details                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Status and Risk owner                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Mitigating controls                                                                                                                                                                                                                                                                                                                                                                                                               |
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| <p><b>F10: Funding and Investments</b><br/> <a href="#">(/post_type/funding-and-investments-10)</a></p> <p>Cause:<br/>           Inadequate training.<br/>           Availability of staff.<br/>           Cashflow issues for employers</p> <p>Event:<br/>           Scheme employers' contributions to the Fund are not received, processed and recorded completely and accurately.</p> <p>Impact:<br/>           There are increased costs across all remaining scheme employers.</p> <hr/> <p><b>Notes</b><br/>           13/08/2019 - Risk wording updated and category added.</p> | <p>Inherent status : 12 Medium<br/>           Current status : 9 Low (  +3 )</p> <p>Risk owner: <a href="#">Mark Gayler (/selected-risks?user=84)</a><br/>           Accountable officer: <a href="#">Martyn Williams (/selected-risks?user=163)</a><br/>           Category: Operational<br/>           Last review: 31 Mar 2020</p> <p><b>Latest review details</b><br/>           Cashflow for some employers might be impacted by the Coronavirus COVID-19 pandemic, increasing the likelihood that they may find it difficult to make contributions payments</p> | <p>Completed    The team has procedures in place to monitor the receipt of contributions to the fund.</p> <p>Green          The team communicates regularly with scheme employers to ensure that contributions are made in a timely manner and are recorded accurately.</p> <p>Green          Details of any outstanding and overdue contributions are recorded and appropriate action is taken in order to recover payments.</p> |
| <p><b>F 9: Funding and Investments</b><br/> <a href="#">(/post_type/funding-and-investments-9)</a></p> <p>Cause:<br/>           The average life expectancy of pensioners is greater than assumed.</p> <p>Event:<br/>           The actuarial assumptions are incorrect.</p> <p>Impact:<br/>           There is an increase in liabilities which exceeds the previous valuation estimate.</p> <hr/> <p><b>Notes</b><br/>           13/08/2019 - Risk wording updated and category added.</p>                                                                                            | <p>Inherent status : 16 High<br/>           Current status : 9 Low (  Unchanged)</p> <p>Risk owner: <a href="#">Mark Gayler (/selected-risks?user=84)</a><br/>           Accountable officer: <a href="#">Mark Gayler (/selected-risks?user=84)</a><br/>           Category: Strategic<br/>           Last review: 24 Aug 2020</p> <p><b>Latest review details</b><br/>           Controls reviewed and updated</p>                                                                                                                                                  | <p>Green          Life expectancy assumptions are reviewed at each triennial valuation. For the 2022 Valuation this will include a review of the impact of COVID19 on mortality.</p> <p>Green          Mortality assumptions include an allowance for future increases in life expectancy.</p>                                                                                                                                    |





# Agenda Item 7

| Risk details                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Status and Risk owner                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Mitigating controls                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
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| <p><b>F 7: Funding and Investments</b><br/> <a href="#">(/post_type/funding-and-investments-7)</a></p> <p>Cause:<br/>           Substantial changes to UK or global economies.</p> <p>Event:<br/>           Pay and price inflation are higher than anticipated.</p> <p>Impact:<br/>           There is an increase in liabilities which exceeds the previous valuation estimate.</p> <hr/> <p><b>Notes</b><br/>           13/08/2019 - Risk wording updated and category added.</p> | <p>Inherent status : 12 Medium</p> <p>Current status : 9 Low (  -3 )</p> <p>Risk owner: <a href="#">Mark Gayler (/selected-risks?user=84)</a></p> <p>Accountable officer: <a href="#">Mark Gayler (/selected-risks?user=84)</a></p> <p>Category: Strategic</p> <p>Last review: 24 Aug 2020</p> <p><b>Latest review details</b><br/>           Controls reviewed and updated. High global inflation not seen as likely in the current economic conditions</p> | <p>Green      The triennial actuarial valuation review focuses on the real returns on assets, net price and pay increases.</p> <p>Green      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.</p> <p>Green      The Fund is increasing its target allocation to investments in infrastructure funds with inflation linked returns, to act as a hedge against inflation increases.</p> <p>Green      The Committee has received training on understanding liabilities and potential approaches to Liability Driven Investment.</p> <p>Completed      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.</p> |


# Agenda Item 7

| Risk details                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Status and Risk owner                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Mitigating controls                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
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| <p><b>G2: Governance Arrangements</b><br/> <a href="#">(/post_type/governance-arrangements-2)</a></p> <p>Cause:<br/>           Poor governance arrangements.</p> <p>Event:<br/>           The Investment and Pension Fund Committee and Pension Board are unable to fulfil their responsibilities effectively.</p> <p>Impact:<br/>           Non-compliance with legislation and/or best practice.<br/>           There is an inability to determine policy, make effective decisions and/or deliver service.<br/>           There is a risk to reputation.<br/>           Possibility of fines/sanctions.</p> <hr/> <p><b>Notes</b><br/>           13/08/2019 - Wording of risk updated and category added.</p> | <p>Inherent status : 12 Medium</p> <p>Current status : 9 Low (  Unchanged)</p> <p>Risk owner: <a href="#">Mark Gayler (/selected-risks?user=84)</a></p> <p>Accountable officer: <a href="#">Charlotte. Thompson (/selected-risks?user=162)</a></p> <p>Category: Operational</p> <p>Last review: 25 Feb 2020</p> <p><b>Latest review details</b><br/>           Updated delivery date of member handbook to reflect delays in new website</p> | <p>Green      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.</p> <p>Green      An Annual Training Plan is agreed by the Committee and Pension Board on an annual basis.</p> <p>Green      A training and induction programme is available for new Committee and Pension Board Members.</p> <p>Amber      Committee and Pension Board members are asked to complete the Pension Regulator Trustee Toolkit.</p> <p>Green      The Fund subscribes to relevant bodies (e.g. CIPFA, LAPFF, PLSA) and sends representatives to major conferences.</p> <p>Green      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.</p> <p>Green      Committee and Pension Board members are made aware of and adhere to the Governance Compliance Statement, and are encouraged to identify training requirements.</p> <p>Amber      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 31/08/20 when new website is available</p> |



# Agenda Item 7

| Risk details                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Status and Risk owner                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Mitigating controls                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
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| <p><b>F 3: Funding and Investments</b><br/> <a href="/post_type/funding-and-investments-3">(/post_type/funding-and-investments-3)</a></p> <p>Cause:<br/> Investment arrangements are structured poorly.<br/> Event:<br/> The fund is exposed to unnecessary risks and avoidable costs.<br/> Impact:<br/> Financial loss.</p> <hr/> <p><b>Notes</b><br/> 13/08/2019 - Risk wording updated and category added.</p>                                                                                                                                                | <p>Inherent status : 10 Medium<br/> Current status : 8 Low (  Unchanged)<br/> Risk owner: <a href="/selected-risks?user=84">Mark Gayler (/selected-risks?user=84)</a><br/> Accountable officer: <a href="/selected-risks?user=84">Mark Gayler (/selected-risks?user=84)</a><br/> Category: Operational<br/> Last review: 24 Aug 2020</p> <p><b>Latest review details</b><br/> Controls reviewed and confirmed.</p> | <p>Green      The Fund's investments are diversified across a range of different types of assets to minimise the impact of losses in individual markets.</p> <p>Green      IMA disclosure tables are reviewed to ensure best execution by managers.</p> <p>The new cost transparency initiative should ensure full transparency of costs</p> <p>Green      Specialist services (e.g. transitions, currency transfers) are considered where appropriate in order to reduce costs.</p> <p>Green      Banking and custodian arrangements are reviewed and re-tendered when appropriate.</p> <p>Green      The Brunel Pension Partnership has been set up as part of the investment pooling requirements of Government. The investment arrangements under Brunel should provide for improved risk management and better risk adjusted investment returns</p> |
| <p><b>F 4: Funding and Investments</b><br/> <a href="/post_type/funding-and-investments-4">(/post_type/funding-and-investments-4)</a></p> <p>Cause:<br/> Inadequate risk management policies on Environmental, Social and Governance Issues.<br/> Lack of awareness/training.<br/> Event:<br/> The fund fails to manage environmental, social and governance risks.<br/> Impact:<br/> Financial loss.<br/> Damage to reputation.</p> <hr/> <p><b>Notes</b><br/> 13/08/2019 - Risk wording updated and category added.<br/> 29/08/2019 - Risk wording updated</p> | <p>Inherent status : 15 High<br/> Current status : 8 Low (  Unchanged)<br/> Risk owner: <a href="/selected-risks?user=84">Mark Gayler (/selected-risks?user=84)</a><br/> Accountable officer: <a href="/selected-risks?user=84">Mark Gayler (/selected-risks?user=84)</a><br/> Category: Operational<br/> Last review: 24 Aug 2020</p> <p><b>Latest review details</b><br/> Controls reviewed and updated</p>    | <p>Green      The Fund requires the Brunel Pension Partnership, and its other fund managers, 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. Brunel has a leading reputation for responsible investment.</p> <p>Green      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.</p> <p>Green      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.</p>                                                                                             |


# Agenda Item 7

| Risk details                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Status and Risk owner                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Mitigating controls                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
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| <p><b>G1: Governance Arrangements</b><br/> <a href="#">(/post_type/governance-arrangements)</a></p> <p>Cause:<br/> The Administering Authority fails to have appropriate governance arrangements, including the requirement for a Pension Board.</p> <p>Event:<br/> The administering authority is non compliant with legislation and/or best practice.</p> <p>Impact:<br/> There is an inability to determine policy.<br/> There is an inability to make effective decisions.<br/> There is an inability to deliver service.<br/> Negative impact on reputation.</p> <hr/> <p><b>Notes</b><br/> 13/08/2019 - Wording of risk updated.</p> | <p>Inherent status : 12 Medium</p> <p>Current status : 8 Low (  Unchanged)</p> <p>Risk owner: <a href="#">Mark Gayler (/selected-risks?user=84)</a></p> <p>Accountable officer: <a href="#">Charlotte. Thompson (/selected-risks?user=162)</a></p> <p>Category: Strategic</p> <p>Last review: 24 Aug 2020</p> <p><b>Latest review details</b><br/> Controls reviewed and confirmed</p> | <p>Completed DCC has produced a Governance Policy and Compliance Statement, as required by regulation 31 of the LGPS Regulations 2008.</p> <p>Green The Governance Policy and Compliance Statement is reviewed and updated regularly and scheme employers are consulted to ensure that the policy remains appropriate.</p> <p>Completed The Statement is published on the Devon Pensions website:<br/> <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></p> <p>Green Pension fund stakeholders are made aware of the Statement.</p> <p>Completed DCC has appointed an Investment and Pension Fund Committee to discharge the duties of the Council as Administering Authority of the Pension Fund.</p> <p>Green 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.</p> <p>Completed A Pension Board has been established as required by the Public Service Pension Act 2013.</p> <p>Green Support and training are being provided to ensure that the Board is equipped to undertake its role.</p> |



# Agenda Item 7

| Risk details                                                                                                                                                                                                                                                                                                                                                                                                                | Status and Risk owner                                                                                                                                                                                                                                                                                                                                                                                                                  | Mitigating controls                                                                                                                                                                                                                                                                                                                         |
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| <p><b><u>F14: Funding and Investments (/post_type/funding-and-investments-14)</u></b></p> <p>Cause:<br/>UK Leaving the EU.<br/>Event:<br/>Updated Legislative and regulatory requirements.<br/>Impact:<br/>Additional work to ensure compliance.<br/>Fines for noncompliance.<br/>Damage to reputation.<br/>Loss of members.</p> <hr/> <p><b>Notes</b><br/>13/08/2019 - Risk wording updated and category added.</p>        | <p>Inherent status : 12 Medium<br/>Current status : 8 Low (  Unchanged)<br/>Risk owner: <u>Mark Gayler (/selected-risks?user=84)</u><br/>Accountable officer: <u>Charlotte. Thompson (/selected-risks?user=162)</u><br/>Category: Compliance<br/>Last review: 24 Aug 2020</p> <p><b>Latest review details</b><br/>Controls reviewed and confirmed</p> | <p>Amber      The Government is likely to ensure that much of current EU regulation is enshrined in UK law.<br/>Green      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.</p> |
| <p><b><u>F 8: Funding and Investments (/post_type/funding-and-investments-8)</u></b></p> <p>Cause:<br/>Public services are cut and ill health increases.<br/>Event:<br/>There is an increase in the number of early retirements.<br/>Impact:<br/>There is an increase in liabilities which exceeds the previous valuation estimate.</p> <hr/> <p><b>Notes</b><br/>13/08/2019 - Risk wording changed and category added.</p> | <p>Inherent status : 12 Medium<br/>Current status : 6 Low (  Unchanged)<br/>Risk owner: <u>Charlotte. Thompson (/selected-risks?user=162)</u><br/>Accountable officer: <u>Mark Gayler (/selected-risks?user=84)</u><br/>Category: Strategic<br/>Last review: 24 Aug 2020</p> <p><b>Latest review details</b><br/>Controls reviewed and confirmed</p>  | <p>Green      Employers are charged the extra capital cost of non ill health retirements following each individual decision.<br/>Green      Employer ill health retirement experience is monitored.</p>                                                                                                                                     |

# Agenda Item 7

| Risk details                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Status and Risk owner                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Mitigating controls                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
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| <p><b>F11: Funding and Investments</b><br/> <a href="/post_type/funding-and-investments-11">(/post_type/funding-and-investments-11)</a></p> <p>Cause:<br/>           An employer ceases to exist with insufficient funding available to settle any outstanding debts, or refuses to pay the cessation value.</p> <p>Event:<br/>           Departing employer does not fully meet their liabilities.</p> <p>Impact:<br/>           Increased costs across the remaining scheme employers.</p> <hr/> <p>Notes<br/>           13/08/2019 - Risk wording updated and category added.</p> | <p>Inherent status : 12 Medium</p> <p>Current status : 6 Low (  Unchanged)</p> <p>Risk owner: <a href="/selected-risks?user=162">Charlotte. Thompson</a><br/> <a href="/selected-risks?user=162">(/selected-risks?user=162)</a></p> <p>Accountable officer: <a href="/selected-risks?user=84">Mark Gayler</a><br/> <a href="/selected-risks?user=84">(/selected-risks?user=84)</a></p> <p>Category: Financial</p> <p>Last review: 24 Aug 2020</p> <p><b>Latest review details</b><br/>           Controls reviewed and updated</p> | <p>Green 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.</p> <p>Green The Actuary has an objective of keeping contributions as stable as possible whilst ensuring the long term solvency of the Fund.</p> <p>Green Outstanding liabilities will be assessed and recovered from any successor bodies or spread amongst remaining employers.</p> <p>Green The actuarial valuation attempts to balance recovery period with risk of withdrawal.</p> <p>Green If necessary, appropriate legal action will be taken.</p> <p>Completed An Employer Covenant Risk Assessment was undertaken by the Fund Actuary, Barnett Waddingham, in conjunction with the 2019 Triennial Valuation of the Fund.</p> <p>Green Bond levels for each relevant employer are re-assessed following each triennial actuarial valuation.</p> |

# Agenda Item 7

| Risk details                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Status and Risk owner                                                                                                                                                                                                                                                                                                                                                                                                                                                | Mitigating controls                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
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| <p><b><u>F15: Funding and Investments (/post_type/funding-and-investments-15)</u></b></p> <p>Cause:<br/>There is a failure to meet the requirements of the Markets in Financial Instruments Directive II.</p> <p>Event:<br/>The Devon fund is downgraded to retail client status.</p> <p>Impact:<br/>Assets are sold at less than fair value .<br/>The Fund is unable to access a range of investment opportunities.<br/>Failure to meet return expectations.<br/>Reduction in diversification.</p> <hr/> <p><b>Notes</b><br/>13/08/2019 - Risk wording updated and category added.</p> | <p>Inherent status : 12 Medium</p> <p>Current status : 6 Low (  Unchanged)</p> <p>Risk owner: <a href="#">Mark Gayler (/selected-risks?user=84)</a></p> <p>Accountable officer: <a href="#">Mark Gayler (/selected-risks?user=84)</a></p> <p>Category: Strategic</p> <p>Last review: 24 Aug 2020</p> <p><b>Latest review details</b><br/>Controls reviewed and confirmed</p>        | <p>Completed All the Fund's current fund managers and financial counterparties have accepted Devon's application for elective professional client status.</p> <p>Green Robust training plan to ensure committee and officers have required knowledge and experience to meet the qualitative criteria to opt up.</p> <p>Completed 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.</p> |
| <p><b><u>F12: Funding and Investments (/post_type/funding-and-investments-12)</u></b></p> <p>Cause:<br/>The Government's 'Freedom and Choice' legislation.</p> <p>Event: A significant number of LGPS members transfer their pension pots to other pensions providers.</p> <p>Impact:<br/>Significant cashflow out of the Fund.<br/>Reduction in assets greater than reduction in the Fund's liabilities.</p> <hr/> <p><b>Notes</b><br/>13/08/2019 - Risk wording updated and category updated.</p>                                                                                     | <p>Inherent status : 9 Low</p> <p>Current status : 6 Low (  Unchanged)</p> <p>Risk owner: <a href="#">Charlotte. Thompson (/selected-risks?user=162)</a></p> <p>Accountable officer: <a href="#">Mark Gayler (/selected-risks?user=84)</a></p> <p>Category: Financial</p> <p>Last review: 24 Aug 2020</p> <p><b>Latest review details</b><br/>Controls reviewed and confirmed</p> | <p>Green Effective communication of the benefits of remaining in the LGPS.</p> <p>Green Actuarial calculation of transfer value should ensure transfer value does not exceed reduction in liability.</p>                                                                                                                                                                                                                                                                                                                                          |

# Agenda Item 7

| Risk details                                                                                                                                                                                                                                                                                                                                                                       | Status and Risk owner                                                                                                                                                                                                                                                                                                                                      | Mitigating controls                                                                                                                                       |
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| <p><b>D1: Data Protection (/post_type/data-protection)</b></p> <p>Cause:<br/>Failure to secure and maintain pension fund systems.<br/>Event:<br/>Loss of sensitive data.<br/>Impact:<br/>Reputation risk. Financial loss arising from legal action.</p> <hr/> <p><b>Notes</b><br/>13/08/2019 - Risk wording updated and category added.<br/>29/08/2019 - Risk wording updated.</p> | <p>Inherent status : 9 Low<br/>Current status : Overdue (6 - Low)<br/>Risk owner: <a href="#">Charlotte. Thompson (/selected-risks?user=162)</a><br/>Accountable officer: <a href="#">Mark Gayler (/selected-risks?user=84)</a><br/>Category: Operational<br/>Last review: 31 Jul 2019</p> <p><b>Latest review details</b></p> <p>Risk added to system</p> | <p>Completed It is a mandatory requirement for all DCC employees to undertake Data Protection training and to adhere to DCC's data protection policy.</p> |

06 Oct 2020









# Agenda Item 7

## Risks: Peninsula Pensions


|                     |                 |             |                  |                |                     |
|---------------------|-----------------|-------------|------------------|----------------|---------------------|
| Risk status (score) | Overdue (0 - 0) | Low (1 - 9) | Medium (10 - 14) | High (15 - 23) | Very high (24 - 30) |
| Mitigating controls | Not started     | Green       | Amber            | Red            | Completed           |

| Risk details                                                                                                                                                                                                                                                                                                                                                                                                                                           | Status and Risk owner                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Mitigating controls                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
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| <p><b>PP12 - Knowledge Management</b><br/> <a href="/post_type/pp12-knowledge-management/">(/post_type/pp12-knowledge-management/)</a></p> <p>Cause<br/>Departure or non-availability of staff who hold key knowledge.</p> <p>Event<br/>Breakdown in internal processes and service delivery.</p> <p>Impact<br/>Financial Loss due to costs of obtaining resource, or delays/inefficiencies in existing processes.<br/>Reputation Damage.</p>          | <p>Inherent status : 16 High<br/> Current status : 12 Medium (  Unchanged)</p> <p>Risk owner: <a href="/selected-risks?user=154">Daniel Harris (/selected-risks?user=154)</a><br/> Accountable officer: <a href="/selected-risks?user=83">Martin Oram (/selected-risks?user=83)</a><br/> Category: Strategic<br/> Last review: 06 Jul 2020</p> <p>Latest review details<br/> Risks and mitigating controls remain appropriate. Risk reviewed by the Devon Pension Board 06/07/2020.</p>     | <p>Green Knowledge of all tasks are shared by at least two team members and can in addition be covered by senior staff</p> <p>Green Training requirements are set out in job descriptions.</p> <p>Amber 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.</p>                                                                                                                                                                                           |
| <p><b>PP18 - Cyber Attack</b><br/> <a href="/post_type/pp18-cyber-attack/">(/post_type/pp18-cyber-attack/)</a></p> <p>Cause<br/>Cyber-attack on the Pensions ICT systems and or host systems.</p> <p>Event<br/>Loss of system access.<br/>Theft of confidential/personal data.</p> <p>Impact<br/>Inability to make payments to members.<br/>Fines from the ICO.<br/>Financial loss.<br/>Loss of membership data.<br/>Disclosure of sensitive data.</p> | <p>Inherent status : 15 High<br/> Current status : 10 Medium (  Unchanged)</p> <p>Risk owner: <a href="/selected-risks?user=154">Daniel Harris (/selected-risks?user=154)</a><br/> Accountable officer: <a href="/selected-risks?user=83">Martin Oram (/selected-risks?user=83)</a><br/> Category: Operational<br/> Last review: 06 Jul 2020</p> <p>Latest review details<br/> Risks and mitigating controls remain appropriate. Risk reviewed by the Devon Pension Board 06/07/2020.</p> | <p>Green Ensure that the relevant people are suitably vetted and trained, that administrators and service providers have measures in place to avoid security breaches</p> <p>Green A full disaster recovery plan and Business Continuity Plan is in place and tested/updated annually</p> <p>Green Information from The Pensions Regulator: 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.</p> |


# Agenda Item 7

| Risk details                                                                                                                                                                                                                                                                                                                                                                                                                                     | Status and Risk owner                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Mitigating controls                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
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| <p><b>PP16 - Loss of Shared Service Partner</b><br/> <a href="#">(/post_type/pp16)</a></p> <p><b>Cause</b><br/>           Shared service partner choosing to use a different pensions administrator.</p> <p><b>Event</b><br/>           Peninsula pensions no longer operates on the same scale.</p> <p><b>Impact</b><br/>           Reputational Damage.<br/>           Loss of staff / redundancies.</p>                                       | <p>Inherent status : 9 Low<br/>           Current status : 9 Low (  Unchanged)</p> <p>Risk owner: <a href="#">Daniel Harris (/selected-risks?user=154)</a><br/>           Accountable officer: <a href="#">Martin Oram (/selected-risks?user=83)</a><br/>           Category: Strategic<br/>           Last review: 16 Jan 2020</p> <p><b>Latest review details</b><br/>           Risks and mitigating controls remain appropriate. Risk reviewed by the Devon Pension Board 16/01/2020.</p>       | <p>Green      Constant assessment of Performance</p> <p>Green      Quarterly Shared Service meetings with key Fund colleagues</p> <p>Green      Regular meetings between Peninsula Pensions and Employers</p> <p>Green      Employer Newsletters</p> <p>Amber      Full review of performance within PP being conducted to incorporate Employer performance and Admin strategies</p>                                                                                                                                   |
| <p><b>PP15 - Fraud, Corruption &amp; Error</b><br/> <a href="#">(/post_type/pp15-fraud-corruption-error)</a></p> <p><b>Cause</b><br/>           Poorly designed or implemented management practices/processes.<br/>           Staff deliberately updating or providing fraudulent data.</p> <p><b>Event</b><br/>           Fraud, corruption or error.</p> <p><b>Impact</b><br/>           Financial Loss<br/>           Reputational Damage</p> | <p>Inherent status : 12 Medium<br/>           Current status : 9 Low (  Unchanged)</p> <p>Risk owner: <a href="#">Daniel Harris (/selected-risks?user=154)</a><br/>           Accountable officer: <a href="#">Martin Oram (/selected-risks?user=83)</a><br/>           Category: Operational<br/>           Last review: 16 Jan 2020</p> <p><b>Latest review details</b><br/>           Risks and mitigating controls remain appropriate. Risk reviewed by the Devon Pension Board 16/01/2020.</p> | <p>Green      Transactions are authorised by senior staff</p> <p>Green      All staff are covered by fidelity insurance up to £15 million</p> <p>Green      Sufficient members in the team to cover absence and leave</p> <p>Green      Heywoods Audit trace report</p> <p>Green      Appropriate separation of duties exists</p> <p>Green      Up to date regulations and practices</p> <p>Green      Internal and external audit checks performed to ensure that appropriate and effective controls are in place</p> |



# Agenda Item 7

| Risk details                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Status and Risk owner                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Mitigating controls                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
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| <p><u>PP4 - Failure of employing authority to provide timely and accurate member data (/post_type/pp4-failure-of-employing-authority-to-provide-timely-and-accurate-member-data)</u></p> <p>Cause<br/>Employing authorities not fulfilling their responsibilities.</p> <p>Event<br/>Delays in the provision of pensions member data.<br/>Inaccuracies in the pension member data.</p> <p>Impact<br/>Incorrect benefit calculations.<br/>Financial Loss due to compensation to members.<br/>Incorrect benefit payments<br/>Delays to payments<br/>Additional work to request and correct information</p> | <p>Inherent status : 12 Medium</p> <p>Current status : 9 Low (  Unchanged)</p> <p>Risk owner: <u>Daniel Harris (/selected-risks?user=154)</u></p> <p>Accountable officer: <u>Martin Oram (/selected-risks?user=83)</u></p> <p>Category: Operational</p> <p>Last review: 16 Jan 2020</p> <p><b>Latest review details</b><br/>Risks and mitigating controls remain appropriate. Risk reviewed by the Devon Pension Board 16/01/2020.</p> | <p>Green Administration<br/>Strategy in place since April 2015, employer duties clearly identified. Ability to fine employers is provided for in strategy and LGPS regulations.</p> <p>Green Employing<br/>authorities are contacted for outstanding information when it is identified that information is missing or contains errors.</p> <p>Green Outstanding data<br/>queries are passed to Employer and Communications Team to monitor</p> <p>Completed Guidance available<br/>on website</p> <p>Green Individual employer<br/>meetings include review of employer performance</p> <p>Amber An Employer and<br/>Communications team is now in place. The team will consider employer performance and take action to address any issues, as required.</p> |



# Agenda Item 7

| Risk details                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Status and Risk owner                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Mitigating controls                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
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| <p><b>PP6 - Communicaiton of Entitlements</b><br/> <a href="#">(/post_type/pp6-communicaiton-of-entitlements)</a></p> <p><b>Cause</b><br/>           Insufficient communication and engagement with LGPS scheme members/employers.</p> <p><b>Event</b><br/>           Employers and or Members are not made aware of their entitlements within LGPS resulting in Non-compliance with legislation and/or best practice.</p> <p><b>Impact</b><br/>           Inability to determine policy<br/>           Employees not joining the scheme.<br/>           Inability to make effective decisions and/or deliver service</p> | <p>Inherent status : 12 Medium<br/>           Current status : 9 Low (  Unchanged)<br/>           Risk owner: <a href="#">Daniel Harris (/selected-risks?user=154)</a><br/>           Accountable officer: <a href="#">Martin Oram (/selected-risks?user=83)</a><br/>           Category: Operational<br/>           Last review: 16 Jan 2020</p> <p><b>Latest review details</b><br/>           Risks and mitigating controls remain appropriate. Risk reviewed by the Devon Pension Board 16/01/2020.</p>   | <p>Green      The Peninsula Pensions website is kept up to date</p> <p>Green      Meetings between PP managers and Communications team on a regular basis, with a communications plan and strategy for the year ahead</p> <p>Green      Meetings are held with the Funds Employing Authorities and on request for training</p> <p>Green      Benefit illustrations are sent annually to contributing and deferred Fund members</p> <p>Green      The contact list for employers is updated regularly.</p> <p>Green      Annual forums are held for employers and Trade Unions</p> <p>Green      The annual report and accounts are published on the Peninsula Pensions website</p> <p>Amber      The Peninsula Pensions Senior Management team are in the process of reviewing our communication strategy and requirements to take the service forward.</p> |
| <p><b>PP7 - Non Payment of Pension Benefits</b><br/> <a href="#">(/post_type/pp7-no-payment-of-pension-benefits)</a></p> <p><b>Cause</b><br/>           Systems Failures<br/>           Lack of information from employers<br/>           Poor internal processes</p> <p><b>Event</b><br/>           Pension benefits are not paid.</p> <p><b>Impact</b><br/>           Damage to Reputation.<br/>           Financial loss arising from compensation claims.</p>                                                                                                                                                         | <p>Inherent status : 12 Medium<br/>           Current status : 8 Low (  Unchanged)<br/>           Risk owner: <a href="#">Daniel Harris (/selected-risks?user=154)</a><br/>           Accountable officer: <a href="#">Martin Oram (/selected-risks?user=83)</a><br/>           Category: Operational<br/>           Last review: 16 Jan 2020</p> <p><b>Latest review details</b><br/>           Risks and mitigating controls remain appropriate. Risk reviewed by the Devon Pension Board 16/01/2020.</p> | <p>Green      The payroll system is set up to pay pensioners monthly.</p> <p>Green      Disaster recovery plan in place with Heywoods which will restore data within 7 days in the event of system failure</p> <p>Green      The payroll manual has been revised and updated following the introduction of RTI (Real Time Information) and new administration systems.</p> <p>Amber      Fully updated Pensioner Payroll Manual is now in place. An online training resource outlining the key payroll processes will follow in 2018</p>                                                                                                                                                                                                                                                                                                                    |



# Agenda Item 7

| Risk details                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Status and Risk owner                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Mitigating controls                                                                                                                                                                                                                                                                                                                                                                                                                                     |
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| <p><b><u>PP2 Failure to provide Basic information about the LGPS (/post_type/pp2-failure-to-provide-basic-information-about-the-lgps)</u></b></p> <p>Cause/s<br/>Inability to access basic LGPS information via the website due to IT issues or non publication.<br/>Starter Packs not being sent and/or received by members.<br/>General scheme literature not being made available to members.<br/>LGPS Administration team not informed of new members.<br/>Event<br/>Failure to make available provide Basic information about the LGPS including: how benefits are worked out; how member and employer contributions are calculated.<br/>Impact<br/>Negative reporting by or fines from the Pension's regulator.<br/>Damage to reputation.</p> | <p>Inherent status : 10 Medium<br/>Current status : 8 Low (  Unchanged)<br/>Risk owner: <a href="/selected-risks?user=154">Daniel Harris (/selected-risks?user=154)</a><br/>Accountable officer: <a href="/selected-risks?user=83">Martin Oram (/selected-risks?user=83)</a><br/>Category: Operational<br/>Last review: 16 Jan 2020</p> <p><b>Latest review details</b><br/>Risks and mitigating controls remain appropriate. Risk reviewed by the Devon Pension Board 16/01/2020.</p> | <p>Green      Reviews of documentation/letters<br/>Green      Website regularly updated<br/>Green      Links to Pension Funds investment information and LGPS included on website<br/>Completed      A revised New Starter pack has been designed and is now provided to members<br/>Amber      Our methods and content of communication will be reviewed to ensure that members and employers are provided with accurate and relevant information.</p> |
| <p><b><u>PP19 - Member Self Service (/post_type/pp19-member-self-service)</u></b></p> <p>Cause<br/>Member Self Service access is compromised due to insecurity or lack of maintenance.<br/>Event<br/>Data is accessed and or obtained inappropriately.<br/>Impact<br/>Damage to reputation<br/>Loss of data<br/>Fines from ICO.</p>                                                                                                                                                                                                                                                                                                                                                                                                                 | <p>Inherent status : 9 Low<br/>Current status : 6 Low (  Unchanged)<br/>Risk owner: <a href="/selected-risks?user=154">Daniel Harris (/selected-risks?user=154)</a><br/>Accountable officer: <a href="/selected-risks?user=83">Martin Oram (/selected-risks?user=83)</a><br/>Category: Operational<br/>Last review: 16 Jan 2020</p> <p><b>Latest review details</b><br/>Risks and mitigating controls remain appropriate. Risk reviewed by the Devon Pension Board 16/01/2020.</p>   | <p>Green      Information and Instructions are only accepted from authorised sources<br/>Green      It is a mandatory requirement for all DCC employees to undertake Data Protection training and to adhere to DCC's Data Protection Policy<br/>Green      Regular penetration testing<br/>Green      Secure website (annual license renewal)</p>                                                                                                       |


# Agenda Item 7

| Risk details                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Status and Risk owner                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Mitigating controls                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
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| <p><b><u>PP3 - Non-compliance with legislation and failure to correctly implement new legislation and regulations (/post_type/pp3-non-compliance-with-legislation-and-failure-to-correctly-implement-new-legislation-and-regulations)</u></b></p> <p>Cause<br/>Lack of structure/process to identify new legislation as it is released.</p> <p>Event<br/>Non-compliance with legislation/regulations.</p> <p>Impact<br/>Incorrect benefit payments.<br/>Damage to reputation.<br/>Fines from Regulators.</p> | <p>Inherent status : 12 Medium</p> <p>Current status : 6 Low (  Unchanged)</p> <p>Risk owner: <a href="/selected-risks?user=154">Daniel Harris (/selected-risks?user=154)</a></p> <p>Accountable officer: <a href="/selected-risks?user=83">Martin Oram (/selected-risks?user=83)</a></p> <p>Category: Operational</p> <p>Last review: 16 Jan 2020</p> <p><b>Latest review details</b><br/>Risks and mitigating controls remain appropriate. Risk reviewed by the Devon Pension Board 16/01/2020.</p> | <p>Green LGA/External training</p> <p>Green Project work approach to implementation of legislative changes.</p> <p>Green In house training for all staff. • Use of Perspective and Bulletins</p> <p>Amber A Training and Technical team is now in place, following the Pension Review. The team has commenced delivering training across the teams.</p>                                                                                                                             |
| <p><b><u>PP10 - Data and System Security (/post_type/pp10-data-and-system-security)</u></b></p> <p>Cause<br/>Insecure pensions and administration data.</p> <p>Event<br/>Loss/disclosure of Sensitive Data/Information.</p> <p>Impact<br/>Financial costs from legal action.<br/>Fines from ICO.</p>                                                                                                                                                                                                         | <p>Inherent status : 9 Low</p> <p>Current status : 6 Low (  Unchanged)</p> <p>Risk owner: <a href="/selected-risks?user=154">Daniel Harris (/selected-risks?user=154)</a></p> <p>Accountable officer: <a href="/selected-risks?user=83">Martin Oram (/selected-risks?user=83)</a></p> <p>Category: Operational</p> <p>Last review: 16 Jan 2020</p> <p><b>Latest review details</b><br/>Risks and mitigating controls remain appropriate. Risk reviewed by the Devon Pension Board 16/01/2020.</p>     | <p>Green Access and security controls exist and the system is tested regularly by Heywoods and PP.</p> <p>Green The system is subject to regular checks by internal audit.</p> <p>Green 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. All new staff also undertake GDPR training. A GDPR refresher will be rolled out to all staff during 2020.</p> |

# Agenda Item 7

| Risk details                                                                                                                                                                                                                                                                                                                                                                                                             | Status and Risk owner                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Mitigating controls                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
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| <p><u>PP8 - Payment to deceased pensiosners (/post_type/pp8-payment-to-deceased-pensiosners)</u></p> <p>Cause<br/>LGPS Information is not updated as circumstances change.<br/>Poor internal processes.</p> <p>Event<br/>Pension benefits continue to be paid to deceased pensioners.</p> <p>Impact<br/>Damage to Reputation.<br/>Financial loss arising from overpayments.<br/>Additional resource to recover funds</p> | <p>Inherent status : 8 Low<br/>Current status : 6 Low (  Unchanged)<br/>Risk owner: <u>Daniel Harris (/selected-risks?user=154)</u><br/>Accountable officer: <u>Martin Oram (/selected-risks?user=83)</u><br/>Category: Operational<br/>Last review: 16 Jan 2020</p> <p><b>Latest review details</b><br/>Risks and mitigating controls remain appropriate. Risk reviewed by the Devon Pension Board 16/01/2020.</p>   | <p>Green All pensioners are contacted annually.<br/>Green Pension suspended if post is returned<br/>Green Pensioners are incorporated into National Fraud Initiative<br/>Green Further targeted checks are conducted with credit reference agencies as appropriate<br/>Green Monthly mortality screening is undertaken and any positive matches are ceased immediately<br/>Green Western Union overseas existence service undertaken bi annually<br/>Tell us once service has been rolled out to LGPS. All relevant staff now have access and we are using fully utilising the service.</p> |
| <p><u>PP9 - Pensions transferred to other providers (/post_type/pp9-pensions-transferred-to-other-providers)</u></p> <p>Cause<br/>Take up of Freedom of Choice Legislation.</p> <p>Event<br/>LGPS members transfer their pension pots to other pensions providers.</p> <p>Impact<br/>Significant cashflow out of the Fund.<br/>Reduction in assets greater than reduction in the Fund's liabilities.</p>                 | <p>Inherent status : 9 Low<br/>Current status : 6 Low (  Unchanged)<br/>Risk owner: <u>Daniel Harris (/selected-risks?user=154)</u><br/>Accountable officer: <u>Martin Oram (/selected-risks?user=83)</u><br/>Category: Operational<br/>Last review: 16 Jan 2020</p> <p><b>Latest review details</b><br/>Risks and mitigating controls remain appropriate. Risk reviewed by the Devon Pension Board 16/01/2020.</p> | <p>Green Effective communication of the benefits of remaining in the LGPS.<br/>Green Actuarial calculation of transfer value should ensure current fair value and not be detrimental to the fund.<br/>Green CLG monitoring CETVs nationwide and reviewing accordingly (may introduce regulations amendments to prohibit if thought necessary)</p>                                                                                                                                                                                                                                           |

# Agenda Item 7


| Risk details                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Status and Risk owner                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Mitigating controls                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
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| <p><b>PP11 - Personal Member Data</b><br/> <a href="/post_type/pp11-personal-member-data">(/post_type/pp11-personal-member-data)</a></p> <p><b>Cause</b><br/>                     Error when printing/sorting/compiling data.<br/>                     Poor internal processes.</p> <p><b>Event</b><br/>                     Information issued to the wrong person/organisation.</p> <p><b>Impact</b><br/>                     Financial Costs from legal action.<br/>                     Fines from ICO.</p> | <p>Inherent status : 9 Low<br/>                     Current status : 6 Low (  Unchanged)<br/>                     Risk owner: <a href="/selected-risks?user=154">Daniel Harris (/selected-risks?user=154)</a><br/>                     Accountable officer: <a href="/selected-risks?user=83">Martin Oram (/selected-risks?user=83)</a><br/>                     Category: Operational<br/>                     Last review: 16 Jan 2020</p> <p><b>Latest review details</b><br/>                     Risks and mitigating controls remain appropriate. Risk reviewed by the Devon Pension Board 16/01/2020.</p> | <p><b>Green</b> 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.</p> <p><b>Completed</b> 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</p> <p><b>Completed</b> Internal E-Learning training 'Sharing personal data' was also undertaken by whole office during March 2018</p> <p><b>Amber</b> Staff are fully aware of requirements under GDRP legislation. New Data Protection ELearning to be undertaken when available.</p> |



# Agenda Item 7

| Risk details                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Status and Risk owner                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Mitigating controls                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b><u>PP13 - Scheme Memembership Data (/post_type/pp13-scheme-memebership-data)</u></b></p> <p>Cause<br/>Incorrect information from employers.<br/>Fraudulent provision of data.<br/>System errors<br/>Poor internal processes.<br/>Event<br/>Unauthorised or invalid payments.<br/>Impact<br/>Financial loss<br/>Reputational Damage</p>                                                                                                                                                                            | <p>Inherent status : 9 Low<br/>Current status : 6 Low (  Unchanged)<br/>Risk owner: <a href="/selected-risks?user=154">Daniel Harris (/selected-risks?user=154)</a><br/>Accountable officer: <a href="/selected-risks?user=83">Martin Oram (/selected-risks?user=83)</a><br/>Category: Operational<br/>Last review: 16 Jan 2020</p> <p><b>Latest review details</b><br/>Risks and mitigating controls remain appropriate. Risk reviewed by the Devon Pension Board 16/01/2020.</p>   | <p>Green Information and instructions are only accepted from authorised sources.</p> <p>Green Employers and scheme members are required to review and confirm membership records annually</p> <p>Green Benefit calculations are checked by senior colleagues and are subject to independent authorisation</p> <p>Green All transactions comply with DCC financial regulations and are subject to independent authorisation</p> <p>Green All staff are covered by fidelity insurance up to £15 million</p> <p>Green Members approaching 75 are separately identified monthly</p> <p>Green Data accuracy checks undertaken by the systems team including address / NINO checks</p> <p>Amber Employer Self Service being introduced to including a reporting element to assist Employers with checking their data annually and signing off as correct</p> |
| <p><b><u>PP14 - Compliance with Disclosure Regualtions (/post_type/pp14-compliance-with-disclosure-regualtions)</u></b></p> <p>Cause<br/>Requirement to issue information within a certain timescale after a request/event.<br/>Event<br/>Failure to comply with disclosure regulations and to process accurate pension benefit payments in a timely manner.<br/>Impact<br/>Complaints which take up time to resolve.<br/>Additional Time spent chasing data<br/>Regulator Fines<br/>Compensation costs for members</p> | <p>Inherent status : 9 Low<br/>Current status : 6 Low (  Unchanged)<br/>Risk owner: <a href="/selected-risks?user=154">Daniel Harris (/selected-risks?user=154)</a><br/>Accountable officer: <a href="/selected-risks?user=83">Martin Oram (/selected-risks?user=83)</a><br/>Category: Operational<br/>Last review: 16 Jan 2020</p> <p><b>Latest review details</b><br/>Risks and mitigating controls remain appropriate. Risk reviewed by the Devon Pension Board 16/01/2020.</p> | <p>Green Robust workflow management system in place.</p> <p>Green Payroll deadline procedures in place</p> <p>Green Item in Business Continuity/Disaster Recovery Plan</p> <p>Green Participate in National Fraud Initiative (NFI)</p> <p>Green Life Certificates exercise carried out /mortality checks</p> <p>Amber Full review of performance within PP being conducted to incorporate Employer performance and Admin strategies</p>                                                                                                                                                                                                                                                                                                                                                                                                                |

# Agenda Item 7

| Risk details                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Status and Risk owner                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Mitigating controls                                                                                                                                                                                                                                                                                                                                                                               |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>PP1 Annual Benefit Statments</b><br/> <a href="/post_type/pp1-annual-benefit-statments">(/post_type/pp1-annual-benefit-statments)</a></p> <p>Cause/s<br/>           Staffing Absences<br/>           ICT Failures<br/>           Poor data quality<br/>           Event<br/>           Annual Benefit statements are not sent to active and deferred members by 31st August.<br/>           Impact<br/>           Fines from the regulator<br/>           Damage to reputation<br/>           Increased complaints from Members<br/>           Increased demand on resources to rectify the situation<br/>           Creation of a backlog of other tasks due to diverted resource.</p> | <p>Inherent status : 8 Low<br/>           Current status : 6 Low (  Unchanged)<br/>           Risk owner: <a href="/selected-risks?user=154">Daniel Harris (/selected-risks?user=154)</a><br/>           Accountable officer: <a href="/selected-risks?user=83">Martin Oram (/selected-risks?user=83)</a><br/>           Category: Operational<br/>           Last review: 16 Jan 2020</p> <p><b>Latest review details</b><br/>           Risks and mitigating controls remain appropriate. Risk reviewed by the Devon Pension Board 16/01/2020.</p> | <p>Green      • Project management approach • Regular contact with employers to obtain data. • Monthly interfacing to reduce workload at year end • Statements to employers for 31/7/18 to allow time for distribution to staff prior to 31/8/18</p> <p>Amber      We are looking to increase employer take up of monthly interfaces and are exploring options to improve software processes.</p> |
| <p><b>PP17 - Pensions System Failure</b><br/> <a href="/post_type/pp17-pensions-system-failure">(/post_type/pp17-pensions-system-failure)</a></p> <p>Cause<br/>           Connection issues.<br/>           Supplier fault<br/>           Cyber Attack.<br/>           Event<br/>           The hosted Altair pensions system fails.<br/>           Impact<br/>           • Loss of sensitive data.<br/>           • Reputation risk.<br/>           • Financial loss arising from legal action</p>                                                                                                                                                                                           | <p>Inherent status : 15 High<br/>           Current status : Overdue (15 - High)<br/>           Risk owner: <a href="/selected-risks?user=154">Daniel Harris (/selected-risks?user=154)</a><br/>           Accountable officer: <a href="/selected-risks?user=83">Martin Oram (/selected-risks?user=83)</a><br/>           Category: Operational<br/>           Last review: 06 Jul 2020</p> <p><b>Latest review details</b><br/>           Risks and mitigating controls remain appropriate. Risk reviewed by the Devon Pension Board 06/07/2020.</p>                                                                                | <p>Green      The system is backed-up daily. System is hosted by Heywoods</p> <p>Green      A full disaster recovery plan and Business Continuity Plan is in place and tested/updated annually.</p>                                                                                                                                                                                               |

08 Oct 2020



## INVESTMENT AND PENSION FUND COMMITTEE

18 September 2020

Present:-

Devon County Council

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

Unitary and District Councils

Councillors L Parker-Delaz-Ajete and J O'Dwyer

Other Employers

D Healy

Unison and Retired Members:

R Franceschini (voting) and J Rimron

Attending in Accordance with Standing Order 25

Councillors M Lowry and C Slade

Apologies:-

Councillor J Pearce and S Teague

\* **187**      **Announcement: Standards Committee**

The Chair welcomed Mr R 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.

\* **188**      **Investment and Pension Fund Committee: Minutes**

**RESOLVED** that the Minutes of the meeting held on 19 June 2020 be signed as a correct record.

\* **189**      **Items Requiring Urgent Attention**

There was no item raised as a matter of urgency.

\* **190**      **Devon Pension Board**

(Councillor C Slade attended in accordance with Standing Order 25 and spoke to this item).

The Committee noted the Minutes of the Meeting of the Board held on 6 July 2020.

\* **191**      **Brunel Oversight Board**

The Committee noted the Minutes of the Meeting of the Board held on 25 June 2020.

Members also noted that the Brunel Pension Partnership had been awarded Environmental Finance's Pension Fund of the Year award. This was in recognition of the successful efforts of ten committed institutions (the Partners) to take strong and effective leadership on responsible investment.

# Agenda Item 8

INVESTMENT AND PENSION FUND COMMITTEE  
18/09/20

\* **192**      **Investment Management Report**

The Committee considered the Report of the County Treasurer (CT/20/66) on the Fund value and asset allocation, performance against the benchmark, funding level, budget forecast 2020/21, cash management; and engagement activity.

During the last quarter markets had recovered to a large extent from previous losses and as a result the value of the Fund as at 30 June 2020 stood at £4,508.5m, an increase of just under £500 m over the last quarter.

Members referred to the recovery of equities in the last quarter, value of UK equities and the relative value and solvency of the Fund in comparison with other LGPS funds on which more information would be reported in the future, noting that Actuarial assumptions did differ making direct comparisons difficult.

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

**RESOLVED**

(a) that the Investment Management Report be noted;

(b) that reallocation of £90 million from Passive Equities to Low Volatility Equities to bring the allocation up to the target weight be approved; and

(c) that compliance with the 2020-21 Treasury Management Strategy be noted.

\* **193**      **Brunel Governance Review**

The Committee considered the Report of the County Treasurer (CT/20/67) on the review of Brunel's governance arrangements following concerns previously reported.

The proposals endorsed by Brunel Oversight Board were outlined in the Report and related to formal appraisal of the Brunel Chair and annual performance reviews of the Non-Executive Directors and an additional non-Executive Director as a Shareholder representative and their reappointment at the AGM; and the consultation process between Brunel and clients/shareholders.

Mr J Russell-Stacey (Brunel's Chief Stakeholder Officer) attended and explained his role making sure that Brunel's relationship with all key stakeholders, including shareholder and clients, was managed effectively. He also confirmed that the appointment of the new Chief Investment Officer (CIO) would be made shortly.

The Chair also confirmed that Non-Executive Directors regularly attended the Brunel Oversight Board as part of their oversight role.

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

**RESOLVED** that the following changes to the Brunel governance arrangements be supported:

(a) the adoption of the proposed new procedures as outlined in the Report;

(b) an increase in the number of Non-Executive Directors to five;

(c) the appointment of a new Shareholder Non-Executive Director; and

(d) the amendment to the process for the re-appointment of Non-Executive Directors.

\* **194**      **Local Government Pension Scheme Update**

The Committee considered the Report of the County Treasurer (CT/20/68) on the latest LGPS consultations and recent Ministry of Housing, Communities and Local Government (MHCLG) feedback on a range of issues. The Report focused on the McCloud consultation which was due to be closed for responses on 8th October 2020. The Report also covered the Cost Cap process, the Exit Payment Cap, the proposed process for a review of Employer contributions and flexibility on exit payments. There was a further consultation in regard to the Exit Payment Cap.

In regard to the McCloud proposals the 'underpin' along with the large amalgamation exercise, recalculation of retirement, deferred and death cases represented a challenging administrative exercise for Peninsula Pensions. The Devon Audit Partnership would also be involved in the process.

The cost implications remained uncertain but would be reported to Members in due course.

It was **MOVED** by Councillor Bloxham, **SECONDED** by Councillor A Connett and

**RESOLVED**

(a) that the draft responses to the McCloud and the Exit Payment Cap consultations be sent to Members of this Committee prior to submission; and

(b) that the response submissions be delegated to the County Treasurer in consultation with the Chair of this Committee.

\* **195**      **Committee and Board Member Training**

The Committee considered the Report of the County Treasurer (CT/20/69) on the proposed training programme and Plan to ensure that Committee and Board members continued to have their knowledge and skills updated. Training events and sessions would be held 'virtually' in view of the COVID-19 limitations on group meetings and on-line training would be supported by videos.

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

**RESOLVED** that the proposed training programme for the Autumn 2020 be approved.

\* **196**      **Employer Changes**

The Committee noted the following:

(a) New admitted bodies - applications for admitted body status approved since the last meeting of the Committee:

- Fresha has won 3 catering contracts which commenced 1 August 2020 for Riviera Education Trust, Furzesham Primary School and schools within St Christopher's MAT.
- DELT Services Ltd commenced a variety of services for ACE Schools MAT on 1 July 2020.
- Direct Cleaning Services won cleaning contract for Exmouth Community College which commenced 7 August 2020.

(b) New academy conversions and changes:

# Agenda Item 8

INVESTMENT AND PENSION FUND COMMITTEE  
18/09/20

- Fremington Primary & Nursery School and North Molton Primary School joined Tarka Learning Partnership with effect from 1 July 2020.
- Colyton Primary School joined First Federation with effect from 1 July 2020.

\* **197**      **Dates of Future Meetings**

27 November 2020, 10:30 and 26 February 2021 10:30 and Consultation 14:15

\* **198**      **Exclusion of the Press and Public**

**RESOLVED** 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, 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.

\* **199**      **Review of Investment Performance**

(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/20/70) on an analysis of the Fund's performance compared to its LGPS peers over three years and the underlying issues.

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

**RESOLVED**

(a) that the comparative investment performance analysis, be noted;

(b) that an increase in the strategic allocation to multi-asset credit and global bonds as detailed in the Report be approved; and

(c) that the allocations to the Wellington multisector credit fund Management and to Lazard Asset Management's global bonds mandate, as detailed in the Report, be approved.

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

The Meeting started at 10.30 am and finished at 12.10 pm

## **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.

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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 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.
- 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 Total performance against internal targets for the quarter ending 30th June 2020 was 89%, despite the impact of COVID19 (including increased demand). However, during this period we were able to maintain performance for High Priority procedures at 93%.
- 2.2 Total performance against the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 for the quarter ending 30th June 2020 was 92%.
- 2.3 The team received a total of 48 compliments between 1st April 2020 and 31st August 2020, compared with 14 compliments for the 2019/20 financial year.
- 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 2020 against Peninsula Pensions' internal targets and against the Disclosure Regulations.

Agenda Item 9

- 2.4. Appendix 2 of the report presents the longer-term performance of Peninsula Pensions (Devon Pension Fund only) from 1st January 2019 to 30th June 2020.

3. CONCLUSION

- 3.1 The Board is asked to note the report.

Mary Davis
County Treasurer

[Electoral Divisions: All]

LOCAL GOVERNMENT ACT 1972:
LIST OF BACKGROUND PAPERS: NIL
Contact for Enquiries: **Dan Harris**
Tel No: **01392 383000**

Administration Performance – 01/04/2020 to 30/06/2020 (Devon Pension Fund)

Performance Summary

	Total Cases	Q1 2020/21	
		Performance (Internal)	Performance (Disc Regs)
High Priority Procedures	3,068	93%	93%
Medium Priority Procedures	6,487	88%	91%
Low Priority Procedures	1,063	89%	91%
TOTAL	10,618	89%	92%

High Priority Cases

	Total Cases	Q1 2020/21	
		Performance (Internal)	Performance (Disc Regs)
Changes	508	100%	100%
Complaints (Member)	22	100%	100%
Complaints (Employer)	0	-	-
Deaths	357	83%	85%
Payroll	988	100%	100%
Refunds	166	98%	98%
Retirements (Active)	393	79%	79%
Retirements (Deferred)	634	90%	90%
TOTAL	3,068	93%	93%

Medium Priority Cases

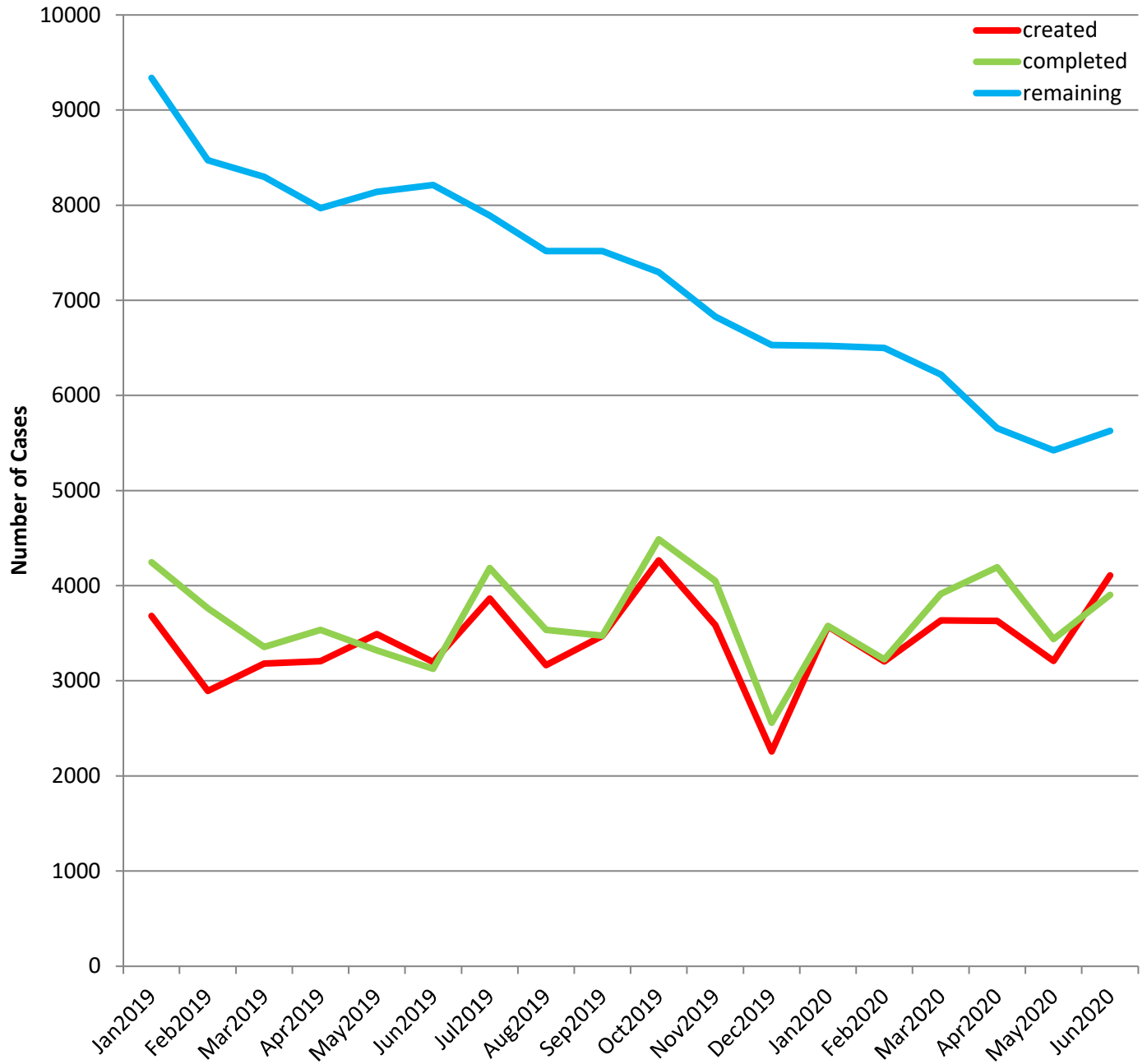
	Total Cases	Q1 2020/21	
		Performance (Internal)	Performance (Disc Regs)
Amalgamation of Records	917	73%	87%
Deferred Benefit Calculations	1,123	72%	74%
Divorce Calculations	54	67%	67%
Employer Queries	434	51%	65%
Estimates (Bulk)	0	-	-
Estimates (Employer)	25	100%	100%
Estimates (Member)	152	97%	97%
General	2,124	100%	100%
HMRC	13	85%	85%
Member Self-Service	1,645	100%	100%
TOTAL	6,487	88%	91%

Agenda Item 9

Low Priority Cases

	Total Cases	Q1 2020/21	
		Performance (Internal)	Performance (Disc Regs)
Estimates (Other)	58	86%	86%
GMP Queries	0	-	-
Interfund Transfers In	108	68%	82%
Interfund Transfers Out	80	84%	90%
Pension Top Ups	76	88%	88%
Frozen Refunds	494	99%	99%
New Starters	1	100%	100%
Pension Transfers In	82	91%	94%
Pension Transfers Out	164	74%	74%
TOTAL	1,063	89%	91%

Administration Performance – 01/01/2019 to 30/06/2020 (Devon Pension Fund)



INTERNAL AUDIT PLAN

Report of the County Treasurer

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

The Board is asked to note the revision to the internal audit plan for 2020/21

1. Summary

- 1.1. The internal audit plan for 2020/21 was communicated to members of the Devon Pension Board on 19th May 2020. However, following the lockdown restrictions imposed as a result of COVID-19, the priorities for Peninsula Pensions have changed to ensure that the team is able to continue to provide a service to members and employers throughout the pandemic and the audit plan has been revised accordingly.

2. Original Audit Plan for Peninsula Pensions

- 2.1. Maximising the use of technology, implementing new systems and improving working practices are all areas of key focus for Peninsula Pensions. Regular audit reviews of these areas are key to ensuring that systems and controls are working effectively and that risks have been appropriately considered and mitigating action taken wherever possible. Some of the planned improvement projects have been delayed due to the lockdown restrictions imposed by the Government and means that some areas of the original plan are no longer appropriate for review at this time.
- 2.2. The table below sets out the original audit plan for 2020/21 and provides a commentary on those areas that have been deemed unsuitable for review. The original audit plan was scheduled for 54 days.

Audit risk areas	
1. First Response Team	The team have been forced to change how they operate in order to continue to provide a service to fund members and employers during the lockdown period. An audit at this time would not be appropriate.
2. Payroll and Immediate Payroll System	The introduction of immediate payments has been postponed due to COVID-19, but the team hope to commence work in the area later in the year. The audit has been postponed until 2021/22.

Agenda Item 10

3. New Website review (to include Devon Pension Fund pages)	The audit review will continue as planned.
4. Member Self-Service (MSS)	Additional developments have been identified for MSS which the team will be working on later this year. The audit has been postponed until 2021/22 and will include a review of these additional developments.
5. Employer Self-Service (to include follow-up to 2019-20 Interfacing and Submission of Employer Data and Use of Employer Self-Service review)	The audit review will continue as planned.
6. Quality Control Processes post-implementation review	The QC project has been delayed due to COVID-19 and the audit has been postponed to 2021/22.
7. Audit Planning, Advice and Reporting	

3. 2020/21 Revised Audit Plan

3.1. Peninsula Pensions has significantly adapted working practices during lockdown to ensure that the team are able to continue to provide a quality service to fund members and employers. The Peninsula Pensions management team consider that it would be beneficial to audit these new arrangements, some of which may continue when normal service resumes.

3.2. The table below sets out the revised audit plan for 2020/21 which has been agreed by the Devon Audit Partnership.

Audit Risk Areas	Days
Covid-19 response and changed practices – member services	8
Covid-19 response and changed practices – technical & training	8
Covid-19 response and changed practices – employer & communications	8
Covid-19 response and changed practices – PP overall adaption	8
Employer self service	10
New Website review	7
Audit planning and advice	5
TOTAL DAYS	54

Conclusion

4.1 The board is asked to note the revised audit plan for Peninsula Pensions.

Mary Davis
County Treasurer

Electoral Divisions: All

Local Government Act 1972:

List of Background Papers - Nil

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

PENINSULA PENSIONS PERFORMANCE REPORT

Report of the County Treasurer

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

Recommendation: the Board notes the report.

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### **1. INTRODUCTION**

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

### **2. BREACHES LOGS**

- 2.1. The Pensions Regulator is responsible for the oversight of public sector pension schemes. Codes of Practice issued by The Pensions Regulator include practical guidance and set out expected standards and best practice in reporting breaches of material significance.
- 2.2. Peninsula Pensions' Breaches Policy and procedures have been designed to comply with the guidance provided by the Pensions Regulator and to ensure that Devon Pension Fund follows best practice in this area. The Breaches Policy was last presented to the Board at the April 2019 meeting.
- 2.3. A breach is likely to be of material significance to the Regulator where it was caused by:
  - acting, or failing to act, in deliberate contravention of the law;
  - dishonesty;
  - incomplete or inaccurate advice;
  - poor administration;
  - poor governance;
  - slow or inappropriate decision-making practices.

# Agenda Item 11

- 2.4. Breaches that are determined not to be of material significance to the Regulator will not be reported but must still be recorded in the Breaches Log.
- 2.5. The Breaches Log for 2019/20 is attached at Appendix 1 to this report. Members should note that the 3 breaches recorded are considered not to be of material significance to The Pensions Regulator and therefore have not been reported.

## 3. CONCLUSION

- 3.1 The Board is asked to note the Breaches Log for 2019/20.

Mary Davis  
County Treasurer

[Electoral Divisions: All]

**LOCAL GOVERNMENT ACT 1972:**  
**LIST OF BACKGROUND PAPERS: NIL**  
Contact for Enquiries: **Dan Harris**  
Tel No: **01392 383000**

## Record of Breaches 2019-20

| Date     | Category (e.g. administration/contributions/funding/investment/credit/other/minor activity)                                                                                                        | Description and cause of breach (include relevant scheme details (i.e. Devon LGPS/Somerset LGPS - NB DSFRs / GRS / ASP are all advised of breaches to considering/reporting on their own scheme management breach log)                                                                                                                                                                                                                                                                                                                                 | Possible effect of breach and wider implications                                                                                                                                                                                                                                                        | Reaction of relevant parties to breach                                                                               | Reported/Not reported (with justification if not reported and dates)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Traffic light system colour                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Outcome of report and/or investigations                                                                                                                                                                                                                                                                                                                                                | Outstanding actions | Comments |
|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|----------|
| Aug-2020 | LGPS Administration<br><br>Deferred Member Annual Benefit Statements due to be issued by 31st August 2020:<br><br>Deferred Members: 41,440<br>Undecided Leaver Members: 2,191<br><br>TOTAL: 43,631 | A total of 2,245 Annual Benefit Statements were not issued by the deadline for deferred/undecided leaver members.<br><br>This figure consisted of the following:<br><br>54 deferred issued after the deadline but before 21/9/20<br><br>Status 2 (undecided leaver): 2,191                                                                                                                                                                                                                                                                             | The member has been unable to check:<br>• personal data is complete and accurate<br>• correct contributions have been credited<br>• what their pension may be at retirement                                                                                                                             | n/a                                                                                                                  | Not reported<br><br>Less than 1% of statements were not issued either electronically or by post by the 31st August 2020 deadline. All of these delays were as a result of missing information from scheme employers. All deferred statements were issued before 21st September 2020.<br><br>Statements were uploaded via our online Member Self Service portal for those that we do not hold a current address for. A tracing company has offered us a free trial of their tracing service for 1,000 members with missing addresses.<br><br>Processes are being put in place with employers, including the introduction of monthly interfaces, which should help to resolve these problems.<br><br>Deferred members are not specifically covered by The Pensions Regulator and therefore do not constitute a breach.                                                                                                                                                                                                                                                                                                                                                                                                                                | A failure by some participating employers to act in accordance with scheme procedures.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Introduction of improved processes requiring employers to submit monthly returns.<br>Address tracing.                                                                                                                                                                                                                                                                                  |                     |          |
| Aug-2020 | LGPS Administration<br><br>Active Member Annual Benefit Statements due to be issued by 31st August 2020: 36,643                                                                                    | In total, 186 Annual Benefit Statements were not issued by the deadline for active members.<br><br>This figure consists of:<br><br>Produced before 21/9/2020: 176<br>Outstanding: 10                                                                                                                                                                                                                                                                                                                                                                   | The member has been unable to check:<br>• personal data is complete and accurate<br>• correct contributions have been credited<br>• what their pension may be at retirement                                                                                                                             | A letter was sent to all scheme members that we were unable to provide an ABS, explaining why this was not possible. | Not reported<br><br>Less than 1% of ABS were not issued.<br>Very few statements were affected and a large proportion of those not issued in time were issued shortly after deadline.<br><br>Those that have not been issued are relating to Employer data queries / pending TUIPE.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | A small number of members affected when compared with total statements issued.<br>Action has been taken to identify the cause of the breach and minimise the risk of reoccurrence.<br>It is unlikely that the scheme will be in breach of other legal requirements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Continue to encourage employers to use monthly CARE interface so that leavers and any issues are highlighted sooner - aim to make this mandatory for employers once their historical data has been signed off as accurate.<br><br>Trial of new member tracing service is currently underway.                                                                                           |                     |          |
| Ongoing  | LGPS Administration                                                                                                                                                                                | Outstanding work to be actioned as at 31/03/2020<br><br>2020 - When considered against disclosure requirements:<br>A total of 1,483 cases are outstanding over 30 days, as set out below:<br><br>Anomalagations: 918<br>Changes: 1<br>Deaths: 23<br>Deferred: 358<br>Employer Queries: 15<br>Member Estimates: 8<br>Other Estimates: 12<br>General: 6<br>HMRC: 2<br>Interfund In: 15<br>Payroll: 2<br>Pension Top Up: 3<br>Frozen Refunds: 1<br>Retirements (Actual): 5<br>Retirements (Preserved Benefit): 9<br>Transfer-ins: 1<br>Transfer Outs: 104 | The bulk of outstanding cases are in respect of amalgamations (918) and deferred cases (358). These delays mean that affected members will not be able to check:<br>• personal data is complete and accurate<br>• correct contributions have been credited<br>• what their pension may be at retirement |                                                                                                                      | Not reported.<br><br>A full review of the service was undertaken and a new structure was put in place with effect from July 2018. The LGPS framework was used to obtain quotes for assisting with outstanding cases, but costs and timelines were prohibited. However, we were given approval to increase resources to address this as part of the internal restructure. The number of cases outstanding has reduced significantly since the restructure and continues to reduce.<br><br>The figures for the backlog are reported internally on a weekly basis and are presented to the Pension Board and management team on a regular basis.<br><br>The Pensions Regulator has confirmed that administrators should focus their effort on the following key areas during the lockdown restrictions resulting from COVID-19:<br><ul style="list-style-type: none"><li>• benefits need to be paid</li><li>• the risk of scams needs to be minimised</li><li>• employers need to continue contributing</li><li>• savers need support to make good decisions in these challenging circumstances</li><li>• some administrative breaches of the law may occur and we will maintain a proportionate and fair approach to any action we may take</li></ul> | Since the 2018 restructure, the service has undertaken a significant recruitment drive and delivered extensive training to new and existing members of staff.<br><br>We are also reviewing the source of some of the issues with the aim of tackling these at an earlier stage in the process, utilising increased training for employers and staff, better use of technology and revised procedures to improve the efficiency of processes. Some of these have a longer lead-in time than others, but this is being monitored against the Service Improvement Plan and we are making good progress.<br><br>Outsourcing has been considered previously, but this is a costly exercise and does not provide a complete solution.<br><br>The number of outstanding cases has decreased significantly since the restructure. | We are tackling the priorities as set out by The Pensions Regulator during COVID-19. We are also continuing with actions set out in the service improvement plan including employer training & communications, staff training, revised procedures, implementation of technological solutions (enhanced member self-service, enhanced employer self-service, employer interfaces, etc.) |                     |          |



CT/20/81  
Devon Pension Board  
19<sup>th</sup> October 2020

## LGPS Update

Report of the County Treasurer

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

Recommendation: that the Committee be asked to note the developments in the LGPS and the responses submitted to the McCloud consultation.

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1. Summary

- 1.1 This report is brought to the Pension Board to provide an update on the latest LGPS consultations and recent Ministry of Housing, Communities and Local Government (MHCLG) feedback on a range of issues. In particular the report focuses on the McCloud consultation which closed for responses on 8th October 2020.

2. McCloud consultation

- 2.1 When the Government reformed the public sector pension schemes back in 2014 and 2015, they introduced protections for older members. In December 2018 the Court of Appeal ruled that younger members of the Judges and Firefighters schemes had been discriminated against because the protections did not apply to them. This has become known as the McCloud judgement. The Government confirmed that there will be changes to all public sector schemes, including the LGPS, to remove this discrimination. The consultation on changes to the LGPS was published in July and closed on 8th October 2020.
- 2.2 When the LGPS changed from a final salary to a career average pension scheme in 2014, members who were within 10 years of the normal pension age (usually age 65) on the 1st April 2012 were provided with a protection called 'the underpin'. When a protected member takes their pension, the benefits payable from the career average and final salary schemes are compared and the higher amount is paid. The underpin only applied where a member leaves the scheme with an immediate payment of benefits and is limited to a period ending 31st March 2022.
- 2.3 The proposal extends the underpin to all active members on 31st March 2012 who have accrued benefits after April 2014 regardless of age. The underpin will apply to benefits accrued between 1st April 2014 and 31st March 2022 but

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ceases when an active member leaves membership or dies in service. The final salary used for comparison purposes will be at the member's date of leaving active membership or when the member reaches 65. The requirement for an immediate payment of benefit has been removed so the underpin will apply to more members, in particular deferred members who by nature have left active membership sometime before retirement.

- 2.4 A two stage process is proposed where an underpin calculation will be undertaken when a member leaves service and again at the point the member takes their benefits. The recalculation at the point of retirement is required in order that the underpin can take into consideration the full effect of the differing retirement ages between the 2008 and 2014 schemes and the early/late retirement factors.
- 2.5 Many members have multiple posts in the LGPS and across a number of funds, each with its own LGPS record and these members would have been given a 12 month window to amalgamate these records together. In order for the administration of the new underpin to work effectively, it can only be applied to one LGPS record. The consultation therefore proposes that members are given a further 12 months and another opportunity to join records together.
- 2.6 The changes will be retrospective and backdated to April 2014 and will apply to all those who have already left, retired or died. This will result in the recalculation of retirement and death cases and making adjustments as required.
- 2.7 It is also proposed to calculate the effect of the underpin every year and include details on the Annual Benefit Statements. This, along with the large amalgamation exercise and recalculation of retirement and death cases, will be challenging for Peninsula Pensions.
- 2.8 At the September meeting of the Investment and Pension Fund Committee it was agreed to delegate the submission of a response to the County Treasurer in consultation with the Chair of the Committee. A copy of the response to the consultation is attached to this report.

3. Cost Cap process

- 3.1 The Committee will recall that the cost cap mechanism for the LGPS (the 2016 exercise) was put on hold pending the outcome of the McCloud case. The government has announced that the McCloud remedies will be wrapped into the cost control mechanism for all public service pension schemes which have now been un-paused. This may result in benefit changes over and above those contained in the McCloud consultation.

4. Exit payment cap

- 4.1 The government first mentioned its intention to introduce a cap on exit payments back in 2015 but it took until mid-July 2020 for HM Treasury to respond to the consultation and confirm that early retirement costs would count towards the cap.

- 4.2 The cap will apply to all public sector employers, will be set at £95,000 with no immediate plans to index link this level. Exit payments include:
- redundancy payments, including statutory redundancy payments;
 - severance payments;
 - pension strain costs that arise where a LGPS pension is paid unreduced before a member's normal retirement age;
 - other payments made as a result of terminating employment.
- 4.3 The Ministry of Housing, Communities and Local Government issued a consultation on 7th September 2020 on reforming Local Government exit pay. As expected, it is proposed to introduce an element of choice to those being made redundant over the age of 55. The consultation proposes that strain payments are limited to the exit cap of £95K less any statutory redundancy pay. If an employer pays any amount of strain payment, no discretionary redundancy pay is allowed. It is proposed that members will get the option to
- make up any shortfall in the strain payment
 - member to decide if they want discretionary redundancy payment or strain payment
 - member to decide if they take an immediate reduced pension or defer their accrued benefits
- 4.4 The consultation closes on 9th November. The Investment and Pension Fund Committee resolved at their September meeting that that the submission of a response be delegated to the County Treasurer in consultation with the Chair of this Committee.

5. Review of Employer contributions and flexibility on exit payments

- 5.1 In response to a consultation that was launched in May 2019, the Government has responded on some of the issues covered by that consultation. Subsequently the Local Government Pension Scheme (Amendment) (No 2) Regulations 2020 have been published and come into effect on 23rd September 2020.
- 5.2 Employer contribution rates are calculated as part of the triennial valuation though employer circumstances could change in between valuations. Responses to the consultation were supportive of the ability to review employer rates outside of the valuations process. The government will therefore amend the regulations to allow the following flexibilities;
- Administering authorities may review the contributions of an employer where there has been a significant change to the liabilities.
 - Administering authorities may review the contributions of an employer where there has been a significant change in the employer's covenant.
 - An employer may request a review of contributions from the administering authority.
- 5.3 The Government proposed to allow administering authorities the flexibility to make an agreement with an exiting employer to spread exit payments. Many

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funds already do this by putting a side agreement in place. The Government will amend the LGPS regulations to allow administering authorities the power to spread exit payments. The administering authorities will be expected to determine whether to spread an exit payment, over what period and the proportion of the exit payment to be paid each year taking into account the interests of the fund and all other employers.

- 5.4 The Government will also amend the regulations to give administering authorities the power to allow an exiting employer to defer an exit payment where they have no active members in return for a commitment to meet their existing responsibilities as employers in the scheme and continue to pay secondary contributions. Such employers will become known as 'Deferred Employers'.

6. Conclusion

- 6.1 The Pension Board is asked to note the issues and developments of the LGPS outlined in the report.

Mary Davis
County Treasurer

Electoral Divisions: All

Local Government Act 1972:
List of Background Papers: Nil
Contact for Enquiries: **Charlotte Thompson**
Tel No: **01392 381933** Room: **G99**



LGPS: Amendments to Statutory Underpin Response to MHCLG Consultation – Devon County Council Pension Fund

Question 1 – Do you agree with our proposal to remove the discrimination found in the McCloud and Sargeant cases by extending the underpin to younger scheme members?

Yes

Question 2 – Do you agree that the underpin period should end in March 2022?

Yes

Question 3 – Do you agree that the revised regulations should apply retrospectively to 1st April 2014?

Yes

Question 4 – Do the draft regulations implement the revised underpin which we describe in this paper?

Yes

Question 5 – Do the draft regulations provide for a framework of protection which would work effectively for members, employers and administrators?

Yes, although it should be noted that the implementation of the regulations will result in a considerable amount of additional work, time and costs for administrators in order to ensure that all affected records are corrected.

There may also be issues for some LGPS employers who will be required to provide historic pay details for employees covering several years.

We would strongly recommend that the finalised regulations are issued to administrators and software providers well in advance of April 2022 to assist with data collection and analysis, resource planning and development of software solutions prior to the regulations taking effect.

Question 6 – Do you have other comments on technical matters related to the draft regulations?

No

Question 7 – Do you agree that members should not need to have an immediate entitlement to a pension at the date they leave the scheme for underpin protection to apply?

We agree that the underpin should apply to all members in service as at 31/03/2012 and that it should not be dependent on an individual's route to retirement.

Question 8 – Are there any other comments regarding the proposed underpin qualifying criteria you would like to make?

No

Question 9 – Do you agree that members should meet the underpin qualifying criteria in a single scheme membership for underpin protection to apply?

Yes

Question 10 – Do you agree with our proposal that certain active and deferred members should have an additional 12-month period to decide to aggregate previous LGPS benefits as a consequence of the proposed changes?

Although we agree in principle with the proposal, we would urge consideration be given to allowing a shorter timescale for decision. Our preference is that members are given a 3 month period to make a decision regarding the aggregation of benefits. The scheme will become more complex as a result of the changes and our preference is to ensure that affected records are updated in a timely manner.

In addition to identifying those members who will lose entitlement to the underpin by failing to aggregate benefits, administrators will be required to ensure that clear communication is provided to these members regarding the changes to the scheme, the options available, and dealing with the queries that will undoubtedly arise as a result of the proposal. We are therefore requesting that a central communication is provided by the Scheme Advisory Board/LGA for all administrators to use when implementing this part of the remedy to ensure that a consistent message is delivered.

Question 11 – Do you consider that the proposals outlined in paragraphs 50 to 52 would have ‘significant adverse effects’ in relation to the pension payable to or in respect of affected members, as described in section 23 of the Public Service Pensions Act 2013?

No

Question 12 – Do you have any comments on the proposed amendments described in paragraphs 56 to 59?

We agree with all the proposed amendments.

There are areas within these paragraphs that will require a substantial effort by administrators to identify affected members requiring some manual intervention, e.g. the number of dependants whose benefits will increase as a result of the revised underpin calculation.

It should be noted that not all of the amendments within the remedy will be resolved by software suppliers developing automation of calculations. Our supplier has confirmed that given the vast complexity of the LGPS, it is not practical within the timescales proposed or from a value for money perspective to automate every calculation and administrative task.



Question 13 – Do you agree with the two-stage underpin process proposed?

Although we would prefer a one-stage approach from an administrative perspective, we understand the rationale for the two-stage approach.

A one-stage process where the underpin calculation is conducted at a member's date of leaving would save unnecessary duplication of work and any changes to benefits at retirement will be in the member's favour in relation to additional factors applied. Providing a member with provisional figures for the duration that they are a deferred member also has the potential to be confusing, resulting in queries and additional work for administrators.

However, from the examples included in the consultation document, it is apparent that some members may benefit from the underpin at date of leaving, and others may benefit at date of crystallisation. Therefore, to prevent any future discrimination claims being made, accept that the two-stage approach proposed would appear to be necessary.

Question 14 – Do you have any comments regarding the proposed approaches outlined above?

We would like to highlight the impact that the proposed approaches will have on the administration of the LGPS, the implications for pensions administration systems, technical issues with the regulations and areas where implementation of the proposals will be difficult.

A significant part of the software development for the remedy will involve the testing of the amended calculations. The revised underpin adds a further level of complication to an already complex benefit structure. Significant effort will need to be undertaken by software suppliers and administrators to test the accuracy of amendment calculations.

We have been in contact with our software provider to discuss the proposal and understand that they will be submitting a detailed response to this question regarding the amendments required from a software perspective and the impact of the approach.

Question 15 – Do you consider there to be any notable omissions in our proposals on the changes to the underpin?

In addition to pensioners, we have identified other types of leavers since April 2014 which will also fall into scope of the proposals and may be affected retrospectively. These include deferred benefits, deaths, trivial commutations, transfers between public service schemes and the LGPS, and other transfers out. Further detailed guidance and clarification regarding these will be required.

Question 16 – Do you agree that annual benefit statements should include information about a qualifying member's underpin protection?

Yes, we agree that this information should be included for future financial planning purposes.

Question 17 – Do you have any comments regarding how the underpin should be presented on annual benefit statements?

We intend to amend the current format of our annual benefit statements to include a section in respect of the underpin. We accept that there is a risk that the inclusion of these figures will add further complexity to the statements and may be more challenging for some members to understand; however we believe that the information should be included, and that the guaranteed amount should be the current value as at the ABS date.

This value should be used in the current value of benefits and the value of benefits projected to the member's NPA, to assist with future financial planning for the member and to avoid individual estimate requests from members in future.

Question 18 – Do you have any comments on the potential issue identified in paragraph 110?

We are of the opinion if a member is entitled to increased benefits, then it is only right that these benefits are taxed appropriately.

Question 19 – Do the proposals contained in this consultation adequately address the discrimination found in the 'McCloud' and 'Sargeant' cases?

Yes

Question 20 – Do you agree with our equalities impact assessment?

Yes

Question 21 - Are you aware of additional data sets that would help assess the potential impacts of the proposed changes on the LGPS membership, in particular for the protected characteristics not covered by the GAD analysis (age and sex)?

No

Question 22 – Are there other comments or observations on equalities impacts you would wish to make?

No

Question 23 – What principles should be adopted to help members and employers understand the implications of the proposals outlined in this paper?

A consistent approach should be adopted to ensure that all members and employers affected by the implications of the proposals are provided with the same information at the same time. The information provided should be clear, concise and easy for all recipients to understand, as the proposals may be confusing for some.

Consideration should be given to providing administrators with a factsheet, including a summary of the proposals, how members and employers are likely to be affected and links to further information if required. The communication should be provided to all LGPS administrators to communicate as they feel appropriate, but with a timescale for issuing the communication.



Question 24 – Do you have any comments to make on the administrative impacts of the proposals outlined in this paper?

While a solution from software providers will hopefully address some of the proposals, it should be noted that there will still be a significant impact on administration teams. Manual intervention will be required by administrators where an automated solution is not feasible or cost effective. Additional resources will be required to enable successful and timely implementation of the remedy across the affected members for April 2022. This will require early sight of finalised regulations to ensure that software providers and administrators are well-prepared and in full compliance with the regulations.

We would also recommend that consideration is given to the introduction of tolerance levels for the members requiring recalculation of their benefits, similar to those proposed with the GMP reconciliation process. This would assist administrators from a practical and cost perspective and would enable administrators to give prioritisation to those members who will be most affected by the proposals.

In addition, the administration team will need to be equipped to deal with additional queries from members affected by McCloud and trained accordingly.

Question 25 – What principles should be adopted in determining how to prioritise cases?

Death and retirement cases should be treated as a priority, together with any other scenarios where an immediate financial impact can be identified.

Question 26 – Are there material ways in which the proposals could be simplified to ease the impacts on employers, software systems and scheme administrators?

For any member who continues to work beyond the 2008 NPA, we do not see the benefit in calculating the underpin at age 65. We would instead ask that consideration is given to either calculating the underpin once at the date the member leaves the scheme or calculating both underpins at the date the member leaves the scheme and awarding the most beneficial of the two.

We also feel that consideration should be given to excluding transfers, divorce, and trivial commutation recalculations from the remit, and the proposals should only apply to pensioners, survivor benefits and deferred cases. If these additional cases are included within the scope of the remedy, then clear and practical guidance needs to be issued to ensure that the remedy is implemented consistently and effectively (e.g. how to treat a member who may have transferred benefits between schemes multiple times or how treat a divorce case where a pension sharing order has already been implemented).

Question 27 – What issues should be covered in administrative guidance issued by the Scheme Advisory Board, in particular regarding the potential additional data requirements that would apply to employers?

Guidance should be provided to employers where they are unable to obtain and/or provide the information requested (e.g. second generation transfers where an employer has changed payroll provider). We would recommend that a consistent approach is adopted by employers to base any assumptions on in the absence of data.

Central guidance from SAB or GAD would assist administrators and software providers in understanding the regulations and would enable a solution to be implemented in a timely and consistent manner. The LGPS benefit structure is too complex to cover every variation but it should be possible to devise a set of scenarios which would cover the key case types.

In addition to this, central communications for members on the remedy, as set out in our response to question 10, would ensure consistency across all administrators.

Question 28 – On what matters should there be a consistent approach to implementation of the changes proposed?

Communication for members and employers regarding the implementation of the proposals needs to be consistent across all LGPS funds, both from an information and timeliness perspective.

A consistent approach needs to be taken for any employer who is unable to provide the data required in order to implement the proposals.

Question 29 – Do you have any comments regarding the potential costs of McCloud remedy, and steps that should be taken to prevent increased costs being passed to local taxpayers?

The costs involved in the remedy are difficult to ascertain at this stage but will be made up from several elements.

From an administration perspective, there will be a significant level of additional resource required in order to ensure that the proposals are implemented accurately and in a timely manner. In addition to this, we are expecting that any costs arising from a software solution will be passed on to administrators, and from previous experience we do not anticipate that this cost will be insignificant.

We have also been approached by several private sector consultants offering initial project management services which running into several thousands of pounds. At this stage, we do not intend to utilise an external provider and prefer to complete the project in-house.

The costs arising from the changes to members' benefits are not known at this stage but could be significant.



Any costs arising from the remedy will be borne by employing bodies, and ultimately the taxpayer in most cases. We believe that any projected savings arising from the cost cap exercise will be wiped out by the proposals and could therefore be used to help fund the project.

As mentioned in our response to Question 24, we believe that it would be useful to consider introducing tolerance levels for the members requiring recalculation of their benefits, similar to those proposed with the GMP reconciliation process, which could result in savings.

ACTIONS AND RECOMMENDATIONS TRACKERS

Report of the County Treasurer

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

The Board is asked to note the progress made on completing actions arising from internal audits and Pension Board recommendations and requests.

1. Summary

- 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. Trackers relating to previous years are attached where actions remain outstanding.
- 2.2. The Actions and Recommendations tracker compiles a list of actions, recommendations and requests raised by the Devon Pension Board. Previously completed actions have been removed.

3. Internal Audit Programme

- 3.1. Progress against this year's audit plan is noted below. It was agreed that audit work would focus on the pension fund audits initially though work has now commenced on the revised Peninsula Pension audits.

Audit Risk Areas	Progress
Investment Strategy Statement	Completed, final report issued
Performance Management	Draft report issued
Risk Management and Reporting (including review of Peninsula Pensions risks applicable to Devon Pension Fund	Draft report issued

Agenda Item 13

Covid-19 response and changed practices – member services	Work commenced 14 th September 2020
Covid-19 response and changed practices – Technical & Training	Scheduled for w/c 23 rd November
Covid-19 response and changed practices – Employer & Comms	Scheduled for w/c 5 th January
Covid-19 Overall adaption	Scheduled for w/c 25 th January
Employer self service	Scheduled for w/c 5 th October
New website	Scheduled to commence 6 th November

4. Conclusion

4.1 The board is asked to note the attached action trackers.

Mary Davis
County Treasurer

Electoral Divisions: All

Local Government Act 1972:

List of Background Papers - Nil

Contact for Enquiries: Charlotte Thompson

Tel No: 01392 381933 Room: G99

[illegible]

Agenda Item 13

Management should consider incorporating a narrative describing the Service's approach to compliance with the Code, to be read in conjunction with the self-assessment document, explaining how the Service meets the required elements in addition to listing related evidence. This could be useful for continuity purposes, should another member of the team take forward the self-assessment process, and also in support of reporting compliance with the Code to management and the Devon Pension Board/Investment & Pension Committee.	Medium	Agreed. Production of a supporting narrative will be explored. Technical & Compliance Manager; and Head of Peninsula Pensions. (By 31 May 2020).	In progress, but has been put on hold pending changes to the Code of Practice.
It is noted that the Devon Pension Fund member training plan includes reference to members having, or being in the process of completing, the Pension Regulator Trustee Toolkit (on-line training). The above recommended update to the Board could potentially include reference to link to further information for members on the requirements of the Code. This may be of particular benefit to any new Board members.	Opportunity	Confirmation of the TPR Code of Practice 14 requirements is already in-hand. A member handbook and training manual is currently being drafted, which includes reference to the Code of Practice 14, and the knowledge and understanding requirements of Pension Board members. Investment Manager.	
Interfacing and submission of employer data with the Pensions administration system, and use of Employer Self-Service			
It is recommended that the ongoing need for generic user accounts be considered, and accounts disabled accordingly.	Medium	Agreed. This will be reviewed. Technical & Compliance Manager – by 30 September 2020.	Partially completed - in progress
Prior to roll out of the formula driven 'alert' to CARE pensionable pay figures provided for interface upload, the Service may wish to 'trial' the proposed 'alert' with an employer to provide assurance that it operates as expected. Furthermore, the Service may wish to consider whether it would be beneficial to include other such formula/parameter driven alerts within other interface templates for data quality improvement purposes.	Opportunity	The in-house developed 'alert' was not rolled out in January as further testing is required. These suggestions will be considered. Technical & Compliance Manager.	In progress
Actuarial Valuation			
The current Actuarial Valuation Communications (Project) Plan should be updated, in advance of the next valuation process, with one further column to provide details of the status of the task as at a recorded date, and this be updated regularly.	Medium	This will be considered, and it may be that a shared document for use by Investments Team and Peninsula Pensions colleagues will be appropriate. (Recommendation 1.2.3 also refers) - Assistant County Treasurer – Investments (By 31 October 2020)	
It is recommended that an internal post-project review is completed by Peninsula Pensions to capture lessons learnt from the 2019 valuation process. This could include Investments Team colleagues, and might involve consideration of shared project documentation, where applicable (and possibly utilising Office 365 applications), and information sharing could also involve, as appropriate, DCC Finance (Fund Accountant).	Opportunity	A post project review will be arranged and involving Investments Team colleagues. As part of this thought will be given to shared documentation and information sharing (possibly making use of O365 SharePoint), and including the Devon Pension Fund Accountant, as appropriate. Technical & Compliance Manager and Employer & Communications Manager; in conjunction with the Investment Manager and Employer & Communications Project Officer. (By 31 October 2020)	

DEVON PENSION BOARD ACTIONS AND RECOMMENDATIONS 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
03/04/2019	114 - Board members requested online/paper manual containing key documents and glossary of terms	In work - to be delivered as part of the autumn training event	In work though keeping an eye on developments with Good Governance Project as this now includes a focus on member development and knowledge. Online in development to comply with new accessibility regulations.
15/07/2019	125 - Improved communication to members on ESG and climate change issues on website		In work - target for completion end of 2020
21/10/2019	142- Peninsula Pensions admin report = if possible report the breakdown of priority tasks		Currently looking to review performance reports and will take this into consideration during this review.
21/10/2019	144- Members discussed the need for Members' (non-councillor members) contact details (email addresses only) on the County Council's website. Officers to investigate alternative email address/secure email		Officers working with IT on a range of solutions. Awaiting details of costs involved. Options presented to Board July 2020
16/01/2020	155 - development of the online risk register to consider use of colour, indicators to signal direction of travel and access to the wider public		Risk register updated as requested. Will include on new PP website when available
16/01/2020	158 - PP Performance reporting, consideration of including a reason why targets not met		Currently looking to review performance reports and will take this into consideration during this review.
06/07/2020	167 - Terms of Reference, section 11 to be amended to state members must complete TPR toolkit within reasonable period.		Completed
06/07/2020	168 - To procure a domain name with email address extensions for use by members		In work
06/07/2020	170 - Amend Risks F4 and F17 to state fund 'requires' managers...PP17 requires further consideration of mitigating factors		Completed
Date	Recommendations / Actions	Response	Progress

CT/20/83
Devon Pension Board
19th October 2020

FUTURE WORK PROGRAMME

Report of the County Treasurer

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1. Summary

- 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 2021

- Code of Practice Compliance
- Governance Review Project
- Funding Strategy Statement

Agenda Item 14

April 2021

- Budget monitoring
- Annual Pension Board Report
- Internal Audit report and 2021/22 Plan
- 2020/21 Training Review and 2021/22 Training plan

July 2021

- Contribution Monitoring annual report
- Pension Board Terms of Reference
- Communications Policy review

3. Conclusion

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

Mary Davis
County Treasurer

Electoral Divisions: All

Local Government Act 1972:

List of Background Papers - Nil

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