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To: The Chair and Members
of the Devon Pension
Board

County Hall
Topsham Road
Exeter
Devon
EX2 4QD

Date: 28 June 2023

Contact: Gerry Rufolo 01392382299

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DEVON PENSION BOARD

Thursday, 6th July, 2023

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

Donna Manson
Chief Executive

A G E N D A

PART 1 - OPEN COMMITTEE

1 Apologies

2 Election of Chair and Vice Chair

3 Minutes (Pages 1 - 8)

Minutes of the meeting held on 18th April 2023, (attached)

4 Items Requiring Urgent Attention

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

5 Membership

To welcome Ian Arrow to the Board.

MATTERS FOR CONSIDERATION OR REVIEW

6 Review of Attendance (Pages 9 - 12)

Report of the Director of Finance (DF/23/69), attached

7 Contributions and Breaches Monitoring (Pages 13 - 16)

Report of the Director of Finance (DF/23/70), attached

8 Devon Pension Fund Risk Register (Pages 17 - 52)

Report of the Director of Finance (DF/23/71), attached

MATTERS FOR INFORMATION

9 Investment and Pension Fund Committee (Pages 53 - 60)

Minutes of the Investment and Pension Fund Committee meeting held on 16th June 2023, attached

10 Audit and action logs (Pages 61 - 94)

Report of the Director of Finance (DF/23/72), attached

11 Peninsula Pensions Administration - Performance Statistics (Pages 95 - 104)

Report of the Director of Finance (DF/23/73), attached

12 LGPS Update Report (Pages 105 - 108)

Report of the Director of Finance (DF/23/74), attached

13 Future Work Programme (Pages 109 - 112)

Report of the Director of Finance (DF/23/75), attached

14 Dates of Future Meetings

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

Friday 13th October 2023

Tuesday 30th January 2024

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

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Declarations of Interest for Members of the Council

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Induction Loop available



DEVON PENSION BOARD

18 April 2023

Present:-

Councillors C Slade (Chair), S Randall Johnson
D Walshe, C Hearn, J Bailey and P Phillips

Apologies:-

Andy Bowman (Vice-Chair)

* **97** **Minutes**

RESOLVED that the Minutes of the Meeting held on 7 February 2022 be signed as a correct record.

* **98** **Items Requiring Urgent Attention**

No item was raised as a matter of urgency.

* **99** **Membership**

The Board noted that there would shortly be two scheme member representative positions available as this was Julie Bailey's last meeting. She was thanked for her work and contribution to the Board. One person had expressed an interest in filling one of the vacancies so it was hoped this would be formalised and in place shortly. The other vacancy would be readvertised again soon.

* **100** **Annual Internal Audit report 2022/23**

The Board noted the Report of the Director of Finance and Public Value (DF/23/40) on the Internal Audit Service for the Pension Fund delivered by the Devon Audit Partnership in 2022/23.

Overall, and based on work performed during 2022/23, Internal Audit had determined that they could provide reasonable assurance on the adequacy and effectiveness of the Fund's internal control environment. This was based on a total of 8 audit (6 completed and 2 still in progress), further work was being carried out around employer data quality.

Other planned work included ongoing assurance work throughout the year and working on a Power Bi dashboard to assist Peninsula Pensions with monitoring. A report on Brunel performance monitoring had slipped due to staff sickness but overall there was reasonable assurance across the pensions service.

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Further discussion included:

- Missing or incomplete employer covenant and bond requirements which were largely due to the data format and where the information was stored. It was felt this could be remedied by having one storage location. There was an audit recommendation to have this undertaken.
- Cyber security and possible attacks from a third party. If members were accessing their pension data from a secure device then the risk of a third party cyber-attack would be minimal as the system and website was secure. Members were expected to ensure their devices and home networks were secure (including passwords). It would be better if all users (employees or employers) were required to use MFA (Multi factor authentication). DCC as an employer has additional security as they have to access the DCC network first. i.e. another factor of authentication.
- Lack of responses to cyber security questionnaires and reasons for this. This was because the information had not been received by the time the report had been written. These would be sent out earlier in future.
- The Logotech contract which needed to be located and this was an action to be completed
- Assurance that the data held on members in the administration system was secure

It was agreed that an update on progress with the cyber security work would be added to the Audit and Tracker log report and this would be reported to the July meeting.

The report was noted.

* 101 **Review of Attendance**

The Board noted the Report of the Director of Finance and Public Value (DF/23/41) on a review of the Board Member attendance at meetings and training events. A log of attendance of both board meetings and training events was attached in Appendix 1 of the Report.

The report was noted.

* 102 **Contribution monitoring**

The Board noted the Report of the Director of Finance and Public Value (DF/23/42) on the current procedures for monitoring of timely payment of contributions from employers. Where contributions were received after the legal deadline and the Authority considered that late payment was of material significance, Officers would have a duty to notify the Pensions Regulator of the employer's failure to meet the legal deadline.

The Report showed a summary of the monthly contributions received in Q3 2022/23 and a total of 16 contributions had been received late during this quarter. Six of these related to Parish councils who had informed the fund of their meeting dates and corresponding submission of contributions not aligning with the deadlines. There had however been an improvement on timeliness overall for the Town and Parish Councils. Officers had written to one employer, as contributions were starting to get paid later and later in the month, to remind them of the legal deadlines. Officers would continue to monitor this employer closely and consider raising a report to the Regulator if no improvement was forthcoming.

The report was noted.

* **103** **Devon Pension Fund Risk Register**

The Board considered the Report of the Director of Finance and Public Value (DF/23/43) on the Pension Fund Register and additional actions proposed to mitigate risk.

The Board had previously considered the Risk Register at its meeting on 19th July 2022, and comments made at board meetings had been taken on board in updating the register.

The Risk Register was attached at Appendix 1 to the Report and it highlighted the key risks in relation to the Pension Fund, the current processes in place to mitigate the risk, and the planned improvements in place to provide further assurance. It incorporated the risk register of both the Investments Team and Peninsula Pensions.

The Investment and Pension Fund Committee was the ultimate risk owner for the Pension Fund and last reviewed the Risk Register in October 2022.

In addition to the current mitigations in place, further actions were planned to provide a greater level of assurance, and these were detailed together with the planned timescale for the action to take place. The level of risk would be reviewed once these additional actions have been implemented. As a result of the incorporation of the risk register into the Authority's risk management system, there was now a more rigorous system in place for regular review of the risks identified, enabling better risk management.

The Register remained unchanged in relation to the Peninsula Pensions risks since the last board meeting in February and Officers were currently working with audit on updating the register in time for the next board meeting.

There were now 41 risks recorded in the Risk Register, 23 of which related to Devon Pension Fund management and 18 to Peninsula Pensions. The Report summarised the number of risks assigned to low, medium and high-risk scores, before and after mitigation.

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Across Devon Pension Fund management and Peninsula Pensions, action taken to mitigate risks had reduced the number of high risks from 11 to 2. The remaining high risks were in respect of:

- F5- Global Financial Crisis leading to a failure to reduce the deficit.
- F2 -Investment strategy not providing sufficient returns longer term.
- F14 – Cyber Security

Members were informed that for CM1 - Communication this had now been updated to green as the report and accounts on the fund's website had been published. For G2 on Governance Arrangements, in-house trainings dates had been organised so that had also been changed to green.

The Report was noted.

* 104 **Pension Board Annual Report**

The Board noted the report of the Report of the Director of Finance and Public Value (DF/23/44) on a draft Devon Pension Fund Annual Report 2022/23 which would be considered for approval by the Investment and Pension Fund Committee later this year.

The draft annual report (Appendix 1 to the Report) contained the statement of accounts together with highlights of the areas reviewed by the Board, and the key recommendations that had been reported to and acted upon by the Investment and Pension Fund Committee.

Members' questions and discussion points with Officers included:

- Updating the table of membership on page 57 to reflect the current scheme member representative.

The Report was noted.

* 105 **Training Review and 2023/24 Training Plan**

The Board considered the Report of the Director of Finance and Public Value (DF/23/45) the training requirements for Board members under the Pensions Act 2004, including compliance with the Scheme Advisory Board Knowledge and Skills framework.

The Report outlined the training sessions held during 2022/23 for members of the Investment and Pension Fund Committee and Devon Pension Board.

The 2023/24 Training Plan was attached at Appendix 1 and set out a proposal for training to be provided over the year in order to ensure that both the Investment and Pension Fund Committee and the Pension Board have the knowledge and skills required in accordance with the CIPFA Code.

A training needs analysis would be undertaken in due course in order to identify areas of training for future events.

Officers had reviewed the Training plan to ensure that it reflected current best practise.

It was highlighted that CIPFA no longer run the training and that a replacement for this would need to be found. The outcome and recommendations from the Good Governance review was also awaited which would feed into the plan.

RESOLVED that the draft Training Plan be commended for approval by the Investment and Pension Fund Committee.

* **106** **Pension Board Budget Report**

The Board considered the Report of the Director of Finance and Public Value (DF/23/46) on the forecast outturn position for the financial year ending 31st March 2022; and the indicative budget for the direct costs for the Devon Pension Board for 2023/24. The budget had been formed by an analysis of the total estimated costs incurred during 2022/23.

It was highlighted that the report was published just ahead of the financial year end to meet deadlines, but it was not expected there would be any major changes in the figures. The figure for members travelling expenses had been reduced to recognise the increase in online events and officer support had been increased by 5% in line with wider Council budgets to cover pay rises and printing.

There was a misprint in the year figure on page 68 which would be corrected to show as the outturn for 2023.

RESOLVED that the outturn for the Devon Pension Board budget 2022/23 be noted and that the Devon Pension Board budget for 2023/24 be approved.

* **107** **Investment and Pension Fund Committee**

The Board noted the Minutes of the Investment and Pension Fund Committee meeting held on 3 March 2022.

* **108** **Peninsula Pensions Administration Update and Performance Statistics**

The Committee noted the Report of the Director of Finance and Public Value (DF/23/47) on Peninsula Pensions' performance and planned review of the Pension Administration Strategy and targets in the new 2023 year. This would include the internal targets for Peninsula Pensions and expected performance requirements from individual Fund employers.

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Statutory performance targets were monitored on a monthly basis via a task management system and reporting tool within the pension database.

The Board noted

- total performance against the Occupational and Personal Pension Schemes (Disclosure of information) Regulations 2013 for the quarter ending 31 December 2022 was 88% (94% for High Priority procedures);
- as had been referred to in the performance reports for previous quarters, the lower-than-expected performance was in part due to delays in responses to member information requested from employers; and the team continued to work with employers to implement improvements in this area;
- employers were undertaking a historic data sign off exercise over the period in preparation for the McCloud remedy, which would explain some of these delays; and of the 305 Devon employers with active members, 247 have been signed off, the remainder were all in progress;
- the team had also continued to concentrate on processing outstanding deferred benefit and amalgamation cases in preparation for the McCloud remedy and future Pension Dashboard, which had impacted performance and once these cases were completed, an improvement in performance was expected;
- the team had received a total of 22 compliments between 1 October 2022 and 31 December 2022;
- Appendix 1 of the report provided a detailed breakdown of administration performance relating to the Devon Pension Fund only, for the quarter ending 31 December 2022 against the statutory Disclosure Regulations;
- Appendix 2 of the report highlighted the longer-term performance of Peninsula Pensions (Devon Pension Fund only) for this financial year from 1st April to 31 December 2022
- the reports showed how many of the 'remaining' tasks outstanding to be actioned were awaiting information from another third party (member/employer) and therefore are on 'reply due';
- Appendix 3 highlighted the amount of work received the previous 12 month rolling period, compared to the same periods in the previous year and these showed an increase in demand and broke down the work into the different work types, and
- the Pension Regulator annual returns completed November 2022 were also outlined.

Members and officers' discussion included:

- Benchmarking information for year-on-year performances to help compare data – this was to be included for future reports.

- Death was marked as high priority as it had been acknowledged as needing extra resource in this area and it was recognised that there were often delays due in waiting for necessary information and documentation from people
- Job vacancies – there were currently 6 vacancies and it had been difficult to recruit. It was hoped rewording the advert might make it more appealing for applicants.

The Report was noted.

* **109** **LGPS Update Report**

The Board noted the Report of the Director of Finance and Public Value (DF/23/48) on developments affecting the LGPS in relation to

- the annual revaluation by the Department for Levelling Up, Housing and Communities (DLUHC);
- changes which arose from the Spring Budget;
- the SCAPE discount rate used to set the employer contribution rates in the unfunded public service pension schemes (PSPS) and determine the actuarial factors across all Public Sector pension schemes including the LGPS; and
- the State Pension Age review.

* **110** **Future Work Programme**

The Board received the Report of the Director of Finance and Public Value (DF/23/49) on the work programme over the next three meetings.

It was noted that the timings for a couple of the items such as the TPR Code of Practice could change. The Cyber Security update would also be included in the Action and Recommendations Tracker which was a standing item.

* **111** **Dates of Future Meetings**

6 July 2023 (in-person), 13 October 2023, 30 January 2024 and 19 April 2024.

Confirmation of dates and other details available at: 6 July 2023 (in-person), 13 October 2023, 30 January 2024 and 19 April 2024. Confirmation of dates and other details available at: [Browse meetings - Devon Pension Board - Democracy in Devon](#)

NOTES:

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1. *Minutes should always be read in association with any Reports for a complete record.*
2. *If the meeting has been webcast, it will be available to view on the [webcasting site](#) for up to 12 months from the date of the meeting*

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

The Meeting started at 10.30 am and finished at 11.15 am

DF/23/69
Devon Pension Board
6th July 2023

REVIEW OF ATTENDANCE

Report of the Director of Finance and Public Value

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

1) Recommendation

That the Board be asked to:

- (a) Review the attendance and training record of the board.

2) Introduction

- 2.1 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 meeting and training events is recorded and reported.

3) Attendance log

- 3.1 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.
- 3.2 A log showing the attendance of both board meetings and training events is attached in appendix 1 and should be reviewed by the board.

4) Conclusion

- 4.1 The Board is asked to review the attendance log in accordance with the Terms of reference.

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Angie Sinclair

Director of Finance and Public Value

Electoral Divisions: All

Local Government Act 1972: List of background papers

Nil

Contact for enquiries:

Name: Charlotte Thompson

Telephone: 01392 381933

Address: Room 180 County Hall

Board Member Attendance 2022/23 - 2023/24

Appendix 1

	Board Meeting				Training		
	19/07/2022	18/10/2022	07/02/2023	18/04/2023	Brunel Investor day	In House event	03/11/2022
Fund Members							
Bowman	Y	Y	Y	N	Y	Y	
Shipp	Y	Y	Y	N/A	Y	Y	
Phillips	Y	Y	Y	Y	N	N	
Bailey	Y	Y	Y	Y	Y	N	
Fund Employers							
Slade (DCC)	Y	Y	N	Y	N	Y	
Walsh	Y	Y	Y	Y	Y	Y	
Hearn (Tavistock)	Y	Y	Y	Y	Y	Y	
Randall Johnson (DCC)	Y	Y	Y	Y	N	N	
Independent member							
Jeanes	Y	Y	Y	Y	Y	Y	

DF/23/70
Devon Pension Board
6th July 2023

MONITORING OF CONTRIBUTIONS AND BREACHES

Report of the Director of Finance and Public Value

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

1) Recommendation

That the Board be asked to:

- (a) Note the actions taken to monitor the contributions

2) Introduction

- 2.1 This report is to update the Pension Board on the current procedures for monitoring of timely payment of contributions from employers.
- 2.2 Employers are required to make their contributions to the fund by the 7th of the month in accordance with the Administering Authority discretions. The legal deadline is however later than this on the 19th of the month where payment is made by cheque or 21st of the month where payment is made electronically.
- 2.3 Where contributions are received after the legal deadline and the Authority considers that late payment is of material significance, we have the duty to notify the Pensions Regulator of the employer's failure to meet the legal deadline.

3) Monitoring process

- 3.1 Employers are required to submit a remittance advice with their contributions. The Finance team within Peninsula Pensions record the payments received onto the Fund's finance system. Staff in the investment team update a database which records the contributions and also checks that they are in line with the rate certified by the actuary.
- 3.2 The date that the contribution was received is also recorded in order to monitor compliance with the legal requirements.

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3.3 The table below shows a summary of the monthly contributions received in Q4 2022/23. For each scheme employer, 3 contributions would be recorded and included in the table below except for those employers who joined or left during the period.

3.4 A total of 13 contributions were received late during this quarter. Four of these related to Paris councils who had informed the fund of their meeting dates and corresponding submission of contributions not aligning with our deadlines.

Two related to the employer mentioned in the last board report whom it was necessary for officers to write to and remind them of the legal deadlines. Contributions have since have been received on time. The further 7 late contributions were random, one off incidents.

Employer by monthly contribution size	Paid on or before 7th of the month	Paid after 7th but on or before 19th	Paid after 19th	Not paid
£1 - £1000 (61)	127	26	2	0
£1001 - £10k (144)	384	37	8	0
£10k - £50k (72)	175	19	2	0
£50k+ (23)	62	12	1	0
<u>TOTAL</u>	<u>768</u>	<u>94</u>	<u>13</u>	<u>0</u>

4) Breaches

No other breaches occurred during Q4 of 2022/23.

5) Conclusion

4.1 The Board is asked to review and note the contribution monitoring record.

Angie Sinclair

Director of Finance and Public Value

Electoral Divisions: All

Local Government Act 1972: List of background papers

Nil

Contact for enquiries:

Name: Charlotte Thompson

Telephone: 01392 381933

Address: Room 180 County Hall

DF/23/71
Devon Pension Board
6th July 2023

PENSION FUND RISK REGISTER

Report of the Director of Finance and Public Value

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

1) Recommendation

That the Board be asked to note the Pension Fund Register and the additional actions proposed to mitigate risk.

2) Introduction

- 2.1 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.
- 2.2 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 18th April 2023, and comments made at board meetings have been taken on board in updating the register.
- 2.3 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.
- 2.4 The Investment and Pension Fund Committee is the ultimate risk owner for the Pension Fund and last reviewed the Risk Register in October 2022.

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3) Assessment of Risk

- 3.1 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.
- 3.2 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. As a result of the incorporation of the risk register into the Authority's risk management system, there is now a more rigorous system in place for regular review of the risks identified, enabling better risk management.
- 3.3 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.

4) Revisions to the Risk Register

- 4.1 For the Pension Fund the following amendments have been made
 - B3 (Brunel) controls have been updated to reflect recent progress in the people strategy.
 - CM1 (Communication) control added regarding the new quarterly investment update.
 - F1 the control regarding the annual training plan has been downgraded to amber status as this as yet to be approved by the Investment and Pension Fund committee
 - F4 ESG Issues – control added regarding the fund's accreditation to the UK Stewardship Code
 - F13 (Climate) control updated with the December 2022 WACI figures. New control added at the request of the board to refer to the climate policy.
 - F14 Cyber security – controls updated to reflect assurances received from suppliers.
- 4.2 Peninsula Pensions risks PP10, PP17 and PP18 have been amended and updated highlighting cyber security potential risks. This amendments have been with the assistance of the Senior Auditor for Risk Management.
- 4.3 Two new temporary risks have been added to the Peninsula Pensions register relating to the McCloud and Pension Dashboard projects.
- 4.4 There are now 43 risks recorded in the Risk Register, 23 of which relate to Devon Pension Fund management and 20 to Peninsula Pensions. 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
Devon Pension Fund		
High	9	3
Medium	11	6
Low	3	14
Peninsula Pensions		
High	3	0
Medium	9	4
Low	8	16

4.5 Across Devon Pension Fund management and Peninsula Pensions, action taken to mitigate risks has reduced the number of high risks from 12 to 3. The remaining high risks are in respect of:

- F5- Global Financial Crisis leading to a failure to reduce the deficit.
- F2 -Investment strategy not providing sufficient returns longer term.
- F14 – Cyber Security

5) Conclusion

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

Angie Sinclair

Director of Finance and Public Value

Electoral Divisions: All

Local Government Act 1972: List of background papers

Nil

Contact for enquiries:

Name: Charlotte Thompson

Telephone: 01392 381933



Address: Room 180 County Hall

Risks: Devon Pension Fund

Risk status (score)	Overdue (0 - 0)	Low (1 - 9)	Medium (10 - 14)	High (15 - 23)	Very high (24 - 30)
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Mitigating controls	Not started	Green	Amber	Red	Completed
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Risk details		Status and Risk owner		Mitigating controls	
<p>A1: Accounting</p> <p>Cause: Lack of training/awareness around pension fund accounting regulations.</p> <p>Event: Non compliance with accounting regulations and fin regs.</p> <p>Impact: Reputational damage. Qualified accounts.</p> <p>Notes 13/08/2019 - Risk wording updated and category added. 29/08/2019 - Risk wording updated</p>	<p>Inherent status : 12 Medium</p> <p>Current status : 9 Low (↔ Unchanged)</p> <p>Risk owner: Mark Gayler</p> <p>Accountable officer: Philip Edwards</p> <p>Category: Compliance</p> <p>Last review: 5th April 2023</p> <p>Latest review details 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>			

Risk details	Status and Risk owner	Mitigating controls
<p>B3: Brunel Pension Partnership</p> <p>Cause: Ineffective governance of Brunel or departure of key people from Brunel</p> <p>Event: Ineffective management of the Fund's investments or at the extreme breakup of the partnership.</p> <p>Impact: Significant costs to the Fund and financial loss. Reputational damage.</p>	<p>Inherent status : 16 High Current status : 12 Medium ( Unchanged)</p> <p>Risk owner: Charlotte. Thompson Accountable officer: Mark Gayler Category: Operational Last review: 21 June 2023 Latest review details Review of mitigating actions and updated</p>	<p>Green External Audit review the Pension Fund's accounts annually.</p> <p>Green Shareholder agreement in place sets out governance framework and is regularly reviewed</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 Brunel have put in place a revised People Strategy to support recruitment and retention of key staff though some key posts are still to be filled</p> <p>Amber A communications strategy is in place and is due to be reviewed during 2023.</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 & 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>Cm1: Communication</p> <p>Cause: Inadequate communications plan and/or insufficient resource to action.</p> <p>Event: Insufficient communication and engagement with pension fund stakeholders.</p> <p>Impact: Damage to reputation. Uninformed policy decisions. Non compliance with legislation/best practice.</p>	<p>Inherent status : 12 Medium Current status : 9 Low ( Unchanged)</p> <p>Risk owner: Charlotte. Thompson Accountable officer: Mark Gayler Category: Operational Last review: 21 June 2023 Latest review details Controls reviewed and updated. Risk score reviewed</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>

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Risk details	Status and Risk owner	Mitigating controls
<p>Notes 13/08/2019 - Risk wording updated and category added.</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 Devon Pension Fund website.</p> <p>Green Quarterly investment update is published on the Fund's website</p>
<p>Cu1: Custody</p> <p>Cause: Changing economic climate, fraud or changing financial position of the Custodian.</p> <p>Event: Failure of Pensions custodian.</p> <p>Impact: Financial loss. Failure to decrease deficit. Adverse media interest/damage to reputation.</p>	<p>Inherent status : 9 Low Current status : 6 Low</p> <p>Risk owner: Charlotte. Thompson Accountable officer: Mark Gayler Category: Operational Last review: 5th April 2023 Latest review details 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>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>Notes 13/08/2019 - Risk wording updated and category added. 29/08/2019 - Risk wording updated.</p>		

<p>D1: Data Protection</p> <p>Cause: Failure to secure and maintain pension fund systems.</p> <p>Event: Loss of sensitive data.</p> <p>Impact: Reputation risk. Financial loss arising from legal action.</p>	<p>Inherent status : 9 Low</p> <p>Current status : 6 Low (↔ Unchanged)</p> <p>Risk owner: Charlotte. Thompson</p> <p>Accountable officer: Mark Gayler</p> <p>Category: Operational</p> <p>Last review: 5th April 2023</p> <p>Latest review details Review of controls and risk score</p>	<p>Green It is a mandatory requirement for all DCC employees to undertake Data Protection training and to adhere to DCC's data protection policy.</p>
<p>Notes</p> <p>13/08/2019 - Risk wording updated and category added.</p> <p>29/08/2019 - Risk wording updated.</p> <p>17/09/2021 - Devon Audit Partnership risk management team note Gov.UK press release 28.06.21 which may be of relevance</p> <p>https://www.gov.uk/government/news/eu-adopts-adequacy-decisions-allowing-data-to-continue-flowing-freely-to-the-uk</p>	<p>Inherent status : 16 High</p> <p>Current status : 12 Medium (↔ Unchanged)</p> <p>Risk owner: Charlotte. Thompson</p> <p>Accountable officer: Mark Gayler</p> <p>Category: Financial</p> <p>Last review: 21 June 2023</p> <p>Latest review details Review of controls</p>	<p>Green The Investment Strategy is set in accordance with LGPS investment regulations and takes into account the Fund's Liabilities</p> <p>Green The Investment Strategy is reviewed, approved and documented by the Investment and Pension Fund Committee.</p> <p>Green DCC employ an external investment advisor who provides specialist guidance to</p>
<p>F 1: Funding and Investments</p> <p>Cause: The committee Members and Investment Officers have insufficient knowledge of financial markets and inadequate investment and actuarial advice received.</p> <p>Event: The committee Members and Investment officers make inappropriate decisions.</p>		

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<p>Impact: Poor fund performance/financial loss. Increased employer contribution costs.</p> <p>Notes 13/08/2019 - Wording of risk updated and category added. 25/02/2020 - Wording of mitigation updated to reflect delay in producing handbook due to delay in new website</p>		<p>the Investment and Pension Fund Committee regarding the investment strategy.</p> <p>Amber An Annual Training Plan for 2023/24 is yet to be approved by committee. 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>Green Sharepoint site dedicated to training and knowledge in development is in place</p> <p>Green An induction session and pack will be provided for new members of the Committee and Board.</p>
<p>F 2: Funding and Investments</p> <p>Cause: The Pension Fund's investment strategy / strategic asset allocation fails to produce the required returns.</p> <p>Event: Volatility in the global and/or UK economy due to e.g. geo-political instability, changes to interest rates, Brexit, etc.</p> <p>Impact: Financial loss. Insufficient funds available to meet future obligations.</p>	<p>Inherent status : 20 High Current status : 15 High (↔ Unchanged)</p> <p>Risk owner: Charllotte Thompson Accountable officer: Mark Gayler Category: Financial Last review: 5th April 2023 Latest review details Mitigations remain in place</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 2022 actuarial valuation includes provision for the fund to achieve full funding over 15 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</p>

<p>Notes 13/08/2019 - Wording of risk updated and category added.</p>		<p>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 and globally to minimise the impact of losses in individual markets.</p> <p>Green Fund-specific benchmarks and targets are set. Assets are under regular review as part of the fund's performance management framework</p> <p>Green Long term nature of the Fund provides some mitigation as the volatility caused by issues such as Brexit will reduce over time.</p> <p>Green External review of the Fund's investment strategy is commissioned at minimum every three years. The last review was undertaken by Mercers who presented their review to the Investment and Pension Fund committee in February 2022.</p>
<p>F 3: Funding and Investments</p> <p>Cause: Collapse of Fund manager, investment arrangements are structured poorly, fraud.</p> <p>Event: The fund is exposed to unnecessary risks and avoidable costs.</p> <p>Impact: Financial loss.</p>	<p>Inherent status : 10 Medium</p> <p>Current status : 8 Low (↔ Unchanged)</p> <p>Risk owner: Charlotte. Thompson</p> <p>Accountable officer: Mark Gayler</p> <p>Category: Operational</p> <p>Last review: 5th April 2023</p> <p>Latest review details 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 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>

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<p>Notes 13/08/2019 - Risk wording updated and category added.</p>		<p>Green The Investment and Pension Fund Committee will monitor investment arrangements under Brunel to ensure they provide for effective risk management and risk adjusted returns across the portfolios.</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>
<p>F 4: Funding and Investments</p> <p>Cause: Inadequate risk management policies on Environmental, Social and Governance Issues. Lack of awareness/training.</p> <p>Event: The fund fails to manage environmental, social and governance risks.</p> <p>Impact: Financial loss. Damage to reputation.</p>	<p>Inherent status : 15 High Current status : 8 Low (↔ Unchanged) Risk owner: Charlotte. Thompson Accountable officer: Mark Gayler Category: Operational Last review: 21 June 2023 Latest review details New control added</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</p>
<p>Notes 13/08/2019 - Risk wording updated and category added. 29/08/2019 - Risk wording updated</p>		

<p>F 5: Funding and Investments</p> <p>Cause: Global financial crisis. Substantial political changes.</p> <p>Event: The market crashes, reducing the value of investments.</p> <p>Impact: The deficit increases, or there is a failure to reduce the deficit. Financial loss. Increased employer contribution costs.</p>	<p>Inherent status : 20 High Current status : 16 High (↔ Unchanged)</p> <p>Risk owner: Charlotte. Thompson Accountable officer: Mark Gayler Category: Financial Last review: 5th April 2023 Latest review details (F6) Controls reviewed and confirmed</p>	<p>investment strategy and consideration of non-financial factors.</p> <p>Green The Fund is accredited by the FRC as a signatory to the UK Stewardship Code</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>Green 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>
<p>Notes 13/08/2019 - Risk wording updated and category added.</p> <p>F 6: Funding and Investments</p> <p>Cause: Substantial changes to UK or global economies.</p> <p>Event: Pay and price inflation are higher than anticipated.</p> <p>Impact:</p>	<p>Inherent status : 16 High Current status : 12 Medium (↔ Unchanged)</p> <p>Risk owner: Charlotte. Thompson Accountable officer: Mark Gayler Category: Strategic Last review: 5th April 2023 Latest review details (F7) Controls reviewed and updated</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</p>

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<p>There is an increase in liabilities which exceeds the previous valuation estimate.</p>		<p>funds with inflation linked returns, to act as a hedge against inflation increases.</p>
<p>Notes 13/08/2019 - Risk wording updated and category added.</p>		<p>Green Inflation risk was addressed in the strategic reviewed undertaken by Mercer which was presented to the Investment and Pension Fund committee in February 2022.</p>
<p>F 7: Funding and Investments Cause: Public services are cut and ill health increases. Event: There is an increase in the number of early retirements. Impact: There is an increase in liabilities which exceeds the previous valuation estimate.</p>	<p>Inherent status : 9 Low Current status : 6 Low Risk owner: Charlotte. Thompson Accountable officer: Mark Gayler Category: Strategic Last review: 5th April 2023 Latest review details (F8) Controls reviewed and confirmed. Risk score reviewed and revised</p>	<p>Green Employers are charged the extra capital cost of non ill health retirements following each individual decision. Green Employer ill health retirement experience is monitored.</p>
<p>Notes 13/08/2019 - Risk wording changed and category added.</p>		
<p>F 8: Funding and Investments Cause: The average life expectancy of pensioners is greater than assumed. Event: The actuarial assumptions are incorrect. Impact: There is an increase in liabilities which exceeds the previous valuation estimate.</p>	<p>Inherent status : 12 Medium Current status : 9 Low (↔ Unchanged) Risk owner: Charlotte. Thompson Accountable officer: Mark Gayler Category: Strategic Last review: 12 Jan 2023 Latest review details (F9) Controls reviewed and confirmed.</p>	<p>Green Life expectancy assumptions are reviewed at each triennial valuation. For the 2022 Valuation this included a review of the impact of COVID19 on mortality. Green Mortality assumptions include an allowance for future increases in life expectancy.</p>

<p>Notes</p> <p>13/08/2019 - Risk wording updated and category added.</p> <p>F9: Funding and Investments</p> <p>Cause: Inadequate training. Availability of staff. Cashflow issues for employers</p> <p>Event: Scheme employers' contributions to the Fund are not received, processed and recorded completely and accurately.</p> <p>Impact: There are increased costs across all remaining scheme employers.</p>	<p>Inherent status : 12 Medium (↔ Unchanged)</p> <p>Current status : 9 Low (↔ Unchanged)</p> <p>Risk owner: Charlotte. Thompson</p> <p>Accountable officer: Mark Gayler</p> <p>Category: Operational</p> <p>Last review: 5th April 2023</p> <p>Latest review details (F10) Review of controls</p>	<p>Green Data used for the 2022 valuation suggest that life expectancy improvements are slowing down</p> <p>Green 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>Green Contribution monitoring report is presented to the Pensions Board at each meeting for review</p>
<p>Notes</p> <p>13/08/2019 - Risk wording updated and category added.</p> <p>F10: Funding and Investments</p> <p>Cause: An employer ceases to exist with insufficient funding available to settle any outstanding debts, or refuses to pay the cessation value.</p> <p>Event: Departing employer does not fully meet their liabilities.</p> <p>Impact:</p>	<p>Inherent status : 12 Medium (↔ Unchanged)</p> <p>Current status : 6 Low (↔ Unchanged)</p> <p>Risk owner: Charlotte. Thompson</p> <p>Accountable officer: Mark Gayler</p> <p>Category: Financial</p> <p>Last review: 5th April 2023</p> <p>Latest review details (F11) Controls reviewed</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>


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<p>Increased costs across the remaining scheme employers.</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>Green Bond levels for each relevant employer and Employer covenant risks are re-assessed following each triennial actuarial valuation.</p> <p>Green Following changes to regulations, new policies have been put into place with regard to Deferred Debt and Debt Spreading Agreements. These will assist in managing exiting employer deficits.</p>
<p>Notes 13/08/2019 - Risk wording updated and category added.</p>	<p>Inherent status : 12 Medium Current status : 8 Low (↔ Unchanged) Risk owner: Charlotte. Thompson Accountable officer: Mark Gayler Category: Compliance Last review: 5th April 2023 Latest review details (F14) Controls reviewed</p>	<p>Amber Currently much of the EU regulation has been retained in UK law following Brexit although this could change</p> <p>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>Green All the Fund's current fund managers and financial counterparties have accepted Devon's application for elective professional client status</p>
<p>F11: Funding and Investments</p> <p>Cause: Failure to meet regulatory requirements</p> <p>Event: Updated Legislative and regulatory requirements.</p> <p>Impact: Additional work to ensure compliance. Fines for noncompliance. Damage to reputation. Loss of members.</p>		

<p>Notes 13/08/2019 - Risk wording updated and category added.</p>	<p>Inherent status : 10 Medium Current status : 10 Medium Risk owner: Charlotte. Thompson Accountable officer: Mark Gayler Category: Strategic Last review: 5th April 2023 Latest review details (F16) Controls updated now valuation finalised and annual pension increase confirmed</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>Green Employer costs from the 2022 valuation has included estimated impact of McCloud</p> <p>Green CPI revaluation on CARE benefits currently high which will result in the McCloud guarantee applying to less members though actual impact unknown until the member leaves</p>
<p>Notes 13/08/2019 - Risk wording updated and category added. 29/08/2019 - Risk wording updated.</p> <p>F13: Funding and Investments</p> <p>Cause: Climate Change</p> <p>Event: Impact on investee companies of the consequences of climate change and the transition to a low carbon economy</p> <p>Impact: Financial loss and/or failure to meet return expectations Increases employer contribution costs</p>	<p>Inherent status : 16 High Current status : 12 Medium (Unchanged) Risk owner: Charlotte. Thompson Accountable officer: Mark Gayler Category: Last review: 21 June 2023 (F17) Controls reviewed and updated</p>	<p>Green 100% of Brunel's portfolios, across all asset classes, are carbon and climate aware. 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>

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		<p>Green The Devon Fund requires its non-Brunel investment managers (Infrastructure and Private Debt) to take climate change risks into account and report back regularly.</p> <p>Green The Devon Fund will undertake an annual assessment of the carbon footprint of its investments. The assessment as at 31 December 2022 showed a 45% reduction in the Weighted Average Carbon Intensity of the Fund's equity investments compared with 31 March 2019</p> <p>Green The Investment Strategy Statement contains the Fund's approach to Climate change and adopts the Brunel Climate change policy</p> <p>Completed The Fund has moved its UK and Smart Beta passive allocations to new UK Climate Transition and Global Paris Aligned funds to significantly reduce exposure to fossil fuel reserves.</p>
<p>F14: Cyber Security</p> <p>Cause: Cyber Attack</p> <p>Event: Loss of access to key systems</p> <p>Impact: The fund cannot continue to operate and deliver its propriety services following a disaster, IT incident or data loss scenario</p>	<p>Inherent status : 20 High</p> <p>Current Status: Risk owner: Charlotte. Thompson Accountable officer: Mark Gayler Category: Last review: 20 Jan 2023</p>	<p>Green - Logotech system is a hosted system which is backed up daily. System can be accessed via non DCC computers in the event of a disaster recovery situation.</p> <p>Green – Supplier Contract management - Business Continuity Plan in place as well as incident response plans, penetration testing which are all tested annually.</p>

<p>G1: Governance Arrangements</p> <p>Cause: The Administering Authority fails to have appropriate governance arrangements, including the requirement for a Pension Board.</p> <p>Event: The administering authority is non compliant with legislation and/or best practice.</p> <p>Impact: There is an inability to determine policy. There is an inability to make effective decisions. There is an inability to deliver service. Negative impact on reputation.</p>	<p>Inherent status : 12 Medium Current status : 8 Low ( Unchanged)</p> <p>Risk owner: Charlotte. Thompson Accountable officer: Mark Gayler Category: Strategic Last review: 5th April 2023 Latest review details Controls and risk score reviewed</p>	<p>Green – Brunel’s cyber security arrangements have been audited by Deloitte which came back positive</p> <p>Green - All staff have completed mandatory cyber security training</p> <p>Amber - All pensions and investment committee members and pension board members have received cyber security training</p> <p>Not Started - Business Continuity Plans include supplier contact details and plan to be tested every 12 months. The plan is reviewed by the Pensions Board.</p> <p>Green 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>Green The Statement is published on the Devon Pensions website: https://www.devonpensionfund.org.uk/fund-policies/important-documents/</p> <p>Green Pension fund stakeholders are made aware of the Statement.</p> <p>Green DCC has appointed an Investment and Pension Fund Committee to discharge the</p>
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<p>Notes 13/08/2019 - Wording of risk updated.</p>		<p>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>Green 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>
<p>G2: Governance Arrangements</p> <p>Cause: Poor governance arrangements.</p> <p>Event: The Investment and Pension Fund Committee and Pension Board are unable to fulfil their responsibilities effectively.</p> <p>Impact: Non-compliance with legislation and/or best practice. There is an inability to determine policy, make effective decisions and/or deliver service.</p>	<p>Inherent status : 12 Medium</p> <p>Current status : 9 Low (↔ Unchanged)</p> <p>Risk owner: Charlotte. Thompson</p> <p>Accountable officer: Mark Gayler</p> <p>Category: Operational</p> <p>Last review: 5th April 2023</p> <p>Latest review details Controls and risk score reviewed</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. The plan has been adapted to ensure provision of on-line sessions given the Coronavirus pandemic</p> <p>Green A training and induction programme is available for new Committee and Pension Board Members.</p>

<p>There is a risk to reputation. Possibility of fines/sanctions.</p> <p>Notes 13/08/2019 - Wording of risk updated and category added.</p>	<p>Amber Some Committee members have yet to complete the Pension Regulator Public Sector Pensions 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>Green Following a request by the Pension Board, officers have produced a web based handbook to act as a knowledge hub</p>
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<p>I1: Internal</p> <p>Cause: Concentration of knowledge in a small number of staff.</p> <p>Event:</p>	<p>Inherent status : 16 High</p> <p>Current status : 12 Medium (Unchanged) </p> <p>Risk owner: Charlotte. Thompson Accountable officer: Mark Gayler</p> <p>Green The Investment Manager is able to cover in the absence of the Head of Investments</p>
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<p>Loss of staff leading to a breakdown in internal processes and service delivery. Impact: Financial loss and potential risk to reputation.</p>	<p>Category: Strategic Last review: 12 Jan 2023 Latest review details Controls and risk score reviewed</p>	<p>Green Knowledge of all tasks shared by at least two team members and can in addition be covered by senior staff. Green Training requirements are set out in job descriptions and reviewed annually with team members through the appraisal process. Green A formal training record for officers is maintained centrally. Green A procedure manual is in place which sets out work instructions for the majority of crucial tasks undertaken.</p>
<p>Notes 13/08/2019 - Risk wording updated and category added. 29/08/2019 - Risk wording updated.</p>	<p>Inherent status : 12 Medium Current status : 9 Low ( Unchanged) Risk owner: Charlotte. Thompson Accountable officer: Mark Gayler Category: Operational Last review: 5th April 2023 Latest review details Controls reviewed and remain appropriate</p>	<p>Green The Devon Investment Services procedure manual will continue to be refined and updated on an ongoing basis. Green The review of CIPFA's knowledge and skills framework relating to officers should result in key outcomes being delivered.</p>
<p>12: Internal Cause: Inadequate treasury management practices. Event: Fraud, corruption or error. Impact: Risk of financial loss. Damage to reputation.</p>	<p>Green Counterparty transactions are authorised by senior staff outside of the investment team. Green All staff are covered by fidelity insurance up to £15 million Green Sufficient members in the team to cover absence and leave Green Appropriate separation of duties exists.</p>	<p>Green Counterparty transactions are authorised by senior staff outside of the investment team. Green All staff are covered by fidelity insurance up to £15 million Green Sufficient members in the team to cover absence and leave Green Appropriate separation of duties exists.</p>

<p>Notes 13/08/2019 - Risk wording updated and category added.</p>		<p>Green Treasury Management Practices are reviewed and updated regularly. Green Up to date financial regulations and practices. 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>PP – Readiness for connection to Pensions dashboards Cause(s)- Lack of resource/capacity to fully implement the required changes in a timely way; Delays in receiving national guidance. Event Peninsula Pensions is not fully prepared for connection to Pensions dashboards Impact(s) – Scheme members experience delays in connections to dashboards In the absence of connection to dashboards Members planning for retirement could experience delays in identifying their pensions/understanding the value of their pensions Reputational impact to Peninsula Pensions Possible legal implications (fines/penalties) for Peninsula Pensions</p>	<p>Inherent status : 12 Medium Current status : 9 Low (Unchanged) Risk owner: Rachel Lamb Accountable officer: Daniel Harris Category: Compliance Last review: 18 May 2023 Latest review details Initial score and mitigating controls input</p>	<p>Green Internal project team in place Green Communications to employers and members</p>

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<p>PP – Readiness for implementation of changes relating to the McCloud judgment</p> <p>Cause(s) – Lack of resource/capacity to fully implement the required changes in a timely way; Delays in receiving national guidance. Event – Peninsula Pensions is not fully prepared for implementation of the legislative changes (remedy) following the McCloud judgement. Impact(s) – Scheme members experience delays in the ‘remedy’ being applied Financial impact to scheme members Reputational impact to Peninsula Pensions Possible legal implication (fines/penalties) for Peninsula Pensions</p>	<p>Inherent status : 12 Medium Current status : 9 Low (Unchanged) Risk owner: Rachel Lamb Accountable officer: Daniel Harris Category: Compliance Last review: 18 May 2023 Latest review details Initial score and mitigating controls input</p>	<p>Green Internal project team in place</p> <p>Green Data cleansing activity underway including with employers</p> <p>Green Communications to employers and members</p>
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<p>PP 1 - Annual Benefit Statements</p> <p>Cause/s Staffing Absences ICT Failures Poor data quality Event Annual Benefit statements are not sent to active and deferred members by 31st August. Impact Fines from the regulator Damage to reputation Increased complaints from Members Increased demand on resources to rectify the situation Creation of a backlog of other tasks due to diverted resource.</p>	<p>Inherent status : 8 Low Current status : 6 Low (Unchanged) Risk owner: Rachel Lamb Accountable officer: Daniel Harris Category: Operational Last review: 7th Feb 2023 Latest review details Risks and mitigating controls remain appropriate. Risk reviewed by the Pension Board on 7th Feb 2023</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 31/07 to allow time for distribution to staff prior to 31/08 Amber Following the completion of the historic data sign off exercise, employers will move to monthly interfacing which will reduce the number of queries at year-end. Target date for completion is 31st March 2023.</p>
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<p>PP 2 - Failure to provide basic information about the LGPS</p> <p>Cause/s Inability to access basic LGPS information via the website due to IT issues or non publication. Starter Packs not being sent and/or received by members. General scheme literature not being made available to members. LGPS Administration team not informed of new members. Event Failure to make available provide Basic information about the LGPS including: how benefits are worked out; how member and employer contributions are calculated. Impact Negative reporting by or fines from the Pension's regulator. Damage to reputation.</p>	<p>Inherent status : 10 Medium Current status : 8 Low (Unchanged) Risk owner: Rachel Lamb Accountable officer: Daniel Harris Category: Operational Last review: 7th Feb 2023 Latest review details Risks and mitigating controls remain appropriate Risk reviewed by the Pension Board on 7th Feb 2023</p>	<p>Green Reviews of documentation/letters Green Website regularly updated Completed Links to Pension Funds investment information and LGPS included on website Completed A revised New Starter pack has been designed and is now provided to members Completed Our methods and content of communication will be reviewed to ensure that members and employers are provided with accurate and relevant information.</p>
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<p>PP 3 - Non-compliance with legislation and failure to correctly implement new legislation and regulations</p> <p>Cause Lack of structure/process to identify new legislation as it is released.</p> <p>Event Non-compliance with legislation/regulations.</p> <p>Impact Incorrect benefit payments. Damage to reputation. Fines from Regulators.</p>	<p>Inherent status : 12 Medium Current status : 6 Low (Unchanged)</p> <p>Risk owner: Rachel Lamb Accountable officer: Daniel Harris Category: Operational Last review: 7th Feb 2023 Latest review details Risks and mitigating controls remain appropriate. Risk reviewed by the Pension Board on 7th Feb 2023</p>	<p>Green LGA/External training Green Project work approach to implementation of legislative changes. Green In house training for all staff. • Use of Perspective and Bulletins Completed A Training and Technical team is now in place, following the Pension Review. The team has commenced delivering training across the teams.</p>
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<p>PP 4 - Failure of employing authority to provide timely and accurate member data</p> <p>Cause Employing authorities not fulfilling their responsibilities.</p> <p>Event Delays in the provision of pensions member data. Inaccuracies in the pension member data.</p> <p>Impact Incorrect benefit calculations. Financial Loss due to compensation to members. Incorrect benefit payments Delays to payments Additional work to request and correct information</p>	<p>Inherent status : 12 Medium Current status : 9 Low (Unchanged)</p> <p>Risk owner: Rachel Lamb Accountable officer: Daniel Harris Category: Operational Last review: 7th Feb 2023 Latest review details Risks and mitigating controls remain appropriate. Risk reviewed by the Pension Board on 7th Feb 2023</p>	<p>Green Pension Administration Strategy in place since April 2015 and was revised in 2020. Employer duties are clearly identified in the PAS. Ability to fine employers is provided for in PAS and LGPS regulations.</p> <p>Green Employing authorities are contacted for outstanding information when it is identified that information is missing or contains errors.</p> <p>Green Outstanding data queries are passed to Employer and Communications Team to monitor</p> <p>Completed Guidance available on website</p> <p>Green Individual employer meetings include review of employer performance</p> <p>Completed An Employer and Communications team is now in place. The team will consider employer performance and take action to address any issues, as required.</p>
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<p>PP 5 - Withdrawal of support for Employer Self Service</p> <p>Cause Pensions software provider withdrawing support for ESS</p> <p>Event Employers will no longer be able to access member records, run estimates or submit and receive information via ESS.</p> <p>Impact Increased workloads and reduced efficiency for PP which may result in delays in information being provided to employers, possible breaches and an increase in complaints.</p>	<p>Inherent status : 12 Medium Current status : 8 Low</p> <p>Risk owner: Rachel Lamb Accountable officer: Daniel Harris</p> <p>Category: Operational Last review: 7th Feb 2023</p> <p>Latest review details Risks and mitigating controls remain appropriate. Risk reviewed by the Pension Board on 7th Feb 2023</p>	<p>Green Software provider is required to give 12 months' notice before any change to the contract</p> <p>Amber Consideration is being given to a number of options. The development of an internal solution is being prioritised to ensure continued service delivery. The E&C team have commenced work on this project and are aiming to have a solution in place by 31/12/2022</p> <p>Completed New internal interface solution in place January 2023</p>
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<p>PP 6 - Communication of Entitlements</p> <p>Cause Insufficient communication and engagement with LGPS scheme members/employers.</p> <p>Event 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>Impact Inability to determine policy Employees not joining the scheme. Inability to make effective decisions and/or deliver service</p>	<p>Inherent status : 12 Medium Current status : 9 Low (Unchanged)</p> <p>Risk owner: Rachel Lamb Accountable officer: Daniel Harris Category: Operational Last review: 7th Feb 2023 Latest review details Risks and mitigating controls remain appropriate. Risk reviewed by the Pension Board on 7th Feb 2023</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 A Communication Policy exists for the Devon Pension Fund, which includes Peninsula Pensions. The Peninsula Pensions Senior Management team are considering creating a separate communication policy for Peninsula Pensions which will be brought to the Board for consideration during 2023</p>
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<p>PP 7 - Non Payment of Pension Benefits</p> <p>Cause Systems Failures Lack of information from employers Poor internal processes Event Pension benefits are not paid. Impact Damage to Reputation. Financial loss arising from compensation claims.</p>	<p>Inherent status : 12 Medium Current status : 8 Low (Unchanged) Risk owner: Rachel Lamb Accountable officer: Daniel Harris Category: Operational Last review: 7th Feb 2023 Latest review details Risks and mitigating controls remain appropriate. Risk reviewed by the Pension Board on 7th Feb 2023</p>	<p>Green The payroll system is set up to pay pensioners monthly. Green Disaster recovery plan in place with Heywoods which will restore data within 7 days in the event of system failure Green The payroll manual has been revised and updated following the introduction of RTI (Real Time Information) and new administration systems. Amber Fully updated Pensioner Payroll Manual is now in place. An online training resource is being developed and will be completed during 2022.</p>
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<p>PP 8 - Payment to deceased pensioners</p> <p>Cause LGPS Information is not updated as circumstances change. Poor internal processes. Event Pension benefits continue to be paid to deceased pensioners. Impact Damage to Reputation. Financial loss arising from overpayments. Additional resource to recover funds</p>	<p>Inherent status : 8 Low Current status : 6 Low (Unchanged) Risk owner: Rachel Lamb Accountable officer: Daniel Harris Category: Operational Last review: 7th Feb 2023 Latest review details Risks and mitigating controls remain appropriate. Risk reviewed by the Pension Board on 7th Feb 2023</p>	<p>Green All pensioners are contacted annually. Green Pension suspended if post is returned Green Pensioners are incorporated into National Fraud Initiative Green Further targeted checks are conducted with credit reference agencies as appropriate Green Monthly mortality screening is undertaken and any positive matches are ceased immediately Green Western Union overseas existence service undertaken bi annually Green 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>
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<p>PP10 - Data and System Security</p> <p>Cause Insecure pensions and administration data.</p> <p>Event Loss/disclosure of Sensitive Data/Information.</p> <p>Impact Financial costs from legal action. Fines from ICO.</p>	<p>Inherent status : 9 Low Current status : 6 Low (Unchanged)</p> <p>Risk owner: Rachel Lamb Accountable officer: Dan Harris</p> <p>Category: Operational Last review: 18 May 2023</p> <p>Latest review details Review by Rachel Lamb and minor updates/enhancements made to the risk mitigating controls</p>	<p>Green Access and security controls exist and the system is tested regularly by Heywoods and PP. Responsible Officer: Systems Development Officer</p> <p>Green System controls in place including systems access controls, approval/workflow controls and audit trail. The system is subject to regular checks by internal audit.</p> <p>Green In-house GDPR training is delivered to all new and existing team members on an annual basis to ensure that staff are fully aware of requirements under the data protection legislation. In addition to this, all staff are required to complete DCC's GDPR and DCC's mandatory Cyber Security e-learning assessment annually.</p>
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<p>PP11 - Personal Member Data</p> <p>Cause Error when printing/sorting/compiling data. Poor internal processes. Event Information issued to the wrong person/organisation. Impact Financial Costs from legal action. Fines from ICO.</p>	<p>Inherent status : 9 Low Current status : 6 Low (Unchanged) Risk owner: Rachel Lamb Accountable officer: Daniel Harris Category: Operational Last review: 7th Feb 2023 Latest review details Risks and mitigating controls remain appropriate. Risk reviewed by the Pension Board on 7th Feb 2023</p>	<p>Green It is a mandatory requirement for all DCC employees to undertake Data Protection training and to adhere to DCC's data protection policy. Green In-house GDPR training is delivered to all new and existing team members on an annual basis to ensure that staff are fully aware of requirements under the data protection legislation. In addition to this, all staff are required to complete DCC's GDPR e-learning assessment annually. Completed Internal e-Learning training 'Sharing personal data' was also undertaken by whole office during March 2018. All staff are required to complete DCC's e-learning assessment annually.</p>
<p>PP12 - Knowledge Management</p> <p>Cause Departure or non-availability of staff who hold key knowledge. Event Breakdown in internal processes and service delivery. Impact Financial Loss due to costs of obtaining resource, or delays/inefficiencies in existing processes. Reputation Damage.</p>	<p>Inherent status : 16 High Current status : 12 Medium (Unchanged) Risk owner: Rachel Lamb Accountable officer: Dan Harris Category: Strategic Last review: 7th Feb 2023 Latest review details Risks and mitigating controls remain appropriate. Risk reviewed by Devon Pension Board on 7th Feb 2023</p>	<p>Green Knowledge of all tasks are shared by at least two team members and can in addition be covered by senior staff Green Training requirements are set out in job descriptions. Amber The Training and Technical team have created training and procedure notes for the team covering all major processes. These will help to ensure consistency across the teams and will assist with the training of new recruits. Training notes are kept under review and updated as and when regulations come into effect.</p>

<p>PP13 - Scheme Membership Data</p> <p>Cause Incorrect information from employers. Fraudulent provision of data. System errors Poor internal processes. Event Unauthorised or invalid payments. Impact Financial loss Reputational Damage</p>	<p>Inherent status : 9 Low Current status : 6 Low (Unchanged) Risk owner: Rachel Lamb Accountable officer: Dan Harris Category: Operational Last review: 7th Feb 2023 Latest review details Risks and mitigating controls remain appropriate. Risk reviewed by the Pension Board on 7th Feb 2023</p>	<p>Green Information and instructions are only accepted from authorised sources. Green Employers and scheme members are required to review and confirm membership records annually Green Benefit calculations are checked by senior colleagues and are subject to independent authorisation Green All transactions comply with DCC financial regulations and are subject to independent authorisation Green All staff are covered by fidelity insurance up to £15 million Green Members approaching 75 are separately identified monthly Green Data accuracy checks undertaken by the systems team including address / NINO checks Completed Employer Self Service introduced. Amber Employers are currently in the process of undertaking a historic data sign off exercise. Once an employer has been signed off, they will move to monthly data submissions. Target date for completion is 31st March 2023.</p>
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<p>PP14 - Compliance with Disclosure Regulations</p> <p>Cause Requirement to issue information within a certain timescale after a request/event. Event Failure to comply with disclosure regulations and to process accurate pension benefit payments in a timely manner. Impact Complaints which take up time to resolve. Additional Time spent chasing data Regulator Fines Compensation costs for members</p>	<p>Inherent status : 9 Low Current status : 6 Low (Unchanged)</p> <p>Risk owner: Rachel Lamb Accountable officer: Dan Harris Category: Operational Last review: 7th Feb 2023 Latest review details Risks and mitigating controls remain appropriate. Risk reviewed by the Pension Board on 7th Feb 2023</p>	<p>Green Robust workflow management system in place. Green Payroll deadline procedures in place Green Item in Business Continuity/Disaster Recovery Plan Green Participate in National Fraud Initiative (NFI) Green Life Certificates exercise carried out /mortality checks Amber Full review of performance within PP being conducted to incorporate Employer performance and Admin strategies. Target date for completion 31/12/22 (with ongoing reviews and development after this date).</p>
<p>PP15 - Fraud, Corruption and Error</p> <p>Cause Poorly designed or implemented management practices/processes. Staff deliberately updating or providing fraudulent data. Event Fraud, corruption or error. Impact Financial Loss Reputational Damage</p>	<p>Inherent status : 12 Medium Current status : 9 Low (Unchanged)</p> <p>Risk owner: Rachel Lamb Accountable officer: Dan Harris Category: Operational Last review: 7th Feb 2023 Latest review details Risks and mitigating controls remain appropriate. Risk reviewed by the Pension Board on 7th Feb 2023</p>	<p>Green Transactions are authorised by senior staff Green All staff are covered by fidelity insurance up to £15 million Green Sufficient members in the team to cover absence and leave Green Heywoods Audit trace report Green Appropriate separation of duties exists Green Up to date regulations and practices Green Internal and external audit checks performed to ensure that appropriate and effective controls are in place</p>

<p>PP16 - Loss of Shared Service Partner</p> <p>Cause Shared service partner choosing to use a different pensions administrator. Event Peninsula pensions no longer operates on the same scale. Impact Reputational Damage. Loss of staff / redundancies.</p>	<p>Inherent status : 9 Low Current status : 9 Low (Unchanged)</p> <p>Risk owner: Rachel Lamb Accountable officer: Dan Harris Category: Strategic Last review: 7th Feb 2023 Latest review details Risks and mitigating controls remain appropriate. Risk reviewed by Devon Pensions Board on 7th Feb 2023</p>	<p>Green Constant assessment of Performance Green Quarterly Shared Service meetings with key Fund colleagues Green Regular meetings between Peninsula Pensions and Employers Green Employer Newsletters Amber Full review of performance within PP being conducted to incorporate Employer performance and Admin strategies. Target date for completion 31/12/22 (with ongoing reviews and development after this date).</p>
<p>PP17 - Pensions System Failure</p> <p>Cause Connection issues. Supplier fault Cyber Attack. Event The hosted Altair pensions system fails. Impact • Loss of sensitive data. • Reputation risk. • Financial loss arising from legal action</p>	<p>Inherent status : 15 High Current status : 10 Medium (-5)</p> <p>Risk owner: Rachel Lamb Accountable officer: Dan Harris Category: Operational Last review: 18 May 2023 Latest review details Review by Rachel Lamb and enhancements made to the risk mitigating controls and new control added.</p>	<p>Green The system is backed-up daily. System is hosted by Heywoods Green A full disaster recovery plan and Business Continuity Plan is in place and tested/updated annually. Green Supplier management – Business Continuity Plan in place, along with incidence response plans, penetration testing and an annual disaster recovery test. In addition other documentation is provided with assurances of most recent UKAS certified body ISO (currently 27001) / cyber essentials / SOC2 compliance</p>

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<p>PP18 - Cyber Attack</p> <p>Cause Cyber-attack on the Pensions ICT systems and or host systems. Event Loss of system access. Theft of confidential/personal data. Impact Inability to make payments to members. Fines from the ICO. Financial loss. Loss of membership data. Disclosure of sensitive data.</p>	<p>Inherent status : 15 High Current status : 10 Medium (Unchanged) Risk owner: Rachel Lamb Accountable officer: Dan Harris Category: Operational Last review: 18 May 2023 Latest review details Risks score and controls reviewed by Rachel Lamb</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 Green A full disaster recovery plan and Business Continuity Plan is in place and tested/updated annually 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>
<p>PP19 - Member Self Service</p> <p>Cause Member Self Service access is compromised due to insecurity or lack of maintenance. Event Data is accessed and or obtained inappropriately. Impact Damage to reputation Loss of data Fines from ICO.</p>	<p>Inherent status : 9 Low Current status : 6 Low (Unchanged) Risk owner: Rachel Lamb Accountable officer: Dan Harris Category: Operational Last review: 7th Feb 2023 Latest review details Risks and mitigating controls remain appropriate. Risk reviewed by the Pension Board on 7th Feb 2023</p>	<p>Green Information and Instructions are only accepted from authorised sources Green It is a mandatory requirement for all DCC employees to undertake Data Protection training and to adhere to DCC's Data Protection Policy Green Regular penetration testing Green Secure website (annual license renewal)</p>

INVESTMENT AND PENSION FUND COMMITTEE

16 June 2023

Present:-

Devon County Council

Councillors P Bullivant (Chair), Y Atkinson, H Gent, G Gribble, M Hartnell,

Unitary Councils

Councillor M Brook

Union and Retired Members

R Franceschini and M Daniell (remote)

Apologies:-

Councillor J Morrish, Councillor R Bloxham and L Parker-Delaz-Ajete

* 114

Announcements

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

(b) The Chair welcomed Councillor M Brook (representing Torbay Council, Unitary Council) to his first meeting of this Committee.

* 115

Minutes

RESOLVED that the Minutes of the Meeting held on 3 March 2023 be signed as a correct record.

* 116

Items Requiring Urgent Attention

There was no item raised as a matter of urgency.

* 117

Devon Pension Board

The Committee noted the Minutes of the Meeting of the Board held on 18 April 2023.

- arising on Minute *108 the Head of Peninsula Pensions confirmed that staff vacancies had been filled; and
- arising on Minute *103: F2 investment strategy and sufficient returns, Officers confirmed that mitigations included stable contribution rates in

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INVESTMENT AND PENSION FUND COMMITTEE

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line with the Actuarial advice, alignment of investments in accordance with the Investment Strategy over the long-term, and continued monitoring by Officers and this Committee.

* 118 Brunel Oversight Board

The Committee noted the Minutes of the Board meeting held on 9 March 2023.

Arising on Minute 8 Members discussed the impact of the excess savings in China's economy as a result of their lockdowns.

* 119 Annual Internal Audit Report 2022/23

The Committee considered the Report of the Director of Finance and Public Value (DF/23/58) on the Internal Audit for the Pension Fund Review of 2022/23. The Annual Report (at Appendix 1) indicated that overall, and based on work performed during 2022/23, Internal Audit could provide reasonable assurance on the adequacy and effectiveness of the Fund's internal control environment. This was based on a total of 7 audits. Further information relating to these were provided in the Annual Report.

Members' discussion points with the Head of the Devon Audit Partnership and Director of Finance and Public Value included:

- Cyber Security: in relation to the finding of '*limited assurance*', this was also referenced and focussed in the Audit log presented to the Pension Board, and this would also be the subject to a session at a Members' training event on 6 July. The Director confirmed that this finding was common across the Council as reported to the Council's Audit Committee and the Council's Senior Leadership Team was fully cognisant.

The Committee noted the Internal Audit Report for 2022/23.

* 120 Investment Management Report

The Committee considered the Report of the Director of Finance and Public Value (DF/23/59) on the Fund value and asset allocation, performance against the benchmark, funding level, budget forecast 2022/23, cash management, and voting and engagement activity.

The Fund value at 31 March 2023 stood at £5,312.8 million, an increase of around £185 million over the quarter but a decrease of £100m since 31st March 2022.

Members' discussion points with Officers included:

- despite the decrease in the value of the Fund in 2022/23, the Fund's performance was in the top quartile within the LGPF Universe; and

- issues in regard to Ethical, Social, Governance (ESG) and engagement.

The Committee noted the Investment Management Report and compliance with the 2022-23 Treasury Management Strategy.

(**N.B.** subsequent to the meeting, the Head of Investments circulated Brunel's 2023 Responsible Investment and Stewardship Outcomes Report: [2023 Responsible Investment and Stewardship Outcomes Report \(brunelpensionpartnership.org\)](#); and in regard to Amazon and industrial relations/union recognition {raised during the meeting}, the case study (page 51 of the report) outlined the engagement conducted by LGIM (Legal and General Investment Management) on behalf of Brunel; and as stated in page 77 of the Report, Brunel was a member of HM Treasury's Transition Plan Taskforce and would therefore be fully involved in the work of the Taskforce).

* **121** **Climate Change and Carbon Footprint**

The Committee considered the Report of the Director of Finance and Public Value (DF/23/60) on climate change policy, the Carbon footprint at 31 December 2022, and reserves exposure. The report reviewed the Fund's policies on climate change in the light of revised policy by Brunel and new regulatory requirements.

The Fund's current climate change policy was to achieve net zero investment portfolios by 2050 and the latest sets of targets were detailed in the Report.

These targets were still considered appropriate and were aligned with the trajectory set out in the Paris Agreement. However, in line with the revised Brunel climate change policy it was considered that these should be enhanced by further targets and metrics. These were included in a proposed revised policy set out at Appendix 1 to the Report.

The Report also provided the Committee the opportunity to discuss whether to reduce fossil fuel reserves exposure further by moving the UK and World Developed passive allocations across to the Global Paris Aligned Benchmark (PAB) passive fund. The PAB funds included a range of exclusions related to fossil fuels and also enforced a 7% annual reduction in carbon emissions, with a phasing in of scope 3 emissions into the data. This move would also reduce the overall carbon footprint.

Members' discussion points with Officers included:

- the recent positive relative performance of the World Developed Paris Aligned Benchmark Fund;
- any proposed transfer of equities to the Paris Fund would be discussed with Brunel;
- the broad nature and wide-ranging companies included in the Paris Aligned Fund; and confirmation by the Committee's Independent Advisor

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INVESTMENT AND PENSION FUND COMMITTEE

16/06/23

that the proposed move was not contradictory to the Committee's fiduciary duty and consistent with overall strategy; and

- the level of investment in private equities and consideration of Ethical, Social and Governance (ESG) issues on which Brunel would be asked to provide further information, for report to this Committee.

It was **MOVED** by Councillor P Bullivant, **SECONDED** by Councillor Y Atkinson and

RESOLVED

(a) that the revised climate change policy as set out in Appendix 1 to the report for inclusion in the Investment Strategy Statement, be approved;

(b) that the current progress against the targets to reduce the Fund's carbon footprint, be noted;

(c) that the allocation to passive equities be consolidated in the World Developed Paris Aligned Benchmark Fund, subject to (i) the currency hedging strategy in place being applied to the Paris Aligned Benchmark Fund, and (ii) the timing of transfers being delegated to Officers.

* 122

Actuarial and Consultancy Contracts

The Committee considered the Report of the Director of Finance and Public Value (DF/23/61) on the proposed use of national frameworks to undertake a joint procurement exercise for actuarial services with the Somerset Pension Fund and a separate procurement process for investment consultancy.

It was **MOVED** by Councillor P Bullivant and **SECONDED** by Councillor Y Atkinson, and

RESOLVED

(a) that a joint procurement exercise with the Somerset Pension Fund to secure a new contract for Actuarial Services, using the National LGPS Framework, be approved; and

(b) that a procurement exercise for Investment Consultancy Services, using the National LGPS Framework, be approved.

(c) that the appointment process and final decisions for both contracts be delegated to the Director of Finance and Public Value in consultation with the Chair.

* 123

Employer Changes

The Committee noted Employer changes not previously reported to the Committee as set out below:

(a) New admitted bodies - The following application for admitted body status had been approved: DCC Cleaning won the tender for St Peters School Plymouth Cleaning contract, commencing 1 September 2022

(b) New academy conversions and changes:

- On 6 September 2022, Launceston College MAT changed name to Athena Learning Trust.
- On 1 October 2022, Berry Pomeroy Parochial C of E Primary converted to an Academy and joined the Academy of Chartered Excellence.
- On 1 October 2022, St Sidwells C of E Primary School and nursery became an academy and joined St Christophers C of E (Primary) MAT.
- On 1 November 2022, Furzesham Primary School and Nursery became an academy and joined the Thinking Schools Academy Trust.

(c) Cessations:

- On 10 August 2022, Red One Limited ceased following the last member leaving. They were a subsidiary of Devon & Somerset Fire and had a passthrough in place. All assets and liabilities remained with Devon & Somerset Fire.
- On 3 October 2022, FCC Ltd ceased membership with staff returning to South Hams District Council.

* **124** **Dates of Future Meetings**

15 September 2023, 24 November; and 1 March 2024 (followed by the annual consultation meeting at 2:15 pm) all at 10.30 am.

Dates and other details available here: [Browse meetings - Investment and Pension Fund Committee - Democracy in Devon](#)

* **125** **Exclusion of the Press and Public**

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

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* **126** **Local Impact Investment**

(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 Director of Finance and Public Value (DF/23/62) on proposed allocations to a Local Impact Investment portfolio and individual investments options. These options aligned with the fiduciary duty to provide the returns required to meet the funding strategy.

It was **MOVED** by Councillor P Bullivant and **SECONDED** by Councillor M Brook, and

RESOLVED

(a) that a 3% target allocation to a Local Impact Portfolio, be approved; and

(b) that the investments, as detailed in the Report, in Local Impact Funds (totalling £140m), be approved, subject to further due diligence.

* **127** **Brunel Pension Partnership - Reserved Matters Requests**

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

The Committee noted the Report of the Director of Finance and Public Value (DF/23/63) on the action taken by the Director of Finance and Public Value.

This related to a revised remuneration policy and people strategy, which following consultation with Partners had been made a 'reserved matter' which required approval of 80% of the Partners.

* **128** **Litigation and Class Actions**

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

The Committee noted the Report of the Director of Finance and Public Value (DF/23/33) on the outcome and progress of outstanding legal cases (including class actions) where losses may have been incurred and where the Fund had sought to recover losses to the extent possible, subject to consideration of the risks and costs involved, in accordance with the Committee's fiduciary duty.

In future, the Devon Fund was less likely to be directly involved in making claims on new cases as it no longer directly owned individual company shares, which were now owned by Brunel. It would be Brunel's decision whether to pursue any losses as they deemed appropriate. Only cases that

related to losses incurred prior to the transition of mandates to Brunel would be directly claimable by the Fund.

NOTES:

1. *Minutes should always be read in association with any Reports for a complete record.*
2. *If the meeting has been webcast, it will be available to view on the [webcasting site](#) for up to 12 months from the date of the meeting*

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

The Meeting started at 10.30 am and finished at 12.15 pm

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DF/23/72
Devon Pension Board
6th July 2023

ACTIONS AND RECOMMENDATIONS TRACKERS

Report of the Director of Finance and Public Value

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

1) Recommendation

That the Board be asked to:

- (a) Note the progress made on completing actions arising from internal audits and pension board recommendations and requests

2) Introduction

- 2.1 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

3) Trackers

- 3.1 The Actions and Recommendations tracker (Appendix 1) compiles a list of actions, recommendations and requests raised by the Devon Pension Board. Previously completed actions have been removed.
- 3.2 Final audit reports issued relating to 2022/23 audits that have not already been brought to the board are as follows
 - Cyber Security
 - Escrow Account

The above reports are attached to this report.

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4) Cyber Security

- 4.1 The Cyber Security audit was undertaken in 2022/23 for both the pension fund and Peninsula Pensions. The overall rating applied to this audit was that of Limited Assurance, indicating that there were several gaps and areas of weakness to be addressed.
- 4.2 Officers have been working on their respective actions and as requested by the board at the last meeting, the table below summaries the progress to date. Audit are due to undertake a follow up audit later in the year.

Section 1 – Risk not identified to mitigate against threats					
High	High (remaining)	Medium	Medium (remaining)	Low	Low (remaining)
2	0	2	1	2	0
Section 2 – Suppliers or partners disclose or disrupt the service (supply chain management)					
High	High (remaining)	Medium	Medium (remaining)	Low	Low (remaining)
2	2	4	1	0	0
Section 3 – Unauthorised modification or deletion of data					
High	High (remaining)	Medium	Medium (remaining)	Low	Low (remaining)
1	0	3	0	0	0
Section 4 – Poor user understanding of cyber risks					
High	High (remaining)	Medium	Medium (remaining)	Low	Low (remaining)
2	0	1	0	0	0
Section 5 – Recovery process fail following a cyber attack or IT disruption					
High	High (remaining)	Medium	Medium (remaining)	Low	Low (remaining)
3	3	1	0	1	1

- 4.3 Both of the fund's main suppliers, namely Brunel and Heywood have undertaken cyber security reviews or audits during the year. Brunel received a positive audit from Deloitte whilst Heywood have undertaken a review. The Heywood review is attached to this report for the board's information.

5) Conclusion

- 5.1 The Board is asked to note the progress on completing requests made by the pension board and work undertaken to date on audit actions.

Angie Sinclair

Director of Finance and Public Value

Electoral Divisions: All

Local Government Act 1972: List of background papers

Nil

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Appendix 1

DEVON PENSION BOARD ACTIONS AND RECOMMENATIONS TRACKER

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

Date	Recommendations / Actions	Response	Progress
04/05/2022	46 - further info/signposting to climate change policy in risk register		New control added that refers to the Investment Strategy Statement and adopting Brunell's climate policy
18/10/2022	76 - PP reporting, consideration to include historic 12 months figures		included in performance report July 2023
18/10/2022	79 - breaches as a standing item even if there are none to report		Added to contribution monitoring report July 2023
07/02/2023	92 - include connecting to the Pensions Dashboard in the risk register		completed July 2023
18/04/2023	100 - provide update on the progress of actions from the cyber security audit		included in the audit and actions report July 2023
18/04/2023	104 - update Pension Board annual report with Colin Shipp's leaving date		completed



Service Objective

To ensure the Confidentiality, Integrity, and Availability of Devon Pensions Funds data and subsequent systems.

Audit Opinion

Limited Assurance - Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.

Assurance Opinion on Risks or Areas Covered	Level of Assurance
<ul style="list-style-type: none"> - <i>key concerns or unmitigated risks</i> <p>Risks are not identified to mitigate against threats to the IT infrastructure (Risk Management).</p> <ul style="list-style-type: none"> - <i>There are no cybersecurity risks recorded on the DPF risk register (although there are on Peninsula Pensions risk register). Some of the mitigating controls for some risks may not be appropriate or have been omitted.</i> 	Limited Assurance
<p>Suppliers or partners disclose information or disrupt the pension service (Supply Chain Management).</p> <ul style="list-style-type: none"> - <i>Lack of minimum requirements (standard operating procedures) in place regarding the management of suppliers.</i> - <i>Lack of detail regarding the roles and responsibilities of both parties in the event of a cyber-attack for Altair or Logotech.</i> 	Limited Assurance
<p>Unauthorised modification or deletion of data (Access controls).</p> <ul style="list-style-type: none"> - <i>The current link to access Logotech uses Internet Explorer which stopped receiving support/security updates from June 25, 2022.</i> - <i>No standardised documented procedure for the creation/removal of user access. (Altair & Logotech).</i> 	Reasonable assurance
<p>Poor user understanding of cyber-risk and security procedures results in the disclosure of information (Training).</p> <ul style="list-style-type: none"> - <i>Mandatory training not being completed by all staff or Board/Committee Members.</i> 	Limited Assurance
<p>Devon County Council (DCC) recovery processes fail following a cyber-attack or IT disruption (DPF and PP BC & DR plans).</p> <ul style="list-style-type: none"> - <i>There is no scheduled testing for DPF/Investments Team nor PP's BCP, and there has not been a test completed within the past 12 months.</i> - <i>A number of further areas where improvements can be made.</i> 	Limited Assurance

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Introduction

The Local Government Pension Scheme is a valuable remuneration package for employees working for organisations that are participating in the pension scheme. The Devon Local Government Pension Scheme (LGPS) is managed by Devon County Council (DCC) via the Devon Pension Fund (DPF), who act as the administering authority. Peninsula Pensions (PP) was formed in September 2013 following the merger of the pension administration services of DCC and Somerset County Council. PP manages all aspects of pension fund administration, including maintaining member records, calculating and paying employee benefits. Our audit focused on the two operational teams supporting the DPF; the DCC Investments Team and PP.

The Institute for Internal Auditor's 2023 Risk in Focus has Cyber security and data security as the top risk an organisation will face within the next three years. Due to recent geo-political issues, the threat landscape has become ever more dangerous, with ransomware attacks increasing by 80% in 2022. Organisations are improving their cyber defences which has led to attackers shifting their focus towards third-party suppliers as a means of gaining access to an organisation's IT infrastructure.

Pension schemes hold large amounts of personal data and assets which can make them a target for threat actors. Consequently, the Pensions Regulator requires workplace pension trustees and scheme managers to protect pension scheme members and assets from cyber security threats. The Pensions Regulator has published cyber security principles to help pension schemes manage their cyber risks.

The pension fund is reliant on the DCC IT network and infrastructure for its operational activity and also on specific cloud-based applications. A robust control framework is needed to ensure that the pension fund is aware of cyber risk and controls required to mitigate the risks, alongside holding the responsibility to ensure that Business Continuity Plans and Disaster Recovery Plans (BCP/DR) are suitable and up to date.

The objective of the audit was to evaluate Devon Pension Fund's control framework in relation to Cyber Security, using the Pensions Regulator's (TPR's) cyber security principles as a standard, to provide assurance that cyber risks are being effectively managed. TPR's cyber security principles, include Risk Management, Supply Chain Management, Access Controls, Staff Awareness and BCP/DR. The risks above encompass a significant proportion of the Pensions Regulator's cyber security principles.

A Cyber Security audit relating to the core DCC control framework, focussing on the control areas covered by Cyber Essentials as well as core back up arrangements and Business Continuity, was completed in March 2021 and followed up in March 2022, including additional testing, and also followed up in September 2022. The overall audit opinion, regarding the effectiveness of the risk areas was "Limited Assurance". This was in large part due to the current weaknesses with the Corporate ICT Business Continuity Plans, including Disaster Recovery. However, there is an active ICT project regarding improving those plans. Adequate controls were found to be in place regarding; Corporate Firewall, Access controls, Secure Configuration, Malware protection and Security Updates/Patch Management.

An audit regarding DCC Cyber Governance was completed in September 2022. Limited assurance was provided regarding the governance arrangements concerning Cyber Security threats/risks.

Pensioners' data is stored via "Altair", the pensions administration system, which is provided by Heywood's and is externally hosted (outside of the DCC infrastructure). Investment data is stored via "Logotech", the pension funds investment record system, which is also externally hosted.

The Devon Pension Fund is a member of the Brunel Pension Partnership (BPP). The BPP is one of eight UK Local Government Pension Scheme pools, bringing together £35 billion of investments of ten funds: Avon, Buckinghamshire, Cornwall, Devon, Dorset, the Environment Agency, Gloucestershire, Oxfordshire, Somerset and Wiltshire. Brunel is authorised and regulated by the Financial Conduct Authority as a full-service Markets in Financial Instruments Directive (MiFID) firm. It is understood that the BPP also hold DPF investment data.

Executive Summary

We have identified a number of areas where we consider there to be significant gaps in the control framework.

The overall cyber security risk is recognised on the Devon County Council's (DCC) corporate risk register, and it is also recorded within the Peninsula Pension's (PP) risk register. However, cyber security risks are not recorded within the DPF risk register which weakens governance and decision making regarding the risks identified and their potential mitigations.

The risk owners in place are experienced, but they have not received specific training in relation to cyber security nor risk management, yet there is evidence of the use of reputable external resources to support the mitigation and control of risks. Risk registers are a standing item on the agendas of the DPF Board meetings to discuss and scrutinise risks, including cyber security risks.

While the Peninsula Pensions risk register included the risk of supplier failure, it did not include a mitigating control for the management of suppliers. The DPF risk register does not currently include any risks in relation to the failure of suppliers.

Regarding Heywood's (Altair), there is adequate supplier management in place. Annual meetings take place to discuss security requirements and emerging risks. Heywood's supply communication on current topical areas of concern (the war in Ukraine for example), alongside having security review reports and accreditations, are available upon request.

Regarding Logotech, supplier management is limited. Ongoing assurance is not routinely obtained to confirm that their cyber security risks are being managed effectively, and there are currently no established processes in place to determine the cyber security posture of Logotech. These weaknesses are detailed in our observations below.

There is a contract in place, as well as supporting license terms and conditions, which state the responsibilities of both Heywood's and Peninsula Pensions (DCC) for the use and maintenance of the system. However, the contract does not state the roles and responsibilities of both parties in the event of an incident. We were not able to obtain a copy of a contract with Logotech.

As part of this audit, we arranged for a cyber security questionnaire to be sent to each of the suppliers/partners. We identified no significant immediate concerns regarding the responses received from Heywood's regarding Altair. At the time of reporting there had been no response from Logotech or Brunel. The responses are included in Appendix D. We have made observations to obtain further information/assurance from the suppliers.

Neither DPF nor PP maintain an Information Asset Register. This is an expectation of the ICO to meet UK data protection legislation requirements and it can assist in the understanding and management of supplier risk.

Mandatory cyber security training is available to all DCC staff and Members, however, not all PP, Investments Team staff or DCC Members on the Pension Board have completed the training or signed the relevant policy. The table below shows the percentage of those that have not completed the mandatory requirements.

DPF Operational Teams (No. of Staff)	Cyber Security Awareness Training	Personal Information Security Policy
DCC Investments Team (6)	33%	17%
Peninsula Pensions (72)	17%	29%
Members (8)	75%	88%

There are Business Continuity Plans (BCP) for Devon Pension Fund (DPF) and Peninsula Pensions (PP), which use approved templates from Devon Emergency Planning Service. Both outline a cyber-attack/IT disruption as a reason to invoke the plan. The template requires confirmation of critical systems that need to be restored, alongside the priority of restore and "Recovery Time Objective" in the event of an incident. However, we have identified a number of areas for

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improvement regarding the content and management of the BCP plans in our observations below including conducting a specific Cyber BC exercise.

Although reasonable, Altair and Logotech system access controls should be further strengthened by management controls to provide greater assurance in this area and our observations have been detailed below. Our observations focus on the management controls in place, and there were no concerns found with the services that Heywoods / Altair provide.

It is noted from the DCC Main Accounting System audit from October 2022, there were weaknesses identified in the administration of the user accounts for the online banking system. However, there are compensating controls in place with further actions being undertaken by the responsible officer to improve the controls in this area.

Positively, in line with external guidance from Pensions and Lifetime Savings Association, PP have recently developed a Cyber Security Policy, which references the DCC framework of IT security policies and procedures that are in place.

The detailed findings and our observations regarding these issues and less important matters are described in Appendix A. Our observations have been categorised to aid prioritisation. Definitions of the priority categories and the assurance opinion ratings are also given in the Appendices to this report.

Issues for the Annual Governance Statement

The evidence obtained in internal audit reviews can identify issues in respect of risk management, systems and controls that may be relevant to the Annual Governance Statement. No issues were identified for the Annual Governance Statement.

Acknowledgements

We would like to express our thanks and appreciation to all those who provided support and assistance during the course of this audit.



Tony Rose
Head of Partnership

Detailed Audit Observations and Action Plan

1. Risk Area: Risks are not identified to mitigate against threats to the IT infrastructure (Risk Management).			Level of Assurance
			Limited Assurance
<p>Opinion Statement:</p> <p>Our review of both Devon Pension Fund (DPF) and Peninsula Pensions (PP) Risk Registers identified that cyber security risks were not recorded on DPF's Risk Register, but they were recorded on PP's Risk Register. Both sets of Risk Registers have been reviewed in the previous six months. The lack of cyber risks on DPF's Risk Register was previously identified in our Risk Management audit (August 2022). Despite Logotech being a relatively low-risk system, as it does not hold personal data, it is used for DPF/Investment Team operations and there is a need for DPF to recognise cyber risks in its risk register.</p> <p>The risk owners for DPF/PP both have experience in reviewing risks, although they have not received any risk management training in their current roles. Furthermore, neither has received any specific training in relation to cyber security risks. However, both risk owners demonstrated the use of reputable external sources to gain knowledge in the subject area.</p> <p>The Devon Pension Board has a standing item in their agenda to discuss and, as part of their role, review the risk registers at each meeting. The Investment and Pension Fund Committee review the Devon Pension Board Minutes providing additional oversight.</p> <p>As referred to in risk four, there is a low completion rate of mandatory cyber security and data protection training for DCC members, and no established cyber security training for non-DCC members.</p> <p>We have made a number of observations below where improvements should be made.</p>			
No	Observation and Implications	Impact / Priority	Management response and action plan including responsible officer
1.1	<p>DPF - There are no cybersecurity risks on the DPF risk register, including the potential loss of availability of a critical externally hosted system or a partner's system(s).</p> <p>Without cyber risks being included in the risk register, then cyber risks will not be reported, considered and then appropriate mitigating controls put in place and reviewed.</p> <p>It is acknowledged that the risk of cyber-attack is identified on the DCC corporate risk register, as an overarching risk across the Council. This means that the risk would appear on the DPF risk register if displayed via the available dashboard. However, it is not the dashboard that gets reported to the Board. Furthermore, the corporate risk register does not include specific mitigating controls for DPF specific risks.</p>	High	<p>Agreed, risk register will be amended.</p>
		Responsible Officer: Charlotte Thompson	Target Date:31.01.23

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1.2	<p>PP - Some of the mitigating controls for some risks may not be appropriate or omitted. For example:</p> <ul style="list-style-type: none"> - PP10 data & system security - mitigating control 2 – “<i>The system is subject to regular checks by internal audit</i>”; Internal Audit is a third level control. Not considered a primary mitigating control. Other more robust controls should be identified first. - PP10 data & system security - mitigating control 3 - There is only mention of GDPR training, and none of the cyber security training which is also relevant. It should be noted that cyber security training is mandatory, however, our testing found that not all staff have completed this training. -PP17 - Supplier Management is not identified as a mitigating control. - PP18 - mitigating control 3 – “<i>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</i>”. This is not considered a mitigating control, rather just a statement of fact. <p>Documentation such as the NCSC 10 steps to cyber security and Cyber Assessment Framework may help further identify risks and additional mitigating controls.</p> <p>DAP Risk Management Team are also available to assist with further developing the risk registers.</p>	<p>High</p>	<p>Agreed - The risk register can be updated to reflect this accordingly (PP10, PP17, PP18).</p>
1.3	<p>PP - The current risk score for item PP18 is a Medium (10), however, the main cyber risk on the corporate risk register for a successful cyber-attack (BI21), has a risk score of Very High (24).</p> <p>The disparity between scores, even when taking both sets of mitigating controls in place, suggests that the risk score for PP18 is understated.</p>	<p>Medium</p>	<p>Agreed – to be reviewed and amended accordingly.</p>
		<p>Responsible Officer: Rachel Lamb / Alexander Thompson</p>	
		<p>Responsible Officer: Rachel Lamb / Alexander Thompson</p>	

<p>PP - The Peninsula Pensions cyber risks have not been assessed in liaison with DCC ICT or any other Subject Matter Experts (SME). The cyber risks have been considered and compiled in isolation, with limited consultation with Subject Matter Experts (SME) or certain key officers. However, it is noted that the DCC cyber pages were used as a resource when the cyber risks were assessed. This could mean that risks and their associated mitigating controls may not be fully understood and explored resulting in appropriate mitigating controls not being put in place.</p>	<p>Medium</p>	<p>Agreed – consideration to be given arranging regular meetings with SMEs to discuss cyber risks and the appropriate mitigating controls, and arranging penetration testing independent from Heywood. As part of Devon County Council, Peninsula Pensions follow Devon County Council's existing policies on Cyber Security. Altair is remotely hosted and has been assessed separately in the report and scores well in terms of risk mitigation.</p>
<p>Responsible Officer: Rachel Lamb / Alexander Thompson</p>		<p>Target Date: 31/05/2023</p>
<p>Agreed – PP will actively seek opportunities for elevated training in future.</p>	<p>Low</p>	<p>Responsible Officer: Rachel Lamb / Alexander Thompson</p>
<p>Responsible Officer: Rachel Lamb / Alexander Thompson</p>		<p>Target Date: 30/06/2023</p>
<p>Reported back to the October board meeting. Note included under the risk register minutes.</p>	<p>Low</p>	<p>Responsible Officer: Rachel Lamb</p>
<p>Responsible Officer: Rachel Lamb</p>		<p>Target Date: Complete</p>

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2. Risk Area: Suppliers or partners disclose information or disrupt the pension service (Supply Chain Management).

Level of Assurance

Limited Assurance

Opinion Statement:

The risk of supplier failure is included in the PP risk register (PP17). However, a similar risk is not identified on the DPF risk register. Despite the risk PP17 being identified on the risk register there are no mitigating controls regarding supply chain management.

Minimum security requirements are communicated to suppliers via an Information Security Questionnaire (ISQ) as part of the procurement process. This process is embedded into the DCC procurement process. ISQ's were obtained at the procurement stage for both Altair and Logotech. These ISQ's were reviewed by the Data Protection Officer and relevant SME (e.g., Technical Architects) as per standard DCC process.

There is a contract in place, and supporting license terms and conditions, which state the responsibilities of both Heywood's and Peninsula Pensions (DCC) in relation to the use of and maintenance of the system. However, we were not able to obtain a copy of a contract with Logotech. We have made an observation below regarding the importance of a contract with suppliers and the need for these to include roles and responsibilities of each party.

Regarding Heywood's, there is adequate supplier management in place. Annual meetings are conducted which are used to discuss security requirements and emerging risks from both Peninsula Pensions and Heywood's. Further meetings are held between Heywood's and Senior Operational Officers in relation to upgrades to the system. Heywood's provide Peninsula Pensions with communications on current topical areas of concern (the war in Ukraine for example), alongside having security review reports available upon request. During the audit, Heywood's informed Peninsula Pensions of a Risk Ledger which is available to customers, providing access to their security information.

Regarding Logotech, Supplier management is limited in relation to cyber security as demonstrated in the table below (also see observations, item 2.2). Ongoing assurance is not routinely obtained to confirm that their cyber security risks are being managed effectively. There are currently no established processes to determine the cyber security posture of Logotech. These weaknesses are detailed in our observations below.

As part of the review, it was established that the suppliers and partners had the accreditations and key mitigating controls detailed below:

Supplier	DCC Procurement ISQ completed	Audit security questionnaire completed	ISO 27001 (by UKAS certified body)	Cyber Essentials	SOC2 Compliant	Business Continuity Plan / Disaster Recovery	Incident response plans
Heywood's	Y**	Y	Y	Y	N/A	Y	Y**
Bluechip / Service Express (Managed Service Provider to Heywood's)	N/A	N/A	Y	N/A	Y	Y	N/A
Logotech	Y	Not received back	Not known	Not known	N/A	Not known	Not known
UKFast / ANS (Managed Service Provider to Logotech)	N/A	N/A	Not known	Y	N/A	N/A	N/A
Brunel Partnership	N/A	Not received back	N	Y	N/A	N/A	N/A

** Verbal assurance acquired from the DCC Cyber Security Manager and the Information Governance Manager.

As part of the audit, we arranged for a cyber security questionnaire to be sent to each of the suppliers/partners. There were no significant concerns identified regarding the responses from Heywood's for the Altair system. Although we have made observations under this risk regarding obtaining further information regarding backups and insurance. At the time of reporting there had been no response from Logotech or Brunel. The responses are included in Appendix D.

Currently Devon Pension Fund, including the Investments Team and Peninsula Pensions, do not have an Information Asset Register (IAR). Both risk registers and the IAR assist in the understanding and management of supply chain risks.

No.	Observation and Implications	Impact / Priority	Management response and action plan including responsible officer
2.1	<p>Neither the contracts nor terms and conditions for Altair or Logotech (no contract available), specifically detail the roles and responsibilities of both parties in the event of a cyber-attack.</p> <p>It is acknowledged that the roles and responsibilities are detailed for Altair in the Business Continuity Incident Management Plan. However, reference is not made to this within the contract.</p> <p>A lack of a contractually agreed Incident Response Plan, detailing roles and responsibilities, increases the risk of a Cyber Incident not being managed effectively.</p> <p>Contracts with suppliers/cloud providers are vital to ensure that mutual rights and obligations are stated and agreed between parties.</p>	High	<p>DPF – Agreed. Will obtain copy of contract from Logotech and progress this issue.</p> <p>Responsible Officer: Charlotte Thompson Target Date: 31.03.23</p> <p>PP – Agreed.</p> <p>Responsible Officer: Alexander Thompson / Rachel Lamb Target Date: 01/05/2023</p>
2.2	<p>There are no minimum requirements or standard operating procedures (SOPs) in place regarding the information required/ process to take for the management of suppliers and, in particular, gaining ongoing assurance for the management of cyber security risks and expected minimum controls.</p> <p>For example,</p> <ul style="list-style-type: none"> The Investments Team are not gaining assurance from their suppliers that their cyber security risks are being managed. <p>The lack of (standard operating procedures) for the management of suppliers increases the risk of inadequate assurance being obtained, leading to potentially insufficient supplier technical controls being in place to provide the level of security required.</p>	High	<p>DPF – Agreed. Will look to issue a security questionnaire on an annual basis to Logotech and Brunel.</p> <p>Responsible Officer: Charlotte Thompson Target Date: 31.03.22</p>

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<p>In an ever-changing cyber threat environment, there is also the need to continually review and communicate minimum security requirements.</p> <p>Compliance with newly established minimum requirements or SOPs would help ensure such assurance is obtained.</p> <p>The use of a cyber security questionnaire, seeking current detail and evidence on a periodic basis could assist in this regard. Sufficiently robust supplier management processes should be applied to all third-party suppliers.</p>	<div style="background-color: red; width: 100%; height: 100%;"></div>	<p>PP – Agreed. We will arrange an annual questionnaire for Heywood as with Logotech above.</p>	<p>Responsible Officer: Alexander Thompson / Rachel Lamb</p> <p>Target Date: 01/05/2023</p>
<p>2.3 There is no risk on the DPF risk register to highlight supplier risk failure. There is a risk of "Pensions System Failure" (PP17) on the PP risk register. However, there are no mitigating controls included, against PP17 regarding how assurance is gained that appropriate mitigations are obtained from suppliers in relation to cyber risk.</p> <p>It would be beneficial to include a risk regarding supplier failure to ensure that all associated supplier risks & potential controls are considered, e.g. a Standard Operating Procedure and/or minimum requirements to obtain assurance e.g. from regular meetings etc.</p>		<div style="background-color: yellow; width: 100%; height: 100%; text-align: center; vertical-align: middle;"> <p>Medium</p> </div>	<p>DPF - Agreed. DPF risk register to be updated as suggested to cover Logotech and Brunel.</p>
			<p>PP - Agreed - The Risk Register re PP17 can be updated and made clearer accordingly.</p>

<p>2.4 At present Devon Pension Fund, including the Investments Team and Peninsula Pensions, do not have an Information Asset Register (IAR). Data Protection legislation requires the organisation to understand and document the data that it holds, and the Information Commissioners Office (ICO) expects that this requirement is met by way of an Information Asset Register.</p> <p>The ICO's website defines what an Information Asset Register is, and what it should contain, including:</p> <ul style="list-style-type: none"> •asset owners; •asset location; •retention periods; and •security measures deployed. <p>Advice regarding the requirements of an IAR can be obtained from the DCC Strategic Information Governance Manager.</p>	<p>Medium</p>	<p>DPF – Agreed. Will look into this and will produce a register if considered appropriate for DPF.</p> <p>Responsible Officer: Charlotte Thompson Target Date: 31.03.23</p> <p>PP – Agreed. Peninsula Pensions do not hold an IAR, however, we do hold information relating to data processing activities (GDPR article 30), data maps, and GDPR risk register, which demonstrate our understanding of what personal data we process, including how and why we do so, to enable us to sustain our compliance in these areas. Head of Peninsula Pensions will review the information held to ensure it complies with ICO requirement for an IAR.</p> <p>Responsible Officer: Alexander Thompson / Rachel Lamb Target Date: 01/05/2023</p>
<p>2.5 DCC does not have cyber security Insurance. It is unlikely that DCC would ever obtain Authority Wide Cyber Insurance. Neither does Devon Pension Fund have cyber security insurance.</p> <p>During the audit, Officers have confirmed that they were not aware if the suppliers (Heywood's and Logotech) or Partners (Brunel Partnership) have Cyber Insurance in place. We have as part of our audit work asked the relevant officers to contact the suppliers. Heywood's have stated that they have Cyber Insurance, but no details have been provided.</p> <p>It is noted that since the draft report being issued, Officers in PP have obtained evidence of cyber insurance from their supplier.</p> <p>With the high risk of there being a cyber-attack, Officers and the Pensions Board should investigate, in conjunction with the DCC Strategic Cyber Security Manager, the DCC Insurance Manager and the relevant suppliers and partners, whether there is</p>	<p>Medium</p>	<p>DPF – Agreed. Will enquire if Brunel/Statestreet hold such insurance.</p> <p>Considering the data held on Logotech, obtaining an insurance policy would be excessive and not necessary.</p> <p>Responsible Officer: Charlotte Thompson Target Date:31.03.23</p> <p>PP – Agreed. Confirmation obtained from Heywoods of cyber insurance.</p>

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		<p>Responsible Officer: Alexander Thompson / Rachel Lamb</p>	<p>Target Date: Complete</p>
<p>2.6 necessity and affordable benefits to be had from obtaining further Cyber Insurance.</p> <p>DPF – The Investments Team are unaware of the support available to them from Logotech in the event of a security incident.</p> <p>Even though Logotech is a relatively low-risk system as it does not hold personal data, by establishing the support available from the supplier can help a quicker recovery of data in the event of a security incident.</p>	<p>Medium</p>	<p>Agreed. Will contact Logotech to establish procedures in the event of a cyber-attack. Could continue business as usual for a reasonable period without Logotech.</p>	<p>Target Date: 31.03.23</p>
<p>2.7 There is nothing in the contract with Heywood's for the continuous improvement of security within the supply chain. We have not been able to identify a contract with Logotech or an agreement with Brunel.</p> <p>There is an opportunity to incorporate a requirement of continuous improvement of security within the supply chain within future contracts. This would provide additional assurance, through contractual obligation, that cyber security risks will be minimised.</p>	<p>Opportunity</p>	<p>Responsible Officer: Charlotte Thompson</p> <p>DPF – Agreed. This will be consider in the future. As part owner of Brunel, there is a shareholder agreement in place with Brunel.</p>	<p>Target Date: 31.03.23</p>
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<p>3. Risk Area: Unauthorised modification or deletion of data (Altair & Logotech access controls).</p>	<p>Level of Assurance</p>
<p>Reasonable Assurance</p>	
<p>Opinion Statement:</p> <p>Altair:</p> <p>Access to Altair is suitably controlled. Although this process is not formally documented, it was established that there is adequate provisioning of accounts, alongside suitable approval mechanisms in place prior to the creation of a new user account.</p> <p>Altair uses role-based access controls to manage user permissions for the system. From our review of all user accounts, we found that there were 21 user accounts who had the 'Manager Role'. The 'Manager Role' has elevated privileges which allows the most functionality, alongside the creation and deletion of users, and the amendment of the password expiry settings. Current guidance recommends applying the principle of least privilege, which means that a user account should be given only those privileges needed for them to complete their tasks.</p>	

Internal Audit was informed that a lack of MFA for Altair is due to an internal IT infrastructure restriction. Although Multi-Factor Authentication (MFA) is not place, it is acknowledged that Altair is accessed using the DCC IT environment which includes a DCC device, a VPN and unique DCC IP address. Further, each user is required to authenticate using unique credentials before authorisation is given to the user for Ping and Altair.

There are further technical controls in place to secure access to user accounts. Examples of the technical controls are:

- Unique credentials are required
- Password complexity rules are in place (12 characters, upper, lower and special characters)
- There is account lockout after three unsuccessful attempts to log in (Altair)
- Passwords are required to be changed every 30 days (Ping) / 6 months (Altair)
- Password history is enabled for the last 3 (Altair) / 12 (Ping) passwords - Meaning passwords cannot be re-used

There is an internal process in place to ensure that user accounts are removed when they are no longer required, although this process is not documented in the event of another user having to complete this task. Further to this, there are reports generated quarterly which are used to review the user accounts, including those with special access privileges. This quarterly report includes details about each user account's role(s), and these are saved within the DCC network.

Third party accounts follow the same authorisation and creation process as any other user, although it is a rare circumstance that they are needed. There are shared accounts used to access Altair which have a forced password change prior to being given to the third party requesting them. However, there is no process in place to ensure that the passwords of these accounts are changed after the prescribed period of time from when access to the shared account is given.

Authentication and authorisation logs are available in the form of reports, which are run manually. These reports are run on an ad-hoc basis, but also annually as part of the Global Journal Report. Furthermore, the aforementioned quarterly report is used as part of a house keeping process to review user accounts which have access to the system for appropriability.

Access to the Members Self Service (MSS) website for Peninsula Pension staff and users is suitably controlled. Users require unique credentials (Passwords must be a minimum 8 characters in length, including one numeric, lower case, upper case, and special character), alongside security questions, to access the MSS website. The MSS website uses HTTPS for access and had a valid digital certificate which was issued by a trusted Authority. Staff access to MSS is controlled via Altair alongside requiring an account to access Ping.

Logotech:

Logotech is deemed as relatively 'low-risk' as it does not communicate with any other system or hold personal data. For example, payments cannot be placed on Logotech, it is simply a database used by the Treasury Management team for monitoring and reporting purposes.

From reviewing the list of Logotech users, we can confirm that the majority of users were appropriate, alongside their access levels. There is one example of a user on the Logotech system who no longer works within the Investment team but was subsequently removed during the Treasury Management audit.

As Logotech is used by a small Investments Team, team members are given special privileges as needed; once given, the user account loses operational abilities immediately. Multi-Factor Authentication is not used, but all users need a DCC device to connect to the DCC network as well as needing unique credentials (Username and password), which are not held to complexity rules or are required to be changed periodically.

Online banking:

Access to the online banking facilities is managed by DCC Finance. Access to the facility is reviewed as part of the Main Accounting System audit annually. The MAS audit October 2022 identified weakness in the administration of the user accounts with recent leaver user accounts not being removed and a lack of control over the issue of authentication cards and card readers. However, there are other compensating controls in place and actions are being taken by the Responsible Officer to ensure more robust processes are in place. This issue will be reported via the MAS audit, and it is an example of where DPF could enhance its risk awareness by liaising with Finance regularly to obtain assurance over the status of systems that they use. We have made an observation regarding liaising with

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others and obtaining assurance under risk 1 regarding risk management.

No.	Observation and Implications	Impact / Priority	Management response and action plan including responsible officer
3.1	<p>Logotech - The current link to access Logotech uses Internet Explorer which stopped receiving support/security updates from June 25, 2022.</p> <p>As Internet Explorer is unsupported, there are no continued security updates for this browser. We advise to liaise with ICT (and the supplier if necessary) to arrange for Logotech to be accessed via a newer, supported, browser.</p>	High	<p>Agreed.</p> <p>Responsible Officer: Charlotte Thompson Target Date: 31.03.23</p>
3.2	<p>PP - Access to Altair (Ping and MSS Inclusive) - There are no password deny lists. Password deny lists help/reduce the risk of a brute-force attack, gaining unauthorised access to the system because it removes the possibility of using easy to guess unsecure passwords.</p> <p>Resources such as the suggested password deny list from the NCSC provide the top 100k easily guessed passwords that are available in the public domain and therefore these passwords should not be used within any organisation.</p> <p>Furthermore, the Pensions Regulator's draft single Code of Practice does place emphasis on cyber security and therefore, the Pensions Regulator advise that pension schemes should seek appropriate information and guidance on cyber security threats (such as that provided by the National Cyber Security Centre), to enhance their ability to respond to, and recover from, cyber incidents.</p>	Medium	<p>Agreed.</p> <p>Responsible Officer: Rachel Lamb / Alexander Thompson Target Date: 01/05/2023</p>
3.3	<p>PP - Currently, there is no documented process in place to ensure that users of third-party accounts (Audit account for example) only have access to that account for the prescribed period of time in Altair.</p> <p>Without this control, the user of the third-party account could have access to Altair for a longer period of time than required, increasing the risk of a security incident.</p>	Medium	<p>Agreed.</p> <p>Responsible Officer: Rachel Lamb / Alexander Thompson Target Date: 01/05/2023</p>

<p>3.4</p> <p>PP - There were a high number of user accounts that had been allocated with the 'Manager' role. This role could be used to create a user account on Altair. Internal Audit were advised that this level of access was required to allow staff to complete their operational tasks. NCSC guidance advise to enforce principle of least privilege.</p> <p>Peninsula Pensions should carry out a review of the 21 user accounts that are assigned 'manager role', and establish whether these are appropriate and necessary for their operational tasks. Furthermore, Peninsula Pensions should also carry out a review that all user accounts comply to the concept of "least privilege". A record of these checks should be maintained.</p>	<p>Medium</p>	<p>Agreed.</p> <p>Responsible Officer: Rachel Lamb / Alexander Thompson</p> <p>Target Date: 01/05/2023</p>
<p>3.5</p> <p>PP - There is no documented policy/procedural document which specifically details the creation and approval process for new users of Altair (Ping and MSS account inclusive). By having a standardised procedure in place, it ensures consistency and clarity of new users being added to the Altair solution (Ping and MSS account inclusive).</p>	<p>Low</p>	<p>Agreed – checklist to be considered re ALTAIR.</p> <p>Responsible Officer: Rachel Lamb / Alexander Thompson</p> <p>Target Date: 01/05/2023</p>
<p>3.6</p> <p>PP & Logotech - There are no documented process/ guidance notes/Standard Operating Procedure regarding the closure of user accounts when they are no longer required for either Altair or Logotech. With regards to business continuity, there is a risk that Officers leave (or are away from) the organisation and that processes are not known leading to a user account not being removed as expected.</p>	<p>Low</p>	<p>DPF – Agreed. Will develop a leavers checklist for the investment team which will include an action to delete user from Logotech.</p> <p>Responsible Officer: Charlotte Thompson</p> <p>Target Date: 01/07/2023</p>
<p>3.7</p> <p>PP - It was established from a discussion with the Systems Development Manager (Pensions) that there were three user accounts that were 'MSS Content Admins' who would not be expected to be. By incorporating this check into the quarterly review of user accounts would ensure that access to systems controlled by Altair access is appropriate.</p>	<p>Low</p>	<p>PP – Agreed. – checklist to be considered re ALTAIR.</p> <p>Responsible Officer: Rachel Lamb / Alexander Thompson</p> <p>Target Date: 01/05/2023</p>

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3.8	<p>The NCSC guidance advises against enforced password changes on a periodic basis. Consideration should be given to investigating whether the requirement to periodically change passwords in both Altair and Logotech can be disabled. This would support users maintaining a more complex password in line with NCSC advice of having a three random word combination as a password e.g. 'purpleclockcat'.</p> <p>Current NCSC guidance recommends not enforcing password changes but reducing reliance on passwords through the use of MFA, and the use of technical controls. (https://www.ncsc.gov.uk/collection/passwords/updates/your-approach)</p>	Low	<p>DPF - Logotech does not require users to periodically change their passwords.</p> <p>Responsible Officer: Charlotte Thompson Target Date: Complete.</p> <p>PP – Agreed.</p> <p>Responsible Officer: Rachel Lamb / Alexander Thompson Target Date: 01/05/2023</p>
3.9	<p>Logotech - The extent of user access logs, as confirmed by the Investment Manager, is that it shows when a user has last logged on. Despite Logotech being a relatively low-risk system, as it does not hold personal data, general best practice is to have logging and monitoring enabled/in place to ensure only authorised personnel have access to the system. It is noted that the number of authorised users that have access to Logotech is limited to the minimum necessary, with only two people being allowed onto the system at once.</p> <p>The Investment Manager should establish with the supplier if there are any further logs available for access to Logotech to enable periodic review to ensure only authorised users have accessed the system/data.</p>	Low	<p>Agreed. Will contact Logotech and ask the question.</p> <p>Responsible Officer: Charlotte Thompson Target Date: 31.03.23</p> <p>Agreed.</p> <p>Responsible Officer: Rachel Lamb / Alexander Thompson Target Date: 01/05/2023</p>
3.10	<p>PP - There are generic/shared accounts used to access Altair; auditscc, devaudit, and swapaudit account as examples. These accounts are not attributable to an individual within the system. Current best practice is that generic/shared user accounts should be avoided where possible.</p> <p>Management should establish a process to manage the audit generic user accounts in a manner that assigns it to a specific user. This would provide a better audit trail of access within the system.</p>	Low	<p>Agreed.</p> <p>Responsible Officer: Rachel Lamb / Alexander Thompson Target Date: 01/05/2023</p>

3.11	<p>PP - The authentication method currently requires two pieces of knowledge (rather than something you know and have, for example, a password and a one-time password) to access the site, and there is the potential for this information to be acquired by an adversary, thus gaining unauthorised access to their account.</p> <p>Liaising with the supplier could identify additional measures to further secure the MSS accounts, for example, the use of a one-time password.</p>	<p>Opportunity</p>	<p>Agreed. The new version of MSS, which we will implement January 2023, has this feature built in.</p>
		Responsible Officer: Rachel Lamb / Alexander Thompson	Target Date: 01/05/2023

<p>4. Risk Area: Poor user understanding of cyber-risk and security procedures results in the disclosure of information (Training).</p> <p>Opinion Statement:</p> <p>Our most recent Cyber Security audits of DCC have found training materials are made available to staff. It was confirmed that training materials were comprehensive, covering current and hot topics. The training available is delivered using different learning styles, including videos, reading, and interactive e-learning modules. Additionally, the Strategic Cyber Security Manager releases regular guidance via the staff newsletter and more in-depth articles on Inside Devon which is accessible by Pensions staff.</p> <p>Devon County Council (DCC) have a framework of security policies and procedures. Part of this framework includes mandatory Cyber Awareness Training and the Personal Information Security Policy, which requires mandatory acknowledgement alongside the training. However, even with the training being mandatory, not all staff employed by Peninsula Pensions and Devon Pension Fund, or DCC Pension Board and Committee members, have completed this training. The details of compliance with the mandatory training are detailed in the observations below.</p> <p>Pensions Administration Standards Association (PASA) recommend having a cyber security policy. Peninsula Pensions have recently, October 2022, developed a Cyber Security Policy. This policy document makes reference to the relevant DCC Policies already in place. It includes details of roles and responsibilities in relation to Cyber Security and provides links to key supplier assurance certifications. The draft Policy is awaiting agreement from the Investment Team and approval by the Pensions Board and Senior Management.</p>		<p>Level of Assurance</p>
		<p>Limited Assurance</p>

No.	Observation and Implications	Impact / Priority	Management response and action plan including responsible officer
4.1	Not all staff from Devon Pension Fund & Peninsula Pensions have completed their mandatory cyber security related e-learning	High	DPF - Agreed to ensure all training to be completed

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<p>and Personal Information Security Policy acknowledgement on MetaCompliance.</p> <p>Staff who are untrained or who have not completed a recent refresher in cybersecurity are more likely to cause and/or enable security breaches. Below shows a summary table of Officers who have NOT completed the DCC mandatory Cyber Security related training:</p> <table border="1" data-bbox="311 1258 486 2094"> <thead> <tr> <th>DPF Operational Teams (No. of Staff)</th> <th>Cyber Security Awareness Training</th> <th>Personal Information Security Policy</th> </tr> </thead> <tbody> <tr> <td>DCC Investments Team (6)</td> <td>33%</td> <td>17%</td> </tr> <tr> <td>Peninsula Pensions (72)</td> <td>17%</td> <td>29%</td> </tr> </tbody> </table>	DPF Operational Teams (No. of Staff)	Cyber Security Awareness Training	Personal Information Security Policy	DCC Investments Team (6)	33%	17%	Peninsula Pensions (72)	17%	29%	<p>Responsible Officer: Charlotte Thompson</p> <p>Target Date:31.03.23</p> <p>PP - Agreed - Emails have since been sent to individuals now we have the meta compliance data – requested from DPO team that Managers automatically notified if staff have not actioned after a set period of time.</p> <p>Responsible Officer: Rachel Lamb / Alexander Thompson</p> <p>Target Date:31.03.23</p>																		
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<p>4.2 Not all DCC Board / Committee members have completed their mandatory cybersecurity training.</p> <table border="1" data-bbox="654 1243 1061 2094"> <thead> <tr> <th>Name</th> <th>Cyber Security Training</th> <th>PISP acceptance</th> </tr> </thead> <tbody> <tr> <td>CS</td> <td>Not started</td> <td>Not completed</td> </tr> <tr> <td>GG</td> <td>Not started</td> <td>Not completed</td> </tr> <tr> <td>HG</td> <td>Not started</td> <td>Not completed</td> </tr> <tr> <td>JM</td> <td>Not started</td> <td>Not completed</td> </tr> <tr> <td>MH</td> <td>Not started</td> <td>Not completed</td> </tr> <tr> <td>PB</td> <td>2021-11-02</td> <td>Not completed</td> </tr> <tr> <td>SRJ</td> <td>2021-11-09</td> <td>2021-11-09</td> </tr> <tr> <td>YA</td> <td>Not started</td> <td>Not completed</td> </tr> </tbody> </table> <p>Without specific knowledge around cyber security, it opens the possibility that the board cannot deliver the scrutiny aspects of the boards role when reviewing the risk registers in their meetings.</p>	Name	Cyber Security Training	PISP acceptance	CS	Not started	Not completed	GG	Not started	Not completed	HG	Not started	Not completed	JM	Not started	Not completed	MH	Not started	Not completed	PB	2021-11-02	Not completed	SRJ	2021-11-09	2021-11-09	YA	Not started	Not completed	<p>Agreed. Contacted Karen Strahan who will follow this up.</p> <p>Responsible Officer: Charlotte Thompson</p> <p>Target Date:31.03.23</p>
Name	Cyber Security Training	PISP acceptance																										
CS	Not started	Not completed																										
GG	Not started	Not completed																										
HG	Not started	Not completed																										
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PB	2021-11-02	Not completed																										
SRJ	2021-11-09	2021-11-09																										
YA	Not started	Not completed																										
<p>4.3 Non-DCC Board/Committee members do not complete any cyber related training.</p> <p>Without specific knowledge around cyber security, it opens the possibility that the board cannot deliver the scrutiny aspects of</p>	<p>Agreed. Will investigate covering this topic at future board/committee training sessions</p>																											

		Responsible Officer: Charlotte Thompson	Target Date: 31.03.23
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<p>5. Risk Area: Devon County Council (DCC) recovery processes fail following a cyber-attack or IT disruption (Devon Pension Fund and Peninsula Pensions BC & DR plans).</p>	<p>Level of Assurance</p>
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Limited Assurance

Opinion Statement:

Our review established that the DCC Investments Team and Peninsula Pensions both have service area Business Continuity Plans (BCP) in place to ensure that there is a plan to continue delivery and restore business as usual services when misfortune or an incident occurs. Both BCPs use the Devon Emergency Planning Service (DEPS) template, were up-to-date, and had been updated within the previous six months. Within the template, there is specific reference to a cyber-attack/IT disruption as an event which could require activation of the BCP. However, improvements can be made to the BCPs for both the DCC Investment team and Peninsula Pensions. Our observations are recorded below.

Currently Devon County Council (DCC) ICT Business Continuity/Disaster Recovery (BCP/DR) plans are not fit for purpose as identified in the DCC Corporate Risk Register. However, Peninsula Pensions have contingencies in place to ensure continuity of services, including accessing Altair, without DCC network infrastructure. Peninsula Pensions are able to obtain limited licenses that would allow users/officers to work from home. The Investments Team BCP identifies that investments can place transfers over the phone. But there is no detail regarding how the absence of the data and functionality that Logotech provides will be managed.

The DEPS BCP template requires a prioritisation of business-critical services that need to be restored to resume business as usual. Within each section, the Recovery Time Objective (RTO); the targeted duration of time and a service level within which a business process must be restored after a disaster.) is stated, but the Recovery Point Objective (RPO; maximum tolerable period in which data might be lost from an IT service due to a major incident.) is not.

There has been no testing of Devon Pension Fund's or Peninsula Pension's BCP within the past year, nor is there a scheduled plan to test.

The BCP for DPF was reviewed as part of the Treasury Management audit, and it was highlighted that some details are out of date. This review had further tested and highlighted the below observations.

No.	Observation and Implications	Impact / Priority	Management response and action plan including responsible officer
5.1	<p>There is no scheduled testing for the Investments Team's nor PP's BCP, and there has not been a test completed within the past 12 months.</p> <p>Testing a BCP is a vital to ensure that the plan is adequate to</p>	High	<p>DPF - Agreed, will seek a meeting with Keith Reed/DAP to work on a plan to test the BCP.</p> <p>Responsible Officer: Rachel Lamb / Alexander Thompson</p> <p>Target Date: 01/07/2023</p>

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<p>deal with any event that can cause disruption to a service. A specific Cyber BC exercise should be completed regularly to ensure plans are effective.</p>	<p>PP - Agreed. Peninsula Pensions Senior Management Team invoked the BCP during COVID-19 which proved extremely successful during this 'real' time event, and there were contingency plans in place to cover the whole team as necessary.</p>
<p>5.2 Recovery Point Objective (RPO), the <i>point in time to which data must be recovered after an outage</i>, is not outlined within either of the BCP's. By having a RPO defined, it gives a clear point in time to which data must be recovered after an outage. It is acknowledged that the BCP's are DCC Corporate Forms and do not specify a requirement for this to be recorded. It would be beneficial to liaise/work with the Emergency Planning and ICT to seek SME advice and guidance on how to incorporate this into the BCP's.</p>	
<p>5.34 We have reviewed the BCP's for PP and DCC Investments Team and we have identified a number of areas where improvements can be made.</p>	<p>High</p>

<p>DCC Investments Team BCP</p> <ul style="list-style-type: none"> - Reference made to DCC Finance BCP but no copy held (furthermore Finance BCP does not include reference to online banking which is key system for investments team). - Not all of the DEPS template is complete (Key contact section does not include supplier contact details for example). - We understand that Logotech is used to help compile the cashflow position - the BCP does not include detail of how this will be mitigated to enable continued operations. - No plan to implement a direct internet connection with MFA for limited users to Logotech if DCC network not available - (this has been explored and incorporated as an option by PP for Altair). - Inclusion of aspects that are not relevant to the Investment teams operations e.g., Payment of staff - this is the function of the HR/Payroll department. <p>PP BCP</p> <ul style="list-style-type: none"> - Links within the document are not available (Page 11, Altair link) <p>The need for accurate documentation in relation to BCP can be the difference between a successful conclusion to an event or a disaster. Everyone must have the same understanding and expectation of response. To ensure robustness both BCP's should be reviewed and updated, as necessary.</p>	<p>PP - Agreed, links will be updated.</p>
<p>5.4</p> <p>Management were not able to confirm that the backups administered by the third-party suppliers are off-line (air gapped) and immutable (not able to be altered).</p> <p>The impact of a cyber-attack can be significantly reduced if backups are off-line and/or not able to be altered.</p> <p>DPF/PP would benefit from their third-party providers having these technical controls in place. This would also be in line with current NCSC advice and the DCC preferred approach.</p>	
<p>Medium</p>	<p>DPF – Agreed. Will contact Logotech and Brunel.</p>
	<p>Responsible Officer: Rachel Lamb / Alexander Thompson</p> <p>Target Date: 01/05/2023</p>
<p>Responsible Officer: Charlotte Thompson</p> <p>Target Date: 31.03.23</p>	<p>PP – Agreed. We can confirm that Heywood back up Altair and the backup is 'not to be altered' / offline on a backup system. Heywood's have obtained the recognised ISO / Cyber Essentials which would recognise these areas as requirements.</p>
	<p>Responsible Officer: Rachel Lamb / Alexander Thompson</p> <p>Target Date: Completed.</p>

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5.5	<p>Historically the BCP's have not been required to be reviewed and approved by the Board/Committee.</p> <p>In order for the Board to effectively review and scrutinise the risk registers, key documents relating to the mitigating controls, e.g. BCP's, could also be made available to the Board in order for the controls to be reviewed as well.</p> <p>There is no record/note in the PP risk register or on either BCP stating that it has been reviewed by a second party e.g. Emergency Planning Team.</p>	<p>Low</p>	<p>DPF - Agreed, will take it to the pension board.</p> <table border="1" data-bbox="172 47 515 958"> <tr> <td data-bbox="172 506 225 958">Responsible Officer: Charlotte Thompson</td> <td data-bbox="225 47 300 958">Target Date: July 2023</td> </tr> <tr> <td colspan="2" data-bbox="300 47 459 958"> <p>PP - Agreed. The Board and Committee would not necessarily have the required understanding/knowledge relating to the pension administration system to be able to provide advice on this area, hence historically no approval sought at this level. The BCP is held centrally where the Emergency Planning Team are able to view however.</p> </td> </tr> <tr> <td data-bbox="459 506 515 958">Responsible Officer: Rachel Lamb / Alexander Thompson</td> <td data-bbox="459 47 515 506">Target Date: July 2023.</td> </tr> </table>	Responsible Officer: Charlotte Thompson	Target Date: July 2023	<p>PP - Agreed. The Board and Committee would not necessarily have the required understanding/knowledge relating to the pension administration system to be able to provide advice on this area, hence historically no approval sought at this level. The BCP is held centrally where the Emergency Planning Team are able to view however.</p>		Responsible Officer: Rachel Lamb / Alexander Thompson	Target Date: July 2023.
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Responsible Officer: Rachel Lamb / Alexander Thompson	Target Date: July 2023.								

Scope and Objectives

The Objective of the audit is to evaluate Devon Pension Funds control framework in relation to Cyber Security, using the Pensions Regulator's cyber security principles to provide assurance that cyber risks are being effectively managed.

The key risks (*and control areas*) that this audit will consider are:

- Risks are not identified to mitigate against threats to the IT infrastructure (*Risk Management*).
- Suppliers or partners disclose information or disrupt the pension service (*Supply Chain Management*).
- Unauthorised modification or deletion of data (*Altair and Logotech access controls*)
- Poor user understanding of cyber-risk and security procedures results in the disclosure of information (*Training*).
- Devon County Council (DCC) recovery processes fail following a cyber-attack or IT disruption (*Devon Pension Fund and Peninsula Pensions BC & DR plans*).

The risks above encompass a significant proportion of the Pensions Regulators cyber security principles.

Devon Pension Fund and Peninsula Pensions IT infrastructure is not segmented from the Main DCC ICT environment and therefore reliance will also be placed on the DCC Cyber security audit work already carried out.

Inherent Limitations

The opinions and recommendations contained within this report are based on our examination of restricted samples of transactions / records and our discussions with officers responsible for the processes reviewed.

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Confidentiality under the National Protective Marking Scheme

This report is protectively marked in accordance with the National Protective Marking Scheme. It is accepted that issues raised may well need to be discussed with other officers within the Council, the report itself should only be copied/circulated/disclosed to anyone outside of the organisation in line with the organisation's disclosure policies. This report is prepared for the organisation's use. We can take no responsibility to any third party for any reliance they might place upon it.

Marking

Official

Definitions

The majority of information that is created or processed by the public sector. This includes routine business operations and services, some of which could have damaging consequences if lost, stolen or published in the media, but are not subject to a heightened threat profile.

Official: Sensitive A limited subset of OFFICIAL information could have more damaging consequences if it were lost, stolen or published in the media. This subset of information should still be managed within the 'OFFICIAL' classification tier but may attract additional measures to reinforce the 'need to know'. In such cases where there is a clear and justifiable requirement to reinforce the 'need to know', assets should be conspicuously marked: 'OFFICIAL-SENSITIVE'. All documents marked OFFICIAL: SENSITIVE must be handled appropriately and with extra care, to ensure the information is not accessed by unauthorised people.

Definitions of Audit Assurance Opinion Levels

Definition of Observation Priority

Assurance Definition

Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

High
Medium
Low
Opportunity

A significant finding. A key control is absent or is being compromised; if not acted upon this could result in high exposure to risk. Failure to address could result in internal or external responsibilities and obligations not being met.

Control arrangements not operating as required resulting in a moderate exposure to risk. This could result in minor disruption of service, undetected errors or inefficiencies in service provision. Important observations made to improve internal control arrangements and manage identified risks.

Low risk issues, minor system compliance concerns or process inefficiencies where benefit would be gained from improving arrangements. Management should review, make changes if considered necessary or formally agree to accept the risks. These issues may be dealt with outside of the formal report during the course of the audit.

An observation to drive operational improvement which may enable efficiency savings to be realised, capacity to be created, support opportunity for commercialisation / income generation or improve customer experience. These observations do not feed into the assurance control environment.

Devon Audit Partnership

The Devon Audit Partnership has been formed under a joint committee arrangement comprising of Plymouth, Torbay, Devon, Mid Devon, South Hams & West Devon, Torridge and North Devon councils. We aim to be recognised as a high-quality internal audit service in the public sector. We work with our partners by providing a professional internal audit service that will assist them in meeting their challenges, managing their risks and achieving their goals. In carrying out our work we are required to comply with the Public Sector Internal Audit Standards along with other best practice and professional standards. The Partnership is committed to providing high quality, professional customer services to all; if you have any comments or suggestions on our service, processes or standards, the Head of Partnership would be pleased to receive them at tony.d.rose@devon.gov.uk

Internal Audit Report - Final Peninsula Pensions Pensions ESCROW Account

March 2023

Service Objective	To ensure unclaimed refunds of contributions are moved out of the Fund before the 5 year mark, so as to not incur unauthorised payment charges or sanctions.
Audit Opinion	Substantial Assurance - A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Assurance Opinion on Risks or Areas Covered	- key concerns or unmitigated risks	Level of Assurance
<p>The Account is not being maintained in accordance with regulatory requirements, resulting in inaccurate, ineligible, untimely, duplicate, or fraudulent payments being made from the account.</p> <p><i>These areas / risks combine to provide the overall audit assurance opinion. Definitions of the assurance opinion ratings can be found in the Appendices. The observations and findings in relation to each of these areas has been discussed with management, see the "Detailed Audit Observations and Action Plan" appendix A. This appendix records the action plan agreed by management to enhance the internal control framework and mitigate identified risks where agreed</i></p>		Substantial Assurance

Introduction

When a member leaves the Pension fund after the first 3 months of employment, but before the two year vesting period, they are entitled to a refund of their pension contributions, which they must apply for to allow the Fund to issue the payment. Under certain conditions, if the refund is not issued within 5 years, the payment may be subject to an Unauthorised Payments Charge of 40% (member), Unauthorised Payments Surcharge of 15% (member), and Scheme Sanction Charge of 40% (administering authority).

Guidance issued from the Local Government Association states that 'Administering Authorities may instead discharge liability by paying the refund to an ESCROW account before the expiry of five years. The Head of Pensions at the time set up an Escrow account for this purpose in 2019, and the Finance Manager took on the administration of the payment process, including setting up the ability to make payments on FINEST.

As of November 2022, the balance of the Escrow account stood at £539,358.37.

Executive Summary

There are effective and efficient controls in place to ensure that unclaimed refunds of contributions and death grants are moved out of the Fund prior to reaching an age that they attract unauthorised payment charges and sanctions, the account is monitored and reviewed regularly, and payments made are accurate and not duplicate or fraudulent.

The Finance Manager maintains a spreadsheet detailing all payments that have been moved across into the account, and all payments that have been made from the account. The bank statements for the account are reviewed and authorised by both the Finance Manager and the Pensions Technical Manager.

We reviewed a sample containing both refunds and death benefits paid out, and refunds and death benefits still held in the account. We found that all payments made were accurate, timely and that records had been maintained to ensure there could be no duplication. All payments still in the account were found to be accurate with adequate supporting documentation.

If you would like a meeting to discuss the report, this should be arranged with Pandora Saxby (pandora.saxby@devon.gov.uk).

Issues for the Annual Governance Statement

The evidence obtained in internal audit reviews can identify issues in respect of risk management, systems and controls that may be relevant to the Annual Governance Statement.

This review has not identified any issues that may be relevant to the Annual Governance Statement.

Acknowledgements

We would like to express our thanks and appreciation to all those who provided support and assistance during the course of this audit.

Tony Rose
Head of Partnership

Detailed Audit Observations and Action Plan

Risk 1: The Account is not being maintained in accordance with regulatory requirements, resulting in inaccurate, ineligible, untimely, duplicate, or fraudulent payments being made from the account.:	Level of Assurance
<p>Opinion Statement: There is sufficient documentation in place to detail the process for making payment of refunds from the Escrow account and the associated legislation.</p> <p>The Escrow account is monitored by way of a spreadsheet that is maintained by the Finance Manager. The spreadsheet is suitably located, and access appropriately controlled.</p> <p>The spreadsheet records details of all payments moved from the fund into the Escrow account, as well as bank statements and payments out. The Escrow account transactions are reviewed and authorised on a monthly basis. The bank statements are checked and signed by the Finance Manager and then sent to the Pensions Technical Manager to be countersigned.</p> <p>We reviewed a sample of 10 refunds paid from the Escrow account. All payments were made in a timely manner upon receipt of the refund form, the monitoring spreadsheet was updated accordingly, and the refund recipient's Altair record was updated to show that they had exited the fund and there was no further liability.</p> <p>An annual task is carried out to identify refunds approaching 5 years of age and move these out of the Fund and into the Escrow account. We reviewed a sample of refunds held in the Escrow account and confirmed that the amounts moved across were accurate and matched the refund calculation.</p>	<p>Substantial Assurance</p>
<p>No. of Observations and Implications</p>	<p>Impact / Priority</p>
<p>No observations and recommendations recorded</p>	<p>Management response and action plan including responsible officer</p>

Scope and Objectives

The objective of this audit was to provide assurance that the ESCROW account is being maintained / managed in accordance with the Pension Regulations and that the control framework is effective and adequate.

Inherent Limitations

The opinions and recommendations contained within this report are based on our examination of restricted samples of transactions / records and our discussions with officers responsible for the processes reviewed.

Confidentiality under the National Protective Marking Scheme

This report is protectively marked in accordance with the National Protective Marking Scheme. It is accepted that issues raised may well need to be discussed with other officers within the Council, the report itself should only be copied/circulated/disclosed to anyone outside of the organisation in line with the organisation's disclosure policies. This report is prepared for the organisation's use. We can take no responsibility to any third party for any reliance they might place upon it.

Marking

Official

TOP SECRET

Officially Sensitive

CONFIDENTIAL

SECRET

Definitions

The majority of information that is created or processed by the public sector. This includes routine business operations and services, some of which could have damaging consequences if lost, stolen or published in the media, but are not subject to a heightened threat profile.

Officially Sensitive A limited subset of OFFICIAL information could have more damaging consequences if it were lost, stolen or published in the media. This subset of information should still be managed within the 'OFFICIAL' classification tier but may attract additional measures to reinforce the 'need to know'. In such cases where there is a clear and justifiable requirement to reinforce the 'need to know', assets should be conspicuously marked: 'OFFICIAL-SENSITIVE'. All documents marked OFFICIAL: SENSITIVE must be handled appropriately and with extra care, to ensure the information is not accessed by unauthorised people.

Definitions of Audit Assurance Opinion Levels

Definition of Observation Priority

Assurance Definition

Substantial Assurance

A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Reasonable Assurance

There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

Limited Assurance

Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.

No Assurance

Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

High

A significant finding. A key control is absent or is being compromised; if not acted upon this could result in high exposure to risk. Failure to address could result in internal or external responsibilities and obligations not being met.

Medium

Control arrangements not operating as required resulting in a moderate exposure to risk. This could result in minor disruption of service, undetected errors or inefficiencies in service provision. Important observations made to improve internal control arrangements and manage identified risks.

Low

Low risk issues, minor system compliance concerns or process inefficiencies where benefit would be gained from improving arrangements. Management should review, make changes if considered necessary or formally agree to accept the risks. These issues may be dealt with outside of the formal report during the course of the audit.

Opportunity

An observation to drive operational improvement which may enable efficiency savings to be realised, capacity to be created, support opportunity for commercialisation / income generation or improve customer experience. These observations do not feed into the assurance control environment.

Devon Audit Partnership

The Devon Audit Partnership has been formed under a joint committee arrangement comprising of Plymouth, Torbay, Devon, Mid Devon, South Hams & West Devon, Torridge, and North Devon councils. We aim to be recognised as a high-quality internal audit service in the public sector. We collaborate with our partners by providing a professional internal audit service that will assist them in meeting their challenges, managing their risks, and achieving their goals. In conducting our work, we are required to comply with the Public Sector Internal Audit Standards along with other best practice and professional standards. The Partnership is committed to providing high quality, professional customer services to all; if you have any comments or suggestions on our service, processes or standards, the Head of Partnership would be pleased to receive them at tony.d.rose@devon.gov.uk

DF/23/73
Devon Pension Board
6 July 2023

PENINSULA PENSIONS PERFORMANCE REPORT

Report of the Director of Finance and Public Value

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

Recommendation: The Board notes the report.

1) INTRODUCTION

- 1.1 Peninsula Pensions monitors performance against the [Occupational and Personal Pension Schemes \(Disclosure of Information\) Regulations 2013](#), which set out the statutory requirements regarding the disclosure of pension information.

Peninsula Pensions' will be reviewing the [Pension Administration Strategy](#) and targets included within it in the 2023 year, which includes the internal target for Peninsula Pensions and expected performance requirements from individual Fund employers. The information provided within this report is therefore based around the statutory targets as outlined above.

- 1.2 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 the Occupational and Personal Pension Schemes (Disclosure of information) Regulations 2013 for the quarter ending 31 March 2023 was 91% (93% for High Priority procedures).
- 2.2 As referred to in the performance reports for previous quarters, the lower-than-expected performance is in part due to delays in responses to member information requested from employers. The team has continued to work with employers to implement improvements in this area.
- 2.3 The team have also continued to concentrate on processing outstanding deferred benefit and amalgamation cases in preparation for the McCloud remedy and future Pension Dashboard, which has impacted performance. Once these cases have been completed, we expect to see an improvement in performance.
- 2.4 The team received a total of 10 compliments between 1 January 2023 and 31 March 2023.

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- 2.5 Appendix 1 of the report provides a detailed breakdown of administration performance relating to the Devon Pension Fund only, for the quarter ending 31 March 2023, and the full year 1st April 2022 – 31st March 2023, against the statutory Disclosure Regulations. It also includes a graph which shows the monthly trend analysis on the percentage of high, medium, and low priority cases completed within timescales for the current financial year.

In addition, a further chart, as requested by the Board, has been included to highlight the variants in performance when compared with firstly, the previous quarter, and secondly, the previous 12-month period.

- 2.6 Appendix 2 of the report highlights the longer-term performance of Peninsula Pensions (Devon Pension Fund only) for this financial year from 1st April to 31 March 2023. The bottom chart shows how many of the 'remaining' tasks outstanding to be actioned are awaiting information from another third party (member/employer) and therefore are on 'reply due'.
- 2.7 Appendix 3 of the report highlights the amount of work received over the last 12 month rolling period, compared to the same period in the previous year. The chart currently is showing an increase in demand. The last chart breaks down the work into the different work types showing where there has been an increase or decrease over the two periods.

- 2.8 Other updates –
McCloud:

Member factsheet link for information: [The McCloud judgment and your LGPS pension \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1141242/the-mccloud-judgment-and-your-lgps-pension.pdf)

Recruitment:

For information, during the period January 2023 – March 2023, Peninsula Pensions had a total of 7 staff vacancies.

3. CONCLUSION

- 3.1 The Board is asked to note the report.

Angie Sinclair

Director of Finance and Public Value

Electoral Divisions: All

Local Government Act 1972: List of background papers

Nil

Contact for enquiries:

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Address: Great Moor House

Administration Performance – 01/01/2023 to 31/03/2023 (Devon Pension Fund)

	Total Cases	Success Rate
High Priority Procedures	4396	93%
Medium Priority Procedures	6228	88%
Low Priority Procedures	1901	92%
	12525	91%

High Priority

	Total	Success Rate
CHANGES	552	99%
COMPLAINT/IDRPMEM	43	100%
COMPLAINT/IDRPEMP	1	100%
DEATH	399	79%
DEFERRED OVER 55	378	86%
PAYROLL	729	97%
REFUND	1009	100%
REACT	509	85%
RETPB	776	93%
TOTAL	4396	93%

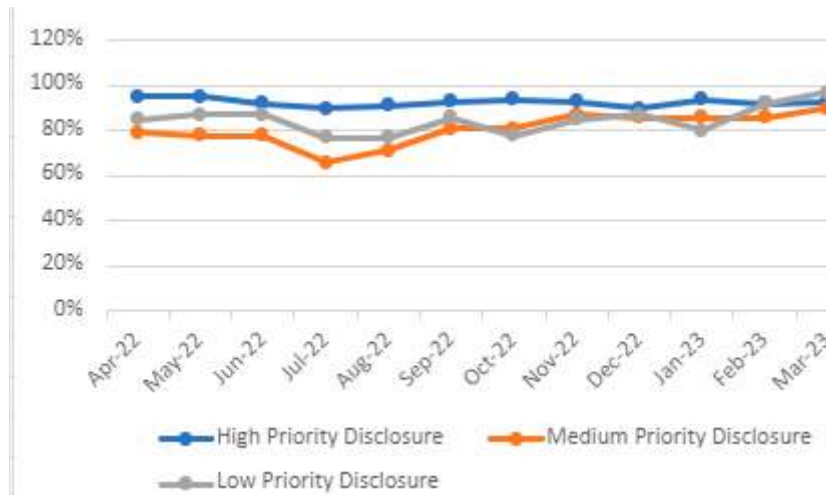
Medium Priority

	Total	Success Rate
AMALGAMATIONS	714	70%
DEFERRED	1743	77%
DIVORCE	77	92%
EMPLOYER QUERIES	598	82%
ESTBULK	0	-
ESTEMP	34	100%
ESTMEMB	75	97%
GEN	1370	100%
HMRC	17	94%
MSS	1600	100%
TOTAL	6228	88%

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Low Priority

	Total	Success Rate
ESTOTHER	57	93%
GMP ACTIVE/DEFERRED	26	100%
INTERFUND IN	110	85%
INTERFUND OUT	123	83%
PENSION TOP UP	124	98%
REFUNDSFROZ	1286	92%
STARTERS	0	-
TVIN	98	96%
TVOUT	77	88%
TOTAL	1901	92%



Administration Performance – 01/04/2022 to 31/03/2023 (Devon Pension Fund)

	Total Cases	Success Rate
High Priority Procedures	14832	93%
Medium Priority Procedures	22393	87%
Low Priority Procedures	6753	87%
	43978	89%

High Priority

	Total	Success Rate
CHANGES	2197	99%
COMPLAINT/IDRPMEM	139	100%
COMPLAINT/IDRPEMP	8	100%
DEATH	1401	78%
DEFERRED OVER 55	1380	85%
PAYROLL	2903	97%
REFUND	2071	100%
RETRACT	1913	90%
RETPB	2820	91%
TOTAL	14832	93%

Medium Priority

	Total	Success Rate
AMALGAMATIONS	3551	62%
DEFERRED	6282	65%
DIVORCE	294	89%
EMPLOYER QUERIES	2217	74%
ESTBULK	0	-
ESTEMP	121	100%
ESTMEMB	264	94%
GEN	3673	99%
HMRC	111	99%
MSS	5880	100%
TOTAL	22393	87%

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Low Priority

	Total	Success Rate
ESTOTHER	313	75%
GMP ACTIVE/DEFERRED	49	100%
INTERFUND IN	471	80%
INTERFUND OUT	363	73%
PENSION TOP UP	662	98%
REFUNDSFROZ	3983	85%
STARTERS	4	100%
TVIN	433	94%
TVOUT	475	76%
TOTAL	6753	87%

Variance in performance when compared to previous quarter:

		Period 1		Period 2		
PRIORITY CASE TYPE		in target	%	in target	%	DIFFERENCE
high	CHANGES	436	96.2%	546	98.9%	2.7%
high	COMPLAINT/IDRPMEM	32	100.0%	43	100.0%	0.0%
high	COMPLAINT/IDRPEMP	2	100.0%	1	100.0%	0.0%
high	DEATH	234	78.5%	315	78.9%	0.4%
high	DEFERRED OVER 55	305	84.5%	325	86.0%	1.5%
high	PAYROLL	723	98.0%	709	97.3%	-0.7%
high	REFUND	155	100.0%	1008	99.9%	-0.1%
high	RETRACT	477	91.0%	434	85.3%	-5.8%
high	RETPB	523	94.4%	720	92.8%	-1.6%
med	AMALGAMATIONS	664	68.3%	500	70.0%	1.7%
med	DEFERRED	855	75.1%	1350	77.5%	2.3%
med	DIVORCE	77	90.6%	71	92.2%	1.6%
med	EMPLOYER QUERIES	390	81.9%	490	81.9%	0.0%
med	ESTBULK	0		0		0.0%
med	ESTEMP	12	100.0%	34	100.0%	0.0%
med	ESTMEMB	44	93.6%	73	97.3%	3.7%
med	GEN	1074	99.6%	1366	99.7%	0.1%
med	HMRC	54	100.0%	16	94.1%	-5.9%
med	MSS	1206	100.0%	1600	100.0%	0.0%
med	PFINJURY	0		0		0.0%
low	ESTOTHER	61	96.8%	53	93.0%	-3.8%
low	GMP ACTIVE/DEFERRED	15	100.0%	26	100.0%	0.0%
low	INTERFUND IN	96	86.5%	94	85.5%	-1.0%
low	INTERFUND OUT	52	69.3%	102	82.9%	13.6%
low	PENSION TOP UP	145	99.3%	121	97.6%	-1.7%
low	REFUNDSFROZ	816	78.0%	1184	92.1%	14.1%
low	STARTERS	0		0		0.0%
low	TVIN	103	92.8%	94	95.9%	3.1%
low	TVOUT	86	92.5%	68	88.3%	-4.2%
	Total	8637	87.7%	11343	90.6%	2.8%

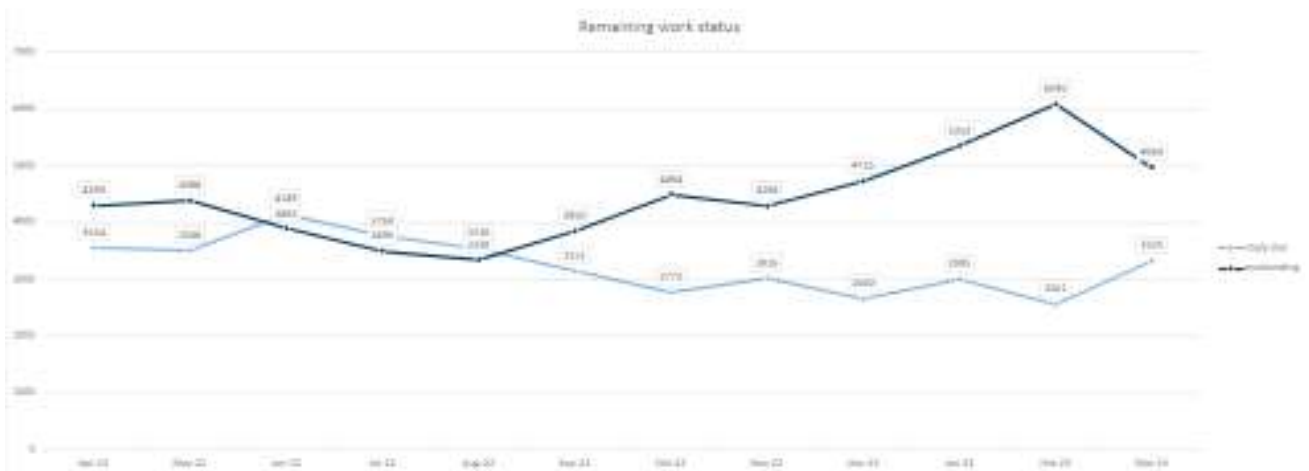
Variance in performance when compared to previous 12-month period:

		Period 1		Period 2		
PRIORITY CASE TYPE		in target	%	in target	%	DIFFERENCE
high	CHANGES	2007	99.9%	2170	98.7%	-1.1%
high	COMPLAINT/IDRPMEM	111	100.0%	139	100.0%	0.0%
high	COMPLAINT/IDRPEMP	7	100.0%	8	100.0%	0.0%
high	DEATH	1138	89.7%	1099	78.4%	-11.2%
high	DEFERRED OVER 55	1273	91.2%	1173	84.9%	-6.3%
high	PAYROLL	2815	99.3%	2808	96.7%	-2.6%
high	REFUND	911	99.8%	2067	99.8%	0.0%
high	RETRACT	1694	88.8%	1722	90.0%	1.1%
high	RETPB	2507	82.1%	2579	91.4%	9.3%
med	AMALGAMATIONS	2357	77.6%	2206	62.1%	-15.5%
med	DEFERRED	2759	63.1%	4072	64.8%	1.7%
med	DIVORCE	236	81.7%	262	88.8%	7.2%
med	EMPLOYER QUERIES	1332	52.1%	1632	73.5%	21.4%
med	ESTBULK	0		0		0.0%
med	ESTEMP	86	94.5%	121	100.0%	5.5%
med	ESTMEMB	225	83.3%	249	94.3%	11.0%
med	GEN	2505	97.4%	3592	99.4%	2.0%
med	HMRC	139	100.0%	108	99.1%	-0.9%
med	MSS	5957	100.0%	5880	100.0%	0.0%
med	PFINJURY	0		0		0.0%
low	ESTOTHER	74	57.4%	235	75.1%	17.7%
low	GMP ACTIVE/DEFERRED	13	100.0%	49	100.0%	0.0%
low	INTERFUND IN	271	76.3%	381	80.9%	4.6%
low	INTERFUND OUT	242	84.0%	266	72.9%	-11.2%
low	PENSION TOP UP	282	94.6%	652	98.5%	3.9%
low	REFUNDSFROZ	3011	92.2%	3386	85.0%	-7.2%
low	STARTERS	1	100.0%	4	100.0%	0.0%
low	TVIN	278	85.0%	466	94.7%	9.7%
low	TVOUT	191	82.0%	361	76.0%	-6.0%
	Total	32422	86.0%	37687	85.7%	-0.3%

Agenda Item 11

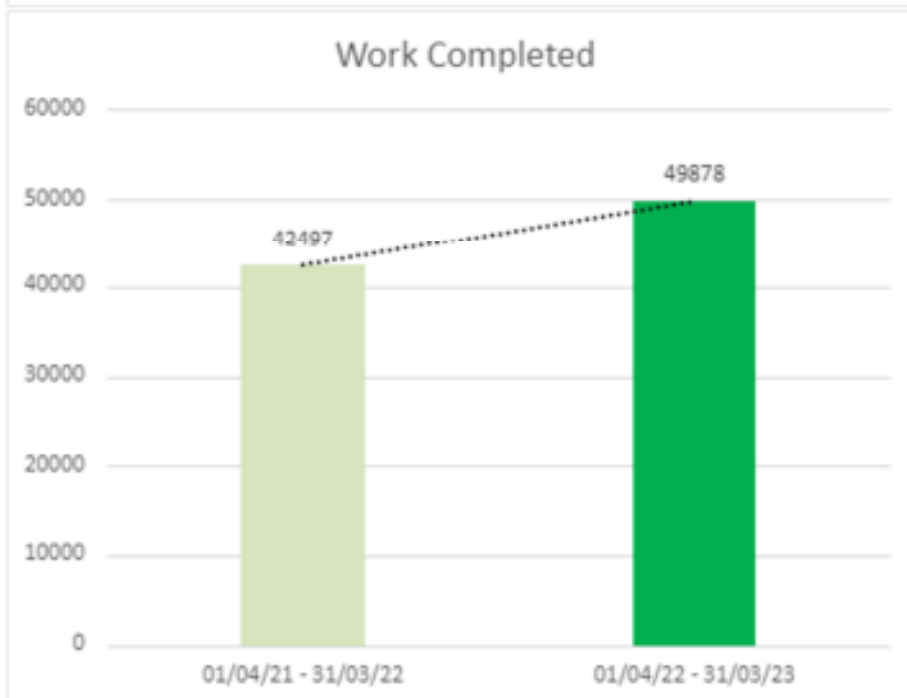
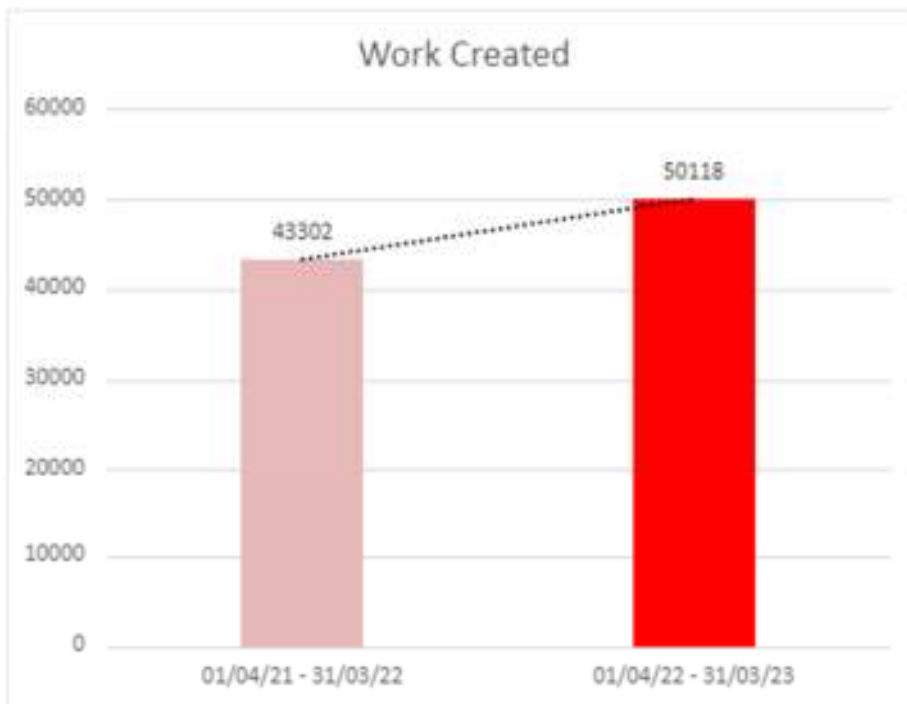
Appendix 2

Month	Created	Completed	completion rate	Remaining	reply due	outstanding
Mar-23	5822	6189	106.30%	8299	3325	4969



**Work received 12 month rolling period 1 April 2022 to 31 March 2023
(against same period for previous financial year)**

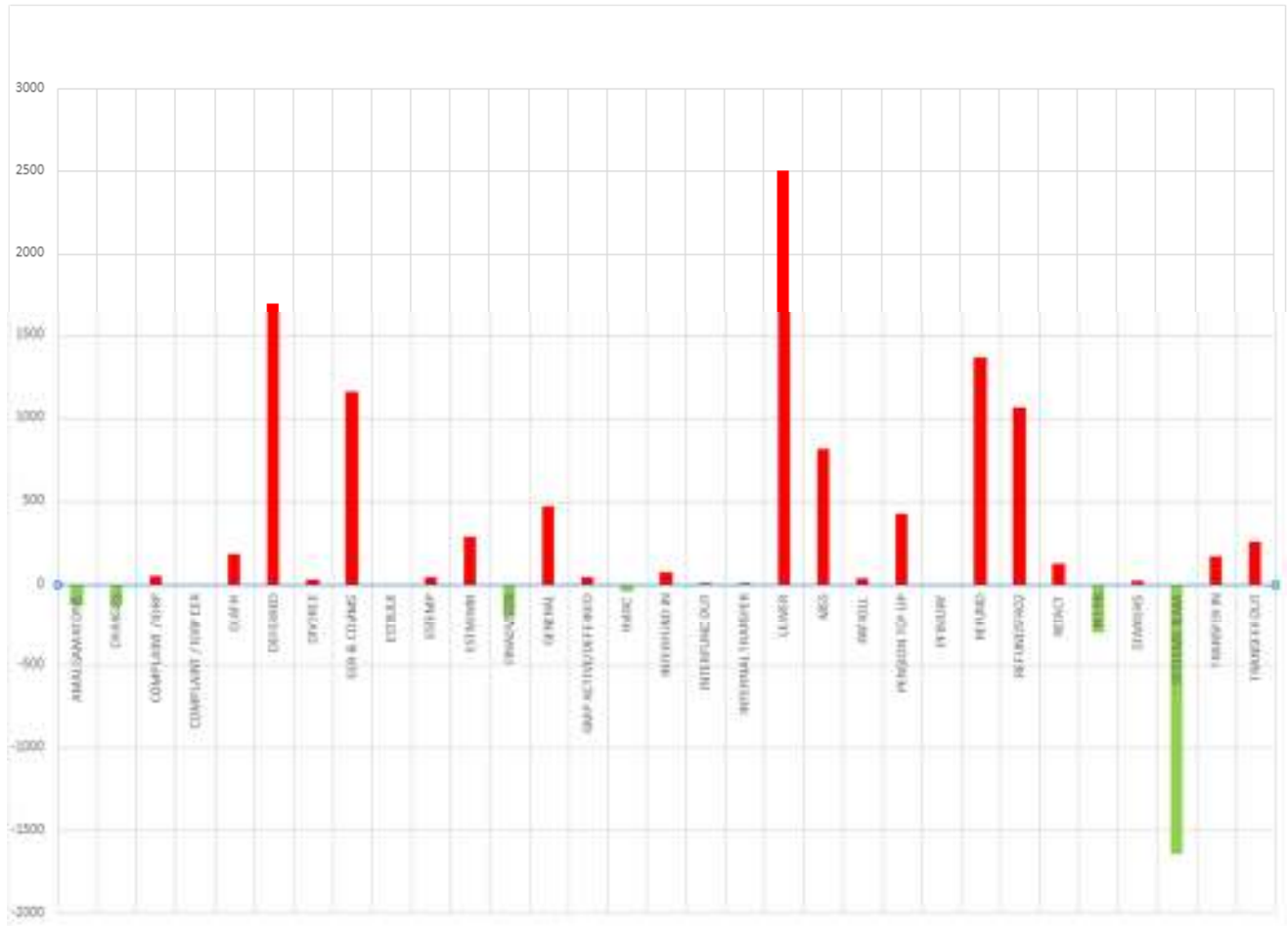
from	to	Work Created	Work Completed
01/04/2021	31/03/2022	43302	42497
01/04/2022	31/03/2023	50118	49878



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Increase or decrease of type of work created within period 1st April 2022 to 31 March 2023 against same period for previous financial year.

(Increase shown in red, decrease shown in green)



DF/23/74
Devon Pension Board
6th July 2023

LGPS Update

Report of the Director of Finance and Public Value

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

1) Recommendation

That the Board be asked to:

- (a) Note the developments affecting the LGPS

2) Introduction

- 2.1 This report is brought to the Pension Board to provide an update on the latest developments affecting the LGPS.

3) McCloud

- 3.1 When the Government reformed public service pension schemes in 2014 and 2015, transitional protections were introduced for older members. In December 2018, the Court of Appeal ruled that younger members of the judicial and firefighters' pension schemes had been unlawfully discriminated against because the protections did not apply to them.¹ This ruling is called the McCloud judgment, after a member of the Judicial Pension Scheme involved in the case. Because of the ruling, there will be changes to all public service pension schemes that provided transitional protection, including the LGPS. The changes are called the McCloud remedy and are intended to remove the age discrimination found in the McCloud court case.
- 3.2 In 2014, the LGPS changed from a final salary scheme to a career average scheme. Older members who were closer to retirement were protected from the changes. This means when a protected member takes their pension, the benefits payable under the career average scheme are compared with the benefits that would have been built up, had the final salary scheme continued and they receive the higher amount. This protection is called the underpin.
- 3.3 To remove the McCloud age discrimination, qualifying younger members will now receive the underpin protection too. This change will come into force on 1 October 2023. Underpin protection only applies to pension built up in the remedy period, between 1 April 2014 and 31 March 2022.

Agenda Item 12

- 3.4 On 30th May DLUHC published a consultation and draft regulations concerning the McCloud remedy. The consultation closed on 30 June 2023 and sought views on the more technical aspects of fine tuning the LGPS regulations.
- 3.5 HMRC launched a consultation on The Public Service Pension Schemes (rectification of Unlawful Discrimination) (Tax) (No.2) Regulations 2023 which proposes further modifications to the first set of HMRC regulations that come into force on 6 April 2023. These regulations modified various tax regulations so the correct tax treatment is applied when public service schemes implement the McCloud remedy.

4) Scheme Advisory Board cost management process

- 4.1 11th May 2023 was a busy day for the Department for Levelling Up , Housing and Communities as they published its response to the consultation on changes to the Scheme Advisory Board's cost management process and laid the Local Government Pension Scheme (Amendment)(No.2) Regulations 2023. These regulations came into force on 1st June 2023.
- 4.2 The changes better align the SAB's cost management process with HM Treasury's reformed cost control process. They give the SAB greater flexibility in the making of recommendations to the Secretary of State where there is a breach.

5) Pension Dashboard project

- 5.1 On 2nd March 2023, Department for Works and Pensions (DWP) published a written ministerial statement announcing that, due to delays in the project, the legislative timetable for when schemes must connect to the pensions dashboards architecture will need to be amended.
- 5.2 The change means that no pension providers or schemes, or integrated service providers will connect to dashboards before the current first mandatory connection deadline of 31 August 2023. There will be an update before Parliament's summer recess.
- 5.3 As part of the statement, DWP announced that the programme would go through a reset period. This will allow the dashboard project team to work together with DWP to establish a new achievable timeline for delivery.

6) Conclusion

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

Angie Sinclair

Director of Finance and Public Value

Electoral Divisions: All

Local Government Act 1972: List of background papers

Nil

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DF/23/75
Devon Pension Board
6th July 2023

FUTURE WORK PROGRAMME

Report of the Director of Finance and Public Value

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

1) Recommendation

That the Board be asked to:

- (a) review the work programme and provide any suggestions for future work items.

2) Introduction

- 2.1 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.

3) Future Work Programme

- 3.1 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
- Attendance register
- Actions and recommendations Tracker
- Future work programme
- Breaches log
- Contribution monitoring
- LGPS update

Agenda Item 13

October 2023

- Budget monitoring
- Terms of reference review
- Communication policy review
- TPR data scores improvement plan

January 2024

- Scheme Advisory Board Governance review
- Scheme Advisory Board Knowledge and skills framework
- TPR Code of Practice
- Governance policy review
- Audit Plan 2024/25

April 2024

- Budget monitoring
- Annual Pension Board Report
- Internal Audit report for 2023/24
- 2023/24 Training Review and 2024/25 Training plan

4) Conclusion

- 4.1 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 affectively and efficiently, ensuring that it complies with the code of practice on the governance and administration of public service pension schemes issued by the Pensions Regulator.
- 4.2 The Board is asked to review and approve the future work programme and make suggestions for other areas of consideration going forward.

Angie Sinclair

Director of Finance and Public Value

Electoral Divisions: All

Local Government Act 1972: List of background papers

Nil

Contact for enquiries:

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