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Agenda

Name of meeting	LOCAL PENSION BOARD
Date	WEDNESDAY 26 OCTOBER 2022
Time	2.00 PM
Venue	COUNCIL CHAMBER, COUNTY HALL, ISLE OF WIGHT
Board Members	Cllrs M Doyle (Chairman), N Cain, A Curzon, L Kingston, M Lilley, B Milton and T Ould
	Democratic Services Officer: Megan Tuckwell democratic.services@iow.gov.uk

1. **Minutes** (Pages 5 - 8)

To confirm as a true record the Minutes of the meeting held on 15 June 2022.

2. **Declarations of Interest**

To invite Members to declare any interest they might have in the matters on the agenda.

3. **Reports from the Pension Fund Committee:**

(a) Draft Minutes of the Pension Fund Committee 27 July 2022 (Pages 9 - 16)

(b) Update on Scheme Member Representation at ACCESS Joint Committee Meetings (Pages 17 - 18)

4. **Governance Compliance Statement 2021-22** (Pages 19 - 68)

To receive the draft annual Governance Compliance Statement and to approve its presentation to the Pension Fund Committee for inclusion in the annual report and accounts for the year ended 31 March 2022; and to agree the proposed action plan to address areas of non-compliance.

5. **Risk Management** (Pages 69 - 84)

To receive and review the updated risk register for onward presentation to the Pension Fund Committee.

6. **Structure Review Update** (Pages 85 - 86)

To receive a progress update from the Pension Fund Manager, and a presentation from Barnett Waddingham.

7. **Climate Change/ ESG Activities** (Pages 87 - 136)

To consider the fund's response to the Local Government Pension Scheme (England and Wales): Governance and reporting of climate change risks consultation issued on 1 September 2022.

8. **Cyber Risk** (Pages 137 - 166)

To consider the initial outcome of the AON Cyber assessment questionnaire, and the requirements of the Pension Regulator single code of practice in respect of cyber risk awareness.

9. **Report from the Pensions Administration Team** (Pages 167 - 214)

To consider a report on administration statistics and employer compliance with end of month reporting and payment deadlines for the year 2022-23 to date, and to be advised on any complaints recorded and potential breaches of the law identified since the last meeting.

10. **Triennial Valuation** (Pages 215 - 216)

To note the progress with the triennial valuation against the agreed timetable.

11. **Communications Strategy Review** (Pages 217 - 252)

To review the proposed revisions to the fund's Communications Policy, including the requirements of the Pension Regulator's code of practice, and to recommend the updated Communications Policy to the Pension Fund Committee of adoption.

12. **Knowledge and Understanding** (Pages 253 - 266)

To receive the record of Board members' training and an update on any training events.

13. **Workplan** (Pages 267 - 272)

To note and agree the proposed workplan for future pension board and committee meetings, including development sessions and fund manager presentations.

14. **Items circulated for Members Attention**

To note the items circulated to board members for information since the papers were published for the last meeting (7 June 2022):

- a) Sent 20-Jun-22: Invite: APPG Levelling Up and LA Pension Funds 13-Jul
- b) Sent 20-Jun-22: Invite: Joint Paris Alignment Forum and Place-Based Impact Investing Forum online afternoon tea with SilverStreet Capital 18-Jul
- c) Sent 20-Jun-22: Scheme Advisory Board annual report 2021

- d) Sent 20-Jun-22: PLSA Local Authority Conference 2022. Highlights
- e) Sent 21-Jun-22: Hymans Robertson: Your June issue of The Edit
- f) Sent 21-Jun-22: Development session invite: investment strategy (14-Sep)
- g) Sent 23-Jun-22: Economic and interest rate forecast – June 2022
- h) Sent 05-Jul-22: Knowledge and understanding update request for action
- i) Sent 07-Jul-22: LGPS Bulletin 226
- j) Sent 07-Jul-22: Hymans Robertson: Your July issue of The Edit
- k) Sent 20-Jul-22: Economic update – inflation data
- l) Sent 22-Jul-22: Development invite: pensions dashboard project (9-Nov)
- m) Sent 05-Aug-22: Hymans Robertson: Your August issue of The Edit
- n) Sent 05-Aug-22: CCLA workshop on responsible investment (13-Sep)
- o) Sent 15-Aug-22: Economic and interest rate forecast August 2022
- p) Sent 16-Aug-22: Barnett Waddingham LGPS Governance Guide
- q) Sent 18-Aug-22: Pensions dashboard project information
- r) Sent 23-Aug-22: PLSA report: Today's Challenges, Tomorrow's Opportunities
- s) Sent 31-Aug-22: Aon LGPS newsletter August 2022
- t) Sent 01-Sep-22: LGC article 'LGPS Pooling Progress needs to go further and faster'
- u) Sent 01-Sep-22: LGPC Bulletin 228
- v) Sent 01-Sep-22: Launch of DLUHC consultation – LGPS (E&W) Governance and reporting of climate change risks
- w) Sent 05-Sep-22: Hymans Robertson: TCFD consultation for LGPS
- x) Sent 06-Sep-22: Investment Performance Report Q/E June 2022
- y) Sent 08-Sep-22: Hymans Robertson: Your September issue of The Edit
- z) Sent 08-Sep-22: Room 151 LGPS Briefing
- aa) Sent 09-Sep-22: Example employer communication
- bb) Sent 20-Sep-22: invitation to Hymans Robertson webinar: 2022 valuation employer results and high inflation
- cc) Sent 29-Sep-22: Interest Rate and Market Update – Bank of England intervenes in Gilt Markets
- dd) Sent 29-Sep-22: LGPC Bulletin 229
- ee) Sent 30-Sep-22: Hymans Robertson National Knowledge Assessment 2022 live and accessible
- ff) Sent 03-Oct-22: ACCESS Joint Committee agenda pack 6-Oct-22
- gg) Sent 07-Oct-22: Hymans Robertson: Your October issue of The Edit
- hh) Sent 07-Oct-22: National Knowledge Assessment 2022, progress report
- ii) Sent 10-Oct-22: LGPS governance conference 2023 and Fundamentals training programme
- jj) Sent 14-Oct-22: LAPFF Q3 2022 Quarterly engagement report
- kk) Sent 17-Oct-22: National Knowledge Assessment 2022, second progress report and reminder

15. Other matters for the Board's attention

Members to raise any other matters.

CHRISTOPHER POTTER
Monitoring Officer
Tuesday, 18 October 2022

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Minutes

Name of meeting	LOCAL PENSION BOARD
Date and Time	WEDNESDAY 15 JUNE 2022 COMMENCING AT 2.00 PM
Venue	COUNCIL CHAMBER, COUNTY HALL, NEWPORT, ISLE OF WIGHT
Present	M Doyle (Chairman), N Cain, L Kingston, M Lilley, and T Ould, A Curzon (Virtual)
Also Present	Jo Cooke, Jo Thistlewood and Megan Tuckwell, Matthew Collier (Virtual) Cllr C Jarman (Virtual)
Apologies	B Milton

1. **Minutes**

RESOLVED:

THAT the minutes of the meeting held on 6 April 2022 be approved as a true record.

2. **Declarations of Interest**

No declarations were received at this stage.

3. **Report from the Pension Fund Committee**

Consideration was given to the draft minutes of the meeting of the Pension Fund Committee held on 25 May 2022, and the decisions taken therein. No comments or questions were raised, and the minutes were noted subject to a minor grammatical amendment.

RESOLVED:

THAT the draft minutes of the meeting of the Pension Fund Committee held on 25 May 2022 be noted.

4. **Triennial Valuation**

The Pension Fund Manager delivered a presentation on the role of the fund actuary and the triennial valuation, including information on its purpose, the process and timetable for completion, and a summary of the proposed assumptions as agreed by the Pension Fund Committee meeting at its meeting on 25 May 2022. Discussion took place and questions were raised regarding salary increases, investment

returns, inflation, flexibility with the employee contribution rates, and the funding strategy statement. The Board noted the key areas for monitoring would be in relation to data quality, and to seek assurance that the process and timeline were being followed.

RESOLVED:

THAT the triennial valuation update be noted.

5. **Report from the Pension Administration Team**

The Pensions Manager presented the report on administration statistics, employer compliance with end of month reporting and payment deadlines for the year 2021-22 to date, complaints recorded, and breaches of the law identified. Attention was drawn to key updates relating to the i-Connect project, McCloud data, GMP, and tracing procurement.

With regards to the triennial valuation, it was highlighted that the actuaries had stated that the fund data was in a very good place and they expect to carry out very little verification/ correction work when the final year-end data is submitted.

The Pension Fund Manager provided an update on the breach of the law. It was advised that the Fund would not achieve its statutory deadline for publishing its annual report and accounts before 1 December 2022 (due to resource constraints at the external auditors). The breach of the law had been self-reported to the LGA and would be recorded on the breaches log but was not deemed significantly material to report to the Pensions Regulator.

Questions were raised regarding the rectification of late payments and submissions, and it was confirmed that these had all been received by year-end. Discussion took place regarding communication with the five Academies for whom Strictly Education provide payroll services,

Questions were raised regarding the complaint received and it was confirmed that this had been passed to Director of Finance to investigate through the internal complaints procedure. Discussion took place regarding a service review of Prudential and it was agreed that an update on Local Government AVC's would be added to the workplan for consideration at a future meeting of the Board.

RESOLVED:

THAT the report from the pension administration team be noted.

6. **DLUHC Consultation Update**

The Pension Fund Manager delivered a presentation on the forthcoming consultation from the Department of Levelling Up, Housing and Communities.

It was advised that the consultation was expected in Autumn 2022 and would cover climate, pooling, levelling up, and other issues such as the replacement of the CMA order (in respect of objectives for consultants). It was noted that the 12-week consultation period may fall between scheduled Committee meetings and it had

therefore been agreed that an additional informal meeting would be arranged if necessary.

Discussion took place with regards to the approach to levelling up, responsible investments and ESG/RI beliefs, and education reform and academisation.

RESOLVED:

THAT the update on the forthcoming consultation from the Department of Levelling Up, Housing and Communities, be noted.

7. Knowledge and Understanding

7a Record of Board Members' Training

The Pension Fund Manager presented the record of board members' training activities completed since the last meeting. Board members' were encouraged to complete any training and notify the Pension Fund Manager for recording purposes. Attention was drawn to the LGA fundamentals three-day course and confirmed that information would be circulated on this.

RESOLVED:

THAT the record of board members' training be noted.

8. Update from the CIPFA Pension Board Annual Conference

Consideration was given to the briefing note on the CIPFA annual conference for pension board members held on 18 May 2022. It was suggested that the many of the areas raised would be factored into the Board's workplan, and that a training session would be arranged on cyber risk. The chairman provided a verbal update on the LGPS success story event hosted by Hymans Robertson and agreed to circulate information on this outside of the meeting.

RESOLVED:

THAT the update on the CIPFA annual conference for pension board members, be noted.

9. Risk Management - Risk Register

The Pension Fund Manager presented the updated risk register, as adopted by the Pension Fund Committee on 25 May 2022. Board members suggested that they may benefit from additional training on the risk register. Concerns were raised regarding the risks associated with staffing capacity, resilience, and continuity planning. It was advised that a resource review was underway, and progress would be reported to the Board at its next meeting in October 2022.

RESOLVED:

THAT the updated risk register be noted.

10. **Annual Report and Accounts 2021-22**

The Pension Fund Manager provided an update the revised timetable for the completion and publication of the annual report and accounts, as a result of the delays to the external audit of the Pension Fund's accounts for the year ended 31 March 2022. It was proposed that an update on progress would be provided to each upcoming Committee and Board meeting until the end of the accounts close-down process.

RESOLVED:

THAT the update be noted.

11. **Items circulated for Members Attention**

The committee noted the items circulated for information since the last meeting. No comments or questions were raised at this stage.

RESOLVED:

THAT the items circulated for attention be noted.

12. **Workplan**

12a **Workplan 2022-23**

12b **Documentation List**

Consideration was given to the work programme for forthcoming meetings of the Committee and Board, including a list of key documents, and attention was drawn to the proposed future development sessions. It was advised that the list of documents would be maintained and presented to future meetings of the Board for monitoring. Discussion took place regarding the dates for future meetings, and it was proposed that the meeting scheduled for 12 October 2022 would be moved to 26 October 2022.

RESOLVED:

THAT the workplan be noted.

13. **Other matters for the Board's attention**

No other matters were raised.

CHAIRMAN



Minutes

Name of meeting	ISLE OF WIGHT PENSION FUND COMMITTEE
Date and Time	WEDNESDAY 27 JULY 2022 COMMENCING AT 10.00 AM
Venue	COUNCIL CHAMBER, COUNTY HALL, NEWPORT, ISLE OF WIGHT
Present	Cllrs C Jarman (Chairman), A Garratt (Vice-Chairman), D Andre, P Brading, V Churchman and I Ward
Also Present	Matthew Collier, Jo Thistlewood, Megan Tuckwell and Sarah Philipsborn
Also Present (Virtual)	Luke Chappell, Gavin Lewis and Neil Cain E Garrett, A Curzon and M Doyle
Apologies	Cllrs C Critchison

1. **Minutes**

RESOLVED:

THAT the minutes of the meeting held on 25 May 2022 be approved.

2. **Declarations of Interest**

No declarations were received.

3. **Public Question Time - 15 Minutes Maximum**

No public questions were received.

4. **Pension Board Updates**

5. **Minutes of the meeting held on 15 June 2022 (Draft)**

The committee received the draft minutes of the meeting of the Local Pension Board on 15 June 2022.

The board chairman reported that the board had received a briefing on the valuation process, and that no concerns were raised.

RESOLVED:

THAT the minutes from the Local Pension Board be noted.

6. **Risk Register**

The Pension Board reviewed the risk register at its meeting in June 2022 and it was confirmed that there had been no scoring changes since the last report of the Pension Fund Committee.

It was stated that there were 9 risks rated red, with the key person risk having a very high-risk score. A discussion ensued regarding this issue and what steps could be taken to mitigate this risk. It was explained that the finance team resource restructure was complete, and that an independent review was being commissioned to determine the appropriate size and structure of the resource needed to operate the pension fund. At present, the greatest concern was that, outside the administration team, the fund was running on 1.2 FTES. Questions were raised about whether the Council was paying enough to attract the right calibre of people.

It was explained that there were other issues linked to this problem as the Pension Fund recruitment was bound by the Council's grading and evaluation pay scales and it was very difficult to fit pension fund staffing into the Council structure. It is hoped that the independent review would reflect on the broader national experience, and recommend changes to the staffing structure, with consideration of salary and recruitment issues.

It was stated that the desired outcome of the review was to ensure that the operational structure was suitable for current requirements and to meet the future needs of the fund.

Cyber risk was highlighted as an ongoing item of concern. In response it was stated that there would be training on this issue for both the Pension Board and the Pension Fund Committee members.

RESOLVED:

THAT the report from the Pensions Board on the updated risk register be noted.

7. **Legislation and Regulation Update**

The Pension Fund Manager provided a verbal update on current issues, including an update on Government consultations.

It was advised that the DLUHC consultation was likely to be further delayed with changes in Government including the Minister responsible for LGPS. It was explained that it was likely to end up as a split consultation, with the TCFD/ climate related element being issued in the autumn, ahead of the main consultation, which would include pooling, levelling up, boycotts and governance.

In respect of the levelling up agenda, confirmation had been received that the only compulsory requirement would be for the Pension Fund to publish of a plan on how it was going to arrive at the 5% local investment. It was confirmed that the 5% allocation could include existing assets.

It was explained that the DLUHC response to its consultation on the McCloud remedy for the LGPS had now been delayed until the autumn. This was frustrating as any changes that needed to be implemented had to be in force by October 2023. The Pensions Manager reported that the fund was in a good position with its data collection for the McCloud project, with 90% of data collated and 80% of that data ready to be looked at.

The Pensions Dashboards Programme was brought to the attention of the committee, with a local workshop for scheduled for 9 November which would set out the goals on standards, and how much progress had been made in achieving them.

RESOLVED:

THAT the update on Legislation and Regulation be noted

8. **Knowledge and Understanding Update**

The Pension Fund Manager presented the update on training and development activities undertaken by committee members since the last meeting.

Members were reminded that, although there was no statutory obligation to complete training on the TPR modules, it was beneficial to do so, as it increased understanding of the fund and committee's role within the governance structure.

In addition to online learning, local development sessions were to take place on the following dates;

14 September 2022: Investment Strategy – Hymans

9 November 2022: Pension Dashboard – Heywood

TBC: Risk Management – IWC.

The Committee agreed to active participation in the Hymans Robertson National Knowledge Assessment 2022, which was likely to be launched in September. Pension Board members would also be expected to complete the assessment. The outcome from the activity would be a report on fund-level knowledge and understanding, benchmarked against other LGPS funds, as well as analysis to support the development of a local training plan.

Discussion took place on whether Pension Fund Committee and Pension Board members should have an enhanced DBS check, but at present it remained optional.

RESOLVED:

THAT the training offered be noted

THAT the Pension Fund Committee agree their active participation in the National Knowledge Assessment.

9. **Annual Report and Accounts 2021-22 (Draft)**

10. **Draft Pension Fund Accounts 2021-22**

The Pension Fund Manager presented the Draft Pension Fund Accounts for 2021-22.

It was stated that the accounts were presented in statutory format, but there was still some missing information in the draft concerning disclosures on analysis of investments and risks. An updated draft had been provided to the Council for inclusion in the Council's Draft Statement of Accounts which was to be published on the website by the end of July.

RESOLVED:

THAT the Draft Pension Fund Accounts for 2021-22 be noted

11. **External Audit Planning Report 2021-22**

The committee considered the External Audit Planning Report for 2021-22, as presented to the Audit Committee on 25 July 2022.

The Pension Fund Manager repeated the key points from the External Audit Planning Report that were highlighted to the Audit Committee in July. It was noted that the Pension Fund audit would not be completed in time to meet statutory publication deadlines. The resulting breach of the law had been brought to the attention of the necessary bodies. The External Auditors anticipate that the pension fund's audit would be completed by March 2023.

The ongoing impact of the late completion of the 2021-22 audit on future years was raised; it was explained that planning couldn't start on the next audit until the current audit had been completed, so this was a significant concern.

RESOLVED:

THAT the External Audit Planning Report be noted.

12. **Triennial Valuation**

The Pensions Manager presented the update on progress with the triennial valuation.

It was stated that the full membership data for the Triennial Valuation had been submitted on the 20 July 2022, ahead of the deadline of 30 July 2022.

RESOLVED:

THAT the progress be noted.

13. **Investment Performance and Funding Level**

The investment consultant from Hymans Robertson gave an overview from the fund's investment consultants which included a summary of the investment market performance for the quarter ending 30 June 2022.

It was explained that the markets across equities and bonds were extremely volatile and that there were high levels of inflation coupled with supply chain disruption, high energy prices and the cost of living crisis.

There was a lot of nervousness in the market particularly concerning the huge surge in energy prices. The US had increased their interest rates before the UK which had impacted on the value of Sterling.

Due to the overall market experience, the fund's investment assets had reduced in value by £49.3m (about 6.8%) in the quarter to 30 June 2022, to £
The valuation of assets had fallen but importantly, the fall in liabilities was greater than the fall in assets.

Questions were asked about Majedie's performance and it was advised that Majedie had persistently underperformed not just in investment management, but also on other indicators, to the extent that it was quite unlike the firm first appointed by the Pension Fund.

RESOLVED:

THAT the update given by the Investment Consultants on the Fund's investment performance be noted.

14. **Items circulated for Members Attention**

The committee noted the items circulated for information since the last meeting. No questions were raised at this stage.

RESOLVED:

THAT the items circulated for attention be noted.

15. **Workplan 2022-23**

To receive and note the workplan for the Isle of Wight Pension Fund Committee and Local Pension Board for the 2022-23 financial year.

It was affirmed that Full Council had nominated Cllr Churchman to attend JC meetings, and there was a new development session on 9 November 2022

covering the Pensions Dashboard project.

RESOLVED:

THAT the workplan be noted.

16. Members' Question Time

No member's questions were received.

17. Exclusion of Public and Press

RESOLVED:

THAT the public and press be excluded.

18. UK Equity Allocation

The investment consultant from Hymans Robertson presented their report on options for the fund's UK equity allocation, and highlighted areas for the committee to focus on during the alternative fund manager's presentation.

RESOLVED:

THAT the committee note the comments on the UK Equity Allocation portfolio and discuss on how they wish to proceed regarding the Access Pool fund management.

19. Fund Manager Presentation

The committee received a confidential presentation from Black Rock on the LF ACCESS UK Select Fund.

The presentation focused on their experience with the LGPS, their process for embedding ESG consideration in their investment decisions, and how they engaged with the companies in which they invest.

RESOLVED:

THAT the committee note the representation from Black Rock.

THAT further investigations be undertaken before any decision to change in investment manager is made.

20. **ACCESS Update**

The Pension Fund Manager presented the report on recent ACCESS pool activities since the last meeting.

RESOLVED:

THAT the ACCESS update be noted

21. **Procurement / Contract Management Update**

The Pension Fund Manager presented the confidential update on procurement and contract management activities since the last meeting.

RESOLVED:

THAT the Procurement and Contract Management update be noted.

CHAIRMAN

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Committee report

Committee	LOCAL PENSION BOARD
Date	26 OCTOBER 2022
Title	SCHEME MEMBER REPRESENTATION AT ACCESS JOINT COMMITTEE MEETINGS
Report of	PENSION FUND MANAGER

EXECUTIVE SUMMARY

1. This report confirms the process by which scheme member representatives can attend ACCESS joint committee meetings as observers. It further confirms that Isle of Wight Council Pension Fund will be invited to send two representatives to the ACCESS meeting in London on 5 December 2022.

RECOMMENDATION

2. That board members note the ACCESS approach to scheme member representation at joint committee meetings.
3. That board members agree the two representatives to attend the 5 December 2022 joint committee meeting, to be held in London.

BACKGROUND

4. At its meeting on 24 November 2021, the Isle of Wight Pension Fund Committee agreed to support a recommendation to the ACCESS Joint Committee (JC) to allow scheme members to be represented as observers on the joint committee. This matter was not included on the agenda for the 6 December 2021 JC meeting.
5. On 17 December 2021, the Scheme Advisory Board (SAB) published the minutes of its December meeting at which it was reported that ACCESS was the only pool not to have scheme member representation on its governing committee.
6. On 10 January 2022, the chairman of the ACCESS Joint Committee issued a briefing note to all funds, setting out how he proposed that the pool deal with this matter.

7. The above matters were discussed at the pension fund committee meeting on 16 February 2022 where it was agreed that an amendment be proposed to the March 2022 JC motion for the representation of scheme members on that body.
8. The amendment was presented to the 7 March 2022 JC meeting but was not passed. Instead, the JC resolved to issue invitations to observers to attend Joint Committee meetings on a rotational basis, allowing two observers from each Local Pension Board to be in attendance in person at least once each a year, in line with the schedule below:

Meeting	Invited Local Pension Boards	Observers per Local Pension Board	Total observers
A	Cambridgeshire, East Sussex, Essex	2	6
B	Hampshire, Hertfordshire, Isle of Wight	2	6
C	Kent, Norfolk, Suffolk	2	6
D	West Northamptonshire, West Sussex, Cambridgeshire	2	6
E	East Sussex, Essex, Hampshire	2	6
F	Hertfordshire, Isle of Wight, and Kent	2	6
G	Norfolk, Suffolk, West Northamptonshire etc	2	6
H	etc..		

9. In order for this to be fully implemented, changes are required to the ACCESS inter-authority agreement, the governing document of the pool. These changes are still to be agreed by all 11 ACCESS authorities.
10. So that the introduction of scheme member observers at the JC meetings was not delayed, representatives from Cambridgeshire, East Sussex and Essex County Council pension funds were invited to attend the June 2022 JC meeting on an informal basis.

ISLE OF WIGHT PENSION BOARD REPRESENTATIVES

11. The JC have agreed that it will be for each Local Pension Board to agree the observers who will attend each meeting, noting that the observers can be drawn from the scheme member representatives, the employer representatives, and independent members of a Local Pension Board. There is an expectation that at least one of the observers is a scheme member representative.
12. It is proposed that the attendees be Martin Doyle, independent chairman, and Barbara Milton, scheme member representative. Members are asked to confirm these attendees.

Contact Point: Joanna Thistlewood, Pension Fund Manager, ☎ 821000
 e-mail jo.thistlewood@iow.gov.uk



Committee report

Committee	LOCAL PENSION BOARD
Date	26 OCTOBER 2022
Title	DRAFT GOVERNANCE COMPLIANCE STATEMENT 2021-22
Report of	PENSION FUND MANAGER

EXECUTIVE SUMMARY

1. This report presents the draft governance compliance statement for the Isle of Wight Council Pension Fund (the fund) for the year ended 31 March 2022. It demonstrates how the fund complies with the expected standards of governance as set out in the Pension Regulator's Code of Practice 14 *Governance and Administration of Public Service Pension Schemes*.
2. The compliance statement reviews the current operation of the governance framework against the fund's governance policy, the most recent version of which was adopted by the Pension Fund Committee in September 2020. It also compares the current level of compliance against that which was last reported in October 2020.
3. The governance compliance statement will ultimately be adopted by the Pension Fund Committee and approved for publication as part of the pension fund's annual report and accounts for the year ended 31 March 2022, as well as being published separately on the pension fund's website.
4. An action plan has been drawn up to address the areas of non-compliance and partial compliance within the statement. As part of the ongoing work programme for the pension board, progress against this action plan will be monitored and reported upon to the committee.

RECOMMENDATION

- | |
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| <ol style="list-style-type: none">5. That the Local Pension Board reviews the draft governance compliance statement and recommends the compliance statement to the Pension Fund Committee for adoption and publication in the fund's annual report and accounts.6. That the board agrees the action plan for rectification of areas of non-compliance and requests progress reports at all future meetings. |
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BACKGROUND

7. Governance is how authorities ensure that they do the right things, in the right way, for the right people, in a timely, inclusive, open, honest, and accountable manner. It comprises the systems, processes, culture, and values by which local government bodies are directed and controlled, and through which they account to, engage with and where appropriate lead their communities.
8. The Isle of Wight Council (the council) is the administering authority for the Isle of Wight Council Pension Fund (the fund). An administering authority is defined in the Local Government Pension Scheme (LGPS) Regulations 2013 as “a [local authority] required to maintain a pension fund under the local government pension scheme regulations”.
9. Under section 4 of the Public Service Pensions Act 2013, this role is called the “scheme manager”.
10. The council has delegated its functions as scheme manager for the LGPS to the Isle of Wight Pension Fund Committee (the committee).
11. The governance policy required by regulation 55 of the Local Government Pension Scheme (LGPS) Regulations 2013 must set out whether the administering authority delegates any part of its pension fund to a committee, sub-committee, or officer, and if it does so then it must record the frequency of meetings, terms of reference and whether there is employee representation with or without voting rights. If it delegates, the statement must record:
 - the frequency of committee or sub-committee meetings;
 - the delegation’s terms of reference, structure and operational procedures;
 - whether the committee or sub-committee includes representatives of scheme employers or members, and if so, whether these representatives have voting rights;and details of the terms, structure and operational procedures relating to the local pension board established.
12. The governance compliance statement must record the extent to which the delegation (or absence of a delegation) complies with the Secretary of State’s guidance and, to the extent it does not comply, the reasons for not complying.
13. In preparing the statement, the administering authority must consult with such persons as it considers appropriate. The statement requires authorities to consider the adoption of annual training plans for committee members and maintain a log of training undertaken. When published or revised, a copy of the statement must be forwarded to the Secretary of State.

PROCESS FOR COMPLETION

14. The fund’s governance compliance statement comprises ten sections, each of which have been updated by the Pension Fund Manager, in consultation with fund officers.
15. This is the fifth year that the governance compliance statement is presented in the current format, based on a template provided by the fund’s governance consultants,

Hymans Robertson LLP. The statement is supported by an assessment of compliance in 79 key governance criteria across the ten sections.

16. A summary of the changes in the level of compliance for each section since the statement published in the 2020-21 annual report is set out in table 1 below:

Table 1: compliance

	2021/22 level of compliance:			2020/21 comparison
	Full	Partial	Non	
General requirements	5	5	2	-
Knowledge and understanding	2	9	2	-
Conflicts of interest	1	3	2	-
Publishing information	6	0	0	+
Internal controls	4	1	0	+
Record keeping	13	2	0	=
Maintaining contributions	6	0	0	=
Member communication	6	1	0	=
IDRP	2	1	2	-
Reporting breaches of the law policy	0	3	1	-
	45	25	9	-
	-	-	+	

17. Overall, the level of compliance with the standards of governance required by the Pension Regulator has declined, with 57 per cent of all criteria deemed fully compliant, compared to 62 per cent in at the last assessment.
18. There has been an increase in the number of non-compliant criteria, from four to nine, as listed below.
- Pension board to have its own policy on knowledge and understanding requirements.
 - All pension board members to have a personalised training plan in place that is regularly monitored and updated.
 - Administering authorities should offer pre-appointment training or mentoring if appropriate.
 - The members of the pension board should be familiar with the AVC options offered by the Fund, including the choice of investments offered to members and the relative performance of those investment options.
 - The administering authority should maintain a register of all conflicts (and potential conflicts) that are raised , reviewing them appropriately.
 - Declaration of conflicts (or potential conflicts) of interest should be disclosed on appointment and at regular intervals.
 - The administering authority has ensured all scheme employers have appropriate arrangements in place for dealing with stage 1 disputes.
 - The administering authority should regularly review its dispute process to ensure its effectiveness and that the necessary timescales are being met (including the employer processes at stage 1).
 - The administering authority should be satisfied that those responsible for reporting breaches of the law are made aware of their legal requirements and the Pensions Regulator’s guidance.
19. Items a), c) and h) were reported as non-compliant at the last assessment. No action has been taken to improve compliance in those areas.

20. One area reported as non-compliant at the last assessment, namely that the fund had not maintained its risk register, has now improved to full compliance.
21. The compliance level in two individual sections has improved reflecting the introduction of the fund's risk register and improved disclosures about the board on the fund's dedicated website.
22. Compliance levels have fallen in five sections, reflecting the fact that, the new board members have not yet completed all required learning and development modules, and that the fund has not reviewed its policies for recording and reporting breaches of the law, complaints, and disputes.
23. An action plan has been developed to address these areas of non-compliance; this is included as appendix 2 to this report.

CORPORATE PRIORITIES AND STRATEGIC CONTEXT

Corporate Aims

24. There is nothing contained in this report which directly contributes to the priorities contained in the [Corporate Plan 2021 - 2025](#).

Pension Fund Strategic Aims

25. The primary objective of the fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependents, in accordance with the Local Government Pension Scheme (LGPS) regulations and statutory provisions. The committee aims to operate the fund in such a manner that, in normal market conditions, all accrued benefits are fully covered by the value of the fund's assets and that an appropriate level of contributions is agreed by the employer to meet the cost of future benefits accruing.
26. The fund has also agreed the following objectives, which are supported by information in this report:
 - Ensure compliance with the LGPS regulations, other relevant legislation and the Pension Regulator's codes of practice.
 - Ensure the fund is managed, and its services provided, by people with the appropriate knowledge and understanding.
 - Communicate in a friendly, expert, and direct way to our stakeholders, treating each equally according to their needs.
 - Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust, and evidence based.
 - Understand and monitor risk and compliance.
 - Continually measure and monitor success against objectives.

CONSULTATION

27. The governance compliance statement has been prepared by the Pension Fund Manager, in consultation with the Pensions Manager (Administration).
28. Presentation to the pension board forms part of the consultation process for the adoption of the statement.

29. No external consultation has been undertaken, nor is any required.

FINANCIAL / BUDGET IMPLICATIONS

30. There are no direct financial implications relating to the review and revision of the governance compliance statement.
31. The actions required to improve future compliance will generally be funded from internal staff resources, although some consultant support may be required. Additional costs will be reported as the action plan is developed and implemented.

LEGAL IMPLICATIONS

32. The Isle of Wight Council is the administering authority for the Isle of Wight Council Pension Fund. An administering authority is defined in the Local Government Pension Scheme Regulations 2013 as “a [local authority] required to maintain a pension fund under the local government pension scheme regulations”.
33. The Pension Fund Committee is a committee under section 101 of the Local Government Act 1972, with delegated authority to discharge the council’s statutory duties in respect of the LGPS.
34. Regulation 55 of the LGPS Regulations 2013 prescribes the content of the governance compliance statement which must be included in the annual report. The governance compliance statement should outline the overall governance structure in place.
35. Regulation 57 of the LGPS Regulations 2013 requires the administering authority to prepare a pension fund annual report, which must contain, among others, the most recent version of the governance compliance statement specified under regulation 55.

EQUALITY AND DIVERSITY

36. The council, as a public body, is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
37. There are no implications for any of the protected characteristics arising from items covered in the report.

RISK MANAGEMENT

38. Following the enactment of the Public Service Pensions Act 2013 (PSPA13), and the introduction of the Pension Regulator’s code of practice number 14, there has been greater public scrutiny of the governance and administration of public service pension funds, including the LGPS.

39. It is the responsibility of the Isle of Wight Council, as administering authority, to ensure that the Isle of Wight Council Pension Fund is properly managed, governed and administered in compliance with relevant regulations and other requirements. The council has delegated the functions of scheme manager for the LGPS to the Isle of Wight Pension Fund Committee.
40. Established under PSPA13, the pension board is responsible for assisting the scheme manager in securing:
- the effective and efficient governance and administration of the scheme;
 - compliance with the scheme regulations and other legislation relating to the governance and administration of the scheme; and
 - compliance with requirements imposed in relation to the scheme by the Pension Regulator.
41. Should the council, as administering authority, fail to ensure appropriate standards of governance and administration of the pension fund, the Pension Regulator has the powers to issue an improvement notice under section 13 of the Pensions Act 2004. This would have reputational issues for the council and the pension fund.

APPENDICES ATTACHED

42. Appendix 1: draft governance compliance statement 2021-22 (v1.2 August 2022).
43. Appendix 2: draft action plan for areas of non-compliance.

BACKGROUND PAPERS

44. Isle of Wight Council Pension Fund Governance Policy 2020
[Governance Policy - 2020 | Isle of Wight Pension Fund](#)

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CHRIS WARD
*Director of Finance
and Section 151 officer*

COUNCILLOR CHRIS JARMAN
*Chairman of the Isle of Wight
Pension Fund Committee*

Isle of Wight Council Pension Fund Governance Compliance Statement Updated **31 August 2022**




Isle of Wight Council Pension Fund | [Hymans Robertson LLP](#)

The Isle of Wight Council Pension Fund has published a [Governance Policy](#) outlining the governance arrangements for the fund, in accordance with the Local Government Pension Scheme Regulations 2013.



Regulation 55 requires that a statement is prepared which confirms the governance arrangements for the fund, that such a statement be regularly reviewed and updated, consulted upon where appropriate and be published as part of the fund's annual report and accounts.



The compliance statement below is presented in a format provided by the fund's governance advisers, Hymans Robertson LLP. It has been prepared by the Pension Fund Manager, in consultation with other officers of the pension fund and the council, as administering authority. It has been reviewed by the Local Pension Board and adopted by the Pension Fund Committee.


The compliance statement should be read in the context of the fund's published governance policy, which can be found [here](#).



Key	Last report dated:	09 October 2020
	Improvement in level of compliance since last reported	
	Maintain level of compliance since last reported	
	Deterioration in level of compliance since last reported	

Establishment of the local pension board


Ref	Principle	Detail of best practice principle	Compliance (Full/Partial/Non)	Statement of Compliance
E1	Local pension board to be established by 1 April 2015	Local Pension Board terms of reference agreed and approved by the Council	Full compliance 	<p><i>Enter here the committee and date the terms of reference were agreed and link or reference to where this can be found</i></p> <p>The Isle of Wight Council Local Pension Board was established at the full council meeting in January 2015, including adoption of terms of reference for the board.</p> <p>https://www.iow.gov.uk/Meetings/committees/mod-council/21-1-15/Paper%20D.pdf</p> <p>The first board meeting was held on 14 August 2015.</p> <p>The terms of reference have been reviewed and amended several times since the original adoption, the most recent amendment being adopted by full council in November 2021.</p> <p>https://iow.moderngov.co.uk/documents/s6222/Local%20Pension%20Board%20-%202017%20Nov%202021%20Full%20Council%20Report%20FINAL.pdf</p> <p>The terms of reference for the Local Pension Board are published in the Council's Constitution Part 3, Section 6</p>
E2	All pension board members to have a personalised training plan in place that is regularly monitored and updated	The administering authority should have a person designated to take responsibility for ensuring training plans are followed and regularly review the members training requirements and keep appropriate records of their learning activities and the board as a whole	Non-compliance 	<p><i>Enter here whether individual training plans have been completed and where it can be found</i></p> <p>The pension fund committee agreed at its July 2022 meeting that the fund will participate in the Hymans Robertson National Knowledge Assessment 2022, encouraging both committee and board members to complete the assessment.</p> <p>The output from this assessment will support the development of a fund-specific knowledge and understanding policy and individual learning plans for both pension fund committee and pension board members.</p> <p>There remains a need to develop and implement a comprehensive induction programme for both board and committee members.</p> <p>The role profile for pension board members includes a requirement that all modules of the Pension Regulator's online toolkit be completed within 6 months of joining the board.</p> <p>There is also a recommendation that all committee members complete the online toolkit.</p> <p>Progress towards completion of the required modules is reported at each committee and board meeting.</p>

Ref	Principle	Detail of best practice principle	Compliance (Full/Partial/Non)	Statement of Compliance
E3	Expenses of the local pension board to be part of the expenses of administration of the pension fund	Provision has been made in the accounting procedures to identify the costs incurred in the establishment and operational costs of the local pension board	Partial compliance 	<i>Enter here how the costs are being identified</i> All cost of administering and operating the pension board are charged separately to the pension fund accounts within the Council's accounting system (SAP). There is no specific budget set for the costs incurred by the pension fund (other than the staffing budget within the council's accounts which is subsequently recharged), or for expenses of the pension board, although reasonable costs agreed with the Director of Finance and section 151 officer are borne by the fund. Adoption of a detailed budget is a recognised priority within the development programme.
E4	Local Pension Board to have equal number of scheme member representatives and employer representatives which is no fewer than 4 in total.	The terms of reference will provide for an equal number of scheme member representatives and employer representatives which is no less than 4 in total	Full compliance 	<i>Enter here the number of scheme member and employer representatives</i> The terms of reference for the Local Pension Board, published in the Council's Constitution Part 3, Section 6 , provide for total membership of between 4 and 8, in equal numbers of scheme member and employer representatives, with the addition of an independent chairman. Following a recruitment process undertaken between September 2021 and March 2022, the current membership of the board is 7, as follows: <ul style="list-style-type: none"> • Three scheme member representatives • Three employer representatives • One independent chair (non-voting)




Ref	Principle	Detail of best practice principle	Compliance (Full/Partial/Non)	Statement of Compliance
E5	Determine the manner and terms by which members of the local pension board are appointed.	The manner and terms by which members of the local pension board are clearly set out.	Full compliance 	<p><i>Enter here where the manner and terms by which members of the local pension board are clearly set out.</i></p> <p>The terms of reference for the Local Pension Board, published in the Council's Constitution Part 3, Section 6, specify the process by which board members will be recruited, selected and appointed:</p> <p><u>Scheme member representatives:</u></p> <ul style="list-style-type: none"> • One to be selected from nominations sought from all trade unions. • Two to be selected from expressions of interest sought from all active, deferred and pensioner members of the scheme. <p><u>Employer representatives:</u></p> <ul style="list-style-type: none"> • One to be an elected councillor of Isle of Wight Council, appointed by full council. • One to be a senior council officer, nominated by the Council's Corporate Management Team. • One to be selection from nominations sought from other employers within the fund. <p><u>Independent chairman:</u></p> <ul style="list-style-type: none"> • External advertisement. <p>Applications/nominations received will be reviewed by the Pension Fund Manager, the Director of Finance and the Chairman of the Pension Fund Committee, and final appointment will be approved by Full Council.</p> <p>All board members, including the independent chairman, are appointed for a period of four years, following which a new recruitment process will be followed.</p> <p>There is nothing to prohibit members being reappointed for additional terms.</p>



Ref	Principle	Detail of best practice principle	Compliance (Full/Partial/Non)	Statement of Compliance
E6	The administering authority to be satisfied that persons appointed to the local pension board do not have a conflict of interest.	The administering authority will have a conflict of interest policy and procedure in order to identify and manage actual and potential conflicts of interest	Partial compliance 	<p><i>Enter here whether a conflicts of interest policy has been adopted, where it can be found and the review procedure.</i></p> <p><i>Is it to be a regular feature on the local pension board agenda?</i></p> <p><i>Is there a register of interests? Who is responsible for maintaining it?</i></p> <p><i>Are local pension board members aware of what could be considered a conflict of interest? (i.e. included in induction training)</i></p> <p>Pension Board members are subject to a conflict of interest policy based on upon the Council's Code of Conduct contained within the constitution. Following the change in board membership between September 2021 and March 2022, board members (other than those who are elected members of the council or are employed by the council) have not yet been asked to complete a declaration of interest on appointment. The current declaration form is the same as that required for all elected members, much of which is irrelevant for the pension board member role. As part of the development of a new conflicts of interest policy, a new declaration of interest form will be developed for completion.</p> <p>Board members are invited to declare any interests they may have on agenda items at the start of each board meeting.</p> <p>Board members are encouraged to complete the Pension Regulator's online toolkit module dealing with conflicts of interest within 6 months of their joining the board.</p>
E7	The administering authority to have regard to guidance issued by the Secretary of State	The administering authority will have knowledge and access of the LGPS Advisory Board website (http://www.lgpsboard.org) and regularly check for updates and alerts.	Full compliance 	<p><i>Enter here the post title of the officer(s) responsible for regularly checking the LGPS Advisory Board website and any other methods by which the Fund is kept informed of any guidance issued.</i></p> <p>The task of regularly checking the LGPS Advisory Board website is not specifically allocated to an individual officer but falls within the remit of the Pension Fund Manager (formerly the Technical Finance Manager). Other methods of update include CIPFA and LGA bulletins, emails and networking events and Pension Regulator updates. Updates are provided at all committee and board meetings, with additional information circulated to committee and board members in between meetings.</p>



The Pensions Regulator’s Code of Practice

	Requirement	Full Compliance	Compliance (Full/Partial/Non)	Statement of Compliance
P1	Knowledge and Understanding			
P1.1	A member of the local pension board must be conversant with the scheme rules and any document recording policy about the administration of the scheme adopted by the administering authority	A training strategy has been adopted and a training plan drafted in which there is provision for informing local pension board members of the LGPS rules, regulations and the Fund’s documents and recording policy.	Partial compliance 	<p><i>Enter here whether a training strategy and plan have been adopted, where it can be found and the review process.</i></p> <p>The role profile for pension board members includes a requirement that all 7 modules of the Pension Regulator’s online toolkit be completed within 6 months of joining the board. By 30 June 2022, only 2 members had provided evidence that they had completed the required modules.</p> <p>Board members have been enrolled on the Hymans Robertson Aspire LGPS Online Learning Academy and are encouraged to complete all 6 modules. By 31 July 2022, only 1 member had completed all modules, and another had completed 5 modules.</p> <p>The pension fund committee agreed at its July 2022 meeting that the fund will participate in the Hymans Robertson National Knowledge Assessment 2022, encouraging both committee and board members to complete the assessment. The output from this assessment will support the development of a fund-specific knowledge and understanding policy and individual learning plans for both pension fund committee and pension board members.</p>



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	Requirement	Full Compliance	Compliance (Full/Partial/ Non)	Statement of Compliance
P1.2	A process should be in place to ensure a member of the local pension board has the knowledge and understanding required of the law relating to pensions and other matters which are prescribed in the Regulations which is sufficient to enable them to perform their duties	A training strategy has been adopted and a training plan drafted in which there is provision for informing local pension board members of the law relating to pensions and matters prescribed in regulations.	Partial compliance 	<i>Enter here whether a training strategy and plan have been adopted, where it can be found and the review process.</i> The pension fund committee agreed at its July 2022 meeting that the fund will participate in the Hymans Robertson National Knowledge Assessment 2022, encouraging both committee and board members to complete the assessment. The output from this assessment will support the development of a fund-specific knowledge and understanding policy and individual learning plans for both pension fund committee and pension board members. A report on the completion of the Pension Regulator's online toolkit and the Hymans Robertson LGPS Online Learning Academy modules is presented at each board meeting.
P1.3	The administering authority should establish and maintain policies and arrangements for acquiring and retaining knowledge and understanding	A training strategy has been adopted and a training plan drafted to establish the arrangements for local pension board members to acquire and retain knowledge and understanding.	Partial compliance 	<i>Enter here whether a training strategy and plan have been adopted, where it can be found and the review process.</i> The pension fund committee agreed at its July 2022 meeting that the fund will participate in the Hymans Robertson National Knowledge Assessment 2022, encouraging both committee and board members to complete the assessment. The output from this assessment will support the development of a fund-specific knowledge and understanding policy and individual learning plans for both pension fund committee and pension board members.
P1.4	The administering authority should designate a person to take responsibility for ensuring that a training framework is developed and implemented.	A training strategy has been adopted that contains details of the person designated to take responsibility for ensuring that a framework is developed and implemented	Partial compliance 	<i>Enter here whether a training strategy and plan have been adopted, where it can be found and the review process.</i> <i>Also state the post title or name of the person designated to take responsibility for ensuring that a framework is developed and implemented</i> The fund publishes CIPFA Knowledge and Skills Framework compliance statements in its annual report and accounts, which designates the Section 151 officer as having responsibility for ensuring the framework is implemented.



	Requirement	Full Compliance	Compliance (Full/Partial/Non)	Statement of Compliance
P1.5	The members of the pension board should be familiar with the AVC options offered by the Fund, including the choice of investments offered to members and the relative performance of those.	Information of the AVC options is provided to the local pension board members	Non Compliance 	<i>Enter here how information of the AVC options are provided to the local pension board members (e.g. induction training, contained in the training plan, provided with an information pack)</i> No information has been provided to board members on this matter.
P1.6	The administering authority to prepare and keep an updated list of the documents with which they consider pension board members need to be conversant, including the scheme rules and relevant Fund specific documentation.	An updated list of documents is maintained	Full compliance 	<i>Enter here whether a list is in existence, where it is available and the post title(s) of the person(s) responsible for maintaining it and notifying local pension board members of updates.</i> A list of key documents, based on current requirements and including new items arising from the Scheme Advisory Board's Good Governance Project, was presented to the pension board at the 15 June 2022 meeting This list includes where each document can be found and when it is due for review. ITEM 11b - Documentation List.pdf (moderngov.co.uk) The pension board work programme includes items for the review of all documents as they become due. It is currently the responsibility of the Pension Fund Manager for maintaining this list and ensuring documents are kept up to date.

	Requirement	Full Compliance	Compliance (Full/Partial/Non)	Statement of Compliance
P1.7	The roles and responsibilities of pension board members to be clearly documented.	The terms of reference of the pension board should clearly set out the role, responsibility and duties of the pension board members	Full compliance 	<i>Enter here whether a policy has been adopted, where it is available and the post title(s) of the person(s) responsible for maintaining it</i> The terms of reference for the Local Pension Board are published in the Council's Constitution Part 3, Section 6 The role profile for pension board members, covering both employer and scheme member representatives, is published on the pension fund website. This sets out the responsibilities and expectations of board members. Employer and Scheme Member Representatives on the Local Pension Board Isle of Wight Pension Fund The role profile for the independent chair of the board is also published on the fund's website. Independent Chair of the Local Pension Board Role Description Isle of Wight Pension Fund
P1.8	Local pension board members to be aware of their personal responsibilities in terms of knowledge and understanding	Local pension board members should have personalised training plans in place, making them aware of their personal responsibilities in terms of knowledge and understanding	Partial compliance 	<i>Enter here how this awareness is communicated (e.g. at induction training, contained within the training strategy, personal training plans, regular agenda item, monitoring by person designated to take responsibility for ensuring that a framework is developed and implemented)</i> The role profile for pension board members, covering both employer and scheme member representatives, is published on the pension fund website. This includes the knowledge and understanding requirements and expectations for board members. Employer and Scheme Member Representatives on the Local Pension Board Isle of Wight Pension Fund A report on members' progress in completing the Pension Regulator's online toolkit and the Hymans Robertson LGPS Online Learning Academy modules is presented at each board meeting.



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	Requirement	Full Compliance	Compliance (Full/Partial/ Non)	Statement of Compliance
P1.9	The administering authority to assist individual local pension board members to determine the degree of knowledge and understanding to effectively carry out their role as a pension board member (including pre-appointment training and mentoring if appropriate)	A monitoring system / procedure should be contained in the training strategy and in place in order to assist the local pension board member to attain the level of knowledge and understanding that is sufficient for them to effectively carry out their role, responsibilities and duties as a pension board member	Partial compliance 	<p><i>Enter here whether a training strategy and plan have been adopted, where it can be found and the review process.</i></p> <p><i>Also state the post title or name of the person designated to take responsibility for ensuring that a framework is developed and implemented and how this is achieved</i></p> <p>The output from the Hymans Robertson National Knowledge Assessment 2022 will support the development of a fund-specific knowledge and understanding policy and individual learning plans for pension board members.</p> <p>The Pension Fund Manager is the lead support officer for, and a key participant in, pension board meetings and plays a key role in identifying and procuring training needs.</p> <p>The fund publishes CIPFA Knowledge and Skills Framework compliance statements in its annual report and accounts, which designates the Section 151 officer as having responsibility for ensuring the framework is implemented.</p>
P1.10	The administering authority to maintain individual training plans for local pension board members	Individual training records are kept and maintained of the learning activities of the local pension board members.	Partial compliance 	<p><i>Enter here the post title or name of the person designated to take responsibility for maintaining the individual training records of the local pension board members.</i></p> <p><i>Are these regularly reported to the board / individual?</i></p> <p>The output from the Hymans Robertson National Knowledge Assessment 2022 will support the development of a fund-specific knowledge and understanding policy and individual learning plans for pension board members.</p> <p>A report on members' progress in completing the Pension Regulator's online toolkit and the Hymans Robertson LGPS Online Learning Academy modules is presented at each board meeting.</p> <p>This information is maintained by the Pension Fund Manager.</p>



	Requirement	Full Compliance	Compliance (Full/Partial/ Non)	Statement of Compliance
P1.11	Local pension board members to invest sufficient time in their learning and development alongside their other responsibilities.	There is provision in the individual training plans to monitor and record attendance at training events and whether sufficient time is being invested in learning and development.	Partial compliance ↓	<p><i>Enter here the post title or name of the person designated to take responsibility for maintaining the individual training records of the local pension board members.</i></p> <p><i>Are these regularly reported to the board / individual?</i></p> <p><i>When / how?</i></p> <p>Board members are encouraged to attend development sessions provided by the fund, normally held virtually outside of the formal meeting schedule. They are also supported to attend regional and national training event.</p> <p>A report on members' progress in completing the Pension Regulator's online toolkit and the Hymans Robertson LGPS Online Learning Academy modules is presented at each board meeting, along with reports from attendees at external training events.</p> <p>The record of development activities is maintained by the Pension Fund Manager.</p> <p>The output from the Hymans Robertson National Knowledge Assessment 2022 will support the development of a fund-specific knowledge and understanding policy and individual learning plans for pension board members.</p>
P1.12	Pension board members complete tPR's e-learning programme	Local pension board members are required to complete the Pensions Regulator's e-learning programme, but this is not in isolation and is supplemented by specific LGPS and related Fund learning activities	Partial compliance ↓	<p><i>Enter here whether the training strategy sets out the requirement or method by which local pension board members complete the Pensions Regulator's e-learning programme and how this is recorded and monitored</i></p> <p>The role profile for pension board members includes a requirement that all 7 modules of the Pension Regulator's online toolkit be completed within 6 months of joining the board.</p> <p>A report on members' progress in completing the Pension Regulator's online toolkit modules is presented at each board meeting.</p> <p>By 30 June 2022, only 2 members had provided evidence that they had completed the required modules.</p>


	Requirement	Full Compliance	Compliance (Full/Partial/Non)	Statement of Compliance
P2	Conflicts of Interest			
P2.1	The administering authority should have in place an appropriate conflicts of interest policy, clearly identifying individual roles in identifying and reporting potential conflicts of interest and to whom any potential conflict should be reported	Administering authorities should ensure that there is an agreed and documented conflicts policy & procedure, which includes identifying, monitoring & managing potential conflicts of interest.	Partial compliance 	<i>Enter here whether a conflicts policy is in existence, where it is available and the post title(s) of the person(s) responsible for maintaining it.</i> Pension Board members are subject to a conflict of interest policy based on upon the Council's Code of Conduct contained within the constitution, as are all committee members. It has been identified that there needs to be a new conflicts of interest policy specific to the pension board, with a register of interest form relevant to board members. As part of formulation of new policy and declaration process, development session with board and committee members to understand what is or could be a conflict of interest, how those can be identified and how they should be reported/managed. This is overdue for completion.
P2.2	The conflicts of interest policy has a regular review date incorporated into it	Regular review date specified within the policy.	Partial compliance 	<i>Enter here if a regular review date has been implemented</i> The council's constitution is subject to regular review. The new board-specific policy will contain a review date, but as yet no policy has been created.

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	Requirement	Full Compliance	Compliance (Full/Partial/ Non)	Statement of Compliance
P2.3	The administering authority to maintain a register of all conflicts (and potential conflicts) that are raised, reviewing them appropriately	The administering authority should retain and regular review a register of all conflicts (and potential conflicts) that have been raised. Conflicts should be reviewed, and any action taken forward.	Non compliance 	<p><i>Enter here whether a register of conflicts exists, where it can be found and the post title(s) of the person(s) responsible for maintaining it.</i></p> <p><i>Details of the review process and action taken should be clearly documented</i></p> <p>The current declaration form is the same as that required for all elected members, much of which is irrelevant for the pension board member role.</p> <p>Following the change in board membership between September 2021 and March 2022, board members (other than those who are elected members of the council or are employed by the council) have not yet been asked to complete a declaration of interest on appointment.</p> <p>As part of development of new conflicts of interest policy, a new declaration form to be developed and completed.</p> <p>These forms will be maintained by the council's democratic services team.</p>
P2.4	Declaration of conflicts (or potential conflicts) of interest to be disclosed on appointment and at regular intervals (inc. as a standing item at all meetings)	The administering authority should retain a 'register of interest'. This is a simple and effective means of recording and monitoring dual interests and responsibilities of the Pension Board members.	Partial compliance 	<p><i>Enter here whether a register of conflicts exists, where it can be found and the post title(s) of the person(s) responsible for maintaining it.</i></p> <p><i>This should include initially disclosed conflicts of interest and any additional thereafter.</i></p> <p>Following the change in board membership between September 2021 and March 2022, board members (other than those who are elected members of the council or are employed by the council) have not yet been asked to complete a declaration of interest on appointment.</p> <p>Board members are invited to declare any interests they may have on agenda items at the start of each board meeting.</p>




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	Requirement	Full Compliance	Compliance (Full/Partial/ Non)	Statement of Compliance
P3	Publishing information about schemes			
P3.1	The administering authority must publish information about the local pension board and keep that information up to date	Provision is made on the Council website or Fund website that is available for all scheme members to view and should include: <ul style="list-style-type: none"> - Name - Representative role - Employment and job title (where relevant) - The appointment process to the pension board 	Full compliance 	<p><i>Enter here where the information about the local pension board is published and the post title of the person(s) responsible for its maintenance</i></p> <p><i>Add link to webpage</i></p> <p>The pension fund website includes a page dedicated to the pension board: Local Pension Board Isle of Wight Pension Fund</p> <p>This includes the names, representative role and nomination process, appointment date and term of office.</p> <p>The names of the pension board members are also published on the council's democratic web pages, but this does not include their representation category. Committee details - Local Pension Board - Modern Council (modern.gov.co.uk)</p> <p>The process by which each category of board members appointed is covered in the terms of reference for the board included within the council's constitution Part 3, Section 6</p> <p>The pension fund website also includes role profiles for both employer and scheme member representatives and the independent chair. Employer and Scheme Member Representatives on the Local Pension Board Isle of Wight Pension Fund</p> <p>Independent Chair of the Local Pension Board Role Description Isle of Wight Pension Fund</p>
P3.2	The administering authority should publish information about the local pension board's business	All board papers, agendas and minutes of meetings are available on the Council website or Fund website for all scheme members to view	Full compliance 	<p><i>Enter here where the board paper, agendas and minutes of meetings can be viewed.</i></p> <p><i>Add link to webpage</i></p> <p>All board meeting agendas, papers and minutes are published on the council's democratic web pages</p> <p>Browse meetings - Local Pension Board - Modern Council (modern.gov.co.uk)</p>

	Requirement	Full Compliance	Compliance (Full/Partial/Non)	Statement of Compliance
P3.3	The administering authority should consider any requests for additional information to be published to encourage scheme member engagement and promote a culture of transparency	<p>There will be details on the Council website or Fund website informing scheme members who to contact if they wish to make any requests for further information to be published.</p> <p>There will be a procedure in place for determining what scheme member requests will be agreed and how the decision is communicated to the scheme member</p>	<p>Full compliance</p> 	<p><i>Enter here where the details can be found. Confirm if there is a procedure in place for determining requests for further information to be published</i></p> <p>Governance information is published on the democratic web pages for both committee Committee details - Isle of Wight Pension Fund Committee - Modern Council (moderngov.co.uk) and pension board Committee details - Local Pension Board - Modern Council (moderngov.co.uk)</p> <p>The pension fund website provides a wide variety of regulatory, statutory and local information and which is accessible to all members (active, deferred and retired) and employers of the fund. Home Isle of Wight Pension Fund</p> <p>The fund's communications policy is published on the website. Communications Policy - February 2019 Isle of Wight Pension Fund It is scheduled for review and update by November 2022.</p>



DRAFT - AUDIT

	Requirement	Full Compliance	Compliance (Full/Partial/Non)	Statement of Compliance
P4	Managing Risks			
P4.1	The administering authority is required to have in place internal controls that include adequate systems, arrangements and procedures for the administration and management of the Fund (including external service providers and third parties)	There are in place systems, arrangements and procedures to ensure that the scheme is being run in accordance with the scheme rules as set out in regulations. This will include a clear separation of duties, processes for escalation and decision making and documented procedures for assessing and managing risk, reviewing breaches of law and managing contributions to the scheme.	Partial compliance 	<p><i>Enter here details of hierarchy and reporting</i> <i>The existence of a risk register and its review frequency</i> <i>The auditing arrangements of the fund administration.</i> <i>If outsourced or shared service how the service provider is monitored against service levels</i></p> <p>The administration of the pension fund is undertaken by Pensions Services, which is part of the Council's Business Centre.</p> <p>Accounting, governance including support for committee and pension board, and oversight of funding and investment is undertaken by the Technical Finance Team, within the Finance department.</p> <p>High level risk that there is not sufficient resource in the technical finance team to cover all requirements, and a significant reliance on a single officer. There are also concerns that the volume of "projects" for the administration team (including McCloud, dashboards, etc) will put pressure on the delivery of business as usual activities.</p> <p>An independent review is being commissioned to identify the optimal organisational structure and establishment size for the fund.</p> <p>The pension fund's risk management policy was reviewed and updated in December 2021. It is published on the fund's website. Risk Management Policy Isle of Wight Pension Fund</p> <p>The fund's risk register was adopted by the pension fund committee in May 2022 ITEM 19 Risk Register 1.pdf (moderngov.co.uk)</p> <p>The pension board is responsible for maintaining oversight of the risk management framework and risk register; the board reviews the risks at each meeting.</p> <p>Pension administration is subject to internal audit and was last reviewed in full in 2019-20 (reasonable assurance). Follow-up reviews have been undertaken in each year since then, each returning reasonable assurance.</p> <p>The council's Key Financial Systems are reviewed annually by internal audit; all controls in place for the council's own accounting processes are replicated for the pension fund.</p> <p>Internal audit reports are presented to the pension fund committee and pension board for review and monitoring of actions</p>


	Requirement	Full Compliance	Compliance (Full/Partial/Non)	Statement of Compliance
P4.2	The administering authority should have in place a risk register to record all risks and actions taken, which is reviewed regularly	An appropriate risk register is produced, recording all identified risks and action taken. This should be a standing item at all Pension Board meetings.	Full compliance 	<i>Enter where (if) the risk register is available and the person responsible for maintaining it.</i> The fund's risk register was adopted by the pension fund committee in May 2022 ITEM 19 Risk Register 1.pdf (modern.gov.co.uk) The pension board is responsible for maintaining oversight of the risk management framework and risk register. This has been a standing item on each board meeting since April 2022, and action is reported to each subsequent committee meeting. A full review of the pension fund risk register is scheduled for Summer 2022, led by the Pension Fund Manager.
P4.3	The administering authority should regularly review the effectiveness of its risk management and internal control processes	Scheduled review dates should be included within the business remit of the Administering Authority. A review report should be produced detailing the effectiveness and any adjustments required with the Schemes risk management and internal controls	Full compliance 	<i>Enter here if there are scheduled review dates and their frequency.</i> Internal control processes for the pension fund mirror those for the administering authority, which are subject to review periodically by the council's internal audit team. The pension fund's risk management policy was reviewed and updated in December 2021. The policy has an annual review date. The fund's funding strategy statement is being reviewed and updated as part of the March 2022 triennial valuation process. The fund will also review its investment strategy statement during that process, to ensure both strategies are consistent.
P4.4	Risk management and internal controls should be a standing item on the Pension Committee and pension board agendas	Risk Management and internal controls included as an agenda item with the Pension Committee and pension board agendas.	Full compliance 	<i>Enter here whether risk management and internal controls have been added to the agenda.</i> The pension board reviewed the first draft of the pension fund risk register at its meeting on 6 April 2022 ITEM 8 Draft risk register.pdf (modern.gov.co.uk) and recommended it for adoption by the committee at their meeting on 25 May 2022 ITEM 19 Risk Register 1.pdf (modern.gov.co.uk) . All subsequent meetings of both board and committee have considered the risk register. The matter remains a standing item on both meeting agendas, as demonstrated by the workplan ITEM 11 Workplan 2022-23.pdf (modern.gov.co.uk)

	Requirement	Full Compliance	Compliance (Full/Partial/Non)	Statement of Compliance
P5	Scheme record keeping			
P5.1	The administering authority must be able to demonstrate that they keep accurate, up to date and enduring records to be able to govern and administer the LGPS effectively	There is in place a reliable pension administration software system for the purpose of keeping accurate and up to date scheme member data.	Full compliance 	<p><i>Enter here the system operated and its industry acceptance</i> <i>If outsourced or shared service how the data is monitored for accuracy or how member information is kept up to date and notified to the service provider</i></p> <p>The Isle of Wight Council continue to use the Heywood Pension Technologies (HPT) <i>Altair</i> system which is a well-known database enabling the administration of pensions. The system is externally hosted, which ensures that all system updates are actioned on a timely basis, and system and data issues can be investigated promptly.</p> <p>A procurement exercise completed in June 2022 has renewed the contract for this system for the next 10 years.</p> <p>There is regular attendance at HPT user group CLASS meetings to discuss any issues and seek resolutions to any difficulties.</p> <p>Pensions Services team members attend training sessions to keep them abreast of any system updates to ensure that records are maintained accurately.</p> <p>As of 30 June 2022, 82% of employers within the fund are using the i-connect portal for the submission of monthly membership data returns – only one payroll provider, which covers 20 maintained schools and 5 academies, is not using the system. This appears to be an issue nationally with this payroll provider; local engagement with the payroll provider is ongoing. In addition, the fund is working directly with the schools and academies concerned to resolve this issue.</p>


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	Requirement	Full Compliance	Compliance (Full/Partial/Non)	Statement of Compliance
P5.2	The administering authority must ensure that scheme member data across all membership categories specified in the Record Keeping Regulations is complete and accurate and the data is subject to regular data evaluation	<p>There is in place a procedure for all membership categories to pass on information with regard to changes in their own circumstances</p> <p>There is in place a procedure for scheme employers to advise of changes in circumstances of their scheme members</p>	<p>Full compliance</p> 	<p><i>Enter here whether such procedures exist to notify changes in scheme member data</i></p> <p>All members are encouraged to notify the pension administration team of any changes in their circumstances. The preferred method of notification is via the member self-service (MSS) portal which is a secure method of making changes to their member records. In addition, copies of change forms are available on the pension web pages. Members can also write or email in their changes.</p> <p>The use of the i-connect portal for monthly data submissions by 82% of scheme employers has significantly improved the timeliness of notification of changes to members' circumstances.</p>
P5.3	The administering authority must keep specific data which will enable it to uniquely identify a scheme member and calculate pension benefits correctly	<p>Scheme members have a unique identifier on the pension administration software system.</p>	<p>Full compliance</p> 	<p><i>Enter here what identifier is used (e.g. NI number, payroll number, scheme reference number)</i></p> <p><i>Enter also whether or not scheme members can be identified by searching by surname or alternative if unique number not yet allocated or unavailable</i></p> <p>All members have their NI number recorded.</p> <p>All active members have a payroll number provided by their provider. This would be unique to their role. If a unique reference has not been provided by a payroll provider or employer a member would be able to be identified by name date of birth and address.</p> <p>Each employer within the fund is allocated a unique scheme reference number.</p> <p>A unique pensioner number is assigned when a member becomes a pensioner.</p>



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	Requirement	Full Compliance	Compliance (Full/Partial/Non)	Statement of Compliance
P5.4	The administering authority should require participating employers to provide them with timely and accurate data	Processes are established which facilitates the transmission of complete and accurate data. Employers are aware of the importance of accurate and timely submission of data and have access to expertise in order to resolve queries.	Full compliance 	<p><i>Enter here whether an established process is in place for the timely and accurate transmission of data</i></p> <p><i>Is there a pension administration strategy in place?</i></p> <p><i>Is there information for employers on the website?</i></p> <p><i>Are there penalties for late submission or supply of inaccurate data?</i></p> <p>With the exception of one payroll provider, all employers within the fund use the i-connect portal for the monthly submission of membership data. All new employers are set up on i-connect from the commencement of their engagement with the fund.</p> <p>The Administration Strategy is published on the fund's website. Administration Strategy Statement - November 2018 Isle of Wight Pension Fund</p> <p>The strategy contains provision for the application of sanctions (including financial penalties where appropriate) for late or inaccurate submission of data. The strategy will be updated before March 2023 to reflect the requirement for employers to use the i-connect portal for monthly data submissions.</p> <p>There is not currently a dedicated employer section on the fund's website, but this is under consideration. In the meantime, a timetable and guidance on the requirements for providing data (including copy forms) is provided to each employer and payroll provider at the start of each year.</p> <p>During the year ended 31 March 2022, there were only 6 instances (5 employers) of late submission of data; one new employer was recorded as late twice due to the non-completion of the admission agreement. There were 4 instances (4 employers) of late payment of contributions, 2 of which related to the late submission of data. No fines or penalties were issued during the year.</p>

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	Requirement	Full Compliance	Compliance (Full/Partial/Non)	Statement of Compliance
P5.5	The administering authority should seek to ensure that employers understand the main events which require information about members to be communicated	<p>Processes are in place for employers to inform the administering authority in the event there is an event affecting a scheme member, such as –</p> <ul style="list-style-type: none"> • Joins or leaves the scheme • Changes their rate of contributions • Changes their name, address or salary • Changes their membership status • Transfers employment between scheme employers • Strike days or breaks in service • 50/50 membership (This list is not exhaustive) 	<p>Full compliance</p> 	<p><i>Enter here whether an established process is in place for the timely and accurate transmission of data</i></p> <p><i>Is there a pension administration strategy in place?</i></p> <p><i>Is there information for employers on the website?</i></p> <p><i>Are there penalties for late submission or supply of inaccurate data?</i></p> <p>The use of the i-connect portal by the vast majority of employers ensures that any starters, leavers and changes are automatically detected at the point of the monthly submission. The administration team review the reports generated by the system for each of these events.</p> <p>There is not currently a dedicated employer section on the fund's website, but this is under consideration. In the meantime, a timetable and guidance on the requirements for providing data (including copy forms) is provided to each employer and payroll provider at the start of each year.</p> <p>All members are encouraged to notify the pension administration team of any changes in their circumstances. The preferred method of notification is via the member self-service (MSS) portal which is a secure method of making changes to their member records.</p> <p>In addition, copies of change forms are available on the pension web pages. Members can also write or email in their changes.</p>

DRAFT - AUGUST 2015


	Requirement	Full Compliance	Compliance (Full/Partial/Non)	Statement of Compliance
P5.6	The administering authority should have policies and procedures in place for the regular monitoring of data	Scheme managers must establish and operate adequate internal controls, which should include processes and systems to support record-keeping requirements and ensure that they are effective at all times.	Full compliance 	<p><i>Enter here whether there are policies and procedures in place, where it is available and the post title(s) of the person(s) responsible for maintaining it.</i></p> <p>The use of the i-connect portal by the vast majority of employers ensures that any starters, leavers and changes are automatically detected at the point of the monthly submission. The administration team review the reports generated by the system for each of these events.</p> <p>The Administration Strategy is published on the fund's website. Administration Strategy Statement - November 2018 Isle of Wight Pension Fund</p> <p>Full clean membership data for the 2022 triennial valuation of the fund was submitted ahead of schedule on 20 July 2022. The fund's actuary has confirmed that there are no data quality issues at a whole fund level.</p> <p>As part of an ongoing process of data quality monitoring, the fund uses the Hymans Robertson data portal (as used for each triennial valuation) to identify any further issues for data accuracy.</p>
P5.7	The administering authority should carry out regular (at least annually) data reviews	Administering authorities establish twice yearly dates to review the data quality held for the scheme. Internal process completed to investigate quality.	Full Compliance 	<p><i>Enter here confirmation details of the data reviews</i></p> <p>Data quality scores are measured using the HPT software. The most recent evaluation was completed in September 2021 (next review September 2022) and resulted in the following scores: Common data Sep-21: 94% (Sep-20: 95%) Scheme specific data Sep-21: 94% (Sep-20: 96%)</p> <p>NB: data scores for September 2020 included the Firefighters Pension Schemes, which are no longer administered by Isle of Wight Council.</p> <p>The Pensions Regulator now requires more data to be reviewed than previous years, hence a slight reduction in the data quality scores above. The administration team have identified the data to be further evaluated from the reports and have started to cleanse this through 2022 scheme valuation and data improvement plan.</p>

	Requirement	Full Compliance	Compliance (Full/Partial/ Non)	Statement of Compliance
P5.8	The administering authority should ensure that appropriate procedures and timescales are in place for scheme employers to provide updated information when member data changes	Processes are established which details the timely transmission of complete and accurate data	Full compliance 	<p><i>Enter here whether an established process is in place for the timely and accurate transmission of data</i></p> <p><i>Is there a pension administration strategy in place?</i></p> <p><i>Is there information for employers on the website?</i></p> <p><i>Are there penalties for late submission or supply of inaccurate data?</i></p> <p>The use of the i-connect portal by 82% of employers ensures that any starters, leavers and changes are automatically detected at the point of the monthly submission. The monthly uploads create tasks within the administration system and are automatically allocated to the team members to review and complete.</p> <p>The Administration Strategy is published on the fund's website. Administration Strategy Statement - November 2018 Isle of Wight Pension Fund This document will be updated before March 2023 to reflect the changes in procedures arising from the use of the i-connect portal, along with other relevant updates.</p>
P5.9	The administering authority should be able to trace the flow of funds into and out of the scheme, reconcile these and keep records of transactions	There are audited processes in place that record transactions into and out of the Fund	Full compliance 	<p><i>Enter here confirmation that regular audits take place on the processes in accounting and reconciling monies into and out of the fund</i></p> <p>The fund uses the Logotech Public Sector Treasury Management System to record and monitor cash flows in and out of the fund, recording the anticipated contributions (timing and estimated values) and the actual amounts received, as well as forecast benefit payments against those actually paid. If funds are not received on the expected date, the administration team chase the missing information. This information is used to forecast the levels of operational cash maintained by the fund.</p> <p>The fund uses the SAP accounting system to record all financial transactions for the fund, and to produce regular accounting information for the pension fund committee and local pension board as well as the annual report and accounts. The treasury management processes for the fund are covered by the council's internal audit universe and are reviewed annually by the internal audit provider. The financial statements for the fund are audited annually by the fund's external auditors, Ernst & Young,</p> <p>Reports from both sets of auditors are presented to the pension fund committee and local pension board.</p>


	Requirement	Full Compliance	Compliance (Full/Partial/Non)	Statement of Compliance
P5.10	The administering authority must keep records of pension board meetings and discussions and records of decisions made other than at a local pension board meeting that is later ratified.	Records are available that show decisions made and discussions at local pension board meetings and those that take place outside and are later ratified at a local pension board meeting	Full compliance ↔	<i>Enter here where the records are available</i> <i>Add link to webpage</i> All board meeting agendas, papers and minutes are published on the council's democratic web pages Committee details - Local Pension Board - Modern Council (modern.gov.co.uk)
P5.11	The administering authority should retain records for as long as they are needed and have in place an adequate system and process for record retention	A policy on document retention is in place that includes the retention of local pension board papers and documents	Full compliance ↔	<i>Enter here whether there is a policy document in place that includes the retention of local pension board papers and documents</i> <i>Add the retention time limit</i> <i>Add link to webpage</i> The fund's data retention policy follows that of the Isle of Wight Council, which was last updated in 2019. https://www.iow.gov.uk/documentlibrary/download/retention-policy-2011 The policy states that in accordance with Part VA of the Local Government Act 1972, documents which form part of the agenda for all council meetings must be available for inspection by members of the public for a period of 6 years from the date of the meeting.
P5.12	Where the administering authority has identified poor quality or missing data there should be a data improvement plan in place	A data improvement plan is in place which contains measures for the administering authority to monitor and a timeframe for attaining accurate data	Full compliance ↔	<i>Enter here whether a data improvement plan is in place with timescales for data improvement or what measures will be taken where inaccurate data is discovered</i> The administration team have identified a number of key projects which will continue to improve the quality of the fund's data. These include the finalisation of the GMP reconciliation and rectification project; implementation of the McCloud remedy (in due course); onboarding the remaining payroll provider to the i-connect system; the use of the tracing service to confirm addresses and mortality screening; and the review of the most recent data quality score reports. A data improvement plan will be formalised and reported to the pension board.

	Requirement	Full Compliance	Compliance (Full/Partial/Non)	Statement of Compliance
P5.13	The administering authority should reconcile member records with the relevant employers and be able to identify those scheme members who are approaching retirement, those who are active members and those that are deferred members	<p>Scheme member records are reconciled with the relevant employers at least on an annual basis.</p> <p>Pension Administration software systems can identify scheme members approaching retirement, active members and deferred members.</p>	<p>Partial Compliance</p> 	<p><i>Enter here when and how scheme member records are reconciled with their relevant employers.</i></p> <p><i>Confirm that the pension administration software system can identify scheme members approaching retirement, active members and deferred members.</i></p> <p>A manual report for deferred members is run monthly to enable information on pension options to be provided ahead of retirement.</p> <p>Information from active members wishing to retire is received via the payroll /HR teams.</p> <p>There remains no current process to regularly review the age profile of the fund's active members, particularly those approaching retirement.</p> <p>Member tracing service has now been procured and contract will commence 1st September 2022. This will look at:</p> <ul style="list-style-type: none"> • Address Tracing and Correction Services for both UK and overseas members • Mortality Screening Services for both UK and overseas members <p>Members are encouraged to use the member self-service portal to keep their personal information up to date.</p>


DRAFT - Audit


	Requirement	Full Compliance	Compliance (Full/Partial/Non)	Statement of Compliance
P5.14	The administering authority must ensure that processes created to manage scheme member data are compliant with the General Data Protection Regulation (GDPR) 2018, in association with the Data Protection Act 2018 and the data protection principles.	GDPR and Data Protection Act are complied with and all relevant persons are aware of their responsibilities	Partial compliance 	<p><i>Enter here how this awareness is communicated</i></p> <p><i>Officers – internal</i></p> <p><i>Committee/LPB members –induction / info packs</i></p> <p>The council continues to require all staff and elected members to complete online learning modules in respect of Data Protection Awareness, Information Security Awareness and Cyber Security Awareness. Completion of these courses is monitored at 121 meetings with supervisor.</p> <p>At the July 2022 pension committee meeting, committee members were asked to complete these modules to demonstrate their awareness.</p> <p>Progress on completion of these modules will be reported at each committee meeting.</p> <p>The council’s online courses are not yet available to the pension board – this will be reviewed before March 2023.</p> <p>All members of the committee and board have been encouraged to complete the Pension Regulator’s online toolkit module on maintaining accurate member data.</p>



DRAFT - AUGUST 2022


	Requirement	Full Compliance	Compliance (Full/Partial/Non)	Statement of Compliance
P5.15	The administering authority should be able to demonstrate that records are kept in accordance with other relevant legislation	<p>Evidence that key requirements are set out where applicable under the following legislation –</p> <ul style="list-style-type: none"> • Pensions Act 1995 and 2004 • Pensions Act 2008 and the Employers' Duties (Registration and Compliance) Regulations 2010 • Occupational Pension Schemes (Scheme Administration) Regulations 1996 • Registered Pension Schemes (Provision of Information) Regulations 2006 • General Data Protection Regulation (GDPR) 2018 • Data Protection Act 1998 • Freedom of Information Act 2000 	<p>Full compliance</p> 	<p><i>Enter here some evidence or statement that the relevant pieces of legislation are complied with in relation to the Fund's record keeping</i></p> <p>The fund uses the Heywood Pensions Technologies <i>Altair</i> system to maintain its membership data. That system is compliant in keeping records in accordance with all required rules and regulations.</p> <p>The day to day operation of the fund is supported by process notes and system guidance which ensure appropriate use of the system's controls.</p> <p>Pension fund staff operate within the council's policies in respect of Data Protection and Freedom of Information.</p>

DRAFT - August 2018



	Requirement	Full Compliance	Compliance (Full/Partial/Non)	Statement of Compliance
P6	Maintaining Contributions			
P6.1	The administering authority should ensure there are effective policies and procedures in place to identify payment failures and assess the materiality of any failures identified	All employers are aware of the payment deadlines Procedures and processes are in place to monitor the payment of contributions, record payments of contributions to the Fund, manage overdue contributions and identified payment failures are reported to a senior officer.	Full compliance 	<p><i>Enter here how employers are made aware of their responsibilities to meet contribution payment deadlines (Pension Administration Strategy, Admission Agreement)</i> <i>Confirmation that procedures are in place to monitor and record payments of contributions to the</i> <i>The action taken when a payment failure is identified and the reporting responsibilities</i></p> <p>The Administration Strategy, published on the fund's website, sets out the requirements for all employers, including the provision for the application of sanctions (including financial penalties where appropriate) for late payment of contributions. Administration Strategy Statement - November 2018 Isle of Wight Pension Fund</p> <p>All employers now pay their contributions on a monthly basis by electronic bank transfer, with the exception of one parish council who still pay by cheque.</p> <p>A monthly control check list of returns and contributions received is maintained. Late or missing information is followed up with the relevant employer, with continued non-compliance reported to management.</p> <p>The receipt of contributions is monitored by both the pension administration team and the Council's treasury management team.</p> <p>Employer compliance with the payment and reporting deadlines is reported as part of the administration report to each pension board meeting. During the year ended 31 March 2022, there were only 4 instances (4 employers) of late payment of contributions. No fines or penalties were issued during the year. Employer compliance is also reported in the fund's annual report and accounts.</p>



	Requirement	Full Compliance	Compliance (Full/Partial/Non)	Statement of Compliance
P6.2	Employers should be provided with the necessary guidance to ensure they provide the required information to enable contributions to be monitored	Employers are provided with the necessary scheme documents and training requirements to fulfil their obligations within the Scheme. - Contribution templates - Fund liaison contact for contributions	Full compliance 	<i>Enter here where the employer contribution documents are held and the person responsible for maintaining them.</i> <i>Detail the Fund's contact for contribution pay over.</i> At the start of each financial year, guidance is provided to all employers including the employer contribution rate for the forthcoming year, and the timetable for submission of data and contributions. Following each triennial valuation, employers received detailed communications about their funding level and required contribution rates. Meetings are offered with the fund's actuary to discuss and agree the contribution rate. The funding strategy statement for each valuation (2019 valuation linked below) is then published on the fund's website – this contains the rates and adjustment certificate setting out contribution rates for the three years following the valuation. 161220 Isle of Wight Council Pension Fund - DRAFT Funding Strategy Statement 2016 (isleofwightpensionfund.org) A generic address is provided for employer queries: pensions@iow.gov.uk



	Requirement	Full Compliance	Compliance (Full/Partial/Non)	Statement of Compliance
P6.3	Where the administering authority identify a payment failure, they should follow a process to resolve issues quickly (e.g. monthly monitoring of employer payments to ensure contributions paid on time and in full) and maintain a record of investigations and communications in relation to such failures	Records are maintained of investigations and communications (and outcomes) in relation to payment failures, together with communication with the employer	Full compliance 	<p><i>Enter here confirmation that a procedure and process is in place to resolve issues where there is a payment failure by an employer</i></p> <p>The Administration Strategy, published on the fund's website, sets out the requirements for all employers, including the provision for the application of sanctions (including financial penalties where appropriate) for late payment of contributions. Administration Strategy Statement - November 2018 Isle of Wight Pension Fund</p> <p>A monthly control check list of returns and contributions received is maintained. Late or missing information is followed up with the relevant employer, with continued non-compliance reported to management.</p> <p>Employer compliance with the payment and reporting deadlines is reported as part of the administration report to each pension board meeting.</p>
P6.4	The administering authority should review processes or develop a new process which is able to detect situations where fraud may be more likely to occur and where additional checks may be appropriate.	This will be identified on the fund's risk register A regular review of processes to detect fraud is undertaken	Full compliance 	<p><i>Enter here confirmation the process to detect situations where fraud may take place is recorded on the risk register (enter reference)</i></p> <p><i>Confirm that regular reviews of the process to detect fraud are undertaken (date of last review / date of next review)</i></p> <p>The use of the i-connect portal by the vast majority of employers ensures that any starters, leavers and changes are automatically detected at the point of the monthly submission. The administration team review the reports generated by the system for each of these events. It also ensures that the correct contribution rates are applied relative to the member's salary.</p> <p>The council participates in the National Fraud Initiative (NFI) exercise to match data and ensure consistency.</p>

	Requirement	Full Compliance	Compliance (Full/Partial/ Non)	Statement of Compliance
P6.5	The administering authority must report payment failures which are likely to be of material significance to the Regulator.	Responsible officers are aware of the requirement and there is a procedure in place for reporting payment failures to the regulator in accordance with the code of practice	Full compliance 	<p><i>Enter here where the procedure is documented (reporting policy)</i></p> <p>The <i>Reporting breaches of the law to the Pensions Regulator</i> policy is published on the fund's website. This document is overdue for review. Reporting Breaches of the Law to the Pensions Regulator Policy Isle of Wight Pension Fund</p> <p>Employer compliance with the payment and reporting deadlines is reported as part of the administration report to each pension board meeting. Due to the size of the employers within the fund, it is unlikely that any failure to report and pay will be of material significance to the Pensions Regulator. However, all incidents will be included on the breaches log, with an assessment of significance.</p>



DRAFT - August 2024


	Requirement	Full Compliance	Compliance (Full/Partial/Non)	Statement of Compliance
P7	Member communication			
P7.1	Administering authority to provide an annual benefit statement to all active, deferred and pension credit members containing certain legal information and to ensure all AVC members are provided with a similar statement from their AVC provider	Annual benefit statements are issued to each active, deferred pensioner and pension credit member. Statements must be issued no later than 5 months after the end of the Scheme year to which it relates The Administering Authority will have liaised with the Schemes AVC provider and ensured an appropriate timetabled production of the members AVC statement is produced.	Full compliance 	<i>Enter here the date annual benefit statements were issued to active, deferred and pension credit members and the relevant Scheme year to which it relates</i> <i>Enter here the Administering Authorities AVC provider and the agreement details for the member's annual benefit statement production.</i> Annual Benefits Statements (ABS) for all active, deferred and pension credit members are issued by 31 August in line with statutory deadlines, via the Member Self Service (MSS) portal. Performance against the statutory deadline is reported to the pension board as part of the administration report at each meeting. The fund's AVC provider, Prudential, issue confirmation to individual members their ABS has been uploaded to their portal and provide instructions to the member to support access. The fund receives confirmation from Prudential that the statements have been distributed (2021-22 received 29 June 2022).
P7.2	The administering authority must provide scheme members with basic scheme information, meeting minimum legal requirements	The fund will have in place a communication policy which contains details of what information is provided to scheme members and the communication media.	Full compliance 	<i>Enter here confirmation that a communication policy is in place (link to webpage) which sets out what information is provided to scheme members and how it is communicated (scheme booklet, dedicated fund website, council webpage)</i> The Communications policy is published on the fund's website. Communications Policy - February 2019 Isle of Wight Pension Fund It is scheduled for review in summer 2022, to be represented to the pension board meeting in October 2022, for onward recommendation to the committee in November 2022. Recruitment material for all council vacancies includes reference to the Local Government Pension Scheme. New employees are provided with information in their contract of employment and access to the Member Self Service portal which holds individual data. A representative of the Pensions Services team delivers information about the LGPS at each council corporate induction event. The pension fund website Home Isle of Wight Pension Fund provides up to date local information on the scheme to prospective and existing members, including links to the National LGPS website

	Requirement	Full Compliance	Compliance (Full/Partial/Non)	Statement of Compliance
P7.3	Disclosure regulations make provision for scheme members and others to receive information that is relevant to their pension rights and scheme entitlements and provided within certain legal timescales	<p>The fund will have in place a communication policy that sets out how and when it will communicate with any of the following “relevant persons” within the prescribed legal timescales.</p> <ul style="list-style-type: none"> • Active members • Deferred members • Pensioner members • Prospective members • Spouses, civil partners of members or prospective members • Other beneficiaries • Recognised trade unions 	<p>Full compliance</p> 	<p><i>Enter here confirmation that a communication policy is in place (link to webpage) which sets out what information is provided to scheme members and how it is communicated (scheme booklet, dedicated fund website, council webpage)</i></p> <p>The Communications policy is published on the fund’s website. Communications Policy - February 2019 Isle of Wight Pension Fund</p> <p>The policy sets out the proposed methods and frequency of communications with scheme members and employers.</p> <p>2020-21 Annual Benefit Statements (ABS) for all active, deferred and pensioner credit members were published on the Member Self Service portal in advance of the 31 August 2021 statutory deadline. 2020-21 Pension Saving Statements for impacted members were issued individually in advance of the 6 October 2021 deadline.</p> <p>A report on performance against service key performance indicators (KPIs) is provided to each pension board meeting, demonstrating the level of compliance with key activities against prescribed service standards. The report for the year ended 31 March 2022 was presented to the June 2022 board meeting. Pension KPIs 2021-22.xlsx (moderngov.co.uk)</p> <p>The pension fund website Home Isle of Wight Pension Fund provides up to date local information on the scheme to prospective and existing members, including links to the National LGPS website</p>
P7.4	Where information is provided electronically it should comply with legal requirements	<p>Administering authority ensuring that all electronically produced information complies with the legal requirement</p>	<p>Full compliance</p> 	<p><i>Enter here whether or not the administering authority has complied with the legal requirements.</i></p> <p>Annual Benefit Statements for active and deferred members are primarily published on the Member Self Service (MSS) portal.</p> <p>All active members have been informed of the MSS portal via internal communication at the council, and emails to school business partners and nominated payroll contacts at external employers.</p> <p>All deferred members have received a letter and Newsletter confirming their ABS is on the portal and how to register.</p>



	Requirement	Full Compliance	Compliance (Full/Partial/ Non)	Statement of Compliance
P7.5	The administering authority should attempt to make contact with their scheme members and where contact is not possible carry out a tracing exercise to locate scheme members.	A tracing service has been engaged to trace scheme members where contact details are considered incorrect	Partial compliance 	<i>Enter here whether or not a tracing service is used and the circumstances in which it is used.</i> The fund has completed a procurement exercise to carry out address tracing and mortality screening services for UK and overseas deferred members and pensioner members of the fund. The contract is due to commence 1 st September 2022.
P7.6	Requests for information should be acknowledged if information requested cannot be immediately provided.	A customer service standard is in place that requires a written response to be provided within a specified timescale and where that response cannot be provided that a letter of acknowledgement is sent with an indicative response time.	Full compliance 	<i>Enter here to confirm that a customer service standard is in place and what the response timescales</i> The Communications policy, published on the fund's website, establishes timescales for responses to various requests for information. Communications Policy - February 2019 Isle of Wight Pension Fund For communication received via the pension team generic e-mail account (pensions@iow.gov.uk), an automatic acknowledgement is delivered advising a response will be made within 5 working days. Members are also referred to the member self-service portal where some information is readily available. Key performance indicators of compliance with agreed service standards are reported to each meeting of the pension board.

DRAFT - AUGUST 2022


	Requirement	Full Compliance	Compliance (Full/Partial/Non)	Statement of Compliance
P8	Internal Dispute Resolution Procedure			
P8.1	The administering authority has in place an Internal Dispute Resolution Procedure	An Internal Dispute Resolution Procedure is in place in accordance with the LGPS regulations and it clearly states the procedure and process to apply for a dispute to be resolved including – - Who it applies to - Who the adjudicator is (stage 1) - Who to contact with a dispute - The information that an applicant must include - How the final decision is reached - How the dispute can be escalated if dis-satisfied - The appropriate timescales	Full compliance 	<i>Enter here confirmation that there is an Internal Dispute Resolution Procedure in place in accordance with the LGPS regulations and the required information included in correspondence where required (inc. website, booklets, etc.)</i> <i>Link to webpage</i> The <i>Complaints and Internal Disputes Resolution Procedure</i> (adopted in November 2017) is published on the fund's website: IDRP Guide Isle of Wight Pension Fund This document is overdue for review.
P8.2	The administering authority has ensured all scheme employers have appropriate arrangements in place for dealing with stage 1 disputes	A 'specified person' has been nominated by the scheme employer. The appropriate timescales known by the scheme employer for their reply.	Non-compliance 	<i>Enter here if a list of the 'specified person' for each employer is in existence, where it is held and who maintains it.</i> Unknown: as part of the approval process for the updated Internal Dispute Resolution Procedure, contact will be made with all scheme employers to determine and record their internal processes. No progress has been made on this issue since the last reporting period.

	Requirement	Full Compliance	Compliance (Full/Partial/Non)	Statement of Compliance
P8.3	The administering authority should regularly review its dispute process to ensure its effectiveness and that the necessary timescales are being met (inc. the employer processes at stage 1)	The administering authority to complete an annual review of its dispute process. Ongoing and completed disputes to be logged appropriately. Timescales for completion of dispute cases reviewed.	Non-compliance 	<i>Enter here the details of the annual review, where it is held and the post title(s) of the person(s) responsible for maintaining it. Is this accessible on the Fund's website?</i> The published Complaints and Internal Disputes Resolution Procedure is overdue for review.

DRAFT - August 2024

	Requirement	Full Compliance	Compliance (Full/Partial/ Non)	Statement of Compliance
P9	Breaches of the Law			
P9.1	The administering authority should be satisfied that those responsible for reporting breaches of the law are made aware of their legal requirements and the Pensions Regulator's guidance.	Those responsible for reporting breaches are made aware of the legal requirements and the regulator code of practice. Relevant training should be provided to those responsible for reporting breaches. Sign off required on completion of training and understanding. All those that are responsible to report breaches, should establish and operate appropriate and effective procedures to ensure that they are able to meet their legal obligation.	Non compliance 	<p><i>Enter here the details of all training provided and the corresponding training documentation.</i></p> <ul style="list-style-type: none"> -Include the procedures used -List of names and roles that should report breaches within the Fund -Training list document -Annual review of post holders involved <p>Board members are encouraged to complete the Pension Regulator's online toolkit module dealing with reporting breaches of the law within 6 months of their joining the board.</p> <p>Further improvements are required in the level of understanding of officers, committee and board members in terms of what constitutes a breach, and what should be included on the breaches log.</p>
P9.2	The administering authority should have a breaches of the law policy in place	Breaches of the law policy detailed within the Fund's annual governance statement	Partial compliance 	<p><i>Enter here whether a policy is in existence, where it is available and the post title(s) of the person(s) responsible for maintaining it.</i></p> <p>The <i>Reporting breaches of the law to the Pensions Regulator</i> policy is published on the fund's website. This document is overdue for review.</p> <p>Reporting Breaches of the Law to the Pensions Regulator Policy Isle of Wight Pension Fund</p> <p>The Pension Fund Manager is responsible for reviewing and updating the policy.</p>

DRAFT

	Requirement	Full Compliance	Compliance (Full/Partial/Non)	Statement of Compliance
P9.3	The administering authority should maintain a breaches log and have identified a person responsible for maintaining the breaches of the law policy, logging, reporting and recording processes	Named person detailed within the Funds annual governance statement. Breaches log established, updated and maintained. Confirmation of the reporting of breaches.	Partial compliance 	<i>Enter here the post title(s) of the person(s) responsible.</i> The published policy requires updating to confirm the persons responsible for receiving reports or breaches, and the person responsible for maintaining the breaches log. The administration report to each pension board meeting includes reference to breaches of the law, although no breaches log is presented.

DRAFT - August 2023

Isle of Wight Council Pension Fund Governance Compliance Statement (31 August 2022) Areas of non-compliance and related action plan

Based on the Hymans Robertson Governance Compliance Checklist (HRGCC) there are 9 areas of non-compliance (out of 78 criteria – 11%). These are as follows:

General Requirements:

- 1) Pension board to have its own policy on knowledge and understanding requirements
- 2) All pension board members to have a personalised training plan in place that is regularly monitored and updated

Knowledge and Understanding:

- 3) Administering authorities should offer pre-appointment training or mentoring if appropriate
- 4) The members of the pension board should be familiar with the AVC options offered by the Fund, including the choice of investments offered to members and the relative performance of those investment options

Conflicts of Interest

- 5) The administering authority should maintain a register of all conflicts (and potential conflicts) that are raised , reviewing them appropriately
- 6) Declaration of conflicts (or potential conflicts) of interest should be disclosed on appointment and at regular intervals

Internal Dispute Resolution Procedure

- 7) The administering authority has ensured all scheme employers have appropriate arrangements in place for dealing with stage 1 disputes
- 8) The administering authority should regularly review its dispute process to ensure its effectiveness and that the necessary timescales are being met (inc. the employer processes at stage 1)

Breaches of the Law

- 9) The administering authority should be satisfied that those responsible for reporting breaches of the law are made aware of their legal requirements and the Pensions Regulator's guidance.

Actions to improve each area of non-compliance are included in the tables below, including allocated responsibility and deadline dates.

Board members are asked to agree the proposed action plan and request regular updates on progress.

Ref	Principle	Detail of best practice principle	Statement of Compliance
General Requirements : Knowledge and Understanding (HRGCC items 1-3)			
E2	All pension board members to have a personalised training plan in place that is regularly monitored and updated	The administering authority should have a person designated to take responsibility for ensuring training plans are followed and regularly review the members training requirements and keep appropriate records of their learning activities and the board as a whole	<p><i>Enter here whether individual training plans have been completed and where it can be found</i></p> <p>The pension fund committee agreed at its July 2022 meeting that the fund will participate in the Hymans Robertson National Knowledge Assessment 2022, encouraging both committee and board members to complete the assessment.</p> <p>The output from this assessment will support the development of a fund-specific knowledge and understanding policy and individual learning plans for both pension fund committee and pension board members.</p> <p>There remains a need to develop and implement a comprehensive induction programme for both board and committee members.</p> <p>The role profile for pension board members includes a requirement that all modules of the Pension Regulator's online toolkit be completed within 6 months of joining the board.</p> <p>There is also a recommendation that all committee members complete the online toolkit.</p> <p>Progress towards completion of the required modules is reported at each committee and board meeting.</p>
Rectification action:		Responsibility:	Deadline:
a) All remaining board members to complete all TPR modules (due within 6 months of appointment). http://www.thepensionsregulator.gov.uk/public-service-schemes.aspx		Michael Lilley (appt 21-Jul-21) Ashley Curzon (appt 19-Jan-22) Neil Cain (appt 1-Apr-22)	To be agreed with each board member
b) All remaining board members to complete Hymans Online Learning Academy Modules https://aspire.hymanslearning.co.uk/		Michael Lilley Ashley Curzon Liz Kingston (module 6) Trevor Ould Neil Cain Barbara Milton	To be agreed with each board member
c) National Knowledge Assessment 2022 logins to be circulated once launched.		Jo Thistlewood Hymans Robertson	Expected end September 2022 Launched 30 September 2022
d) All Board and committee members to complete NKA questionnaire by due date.		Pension fund committee Pension board	Tbc Deadline 19 October 2022.

e)	Following results of NKA, develop personalised training plan for all board members.	Jo Thistlewood Board members	Tbc
f)	Development of pension fund knowledge and understanding policy.	Jo Thistlewood Hymans Robertson Learning and Development	Tbc (following NKA output)
g)	Development of board members induction programme and information pack.	Jo Thistlewood Hymans Robertson	Tbc (following NKA output)

Ref	Principle	Detail of best practice principle	Statement of Compliance
Knowledge and Understanding (HRGCC item 4)			
P1.5	The members of the pension board should be familiar with the AVC options offered by the Fund, including the choice of investments offered to members and the relative performance of those.	Information of the AVC options is provided to the local pension board members	<i>Enter here how information of the AVC options are provided to the local pension board members (e.g. induction training, contained in the training plan, provided with an information pack)</i> No information has been provided to board members on this matter.
Rectification action:		Responsibility:	Deadline:
a)	Confirm contract with Prudential as AVC provider.		
b)	Obtain information about options available to members.		
c)	Request Prudential to provide development session for board and committee members.		

Ref	Principle	Detail of best practice principle	Statement of Compliance
Conflicts of Interest (HRGCC items 5-6)			
P2.3	The administering authority to maintain a register of all conflicts (and potential conflicts) that are raised, reviewing them appropriately	The administering authority should retain and regular review a register of all conflicts (and potential conflicts) that have been raised. Conflicts should be reviewed, and any action taken forward.	<p><i>Enter here whether a register of conflicts exists, where it can be found and the post title(s) of the person(s) responsible for maintaining it.</i></p> <p><i>Details of the review process and action taken should be clearly documented</i></p> <p>The current declaration form is the same as that required for all elected members, much of which is irrelevant for the pension board member role.</p> <p>Following the change in board membership between September 2021 and March 2022, board members (other than those who are elected members of the council or are employed by the council) have not yet been asked to complete a declaration of interest on appointment.</p> <p>As part of development of new conflicts of interest policy, a new declaration form to be developed and completed.</p> <p>These forms will be maintained by the council's democratic services team.</p>
Rectification action:		Responsibility:	Deadline:
a) IWC Conflicts of interest policy to be reviewed to determine fitness for purpose for pension board.		Jo Thistlewood Martin Doyle Monitoring Officer	
b) Pension fund-specific conflicts of interest policy, including 'declaration of interests' form, to be prepared, reviewed and adopted.		Jo Thistlewood Martin Doyle Monitoring Officer	
c) All board members to complete declarations of interest form.		Board members	
d) Declarations to be published on fund website along with board membership information.		Jo Thistlewood	
e) Annual review of declarations of interest to be scheduled into board workplan.		Jo Thistlewood Martin Doyle Democratic Services	

Ref	Principle	Detail of best practice principle	Statement of Compliance
Complaints and Internal Disputes (HRGCC items 7-8)			
P8.2	The administering authority has ensured all scheme employers have appropriate arrangements in place for dealing with stage 1 disputes	A 'specified person' has been nominated by the scheme employer. The appropriate timescales known by the scheme employer for their reply.	<i>Enter here if a list of the 'specified person' for each employer is in existence, where it is held and who maintains it.</i> Unknown: as part of the approval process for the updated Internal Dispute Resolution Procedure, contact will be made with all scheme employers to determine and record their internal processes. No progress has been made on this issue since the last reporting period.
P8.3	The administering authority should regularly review its dispute process to ensure its effectiveness and that the necessary timescales are being met (inc. the employer processes at stage 1)	The administering authority to complete an annual review of its dispute process. Ongoing and completed disputes to be logged appropriately. Timescales for completion of dispute cases reviewed.	<i>Enter here the details of the annual review, where it is held and the post title(s) of the person(s) responsible for maintaining it.</i> <i>Is this accessible on the Fund's website?</i> The published Complaints and Internal Disputes Resolution Procedure is overdue for review.
Rectification action:		Responsibility:	Deadline:
a) Current "Complaints and Internal Dispute Resolution Process" to be reviewed and updated (review date Nov-20).		Jo Thistlewood Martin Doyle Monitoring Officer	
b) Development sessions to be arranged for officers, board and committee members on roles and responsibilities.		Jo Thistlewood	
c) Employer briefing on process to be held.		Jo Thistlewood	
d) Employers asked to confirm their own procedures and nominated officers for stage 1.		Jo Thistlewood	
e) Scheme member bulletin promoting process to be issued.		Jo Thistlewood	
f) Periodic review of process and named individuals/roles to be scheduled.		Jo Thistlewood Democratic Services	

Ref	Principle	Detail of best practice principle	Statement of Compliance
Reporting Breaches of the Law (HRGCC item 9)			
P9.1	The administering authority should be satisfied that those responsible for reporting breaches of the law are made aware of their legal requirements and the Pensions Regulator's guidance.	Those responsible for reporting breaches are made aware of the legal requirements and the regulator code of practice. Relevant training should be provided to those responsible for reporting breaches. Sign off required on completion of training and understanding. All those that are responsible to report breaches, should establish and operate appropriate and effective procedures to ensure that they are able to meet their legal obligation.	<p><i>Enter here the details of all training provided and the corresponding training documentation.</i></p> <p><i>-Include the procedures used</i></p> <p><i>-List of names and roles that should report breaches within the Fund</i></p> <p><i>-Training list document</i></p> <p><i>-Annual review of post holders involved</i></p> <p>Board members are encouraged to complete the Pension Regulator's online toolkit module dealing with reporting breaches of the law within 6 months of their joining the board.</p> <p>Further improvements are required in the level of understanding of officers, committee and board members in terms of what constitutes a breach, and what should be included on the breaches log.</p>
Rectification action:		Responsibility:	Deadline:
a)	Current "Reporting Breaches of the Law to the Pensions Regulator" policy to be reviewed and updated (review date Nov-18)	Jo Thistlewood Martin Doyle Monitoring Officer	21 December 2022 (board meeting)
b)	Development sessions to be arranged for officers, board and committee members on roles and responsibilities.	Jo Thistlewood	
c)	Employer briefing on responsibilities to be held.	Jo Thistlewood	
d)	Breaches log to be updated and reported at each board meeting.	Jo Thistlewood Matthew Collier	



Committee report

Committee	LOCAL PENSION BOARD
Date	26 OCTOBER 2022
Title	PENSION FUND RISK REGISTER UPDATE
Report of	PENSION FUND MANAGER

EXECUTIVE SUMMARY

1. This report provides the pension board with the updated pension fund risk register following a detailed review since their last meeting. It provides the board the opportunity to review the current position with regard to the pension fund's risks.
2. Following the board's review, the amended risk register will be presented to the pension fund committee for adoption.

RECOMMENDATION

3. That the Board agree the updated risk register. In particular:
 - (a) The closure of ten risks.
 - (b) The creation of three new risks.
 - (c) The reduction in risk score of four risks.
 - (d) The unchanged score of the remaining 34 risks.
4. That the Board recommend adoption of the updated risk register to the pension fund committee.

BACKGROUND

5. Following the last meeting of the local pension board, the risk register was presented to the pension fund committee at its meeting on 27 July 2022. At that meeting, it was agreed that the risk register would be reviewed in detail over the summer period, with a revised register presented to the board at its next meeting.
6. In discussion with the chair of the board, fund officers have reviewed the risk register in detail. This has resulted in a reduction in the total number of risks reported, from 48 to 41, and a review of all risk scores, in accordance with the risk scoring methodology set out in appendix 3 to this report.

7. The current summary risk register, showing the changes to risk scores since the last report to the board is presented at Appendix 1 to this report.

Table 1: changes to risk register

Total number of risks: June 2022	48
Risks proposed to close	(10)
Proposed new risks	3
Total number of risks: October 2022	<u>41</u>

Table 2: risk register summary

	October 2022	June 2022
Red risks	3	9
Amber risks	17	17
Green risks	21	22
	<u>41</u>	<u>48</u>

Closed risks

8. Ten risks are recommended to be closed, seven of which are proposed to be consolidated into three new risks, as reported below.

Table 3: closed risks

Risk	Previous Score	Justification
Key person risk (G3)	15 RED	Combined into new risk “Pension Fund Resourcing”
Cyber risk (A12)	13 RED	Combined into new risk “Cyber security”
Sufficient resources (A13)	12 RED	Combined into new risk “Pension Fund Resourcing”
Climate change - funding implications (F4)	12 RED	Combined into new risk “ESG/RI and Climate Change”
Responsible investment (I12)	12 RED	Combined into new risk “ESG/RI and Climate Change”
DLUHC consultation Summer/Autumn 2022 (G11)	12 RED	TCFD consultation has been launched – covered in new risk “ESG/RI and Climate Change” Remaining elements not yet issued, but fund monitoring progress – risk deemed redundant until such time as consultations launched.
administration system integrity (A10)	10 AMBER	Combined into new risk “Cyber security”
Maturing fund (F6)	8 AMBER	Duplication: mitigation actions combined into existing risk “Liquidity risk”
Section 13 analysis impact (G4)	5 GREEN	Complete: actions from 2019 valuation complete and factored into 2022 valuation planning. 2022 report will not be received until 2023-24.
Environmental, Social and Governance factors (I9)	5 GREEN	Combined into new risk “ESG/RI and Climate Change”

9. Board members are asked to confirm the closure of the above risks.

New risks

10. Three new, red rated risks are proposed, arising from the combination of previous risks as detailed above:

Table 4: new risks

Risk	Score
Pension fund resourcing (NEW1)	15 RED
Cyber security (NEW 2)	15 RED
ESG/RI and Climate Change (NEW 3)	12 RED

11. The detailed risk register showing the description and consequences of these new risks and the proposed mitigation actions is presented as appendix 2 to this report.
12. Other than the above three risks, there are no red-rated risks proposed.
13. Board members are asked to confirm the creation of the above risks.
14. The subject of each of the new risks will be presented as a standing item on the agendas of this and future board meetings until such time as the matters concerned are resolved.

Changed risk scores

15. The scores of four risks are proposed to be reduced, as summarised below:

Table 5: changed risk scores

Risk	Current Score	Previous Score	Justification
Governance arrangements (G1)	9 AMBER	12 RED	<ul style="list-style-type: none"> • Board membership recruitment is now complete. • Governance compliance statement has been updated, with action plan to be confirmed. • Good governance project consultation not yet issued.
changes to national pension arrangements (A4)	9 AMBER	14 RED	<ul style="list-style-type: none"> • McCloud remedy consultation delayed until after Christmas. • Data collection and analysis activities progressing in preparation. • Software provider is working with other bodies to ensure appropriate system changes are being designed.
Knowledge and understanding (G2)	8 AMBER	14 RED	<ul style="list-style-type: none"> • Board and committee members' progress with required learning modules is regularly reviewed. • Fund has confirmed participation in Hymans Robertson National Knowledge Assessment 2022.
Pension Fund accounts (G9)	5 GREEN	9 AMBER	<ul style="list-style-type: none"> • External auditors confirmed no changes to key risk focus. • No changes proposed to content or format of annual report and accounts for 2021-22 year end.

16. Board members are asked to confirm the reduction in the scores for these risks.

CORPORATE PRIORITIES AND STRATEGIC CONTEXT

Responding to climate change and enhancing the biosphere

17. One of the biggest risks that the pension fund must consider is the impact of its investments on the climate. There are some risks included on the risk register which address this area.

Economic Recovery and Reducing Poverty

18. The pension fund has in excess of 16,000 members, the significant majority of whom live on the Isle of Wight and all of whom are either current or former employees of Island organisations.
19. Ensuring the affordability of the pension scheme for employers and paying benefits to scheme members when they are due, contributes positively to the Island economy.

Corporate Aims

20. Other than those items listed above, there is nothing contained in this report which directly contributes to the priorities contained in the [Corporate Plan 2021 - 2025](#).

Pension Fund Strategic Aims

21. The primary objective of the fund is to pay benefits to scheme members or their dependants in accordance with the Local Government Pension Scheme (LGPS) Regulations and other statutory provisions. The Risk Management Policy, together with a supporting risk register, forms part of the fund's key internal controls required by the Pensions Regulator to ensure this primary objective can be met.
22. 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 the Fund, those risks will come from a range of sources, including:
 - the funding position.
 - investment pooling and investment performance.
 - scheme administration and membership movements.
 - management and administration costs.
 - General Data Protection Regulation (GDPR) and communications.
 - financial systems.
 - Central government legislation and regulation changes.
23. The Fund's aim is to embed risk management into its culture, processes and structure to ensure that risk-taking and innovation are balanced in order to maximise opportunities and that the committee, local pension board and senior fund officers understand their respective roles and responsibilities in the identification and management of risks.

FINANCIAL / BUDGET IMPLICATIONS

24. Other than the costs incurred in developing the risk management policy and original drafting of the risk register, as reported at the 25 May 2022 committee meeting, there are no direct costs incurred with the monitoring and updating of the risk register.
25. Any costs incurred in implementing the actions to mitigate the risks will be recorded against the project to which they relate and will be reported to committee under those items.

LEGAL IMPLICATIONS

26. The Isle of Wight Council is the administering authority for the Isle of Wight Council Pension Fund. An administering authority is defined in the Local Government Pension Scheme Regulations 2013 as “a [local authority] required to maintain a pension fund under the local government pension scheme regulations”.
27. The Pension Fund Committee is a committee under section 101 of the Local Government Act 1972, with delegated authority to discharge the council’s statutory duties in respect of the LGPS.
28. The Pensions Regulator’s Code of Practice 14 Governance and administration of public service pension schemes requires that the council, as administering authority for the Isle of Wight Council Pension Fund, establish and operate internal controls. These must be adequate for the purpose of securing that the scheme is administered and managed in accordance with the scheme rules and in accordance with the requirements of the law.
29. This risk register and associated risk management policy forms a key element of the fund’s compliance with the system of internal controls, ensuring the fund can meet its fiduciary duties.

EQUALITY AND DIVERSITY

30. The council, as a public body, is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
31. There are no implications for any of the protected characteristics arising from items covered in the report.

RISK MANAGEMENT

32. It is the responsibility of Isle of Wight Council, as administering authority for the Isle of Wight Council Pension Fund, to ensure that the fund is properly governed and administered in compliance with relevant regulations and other requirements. The council has delegated this function to the pension fund committee, under section 101 of the Local Government Act 1972.

33. The fund's strategy in dealing with risk management is to:
- (a) identify key risks to the achievement of the fund's aims and objectives.
 - (b) assess the risks for likelihood and impact.
 - (c) identify mitigating controls that can be put in place.
 - (d) allocate responsibility for the mitigating controls.
 - (e) maintain a risk register detailing the risk features in a)-d) above.
 - (f) review and update the risk register on a regular basis.
 - (g) report the outcome of the review to the Pension Fund Committee at each committee meeting.
34. In addition to the Risk Management Policy the Fund has developed its risk register, which sets out the position in relation to each individual risk identified. Adopting the risk register, will ensure continued compliance with the requirements of the Pensions Regulator.
35. Further risks are likely to arise from future decisions taken by the Pension Committee, the ACCESS pool or from changes in legislation and regulations. Where such new risks arise, they will be added to the risk register, assessed, and mitigation actions identified.
36. Should the council fail to ensure appropriate systems of internal control the Pensions Regulator has the power to issue an improvement notice under section 13 of the Pensions Act 2004. This would have reputational issues for the council.

APPENDICES ATTACHED

37. Appendix 1 – Summary risk register at 4 October 2022.
38. Appendix 2 – Red risks, full risk register at 4 October 2022.
39. Appendix 3 – Risk scoring profile.

BACKGROUND PAPERS

40. Isle of Wight Council Pension Fund Risk Management Policy
[Risk Management Policy | Isle of Wight Pension Fund](#)

Contact Point: Joanna Thistlewood, Pension Fund Manager, ☎ 821000
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CHRIS WARD
*Director of Finance
and Section 151 Officer*

COUNCILLOR CHRIS JARMAN
*Chairman of Isle of Wight
Pension Fund Committee*

Risks Under Service Area : Pension Fund

Risk	Assigned To	Current Score: (04-Oct-22)	Review Date	Previous Score: (05-Jul-22)	change
Pension fund resourcing (NEW1)	Pension Fund Manager	15 RED	25/11/2022	n/a	NEW
Cyber security (NEW 2)	Pension Fund Manager	15 RED	25/11/2022	n/a	NEW
ESG/RI and Climate Change (NEW 3)	Pension Fund Manager	12 RED	25/11/2022	n/a	NEW
Investment manager failure (I4)	Pension Fund Manager	10 AMBER	25/11/2022	10 AMBER	=
Governance arrangements (G1)	Pension Fund Manager	9 AMBER	30/11/2022	12 RED	v
Professional advice (G5)	Pension Fund Manager	9 AMBER	25/11/2022	9 AMBER	=
Internal controls failure (G6)	Pension Fund Manager	9 AMBER	28/10/2022	9 AMBER	=
mismatch between investment and funding strategies (G7)	Pension Fund Manager	9 AMBER	25/11/2022	9 AMBER	=
policy and decisions (G10)	Pension Fund Manager	9 AMBER	25/11/2022	9 AMBER	=
changes to national pension arrangements (A4)	Pension Fund Manager	9 AMBER	25/11/2022	14 RED	v
employer participation in LGPS (A5)	Pension Fund Manager	9 AMBER	25/11/2022	9 AMBER	=
Pay and price inflation (F1)	Pension Fund Manager	9 AMBER	25/11/2022	9 AMBER	=
External employers (F2)	Pension Fund Manager	9 AMBER	25/11/2022	9 AMBER	=
Knowledge and understanding (G2)	Pension Fund Manager	8 AMBER	28/10/2022	14 RED	v
Communications (A1)	Pension Fund Manager	8 AMBER	25/11/2022	8 AMBER	=
Employer fails to pay contributions (A3)	Pension Fund Manager	8 AMBER	28/10/2022	8 AMBER	=
Significant changes to an employer (A6)	Pension Fund Manager	8 AMBER	25/11/2022	8 AMBER	=
compliance with legislation (A7)	Pension Fund Manager	8 AMBER	25/11/2022	8 AMBER	=
Employer fails to provide data (A8)	Pensions Manager (Admin)	8 AMBER	30/12/2022	8 AMBER	=
Longevity (F5)	Pension Fund Manager	8 AMBER	25/11/2022	8 AMBER	=
disclosure of information legislation (G8)	Pension Fund Manager	5 GREEN	25/11/2022	5 GREEN	=
Pension Fund accounts (G9)	Pension Fund Manager	5 GREEN	27/10/2022	9 AMBER	v
Data quality (A2)	Pensions Manager (Admin)	5 GREEN	30/12/2022	5 GREEN	=

Risk	Assigned To	Current Score: (04-Oct-22)	Review Date	Previous Score: (05-Jul-22)	change
Assessment of benefit entitlements (A11)	Pensions Manager (Admin)	5 GREEN	30/12/2022	5 GREEN	=
insufficient investment returns (I1)	Pension Fund Manager	5 GREEN	25/11/2022	5 GREEN	=
Inappropriate long term investment strategy (I2)	Pension Fund Manager	5 GREEN	25/11/2022	5 GREEN	=
Gilt rates fall (I3)	Pension Fund Manager	5 GREEN	25/11/2022	5 GREEN	=
Active manager underperformance (I5)	Pension Fund Manager	5 GREEN	25/11/2022	5 GREEN	=
multiple asset class failure (I6)	Pension Fund Manager	5 GREEN	25/11/2022	5 GREEN	=
single asset class failure (I7)	Pension Fund Manager	5 GREEN	25/11/2022	5 GREEN	=
liquidity risk (I8)	Pension Fund Manager	5 GREEN	25/11/2022	5 GREEN	=
Other provider risks (I10)	Pension Fund Manager	5 GREEN	25/11/2022	5 GREEN	=
Investment pooling (I11)	Pension Fund Manager	5 GREEN	25/11/2022	5 GREEN	=
employer exits without funding (F10)	Pension Fund Manager	5 GREEN	30/12/2022	5 GREEN	=
Orphaned employers (F3)	Pension Fund Manager	4 GREEN	25/11/2022	4 GREEN	=
increasing early retirements (F7)	Pension Fund Manager	4 GREEN	25/11/2022	4 GREEN	=
Freedom and Choice (F8)	Pensions Manager (Admin)	4 GREEN	25/11/2022	4 GREEN	=
exit credit payable (F11)	Pension Fund Manager	4 GREEN	30/12/2022	4 GREEN	=
Ceasing benefits (A9)	Pensions Manager (Admin)	2 GREEN	28/10/2022	2 GREEN	=
failure to commission cessation valuation (F9)	Pension Fund Manager	2 GREEN	30/12/2022	2 GREEN	=
pandemic (all)	Pension Fund Manager	2 GREEN	25/11/2022	2 GREEN	=
Key person risk (G3)	Pension Fund Manager	CLOSED	09/09/2022	15 RED	CLOSED
Cyber risk (A12)	Pension Fund Manager	CLOSED	09/09/2022	13 RED	CLOSED
Sufficient resources (A13)	Pension Fund Manager	CLOSED	09/09/2022	12 RED	CLOSED
Climate change - funding implications (F4)	Pension Fund Manager	CLOSED	09/09/2022	12 RED	CLOSED
Responsible investment (I12)	Pension Fund Manager	CLOSED	09/09/2022	12 RED	CLOSED
DLUHC consultation Summer/Autumn 2022 (G11)	Pension Fund Manager	CLOSED	09/09/2022	12 RED	CLOSED
administration system integrity (A10)	Pensions Manager (Admin)	CLOSED	09/09/2022	10 AMBER	CLOSED

Risk	Assigned To	Current Score: (04-Oct-22)	Review Date	Previous Score: (05-Jul-22)	change
Maturing fund (F6)	Pension Fund Manager	CLOSED	09/09/2022	8 AMBER	CLOSED
Section 13 analysis impact (G4)	Pension Fund Manager	CLOSED	09/09/2022	5 GREEN	CLOSED
Environmental, Social and Governance factors (I9)	Pension Fund Manager	CLOSED	09/09/2022	5 GREEN	CLOSED

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Service Area : Pension Fund - Extract of Full Risk Register (3 RED risks)

Technical Finance - Technical Finance (Pension Fund)

Financial Management - Technical Finance (Pension Fund)

Risk: Pension fund resourcing (NEW1) (Id: 1275) - Assigned To: Pension Fund Manager

Description: reliance on key people, single points of failure, lack of succession planning. Insufficient resources (staffing, financial) to deliver responsibilities - LGPS. Consequence: Severe disruption if key staff are absent for any period of time. Inability to pay benefits, unable to engage with stakeholders, inappropriate decisions. reputational and financial costs (rectification costs and/or regulator fines) if mistakes are made. inability to participate in ACCESS pool activities - loss of active voice Review Date: 25/11/2022	Inherent Rating: 15 - Very High (RED)	Current Rating 15 - Very High (RED) (04/10/2022)	Target Rating 3 - Low (GREEN)
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Mitigations / Actions	% Complete	Due Date	Assigned To	Update
commission external review of pension fund structure (using National LGPS framework) to ensure most effective and appropriate structure is in place - linking into Good Governance Project. This will support production of a workforce plan, to: - analyse existing skills, knowledge and talents - consider changes due to retirements/resignations - identify optimal staffing requirements - numbers and skills - develop recruitment and development plans	25	31/03/2023	Pension Fund Manager	first procurement exercise failed as unable to identify preferred provider. revised procurement, with more detailed specification and pricing schedule, launched on IWC procurement portal on 2 September 2022. Submission deadline 23 September, anticipate award on 6 October.
sharing of knowledge, documentation of procedures/processes both in finance and administration teams.	0	31/03/2023	Pension Fund Manager	
Ensure appropriate strategic planning is in place, identifying resource and budgetary needs and putting them in place as required	0	31/03/2023	Pension Fund Manager	
Business Continuity Plan for Pension Fund to be completed	0	31/03/2023	Pension Fund Manager	

Page 79

Appendix 2

shared operational workplan for key activities to be developed for admin projects, McCloud, GMP, Dashboards, system enhancements, etc. and governance/operational priorities (TCFD, cyber, pooling, investments, etc).	0	30/12/2022	Pension Fund Manager	admin project plan has been drafted
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Financial Management - Technical Finance (Pension Fund)

Risk: Cyber security (NEW 2) (Id: 1276) - Assigned To: Pension Fund Manager

Description:

A Cyber Security Incident is defined as:
 A Breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal data or confidential information
 or
 An event having an actual adverse effect on the security of or unauthorised access to or use of, inability to access, loss or theft of, or malicious infection of network and information systems that reasonably may compromise the privacy or confidentiality, integrity, or availability of confidential information or personal data or the council's operating environment, services, network and information systems

Consequence:

Complete or significant Loss of data
 Unlawful release of personal data held by the Council to unauthorised third parties resulting in legal action/fines
 Loss of Council or individual staff members money through fraudulent transactions as a result of phishing
 Temporary or permanent disabling of key council ICT systems
 Other fraudulent activity
 Other breaches of GDPR

Review Date: 25/11/2022

Inherent Rating:	Current Rating	Target Rating:
15 - Very High (RED)	15 - Very High (RED) (04/10/2022)	13 - High (RED)

Mitigations / Actions	% Complete	Due Date	Assigned To	Update
Pension Fund specific disaster recovery/cyber incident response plan in place to ensure back-up systems are in place within an agreed timescale. Regularly reviewed and updated.	0	31/03/2023	Pension Fund Manager	
compliance with Council data security protocols and building access controls maintained. rolling annual mitigation	50	31/03/2023	Pension Fund Manager	
Ensure appropriate training and awareness sessions provided to administration staff, other officers and members of the Pension Committee and Pension Board. monitored as part of annual PDR process and reported in pension fund annual report.	25	31/03/2023	Pension Fund Manager	

Review TPR single code of practice requirements for cyber risk considerations and ensure compliant. (NB TPR combined code expected to be launched Sept 2022)	0	31/03/2023	Pension Fund Manager	
IWC cyber incident response plan has been obtained. To be reviewed for compatibility with pension fund needs, then used to create pension specific plan	0	31/03/2023	Pension Fund Manager	
Cyber risk assessment tool (AON) to be completed, and action plan developed.	0	30/12/2022	Pension Fund Manager	update 9-Sep-22: access to tool currently blocked under IWC firewalls; incident reported to ICT 5/9/22 (no response)

Financial Management - Technical Finance (Pension Fund)

Risk: ESG/RI and Climate Change (NEW 3) (Id: 1277) - Assigned To: Pension Fund Manager

Description:

The fund fails to consider Environmental, Social and Governance risk factors, including climate change, when considering its investment strategy, funding strategy and reporting requirements. It also fails to engage with its investment managers (including the ACCESS pool) to ensure their climate risk processes align with those of the fund.

Consequence:

loss of returns through obsolete investments and/or stranded assets; reduction in funding level, higher employer contribution rates; reputational issues; non-compliance with legislation/regulations/reporting requirements.

Review Date: 25/11/2022

Inherent Rating:

12 - High (RED)

Current Rating

12 - High (RED)

(04/10/2022)

Target Rating:

9 - Medium (AMBER)

Mitigations / Actions

% Complete

Due Date

Assigned To

Update

Fund has published responsible investment beliefs, set in 2019. To be reviewed to ensure still relevant and expanded where appropriate	0	31/03/2023	Pension Fund Manager	
Membership of LAPFF to improve engagement with investee companies. Reporting of engagement to be improved.	50	31/03/2023	Pension Fund Manager	
fund commissioned ESG analysis and carbon footprint report in June 2021, which has informed some manager challenge, and will form baseline for future climate change actions.	0	31/03/2023	Pension Fund Manager	Update 9-May-22: consideration to be given to commissioning updated report for 2022-23. cost identified as £13k.
consider requirements of UK Stewardship code	0	31/03/2023	Pension Fund Manager	
triennial valuation 2022 will model specific climate scenarios in determining likelihood of achieving funding targets, and setting contribution rates.	25	31/12/2022	Pension Fund Manager	update 4-Jul-22: assumptions for climate modelling agreed

ACCESS pool developing ESG/RI guidelines which should encompass all current statements from all 11 funds. Continued involvement in the development of those guidelines at officer and elected member level	50	25/11/2022	Pension Fund Manager	update 9-May-22: ACCESS ESG/RI guidelines were presented to elected member workshop on 27 April, with very few amendments proposed. Should be presented to 6 June 2022 JC meeting for onward recommendation. update 01-Jul-22: ACCESS JC meeting approved guidelines in principle. Next step, to build into local review of current statements.
respond to DLUHC "Governance and reporting of climate change risks" consultation (issued 1 Sep. 22); develop action plan to ensure compliance with expected regulations. Reporting required for 2023-24 year, by 1 December 2024.	0	24/11/2022	Pension Fund Manager	
ESG/RI workgroup established to review fund's current beliefs and statements to ensure fit for purpose.	25	24/11/2022	Pension Fund Manager	2 meetings held to date update 9-May-22: no meetings held since November 2021, due to officer capacity

Appendix 2 - Risk Prioritisation Matrix

Likelihood/Probability	4 V. Likely	7 Medium	11 Medium	14 High	16 <u>VERY HIGH</u>
	3 Likely	4 Low	8 Medium	12 High	15 <u>VERY HIGH</u>
	2 Unlikely	2 Low	5 Low	9 Medium	13 High
	1 Remote	1 Low	3 Low	6 Low	10 Medium
	Scale	1 Low	2 Medium	3 High	4 Major
Impact/Severity					

15 - 16	Red	V. high risk
12 - 14	Red	High risk
7 - 11	Amber	Medium risk
1 - 6	Green	Low risk

Likelihood/Probability Criteria

FACTOR	SCALE	THREATS - DESCRIPTION	INDICATORS
Very likely	4	More than 75% chance of occurrence	Regular occurrence Circumstances frequently encountered - daily/weekly/monthly
Likely	3	40% - 75% chance of occurrence	Likely to happen at some point within the next 1-2 years Circumstances occasionally encountered (few times a year)
Unlikely	2	10% - 40% chance of occurrence	Only likely to happen 3 or more years
Remote	1	Less than 10% chance of occurrence	Has happened rarely/never before

Impact/Severity Criteria

Factor	Scale	Effect on Service	Embarrassment/reputation	Personal Safety	Personal privacy infringement	Failure to provide statutory duties/meet legal obligations	Financial	Effect on Project Objectives/Schedule Deadlines
Major	4	Major loss of service, including several important areas of service and /or protracted period. Service Disruption 5+ Days	Adverse and persistent national media coverage Adverse central government response, involving (threat of) removal of delegated powers Officer(s) and/or Members forced to resign	Death of an individual or several people	All personal details compromised/revealed	Litigation/claims/fines from Departmental £250k + Corporate £500k +	Costing over £500,000	Complete failure of project/ extreme delay – 3 months or more
High	3	Complete loss of an important service area for a short period Major effect to services in one or more areas for a period of weeks Service Disruption 3-5 Days	Adverse publicity in professional/municipal press, affecting perception/standing in professional/local government community Adverse local publicity of a major and persistent nature	Major injury to an individual or several people	Many individual details compromised/revealed	Litigation/claims/fines from Departmental £50k to £125k Corporate £100k to £250k	Costing between £50,000 and £500,000	Significant impact on project or most of expected benefits fail/ major delay – 2-3 months
Medium	2	Major effect to an important service area for a short period Adverse effect to services in one or more areas for a period of weeks Service Disruption 2-3 Days	Adverse local publicity /local public opinion aware Statutory prosecution of a non-serious nature	Severe injury to an individual or several people	Some individual details compromised/revealed	Litigation/claims/fines from Departmental £25k to £50k Corporate £50k to £100k	Costing between £5,000 and £50,000	Adverse effect on project/ significant slippage – 3 weeks–2 months
Low	1	Brief disruption of important service area Significant effect to non-crucial service area Service Disruption 1Day	Contained within section/Unit or Directorate Complaint from individual/small group, of arguable merit	Minor injury or discomfort to an individual or several people	Isolated individual detail compromised/revealed	Litigation/claims/fines from Departmental £12k to £25k Corporate £25k to £50k	Costing less than £5,000	Minimal impact to project/ slight delay less than 2 weeks



Committee report

Committee	LOCAL PENSION BOARD
Date	26 OCTOBER 2022
Title	PENSION FUND OPERATIONAL STRUCTURE REVIEW UPDATE
Report of	PENSION FUND MANAGER

EXECUTIVE SUMMARY

1. This report summarised the process for the appointment of Barnett Waddingham to undertake the review of the fund's operational structure in light of current and future work requirements.
2. The lead consultant from Barnett Waddingham will be attending the board meeting to provide an overview of the project.

RECOMMENDATION

- | |
|---|
| 3. That board members note information contained in this report and the presentation. |
|---|

BACKGROUND

4. Within its risk register, the fund has included a high rated, red risk with respect to pension fund resourcing.
5. Using the National LGPS Framework for Actuarial, Benefits and Governance Consultancy Services, the fund launched a procurement process to appoint a supplier to undertake a review to identify the optimal operational structure and resourcing requirement to deliver the current and future workloads of all aspects of the fund.
6. Invitations to tender were originally issued to all eight suppliers on the framework in May 2022, for which four response were received.
7. The evaluation panel, comprising the Assistant Director of Finance, the Payments Manager and the Pension Fund Manager, were unable to agree on a preferred provider, so the procurement process was halted.
8. A revised tender specification and pricing schedule was prepared, and the process was relaunched in September 2022. One response was received.

9. Following review by the same evaluation panel, it was agreed to appoint Barnett Waddingham to undertake the review. The contract was awarded on 7 October 2022, for a maximum period of six months.
10. The project will consider a number of factors, including current staffing structures; comparisons with LGPS and private sector funds of similar size to consider resource requirements; with different funds with similar geographical locations to consider their recruitment and retention issues; as well as ensuring that the fund is well placed to address future governance and administration challenges.
11. The lead consultant from Barnett Waddingham will provide further details on the project at the meeting.

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Committee report

Committee	LOCAL PENSION BOARD
Date	26 OCTOBER 2022
Title	DLUHC CONSULTATION: LGPS (ENGLAND AND WALES) GOVERNANCE AND REPORTING OF CLIMATE CHANGE RISKS
Report of	PENSION FUND MANAGER

EXECUTIVE SUMMARY

1. On 1 September 2022, the Department for Levelling Up, Housing and Communities (DLUHC) issued the expected consultation on responding to climate change risks, linking to the Taskforce for Climate Related Financial Disclosure (TCFD) requirements for private sector schemes.
2. This report contains the consultation document and the first thoughts of a potential response to the consultation from the Isle of Wight Council Pension Fund..
3. The consultation period closes on 24 November 2022, so there is time for the response to be shared and agreed with the pension fund committee before the submission deadline.
4. Members should note that this consultation does not cover the investment strategy of the fund and does not seek to restrict or direct towards any specific asset classes or business sectors.
5. Discussions at the board meeting will be directed towards the fund's response to the consultation and the management and reporting of risks; issues regarding disinvestment will not be considered at this stage.

RECOMMENDATION

- | |
|--|
| 6. That board members consider the consultation document and the proposed response and provide any further considerations that may be useful to include in the response. |
|--|

BACKGROUND

7. Appendix 1 to this report contains the consultation document which was issued by DLUHC on 1 September 2022.

8. Appendix 2 contains the initial draft response to the 12 consultation questions, as prepared by the Pension Fund Manager.
9. The draft response has been shared with the scheme member representative on the pension committee and one of the scheme member representatives from the board for initial review and comment, which included:
 - There is an enormous amount of work to get through.
 - We should be looking to share services of other LGPS funds.
 - Consider if we can adopt a statement from another fund (after consideration, review and any amendments); if not – then pick it apart and use it as a guide for creating a new one.
 - We don't need to do this in isolation; we could move ahead with establishing local principles and policies with the help of what other funds have done.
 - Concern that we could be building a whole industry here of setting objectives and targets, detailed measurement and reporting, interpreting and debating, disclosing and dealing with more and more questions.
 - It basically comes down the question – “so what?”
10. Additional thoughts from the Pension Fund Manager:
 - We will be working with colleagues in the ACCESS pool to get information in respect of the pooled holdings and will work with other investment managers to get the data for the investment held outside the pool.
 - What we can't outsource is the decision making, the strategy setting or the understanding.
 - We will need to do something about the output of the reporting, and I hope that eventually this will become embedded in our (and all LGPS) thinking, but initial action will be in determining a starting position.
11. Key local actions will include:
 - Reconvene ESG/RI working group with focus on compliance with the new requirements.
 - Revisit our ESG beliefs and objectives.
 - Commission the baseline data to see where we are.
 - Understand what that means and what we can/need to do about it.
 - Understand what the metrics mean and what our results show.
 - Understand what scenario modelling means, select our scenarios, interpret the results, etc.
 - Consider our target, what it means, actions we need to carry out, timescales.
 - Consider reporting requirements.
 - Committee/board understanding of what we are reporting and how to message that with scheme members, and deal with the potential flurry of questions/criticisms etc.
12. After a very brief discussion on the consultation with the Director of Finance, a further point will be added to the response about the increased burden on compliance for smaller funds. Compliance will result in increased administrative costs, which will ultimately be passed on to employers through increased contribution rates.
13. Appendix 3 contains an extract from the Pension Regulator's draft combined code of practice, in respect of climate change. While TPR does not have any direct

influence over the investment aspects of public service pension schemes, it is considered best practise to take these requirements into account.

APPENDICES ATTACHED

14. Appendix 1: Consultation document – Local Government Pension Scheme (England and Wales): Governance and reporting of climate change risks.
15. Appendix 2: draft initial response.
16. Appendix 3: extract from the Pension Regulators' new code of practice - Climate change.

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e-mail jo.thistlewood@iow.gov.uk

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[Home](#) > [Local Government Pension Scheme \(England and Wales\): Governance and reporting of climate change risks](#)

[Department
for
Levelling
Up,
Housing
&
Communities](#)
(<https://www.gov.uk/government/organisations/department-for-levelling-up-and-communities>)

Open consultation

Local Government Pension Scheme (England and Wales): Governance and reporting of climate change risks

Published 1 September 2022

Applies to England and Wales

Contents

Scope of the consultation

1. Introduction and summary of proposals

2. Proposed requirements
3. Reporting on climate risks
4. Other issues

Summary of consultation questions

About this consultation

Personal data



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Scope of the consultation

Topic of this consultation:

This consultation seeks views on proposals to require Local Government Pension Scheme (LGPS) administering authorities in England and Wales to assess, manage and report on climate-related risks, in line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD).

Scope of this consultation:

DLUHC is consulting on proposals for new requirements on LGPS administering authorities.

Geographical scope:

This consultation applies to England and Wales.

Impact assessment:

The proposed interventions affect the investment of assets by local government pension scheme administering authorities. These authorities are all public sector organisations, so no impact assessment is required.

Body responsible for the consultation:

Department for Levelling Up, Housing and Communities (DLUHC)

Duration:

This consultation will last for 12 weeks from 1 September 2022 to 24 November 2022.

Enquiries:

For any enquiries about the consultation please contact:
LGPensions@levellingup.gov.uk

How to respond:

Please respond by completing an [online survey \(https://consult.levellingup.gov.uk/local-government-finance/lgps-england-and-wales-climate-risk/\)](https://consult.levellingup.gov.uk/local-government-finance/lgps-england-and-wales-climate-risk/).

Alternatively, please email your response to the consultation to LGPensions@levellingup.gov.uk.

Alternatively, please send postal responses to:

LGF Pensions Team
Department for Levelling Up, Housing and Communities
2nd Floor
Fry Building
2 Marsham Street
London
SW1P 4DF

When you reply it would be very useful if you could make it clear which questions you are responding to. Additionally, please confirm whether you are replying as an individual or submitting an official response on behalf of an organisation and include:

- your name
- your position (if applicable)
- the name of organisation (if applicable)
- an email address

1. Introduction and summary of proposals

1. Addressing climate change is one of the major challenges we face in the UK and globally. The UK government is a world leader in commitments to transition to a low carbon economy and in 2019 set the target of achieving net-zero greenhouse gas emissions by 2050.

2. Investment in more sustainable projects and activities is essential in order to reduce climate change and to mitigate its impacts. Investors will also need to understand and manage the financial risks and opportunities arising from climate change in order to protect and grow their assets and cashflow.

3. To enable investors to make high-quality decisions and to encourage better pricing and capital allocation in markets, high quality disclosures will be needed regarding how their assets will affect and be affected by climate change.

4. The international Taskforce on Climate-related Financial Disclosures (TCFD) published a set of recommendations in 2017 with the aims of improving assessment, management, and disclosure of climate-related financial risks. In November 2020, the government announced the UK's intention to make TCFD-aligned disclosures mandatory in the UK across the economy by 2025, with a significant portion of mandatory requirements in place by 2023. The joint [Government Regulators Taskforce's Interim Report, and accompanying roadmap](#)

(<https://www.gov.uk/government/publications/uk-joint-regulator-and-government-tcfd-taskforce-interim-report-and-roadmap>), published alongside the announcement, sets out an indicative pathway to achieving that ambition.

5. In July 2021, the government went further by announcing its new, economy-wide Sustainability Disclosure Requirements (SDR) regime. This regime will build on the UK's world-leading implementation of the TCFD recommendations and streamline UK sustainability reporting. SDR will be broader than financial risk, extending to environmental impact (including disclosures based on definitions contained in the UK Green Taxonomy), and over time, to factors beyond climate, including broader sustainability factors such as environmental and social considerations.

6. In October 2021, the government published details of the regime, along with an implementation pathway, in its publication [Greening Finance: A Roadmap to Sustainable Investing](https://www.gov.uk/government/publications/greening-finance-a-roadmap-to-sustainable-investing) (<https://www.gov.uk/government/publications/greening-finance-a-roadmap-to-sustainable-investing>). This announced the intention to set up an endorsement and adoption function in the UK for standards issued by the International Sustainability Standards Board (ISSB). Standards issued by the ISSB will not have any legal force in the UK until they have been endorsed and adopted to ensure that the Standards applied in the UK reflect UK circumstances. The government will consult on proposals for a framework to introduce reporting against IFRS Sustainability Disclosure Standards in the UK in due course. SDR for the LGPS is not covered in this consultation but we will work with the Scheme Advisory Board to develop proposals.

Role of the LGPS

7. The LGPS is one of the largest pension schemes in the UK with 6.2 million members and a significant UK and global investor with £342 billion of assets in 2022. It is locally managed and funded by 86 administering authorities (AAs). The primary purpose of LGPS investments is to meet the scheme's long-term pension liabilities by balancing risk and return appropriately. However, the LGPS's scale and market power give it an opportunity to drive change through the investment chain through asset managers to investee companies.

8. AAs are already required to consider factors that are financially material to the performance of their investments, including environmental, social, and corporate governance considerations. They also must have a policy stating how such considerations will be considered in [setting their investment strategy](https://www.legislation.gov.uk/ukxi/2016/946/contents) (<https://www.legislation.gov.uk/ukxi/2016/946/contents>). The aim of the proposals in this consultation document is to build on that position by ensuring that the financial risks and opportunities arising specifically from climate change are properly understood and effectively managed by AAs, and that they report transparently on their approach in line with broader UK policy.

9. The government's view is that the requirements for the LGPS should set as high a standard as for private schemes. We have therefore made the [requirements for private schemes](https://www.gov.uk/government/consultations/taking-action-on-climate-risk-improving-governance-and-reporting-by-occupational-pension-schemes-response-and) (<https://www.gov.uk/government/consultations/taking-action-on-climate-risk-improving-governance-and-reporting-by-occupational-pension-schemes-response-and>

[consultation-on-regulations/taking-action-on-climate-risk-improving-governance-and-reporting-by-occupational-pension-schemes](#)) the starting point for our proposals but have aimed to take account of the unique features of the LGPS including its local administration and democratic accountability through the AAs.

10. The UK Energy Security Strategy

(<https://www.gov.uk/government/publications/british-energy-security-strategy>) was published in April 2022 and emphasises the importance of investment in energy by the private sector to improve energy security and support the transition to clean energy. The LGPS has an important role to play as a major investor with a commitment to stewardship and engagement. These proposals seek to support that approach to addressing high carbon emissions and discourage any pursuit of lower emissions through withdrawing investment from energy companies.

Summary of proposals

11. The new requirements on which we are consulting are discussed throughout this document. For ease, we have summarised the key proposals below.

Area	Proposal
Overall	Each LGPS AA must complete the actions listed below and summarise their work in an annual Climate Risk Report.
Scope and Timing	The proposed regulations will apply to all LGPS AAs. The first reporting year will be the financial year 2023/24, and the regulations are expected to be in force by April 2023. The first reports will be required by December 2024.
Governance	AAs will be expected to establish and maintain, on an ongoing basis, oversight of climate related risks and opportunities. They must also maintain a process or processes by which they can satisfy themselves that officers and advisors are assessing and managing climate-related risks and opportunities.
Strategy	AAs will be expected to identify climate-related risks and opportunities on an ongoing basis and assess their impact on their funding and investment strategies.
Scenario Analysis	AAs will be required to carry out two sets of scenario analysis. This must involve an assessment of their investment and funding strategies. One scenario must be Paris-aligned (meaning it assumes a 1.5 to 2 degree temperature rise above pre-industrial levels) and one scenario will be at the choice of the AA. Scenario analysis must be conducted at least once in each valuation period.

Area	Proposal
Risk Management	<p>AAs will be expected to establish and maintain a process to identify and manage climate-related risks and opportunities related to their assets. They will have to integrate this process into their overall risk management process.</p>
Metrics	<p>AAs will be expected to report on metrics as defined in supporting guidance. The proposed metrics are set out below.</p> <p>Metric 1 will be an absolute emissions metric. Under this metric, AAs must, as far as able, report Scope 1, 2 and 3 greenhouse gas (GHG) emissions.</p> <p>Metric 2 will be an emissions intensity metric. We propose that all AAs should report the Carbon Footprint of their assets as far as they are able to. Selecting an alternative emissions intensity metric such as Weighted Average Carbon Intensity (WACI) will be permitted, but AAs will be asked to explain their reasoning for doing so in their Climate Risk Report.</p> <p>Metric 3 will be the Data Quality metric. Under the Data Quality metric, AAs will report the proportion the value of its assets for which its total reported emissions were Verified*, Reported**, Estimated or Unavailable.</p> <p>Metric 4 will be the Paris Alignment Metric. Under the Paris Alignment Metric, AAs will report the percentage of the value of their assets for which there is a public net zero commitment by 2050 or sooner.</p> <p>Metrics must be measured and disclosed annually.</p>
Targets	<p>AAs will be expected to set a target in relation to one metric, chosen by the AA. The target will not be binding. Progress against the target must be assessed once a year, and the target revised if appropriate. The chosen metric may be one of the four mandatory metrics listed above, or any other climate related metric recommended by the TCFD.</p>
Disclosure	<p>AAs will be expected to publish an annual Climate Risk Report. This may be a standalone report, or a section in the AA's annual report. The deadline for publishing the Climate Risk Report will be 1 December, as for the AA's Annual Report, with the first Climate Risk Report due in December 2024. We propose that scheme members must be informed that the Climate Risk Report is available in an appropriate way.</p>

Area	Proposal
Scheme Climate Report	We propose that the Scheme Advisory Board (SAB) should prepare an annual Scheme Climate Report including a link to each individual AA's Climate Risk Report (or a note that none has been published) and aggregate figures for the four mandatory metrics. We also propose that a list of the targets which have been adopted by AAs. We are open to views as to whether any other information should be included in the Scheme Climate Report.
Proper advice	We propose to require that each AA take proper advice when making decisions relating to climate-related risks and opportunities and when receiving metrics and scenario analysis.

*This refers to reported emissions calculated in line with the GHG Protocol and verified by a third-party.

**This refers to reported emissions calculated in line with the GHG Protocol without verification by a third-party.

12. The remainder of this chapter sets out the background to the proposals. In chapter 2, the proposed actions to be undertaken by LGPS AAs are discussed, and chapter 3 sets out the disclosure requirements. Chapter 4 discusses other issues, including our proposal for a Scheme Climate Report and the role of the LGPS asset pools. A summary of the consultation questions is at the end of the document.

Background

The TCFD recommendations

13. The TCFD is a global, private sector led group assembled in December 2015 at the instigation of the Financial Stability Board (FSB), an international body that monitors and makes recommendations about the global financial system. Following extensive public consultation, they published their recommended disclosures in June 2017.

14. The recommendations were designed to be adoptable by all organisations, including those inside and outside the financial industry, from asset managers to asset owners, including banks, insurers and pension schemes.

15. The TCFD designed the set of recommendations as a flexible framework for these organisations. The framework is meant to produce decision-useful, forward-looking information on the financial impacts of climate change. It is also meant to accommodate continued rapid evolution in climate-related modelling, management, and reporting.

16. The final report included 11 recommendations. These are split into Governance, Strategy, Risk Management, and Metrics and Targets.

Core elements of recommended climate-related financial disclosures



Governance: The organisation's governance around climate-related risks and opportunities.

Strategy: The actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.

Risk Management: The processes used by the organisation to identify, assess and manage climate-related risks.

Metrics and Targets: The metrics and targets used to assess and manage relevant climate-related risks and opportunities.

Benefits of the TCFD recommendations for the LGPS

17. A TCFD-aligned approach to climate risks will offer the opportunity for LGPS AAs to build on the relatively high-level requirements of the Local Government Pensions Scheme (Management and Investment of Funds) Regulations 2016 (<https://www.legislation.gov.uk/ukxi/2016/946/contents>). It permits them to demonstrate how the consideration of climate change risks and opportunities are integrated into the AA's entire decision-making process.

18. Carrying out scenario analysis, reporting on appropriate metrics that include greenhouse gas emissions, and setting appropriate targets, would provide valuable inputs to inform an AA's investment strategy. It would also allow AAs to monitor

and review progress and to make amendments to the investment strategy where necessary. Disclosing this information would provide greater transparency to members and taxpayers about how their money is being managed.

19. The flexible structure of the TCFD recommendations also allows AAs to continuously improve climate risk governance and reporting in the light of rapidly increasing data quality and completeness and emerging best practice.

20. Many aspects of the tools and data used for climate-related analysis are still in development, but AAs can take substantive action now to address climate risk and to report on it as part of their duties to scheme members, employers and the public. There are already enough data, analysis and tools to effect real change when AAs use the data to manage risks and opportunities.

Comparison with regime for private pension schemes

21. The Department for Work and Pensions (DWP) has already introduced requirements on climate risk management and reporting for private pension schemes, in regulations which came into force on 1 October 2021. Implementation will be staged for private pension schemes. Private schemes with £5 billion or more in assets were immediately in scope, with those with £1 billion or more to follow in October 2022. Schemes with less than £1 billion in assets are not currently covered. The DWP has published [statutory guidance on the requirements](https://www.gov.uk/government/publications/governance-and-reporting-of-climate-change-risk-guidance-for-trustees-of-occupational-schemes) (<https://www.gov.uk/government/publications/governance-and-reporting-of-climate-change-risk-guidance-for-trustees-of-occupational-schemes>).

22. DWP's intention to implement the UK's new Sustainability Disclosure Requirements (SDR) regime for private pension scheme is outlined in [Greening Finance: A Roadmap to Sustainable Investing](https://www.gov.uk/government/publications/greening-finance-a-roadmap-to-sustainable-investing) (<https://www.gov.uk/government/publications/greening-finance-a-roadmap-to-sustainable-investing>). SDR requirements for the LGPS are not covered by this consultation.

23. The proposals set out in this consultation are broadly similar to the requirements for private pension schemes, and encompass the same four areas of governance, strategy, risk management and metrics and targets. However, a key difference is that our proposed requirements will apply to all LGPS AAs from 2023/24 regardless of fund size. Currently the assets held by LGPS funds range from around £0.5 billion to £25 billion with 65 funds holding less than £5 billion and 8 funds holding less than £1 billion.

24. We recognise that larger LGPS funds are likely to have more capacity to meet new requirements than smaller funds. However, our view is that it would not be right to stage implementation within a single pension scheme in which all funds face climate risks, are democratically accountable and subject to high external scrutiny. We also believe that the LGPS asset pools can play a key role in supporting implementation (see discussion in Chapter 4).

25. Another key difference is the proposed requirement to report data quality as a mandatory metric. This aims to help the LGPS use its scale and market power to drive improvements in the quality of emissions data, which will be a critical factor in

raising the quality of climate risk management.

Other relevant regulated areas

26. Pension schemes sit at the top of an investment chain, whereby the assets are usually invested in products via a financial intermediary, who may then invest directly in products such as equities. Therefore, schemes rely on high quality data being provided up the chain to produce meaningful climate related disclosures. In preparing these proposals we have been mindful of regulation in other areas which may impact the ability of LGPS AAs to carry out the requirements.

27. The Department for Business, Energy and Industrial Strategy (BEIS) has consulted on TCFD-aligned regulations for certain publicly quoted companies, large private companies, and Limited Liability Partnerships (LLPs). The requirements came into effect in April 2022^[footnote 1].

28. The Financial Conduct Authority (FCA) have introduced a [new listing rule and guidance](https://www.handbook.fca.org.uk/instrument/2022/FCA_2022_6.pdf) (https://www.handbook.fca.org.uk/instrument/2022/FCA_2022_6.pdf) which requires commercial companies with a UK premium listing to include a compliance statement in their annual financial report. This statement must indicate whether the company has made disclosures consistent with the recommendations of the TCFD or provide an explanation if it has not done so.

29. In addition, the FCA has introduced TCFD related rules and guidance at the portfolio and entity level for asset managers, life insurers, and FCA-regulated pension providers. This is particularly relevant to the LGPS as some of the LGPS asset pools will be subject to these requirements in their capacity as asset managers.

30. The Pensions Regulator (TPR) also has a role in this area. It has published [guidance intended to help trustees of private sector occupational pension schemes](https://www.thepensionsregulator.gov.uk/en/document-library/scheme-management-detailed-guidance/funding-and-investment-detailed-guidance/climate-related-governance-and-reporting) (<https://www.thepensionsregulator.gov.uk/en/document-library/scheme-management-detailed-guidance/funding-and-investment-detailed-guidance/climate-related-governance-and-reporting>). While TPR has no remit regarding the investments of LGPS funds, their advice and guidance may be useful for LGPS AAs wishing to adopt best practice. In addition, TPR has a role in overseeing the governance of LGPS AAs, which would include the governance requirements outlined here.

31. Our proposals are intended to facilitate consistency across the investment chain and take account of these consultations and requirements by other regulators.

32. Finally, we view these proposals as the first step on the journey to implementing in full the new UK Sustainability Disclosures Regime, [announced by the then Chancellor in July 2021](https://www.gov.uk/government/news/chancellor-sets-out-how-uk-financial-services-can-create-prosperity-at-home-and-project-values-abroad-in-first-mansion-house-speech) (<https://www.gov.uk/government/news/chancellor-sets-out-how-uk-financial-services-can-create-prosperity-at-home-and-project-values-abroad-in-first-mansion-house-speech>).

2. Proposed requirements

33. The TCFD recommendations cover requirements in four areas: governance, strategy, risk management, and metrics and targets. In this chapter, we discuss how these recommendations can be implemented in the LGPS, taking account of its existing structure and framework. We also set out our proposed requirements for AAs. Proposals on disclosure in relation to each area are discussed in Chapter 3.

34. The proposed requirements relate only to the assets and liabilities in respect of the pension scheme and not to other AA activity. For example, emissions caused by travel to meetings, or office provision, would not need to be disclosed as they are not directly attributable to the assets of the LGPS.

Governance

35. The TCFD recommendations on governance aim to place development of a robust climate governance framework at the centre of an organisation's operations. The framework itself is designed to be adoptable by all organisations and easily translatable into sector-specific arrangements.

36. For LGPS AAs, however, we believe that the governance requirements in particular may require some adjustment in order to reflect the nature of their existing governance.

37. The role of the AA's scheme manager is broadly similar to that of the board, as described in the TCFD recommendations. The scheme manager of an LGPS AA usually takes the form of a pensions committee, and is assisted by the local pensions board. The scheme manager is accountable for funding strategy, investment strategy, asset allocation, and overall risk management. It will therefore be responsible for the assessment and management of climate risks and opportunities in relation to the investments. The LGPS asset pool in which the AA is a partner, in turn, is responsible for implementation of the investment strategy except in respect of non-pooled assets which remain with the fund.

38. Decisions on investment matters may therefore be taken by the scheme manager, informed by advice from external advisers and officers, or delegated to an officer or to the pool. All have important roles in effectively assessing and managing climate change risk and opportunities, and all will be central to the AA's efforts to fully embed climate risks into their governance processes.

39. The scheme manager will need to appoint properly qualified advisers, fully consider their advice, and take appropriate action in order to address these risks. The committee's officers and advisers and the pool, where appropriate, will need to provide advice which is accessible for non-specialists and adequately addresses climate risks to the fund, bringing in additional expertise where needed. We propose to provide statutory guidance to assist AAs. The role of the LGPS asset pools and knowledge and skills requirements are discussed further in Chapter 4.

40. However, we are not proposing to place any legal duties on individuals, whether officers or advisers, or on the pool. Our proposal is to place new duties on AAs to:

- establish and maintain, on an ongoing basis, oversight of climate related risks and opportunities
- establish and maintain processes by which they can, on an ongoing basis, satisfy themselves that those who undertake climate-related governance activities, advisors, and those who assist the AA (including officers and advisors) with respect to climate related governance are doing so effectively.

Question 1: Do you agree with our proposed requirements in relation to governance?

Strategy

41. The TCFD's recommendations on strategy are intended to promote continuous assessment of the implications of climate change for an organisation's strategy.

42. For AAs, climate risks will be relevant to both their investment and funding strategies. AAs will need to consider what physical and transition risks and opportunities may affect both strategies and over what time periods. These may include a wide range of factors, including carbon pricing, adoption of new technology or lower carbon alternatives, and extreme weather events.

43. AAs will also need to assess the impacts of the identified risks and opportunities over the same time periods on their strategies. They also need to consider what actions to take in response. The assessment will need to take account of the materiality of the risks, and the liquidity and time horizon of the assets, as well as the cashflow and liabilities of the fund. It will be for the AA to determine the appropriate time periods and to take a view on materiality of risks taking account of these factors.

44. We propose to provide statutory guidance to assist AAs to identify risks and opportunities, and to assess the impacts, including consideration of factors to be taken into account.

45. Our proposal is to place new duties on AAs to:

- identify, on an ongoing basis, climate-related risks and opportunities that will impact the investment and funding strategy of the AA, over the short, medium and long term.
- assess, on an ongoing basis, the impact of the identified risks and opportunities on the AA's investment and funding strategy.

Question 2: Do you agree with our proposed requirements in relation to strategy?

Scenario analysis

46. The TCFD recommends that organisations undertake scenario analysis in order to improve the quality of strategies. It recommends that organisations consider credible, distinctive, and relevant scenarios for the future path of climate change and that they test the assessment of impacts and the proposed actions against these scenarios.

47. Scenario analysis is particularly relevant to AAs seeking to assess the medium- and long-term impacts of climate change on their assets, liabilities and strategies. These longer-term potential impacts, as well as sudden events such as climate tipping points, may not be captured by traditional risk management, particularly where there are high levels of uncertainty. Scenario analysis can also help to create and maintain strategies which take full account of climate risks and opportunities.

48. We recognise that at present the use of climate scenarios is still new and that current assumptions and methodologies vary. Data quality and availability may also be a problem particularly for some asset classes. Nevertheless, we expect the development of expertise, methodologies, and data to accelerate rapidly in the next few years and hope to see greater consensus in the future.

49. We therefore propose that regulations would require AAs to conduct scenario analysis as far as they are able to. This analysis may be qualitative or quantitative, but we would expect AAs to carry out quantitative analysis where possible and to expand the assets covered by quantitative analysis as quickly as possible.

50. We also propose to provide statutory guidance on scenario analysis to assist AAs, including guidance on dealing with missing or poor-quality data and other barriers. We would expect AAs to aim to do the best scenario analysis that they can, and to aim to improve their scenario analysis over time.

51. The TCFD also recommends that organisations consider a range of climate scenarios, including a scenario based on global temperatures increasing by 2°C or lower over pre-industrial levels. The 2° or lower scenario is important because this level of temperature rise is believed to limit catastrophic physical risks such as flooding and droughts, but there may still be significant short term transition risks due to changes to policy, technology and markets. Scenarios based on higher temperature rises may see more impacts from physical risks both in the short and long term, with lower transition risks.

52. We therefore believe that AAs must consider two or more climate-related scenarios, at least one of which must be a scenario of 2°C or lower temperature rise. AAs will need to assess their assets and liabilities, and their investment and funding strategies against these scenarios.

53. Investment and funding decisions are made triennially in accordance with the valuation cycle. As scenario analysis should feed into these decisions, we recommend that it is incorporated into the valuation cycle and carried out at least every three years. In the interim years, AAs should consider whether a new

scenario analysis should be carried out to reflect any changes in the fund. In a normal year, where there have been only minor changes in the scheme, we would not expect AAs to repeat scenario analysis given it is a substantial piece of work.

54. We propose to place a new duty on AAs to:

- assess their assets, liabilities, investment strategy and funding strategy against climate risks and opportunities in at least two climate scenarios. This assessment must include at least one scenario based on a global temperature rise of 2°C or lower on pre-industrial levels. This assessment must occur at least once every valuation cycle. In interim years, AAs must consider whether any changes in the fund have been substantial enough to require scenario analysis to be repeated.

Question 3: Do you agree with our suggested requirements in relation to scenario analysis?

Risk management

55. The TCFD's recommendations aim to ensure that risk management in relation to climate risks is rigorous, comprehensive, and fully integrated into wider risk management.

56. In line with the TCFD recommendations, we propose that regulations require that AAs identify and assess their fund's exposure to climate-related risks and take action to manage the risks identified. This will include consideration of both physical and transition risks and the materiality of those risks, as well as proximity and likelihood.

57. This means having effective processes for identifying climate-related risks and opportunities, and assessing their likely impact on assets, liabilities, investment and funding strategies. We propose that guidance will support AAs in ensuring they have the most appropriate processes in place and that they consider the full range of relevant factors and types of risk and opportunity.

58. AAs will already have risk management processes in place to manage investment risks. We therefore propose to require AAs to integrate these climate-related processes in their existing risk management processes. AAs may also wish to identify, assess and take action on climate-related opportunities, and integrate the consideration of these opportunities in their risk management. We propose to provide statutory guidance to assist AAs.

59. Our proposed requirements are for AAs to:

- Establish and maintain processes for the purpose of enabling them to identify and assess climate-related risks.

- Establish and maintain processes for the purpose of enabling them to effectively manage climate-related risks.
- Ensure, on an ongoing basis, climate-related risk management processes are integrated into their overall risk management.

Question 4: Do you agree with our proposed requirements in relation to risk management?

Metrics

60. The TCFD recommends that organisations select and disclose metrics to assess and monitor climate risks and opportunities over time. This section discusses the various metrics under consideration.

61. We propose to require AAs to measure and disclose four metrics: Total Carbon Emissions, Carbon Footprint, Data Quality and a Paris Alignment Metric. Total Carbon Emissions and Carbon Footprint both use emissions which can be divided into Scope 1, 2 and 3. The metrics relate to assets held by the AA in respect of paying benefits, not to other activity carried out by the AA such as travel.

Scope 1, Scope 2 and Scope 3 emissions

62. Scope 1 emissions are all direct emissions from the activities of an organisation or activities under its control. These emissions include fuel combustion on site such as gas boilers.

63. Scope 2 emissions are indirect emissions from electricity purchased and used by the organisation. Emissions are created during the production of the energy which is eventually used by the organisation.

64. Scope 3 emissions are all other indirect emissions from activities of the organisation, occurring from sources that they do not directly control. These are sometimes the greatest share of a carbon footprint, covering emissions associated with business travel, procurement, production of inputs, use of outputs, waste, and water.

65. Scope 1 and Scope 2 emissions are much more widely available and reliable statistics, which are highly desirable features in understanding an asset's carbon exposure. Scope 3 emissions are less widely reported, and when they are reported, they are often calculated on an approximate basis.

66. For many assets, Scope 3 will be by far the largest single category of emissions, and therefore excluding Scope 3 would significantly underreport total emissions. Excluding Scope 3 emissions will also favour some industries such as online retailers which have low Scope 1 and 2 but high Scope 3 emissions.

67. Therefore, in including Scope 3 emissions in reporting there is a trade-off. Reporting a figure which includes Scope 3 emissions is subject to more inaccuracy than Scopes 1 and 2. However, we propose to require reporting on all three types of emission as this gives the fullest picture of carbon exposure.

Absolute emissions metric: Total carbon emissions

68. Absolute emissions metrics measure the overall carbon emissions attributable to the fund's invested assets. A figure for total carbon emissions enables the AA to set a baseline for climate action and to understand the scale of the climate impact of its investments. Without a clear baseline, AAs cannot assess the impact of different scenarios.

69. We propose to require AAs to obtain, as far as they are able to Scope 1, Scope 2 and Scope 3 GHG emissions for the fund's assets – that is, the pension scheme's financed emissions. These are the emissions referred to as category 15 (investment emissions) in the Greenhouse Gas (GHG) Protocol Technical guidance (<https://ghgprotocol.org/scope-3-technical-calculation-guidance>). This measure is referred to as Total Carbon Emissions.

70. We propose that Scope 1, Scope 2 and Scope 3 emissions should be recorded separately and that the sum of the three should also be reported. Therefore, four figures should be reported to comply with the Total Carbon Emissions Metric.

71. There are different methodologies for attributing carbon emissions to investments. We propose to clarify the appropriate methodology in supporting guidance.

72. We propose that Total Carbon Emissions is calculated and reported annually via the Climate Risk Report (see Chapter 3).

73. The Total Carbon Emissions should be reported at the level of the whole of the fund. That is, it should be the total of the carbon emissions of all of the investments it holds. If the AA wishes, they may wish to consider the Total Carbon Emissions for each of its investments separately as well, as doing so may give the AA a clearer picture of where its carbon exposures lie. However, investment level reporting is not required in the annual Climate Risk Report.

Emissions intensity metric: Carbon footprint

74. Absolute emissions are a useful baseline to assess the fund's overall carbon exposure. However, they are hard to compare across assets and across funds, because larger investments naturally will have larger emissions.

75. We therefore propose that an Emissions Intensity Metric is calculated in addition. This should be calculated by dividing the Total Carbon Emissions by the total assets held by the fund for which data was available or estimated. This calculation we refer to as Carbon Footprint.

76. Carbon Footprint is easier to interpret as it does not depend on the size of the investment. A disadvantage of this metric however is that an increase in market capitalisation or revenue, all else being equal, will result in a decrease in the AA's emissions per £ million invested.

77. As explained above, using Scope 1 and 2 emissions only produces a more reliable but less complete picture of carbon exposure. We propose that Carbon Footprint is reported for Scope 1, Scope 2 and Scope 3 emissions, in each case calculated as Scope X Emissions divided by Assets for which Scope X emissions were available or estimated.

78. We propose that Carbon Footprint is calculated and reported annually via the Climate Risk Report (see Chapter 3).

79. We propose that only the top-level figure at the whole fund level is required to be produced and reported by AAs.

80. We propose that funds should report Carbon Footprint, however if they cannot do so they should report another similar metric such as Weighted Average Carbon Intensity. In these cases, the administering authority should explain why they have done this.

Data quality and the data quality metric

81. The lack of available data is a commonly reported pitfall when schemes seek to calculate the TCFD's emissions metrics. Few, if any, AAs will be able to obtain full underlying data to allow the calculation of metrics across their whole fund at present.

82. Where gaps in data do exist, it should be regarded as preferable to use modelling or estimation to fill them, rather than to leave them unaddressed or reporting as null. Beginning with estimated or proxy data can help identify carbon-intensive areas within investments. This also serves as a benchmark for asset-specific data points as and when they become available. AAs may choose to calculate metrics and set targets only for assets for which reliable data can be found. AAs may also request that service providers analyse their funds using market average techniques and assumption-based modelling.

83. We regard the inevitable gaps in data as being an important part of the challenge AAs face. We believe that the level of certainty in the data should be understood by those making decisions and should also be visible externally.

84. We also believe that the LGPS can play its part in increasing data availability and quality through increasing transparency on data quality and by adopting metrics consistent across the LGPS and private pension schemes. We therefore propose that regulations require that AAs obtain data on data quality as far as they are able and calculate a data quality metric. We also propose that guidance should set out how AAs should assess and disclose the quality and availability of data.

85. We propose that AAs should state the percentage of the value of their assets for which emissions have been Verified, Reported, Estimated or are Unavailable.

86. “Verified” and “Reported” are defined as data produced using the methodology for reporting and verifying carbon emissions given in the GHG protocol. Data can be verified by an independent third party, not necessarily an audit firm. “Estimated” includes data which has been estimated, for example using industry averages or modelling based on assumptions.

87. Where an asset has associated emissions data but the data quality as defined above cannot be confirmed, then it should be classed as estimated. “Unavailable” means that emissions data was unavailable, not that confirmation of the data quality was unavailable.

88. The data quality metric should be reported for Scope 1, Scope 2 and Scope 3 emissions separately.

89. The data quality metric on its own does not replace proper scrutiny of data. Examples of this include data which is “reported” but may not have been reported recently and it may not be completely clear whether emissions relate to a whole company or a subsection of it. “Unknown” data may be known to the company but not submitted to investors. AAs are encouraged to ask questions of their fund managers to be effective stewards of their data. Third party firms may be used to investigate and summarise issues such as these into an overall narrative to be included in the Climate Risk Report.

90. We propose that only the top-level figure for each Scope of emissions is required to be produced and reported by AAs in the Climate Risk Report.

Paris alignment metric

91. The TCFD’s guidance recommends that financial institutions should describe the extent to which their activities are aligned with a well-below 2°C scenario (i.e. with the goals of the Paris agreement), which is consistent with net zero carbon emissions by 2050. 92. We propose to introduce a requirement that the LGPS AAs should report a Paris Alignment Metric in line with the TCFD’s recommendation.

93. Paris Alignment Metrics look at the future trajectory of emissions, whereas Total Carbon Emissions and Carbon Footprint only measure emissions which have already taken place. Forward-looking metrics such as Paris Alignment are more useful for active decision making than historic ones. They will be key to investors robustly assessing and reporting their portfolios’ alignment with their own climate goals and may help address exposure to transition risk. They are also useful for plotting trends over time.

94. There are multiple ways to report Paris Alignment Metrics, which are explored in the Portfolio Alignment Team’s [Measuring portfolio alignment: Technical Considerations](https://www.tcfdhub.org/wp-content/uploads/2021/10/PAT_Measuring_Portfolio_Alignment_Technical_Considerations.pdf) (https://www.tcfdhub.org/wp-content/uploads/2021/10/PAT_Measuring_Portfolio_Alignment_Technical_Considerations.pdf), which was commissioned by the TCFD. This states that financial institutions should use whichever portfolio alignment tool best suits their institutional context and capabilities, and describes three main types of portfolio alignment metrics, as follows:

- binary target measurements: This tool measures the alignment of a portfolio with a given climate outcome based on the percentage of investments in that portfolio that either have declared net zero/Paris-alignment targets or are already net zero/Paris-aligned.
- benchmark divergence models: These tools assess portfolio alignment by comparing the forecast emissions performance of investments or counterparties in the portfolio against benchmarks.
- implied temperature rise (ITR) models: these tools translate an assessment of alignment with a benchmark into a measure of the consequences of that alignment in the form of a temperature score.

95. These metrics are ambitious and if calculated reliably can create an extremely useful picture of a fund's climate risks. ITR in particular links a portfolio to a specific climate outcome in a way which is scientific, incentivises action and is comprehensible to the lay audience.

96. The main problem with Paris Alignment Metrics is data, as in most cases only limited or approximate data is available. At best this means only a partial view is possible, and at worst it can create a false picture of the true exposure of a fund by over- or underestimating the metric.

97. However we believe that an imperfect metric will still be useful. Calculating ITR will be useful for funds to understand their carbon trajectories. Moreover, the more funds choose to calculate the ITR the faster the data will improve.

98. The LGPS has a responsibility to its members, employers and the public, and the Government considers it important that publicly accessible data is accurate and as useful as possible. In addition, it is useful for funds to report consistently with each other and for the results to be possible to aggregate into an overall scheme view for the LGPS.

99. We regard the Binary Target Measure to be the most appropriate for the LGPS at this point having taken these factors into account. It is simple to understand while still providing useful insights, and less subject to the data issues which exist for the other metrics. As data improves, the Government may change its approach to reflect this, and we encourage the LGPS and the sector to take a lead in promoting the most useful metrics.

100. Therefore, we propose that all AAs should report the percentage of their total assets with declared net zero or Paris-aligned targets. This is the Binary Target Measurement described above.

101. We also encourage AAs to calculate other Paris Alignment Metrics which they consider to be useful in managing their climate risks. We note that it is not only the commitment to net zero but also the pathway towards net zero which dictates Paris-alignment. For instance, a company may have made a net zero commitment, but still be making insufficient emissions reductions in the short term. For this reason, AAs should consider whether collecting and reporting an additional Paris Alignment Metric would be useful.

102. We propose that only the top-level figure at the whole fund level is required to be produced and reported by AAs.

Other metrics

103. We have proposed requirements for four metrics. However, we do not intend to limit the range of additional and more ambitious metrics AAs may select. The Government encourages AAs to calculate other metrics which are endorsed by the TCFD, such as Climate Value at Risk (VAR)^[footnote 2].

Guidance and regulation

104. We propose that the requirement to publish metrics is set out in regulations, but that the metrics themselves are defined in statutory guidance. This has the advantage that as metrics become more available and accurate over time, changes may be made to update the metrics without amending regulations.

Summary of metrics proposals

105. We propose to require AAs to calculate and report the following metrics:

- Metric 1 (absolute emissions metric) - Total Carbon Emissions, which includes the Scope 1, 2 and 3 emissions reported separately, as well as the sum of the three.
- Metric 2 (emissions intensity metric) - Carbon Footprint. This is Carbon Emissions divided by the total assets of the fund to which the data relates. It should be calculated separately for Scope 1, Scope 2 and Scope 3 emissions.
- Metric 3 (data quality metric) – the percentage of assets for which Scope 1, 2 and 3 emissions are verified, reported, estimated or unavailable, in line with the GHG Protocol.
- Metric 4 (Paris Alignment Metric) – the percentage of the fund’s assets for which a public Paris aligned commitment has been made, i.e. net zero by 2050.

106. We also propose to recommend in statutory guidance that AAs consider whether they wish to calculate any other climate related metrics recommended by the TCFD in order to inform assessment of climate risks.

Question 5: Do you agree with our proposed requirements in relation to metrics?

Targets

107. The TCFD recommends that organisations set targets based on the metrics they select, including a target date, baseline and performance indicators, in order to focus efforts on managing climate risk.

108. The metrics proposed support AAs to assess the current climate risks and opportunities to their assets. Targets will assist AAs to take the next step to set their strategy for managing climate risks and opportunities to the fund and to measure their progress, as well as increasing accountability.

109. We therefore propose that regulations require at least one target to be set either for one of the mandatory metrics listed above or another TCFD-endorsed metric. This additional metric may be one of the more ambitious climate-related metrics, such as Climate VAR or Implied Temperature Rise, but must be limited to metrics endorsed by the TCFD or any of the mandatory metrics.

110. We also propose that AAs should be required to measure and report performance against their targets annually, as far as they are able, as for the requirement on obtaining data. This recognises that measuring and disclosing performance is dependent on data provided by others in the investment chain, in the same way as the requirement to obtain data for metrics. In order to ensure that targets are used and kept up to date, AAs will also be required to consider annually whether to continue with the target or replace it. We propose to provide statutory guidance to assist AAs.

111. Our proposed requirements for AAs are:

- AAs must set a target for their fund in relation to one of the metrics which they have selected. The target may be in relation to one of the mandatory metrics (absolute emissions, emissions intensity, data quality or Paris alignment), or any other climate-related metric endorsed by the TCFD which the AA chooses.
- AAs must annually measure, as far as they are able, the performance of their fund against the target they have set and taking into account that performance, determine whether the target should be retained or replaced.

112. There is no expectation that AAs should set targets which require them to divest or invest in a given way, and the targets are not legally binding.

Question 6: Do you agree with our proposed requirements in relation to targets?

As far as able

113. We propose that AAs must carry out scenario analysis, obtain data, calculate, and use metrics and measure performance against AA-set targets 'as far as they are able'. This means that AAs are expected to take all reasonable and proportionate steps given costs and time constraints. However, we recognise that there will inevitably be some gaps in the work produced, and while we would expect AAs to do as much as they can we recognise that some elements are outside of their control. Therefore, where authorities are not able to comply with these proposals, they must include in their report both the areas and reasons where they are not able to comply in full.

114. The requirement for AAs to comply as far as they are able will enable them to produce metrics for only part of the portfolio or using estimation or incomplete data sets. This will still be decision-useful information for AAs. The urgency of climate change means that the AAs cannot wait until they have perfect data before they start putting it to use.

Ongoing and annual duties

115. We distinguish between ongoing and discrete duties. For duties which are regular discrete events such as reporting, we have proposed specific time intervals for AAs to follow. Ongoing duties on the other hand are those which do not take place as a distinct event but a continuous requirement. For example, AAs should always be managing the risks of the fund, and so we would think of risk management as an ongoing requirement. In practice, we recognise that these requirements will be considered at regular intervals as well, but the requirement itself would be ongoing.

116. All duties are ongoing, except requirements to conduct scenario analysis, calculate metrics, and set and review performance against targets.

117. Scenario analysis must be carried out in the reporting year 2023/24 and at least every three years thereafter. In the intervening years, AAs should review whether circumstances have changed enough to refresh their analysis. This decision should take account of availability of data, or a significant change in investment or funding strategy. AAs should explain in their Climate Risk Report whether they have carried out a new analysis, and if not give a short explanation as to why.

118. Underlying data for metrics and targets must be obtained, the metrics calculated, and performance against targets measured, at least annually.

3. Reporting on climate risks

119. High quality reporting on climate risks is central to the TCFD's recommendations. The aim is to enable stakeholders to understand as fully as possible their climate exposures and the AA's approach to addressing those risks, in the short, medium and long term. Transparency will also enable users of the reports to measure and monitor current performance against targets and the planned trajectory and to assess the implications for future performance.

120. To achieve these aims in the LGPS, reporting will need to be clear, comprehensive and consistent, as well as timely, verifiable and comparable across the sector, in line with the TCFD's principles for effective disclosure^[footnote 3]. This chapter sets out our proposals ensuring that reporting both at AA and at scheme level meets these standards, and delivers proper accountability to members, locally and across the scheme.

Annual climate risk report

121. We propose that each AA publishes a Climate Risk Report every year, at the same time as the AA's annual report is published – i.e. 1 December for the reporting year which ended the previous 31 March. Once published, the Climate Risk Report must be easily and freely accessible online and members must be informed of where to find it. In addition, links to each AA's Climate Risk Report will be included in the Scheme Climate Report and may be shown on the Scheme Advisory Board's (SAB) website. The Climate Risk Report may be a constituent part of the AA's Annual Report, or a standalone report.

122. This means that the first report for the year 2023/24 must be available by 1 December 2024.

123. The Climate Risk Report should be accessible to two distinct types of user: specialist and non-specialist. The Climate Risk Report will contain detailed and useful data, and we hope that the metrics, targets and scenario analysis in particular will be important resources for specialist audiences. This role of the Climate Risk Report may require it to be technical in content, and dense with information.

124. In addition, various non-specialist stakeholders including scheme members, members of the public and other parties will also need to be considered. The Climate Risk Report should include enough information to be understood by the lay reader.

125. The AA will have to decide on how best to approach these dual requirements. One approach is to split the Climate Risk Report into two sections: a body and a short executive summary. The executive summary would be written to explain the AA's approach and high-level findings to the lay reader. This allows the body of the Climate Risk Report to be technical as is useful to specialist audiences. We regard this as a very effective way to address this balance, although other approaches would also be valid.

126. We would like to stress that the narrative provided in the Climate Risk Report will be as valuable as the data for most audiences. Metrics by themselves are difficult to interpret for the lay reader.

127. For example, differences in an AA's investment allocation, such as its strategic allocations between the main asset types will affect its carbon emissions. Moreover, a high carbon exposure or poor alignment with the Paris climate goals may be managed by effective stewardship and engagement from the AA. AAs should ensure that messages such as these are presented in a way to help the lay reader interpret the report and understand the fund's strategy towards managing the risks from climate change.

128. It is important that the report must be easily accessible to scheme members, on the AA's website and via an internet search. We propose that AAs must at least inform members of the Climate Risk Report and how to find it when they issue their

annual benefit statements. This does not necessarily mean including wording in the annual benefit statement itself.

129. Climate Risk Reports should be produced in line with the Local government transparency code 2015 (<https://www.gov.uk/government/publications/local-government-transparency-code-2015/local-government-transparency-code-2015>).

130. We propose that the Climate Risk Report must include the following information:

Area	Disclosure Requirement
Governance	<p>Describe the AA's oversight of climate-related risks and opportunities</p> <p>Describe the role of any person other than the scheme manager who undertakes relevant governance activities and the process by which the committee satisfy themselves that this is being done</p> <p>Describe the role of any person who (other than a legal advisor) advises the scheme manager on relevant governance activities and the process by which the committee satisfies itself that adequate steps are being taken</p>
Strategy	<p>Describe the climate-related risks and opportunities which the scheme manager has identified</p> <p>Describe the scheme manager's definition of short term, medium term and long term</p>
Scenario Analysis	<p>Describe the most recent scenarios the scheme manager has analysed</p> <p>Describe the impact of the climate-related risks and opportunities on the AA's investment and funding strategies</p> <p>Describe the potential impacts on the AA's assets and liabilities which the AA has identified in the most recent scenarios and the reason for any data which is missing from the analysis</p> <p>Describe the resilience of the AA's investment and funding strategies in the most recent scenarios the AAs have analysed</p>

Area	Disclosure Requirement
Risk Management	<p>Describe the processes which the AA has established for identifying and assessing climate-related risks to their fund</p> <p>Describe the processes which the AA has established for managing climate-related risks to the AA</p> <p>Describe how these processes are integrated into the AA's overall risk management</p>
Metrics	Report the metrics which the AA has calculated (or an explanation as to why these were not possible to calculate)
Targets	Report the target which the AAs have set and the performance of the AA against that target.

Question 7: Do you agree with our approach to reporting?

Scheme climate risk report

131. In addition to the Climate Risk Reports published by each AA, we are proposing an annual Scheme Climate Risk Report to provide an overview of the LGPS and climate risks, produced by the Scheme Advisory Board (SAB). Such an overview would be useful for scheme members and other stakeholders. It would also enable the LGPS to demonstrate progress and impact, and showcase good practice.

132. We therefore propose as a minimum that the Scheme Climate Risk Report would include links to each AA's Climate Risk Report and the four aggregated metrics for the whole LGPS.

133. In relation to metrics, we propose that Total Carbon Emissions and Carbon Footprint should be calculated and reported at an aggregate level. This would involve a simple sum of Total Carbon Emissions for Aggregate Total Carbon Emissions. In order to calculate Aggregate Carbon Footprint, this would be calculated as Aggregate Total Carbon Emissions divided by the overall size of the LGPS investment portfolio for which total emissions are at least estimated. This would be done separately for Scope 1, Scope 2 and Scope 3 emissions.

134. When reporting the data quality metric, each AA must report the proportion of its assets for which overall emissions data is: Verified, Reported, Estimated or Unavailable. One reason that we have proposed this metric is that it can be aggregated across AAs. As risk management is a key objective of TCFD reporting, we believe that visibility of data quality, which is essential to the understanding of

risk, will be a useful way to measure progress. Therefore, we propose to show overall data quality in the Scheme Climate Report, whereby the LGPS's entire assets will be divided into verified, reported, estimated and unknown.

135. We propose that the SAB reports on an aggregate Paris Alignment Metric based on AA level reports. This would show the proportion of the value of the whole LGPS's assets for which there is a net zero commitment in line with the Paris goals.

136. In the above paragraphs we have outlined our minimum proposals for the Scheme Climate Risk Report. In addition, we are inviting views about whether emissions, data quality and Paris-alignment metrics for each AA should be shown in the Scheme Climate Risk Report.

137. Emissions and data quality metrics will already be available in the Climate Risk Reports published by each AA and it will be possible to make comparisons between AAs. AAs may be concerned about being compared unfairly, and may fear that this may lead to pressure to reduce emissions through divestment. There is no expectation from Government that AAs should reduce emissions via divestment.

138. We recognise that transparency is an important feature of the LGPS's approach to managing climate risks. It is important for all those to whom the Scheme is accountable have easy access to climate-related information.

139. We do not propose to include any aggregate data on the scenario analysis requirement. This is because scenario analysis may be very difficult to aggregate in a meaningful way.

Question 8: Do you agree with our proposals on the Scheme Climate Risk Report?

4. Other issues

140. This chapter deals with a number of other issues relevant to the implementation of the TCFD recommendations in the LGPS.

The role of the LGPS asset pools

141. Since 2015, 8 LGPS pools have been set up with the aim of securing the benefits of scale including more professional management, reduced investment costs, increased net returns, improved resilience, and access to a wider range of assets, including infrastructure. Many of the pools have developed significant capabilities in relation to climate risks and responsible investment more broadly.

142. As of March 2021 around 80% of the Scheme's assets are either pooled, in a transition plan to be pooled, or have some oversight by their pool, although the proportion varies widely across AAs and across pools. For pooled assets, we expect that the pools will be able to provide data, calculate metrics and carry out scenario analysis on these assets where that data is available. There are differing views on the extent to which pools will be able to deliver these services for assets that are not held by the pool, especially where there are already contracts with data providers in place. Some pools will already be able to provide advice on data, metrics and scenario analysis and other relevant issues or will wish to develop or jointly commission such advice.

143. In this landscape there is potential for a multiplicity of different analyses and reports to be required on the same LGPS assets. Pool operators are required to report on climate risks in relation to pooled assets by the Financial Conduct Authority. If AAs' strategies significantly differ it will be resource intensive for their pool to produce analysis for them.

144. We expect to see this issue reduce in importance over time as more assets transition into the pools. AAs which have transferred close to 100% of their assets excluding cash to their pools would be able to use the analyses conducted by their pool for their own purposes. AAs could also minimise this issue by aligning their strategies and targets within their pool and ensuring as shareholders that the pool's strategy also aligns with that of the partner AAs. This would enable AAs to commission their pool to conduct analyses for both pooled and non-pooled assets on a consistent basis with the pool's own reporting. Both completing transition and aligning strategies would also have significant wider benefits for costs and performance through delivering greater scale.

Question 9: Do you have any comments on the role of the LGPS asset pools in delivering the requirements?

Guidance and reporting template for administering authorities

145. DLUHC intends to provide high level statutory guidance to accompany changes to regulations. This will include guidance relating to the governance activities required of AAs and the Climate Risk Report. We have also asked the SAB to produce more detailed operational guidance.

146. The SAB will also be asked to produce a standard template which AAs will be required to follow in producing their Climate Risk Report. This will help AAs to comply with the requirements, and help to ensure that the Scheme Climate Risk Report is as comprehensive and consistent as possible.

Question 10: Do you agree with our proposed approach to guidance?

Knowledge, skills and advice

147. It is important that individuals making decisions in response to climate-risk management processes have the adequate skills and information to make choices. While we will not be imposing any legal requirement on an individual's knowledge and skills, we wish to promote best practice in our approach. It is important to note that scheme managers are not expected to be technical experts in climate science or climate finance. However, a base knowledge regarding climate risks will be necessary in order to, for example, interpret the results of scenario analysis.

148. Firstly, we propose to require that AAs must take proper advice regarding assessing and managing climate risks. This should help the scheme manager, who may not be a technical expert to take proper account of climate risks in setting their investment strategy and asset allocation.

149. AAs will need to satisfy themselves that the advice is high quality and provided by appropriately qualified people. We welcome views as to how this may be practically ensured. We welcome responses on whether and how pools could jointly procure expert advice for their partner funds.

Question 11: Do you agree with our proposed approach to knowledge, skills and advice?

Consideration of impact on protected groups

150. Section 149 of the Equality Act 2010 requires Government to have due regard to the potential impact of new decisions, policies or policy changes on particular groups with protected characteristics and to avoid disproportionate negative impacts (the public sector equality duty).

151. We have made an initial assessment under the duty and do not believe there would be impacts on protected groups from the proposals in this consultation, as they do not affect member contributions or benefits. We have considered whether the reporting requirements could give rise to negative impacts on certain groups with protected characteristics and believe they would not. However, administering authorities and the Scheme Advisory Board are also subject to the public sector equality duty and we would expect them to take steps to ensure compliance with the duty, including that their reports under these proposals are available in accessible formats.

Question 12: Do you have any comments on the impact of our proposals on protected groups and on how any negative impacts may be mitigated?

Summary of consultation questions

This section contains a summary of the questions contained above, for ease.

Question 1: Do you agree with our proposed requirements in relation to governance?

Question 2: Do you agree with our proposed requirements in relation to strategy?

Question 3: Do you agree with our suggested requirements in relation to scenario analysis?

Question 4: Do you agree with our proposed requirements in relation to risk management?

Question 5: Do you agree with our proposed requirements in relation to metrics?

Question 6: Do you agree with our proposed requirements in relation to targets?

Question 7: Do you agree with our approach to reporting?

Question 8: Do you agree with our proposals on the Scheme Climate Risk Report?

Question 9: Do you have any comments on the role of the LGPS asset pools in delivering the requirements?

Question 10: Do you agree with our proposed approach to guidance?

Question 11: Do you agree with our proposed approach to knowledge, skills and advice?

Question 12: Do you have any comments on the impact of our proposals on protected groups and on how any negative impacts may be mitigated?

About this consultation

This consultation document and consultation process have been planned to adhere to the Consultation Principles issued by the Cabinet Office.

Representative groups are asked to give a summary of the people and organisations they represent, and where relevant who else they have consulted in reaching their conclusions when they respond.

Information provided in response to this consultation may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Environmental Information Regulations 2004 and UK data protection legislation. In certain circumstances this may therefore include personal data when required by law.

If you want the information that you provide to be treated as confidential, please be aware that, as a public authority, the Department is bound by the information access regimes and may therefore be obliged to disclose all or some of the information you provide. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a

request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

The Department for Levelling Up, Housing and Communities will at all times process your personal data in accordance with UK data protection legislation and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties. A full privacy notice is included below.

Individual responses will not be acknowledged unless specifically requested.

Your opinions are valuable to us. Thank you for taking the time to read this document and respond.

Are you satisfied that this consultation has followed the Consultation Principles? If not or you have any other observations about how we can improve the process please contact us via the [complaints procedure](https://www.gov.uk/government/organisations/department-for-levelling-up-housing-and-communities/about/complaints-procedure) (<https://www.gov.uk/government/organisations/department-for-levelling-up-housing-and-communities/about/complaints-procedure>).

Personal data

The following is to explain your rights and give you the information you are entitled to under UK data protection legislation.

Note that this section only refers to personal data (your name, contact details and any other information that relates to you or another identified or identifiable individual personally) not the content otherwise of your response to the consultation.

1. The identity of the data controller and contact details of our Data Protection Officer

The Department for Levelling Up, Housing and Communities (DLUHC) is the data controller. The Data Protection Officer can be contacted at dataprotection@levellingup.gov.uk or by writing to the following address:

Data Protection Officer
Department for Levelling Up, Housing and Communities
Fry Building
2 Marsham Street
London
SW1P 4DF

2. Why we are collecting your personal data

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

We will collect your IP address if you complete a consultation online. We may use this to ensure that each person only completes a survey once. We will not use this data for any other purpose.

Sensitive types of personal data

Please do not share special category personal data or criminal offence data if we have not asked for this unless absolutely necessary for the purposes of your consultation response. By 'special category personal data', we mean information about a living individual's:

- race
- ethnic origin
- political opinions
- religious or philosophical beliefs
- trade union membership
- genetics
- biometrics
- health (including disability-related information)
- sex life; or
- sexual orientation.

By 'criminal offence data', we mean information relating to a living individual's criminal convictions or offences or related security measures.

3. Our legal basis for processing your personal data

The collection of your personal data is lawful under article 6(1)(e) of the UK General Data Protection Regulation as it is necessary for the performance by DLUHC of a task in the public interest/in the exercise of official authority vested in the data controller. Section 8(d) of the Data Protection Act 2018 states that this will include processing of personal data that is necessary for the exercise of a function of the Crown, a Minister of the Crown or a government department i.e. in this case a consultation.

Where necessary for the purposes of this consultation, our lawful basis for the processing of any special category personal data or 'criminal offence' data (terms explained under 'Sensitive Types of Data') which you submit in response to this consultation is as follows. The relevant lawful basis for the processing of special category personal data is Article 9(2)(g) UK GDPR ('substantial public interest'),

and Schedule 1 paragraph 6 of the Data Protection Act 2018 ('statutory etc and government purposes'). The relevant lawful basis in relation to personal data relating to criminal convictions and offences data is likewise provided by Schedule 1 paragraph 6 of the Data Protection Act 2018.

4. With whom we will be sharing your personal data

We will not be sharing your data with any organisation outside of the Department for Levelling Up, Communities and Housing.

5. For how long we will keep your personal data, or criteria used to determine the retention period

Your personal data will be held for two years from the closure of the consultation.

6. Your rights, e.g. access, rectification, restriction, objection

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right:

- a. to see what data we have about you
- b. to ask us to stop using your data, but keep it on record
- c. to ask to have your data corrected if it is incorrect or incomplete
- d. to object to our use of your personal data in certain circumstances
- e. to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at <https://ico.org.uk/> (<https://ico.org.uk/>), or telephone 0303 123 1113.

Please contact us at the following address if you wish to exercise the rights listed above, except the right to lodge a complaint with the ICO:

dataprotection@levellingup.gov.uk or

Knowledge and Information Access Team
Department for Levelling Up, Housing and Communities
Fry Building
2 Marsham Street
London
SW1P 4DF

7. Your personal data will not be sent overseas

8. Your personal data will not be used for any automated decision making

9. Your personal data will be stored in a secure government IT system

1. The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 (<https://www.legislation.gov.uk/uksi/2022/31/contents/made>); The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (<https://www.legislation.gov.uk/uksi/2008/1911/contents>).
2. Value at Risk measures a funds exposure to a worst-case scenario.
3. TCFD's principles for effective disclosure: 1. Disclosure should represent relevant information; 2. Disclosure should be specific and complete; 3. Disclosure should be clear, balanced and understandable; 4. Disclosure should be consistent over time; 5. Disclosure should be comparable among companies within a sector industry or portfolio; 6. Disclosure should be reliable, verifiable and objective; and 7. Disclosure should be provided on a timely basis.

[↑ Back to top](#)

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DLUHC: Local Government Pensions Scheme (England and Wales): Governance and reporting of climate change risks

Summary of consultation and thoughts on proposed response.

<p>1. Governance New duties on Administering Authorities (AA) to:</p> <ul style="list-style-type: none"> • Establish and maintain, on an ongoing basis, oversight of climate related risks and opportunities. • Establish and maintain processes by which they can, on an ongoing basis, satisfy themselves that those who undertake climate-related governance activities, advisors, and those who assist the AA (including officers and advisors) with respect to climate related governance are doing so effectively.
<p>Question 1: Do you agree with our proposed requirements in relation to governance?</p> <ul style="list-style-type: none"> • <i>As investment strategy is the responsibility of scheme manager (AA) sensible that responsibility for climate risk and opportunities sits there too.</i> • <i>Knowledge and understanding of all involved? committee are NOT experts, neither are officers.</i> • <i>“properly qualified advisers” – how identified and assured of qualification?</i> • <i>Technical advice that is accessible – how?</i> • <i>Bringing in additional expertise where necessary – from where? additional cost?</i> • <i>Acknowledgement of time and capacity constraints (IW is one of 8 LGPS funds with assets less than £1bn).</i> • <i>Officers, advisers and pool will need to provide advice ... How is effectiveness to be measured?</i> • <i>Duty on AA as a whole, not individual officers, advisers or pool. Needs to be documented in constitution/terms of reference/scheme of delegations. Officer job descriptions. Adviser contract specification.</i> • <i>Welcome statutory guidance from DLUHC on this matter.</i>
<p>2. Strategy New duties on AAs to:</p> <ul style="list-style-type: none"> • Identify, on an ongoing basis, climate-related risks and opportunities that will impact the investment and funding strategy of the AA, over the short, medium and long term. • Assess, on an ongoing basis, the impact of identified risks and opportunities on the AA’s investment and funding strategy.
<p>Question 2: Do you agree with our proposed requirements in relation to strategy?</p> <ul style="list-style-type: none"> • <i>Agree can’t separate investment strategy from funding strategy, so impact of risks need to be considered on both equally.</i> • <i>Requires a quite detailed understanding of the issues to be held at some level in the governance/management structure.</i> • <i>Knowledge and understanding of all involved? Carbon pricing?</i> • <i>Welcome statutory guidance from DLUHC on identification of risks and opportunities, impact assessment and factors to be taken into account.</i>
<p>3. Scenario analysis New duty on AAs to:</p> <ul style="list-style-type: none"> • Assess their assets, liabilities, investment strategy and funding strategy against climate risks and opportunities in at least two climate scenarios. This assessment must include at least one scenario based on a global temperature rise of 2°C or lower on pre-industrial levels. This assessment must occur at least once every valuation cycle. In interim years, AAs must consider whether any changes in the fund have been substantial enough to require scenario analysis to be repeated.

Question 3: Do you agree with our suggested requirements in relation to scenario analysis?

- *Credible, distinctive and relevant scenarios ...?*
- *Grateful for proviso “as far as they are able”.*
- *qualitative or quantitative analysis – quantitative where data available, and more data asap.*
- *Welcome statutory guidance on scenario analysis and dealing with barriers to information.*
- *Two or more scenarios ... at least one of which must be 2°C or lower – potentially significant extra work for officers and additional cost of advisers/modelling.*
- *Agree that scenario modelling should be done as part of the valuation cycle, once every three years – timing to be considered as part of business planning.*
- *What is classed as “substantial change to the fund” to require revision of scenario analysis? potential for different definitions.*

4. Risk Management

AAs to:

- Establish and maintain processes for the purpose of enabling them to identify and assess climate-related risks.
- Establish and maintain processes for the purpose of enabling them to effectively manage climate-related risks.
- Ensure, on an ongoing basis, climate-related risks management processes are integrated into their overall risk management.

Question 4: Do you agree with our proposed requirements in relation to risk management?

- *Important that climate risk management is embedded in overall risk management processes, not seen as a separate exercise.*
- *Knowledge and understanding of all involved?*
- *Capacity to identify, assess and take action on risks and opportunities?*
- *Welcome statutory guidance from DLUHC on processes, factors to consider and types of risk and opportunity.*

5. Metrics

AAs to calculate and report on the following metrics:

- Metric 1 (absolute emissions metric) – Total Carbon Emission, which includes the Scope 1, 2 and 3 emissions reported separately, as well as the sum of the three.
- Metric 2 (emissions intensity metric) – Carbon Footprint. This is Carbon Emissions divided by the total assets of the fund to which the data relates. It should be calculated separately for Scope 1, Scope 2 and Scope 3 emissions.
- Metric 3 (data quality metric) – the percentage of assets for which Scope 1, 2 and 3 emissions are verified, reported, estimated or unavailable, in line with the GHG Protocol.
- Metric 4 (Paris alignment metric) – the percentage of the fund’s assets for which a public Paris aligned commitment has been made, i.e. net zero by 2050.

Recommend in statutory guidance that AAs consider whether they wish to calculate any other climate related metrics recommended by the TCFD in order to inform assessment of climate risks.

Question 5: Do you agree with our proposed requirements in relation to metrics?

- *Important that consistent metrics are reported by individual fund through time, to measure progress.*
- *Consistency between AA is important to allow comparability – however concern that this will lead to “league tables” and criticism of lower scores.*
- *Agree that metrics should be defined in statutory guidance rather than regulations, to allow ease of update as situation changes.*

Absolute emissions

- *Agree that excluding scope 3 emissions could present a misleading picture, particularly in some sectors.*
- *Although concern about the volume of information reported, fair to report scope 1, 2 and 3 separately and together for absolute emissions, to ensure clarity (particularly as Scope 3 is more uncertain).*
- *Welcome inclusion of the appropriate methodology for calculation of absolute emissions in guidance. Although concern that not all investment managers/companies will use that particular methodology -consequences if they don't?*
- *Concern that giving the option to report at investment level as well as at whole fund level will provoke negative reaction to those funds that don't/can't report at investment level.*

Emissions intensity

- *Required to be reported separately for each scope (para 77) but then propose that only the top-level figure at whole fund level is reported (para 79) – is this contradictory?*
- *Not sure why a fund would not be able to produce the required Carbon Footprint metric. If option for Weighted Average Carbon Intensity is given, how will a Scheme-wide figure for this metric be calculated and/reported?*

Data quality

- *Concern that there is an expectation that the LGPS “can play its part in increasing data availability and quality”. Principle objective of LGPS is to pay benefits to its members – cannot afford to divert significant resource away from this purpose.*
- *Will AA be criticised if its data quality “score” is lower than others?*
- *Verified and reported – independent third party – of the investment manager/company or the reporting authority? Could there be an issue of third party reliance limitations?*
- *Complexity in reporting for % of verified, reported, estimated or unavailable separately for each scope ... accuracy of information input and comprehension of output.*
- *Additional cost for use of third parties to provide/analyse information? Availability of these third parties? And verification of expertise? And significant extra work for officers in consolidating information.*

Paris alignment

- *Agree that binary target measure is most appropriate for LGPS*
- *Concern that there will be increasing pressure to enforce other metrics, which not every fund may have capacity to deliver.*
- *Would request caution in government changing its approach to required reporting – time will be needed to implement different data collection/reporting methodologies.*

6. Targets

- *AAs must set a target for their fund in relation to one of the metrics which they have selected. The target may be in relation to one of the mandatory metrics (absolute emissions, emissions intensity, data quality or Paris alignment), or any other climate-related metric endorsed by the TCFD which the AA chooses.*
- *AAs must annually measure, as far as they are able, the performance of their fund against the target they have set and taking into account that performance, determine whether the target should be retained or replaced.*

There is no expectation that AAs should set targets which require them to divest or invest in a given way, and the targets are not legally binding.

Question 6: Do you agree with our proposed requirements in relation to targets?

- *Grateful that requirement is for a target against only one of the metrics.*
- *Very clear that no requirement for divestment/investment – AA is sovereign when it comes to investment strategy.*

7. Annual climate risk report

- AA must publish a Climate Risk Report every year, at the same time as the AA's annual report is published.
- Climate Risk Report must be accessible to two distinct types of user: specialist and non-specialist.

Content set out at end of this report.

Question 7: Do you agree with our approach to reporting?

- *Acknowledge “comply or explain” requirement of ‘as far as they are able’ statement – reasonable and proportionate steps given costs and time constraints – not looking for excuses not to comply!*
- *Suggest that Climate Risk Report should be separate from Annual Report – Annual Report already cumbersome and not very user-friendly, adding this additional, very complex, element will make it worse, and detract from usefulness/accessibility of Climate Risk Report.*
- *Scenario analysis must be carried out in 2023/24 – capacity issues for advisers to support this? Does this allow sufficient time for officers/committees/boards to obtain sufficient knowledge and understanding to understand the process and the results?*
- *“AAs should explain in their Climate Risk Report whether they have carried out a new analysis, and if not give a short explanation as to why”. As only required once every three years unless significant change, will this be acceptable reason?*
- *Concern over complexity of reporting needs with proposal for ‘simplified’ executive summary for the lay-reader and “technical in content and dense with information” main body. Do officers at AAs have the skills/knowledge/understanding to provide both forms of report, and how to ensure that each section is consistent with the other and understandable by the relevant audience?*
- *Level of time, cost and effort put in compared to number of readers??*
- *No issue with publication on scheme website and informing members that it is available.*
- *Requirement to notify members that report is available with issuance of ABS is inappropriate – ABS deadline is 31 August each year, so either 3 months before report is due OR 9 months after it was published.*

8. Scheme climate risk report

- In addition to individual climate risk reports, an annual Scheme Climate Risk Report to be produced by Scheme Advisory Board.

Question 8: Do you agree with our proposals on the Scheme Climate Risk Report?

- *Agree scheme-wide report should show aggregated data for the whole scheme across metrics.*
- *Agree that links to individual AA reports should be provided on the SAB website.*
- *Concern that publication of metrics for each individual AA in Scheme Climate Risk Report will result in league tables and inevitable comparison between authorities – potential for funds to be labelled as “worst performing” generating unnecessary criticism and reputational damage.*
- *Although clearly states no expectation from government that AAs should divest, there is a real danger that pressure groups may use the information in the report to target individual AAs.*
- *Probably at this level that the data quality metric could be used to increase pressure on industry to improve standards.*

9. The role of LGPS asset pools

- For pooled assets, expect that the pools will be able to provide data, calculate metrics and carry out scenario analysis on those assets where data is available.

Question 9: Do you have any comments on the role of the LGPS asset pools in delivering the requirements?

- *Efficiency expected from pool providing reports on all pooled investments which can be utilised by all AAs invested.*
- *Concern that guidance seems to suggest that AAs can become more efficient by aligning their investment strategies with the pool – AA is, and must remain, sovereign when it comes to setting investment strategy; pool is there to facilitate that strategy.*
- *Benefit to all AAs to discuss their thinking re metrics, targets and scenarios with others in same pool, but remembering that each AA has individual responsibility for determining their own criteria and reporting etc.*

10. Guidance and reporting template

- DLUHC provide high level statutory guidance – including governance activities required of AAs and the Climate Risk Report.
- SAB to produce more detailed operational guidance.
- SAB asked to produce a standard template which AAs will be required to follow in producing the Climate Risk Report.

Question 10: Do you agree with our proposed approach to guidance?

- *Need to ensure all areas where guidance is promised elsewhere in consultation is included in whatever is provided: governance, strategy, scenario analysis, risk management, annual report.*
- *Detailed operational guidance by SAB is welcomed – drafted by those who understand the scheme.*
- *Standard template welcomed to ensure comprehensive and consistent reporting across the LGPS; acknowledging risk that this may result in some generic responses rather than AA specific.*

11. Knowledge, skills and advice

- Not imposing any legal requirements on an individual's knowledge and skills ... base knowledge regarding climate risks will be necessary in order to ... interpret the results of scenario analysis.
- AAs must take proper advice regarding assessing and managing climate risks.
- AAs need to satisfy themselves that the advice is high quality and provided by appropriately qualified people.

Question 11: Do you agree with our proposed approach to knowledge, skills and advice?

- *May be beneficial to require a minimum level of knowledge and understanding for those responsible for preparing and reviewing the Climate Risk Report ... perhaps some recommended qualifications?*
- *SAB should work with CIPFA to include learning requirements in any new Knowledge and Skills Frameworks, and/or work with industry experts in developing a learning package relevant to this requirement?*
- *Could TPR develop a learning module for trustee toolkit on climate risk reporting considerations?*
- *Could SAB work to provide a list of recognised advisory firms for this purpose? Possibly a National LGPS Framework-type approved suppliers list?*
- *How will AAs be expected to verify that advice is of high quality and provided by appropriately qualified people? Especially as many may not be completely sure of the advice they are looking for.*

- *Potential for capacity issues in supply market for these appropriately qualified, high quality advisers? Possible cost pressures on those who may be “late to the party”?*
- *Pools could provide development sessions for their AA members in respect of data gathered for the pooled investments, explaining the modelling undertaken in scenario analysis and interpretation of those results?*

12. Impact on protected groups

- Initial assessment – no impact on any of the protected groups.

Question 12: Do you have any comments on the impact of our proposals on protected groups and on how any negative impacts may be mitigated?

- *No comments.*

Climate Risk Report must include the following information:

Area	Disclosure Requirement
Governance	<p>Describe the AA's oversight of climate-related risks and opportunities</p> <p>Describe the role of any person other than the scheme manager who undertakes relevant governance activities and the process by which the committee satisfy themselves that this is being done</p> <p>Describe the role of any person who (other than a legal advisor) advises the scheme manager on relevant governance activities and the process by which the committee satisfies itself that adequate steps are being taken</p>
Strategy	<p>Describe the climate-related risks and opportunities which the scheme manager has identified</p> <p>Describe the scheme manager's definition of short term, medium term and long term</p>
Scenario Analysis	<p>Describe the most recent scenarios the scheme manager has analysed</p> <p>Describe the impact of the climate-related risks and opportunities on the AA's investment and funding strategies</p> <p>Describe the potential impacts on the AA's assets and liabilities which the AA has identified in the most recent scenarios and the reason for any data which is missing from the analysis</p> <p>Describe the resilience of the AA's investment and funding strategies in the most recent scenarios the AAs have analysed</p>
Risk Management	<p>Describe the processes which the AA has established for identifying and assessing climate-related risks to their fund</p> <p>Describe the processes which the AA has established for managing climate-related risks to the AA</p> <p>Describe how these processes are integrated into the AA's overall risk management</p>
Metrics	<p>Report the metrics which the AA has calculated (or an explanation as to why these were not possible to calculate)</p>
Targets	<p>Report the target which the AAs have set and the performance of the AA against that target.</p>

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Climate change (FAI011)

All pension schemes face some degree of material risk from climate change. These risks may include the physical effects of climate change such as:

- rising temperatures
- higher sea levels
- droughts
- floods
- storms

They may also include the impact of changes associated with the transition to a low-carbon economy such as:

- impacts on the strength of any sponsoring employer
- new climate policy
- disruptive technology
- shifting investor sentiment
- deteriorating reputation

Climate change and investments

Under section 249A of the Pensions Act 2004,^{CL1} governing bodies of certain schemes must establish and operate an effective system of governance (ESOG) (see **Scheme governance**) including internal controls (see **Managing risk using internal controls**). However, there are certain exemptions.^{CL2} An ESG should ensure that consideration of environmental factors is part of the governing body's investment decision-making (see **Stewardship**). Governing bodies should:

- talk to their advisers and asset managers about how short and long-term climate change risks and opportunities are built into their recommendations
- understand what measures are being taken to reflect climate change risk within investment portfolios

Governing bodies of certain schemes^{CL3} are required to include policies in their **statement of investment principles** on **environmental, social and governance considerations**. This includes climate change.

CL1 Article 226A of the Pensions (Northern Ireland) Order 2005

CL2 Section 249A(3) of the Pensions Act 2004 [Article 226A(3) of The Pensions (Northern Ireland) Order 2005]

CL3 Regulation 2 of the Occupational Pensions Schemes (Investment) Regulations 2005 [Regulation 2 of the Occupational Pensions Schemes (Investment) Regulations (Northern Ireland) 2005]

Governing bodies are not required to align their investment and funding plans with the objectives of the Paris Agreement and other climate change goals, such as the UK's own target of net zero emissions by 2050. However, they may wish to examine how their governance practices and investment decision-making (where applicable) take account of global progress towards those goals.

Managing scheme risks from climate change

Governing bodies that are required to establish and operate adequate internal controls^{CL4} for their scheme should, as part of their risk assessment, assess the risks and opportunities associated with climate change. Learn more in [Identifying and assessing risks](#).

Under section 249A of the Pensions Act 2004,^{CL5} governing bodies of certain schemes^{CL6} with 100 members or more^{CL7} should have in place a risk-management function as part of their ESG (see [Scheme governance](#)). Our expectations for these governing bodies are set out below. Other governing bodies may wish to consider these as best practice.

- Consider the possible short, medium and long-term effects of climate change on the objectives of the scheme and its operations.
- Maintain and document processes for identifying and assessing climate-related risks and opportunities.
- Integrate these processes into their risk management and governance arrangements.
- Ensure the governing body oversees, assesses and manages climate-related risks and opportunities related to the scheme.

CL4 Sections 249A and 249B of the Pensions Act 2004 [Articles 226A and 226B of the Pensions (Northern Ireland) Order 2005]

CL5 Article 226A of the Pensions (Northern Ireland) Order 2005

CL6 (Northern Ireland) Order 2005]

CL7 Section 249A of the Pensions Act 2004 and regulations 3(1)(3)(a), (5), (6) and (9) of the Occupational Pension Schemes (Governance) (Amendment) Regulations 2018 [Article 226A of the Pensions (Northern Ireland) Order 2005 and regulations 3(1)(3)(a), (5), (6) and (9) of the Occupational Pension Schemes (Governance) (Amendment) Regulations (Northern Ireland) 2018]

Glossary

Paris Agreement

The international framework to address climate change

Purpose: For Discussion



Committee report

Committee	LOCAL PENSION BOARD
Date	26 OCTOBER 2022
Title	CYBER SECURITY RISKS
Report of	PENSION FUND MANAGER

EXECUTIVE SUMMARY

1. The pension fund has identified as a high, red-rated risk, that it does not have its own specific cyber risk assessment process, or disaster recovery/incident response plan, relying on the council's systems and processes in this area.
2. In order to start a response to mitigate this risk, the Pension Fund Manager has completed the Aon cyber risks assessment questionnaire, the results of which are attached as appendix 1 to this report.
3. Cyber risk assessment and management is a new area of focus for public sector schemes in the Pension Regulator's new combined code of practice. The section of the new combined code relating to cyber controls is attached to this report at appendix 2.

RECOMMENDATION

- | |
|--|
| <ol style="list-style-type: none">4. That board members consider the steps required to begin to improve the fund's cyber controls in accordance with the Pension Regulator's code of practice. |
|--|

APPENDICES ATTACHED

5. Appendix 1: Aon Cyber Risks Assessment questionnaire results.
6. Appendix 2: extract from the Pension Regulators' new code of practice – Cyber risk.

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PENSIONS AND LIFETIME SAVINGS ASSOCIATION

Aon LGPS Cyber Scorecard

Summary report for:
Isle of Wight Council Pension Fund

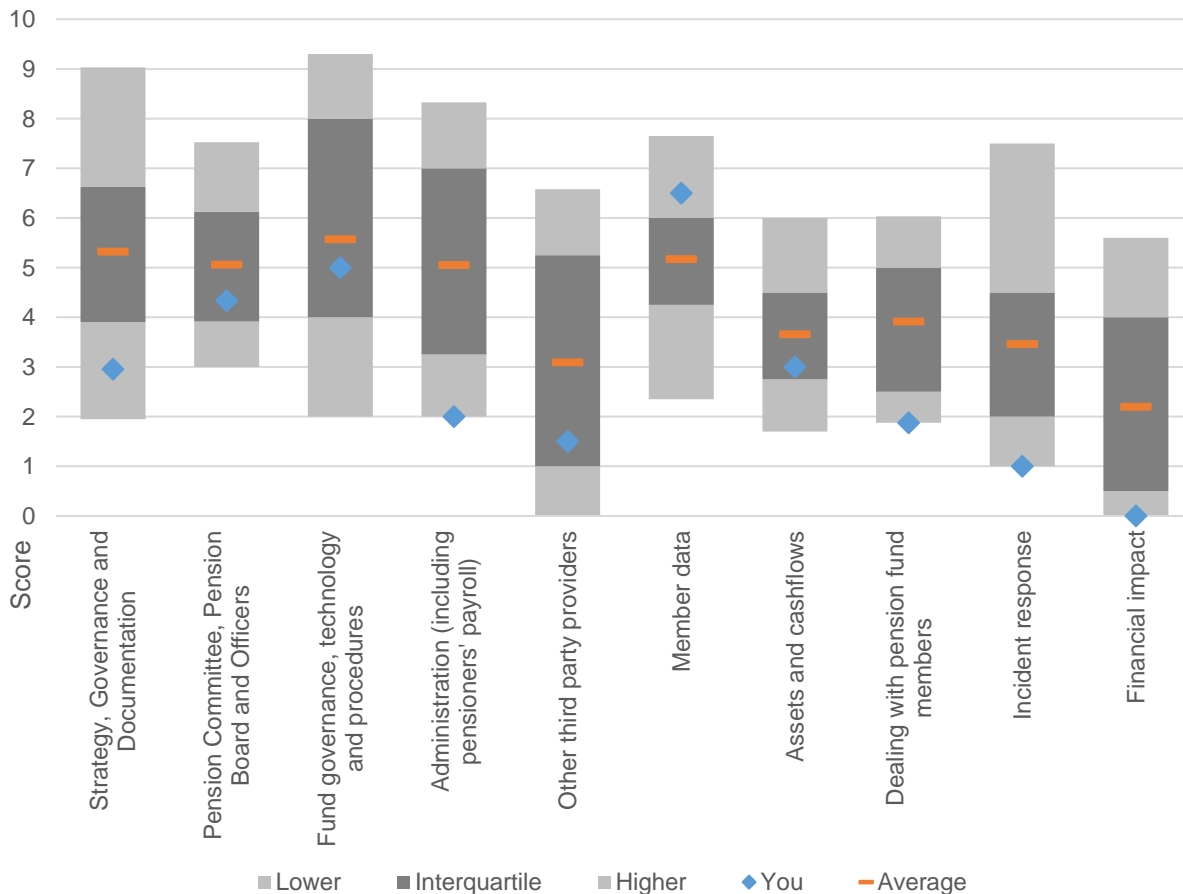
Based on responses by:
Jo Thistlewood

Date : 6 October 2022

The Aon LGPS Pension Cyber Scorecard is a high level assessment of the actions being taken by a LGPS administering authority in relation to cyber resilience. It is based on the results of around 50 multiple choice questions which have been completed for the fund.

The analysis below assesses your fund's cyber resilience measures in 10 areas, and also compares them against the steps being taken by other LGPS funds. The orange bar represents the average across all funds, while the grey areas represents the range between the 5th, 25th, 75th and 95th percentiles scores for each section. The blue diamond is your score.

In this basic assessment we have not provided any fund-specific commentary on your results, but would be happy to do so should that be helpful.



Your scores by section are summarised in the table below, which also shows the average score across the funds who have completed this assessment for comparison.

	Section scores (out of 10)		
	Your score	Average	
Strategy, Governance and Documentation	3.0	5.3	Lower
Pension Committee, Pension Board and Officers	4.3	5.1	Interquartile
Fund governance, technology and procedures	5.0	5.6	Interquartile
Administration (including pensioners' payroll)	2.0	5.1	Lower
Other third party providers	1.5	3.1	Interquartile
Member data	6.5	5.2	Upper
Assets and cashflows	3.0	3.7	Interquartile
Dealing with pension fund members	1.9	3.9	Lower
Incident response	1.0	3.5	Lower
Financial impact	0.0	2.2	Lower
Overall score	28.2	42.5	

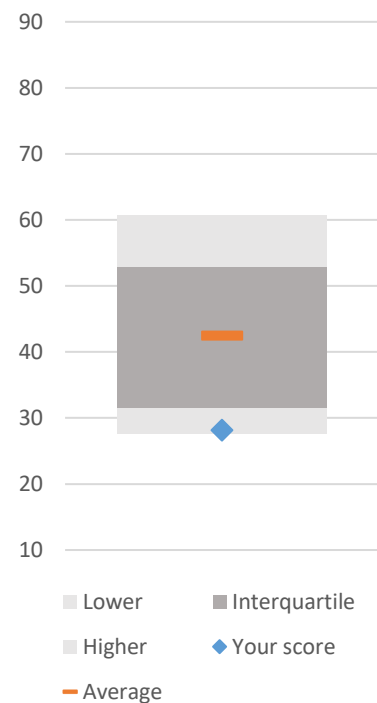
The scores in each section vary substantially between funds, with administering authorities focussing in different areas for a range of reasons. This assessment is intended to highlight areas of strength as well as areas of potential weakness.

In both the table and chart, "Lower" represents a result between the 5th and 25th percentile, "Upper" is a result between the 75th and 95th percentile, and "Interquartile" is between the 25th and 75th percentiles.

When considering your results, please note that a section score of 10 or a total score of 100 is a theoretical maximum which would only be achievable if all possible precautions were being taken.

It should also be noted that a high score does not guarantee your fund is secure. No pension scheme or organisation can be wholly protected from cyber risk, no matter how good the controls. However we hope that by considering this assessment administering authorities will identify actions they can take to protect the fund, the host authority, the participating employers and the fund members.

Range of overall scores



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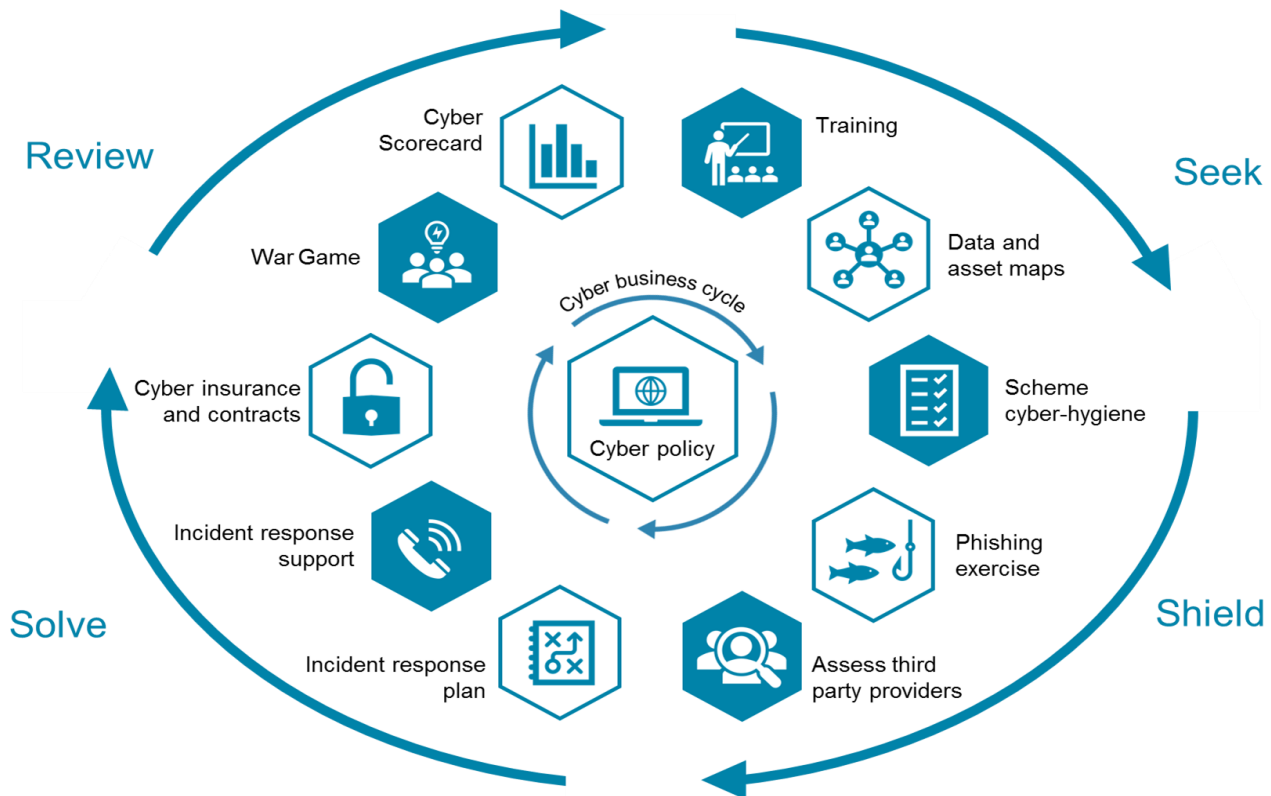
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Aon's cyber solutions

Depending on your position there are a range of actions that pension schemes may want to take. Speak to us about our "Seek-Shield-Solve" framework and how we can support your pension scheme on its cyber journey.



About PLSA

The Pensions and Lifetime Savings Association is the voice of workplace pensions and savings. We represent pension schemes that together provide a retirement income to more than 30 million savers in the UK and invest more than £1.3 trillion in the UK and abroad. Our members also include asset managers, consultants, law firms, fintechs, and others who play an influential role in people's financial futures. We aim to help everyone achieve a better income in retirement.

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About Aon

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Appendix - How your answers compare

Over the following pages we have provided a summary of individual responses. These have not been amended in any way. If any of them need updating then we can do that easily.

**Your
Response Scorecard**

Q1.1 How have you assessed your cyber risks? (tick all that apply)

- We have not assessed our cyber risks
- We are currently in the process of assessing our fund cyber risks
- We have assessed the specific cyber risks that our fund is exposed to
- In assessing those risks we have consulted the Host Authority (Council)
- In assessing those risks we have consulted our key advisers and providers
- In assessing those risks we have consulted a cyber specialist

	6%
Y	51%
	54%
	74%
	46%
	17%

Q1.2 How is your Fund's cyber strategy developed and documented? (tick all that apply)

- We have not documented our Fund's cyber strategy
- We rely on our Host Authority's cyber strategy
- We have a Fund cyber policy document that captures our cyber strategy
- Our Fund cyber policy document has been reviewed in the past 24 months
- Our Fund cyber policy document has been developed in conjunction with the Council
- We had specialist cyber support when preparing our Fund's cyber policy document

Y	37%
Y	74%
	20%
	23%
	23%
	6%

Q1.3 For your Fund who has primary responsibility for cyber risk? (tick one)

- Chair of Committee
- All Committee members collectively
- Chief Finance Officer (i.e. Section 151 Officer in England)
- The Senior Pension Fund Officer (who is not the S151 Officer)
- Dedicated Cyber Officer or IT Officer from the Host Authority Providers
- We have not yet allocated primary responsibility
- Other – please specify

	0%
	6%
	29%
Y	23%
	17%
	0%
	17%
	9%

**Your
Response Scorecard**

Q1.4 Does the Pension Committee (or equivalent) receive updates on cyber risks, controls and incidents affecting the Fund?

- Yes – at every meeting
- Yes – usually at least once a year
- Yes – but generally less than once a year
- No

	37%
	29%
	14%
Y	20%

Q1.5 Does the Pension Board receive updates on cyber risks, controls and incidents affecting the Fund?

- Yes – at every meeting
- Yes – usually at least once a year
- Yes – but generally less than once a year
- No

Y	40%
	29%
	11%
	20%

Q1.6 How do your cyber risks link to your risk register? (tick all that apply)

- Cyber risks are not included in our risk register
- Cyber risks are included in our risks register
- The cyber risks in our risk register are reviewed at least once every 12 months
- We have reconsidered the information relating to our cyber risk on the risk register during 2020 due to the Covid-19 pandemic

	3%
Y	97%
	74%
	51%

Q2.1 Which of the following statements apply to your expectations of Pension Committee and Pension Board members and Pension Fund officers? (tick all that apply)

Your Response

Scorecard

	Officers	PC Members	PB Members	Officers	PC Members	PB Members
We expect them to not conduct pension fund business using a home/personal email account they use for normal life activities	Y	Y		94%	80%	34%
We expect them to not conduct pension fund business on personal/shared IT devices unless they have password protection and up to date virus protection	Y	Y	Y	89%	80%	60%
They have clear guidance on the passwords they can use (e.g. guidance on length, structure and how frequent these should be changed)	Y	Y		100%	80%	29%
They have clear guidance on how long they can retain Fund data and information, and how this can be securely destroyed (for example, what should retiring/leaving officers and Committee/Board members reaching the end of their term do with information)	Y			91%	46%	20%
We have a document for them which sets out the Fund's policies on the above and any other practices or behaviours which help individuals improve their own cyber security while conducting pension scheme business				54%	26%	17%



Q2.2 Which of the following statements apply to your officer and Committee/Board member training program? (tick all that apply)

- Our training program includes training on cyber risk at least annually
- Our training program includes training on cyber risk but less frequently than annually
- Our training program does not include training on cyber risk
- Our training includes specialist cyber resources as well as pension experts
- Our training on cyber risk is provided purely as part of the Host Authority's training

Your Response			Scorecard		
Officers	PC Members	PB Members	Officers	PC Members	PB Members
			63%	43%	43%
Y			17%	20%	17%
			0%	9%	9%
			29%	20%	17%
Y	Y	Y	51%	40%	23%

Q2.3 Which of the following best reflects your approach to managing the e-mail phishing risk? (tick one)

- Our Committee/Board members and officers have no specific training on phishing risks
- Some but not all of our Committee/Board members and officers are trained on phishing risk
- All of our Committee/Board members and officers are trained on phishing risks, including simulated phishing attacks
- I don't know

Y

9%
60%
14%
17%

**Your
Response Scorecard**

Q3.1 When sharing meeting papers and advice documents between Committee and/or Board members, which approaches are used? (tick all that apply)

- Unencrypted email
- Email with encrypted attachment
- Other secure email facility or file sharing portal
- Committee/Board portal (e.g. online meeting packs or Host Authority Committee portal)
- Hard copy information via post
- Other - Please specify

Y	46%
Y	26%
	29%
Y	80%
Y	46%
	9%

Q3.2 If you use a Committee/Board portal for scheme information, how and when was a security assessment last conducted on the portal? (tick one)

- We have no portal
- No assessment undertaken
- External assessment but more than 24 months ago
- External assessment within last 24 months
- We rely on the provider/Host Authority to do checks on our behalf and we receive a report from time to time
- We rely on the provider/Host Authority to do checks on our behalf but we don't get any reports on the findings or we don't know when the checks were last done

	17%
	0%
	0%
	0%
Y	20%
	63%

Q3.3 Many Committees and/or Pension Boards and officers share Fund information in password-protected documents. If one of your officers, advisers or members left, in 12 months time would they be able to open your most recent documents? (tick one)

- We never share Fund information in password-protected documents
- Yes, our password is unlikely to have changed in that time
- Yes, although our password changes it follows the same structure (eg ABC2019! becomes ABC2020!)
- No, our password(s) change regularly and do not have a pattern

Y	66%
	6%
	3%
	23%

**Your
Response Scorecard**

Q4.1 Is your day to day administration carried out in house, by a third party or shared services? (tick one)

- Third party
- In house
- Shared Services
- Other (please specify)

	9%
Y	86%
	6%
	0%

Q4.2 How do you assess the cyber security of your main administration service and platform, whether in-house or outsourced (tick all that apply).

- No assessment done
- Request provider's own standard cyber policy documents
- Fund-specific questionnaire
- Host Authority's cyber questionnaire for providers
- Interview with provider
- Site visit
- Other (please specify)

	6%
Y	71%
	14%
	40%
	20%
	3%
	20%

Q4.3 How regularly do you assess the administration provider and platform? (tick one)

- Never
- At least annually
- At least every 2 years
- Ad-hoc, no formal policy
- Other (please specify)

	6%
	54%
	3%
Y	26%
	11%

Q4.4 Aside from obtaining cyber policy documents, which specific areas did your last assessment cover? (tick all that apply)

- Adherence to published security standards
- Details of network security and penetration testing
- Detail of staff training and user access
- Controls around transfer of data
- Physical security provisions
- Incident response planning
- Other (please specify)

	63%
	80%
	49%
	43%
	31%
	63%
	17%

**Your
Response Scorecard**

Q4.5 Was your last assessment done or supported by a cyber specialist (either external or from within the Host Authority)? (tick one)

- Yes
- No

	49%
Y	49%

Q4.6 Is your pensioners' payroll part of your main administration service and platform (i.e. rather than being processed by the Host Authority/Council's payroll service on your behalf)?

- Yes, and therefore the answers above apply to the pensioners' payroll too
- No, but the pensioners' payroll is subject to a cyber assessment at least annually
- No, but the pensioners' payroll is subject to a cyber assessment at least every 2 years
- No, but the pensioners' payroll is subject to a cyber assessment on an ad-hoc basis (no formal policy)
- No and the pensioners' payroll has not been subject to a cyber assessment
- No and I do not know if the pensioners' payroll has been subject to a cyber assessment
- Other (please specify)

Y	69%
	9%
	0%
	11%
	3%
	6%
	3%

**Your
Response Scorecard**

Q5.1 For which of the following Fund providers have you conducted a cyber security assessment in the last 24 months?
(tick all that apply)

- Actuary
- Benefits Consultant
- Governance Consultant
- Investment Consultant
- Investment Managers
- Pooling Operator
- Custodian
- Lawyers
- External Auditors
- AVC providers
- Communications advisors
- Host Authority (e.g. Council)
- Other employers
- Tracing Service provider

	34%
	9%
	6%
	17%
	23%
	20%
	26%
	0%
	9%
	11%
	0%
Y	54%
	0%
	14%
	20%

Additional comments

we have not carried out any formal assessments on any of our providers

Q5.2 Which of the following approaches do you use when assessing the cyber security of your non-administration providers?
(tick all that apply)

- No assessments done
- Request provider's own standard cyber policy documents
- Fund-specific questionnaire
- Council's cyber questionnaire for suppliers
- Interview with provider
- Site visit
- Other (please specify)

Y	37%
	54%
	14%
	23%
	11%
	0%
	6%

Additional comments

**Your
Response Scorecard**

Q5.3. How regularly do you typically assess your non-administration providers? (tick all that apply if it differs for different providers and please provide details)

Never		31%
At least annually		23%
At least every 2 years		9%
Ad-hoc, no formal policy	Y	26%
Other (please specify)		11%

Additional comments

will generally review cyber issues at procurement stage if seeking new provider

Q5.4 Aside from obtaining cyber policy documents, which specific areas do your assessments typically cover? (tick all that apply)

Adherence to published security standards		49%
Details of network security and penetration testing		51%
Detail of staff training and user access		29%
Controls around transfer of data		40%
Physical security provisions		26%
Incident response planning		37%
Other (please specify)		17%

Additional comments

Q5.5 Was your last assessment done or supported by a cyber specialist (either external or from within the Host Authority)? (tick one)

Yes		34%
No	Y	57%

**Your
Response Scorecard**

Q6.1 Which best describes your understanding of the scheme member data flows in your Fund? (tick one)

- We have not yet considered where/how the data flows
- We understand the main data flows and have documented these but it is not comprehensive
- We have a comprehensive data map which documents all of the places that our member data is used and transferred

	20%
Y	66%
	11%

Q6.2 Which of the following approaches are used to transfer individual scheme member data between employers and officers? (tick all that apply)

- Unencrypted email
- Email with encrypted attachment
- Other secure email or file sharing portal
- Hard copy information via post (e.g. leaver forms)
- Other (please specify)

	20%
	69%
Y	89%
	46%
Y	14%

i-connect

Q6.3 Which of the following security measures are in use across bulk data transfers of scheme member data from/to employers? (tick all that apply)

- Unencrypted email
- Email with encrypted attachment
- Other secure email
- File sharing portal e.g. secure employer data upload site
- Other (please specify)

	3%
	60%
	51%
	74%
Y	20%

i-connect

Q6.4 If you have an employer data portal, have you conducted a security assessment of it (where they upload scheme member data)? (tick one)

- We have no employer data portal
- No assessment undertaken
- External assessment but more than 24 months ago
- External assessment within last 24 months
- We rely on the provider to do checks on our behalf and we receive a report from time to time
- We rely on the provider to do checks on our behalf but we don't get any reports on the findings or we don't know when the checks were last done

	23%
	3%
	0%
	26%
Y	23%
	23%

**Your
Response Scorecard**

Q6.5 Which of the following approaches are used to transfer individual scheme member data between providers and/or other organisations (e.g. solicitors or other pension schemes) and/or officers? (tick all that apply)

- Unencrypted email
- Email with encrypted attachment
- Other secure email or file sharing portal
- Hard copy information via post (e.g. leaver forms)
- Other (please specify)

	6%
Y	86%
Y	80%
	54%
Y	9%

usually other party's portal

Additional comments

Q6.6 Which of the following security measures are in use across all other bulk scheme member data transfers e.g. between third party administrators, actuaries and/or fund officers? (tick all that apply)

- Unencrypted email
- Email with encrypted attachment
- Other secure email or file sharing portal
- Other (please specify)

	9%
	49%
Y	94%
	9%

Additional comments

Q6.7 Does your bulk data leave your providers to go to third party subcontractors (e.g. third-party administrator sends benefit statement data to a sub-contracted printing firm, software provider shares data with a sub-contractor for disaster recovery purposes)? (tick one)

- No
- We don't know
- Yes, but we don't have any insight into the controls
- Yes, and we are comfortable that suitable controls are in place in some but not all cases
- Yes, and we are comfortable that suitable controls are in place in all cases

	40%
Y	9%
	11%
	14%
	26%

Q6.8 Does your Fund have a specific data breach policy? (tick one)

- Yes, we have a Fund specific data breach policy
- No, we do not have a Fund specific data breach policy as we follow the Host Authority's policy
- No, we do not have a data breach policy that we follow

	34%
Y	66%
	0%



Your Response Scorecard

Q7.1 Which best describes your understanding of the asset flows in your Fund? (tick one)

- We have not yet considered where/how the assets flow
- We understand the main asset flows and have documented these but it is not comprehensive
- We have a comprehensive asset map which documents all of the asset movements, from contributions arriving to receipt of investment income and benefit payments.

	9%
Y	63%
	20%

Q7.2 Which of the following approaches are used when the senior officers authorise disinvestment instructions? (tick all that apply)

- Unencrypted email
- Email with encrypted attachment
- Other secure email or file sharing portals
- Physically signed and posted
- Other (please specify)

	46%
Y	29%
Y	51%
Y	46%
	31%

Additional comments

depends on the investment manager and their required protocols

Q7.3 If a disinvestment took place from a manager, how long would it be before the Fund officers were notified that it had taken place (as different managers have different timescales, and arrangements in the new pooling arrangements may differ from non-pooled assets, please indicate what is typical)? (tick one)

- Within 24 hours
- Within 2 working days
- Within 5 working days
- Longer
- We are not notified
- Additional comments

	54%
Y	20%
	6%
	3%
	9%

Q7.4 How many individuals from the Fund/administering authority can authorise disinvestment of assets? (tick one)

- None
- 1
- 2 or 3
- 4 or 5
- Over 5

	3%
	6%
Y	40%
	20%
	23%



**Your
Response Scorecard**

Q7.5 How many individuals can authorise payments from the Fund's bank account? (tick one)

- None
- 1
- 2 or 3
- 4 or 5
- Over 5

	0%
	0%
	20%
	26%
Y	46%

**Your
Response Scorecard**

Q8.1 Which of the following approaches are used to communicate individual scheme member information/data between officers (or its providers) and scheme members? (tick all that apply)

Unencrypted email		37%
Email with encrypted attachment		57%
Other secure email or file sharing portal (including a member self-service facility)	Y	83%
Hard copy information via post	Y	83%
Other (please specify)		11%

Q8.2 If you have a scheme member website/on-line facility, does it include the following? (tick all that apply)

Publication of generic Fund documents	Y	97%
Generic information for members	Y	100%
Access to individual data and quotes via personal log in	Y	94%
Ability to update individual record via personal log in	Y	94%
We do not have a scheme member website		0%
Other (please specify)		0%

Additional comments

pension fund website holds generic scheme and local information and copy forms. Member self service portal holds

Q8.3 Have you conducted a security assessment of your Fund's website? (tick one)

We have no Fund website		3%
No assessment undertaken		6%
External assessment but more than 24 months ago		0%
External assessment within last 24 months		29%
We rely on the provider to do checks on our behalf and we receive a report from time to time		20%
We rely on the provider to do checks on our behalf but we don't get any reports on the findings or we don't know when the checks were last done	Y	37%

**Your
Response Scorecard**

Q8.4 Have you conducted a security assessment of your scheme member on-line access (where they access personal data)? (tick one)

- We have no scheme member on-line facility
- No assessment undertaken
- External assessment but more than 24 months ago
- External assessment within last 24 months
- We rely on the provider to do checks on our behalf and we receive a report from time to time
- We rely on the provider to do checks on our behalf but we don't get any reports on the findings or we don't know when the checks were last done

	6%
	0%
	0%
	40%
Y	23%
	29%

Q8.5 What security arrangements are in place for scheme members to access personal data via the Fund's website/on-line facility? (tick all that apply)

- Member passwords have minimum standards (e.g. combination of letters and numbers)
- Member passwords need to be changed periodically
- Two factor approval is required (e.g. email and text messages with details)
- Don't know
- Not applicable – we have no website/on-line facility with personal data
- Other (please specify)

	89%
	29%
	17%
	3%
	6%
Y	23%

member specific password, but no minimum standard

Additional comments

Q8.6 What validation is done when a scheme member contacts the administration team? (tick one)

- Minimum personal data checks are required (e.g. confirmation of date of birth and address)
- Minimum personal and fund specific data checks are required (e.g. service dates or benefit category)
- We usually gather some information from them but we have no documented policy on this
- None

Y	77%
	14%
	3%
	0%

Your Response Scorecard

Q8.7 What validation is done when benefits are paid to members or transferred to another pension scheme? (tick one)

- Original or formally certified documents (such as birth and other name change certification)
- Certificates, as above, but we accept photocopies with no certification
- Biometric checks
- Combination of the above
- Other (please specify)

	31%
Y	63%
	0%
	6%
	0%

Additional comments

Q8.8 Are members warned of the risks of scams and cyber threats (tick one)

- Yes, regularly (at least annual)
- Yes, from time to time
- No

Y	66%
	31%
	3%

Q8.9 Are pension fund members notified of how the Fund manages cyber risk and actions? (tick all that apply)

- No
- Yes we include an update in our annual communication (e.g. newsletter or annual benefit statement)
- Yes we include details in our Report and Accounts
- Yes we provide updates via our member website
- Other (please specify)

Y	69%
	11%
	6%
	20%
	11%

Additional comments

scams warning are included in every transfer letter and within annual newsletters to members.

**Your
Response Scorecard**

Q9.1 Do you have a cyber Incident Response Plan and/or any of the component parts (whether in a formal plan or stand-alone)? (tick all that apply)

- Pension Fund cyber incident response plan
- Host Authority developed cyber incident response plan
- Incident response decision tree
- Fund officer, provider, employer, Committee and Board contact details
- Assessment tools e.g. checklists, severity guidance
- Communication and media checklist
- Data Breach protocol (i.e. GDPR)
- None of the above
- Other (please specify)

	14%
Y	77%
	26%
	57%
	20%
	11%
	69%
	3%
	9%

Additional comments

Q9.2 Has the Fund Incident Response Plan (or component parts) been seen and contributed to by the Host Authority? (tick one)

- Yes, actively contributed and seen
- Not actively contributed but it has been shared with Host Authority
- Neither seen nor contributed
- We have no Fund specific plan

	26%
	11%
	9%
Y	51%

Q9.3 Has your response to an incident been tested with a "war game" simulated attack? (tick one)

- No
- Yes at a basic level
- Yes in detail, stepping through all parts of the plan

Y	63%
	29%
	3%

**Your
Response Scorecard**

Q9.4 Do the Fund officers have access to specialist support in the event of a cyber attack? (tick all that apply)

No	Y	3%
We have access to support from the Host Authority's cyber team		83%
We have external cyber support on retainer that we can access which is provided via the Host Authority		23%
We have external cyber support on retainer that we have commissioned directly for the Fund		0%
We have access via the Host Authority's insurance arrangements		17%
We have access via Fund specific insurance arrangements		3%
Don't know		11%
Other (please specify)		6%

Q9.5 In the event that you needed to contact members (actives and non-actives) urgently about a cyber breach, what proportion of members do you hold email addresses for? (tick one)

Under 30%		17%
30 - 50%		51%
50 - 70%	Y	14%
Over 70%		0%
Don't know		14%

**Your
Response Scorecard**

Q10.1 Have the Fund officers assessed the possible financial impact of a cyber attack on the Fund, Council, other employers or providers? (tick one)

- No
- Yes at a high level
- Yes in some detail, including the impact of different types of attack

Y	69%
	29%
	0%

Q10.2 Do you have any insurance policies in place which cover cyber attacks on the Fund? (tick all that apply)

- No
- We have cyber insurance as the Fund is covered as part of the Host Authority/Council's policy
- We have our own Fund cyber insurance policy
- Other insurance (please specify)

Y	63%
	29%
	0%
Y	20%

Council does not currently have cyber insurance

Q10.3 What work has been undertaken to review the cyber clauses in your provider contracts? (tick one)

- None
- Basic assessment of some cyber clauses
- Detailed assessment and understanding for some providers but not all
- Detailed assessment and understanding of the cyber clauses for all key providers

	26%
	49%
	11%
	6%

Final additional comments

Q1.5: board receive report at every meeting if an incident has been reported, not necessarily as a standing item.

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Cyber controls (ADM016)

'Cyber risk' refers to the risk of loss, disruption or damage to a scheme or its members as a result of the failure of its information technology systems and processes (see also [Identifying and assessing risks](#)). Governing bodies should take steps to reduce the risk of incidents occurring, and appropriately manage any incidents that arise. Properly functioning cyber controls will assist governing bodies in complying with data protection legislation,^{CY1} and may reduce liabilities in the event of a data breach.

Under section 249A of the Pensions Act 2004,^{CY2} governing bodies of certain schemes must establish and operate an effective system of governance (see [Scheme governance](#)) including internal controls (see [Managing risk using internal controls](#)). However, there are certain exemptions.^{CY3} These controls need to include measures to reduce cyber risk.

Under section 249B of the Pensions Act 2004,^{CY4} scheme managers of public service pension schemes are required to establish and operate internal controls, which are adequate for the purpose of securing that the scheme is administered and managed in accordance with the scheme rules,^{CY5} and with the requirements of the law.^{CY6}

The legal obligation to establish measures to reduce cyber risk is different for public service pension schemes.^{CY7} As far as cyber controls is a matter set out in the scheme rules^{CY8} or in the requirements of the law,^{CY9} scheme managers of public service pension schemes must establish and operate adequate internal controls in relation to them. In such cases, internal controls need to include measures to reduce cyber risk.

To the extent that cyber risk does not fall (wholly or partly) within the last paragraph, it is good practice for scheme managers of public service pension schemes to adopt the measures set out below. Our expectations for the governing body's processes and procedures are summarised below. Governing bodies should also be aware of their responsibilities under the UK GDPR.

-
- CY1 For example, Data Protection Act 2018 and the Retained Regulation (EU) 2016/679 (UK General Data Protection Regulation)
- CY2 Articles 226A of The Pensions (Northern Ireland) Order 2005
- CY3 Section 249A(3) Pensions Act 2004 [Article 226A (3) of The Pensions (Northern Ireland) Order 2005]
- CY4 Articles 226B of The Pensions (Northern Ireland) Order 2005
- CY5 As defined in section 318(1) of the Pensions Act 2004 [Article 2(2) of The Pensions (Northern Ireland) Order 2005]
- CY6 As defined in Section 318(2) Pensions Act 2004 2004 [Article 2(3) of The Pensions (Northern Ireland) Order 2005]
- CY7 As defined in section 318(1) of the Pensions Act 2004 [Article 2(2) of The Pensions (Northern Ireland) Order 2005]
- CY8 As defined in Section 318(2) Pensions Act 2004 2004 [Article 2(3) of The Pensions (Northern Ireland) Order 2005]
- CY9 The law includes the Data Protection Act 2018 and the Retained Regulation (EU) 2016/679 (UK General Data Protection Regulation)

Assessing cyber risk

- Ensure the governing body has knowledge and understanding of cyber risk.
- Understand the need for confidentiality, integrity and availability of the systems and services for processing personal data, and the personal data processed within them.
- Have clearly defined roles and responsibilities to identify cyber risks and breaches, and to respond to cyber incidents.
- Ensure cyber risk is on the risk register and regularly reviewed (see also [Managing risk using internal controls](#)).
- Assess, at appropriate intervals, the vulnerability to a cyber incident of the scheme's key functions, systems and assets (including data assets) and the vulnerability of service providers involved in the running of the scheme.
- Consider accessing specialist skills and expertise to understand and manage the risk.
- Ensure appropriate system controls are in place and are up to date (eg firewalls, anti-virus and anti-malware products).

Managing cyber risk

- Ensure critical systems and data are regularly backed up.
- Have policies for the use of devices, and for home and mobile working.
- Have policies and controls on data in line with data protection legislation (including access, protection, use and transmission).
- Take action so that policies and controls remain effective.
- Have policies to assess whether breaches need to be reported to the information commissioner (www.ico.org.uk).
- Maintain a cyber incident response plan in order to safely and swiftly resume operations. Learn more in [Continuity planning](#).
- Satisfy themselves with service providers' controls (see [Managing advisers and service providers](#)).
- Receive regular reports from staff and service providers on cyber risks and incidents.

Glossary

Governing bodies

Trustees or managers of an occupational pension scheme that is subject to the requirements under section 249A of the Pensions Act 2004

Internal controls

- Arrangements and procedures to be followed in the administration and management of the scheme
- Systems and arrangements for monitoring that administration and management, and
- Arrangements and procedures to be followed for the safe custody and security of the assets of the scheme (Section 249A of the Pensions Act 2004)

Public service pension scheme

A scheme established under section 1 of the Public Service Pensions Act 2013

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Committee report

Committee	ISLE OF WIGHT LOCAL PENSION BOARD
Date	26 OCTOBER 2022
Title	ADMINISTRATION SERVICE UPDATE
Report of	PENSIONS MANAGER

EXECUTIVE SUMMARY

1. This report presents an update of activity and performance against service standards and information of complaints and breaches of the law, since the last local pension board meeting on 15 June 2022.

RECOMMENDATION

2. That the content of this report be noted by the Pension Board.

MEMBERSHIP NUMBERS

3. Changes in membership numbers by status from 1 May 2022 to 31 August 2022 as follows:

Status	Apr-22	Aug-22	Change	% change
Active	4,321	4,365	44	1.0%
Deferred	6,250	6,343	93	1.5%
Pensioner	5,311	5,370	59	1.1%
Frozen & Undecided	1,012	1,079	67	6.6%
TOTAL	16,894	17,157	263	1.6%

Please refer to Appendices 1 and 2 for full breakdown of current membership.

PROJECT UPDATES

4. Updates for:
 - (a) **i-Connect**

We are moving to the final part of the implementation project and this involves approaching the academies and schools who use Strictly Education (SE) for their payroll services. The lack SE engagement has necessitated a more direct approach. We have therefore approached the five academies as the first phase, as they are already separate employers within the pensions admin system. Initial comms have been sent to school business managers to discuss member onboarding and system training. The second phase will

involve the remaining schools serviced by SE. This will involve some reconfiguration of the admin system before commencement. Once this reconfiguration work has been completed, we will adopt the same onboarding and training processes used with the academies and approach the relevant remaining school business managers. We anticipate this work will be on going over the coming months with the target of having all the academies and schools onboarded in time for the next end of year cycle.

- (b) **McCloud**
 - (i) 92 Percent of McCloud Data Received from Employers.
 - (ii) 89 Percent of McCloud Data Member Matched with Altair Data.
 - (iii) 81 Percent of McCloud Data Analysed and ready for Provisional upload.
 - (iv) Good progress is being made and the team are continuing to work additional hours to analyse the data and to manually update service lines on member records so data can be interfaced into the pensions admin system.
- (c) **GMP**

Assumptions and rectification need be agreed with Mercers once they have analysed the reports uploaded to their portal on 29 April 2022.
- (d) **Administration System Procurement**

Following the award of the contact to Heywood Pension Technologies (HPT), we are working with them to commence the implementation of the pension admin system enhancements (Image, Enhanced Admin to Pay and Immediate payments). See Appendix 3 for copy of HPT report.
- (e) **Triennial Valuation 2022**

All scheme data uploaded to the Hymans online portal on 20 July 2022.
- (f) **Tracing Procurement**
 - (i) Target have been awarded a two-year contract, commencing from 1 September 2022.
 - (ii) An initial meeting took place 12 September 2022 to commence the Project and discuss our priorities.

KEY PERFORMANCE INDICATORS

- 4. To note administration statistics for the year 2022-23 to date (please refer to Appendices 4 and 5 for a full breakdown).

EMPLOYER COMPLIANCE WITH ADMINISTRATION STRATEGY

- 5. The report includes details of monthly contributions for May 2022 to August 2022 for data submissions and payments which were due by 22 September 2022. There were two late payments during the reporting period:
 - (a) Southern Housing Group– for April contributions, received outside deadline on 7 June 2022.
 - (b) St Catherine’s School - for May contributions. New employer’s initial month payment and data submission received after deadline on 12 July and 11 July respectively.

There were also four late contribution data submissions:

 - (c) IOW Schools (Capita) – June data received within 2 working days of data submission deadline.
 - (d) St Catherine’s School – June data received within 4 working days of data submission deadline.
 - (e) Strictly Education (St Blasius) – June data received within 3 working days of data submission deadline.
 - (f) Strictly Education (St Francis) – June data received within 3 working days of

data submission deadline.
Please refer to Appendix 6 for a full breakdown of employer compliance.

COMMUNICATIONS

6. Summary of documentation published to fund website or Member Self-Service (MSS) records, and correspondence sent to scheme employers since the last report:
 - (a) Email to scheme employers with training dates as shown in LGPC bulletin 225, see Appendix 7 LGPC employer role training sessions.
 - (b) Email to scheme employers with copies of latest LGPS HR and payroll guides, see Appendix 8 LGPC updated HR/payroll guides.
 - (c) Copy of newsletter published to fund website and uploaded to all deferred member records, see Appendix 9 Deferred member newsletter 2022.
 - (d) Copy of newsletter published to fund website and uploaded to all active member records, see Appendix 10 Active member newsletter 2022.
 - (e) News article published to fund website, see Appendix 11 McCloud update website news article.
 - (f) Resolution from incident raised on HPT Sostenuto portal due to member issues accessing their online records, see Appendix 12 Altair/MSS connectivity issues.
 - (g) Email to scheme employers with details of further employer role training sessions. See LGPC request in Bulletin 227 July 2022 and appendix 13 LGPC employer role training sessions #2.
 - (h) Ryde Town Council email confirmation of proposed attendance on above training session, see Appendix 14 LGPC employer role training sessions #2_RTC response.
 - (i) Email to scheme employers with details of Supreme Court decision concerning term time workers. See LGPC request in Bulletin 228 August 2022 and appendix 15 LGPC Supreme Court decision concerning term time workers.

COMPLAINTS

7. To note that there have not been any complaints received since the last meeting.

BREACHES OF THE LAW

8. To note that there have not been any breaches since the last meeting.

OTHER MATTERS

9. **Annual Benefit Statements**

We have published annual statements to the Member Self-Service (MSS) portal within the 31 August statutory deadline. Summary of published documents as below:

- Active statements = 4,025 issued, being for members actively contributing to the scheme @ 31 March 2022
- Deferred statements = 6,277 issued, being for members with deferred records @ 31 March 2022

CORPORATE PRIORITIES AND STRATEGIC CONTEXT

10. The activity reported in this report do not directly impact upon any of the corporate priorities outlined in the [Corporate Plan 2021 – 2025](#).

Pension Fund Strategic Aims

11. The primary objective of the fund is to pay benefits to scheme members or their dependants in accordance with the Local Government Pension Scheme (LGPS) Regulations and other statutory provisions. The committee aims to operate the fund in such a manner that, in normal market conditions, all accrued benefits are fully covered by the value of the fund's assets and that an appropriate level of contributions is agreed by the employer to meet the cost of future benefits accruing.
12. In addition, the fund has agreed the following administration objectives, which underpin the delivery of the service:
 - Deliver a high quality, friendly and informative service to all beneficiaries, potential beneficiaries and scheme employers at the point of need.
 - Provide pension and lump sum benefits for all members, in accordance with LGPS Regulations.
 - Clearly establish levels of performance and measure the performance of both the Fund and scheme employers against them.
 - Develop successful partnership working between the Fund and its employers.

FINANCIAL / BUDGET IMPLICATIONS

13. The timely and accurate submission of monthly data returns and contribution payments by employers supports the fund in being able to pay benefits as they become due through the contributions received and income from investments, without having to withdraw funds from its investments.

LEGAL IMPLICATIONS

14. The Isle of Wight Council is the administering authority for the Isle of Wight Council Pension Fund. An administering authority is defined in the Local Government Pension Scheme Regulations 2013 as “a [local authority] required to maintain a pension fund under the local government pension scheme regulations”.

EQUALITY AND DIVERSITY

15. The council, as a public body, is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
16. There are no implications for any of the protected characteristics arising from items covered in the report.

RISK MANAGEMENT

17. Regular reviews of the timeliness, accuracy and completeness of employers' data submissions ensures that the fund can maintain accurate membership data to support the accurate payment of benefits to the correct beneficiary when they become due.

18. Monitoring the timeliness of employers' payment of contributions into the fund ensures that the fund maintains adequate liquidity to meet its current obligations and can also allow early identification of potential issues with the financial health of the employer.

APPENDICES ATTACHED

19. Appendix 1 Membership statistics 31 August 2022
20. Appendix 2 Aggregate membership by status 31 August 2022
21. Appendix 3 Heywood admin system upgrades report June 2022
22. Appendix 4 KPI statistics 31 August 2022
23. Appendix 5 Pensioner payroll statistics 31 August 2022
24. Appendix 6 Employer compliance 31 August 2022
25. Appendix 7 LGPC employer role training sessions
26. Appendix 8 LGPC updated HR/payroll guides
27. Appendix 9 Deferred member newsletter 2022
28. Appendix 10 Active member newsletter 2022
29. Appendix 11 McCloud update website news article
30. Appendix 12 Altair/MSS connectivity issues
31. Appendix 13 LGPC employer role training sessions #2
32. Appendix 14 LGPC employer role training sessions #2_RTC response
33. Appendix 15 LGPC Supreme Court decision concerning term time workers

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IOW COUNCIL LOCAL GOVERNMENT PENSION SCHEME

Appendix 1

Membership statistics @ 31 August 2022

EMPLOYER	ACTIVES	UNDECIDEDS	DEFERREDS	PENSIONERS	FROZENS	TOTALS
ISLE OF WIGHT C.C	0	0	57	493	53	603
MEDINA B.C	0	0	11	145	10	166
SOUTH WIGHT B.C	0	0	18	120	4	142
IOW JT.CREMATORIUM COMMITTEE	0	0	0	7	0	7
YARMOUTH HARBOUR COMMISSIONER	2	0	2	19	3	26
COWES HARBOUR COMMISSIONERS	1	0	8	10	0	19
ST CATHERINE'S SCHOOL	5	0	2	11	1	19
CARISBROOKE CASTLE MUS.TRUST	0	0	0	3	0	3
IOW SOCIETY FOR THE BLIND	0	0	2	13	0	15
IOW MAGISTRATES COURT	0	0	2	13	1	16
IOW JOINT PLANNING & TECH.UNIT	0	0	0	9	0	9
IOW RURAL COMMUNITY COUNCIL	0	0	6	18	0	24
SOUTH WIGHT HOUSING ASSOC	0	0	4	30	0	34
MEDINA HOUSING ASSN	0	0	31	54	0	85
ISLE CARE	0	0	16	48	1	65
ISLAND GROUP 90 LTD	0	0	10	124	1	135
ISLE OF WIGHT COLLEGE	242	10	331	247	28	858
RIVERSIDE CENTRE LTD	0	0	3	8	0	11
OSEL ENTERPRISES LTD	0	0	0	3	0	3
PLANET ICE (IOW) LTD	0	0	4	1	0	5
ISLAND 2000 TRUST LTD	0	0	13	3	1	17
FIRST WESSEX HOUSING GROUP	0	0	0	1	0	1
WOOTTON PARISH COUNCIL	1	0	0	2	0	3
YARMOUTH TOWN COUNCIL	0	0	0	1	0	1
NORTHWOOD PARISH COUNCIL	1	0	0	1	0	2
NEWPORT & CARISBROOKE COMMUNI'	7	0	2	4	1	14
CHALE PARISH COUNCIL	0	0	0	1	0	1
RYDE TOWN COUNCIL	15	0	10	0	2	27
SPURGEONS	0	0	5	0	0	5
CHILDRENS SOCIETY	0	0	4	4	0	8
COWES TOWN COUNCIL	2	0	1	0	0	3
RYDE ACADEMY	64	2	53	27	22	168
AET - SANDOWN BAY	0	0	71	41	6	118
SOUTHERN VECTIS	6	0	3	14	0	23
WESTON ACADEMY	0	0	17	0	0	17
VENTNOR BOTANIC GARDENS CIC	1	0	5	1	0	7
ISLAND YOUTH WATER ACT CENTRE	0	0	1	1	0	2
VISIT ISLE OF WIGHT LTD	0	0	2	0	0	2
ISLAND ROADS	20	0	11	21	0	52
NORTHWOOD ACADEMY	36	0	18	15	3	72
ST BLASIOUS SHANKLIN CE ACADEMY	24	0	21	6	3	54
SOUTHERN HOUSING GROUP	3	0	0	3	0	6
SOVEREIGN HOUSING ASSOCIATION	26	0	13	12	0	51
LANESEND PRIMARY SCHOOL	61	0	40	5	20	126
ISLAND FREE SCHOOL	31	0	12	0	13	56
COWES ENTERPRISE COLLEGE	50	1	38	11	15	115
ISLAND STUDIO SCHOOL	0	0	3	2	1	6
GURNARD PARISH COUNCIL	1	0	0	1	0	2
BARNARDOS 2015	0	0	9	0	0	9
RYDE ARENA TRUST	0	0	3	0	0	3
TOP MOPS LIMITED	1	0	1	3	0	5
CATERLINK LIMITED	1	0	0	2	0	3
SHANKLIN TOWN COUNCIL	3	0	0	0	0	3
ST FRANCIS CATH CE PRIM ACAD	32	1	16	10	5	64
NVIRO LTD	0	0	2	0	0	2
RM EDUCATION	0	1	0	0	0	1
SANDOWN TOWN COUNCIL	1	0	0	0	0	1
ACCOMPLISH GROUP	9	1	6	1	0	17
SOLUTIONS 4 HEALTH LTD	0	0	1	0	0	1
BARNARDOS 2021	7	0	2	1	0	10
CLEANTEC SERVICES	6	0	1	0	0	7
ISLE OF WIGHT COUNCIL	2,822	50	5,220	3,741	767	12,600
IOW (CAPITA)	22	3	6	0	1	32
IOW (STRICTLY EDUCATION)	862	4	226	59	44	1,195
TOTALS	4,365	73	6,446	5,370	1,006	17,157

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IOW COUNCIL LOCAL GOVERNMENT PENSION SCHEME

Aggregate membership statistics @ 31 August 2022

MEMBERSHIP NUMBERS BY STATUS	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
Actives	4,321	4,474	4,477	4,433	4,365							
Frozen Refund	952	977	989	1,005	1,006							
Deferreds (including undecided)	6,310	6,369	6,343	6,337	6,416							
Pensioners	5,311	5,324	5,338	5,356	5,370							
TOTALS	16,894	17,144	17,147	17,131	17,157	-	-	-	-	-	-	-

% MEMBERSHIP BY STATUS	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
Actives	26%	26%	26%	26%	25%							
Frozen Refund	6%	6%	6%	6%	6%							
Deferreds (including undecided)	37%	37%	37%	37%	37%							
Pensioners	31%	31%	31%	31%	31%							
TOTALS	100%	100%	100%	100%	100%							

HISTORIC MEMBERSHIP NUMBERS BY STATUS	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Active members	3,807	3,753	3,778	4,381	4,370	4,364	4,314
Deferred members	6,777	7,176	7,816	6,899	7,063	7,238	7,291
Pensioners	4,036	4,192	4,363	4,631	4,846	4,967	5,293
TOTALS	14,620	15,121	15,957	15,911	16,279	16,569	16,898
Change in membership numbers		501	836	-46	368	290	329
% change in membership numbers		3.4%	5.5%	-0.3%	2.3%	1.8%	2.0%

% HISTORIC MEMBERSHIP BY STATUS	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Active members	26%	25%	24%	28%	27%	26%	26%
Deferred members	46%	47%	49%	43%	43%	44%	43%
Pensioners	28%	28%	27%	29%	30%	30%	31%
TOTALS	100%	100%	100%	100%	100%	100%	100%

Historic membership data extracted from *Pension Fund Annual Report*

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Isle of Wight Pension Fund

Information on Image, Online Retirements & Immediates

June 2022



Table of Contents

Altair Image	3
Immediate Payments	4

Altair Image

Altair Image is an integrated Document Management system that has been developed to address the document storage and retrieval requirements of a modern pension administration office.

The aims of Altair Image are to:

- improve efficiency by vastly reducing the time taken to retrieve documentation
- reduce the office space required for document storage
- vastly improve document security
- enable online access to all documents for an individual member
- allow hierarchic document storage to store non-member related documents, such as Trust Deed and Rules, Trustees minutes, pensions articles.
- be fully integrated with the Altair administration, including Workflow and Document Production

Altair Image incorporates the following facilities:

- the ability to access all documents associated with a member directly from the member record; this includes both imaged documents which have been scanned in and system produced documents
- full integration with the Document Production and Workflow systems
- facilities to convert Altair-produced documents into images
- scanning and indexing options to assign images of incoming documents to the relevant member
- barcode recognition for automated assignment of incoming documents to member records
- full reporting, reconciliation, and control

MSS Online Retirements

Altair 21.4 saw the release of our Online Retirements solution, the MSS To-do List. This enhancement provided funds the ability to assign items for a member to complete as a part of workflow. This created an automated digital hand-off between pension administrators and members when processing cases.

This to-do list is process agnostic and can be used within any workflow a fund decides however by engaging with customers we identified retirements as the highest priority process to be moved onto MSS. With this in mind we looked to deliver a library of tasks that helps achieve retirement online. These are:

- Confirm Contact Details.
- Confirm Bank Details.
- Document Upload of Requested Documents E.G Marriage Certificate.
- Select Commutation Options (Deferred and Active Members).
- Acknowledge a Specified Document.
- HMRC Pensions Rights Declaration.

These tasks can be assigned to a member in any order and at any point within the workflow case. So far we have one customer already live with this development, Lothian pension fund.

This is a great improvement in the speed of processing a members retirement. However that doesn't mean we can't deliver more value and that's what we set out to do.

Our Approach

During Altair 21.4 TWP the Professional Services Implementation Consultants worked closely with two customers to help them implement and test online retirements and the MSS to-do list. As part of this we were able to get early feedback on the ease of implementation. Whilst some funds have successfully implemented and gone live with online retirements other funds had fed back that they felt some additional functionality would increase the value and make it easier for them to implement.

We engaged with some customers on 1-1 calls and then issued a survey to

June 2022

customers to get a better understanding of what their pain points were and asked them to rank the various pieces of feedback in order of importance to them.

We worked through the spreadsheet with the funds discussing the highest voted items first and discussing where we felt the most valuable items were and weighing up the effort of completing the work to prioritise the items which were highest value but also deliverable alongside Altair 22.2. As such we are delivering a number of valuable enhancements this release:

Delivering a summary screen for members to allow them to review everything they have entered before submitting.

Improving the document acknowledgement task to work with previously generated documents.

Writing the commutation options back to a Dataview as opposed to task comments.

Allow for ordering/re-ordering of the tasks in Altair/MSS.

Added input boxes to allow members to select specifically their commutation options.

Immediate Payments

- Altair Immediate Payments supplements the normal payroll cycle by enabling ad hoc processing of payments at any time, for example if you would like to make a sensitive payment more quickly than the periodic payroll would allow.
- Payments can be made at any time during the payroll cycle and as frequently as required.

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IOW COUNCIL LOCAL GOVERNMENT PENSION SCHEME

KPI statistics @ 31 August 2022

Category	TASK	Detail	Days to complete	2022/23 achieved	Target	Current average	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23
Payment of Benefits	SETUPPAY	Set up of new pension and lump sum within 10 working days of receipt of all documents	20		100%	100.00%	100%	100%	100%	100%	100%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
						Processed	22	21	18	31	24						
						Within target	22	21	18	31	24						
Benefits Estimates Members	MEMQUOTE	Estimates of benefits to Members within 20 working days	20		100%	100.00%	100%	100%	100%	100%	100%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
						Processed	20	20	24	26	15						
						Within target	20	20	24	26	15						
Benefits Estimates Employers	ERSQUOTE	Estimate of benefits to Employers within 5 working days	10		100%	100.00%	100%	100%	100%	100%	100%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
						Processed	3	2	3	8	1						
						Within target	3	2	3	8	1						
Annual Benefit Statements - active members	ACTABS	Produce the required standard to statutory timescale by 31 st August each year		Published 18 Aug 2022	100%	100.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	100.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
						Members Processed						4015					
						Within target					4015						
Annual Benefit Statements - deferred members	DEFABS	Produce the required standard to statutory timescale by 31 st August each year		Published 05 Aug 2022	100%	100.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	100.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
						Members Processed						6277					
						Within target					6277						
Transfers In Payments	TVIN	Payment made within 5 working days of receipt of all documentation	20		100%	100.00%	100%	100%	100%	100%	100%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
						Processed	9	6	1	8	3						
						Within target	9	6	1	8	3						
Transfers in Quotes	TRANINQ	Issued within 20 working days of notification and all information required to produce a quote	20		100%	100.00%	100%	100%	100%	100%	100%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
						Processed	1	8	16	21	7						
						Within target	1	8	16	21	7						
Transfers Out Payments	TVOUT	Payment made within 5 working days of receipt of all documentation	20		100%	100.00%	100%	100%	100%	100%	100%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
						Processed	8	3	2	6	6						
						Within target	8	3	2	6	6						

LOW COUNCIL LOCAL GOVERNMENT PENSION SCHEME

KPI statistics @ 31 August 2022

Category	TASK	Detail	Days to complete	2022/23 achieved	Target	Current average	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23					
Transfers Out Quotes	TRANOUTQ	Issued within 20 working days of notification and all information required to produce a quote	20		100%	100.00%	100%	100%	100%	100%	100%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!					
						Processed	8	8	16	14	10											
Deaths	DEATHS	Payment of Death Grant and set up Widow pension within 10 working days	10		100%	100.00%	100%	100%	100%	100%	100%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!					
						Processed	18	22	17	15	18											
Pensioner Payroll		Payment of pension benefits to member by last working day of month			100%	100.00%	100%	100%	100%	100%	100%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!					
						Date completed	21/04/2022	23/05/2022	23/06/2022	20/07/2022	24/08/2022											
						Processed	5,869	5,888	5,911	5,920	5,931											
						Starters	34	34	27	29	28											
Statutory Reports		Statutory reports, finance reports etc.			95%	Report	-	Club Vita Valuation	-	Hymans Triennial Valuation	-	-	-	-	-	-	-					
						Method		Data uploaded		Data uploaded												
						Date completed		04/05/2022		20/07/2022												

IOW COUNCIL LOCAL GOVERNMENT PENSION SCHEME

Pensioner payroll statistics @ 31 August 2022

Category	Apr-22	May-22	Jun-22	Jul-22	Aug-22
Closing LIVE Count Previous Month	5,944	5,973	5,985	5,993	6,004
Starters	34	34	27	29	28
Leavers	5	22	19	18	19
Sub-total (LIVE Count)	5,973	5,985	5,993	6,004	6,013
Suspended	102	95	79	81	80
Total number of pensioners paid	5,871	5,890	5,914	5,923	5,933
Suspended Reason					
Account Closed	14	12	13	9	8
Deaths	61	58	43	50	50
Gone Away	27	25	23	21	21
Children's pension over 18	0	0	0	1	1
Total	102	95	79	81	80
Unresolved after 12 months	54	54	47	41	40

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IOW COUNCIL LOCAL GOVERNMENT PENSION SCHEME

Employer compliance with Pensions Admin Strategy

Statistics for August 2022 submissions as @ 22 September 2022

Appendix 6

Select Month to Review

August

Body	Scheme	Type	Establishment	August 2022		TOTALS (Year to Date 2022/2023)	
				Payment Late	Return Late	Payment Late	Return Late
Accomplish Group	LG	STD		N	N	0	0
Barnardos 2021	LG	STD		N	N	0	0
Cowes Enterprise College	LG	STD	Caterlink	N	N	0	0
Cowes Enterprise College	LG	STD	EPM	N	N	0	0
Cowes Harbour Commissioners	LG	STD		N	N	0	0
Cowes Town Council	LG	STD		N	N	0	0
Gurnard Parish Council	LG	STD	CAIW	N	N	0	0
IOW Schools	LG	STD	Capita	N	N	0	1
IOW Schools	LG	STD	Strictly Education	N	N	0	0
Island Free School	LG	STD	Strictly Education	N	N	0	0
Island Roads	LG	STD	Eurovia	N	N	0	0
Isle of Wight College	LG	STD		N	N	0	0
Isle of Wight Council	LG	STD		N	N	0	0
Lanesend Primary	LG	STD	Strictly Education	N	N	0	0
Newport & Carisbrooke Commu	LG	STD	CAIW	N	N	0	0
Northwood Parish Council	LG	STD	CAIW	N	N	0	0
Northwood Primary	LG	STD	Strictly Education	N	N	0	0
Ryde Academy	LG	STD	CleanTEC	N	N	0	0
Ryde Academy	LG	STD	MHR	N	N	0	0
Ryde Academy	LG	STD	RM Education	n/a	n/a	0	0
Ryde Town Council	LG	STD	CAIW	N	N	0	0
Sandown Town Council	LG	STD	CAIW	N	N	0	0
Shanklin Town Council	LG	STD		N	N	0	0
Solutions 4 Health	LG	STD		n/a	n/a	0	0
Southern Housing Group	LG	STD		N	N	1	0
Southern Vectis	LG	STD	Go North East	N	N	0	0
Sovereign Housing Association	LG	STD		N	N	0	0
St Blasius Primary	LG	STD	Strictly Education	N	N	0	1
St Catherines Schools	LG	STD		N	N	1	2
St Francis Primary	LG	STD	Strictly Education	N	N	0	1
Top Mops	LG	STD		N	N	0	0
Ventnor Botanic Garden	LG	STD		N	N	0	0
Wootton Bridge Parish Council	LG	STD		N	N	0	0
Yarmouth Harbour Commission	LG	STD		N	N	0	0
						2	5

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Taylor, Adrian

From: Pensions - General
Sent: 26 April 2022 09:52
To: Pensions - General
Subject: Local Government Pension Scheme (LGPS) -Employer Role Training

Dear Scheme Employer

Further to our previous email of 30 March 2022, these training sessions are an excellent opportunity for you to understand your role and statutory responsibilities as an employer in the LGPS. There has been significant interest and a number of the dates shown are now fully booked. Thank you to those employers who've shown interest and booked a place for one of these sessions. To those of you that plan to attend, but have not started your application, can we suggest you do so sooner rather than later to ensure you have a place. As mentioned in our previous email we would ask that you notify us which date you will be attending. We believe that employer understanding of their role within the LGPS is important so we will be reporting the level of engagement to the Pension Fund Committee in due course.

Kind regards
 LGPS Admin Team

Pension Admin Team | Isle of Wight Pension Fund
 Isle of Wight Council | Business Centre | County Hall | Newport | Isle of Wight | PO30 1UD
 Tel: (01983) 823626 | Email: pensions@iow.gov.uk

Have you signed up to view your pension record online? If not then you can register for Member Self-Service (MSS) by visiting <https://www.iwcpensions.co.uk/>

You can find further information about the Local Government Pension Scheme (LGPS) on:

- IWPF website: <https://isleofwightpensionfund.org/>
- LGPS member website: <https://www.lgpsmember.org/>



From: Pensions - General
Sent: 30 March 2022 16:29
To: Pensions - General <Pensions@IOW.gov.uk>
Subject: Local Government Pension Scheme (LGPS) -Employer Role Training

Dear Scheme Employer

The Local Government Association (LGA) have released dates for their upcoming Employer Role training, as shown in the email below.

The course is based on the scheme rules for the LGPS in England and Wales and covers the following subjects:

- Brief overview of the LGPS
- Joining the LGPS
- CARE vs Final Pay

- Absences
- Additional Contributions
- Additional Pension Contributions
- Additional Voluntary Contributions
- All types of retirement
- Early leavers
- Other areas for consideration - including employer discretions, maximising tax-free cash, internal dispute resolution procedures (IDRP)

There are a mixture of both online and face to face sessions. If you are interested, and would like to attend one of these sessions, you will need to book through the LGA website, [click here](#). These are LGA sessions and not ones being run our us so if you have any questions then please contact the LGA directly. We would ask you notify us if you attend one of these sessions so that we can report your engagement to the Pension Fund Committee.

Kind regards
LGPS Admin Team



From: Elaine English <Elaine.English@local.gov.uk>
Sent: 29 March 2022 12:16
Subject: Employer Role Training

CAUTION: This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe. Further information can be found [here](#).

Dear Colleagues,

Please forward this email to the Employers in your Fund.

The Pensions Section at the LGA have scheduled some more Employer Role training dates from April – September with a mixture of both online and face-to-face. These events are now live on the [LGA website](#). This is a live site and bookings are on a first come, first serve basis.

Please note that we can only invoice those that are members of the LGA. All other payments will have to be made via debit/credit card. If you input the wrong authority, your place will automatically be cancelled from the system.

For your ease of reference each date has a link attached to the direct booking page:

26th April	Online	Teams
24th May	Online	Teams
26th May	Online	Teams
31st May	Online	Teams
7th June	Manchester	McDonald Hotel
23rd June	Leeds	TBC
28th June	London	TBC

5th July	Cardiff	Marriott Hotel
19th July	London	TBC
21st July	online	Teams
9th August	Online	Teams
18th August	Online	Teams
6th Sept	London	TBC
13th Sept	Leeds	TBC
15th Sept	Birmingham	TBC
20th Sept	Bristol	TBC

Regards

Elaine

Elaine English

Pronouns: she/her/hers

LGPS Executive Officer

Local Government Association

18 Smith Square, Westminster, London SW1P 3HZ

Mobile: 07909988968 Office: 020 71877344

Email elaine.english@local.gov.uk



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We work flexibly at the LGA. I'm emailing at this time because it works for me. I don't expect you to read, take action or respond to this email outside your normal working hours.

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Taylor, Adrian

From: Pensions - General
Sent: 08 June 2022 16:42
To: Pensions - General
Subject: Local Government Pension Scheme (LGPS) - Isle of Wight
Attachments: LGPS HR guide v4.3c.pdf; LGPS payroll guide v4.3c.pdf; LGA Bulletin 225 May22.pdf

Dear Scheme Employer

The Local Government Pension Committee (LGPC) have issued their latest bulletin #225, a copy of which is attached for your information. As a scheme employer we would draw your attention to the following articles:

- **HR**– updated HR guide issued 31 May 2022, copy as attached.
- **Payroll** – updated payroll guide issued 7 June 2022, copy as attached.
- **Additional Voluntary Contributions (AVC) – Nudge to guidance**– new guidance came into effect from 1 June 2022 which affects members with AVC funds and who are looking to either retire or transfer. For those of you who have members paying into the in-house AVC scheme with the Prudential we would ask you to let us know 4 months in advance of any proposed retirement date in order that we can send the relevant guidance to the member.

The LGPS have an extensive resource library of guides and bulletins for you to refer to. You may therefore wish to bookmark the following useful links:

- [LGPS regulations & guidance](#)
- [LGPS scheme advisory board](#)
- [LGPS bulletins](#)
- [LGPS members website](#)

If you have anyone within your organisation you think should be receiving these emails then please let us know and we will add them to our distribution list. If you do not wish to continue receiving employer information emails then please let us know.

If you have any questions then please do not hesitate to contact us.

Kind regards

LGPS Admin Team | Isle of Wight Pension Fund | Isle of Wight Council | Business Centre | County Hall | Newport | Isle of Wight | PO30 1UD
 Tel: (01983) 823626 | Email: pensions@iow.gov.uk

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- LGPS member website: <https://www.lgpsmember.org/>



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Deferred Member News

For more information visit: www.lgpsmember.org | Summer 2022

Welcome to the 2022 newsletter for deferred members of the Local Government Pension Scheme (LGPS). We have produced this newsletter jointly with other LGPS funds. For more information about your pension benefits, contact Isle of Wight Pension Fund.

▶ Your questions answered

What is a deferred pension?

A deferred pension is a pension that you no longer pay into. Your fund works out the value of your deferred benefits and looks after them until you can start to take them. The figures quoted in annual statements are based on your pension starting to be paid at normal pension age (NPA).

What is my NPA?

Your NPA is the standard date we use to quote your unreduced deferred benefits. It's individual to you, depending on when you left the LGPS. If you left:

- after 1 April 2014, your NPA is linked to your State Pension age;
- between 1 October 2006 and 1 April 2014, your NPA is age 65; or
- before 1 October 2006, your NPA is normally 65 but could be as early as age 60.

When can I take my deferred benefits?

If you leave the job your deferred benefits are tied to before retirement, you can, under current rules, choose to take your deferred benefits at any age between 55 and 75. You can take your benefits:

- reduced at any age between 55* and your NPA at a date you choose;
- unreduced at your NPA;
- increased after your NPA and up to age 75, at a date you choose (but if you left before 1 April 1998, you can't defer past your NPA); and
- unreduced at any age before your NPA if your former employer agrees that you meet the rules for permanent ill health, which means you can't work again.

*Please see our update about how you may not be able to take your LGPS benefits at 55 in the future, on page 3.

How much will I get if I take my benefits before my NPA?

If you decide to take your deferred benefits before your NPA, they'll normally be reduced. This is because your pension will normally



be paid for longer. How much they are reduced by will depend on how early you take them.

The current early retirement reduction factors are shown in the following table.

Early retirement reductions (as at January 2019)

Years early	Pension reduction	Lump sum reduction
0	0%	0%
1	5.1%	2.3%
2	9.9%	4.6%
3	14.3%	6.9%
4	18.4%	9.1%
5	22.2%	11.2%
6	25.7%	13.3%
7	29%	15.3%
8	32.1%	17.3%
9	35%	19.2%
10	37.7%	21.1%
11	41.6%	Doesn't apply
12	44%	Doesn't apply
13	46.3%	Doesn't apply

You can use the benefit calculators on Isle of Wight Pension Fund's website to find out how much you might get when you choose to take your benefits:
www.isleofwightpensionfund.org

Can I take my deferred benefits if I can't work because of ill health?

You may be able to have your benefits paid at any age without them being reduced if you can't work because of ill health. You must be permanently incapable of doing the job you were in when you left the LGPS.

You can contact your previous employer if you think this may apply to you. They'll ask their approved occupational physician to give an opinion before they decide if they can approve your application.

How do my deferred benefits keep up with the cost of living?

Every April, your deferred benefits are adjusted by the Consumer Price Index (CPI) as at the previous September. For April 2022, this is a 3.1% increase.

If you became a deferred member before 1 April 2021, you'll get the full 3.1% increase. If you became a deferred member after 1 April 2021, you'll get part of the 3.1% increase.

Can I transfer my deferred benefits to another pension scheme?

You may be able to transfer your deferred benefits to another scheme if you meet certain conditions.

Transferring your pension out of the LGPS is an important decision and one that you should think about carefully. You can find out more about transferring out, including time limits, on the Isle of Wight Pension Fund website:
www.isleofwightpensionfund.org

What happens to my deferred benefits if I die?

A survivor's pension may be paid to your dependants, such as:

- your husband, wife or registered civil partner;
- any eligible children; or
- if you were a member of the LGPS on or after 1 April 2008, someone you live with as if you were married.

A lump sum death grant may also be due to anyone you've nominated to receive it or to a charitable trust. This amount is separate to the survivor's pension.

If you left the LGPS before 1 April 2008, the death grant is three times your deferred pension. If you left on or after 1 April 2008, the death grant is five times your deferred pension.

If you also have an active pension account, only the highest death grant would be paid.

To find out how much your dependants could get, visit www.isleofwightpensionfund.org and log in to the secure members' area My Pension Online. You can also use this system to tell us who you'd like the death grant to be paid to. Or you can let us know by filling in a form on our website.

How do I update my personal details?

If your personal details shown on your annual statement are out of date, you may be able to update them by logging in to your My Pension Online account. Or let us know by filling in a form (such as the 'change of address' form) on our website.

If you choose to fill in a form, you should scan it or take a photo and email it to: pensions@iow.gov.uk

If your name, marital status or gender has changed, we need a copy of the legal document changing your details.

➤ New national Local Government Pension Scheme website

The Local Government Pension Scheme (LGPS) has updated its website to make it easier for you to understand your pension. The new site is mobile-friendly and fully accessible, allowing you to plan for your retirement, find key information and easily access support.

Their new website has:

- simple navigation;
- easy-to-use tools and calculators;
- useful links, hints and tips;
- helpful videos;
- new pages and updated content; and
- a faster and more detailed search function.

To use these new features, go to the LGPS website:
www.lgpsmember.org

Did you know you can also check your pension details by logging in to your online pension account on your local Isle of Wight Pension Fund website? If you haven't already registered for this service, why not do so today?

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If you want to find out more about your LGPS pension and your options as a scheme member but you're short on time, take a look at the Pensions Made Simple videos. These eight short videos will give you quick introductions to key

➤ You may not be able to take your LGPS benefits at 55

The Government has announced that the minimum age that LGPS members will be allowed to take their benefits, other than on ill-health grounds, will rise from 55 to 57 from 6 April 2028.

However, if you were a member of the LGPS on 3 November 2021, you should keep the right to take your benefits from age 55.

The details of exactly how a protected minimum age of 55 will work have yet to be finalised. There are many questions at this stage about how the increase in the minimum pension age will affect LGPS members. We don't know yet, for example, exactly what rules will apply if members want to transfer benefits between pension schemes or between different LGPS pension accounts.

We'll provide further information on our website, or in a separate communication when we can. The Government is carrying out a review of the State Pension age. If changes are made to your State Pension age, they could affect your normal pension age.

topics, such as 'How your pension works', 'Transferring your pension', 'Protection for you and your family' and 'Life after work'. Watch the videos now at:
www.lgpsmember.org/help-and-support/videos/

➤ Changes to transfer rules

Late in 2021, the UK Government announced new rules which restrict your right to transfer your pension if any potential risks from scams are identified. These new rules help us to keep your pension savings safe from scammers and criminals.

Of course, most transfers are above board, safe and legitimate. But we can now express any concerns we might have about your transfer under two categories – red flags or amber flags.

Red flags are where there is a clear sign of a scam or fraud. If we identify any red flags while carrying out these additional checks, we can prevent the transfer from going ahead.

Amber flags are where certain features of the scheme that you're transferring to show that you might be at risk of being scammed. These might include unregulated or high-risk investments, unclear fee structure or advice taken from overseas or unregulated advisers.

If we find any amber flags, you'll have to make a free Pension Safeguarding Guidance appointment with MoneyHelper. This service, backed by the Government, helps people understand their money and pension options. Once you've had your appointment, you can decide whether you still want to go ahead with the transfer.

➤ Pension scams are on the rise

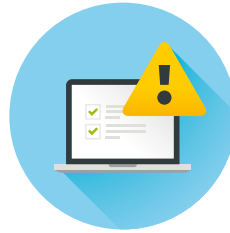
Pension scams are on the rise in the UK. The people behind the scams are good at tricking people into handing over their money. It's important that you've an idea of how to spot a pension scam, even if you think it could never happen to you. Some of the warning signs of a pension scam could be:

- someone calls you out of the blue, offering a free pension review;
- someone promises to get you better returns on your pension savings; or
- you're pressured into making a quick decision about transferring your pension.

You can help to protect yourself by learning how to spot a scam. There is more information on the MoneyHelper website: www.moneyhelper.org.uk/en/money-troubles/scams/how-to-spot-a-pension-scam

If you're thinking about transferring your benefits out of the LGPS, you should always get impartial financial advice. Make sure that the company or person giving you the advice is registered with the Financial Conduct Authority (FCA). www.fca.org.uk

➤ Updates to our privacy notice



As part of our plan to make sure we keep to the Data Protection Act 2018, we've prepared a privacy notice giving details of our responsibilities regarding your personal information. The notice sets out what information we hold, who we share it with and your rights to access this information.

We want to let you know that, following the introduction of the Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021, we've recently updated our privacy notice. When dealing with transfer requests, and as part of our due diligence process, we must make sure checks are completed before transferring benefits. To check for pension scams, we may need additional information from members. All of the information we collect meets the UK General Data Protection Regulation (GDPR).

You can read the privacy notice on our website.

➤ Deferred benefit calculator

You can see how much you will receive if you take your deferred benefit early by logging in to the online Member Self-Service portal and using the benefit projector. Or, you can request a quotation by emailing us with the relevant details.

➤ McCloud update

On 13 May 2021 the Government made a statement confirming the expected steps needed to remove age discrimination in the LGPS. To make any changes, LGPS regulations need to be amended. A full Government response, with more details on how this could be achieved and information about other issues covered in the recent consultation, will be published at a later date. The Government hopes the regulations will come into force on 1 April 2023.

Pension funds are reviewing the information they hold in order to identify any members affected by this. This work will continue for the foreseeable future. You do not need to take any action. The Government has confirmed that members who qualify for protection do not need to make a claim for the changes to apply to them.

For more information, please go to the LGPS Advisory Board website: <https://lgpsboard.org/index.php/structure-reform/mccloud-page/ccmcloud>

Contacting the Pension Team

- ☎ 01983 823 626
- @ pensions@iow.gov.uk
- 🌐 www.isleofwightpensionfund.org
- ✉ LGPS Admin Team, Business Centre, County Hall, Newport, Isle of Wight, PO30 1UD

Pension Update

For members of the Local Government Pension Scheme (LGPS) | Summer 2022

➤ Welcome

Welcome to the 2022 newsletter for contributing members of the Local Government Pension Scheme (LGPS).

The LGPS has been a career average revalued earnings (CARE) scheme since 1 April 2014. This means that, each year, a proportion of your pensionable pay is added to your pension account. At the end of the year, this amount is added to any total pension pot you've built up in previous years and revalued to make sure it keeps up with the cost of living.

The pension benefits you build up in the LGPS from 1 April 2014 onwards have a cost-of-living adjustment applied each April. For April 2021, this was 0.5%. Your annual benefit statement shows the value of your pension after this increase has been added. The adjustment is worked out in line with the Consumer Price Index (CPI).

The 2021/2022 pay shown on your statement affects how your pension builds up, so it's important

that you check this amount. CARE pensionable pay is the total amount of (actual) pensionable pay you've earned over the year from 1 April 2021 to 31 March 2022. If you work part-time and joined the scheme before 1 April 2014, your final salary pay is the full-time equivalent pay for the same period. If you think your pay is wrong or if you have any questions about the pay used to work out your benefits, you should contact your employer.

We've produced this newsletter jointly with other LGPS funds. If you would like more information about your pension benefits, contact Isle of Wight Council Pension Fund.

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These eight short videos will give you quick introductions to key topics, such as 'How your pension works', 'Transferring your pension', 'Protection for you and your family' and 'Life after work'. Watch the videos now at:

www.lgpsmember.org/help-and-support/videos/



➤ An update on McCloud

When the LGPS changed from a final salary to a career average pension scheme in 2014, protections for older scheme members were introduced.

Similar protections were provided in other public-sector pension schemes. The Court of Appeal ruled that younger members of the Judges' and Firefighters' Pension schemes had been discriminated against because the protections don't apply to them.

The Government has confirmed that there'll be changes to all main public-sector schemes, including the LGPS, to remove this age discrimination. This ruling is often called the 'McCloud judgment'. The Government is still considering exactly what changes need to be made to remove the discrimination from the LGPS.

This means it's not been possible to show the effect of the judgment in your annual benefit statement this year. If you qualify for protection, it will apply automatically – you don't need to make a claim. For more information, see the frequently asked questions on the national LGPS website: www.lgpsmember.org/help-and-support/frequently-asked-questions

Don't forget to keep checking our Isle of Wight Council Pension Fund website for the latest news and updates about the case.



➤ New national Local Government Pension Scheme website

The Local Government Pension Scheme (LGPS) has updated its website to make it easier for you to understand your pension.

The new site is mobile-friendly and fully accessible, allowing you to plan for your retirement, find key information and easily access support.

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The Government has announced that the minimum age that LGPS members will be allowed to take their benefits, other than on ill-health grounds, will rise from 55 to 57 from 6 April 2028. However, if you were a member of the LGPS on 3 November 2021, you should keep the right to take your benefits from age 55.

The details of exactly how a protected minimum age of 55 will work have yet to be finalised.

There are many questions at this stage about how the increase in the minimum pension age will affect LGPS members. We don't know yet, for example, exactly what rules will apply if members want to transfer benefits between pension schemes or between different LGPS pension accounts.

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➤ Changes to transfer rules

Late in 2021, the UK Government announced new rules which restrict your right to transfer your pension if any potential risks from scams are identified. These new rules help us to keep your pension savings safe from scammers and criminals.

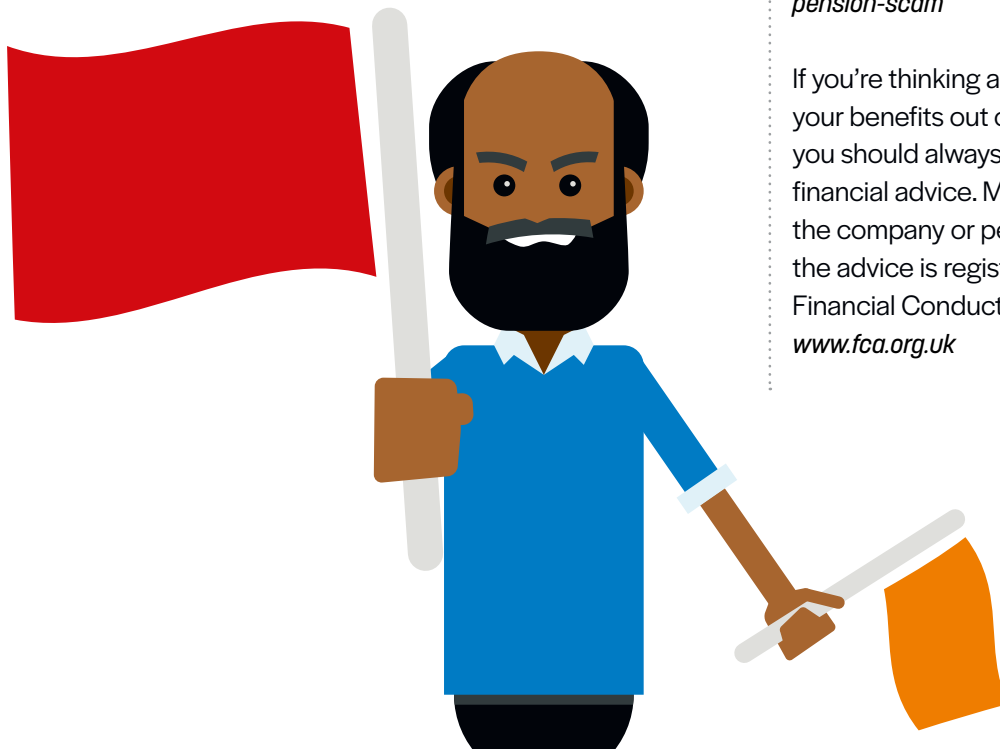
Of course, most transfers are above board, safe and legitimate. But we can now express any concerns we might have about your transfer under two categories – red flags or amber flags.

Red flags are where there is a clear sign of a scam or fraud. If we identify any red flags while carrying out these additional checks, we can prevent the transfer from going ahead.

Amber flags are where certain features of the scheme that you're transferring to show that you might be at risk of being scammed. These might include unregulated or high-risk investments, unclear fee structure or advice taken from overseas or unregulated advisers.

If we find any amber flags, you'll have to make a free Pension Safeguarding Guidance appointment with MoneyHelper. This service, backed by the Government, helps people understand their money and pension options. Once you've had your appointment, you can decide whether you still want to go ahead with the transfer.

As an active member of the scheme, you can't transfer out your pension benefits. But if you hold deferred benefits from a job you no longer work in, you may be entitled to a transfer.



➤ Pension scams are on the rise

Pension scams are on the rise in the UK. The people behind the scams are good at tricking people into handing over their money. It's important that you've an idea of how to spot a pension scam, even if you think it could never happen to you.

Some of the warning signs of a pension scam could be:

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You can help to protect yourself by learning how to spot a scam. There is more information on the MoneyHelper website: www.moneyhelper.org.uk/en/money-troubles/scams/how-to-spot-a-pension-scam

If you're thinking about transferring your benefits out of the LGPS, you should always get impartial financial advice. Make sure that the company or person giving you the advice is registered with the Financial Conduct Authority (FCA). www.fca.org.uk

➤ Updates to our privacy notice

As part of our plan to make sure we keep to the Data Protection Act 2018, we've prepared a privacy notice giving details of our responsibilities regarding your personal information.

The notice sets out what information we hold, who we share it with and your rights to access this information.

We want to let you know that following the introduction of the Occupational and Personal Pension Schemes (Conditions

for Transfers) Regulations 2021, we've recently updated our privacy notice. When dealing with transfer requests, and as part of our due diligence process, we must make sure checks are completed before transferring benefits. To check for pension scams, we may need additional information from members. All of the information we collect meets the UK General Data Protection Regulation (GDPR).

You can read the privacy notice on our website.



Contacting the Pension Team

- ☎ 01983 823626
- @ pensions@iow.gov.uk
- 🌐 www.isleofwightpensionfund.org
- ✉ LGPS Admin Team, Business Centre, County Hall, Newport, Isle of Wight, PO30 1UD



← Back

McCloud update

Published

28th July 2022

Category

Member communication

Update on the removal of age discrimination in the Local Government Pension Scheme (LGPS)

On 13 May 2021 the Government made a statement confirming the expected steps needed to remove age discrimination in the Local Government Pension Scheme (LGPS). Amendments to the LGPS regulations are required to enact any changes. A full Government response, containing further details on how this could be achieved, and on other issues covered in the recent consultation, will be published in due course. It is the Government's intention that regulations will come into force on 1 April 2023.

We are reviewing the information we hold in order to identify any members affected by this. This work will continue for the foreseeable future. **You do not need to take any action.** The Government has confirmed that members who qualify for protection do not need to make a claim for the changes to apply to them.

You can find further information on the LGPS members website:

https://www.lgpsmember.org/help-and-support/frequently-asked-questions/?faq_type=mccloud-court-case

McCloud update

McCloud update

28th July 2022



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Taylor, Adrian

From: do not reply <do-not-reply@aquilaheywood.co.uk>
Sent: 08 August 2022 17:13
To: Taylor, Adrian
Cc: Pensions - General
Subject: Incident INC130004 (MSS server issue) Resolved

CAUTION: This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe. Further information can be found [here](#).

Dear Adrian,

Incident **INC130004** was resolved by Ashleigh Dodgson on 08-Aug-2022 17:12.

Reason for Resolution:	[None]
Comment:	<p>Hi Adrian,</p> <p>I hope that you are keeping well, glad to hear you can access MSS again.</p> <p>We have worked with our datacentre partner to identify the root cause. We can advise the intermittent connectivity issues were caused by a dynamic security policy on our firewall that incorrectly adjusted a threshold resulting in some legitimate traffic being classified as suspicious and being blocked. We have worked with our datacentre partner to review, clarify authenticity, adjust, and correct the threshold and the issue has alleviated. We will monitor it closely for stability.</p> <p>If you experience any further issues, please do get in touch and we will investigate.</p> <p>Kind Regards, Ashleigh</p>

To confirm closure or reopen this Incident, please log into the Heywood Service Desk Portal (<https://servicedesk.heywood.co.uk/Sostenuto/web/SContacts/?ID=INC130004>).

Summary:	MSS server issue
Description:	<p>Good afternoon</p> <p>We've had a number of members contacting us today as they are experiencing issues logging in the MSS service. We've been testing this ourselves and we're unable to access the system using the MSS Admin user credentials. Having gone past the user/password screen the login process fails with an 'Internal Server Error' message. Can you please advise whether there is a general MSS system issue or whether this is specific to us.</p> <p>Many thanks Adrian</p>
Client Ref:	
Type:	Incident
Opened:	08-Aug-2022 15:48
Resolved:	08-Aug-2022 17:12

Priority:	2. High
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Kind regards,

Heywood Service Desk
0161 613 4333

This email and any files transmitted with it are confidential and intended solely for the use of the individual or entity to which they are addressed. If you have received this communication in error, please inform the sender by email immediately then delete the original e-mail and any attachments from your system.

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Being certified with 14001:2015 Aquilaheywood comply with the highest global environmental standards.

Please think about your environment before printing

Taylor, Adrian

From: Pensions - General
Sent: 15 August 2022 11:40
To: Pensions - General
Subject: Local Government Pension Scheme (LGPS) - Employer Role Training

Categories: Egress Switch: Unprotected

Dear Scheme Employer

The Local Government Association are running further employer role training sessions and there two online sessions coming up for September. Please use the links below if you would further information:

- [Employer role training - 13 September 2022 Online](#)
- [Employer role training - 20 September 2022 Online](#)

As mentioned in previous employer role training session emails, we would ask that you notify us if you attend one of these sessions. We believe that employer understanding of their role within the LGPS is important so we will be reporting the level of engagement to the Pension Fund Committee.

Kind regards
LGPS Admin Team

Pension Admin Team | Isle of Wight Pension Fund
Isle of Wight Council | Business Centre | County Hall | Newport | Isle of Wight | PO30 1UD
Tel: (01983) 821000 Ext: 8873 | Email: pensions@iow.gov.uk

Have you signed up to view your pension record online? If not then you can register for Member Self-Service (MSS) by visiting <https://www.iwcpensions.co.uk/>

You can find further information about the Local Government Pension Scheme (LGPS) on:

- IWPF website: <https://isleofwightpensionfund.org/>
- LGPS member website: <https://www.lgpsmember.org/>



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Taylor, Adrian

From: Tara Bloomfield <tara.bloomfield@rydetowncouncil.gov.uk>
Sent: 16 August 2022 12:15
To: Pensions - General
Subject: RE: Local Government Pension Scheme (LGPS) - Employer Role Training

CAUTION: This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe. Further information can be found [here](#).

Good Afternoon,

I have signed up for the course on 20th September.

Please can you update your details with myself as the main contact for Pensions as Gareth has now left the council.

Kind Regards,

Tara Bloomfield – Responsible Financial Officer

Working Hours: Mon-Thu 08:15-16:00



Tel: (01983) 811105

Web: www.rydetowncouncil.gov.uk

Ryde Town Council | [10 Lind St](#) | [Ryde](#) | [Isle of Wight](#) | [PO332NQ](#)



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Important Information - Disclosure, Confidentiality and Monitoring of this email
This email communication may be monitored by the Isle of Wight Council for regulatory, quality control, or crime detection purposes. If you are not the Intended Recipient please contact the sender as soon as possible. It is intended only for the personal attention of the named person, firm or company to whom it is addressed. It may contain information that is privileged and confidential in law. Accordingly any unauthorised dissemination, distribution, copying or other use of this message or any of its content by any other person may constitute a breach of civil or criminal law and is strictly prohibited. No mistake in transmission is intended to waive or compromise any such privilege. Any views expressed in this message are those of the individual sender and may not necessarily reflect the views of the Isle of Wight Council.
The information contained in this e-mail may be subject to disclosure to third parties under either data protection legislation or the Freedom of Information Act 2000 to the extent the law allows and in accordance with the Isle of Wight Council's policies on information management. (If you wish the disclosure of the information in any reply to be restricted please make this clear in your response).

Taylor, Adrian

From: Pensions - General
Sent: 09 September 2022 11:03
To: Pensions - General
Subject: Local Government Pension Scheme (LGPS) - Isle of Wight Pension Fund
Attachments: LGA Bulletin 228 Aug22.pdf

Categories: Egress Switch: Unprotected

Dear Scheme Employer

The Local Government Pension Committee (LGPC) have issued their latest bulletin #228, a copy of which is attached for your information. As a scheme employer we would draw your attention to the following articles:

Supreme Court decision concerning term time workers

The Supreme Court has ruled in favour of a zero hours contract worker who works on a term-time only contract in a school. The case concerned how to calculate their holiday pay. It also has implications for workers who work varying hours during only certain weeks of the year but have a continuing contract.

The employer adopted a policy of adding 12.07 per cent to the worker's pay to cover their holiday pay entitlement. The Supreme Court ruled that it was wrong to do so. The holiday pay should instead have been based on the worker's pay for the relevant period, with any weeks of nil pay ignored. The relevant period in relation to this claim was 12 weeks. This has since been changed to 52 weeks.

LGPS Scheme employers may be reviewing their policy on calculating holiday pay for members in this category in light of this judgment. They may wish to seek specialist legal advice to establish whether to change their current practices and whether any backdated payments are due.

You can read more about the [Harpur Trust v Brazel](#) case, including a useful summary of the judgment on the Supreme Court's website.

The LGPS have an extensive resource library of guides and bulletins for you to refer to. You may therefore wish to bookmark the following useful links:

- [LGPS regulations & guidance](#)
- [LGPS scheme advisory board](#)
- [LGPS bulletins](#)
- [LGPS members website](#)

If you have anyone within your organisation you think should be receiving these emails then please let us know and we will add them to our distribution list. If you do not wish to continue receiving employer information emails then please let us know.

If you have any questions then please do not hesitate to contact us.

Kind regards

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PENSION AWARENESS 2022



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Isle of Wight Council Pension Fund

High level valuation timetable

Valuation Date 31 March 2022

date	activity	complete
01-Mar-22	catch up meetings Hymans/IWC	✓
04-Mar-22	2021 data uploaded to Brain	✓
15-Mar-22	employer database updated	✓
15-Mar-22	Hymans to send scope for assumption setting work	✓
21-Mar-22	Meeting to discuss initial scoping document	✓
21-Mar-22	Scoping work commissioned on full detailed basis	✓
31-Mar-22	VALUATION DATE	✓
05-Apr-22	compass modelling scope	✓
05-Apr-22	catch up meetings Hymans/IWC	✓
06-Apr-22	LPB meeting	✓
30-Apr-22	cash flow data for 19/20 and 20/21	✓
03-May-22	catch up meetings Hymans/IWC	✓
04-May-22	meeting with Chris W to discuss assumptions	✓
25-May-22	assumptions to committee	✓
25-May-22	PFC meeting	✓
07-Jun-22	catch up meetings Hymans/IWC	✓
15-Jun-22	LPB meeting	✓
	Q2/2022 Contribution rate modelling	✓
	Q2/2022 Employer risk management	✓
20-Jun-22	comPASS results for meeting with Chris W	✓
30-Jun-22	draft membership data for Mar22 to Brain	✓
30-Jun-22	cash flow data for 21/22	✓
30-Jun-22	internal transfers data to Hymans	✓
22-Jul-22	catch up meetings Hymans/IWC	✓
27-Jul-22	PFC meeting	✓
	Summer 2022 Data provision	✓
31-Jul-22	final membership data to Brain	✓
02-Aug-22	catch up meetings Hymans/IWC	cancelled
06-Sep-22	catch up meetings Hymans/IWC	✓
	Summer 2022 Funding Strategy Statement (first draft)	deferred
30-Sep-22	expect whole fund results	✓
03-Oct-22	meeting with DoF/AsstDoF to discuss whole fund results	✓
04-Oct-22	catch up meetings Hymans/IWC	✓
15-Oct-22	(EST) officer meeting to discuss whole fund results	
26-Oct-22	LPB meeting	
31-Oct-22	expect employer results	
01-Nov-22	catch up meetings Hymans/IWC	
08-Nov-22	development session for employers	
	Q4/2022 Employer results	
	Q4/2022 Employer discussions	
	Q4/2022 Funding Strategy Statement (first draft)	
22-Nov-22	PM employer meetings	
23-Nov-22	whole fund/employer results to committee	
23-Nov-22	funding strategy statement (FSS) to committee	
23-Nov-22	PFC meeting	
06-Dec-22	catch up meetings Hymans/IWC	
10-Dec-22	employer results issued	
10-Dec-22	FSS consultation to employers	
21-Dec-22	LPB meeting	
03-Jan-23	catch up meetings Hymans/IWC	
07-Feb-23	catch up meetings Hymans/IWC	
08-Feb-23	FSS adoption	
08-Feb-23	draft valuation report to committee	
08-Feb-23	PFC meeting	
07-Mar-23	catch up meetings Hymans/IWC	
	March 2023 Valuation sign off	
31-Mar-23	valuation results agreed s151 officer	
05-Apr-23	LPB meeting	
??-May-23	valuation completion confirmed to committee	
??-May-23	PFC meeting	

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Committee report

Committee	LOCAL PENSION BOARD
Date	26 OCTOBER 2022
Title	COMMUNICATION POLICY 2022
Report of	PENSION FUND MANAGER

EXECUTIVE SUMMARY

1. This report presents a proposed revised version of the communications policy for the Isle of Wight Council Pension Fund, which was previously adopted in February 2019.
2. Following review by the board, the policy will be presented to the Pension Fund Committee at their meeting in November 2022 for adoption and publication on the fund's website.

RECOMMENDATION

- | |
|---|
| <ol style="list-style-type: none">3. That the board reviews the proposed revisions to the policy and considers its sufficiency against the requirements of the Pensions Regulator's codes of practice.4. That the board agrees the revised communications policy and recommends it for adoption by the Pension Fund Committee. |
|---|

BACKGROUND

5. Isle of Wight Council is the administering authority for the Local Government Pension Scheme (LGPS) on behalf of the employers participating in the LGPS through the Isle of Wight Council Pension Fund (the fund). The LGPS is governed by statutory regulations.
6. Everyone with an interest in the fund should have ready access to the information they need. Effective communication between the Isle of Wight Council (the council), the scheme members, and the employers within the fund is essential to the proper management of the fund on a transparent and accountable basis.
7. To communicate effectively, different methods are used according to the need and the target audience. The communication policy sets out the methods by which the fund intends to communicate different information to different audiences.

8. The revised communications policy is presented at Appendix 1. A summary of the changes made to the proposed version from the currently published policy (version 1.3, adopted in February 2019) is presented at Appendix 2.
9. The revised policy removes all reference to personal appointments, as these are no longer offered to scheme members. It also places greater emphasis on functionality of the Member Self-Service portal, which allows members to view their personal information and benefit calculations, and the fund's website which publishes scheme information and governance documentation.
10. During 2021, the Pension Regulator consulted on a new single code of practice, applicable to all private and public sector pension schemes, which expands on the requirements for communications and disclosure. It is expected that the final single code will be launched before the end of calendar 2022, so it is appropriate to consider the requirements of that code in determining whether the updated communications policy is fit for purpose.
11. The Communications and disclosure section of the single code contains 11 modules, six of which apply to public sector schemes, as summarised in table 1 below. A copy of the applicable modules of the code is presented at Appendix 3 to this report.

Module no	Module title	Public Sector?
CAD001	General principles for member communications	New
CAD012	Statutory financial statements (PSPS)	Existing
CAD016	Short service refunds/refunds of contributions	Existing
CAD005	Scams	New
CAD010	Publishing information about public service pension schemes	Existing
CAD015	Dispute resolution procedures	Existing

12. The revised communications policy contains the required elements as detailed in the single code. The fund acknowledges that more work needs to be undertaken in respect of the modules on scams and dispute resolution procedures.
13. It is expected that the fund's existing plans to develop its response to cyber risks and the scheduled review of the Complaints and Internal Dispute Resolution Process will address the requirements of those modules.

CORPORATE PRIORITIES AND STRATEGIC CONTEXT

Corporate Aims

14. There is nothing contained in this report which directly contributes to the priorities contained in the [Corporate Plan 2021 - 2025](#).

Pension Fund Strategic Aims

15. The primary objective of the fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependents, in accordance with the Local Government Pension Scheme (LGPS) regulations and statutory provisions. The committee aims to operate the fund in such a manner that, in normal market conditions, all accrued benefits are fully covered by the value of the fund's assets and that an appropriate level of contributions is agreed by the employer to meet the cost of future benefits accruing.

16. The fund has also agreed the following objectives, which are supported by information in this report:
 - (a) Communicate in a friendly, expert and direct way to our stakeholders, treating each equally according to their needs.
 - (b) Deliver a high quality, friendly and informative service to all beneficiaries, potential beneficiaries and scheme employers at the point of need.

CONSULTATION

17. The communications policy has been updated by the Pension Fund Manager, in collaboration with members of the Pensions Services team.
18. A version of the policy was provided to the council's Communications team for their consideration. The Principal Communications and Engagement Manager raised the following points:
 - (a) There is nothing explicit that talks of 'promotional' communications.
Response: The Pension Regulator's code of practice covers statutory communications between the fund, its members and employers. While the fund does undertake some promotional activity, for example attending staff induction sessions, it is for the employers to promote membership of the scheme to their employees. Material is provided on the fund's website, and via national bodies (for example Scheme Advisory Board, Pensions and Lifetime Savings Association) to support the employers in this activity.
 - (b) Need to consider whether the website requires review in line with digital accessibility legislation.
Response: The fund's website does have its own accessibility statement, which can be found in the Background Papers section of this report, which covers the key aspects of accessibility. As the technical structure of the website is hosted by Hymans Robertson, a questionnaire will be sent to them to confirm compliance with legislation.
19. The review by the pension board forms an important part of the consultation process.
20. No external consultation has been undertaken, as it is not required.

FINANCIAL / BUDGET IMPLICATIONS

21. There are no direct financial implications in approving the revised communications policy.
22. The costs of the Member Self-Service portal are included within the costs of the hosted pension administration software contract, which was recently awarded to Heywood Pensions Technologies for a period of 10 years to December 2032.
23. The annual cost of hosting and maintaining the pension fund's website is £4,000, which is funded from the pension fund's existing revenue budget.
24. The fund participates in the Local Government Association (LGA) Regional Joint Communications Working Group (JCWG). This provides access to templated newsletters, which form the basis of the fund's most recently published newsletters for active and deferred members. The cost for these newsletters was £340 and £255 respectively, which was funded from the fund's existing resource budget.

25. Printing and postage costs, where incurred, are also funded from the pension fund's existing revenue budget.

LEGAL IMPLICATIONS

26. Regulation 61 of the Local Government Pension Scheme Regulations 2013 requires an administering authority to prepare, maintain and publish a policy on communications with members, members' representatives, prospective members and scheme employers. The policy must include details of:
- the provision of information and publicity about the scheme to members, representatives of members and employing authorities;
 - the format, frequency and method of distributing such information and publicity;
 - the promotion of the scheme to prospective members and their employers.
27. The statement must be revised and re-published following any major changes in policy.
28. The Public Service Pensions Act 2013, introduced the framework for the governance and administration of public service pensions schemes, including the LGPS, and provided an extended regulatory oversight by the Pensions Regulator.
29. The Pension Regulator publishes codes of practice which set out the legal requirements for private sector and public service pension schemes in respect of specific matters, contain practical guidance and set out expected standards of conduct and practice.

EQUALITY AND DIVERSITY

30. The council, as a public body, is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
31. There are no implications for any of the protected characteristics arising from items covered in the report arising from the new communications policy, which includes a statement mirroring that of the council in terms of accessibility of all publications.

RISK MANAGEMENT

32. It is the responsibility of the Isle of Wight Council, as administering authority for the Isle of Wight Pension Fund, to ensure that the fund is properly governed and administered in compliance with relevant regulations and other requirements. The council has delegated this function to the Pension Fund Committee, under section 101 of the Local Government Act 1972.
33. Adopting the updated communications policy will ensure continued compliance with the requirements of the Pensions Regulator.

34. Should the council fail to ensure appropriate standards of governance and administration of the pension schemes for which it has responsibility, the Pensions Regulator has the powers to issue an improvement notice under section 13 of the Pensions Act 2004. This would have reputational issues for the council.

APPENDICES ATTACHED

35. Appendix 1: Isle of Wight Council Pension Fund DRAFT Communications Policy 2022.
36. Appendix 2: Summary of changes to communications policy between 2019 to 2022 versions.
37. Appendix 3: extract from the Pension Regulators' new code of practice Communications and disclosures.

BACKGROUND PAPERS

38. Isle of Wight Council Pension Fund Communications Policy 2019
<https://www.isleofwightpensionfund.org/resources/communications-policy-february-2019/>
39. Isle of Wight Pension Fund website Accessibility Statement
<https://www.isleofwightpensionfund.org/accessibility-statement/>

Contact Point: Joanna Thistlewood, Pension Fund Manager, ☎ 821000
e-mail jo.thistlewood@iow.gov.uk

CHRIS WARD
*Director of Finance
and Section 151 Officer*

COUNCILLOR CHRIS JARMAN
*Chairman of the Isle of Wight
Pension Fund Committee*

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Isle of Wight Council Pension Fund Communications Policy

November 2022

DRAFT V2.1

1. Document Information

Title:	Isle of Wight Council Pension Fund Communications Policy
Status:	DRAFT
Current Version:	V2.1
Author:	Jo Thistlewood Financial Services Jo.Thistlewood@iow.gov.uk 01983 821000 x 6371
Sponsor:	Chris Ward Director of Finance Chris.ward@portsmouthcc.gov.uk
Consultation:	Financial Management Pension Services Communications and Engagement Local Pension Board Pension Fund Committee
Approved by:	Pension Fund Committee
Approval Date:	23 November 2022 (expected)
Review frequency:	Every three years
Next Review :	2025

Version Control

Version	Date	
1.0	21 September 2018	First draft from Hymans Robertson LLP
1.1	02 January 2019	Internal consultation
1.2	15 January 2019	Local Pension Board review
1.3	04 February 2019	For committee approval
1.3 FINAL	08 February 2019	For publication
2.0	5 September 2022	First revision JMT
2.1	14 September 2022	Following internal review (administration)

2. Contents

1.	Document Information.....	2
2.	Contents	3
3.	Introduction.....	4
4.	Definitions.....	4
5.	Our audience	5
6.	Our objectives.....	5
7.	How we communicate.....	5
8.	Methods.....	6
9.	Fund contact.....	7
10.	Communication with active scheme members	7
11.	Deferred members.....	8
12.	Pensioner members.....	8
13.	Prospective scheme members.....	9
14.	Scheme employers.....	9
15.	Pension staff.....	10
16.	Pension Fund Committee	10
17.	Local Pension Board.....	10
	Appendix – Schedule of fund communication material to key audience.....	11

3. Introduction

- 3.1. Isle of Wight Council is the administering authority for the Local Government Pension Scheme (LGPS) on behalf of the employers participating in the LGPS through the Isle of Wight Council Pension Fund (the fund). The LGPS is governed by statutory regulations.
- 3.2. Everyone with an interest in the fund should have ready access to the information they need. Effective communication between the Isle of Wight Council (the Council), the scheme members, and the employers within the Isle of Wight Council Pension Fund (the fund) is essential to the proper management of the fund on a transparent and accountable basis.
- 3.3. To communicate effectively, we use different methods according to the need and the target audience. This document sets out how we achieve this.
- 3.4. This Communication Policy is effective from November 2022 and will be reviewed every three years, or more frequently, should changes be required.

4. Definitions

4.1. For the purpose of this Communications Policy:

- **“Administering Authority”** for the Isle of Wight Council Pension Fund (the fund) means Isle of Wight Council.
- **“Employing authority”** or **“employer”** means an employer within the Isle of Wight Council Pension Fund.
- **“Scheduled Body”** means an employer which is listed in the [Local Government Pension Scheme \(Administration\) Regulations 2008](#) (Schedule 2, Part 1) and include county councils and district councils. Scheduled bodies belong to LGPS schemes as a legal right.
- **“Admitted Body”** or **“transferee admission body”** means an employer including those from the voluntary and charitable sectors and contractors, whose staff can become members of an LGPS fund by virtue of an admission agreement between the administering authority and the relevant body.
- **“Scheme”** means the Local Government Pension Scheme (LGPS).
- **“Committee”** means the Isle of Wight Pension Fund Committee.
- **“Board”** means the Isle of Wight Local Pension Board.

5. Our audience

5.1. We have a varied audience with whom we communicate, including:

- Scheme members (active/deferred/pensioner).
- Prospective scheme members.
- Scheme employers.
- Pension fund staff.
- Other bodies, for example Pension Fund Committee and Local Pension Board.

5.2. In addition, there are a number of other stakeholders with whom we communicate on a regular basis, such as His Majesty's Revenue and Customs (HMRC), the Department for Levelling Up, Housing and Communities (DLUHC), the Scheme Advisory Board (SAB), the Pensions Regulator (TPR), solicitors (internal/external), the Pensions Advisory Service, and other pension providers.

6. Our objectives

6.1. Our key objective is to ensure that our communications foster an improved understanding of the Local Government Pension Scheme (LGPS) and the running of the fund, ensuring our audience is best placed, where necessary, to make informed decisions.

6.2. To achieve these objectives, we will:

- Ensure all our communications are clear and easy to understand; and
- Tailor communications to meet the specific needs of our audience.

7. How we communicate

7.1. We want to ensure that all members can access our services, whatever their needs. We are committed to increasing digital access and delivery of services. Increasingly, therefore, we are using electronic forms of communication, through our fund website, emails, online forms or our online Member Self-Service (MSS) portal. We will, however, continue to offer our audience the opportunity to receive communications via more traditional methods if required (e.g. hard-copy, post and telephone).

7.2. All print and electronic communications are designed with consideration for those with additional needs. If you have difficulty in understanding these documents, please contact us on 01983 823626 and we will do our best to help you.

- 7.3. We continually review all of our communication. We work to ensure that it is fit for purpose and adapt our approach, where appropriate, in light of feedback from our stakeholder groups.
- 7.4. Where necessary our communications are also designed to support scheme employers in the attraction and retention of employees.
- 7.5. As the fund is administered by the Council, all literature and communications will conform to the branding of the Council.

8. Methods

- 8.1. We employ a number of different methods in order to communicate with our audience. These are summarised below.

Website

- 8.2. We provide access to an extensive range of information for active, deferred and pensioner scheme members, prospective members and scheme employers on our website www.isleofwightpensionfund.org. The website is the prime source of information on the pension scheme and ensures timely, up-to-date and easy-to-access information for all our audiences. It contains links to other relevant organisations and is regularly updated with all new legislation and relevant information.
- 8.3. As well as an information resource on the LGPS, the website contains downloadable forms and factsheets for members on a range of topics, including the fund's annual report and accounts, policy statements, Additional Voluntary Contributions (AVCs), newsletters etc. It is also used as the gateway for our online Member Self-Service portal.
- 8.4. Additionally, information relating to the business of both the Isle of Wight Pension Fund Committee and Local Pension Board can be found on the main Council website at:
 - [Isle of Wight Pension Fund Committee](#)
 - [Local Pension Board](#)

Member Self-Service

- 8.5. This facility enables members to securely view their own pension record via our Member Self-Service online portal: iwcpensions.co.uk
- 8.6. Once they have registered, the portal enables members to:
 - View their own pension details.
 - Amend their personal details, such as home address, nomination details.
 - Perform their own pension calculations and “what if” scenarios.
 - View Annual Benefit statements (when available).
 - Request and receive information by email.
 - Update their personal details.

- Perform pension calculations.
- Pensioners can view monthly online pay advices and P60s when available.

9. Fund contact

- 9.1. The fund has a generic email address for all enquiries: pensions@iow.gov.uk
- 9.2. The fund has a dedicated telephone number 01983 823626.
- 9.3. You can write to us at LGPS Pension Services, County Hall, Newport, Isle of Wight PO30 1UD
- 9.4. Our office hours are Monday to Thursday: 8.30 am – 5.00 pm, Friday: 8.30 am – 4.30 pm.
- 9.5. As well as the general communications mentioned above, we also provide specific communications to each of our audiences, which are described in more detail in the following sections.

10. Communication with active scheme members

- 10.1. The following methods are used to communicate with our active scheme members:
- 10.2. *Scheme literature* - A range of Scheme literature is produced by the fund and is provided to employing bodies and Scheme members directly. Copies of scheme guides, factsheets and policies are available on the fund's website.
- 10.3. *Newsletters* - A newsletter for current members of the fund is published on the fund's website at least once a year and uploaded to the members online record, covering current pension topics within the LGPS and the pensions industry in general plus important repeated messages.
- 10.4. *Annual benefit statements* – We provide a personalised statement each year, summarising each member's pension account balance as at 31 March, together with a projection of entitlement to their normal pension age. These statements are published to the Member Self-Service portal, in advance of the statutory deadline of 31 August each year.
- 10.5. *Correspondence* – this is by via email, telephone, Member Self- Service, or in writing, as circumstances dictate.

10.6. *Briefings and presentations* – we are able to provide educational sessions to scheme members, for example where there are major changes planned to the rules of the scheme or where an employer is going through a major restructuring and there are pension related implications (e.g. redundancy/flexible retirement). These sessions can be delivered either face-to-face or virtual. We are working together with the council's Learning and Development Team to develop pension modules to increase pensions knowledge and we attend and present at every corporate induction.

11. Deferred members

11.1. The following methods are used to communicate with deferred scheme members:

11.2. *Scheme literature* - A range of scheme literature is produced by the fund. Copies of the scheme guides, factsheets and policies are available on the fund's website.

11.3. *Newsletters* - A newsletter for deferred member of the fund is published at least once a year on the fund's website and uploaded to the members online record, the newsletter contains current pension topics within the LGPS and the pensions industry in general plus important repeated messages.

11.4. *Annual benefit statements* – we provide a personalised statement each year, providing a current value of the scheme member's pension entitlements. These statements are published to the Member Self-Service portal, in advance of the statutory deadline of 31 August each year.

11.5. *Correspondence* – this is by email, telephone, Member Self Service or in writing, as circumstances dictate.

12. Pensioner members

12.1. The following methods are used to communicate with pensioner scheme members (including those in receipt of survivor benefits):

12.2. *Pay advice / P60* – Pay advices are published online on Member Self-Service and we email members each month to notify them their new advice is available to view/download. P60s are also published online in respect of the pension received in the previous financial year. Pensioner members can elect to receive hard copy versions of their P60. We notify pensioner members of the percentage rate by which their LGPS pension will increase from the first Monday of the new tax year in time for their April payment. We also issue pay advices where there has been a variation in the net monthly pension of £50.

12.3. *Pre-retirement sessions* – we are also able to participate in pre-retirement sessions run by our scheme employers, explaining the decisions scheme members will need to take in the run up to retirement and the processes we will follow in calculating and paying their pension benefits to them.

12.4. *Correspondence* – this is by via email, telephone, Member Self Service or in writing, as circumstances dictate.

13. Prospective scheme members

13.1. The following methods are used to communicate with prospective scheme members:

13.2. *New starter pack* – All prospective scheme members must be given basic information about the Scheme. We contact new members once their record is active with an introductory overview of the scheme and links to the scheme website for further information and the guides and factsheets resource.

13.3. *Scheme literature* - A range of scheme guides, factsheets and policies are produced and relevant links to the fund's website are provided to employing bodies and scheme members directly. Copies of the scheme literature is available on the fund's website.

13.4. *Correspondence* – this will be via email, telephone, Member Self Service or in writing, as circumstances dictate.

13.5. *Briefings and presentations* – prospective scheme members are free to attend any educational sessions organised for scheme members - for example where there are major changes planned to the rules of the scheme or where an employer is going through a major restructuring and there are pension related implications (e.g. redundancy/flexible retirement). We also offer briefing sessions for corporate induction sessions for all relevant employers to promote membership of the LGPS to new staff.

14. Scheme employers

14.1. Communications with our scheme employers range from those employers who are already participating in the fund to prospective scheme employers who are looking to join it (e.g. maintained schools converting to academies or private sector employers providing outsourced services). Our communications are aimed to educate them in their roles and responsibilities as well supporting them in the attraction and retention of employees. With these aims in mind the following methods are used to communicate with scheme employers (including prospective scheme employers):

14.2. *Employer training and workshops* – Where required (or requested) we are able to provide training to scheme employers on all elements of the administration of the scheme. These sessions can be provided either at the employer's premises or as part of a wider training event hosted by the fund.

14.3. *Employer liaison* – Additional to any training, we also provide regular liaison with scheme employers, where we are able to support employers with any specific concerns or issues they may have.

- 14.4. *Employer forums* – Employer forums will be held if required. These forums will focus on administration and funding aspects of the fund and any developments in the scheme including identifying the likely impact of scheme changes, consulting on changes to fund policies, major projects such as the three-yearly funding valuation.
- 14.5. *Representation* – As part of the governance of the fund an employer representative sits on the Pension Fund Committee, as a non-voting member. The Local Pension Board, established in 2015, comprises an equal number of both scheme member and employer representatives, currently three of each. The role of the board is to assist the Isle of Wight Council Pension Fund in complying with all their legislative requirements, making sure the scheme is being effectively and efficiently governed and managed.

15. Pension staff

- 15.1. It is important to ensure that our staff have access to the relevant information and technical knowledge to enable them to perform their duties. This is achieved via use of email, internal meetings, internal and external training events on specific topics.

16. Pension Fund Committee

- 16.1. The Pension Fund Committee has delegated responsibility for the management and administration of the fund.
- 16.2. We work closely with the Pension Fund Committee, ensuring they can fulfil their duties and responsibilities, including the provision of relevant member training.
- 16.3. Committee meeting agendas, reports and minutes can be accessed on the [Council website](#).

17. Local Pension Board

- 17.1. The Local Pension Board was established in April 2015 (in accordance with the Public Services Pensions Act 2013) to assist the Isle of Wight Council in its role as the administering authority in complying with scheme governance and administration and complying with the requirements of the Pensions Regulator's code of practice.
- 17.2. We work closely with the Local Pension Board, ensuring they can fulfil their duties and responsibilities, including the provision of relevant training.
- 17.3. Board agendas, reports and minutes can be accessed on the [Council website](#).

Appendix – Schedule of fund communication material to key audience

Document	Format		Available to					Published	Reviewed
	Paper	Online	Prospective members	Active members	Deferred members	Pensioners	Employers		
Website	x	✓	✓	✓	✓	✓	✓	Always available	As regulations change
Member self-service	x	✓	x	✓	✓	✓	x	Always available	As required
Report & Accounts	x	✓	✓	✓	✓	✓	✓	Annually	Annually
Guides & factsheets	✓	✓	✓	✓	✓	x	✓	Always available	As regulations change
Newsletters	x	✓	x	✓	✓	in development	in development	Annually	Annually
Benefit statements	✓ (on request)	✓	x	✓	✓	x	x	Annually	Annually
Presentation	✓	✓	✓	✓	x	x	✓	Always available	As required
Pay advice / P60	✓ (on request)	✓	x	x	x	✓	x	Annually	Annually
Pre-retirement seminars	x	✓	x	✓	✓	✓	x	Always available	As required
New starter pack	✓	✓	✓	x	x	x	x	Always available	As regulations change
Training	x	✓	x	✓	x	x	✓	Always available	As regulations change and dependent on requirements

DRAFT V2.1

Isle of Wight Council Pension Fund Changes to communications policy v1.3 to v2.1

Grammatical, spelling, and punctuation issues have been updated throughout the document.

Nomenclature:

Name of fund updated to include “Council”: Isle of Wight **Council** Pension Fund now consistent throughout document.

The word “Local” added before “Pension Board”: **Local** Pension Board now consistent throughout document.

Section 1: Document information

Updated for current version number, consultation parties, approval date and version control table.

Section 2: Contents

Page numbering updated.

Section 3: Introduction

3.4 effective date updated to November 2022 (from February 2019) subject to board and committee adoption.

Section 4: Definitions

No changes.

Section 5: Our audience

5.1: 4th bullet “pension fund staff” rather than “pension team staff” – reflecting that the fund is operated across different teams within the council.

5.2: updated to reflect His Majesty the King, rather than Her Majesty the Queen.

Also to reflect the change from the Ministry of Housing, Communities and Local Government (MHCLG) to the Department for Levelling Up, Housing and Communities (DLUHC).

Section 6: Our objectives

No changes.

Section 7: How we communicate

7.1: removal of face-to-face communication options.

Section 8: Methods

8.3: list of information maintained on the fund’s website updated to reflect current content, including annual report and accounts.

8.4: hyperlinks for committee and board meetings updated to new ModGov system.

8.5: added hyperlink to Member Self-Service portal.

8.6: NEW paragraph, with updated functionality available to members on the MSS portal. Previous paragraphs concerning annual report and accounts have been deleted.

Section 9: Fund contact

9.3: mailing address updated.

9.4: “office hours” rather than “opening hours”.

Section 10: Communication with active scheme members

10.2: words “including the Scheme Guide and Administration Strategy” removed at end of first sentence.

10.3: updated as newsletters are now published, previous version stated intention to issue.

10.4: clarification of dates for issue of Annual Benefit statements, and that they are published to the MSS.

10.5: updated to include correspondence via MSS.

10.6: updated to reflect different methods of delivery of briefing sessions.

Also the development of online learning modules.

OLD paragraph 10.5 removed: no longer offer Personal appointments.

Section 11: deferred members

11.2: removed “and is supplied to employing bodies and scheme members directly” from the end of the first sentence.

11.3: updated as newsletters are now published, previous version stated intention to issue.

11.5: updated to include correspondence via MSS.

OLD paragraph 11.5 removed: no longer offer Personal appointments.

Section 12: Pensioner members

12.2: updated to reflect delivery of pay advices and P60 via MSS; pensioner members can elect to receive hard copy versions; revised contents of pay advices; and increase amount of change which will prompt a revised pay advice.

12.4: updated to include correspondence via MSS.

OLD paragraph 12.3 removed: do not currently issue pensioner newsletters.

OLD paragraph 12.4 removed: no longer offer Personal appointments.

Section 13: Prospective scheme members

13.2: replaced second sentence:

Was: “We require scheme employers to provide all of the relevant information set out in our short scheme guide in either hard copy or via electronic format, when they become eligible to join the scheme.”

Now: “We contact new members once their record is active with an introductory overview of the scheme and links to the scheme website for further information and the guides and factsheets resource.”

13.3: scheme literature is now provided via the fund’s website, rather than directly to employers.

13.4: updated to include correspondence via MSS.

13.5: added “We also offer briefing sessions for corporate induction sessions for all relevant employers to promote membership of the LGPS to new staff.”

OLD paragraph 13.4 removed: no longer offer Personal appointments.

Section 14: Scheme employers

14.4: removed reference to the annual general meeting of employer, which was disbanded a number of years ago.

14.5: representation updated to reflect non-voting status of committee employer representative.

Also to reflect change in membership profile of local pension board.

OLD paragraph 14.2 removed: no longer provide an employer guide.

OLD paragraph 14.5 removed: do not currently issue employer newsletters.

OLD paragraph 14.7 removed: i-connect project not relevant for communications.

Section 15: Pension staff

15.1: removed “administration” to reflect that the fund is operated across different teams within the council.

Section 16: Pension Fund Committee

No changes.

Section 17: Local Pension Board

No changes.

Appendix – schedule of fund communication material to key audience

Column heading changed from “website” to “online”.

“Newsletters” for online, active and deferred members columns shown as in place, not “in development”.

Removed rows for “appointments”, “employer manual” and “AGM”.

Paper copies of “benefit statements” and “pay advice / P60” available on request.

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Annex 1: Full draft of the new code of practice

Communications and disclosure

Information to members

General principles for member communications (CAD001)

This module covers the main principles we expect governing bodies to comply with when meeting their legal obligations to communicate with members.

The law details when governing bodies must communicate with their members, the information they must provide and the timescales for providing the information.

For example, governing bodies must provide basic scheme information to members who do not already have it and to prospective members where practicable. Anyone else with an interest in the scheme should be given the information on request. Basic scheme information should include how contributions are determined and the terms and conditions of scheme membership.

Where the member is being automatically enrolled, this information must be provided within one month of the governing body receiving information about the jobholder. Otherwise, governing bodies have up to two months to provide the required information to a new member (from date of joining) or an existing member (from date of request).^{GE1}

Other information governing bodies are required to provide to members can be found in the following modules:

- [Statutory financial statements \(DC\)](#)
- [Statutory financial statements \(DB\)](#)
- [Statutory financial statements \(PSPS\)](#)
- [Retirement information](#)
- [Transfers](#)

GE1 Regulation 6 of The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 [Regulation 6 of The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations (Northern Ireland) 2014]

When preparing communications to members, the governing body should:

- ensure that all communications sent to members are accurate, clear, concise, relevant and in plain English
- regularly review member communications, taking account of member feedback
- when deciding on the format of communications and information to be published, consider any technology that may be available to them and appropriate for their members
- consider using various communication methods, including accessible online content, audio, Braille, large font, and languages other than English
- regularly inform members of the impact their contributions will have on their overall benefits
- provide any additional information or explanation that members may need to help them make informed decisions about their benefits

Statutory financial statements (PSPS) (CAD012)

Scheme managers of public service pension schemes must provide all active members with an annual benefit statement.^{SPS1} They may also be required to provide a benefit statement to certain types of member on request.^{SPS2} They must also provide annual benefit statements to deferred members of the scheme where this is required by scheme regulations.

When drafting annual benefit statements, scheme managers should follow the principles set out in [General principles for member communications](#). Governing bodies can also find further information on communicating with members in our [Communicating and reporting guide](#).

Annual benefit statement requirements for scheme managers of public service pension schemes

For active members of DB schemes, scheme managers must:

- include a description of the benefits earned by a member during their pensionable service^{SPS3}
- issue the annual statement by no later than 31 August of the year following the period to which the statement relates
- comply with any HM Treasury directions in terms of any other information that must be included and the way it must be provided to members

For active, deferred, or pension credit members of any DB scheme, scheme managers must:

- provide a benefit statement following a request if the information has not been provided to that member in the previous 12 months
- issue a benefit statement as soon as possible following a valid request being made, and within two months
- include the information required by legislation^{SPS4} in any benefit statement

SPS1 Section 14(1) of the Public Service Pensions Act 2013. [Article 14(1) of the Public Service Pensions Act 2014]

SPS2 Regulation 16 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 [Regulation 16 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations (Northern Ireland) 2014]

SPS3 Section 14(2)(a) of the Public Service Pensions Act 2013. [Section 14(2)(a) of the Public Service Pensions Act 2014]

SPS4 Regulation 16(2) of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 [Regulation 16(2) of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations (Northern Ireland) 2014]

For members with DC benefits, scheme managers must:

- provide a benefit statement to every member within 12 months of the end of the scheme year
- include the information required by legislation^{SPS5} in any benefit statement. See also **Statutory financial statements (DC)**.

SPS5 Regulation 17 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 [Regulation 17 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations (Northern Ireland) 2014]

Short service refunds (CAD016)

Individuals automatically enrolled into a pension scheme, who opt out within one month have their contributions returned, less tax. This is not a refund of contributions.

The rules of a DC scheme may permit a refund within 30 days of pensionable service starting. However, there is no statutory right to a refund of contributions where a member's benefit is entirely DC. It is not possible to pay a refund once a DC member has 30 days pensionable service. The member will normally be entitled to preserved benefits or a transfer to another scheme on leaving service.^{SO1}

Members of DB and hybrid schemes with less than two years' service may have an entitlement to a refund of contributions. They may instead receive preserved benefits where, for example, allowed by the scheme rules or where the member has transferred benefits into the scheme.^{SO2}

Any member with an entitlement to a preserved benefit in a scheme must receive a statement of their benefits when they leave service (see also Statutory financial statements (DC, DB or PSPS as appropriate)).

Where a member has a right to a refund, the governing body must provide them with a written notice containing the information required by legislation.^{SO3}

The governing body should provide this information within three months of the date the member left service. Governing bodies should advise members where it is likely to take more than three months to provide the information.

The governing body should give members^{SO4} three months to reply and can, at their discretion or if a member asks, extend this deadline. Where the member does not respond the governing body may arrange to pay a refund after a further month.

SO1 Section 101AA Pension Schemes Act 1993 [Section 97AA Pensions Schemes (Northern Ireland) Act 1993]

SO2 Section 101AB Pension Schemes Act 1993 [Section 97AB Pensions Schemes (Northern Ireland) Act 1993]

SO3 Section 101AC Pension Schemes Act 1993 [Section 97AC Pensions Schemes (Northern Ireland) Act 1993]

SO4 Section 101AD Pension Schemes Act 1993 [Section 97AD Pensions Schemes (Northern Ireland) Act 1993]

A scheme member can inform the governing body of their choice in any way considered acceptable by the governing body, or set out in scheme rules or regulations. The governing body should carry out the member's wishes within three months of receiving them.^{SO5} The governing body can extend this period in exceptional circumstances. The governing body should make payment of any refund requested directly to the member.

Leaving schemes that are being wound up

If an active member has between three months' and two years' pensionable service and no vested rights when a scheme commences wind-up, they will only have an entitlement to a refund of their own contributions (if any).^{SO6} They will not have the option to take a cash transfer sum. The governing body should take steps to pay the refund within one month.

If a member leaves a scheme but wind-up starts after they have left, they still have the option to take a cash transfer sum. The transfer value may be reduced or increased in accordance with legislation (even after the member has replied to the governing body) before the transfer is made.

SO5 Section 101AG Pension Schemes Act 1993 [Section 97AG Pensions Schemes (Northern Ireland) Act 1993]

SO6 Regulation 5 Occupational Pension Schemes (Winding up, etc.) Regulations 2005 [Regulation 5 Occupational Pension Schemes (Winding up, etc.) Regulations (Northern Ireland) 2005]

Glossary

Cash equivalent transfer value

The cash value of pension benefits, this value often fluctuates, is typically provided as at a certain date and can be guaranteed for a certain period.

Contribution

Money paid into the scheme. This may come from members in the form of regular or additional contributions, or from employers as regular or deficit related contributions.

Preserved benefits

Benefits held in the scheme for a beneficiary who is not currently in active service in relation to those benefits

Vested rights

Benefits that can be preserved in a pension scheme in the event of a member leaving active membership

Scams (CAD005)

Under section 249A of the Pensions Act 2004,^{SM1} governing bodies of certain schemes must establish and operate an effective system of governance (see [Scheme governance](#)) including internal controls. However, there are certain exemptions.^{SM2}

Under section 249B of the Pensions Act 2004, scheme managers of public service pension schemes^{SM3} are required to establish and operate internal controls, which are adequate for the purpose of securing that the scheme is administered and managed in accordance with the scheme rules,^{SM4} and with the requirements of the law.

As part of their internal controls, governing bodies should ensure that they take appropriate steps to mitigate the risk of scams.

Governing bodies should be aware of the warning signs of a scam and consider whether any are present when dealing with transfer requests (see [Transfers](#)) and requests for early retirement.

When members ask to transfer out of a scheme, the governing body should carry out due diligence on the scheme to which the member wishes to transfer, to check whether the transfer can legally be paid. This includes checking whether the scheme is registered with HM Revenue and Customs for tax purposes, and potentially obtaining professional advice on their obligations.

Governing bodies should take steps to ensure their members are aware of the risks of pension scams. They may do this by including clear information on how to spot a scam in all relevant communications to members, including within standard communication materials such as the retirement wake-up pack and in annual benefit statements. Scams warning messages may also be placed on the scheme's website.

The Pension Scams Industry Group (PSIG) Code of Good Practice is a helpful tool for governing bodies looking to protect members from scams.

Further information can be found under the [Scams](#) section of our website.

SM1 Articles 226A of the Pensions (Northern Ireland) Order 2005.

SM2 Section 249A(3) of the Pensions Act 2004 [Article 226A (3) of The Pensions (Northern Ireland) Order 2005]

SM3 As defined in in section 318(1) of the Pensions Act 2004 [Article 2(2) of The Pensions (Northern Ireland) Order 2005]

SM4 As defined in Section 318(2) of the Pensions Act 2004 [Article 2(3) of The Pensions (Northern Ireland) Order 2005]

Public information

Publishing information about public service pension schemes (CAD010)

Scheme managers of public service pension schemes must publish certain information about the pension board and keep that information up-to-date. This will ensure that scheme members can easily access information about who the pension board members are, the representation of scheme members on the pension board, and the responsibilities of the board.

Governing bodies may also consider publishing information about pension board business, for example board papers, agendas and minutes of meetings. These may be redacted to the extent that they contain confidential information and/or data protected by data protection legislation. Governing bodies should consider requests for publication of additional information, to encourage scheme member engagement and promote a culture of transparency. Governing bodies may consider how best to publish information, making use of the principles outlined in [General principles for member communications](#).

The scheme manager must publish and maintain:

- the names of pension board members
- details about the representation of scheme members on the pension board
- details of the matters for which the pension board is responsible^{PU1}

Governing bodies may also publish:

- the employment and job title (where relevant) and any other relevant position each board member holds
- details of the pension board recruitment process
- who each pension board member represents
- the full terms of reference for the pension board, including details of how it will operate
- any specific roles and responsibilities of individual pension board members

Governing bodies should:

- have policies and processes to monitor all published data on an ongoing basis to ensure it is accurate and complete
- ensure any out of date or incorrect information identified is updated as soon as possible and in any event within one month

PU1 Section 6(1) of the Public Service Pensions Act 2013. [Section 14(1) of the Public Service Pensions Act 2014]

Glossary

Data protection legislation

The laws and regulations established to protect personal data including the Data Protection Act 2018 and UK GDPR

Public service pension scheme board

A board created to advise the relevant scheme manager in accordance with section 5 of the Public Service Pensions Act 2013

Dispute resolution procedures (CAD015)

Governing bodies must put in place^{D11} formal procedures and processes to investigate and decide upon pension scheme disputes quickly and effectively. This applies to governing bodies of all occupational pension schemes, subject to certain exemptions.^{D12}

Dispute procedures play a key role in the effective governance and administration of a scheme and need to follow the legislative requirements.^{D13} The documents setting out the operation of the scheme may refer to internal dispute resolution arrangements.

Governing bodies must follow the dispute procedure to resolve various matters.^{D14} Dispute procedures may be used to resolve other disputes^{D15} where alternative arrangements do not exist.

Where a person with an interest in the scheme is not satisfied with any matter relating to the scheme (for example a decision that affects them), they have the right to ask for a review of the matter.

Governing bodies must ensure their scheme's procedures allow a reasonable period, which should be at least six months, for certain people^{D16} or their representatives^{D17} to make their applications. The six-month period should normally start immediately after the date on which the person ceased to be, or claims they ceased to be, a person with an interest in the scheme. Governing bodies can accept an application outside of this timeframe, if they believe it is appropriate.

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- D11 Section 50(1) of the Pensions Act 1995 [Article 50(1) of the Pensions (Northern Ireland) Order 1995]
 - D12 Section 50 (8) of the Pensions Act 1995 [Article 50(8) of the Pensions (Northern Ireland) Order 1995]
 - D13 Section 50 of the Pensions Act 1995 [Article 50 of the Pensions (Northern Ireland) Order 1995]
 - D14 Section 50(3) of the Pensions Act 1995 [Article 50(3) of the Pensions (Northern Ireland) Order 1995]
 - D15 Section 50(9) of the Pensions Act 1995 [Article 50(9) of the Pensions (Northern Ireland) Order 1995]
 - D16 Section 50A(1)(e) & (f) and Section 50B(3) of the Pensions Act 1995 [Article 50(1)(e) & (f) and Article 50B(3) of the Pensions (Northern Ireland) Order 1995]
 - D17 Section 50B(3) of the Pensions Act 1995 [Article 50B(3) of the Pensions (Northern Ireland) Order 1995]

In relation to dispute resolution processes, governing bodies must:

- provide their internal dispute resolution procedure to:
 - prospective members, if it is practicable to do so
 - any scheme members who have not been given the information
 - certain people who request the information and who have not been given that information in the previous 12 months
 - members or prospective members when schemes receive jobholder information, or when a jobholder becomes an active member, in connection with automatic enrolment
- provide information about the Money and Pensions Service and the Pensions Ombudsman at certain stages of the dispute

Governing bodies should:

- agree on any details of their dispute resolution process that are not set out in law
- provide contact details for matters relating to disputes
- regularly assess the effectiveness of the dispute procedure
- be satisfied that those following the process are complying with the requirements set, which includes effective decision-making
- include in the internal dispute resolution procedure the information they are likely to need from applicants to reach a decision on a disputed matter
- consider the circumstances under which advice may be required to reach a decision on a dispute
- ensure they make the following information available to applicants:
 - the process to apply for a dispute to be resolved
 - the information that an applicant must include
 - the process by which any decisions are reached

In relation to reasonable time periods,^{D18} governing bodies should:

- decide the matter in dispute within four months of receiving the application
- in the case of a two-stage dispute resolution procedure, reach a first stage decision within four months of receiving the application
- in the case of a two-stage dispute resolution procedure, reach a second stage decision within four months of the point when the governing body receives the referral
- notify applicants of the decision no later than 21 days from when it is made
- not delay a decision where it is possible to process an application sooner than four months
- allow more than four months to reach a decision if it is appropriate to do so

When reviewing an application, decision makers should:

- ensure they have all the appropriate information to make an informed decision
- request further information if required
- be satisfied that the time and action taken to reach a decision and notify the applicant are appropriate to the situation, and be able to demonstrate this

Informing members

It is good practice for governing bodies to keep members informed about dispute resolution, this may include:

- publishing and making readily available details of the time limits within which someone with an interest in the scheme must make an application
- making their procedure accessible to members and potential applicants, for example by publishing them on a scheme website and in the joining booklet
- keeping applicants advised of the progress of their dispute and let them know when they are likely to receive an outcome

D18 Section 50(5) of the Pensions Act 1995 [Article 50(5) of the Pensions (Northern Ireland) Order 1995]

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Purpose: For Discussion



Committee report

Committee	LOCAL PENSION BOARD
Date	26 OCTOBER 2022
Title	KNOWLEDGE AND UNDERSTANDING
Report of	PENSION FUND MANAGER

EXECUTIVE SUMMARY

1. Within its governance compliance statement for the year ended 31 March 2022 (presented as item 4 on this agenda) the fund has noted a decline in the standards of compliance with knowledge and understanding of board members, due to the change in membership over the last 12 months.
2. This report is intended to promote engagement with board members on the consolidation of their levels of knowledge and understanding, and the creation of a training programme to support both committee and board members.

RECOMMENDATION

3. That board members note the summary of attendance and training, and commit to complete the recommended training before the end March 2023.

BACKGROUND

4. Appendix 1 to this report summarises the board members' completion of the Pension Regulators online tool kit; the Hymans Robertson LGPS Online Learning Academy online modules and the completion of the Hymans Robertson National Knowledge Assessment questionnaire 2022, as at 17 October 2022.
5. Board members are reminded of the requirements under the regulation 248A of the Pensions Act 2004, as introduced by the Public Services Pensions Act 2013, which states:

248A Requirement for knowledge and understanding: pension boards of public service pension schemes

- (1) *This section applies to every individual who is a member of the pension board of a public service pension scheme.*
- (2) *An individual to whom this section applies must be conversant with—*
 - (a) *the rules of the scheme, and*

(b) *any document recording policy about the administration of the scheme which is for the time being adopted in relation to the scheme.*

(3) *An individual to whom this section applies must have knowledge and understanding of—*

(a) *the law relating to pensions, and*

(b) *such other matters as may be prescribed.*

(4) *The degree of knowledge and understanding required by subsection (3) is that appropriate for the purposes of enabling the individual properly to exercise the functions of a member of the pension board.*

6. The expectations of the Pensions Regulator in respect of the knowledge and understanding of “the governing body” of pension schemes is set out in the new combined code of practice, the relevant sections are attached as appendix 2 to this report.
7. The sections entitled ‘Working knowledge of pensions’ and ‘Building and maintaining knowledge’ build on the current requirements of the Regulator’s code of practice no 14 *Governance and administration of public service pension schemes*.
8. While the section entitled ‘Governance of knowledge and understanding’ is not directly relevant to public service schemes, it is considered best practice to take the requirements into account to ensure continued good governance.

LOCAL EXPECTATION OF BOARD MEMBERS

9. The board member role profile, which is published on the fund’s website (and linked in the background papers below) states “Members are expected to complete the Pension Regulator’s online Public Service toolkit within six months of appointment, and to attend training opportunities and maintain a wider interest in the subject, beyond formal intervention, in order to fulfil their role effectively.” A number of new board members have not complied with this requirement.

NATIONAL KNOWLEDGE ASSESSMENT

10. At its meeting on 27 July 2022, the pension committee agreed to actively participate in the Hyman Robertson National Skills Assessment 2022, which is intended to identify collective and individual levels of knowledge and understanding for committee and board members and assist in the development of a training programme to improve understanding.
11. As at 14 October 2022, only three board members (out of seven) and two committee members (out of eight) had completed the assessment. A reminder email was sent to all committee and board members on 17 October to encourage completion. A further update on progress will be provided at the meeting.

APPENDICES ATTACHED

12. Appendix 1: Record of attendance and training at 17 October 2022.
13. Appendix 2: extract from the Pension Regulators’ new code of practice – Knowledge and understanding.

BACKGROUND PAPERS

14. The Pension Regulator's online toolkit
<http://www.thepensionsregulator.gov.uk/public-service-schemes.aspx>
15. Hymans Robertson LGPS online learning academy
<https://aspire.hymanslearning.co.uk/>
16. Role profile: Employer and Scheme Member Representatives on the Local Pension Board
<https://www.isleofwightpensionfund.org/resources/employer-and-scheme-member-representatives-on-the-local-pension-board/>

Contact Point: Joanna Thistlewood, Pension Fund Manager, ☎ 821000
e-mail jo.thistlewood@jow.gov.uk

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Board	MD	ML	AC	LK	TO	NC	BM	
Independent Chairman	07-Mar-22	21-Jul-21	19-Jan-22	01-Jun-22	17-Nov-21	01-Apr-22	01-Apr-22	
Employer rep 1	06-Mar-26	05-May-25	18-Jan-26	31-May-26	16-Nov-25	31-Mar-26	31-Mar-26	
Employer rep 2								
Employer rep 3								
Scheme member rep 1								
Scheme member rep 2								
Scheme member rep 3								
06-Apr-22	v	aps	v		v	v	v	83%
15-Jun-22	v	v	v	v	v	v	aps	86%
26-Oct-22								0%
21-Dec-22								0%
05-Apr-23								0%
	50%	25%	50%	33%	50%	50%	25%	

Local pension fund development sessions

	MD	ML	AC	LK	TO	NC	BM	
14-Sep-22 Investment Strategy (Hymans)-CANCELLED	CANX	CANX	CANX	CANX	CANX	CANX	CANX	n/a
28-Oct-22 Investment Strategy (Hymans)	acc		acc	acc			acc	0%
09-Nov-22 Pensions Dashboard Project (Heywood)	acc		acc	acc			acc	0%
	0%	0%	0%	0%	0%	0%	0%	

Development activities

TPR modules

	MD	ML	AC	LK	TO	NC	BM
Conflicts of interest	31-Aug-22			05-Jun-22	2019-20		10-Mar-17
Maintaining accurate member data	31-Aug-22			05-Jun-22	2019-20		11-Mar-17
Providing information to members and others	31-Aug-22			05-Jun-22	2019-20		23-Mar-17
Reporting breaches of the law	31-Aug-22			15-Jun-22	2019-20		23-Mar-17
Managing risks and internal controls	31-Aug-22			05-Jun-22	2019-20		10-Mar-17
Maintaining member contributions	31-Aug-22			05-Jun-22	2019-20		16-Mar-17
Resolving internal disputes	31-Aug-22			15-Jun-22	2019-20		23-Mar-17

<http://www.thepensionsregulator.gov.uk/public-service-schemes.aspx>

Hymans LGPS Online Learning Academy modules

	MD	ML	AC	LK	TO	NC	BM
1. An introduction to the LGPS	25-Oct-21		33%	30-May-22			
2. LGPS Governance & Oversight Bodies	09-Nov-21		14%	30-May-22			
3. Administration & Fund Management	22-Nov-21			30-May-22			
4. Funding and Actuarial Matters	22-Nov-21			01-Jul-22			
5. Investments	22-Nov-21			01-Jul-22			
6. Current Issues	23-Feb-22						

at 6 October 2022

<https://aspire.hymanslearning.co.uk/>

Hymans National Knowledge Assessment 2022

(week ended completion date) at 14 October

MD	ML	AC	LK	TO	NC	BM
14-Oct			14-Oct			14-Oct

External Training		MD	ML	AC	LK	TO	NC	BM
22-Apr-22	BW Overview of the LGPS	n/a	-	-		n/a	-	n/a
13-May-22	ACCESS virtual investor day	√	-	-		-	-	-
18-May-22	CIPFA annual pension board event	-	-	-		-	-	√
25-May-22	Pension Fund Committee: valuation assumptions	√	√	aps		√	aps	√
26-May-22	UNISON SW LGPS Forum	-	-	-		-	-	√
26-May-22	FTSE Russell webinar regulatory requirements ESG/Green economy	-	-	-		-	-	√
08-Jun-22	Hymans LGPS Governance, Administration & Project Management	√	-	-		-	-	-
22-Jun-22	BW LGPS Board members event	-	-	-	-	√	-	n/a
13-Jul-22	APPG for Local Authority Pension Funds - Levelling Up and Local Authority Pension Funds	no						
18-Jul-22	Joint Paris Alignment Forum and Place-Based Impact Investing Forum online afternoon tea with SilverStreet Capital							
	LGA Fundamentals day 1 (Oct-22)	n/a						n/a
	LGA Fundamentals day 2 (Nov-22)	n/a						n/a
	LGA Fundamentals day 3 (Dec-22)	n/a						n/a

Knowledge and understanding

Working knowledge of pensions (TGB017)

All governing bodies should maintain a list of items the members of the governing body should be familiar with. The list should be available in an accessible format and reviewed regularly. Our expectations for learning and development are set out in [Building and maintaining knowledge](#).

Our expectations of knowledge and understanding apply equally to any individual who exercises any trustee function within a company acting as trustee of the scheme. Professional trustees and those appointed because of specialist expertise should be able to demonstrate a greater level of knowledge than members without such expertise.

The items we consider to be key are listed below. This list is not exhaustive, and some governing bodies may add other items. Some elements of this list will not be relevant to certain schemes.

Pension law and associated legislation

- The roles, responsibilities and duties of the governing body.
- The governing body's liabilities and potential liability for decisions made.
- The law relating to pensions and trusts.
- The definition and nature of a pension trust (if applicable).
- The separation of the scheme's assets (if applicable) and any sponsoring employer.
- Fiduciary duties and safeguarding the financial interests of all beneficiaries.
- The responsibility to act prudently and in accordance with the scheme rules.
- The law relating to pensions and trusts.
- Other legislation that might affect the scheme, for example:
 - anti-discrimination
 - data protection.
- The Pensions Regulator's codes of practice.
- Proposals for legislative change.
- Tax treatment of pension schemes.
- Main features of the state pension provision.
- Key elements of [automatic enrolment](#) legislation.

The scheme

- Trust deed and rules and any amendments (if applicable).
- Scheme regulations and statutory guidance (public service schemes only).
- The governing body's powers and discretions.
- The benefit structure, including the pension or decumulation options available to members.
- The balance of powers between the governing body and the employer.
- Any written policies and procedures relating to:
 - internal dispute resolution
 - the appointment of members of the governing body.
- Statements of policy about the exercise of discretionary functions.
- How policies, practices and scheme rules are reviewed and amended.
- Terms of reference, structure and operational policies of any sub-committees of the governing body.
- Any admission body policies (public service schemes only).
- Any categories of membership of the scheme.
- The annual chair's statement (certain DC schemes) (see [Chair's statement](#)).

Scheme funding and investments (excluding LGPS)

- Statement of investment principles (if applicable)
- Statement of funding principles (if applicable).
- Any policies the governing body has adopted in relation to stewardship of investments and ESG matters.
- The choice of investments, if any, offered to members and any default arrangement.
- The contribution rate(s) or amount(s) payable by employers participating in the scheme.
- The contribution rate(s) or amount(s) payable by scheme members participating in the scheme.
- The investment of scheme assets and the governing body's investment objectives.
- The importance of the [employer covenant](#).

- Recovery plan and covenant analysis (if applicable).
- The Pension Protection Fund (PPF) where applicable.
- The scheme's investment mandates.
- Strategic asset allocation.
- Measurement and reporting of investment performance.
- The impact of investment charges and fees (see also [Value for members](#)).
- The key features and processes of investment management.
- The processes and principles used for selecting fund managers.

Principles of investment (excluding LGPS)

- How investment can affect scheme member outcomes.
- Custody arrangements including monitoring and record-keeping.
- The operation of financial markets.
- The major asset classes and their characteristics.
- Characteristics of alternative asset classes, financial instruments and investment techniques.
- The implications of overseas investment including foreign exchange risk and political risk.
- The nature of financial risk, including:
 - risk/reward profile of each major asset class
 - basic principles of matching assets to liabilities (DB)
 - basic principles of matching assets to pension expectations (DC)
 - managing risk by diversification of assets.
- The investment strategy adopted by the governing body.

Risk management

- The risk register.
- Risk assessment framework and risk management policies for the scheme.
- Any policies and procedures including documentation relating to:
 - conflicts of interest
 - reporting breaches
 - maintaining contributions to the scheme
 - gifts and hospitality.

Scheme administration and service providers

- The need to obtain professional advice in certain circumstances.
- The pension administration strategy, or equivalent documents setting details of performance targets etc.
- Whether the scheme is being used for automatic enrolment.
- The roles and responsibilities of appointed advisers and service providers.
- Any policies and procedures including documentation relating to:
 - record-keeping
 - cleaning and maintaining data
 - collection of data.

In relation to scheme communications governing bodies should be familiar with

- Any scheme-approved booklets, announcements and other key communications to scheme members and employers.
- Statements of policy about communications with scheme members and employers.
- Policies relating to the public provision of information and information given on request.
- Where applicable, procedures for dealing with Freedom of Information requests.

Glossary

Accessibility

Making sure that communications and online services can be used and understood by as many people as possible. This includes those with impaired vision or hearing, motor difficulties, cognitive impairments and learning disabilities. The government has produced helpful guidance on this:

<https://www.gov.uk/government/publications/inclusive-communication/accessible-communication-formats>

Beneficiary

A person who benefits from a trust; the member, spouse or children, for example

Decumulation

Accumulation is where your pension grows (by contributions or investment return, for example). Decumulation is where you take money out of your pension to fund your retirement, for example, as a lump sum or by buying an annuity.

Employer covenant

The ability of the sponsoring employer to financially support a DB pension scheme

Custody arrangement

An arrangement where a third party holds assets on behalf of someone else (a pension scheme, for example). The custodian may undertake certain reconciliation and transaction activities.

Money laundering

The concealment of the origins of illegally obtained money

Passive management

Involves setting up your investment framework (having divided your investments upfront) and leaving the investments to grow

Pension Protection Fund (PPF)

The Pension Protection Fund is a statutory fund in the United Kingdom, intended to provide limited protection to DB scheme members if their pension fund winds up without sufficient funds to pay benefits

Professional trustee

A person whose business includes trusteeship. Someone will normally be considered a professional trustee if they have represented themselves to one or more unrelated schemes as having expertise in trustee matters generally (rather than just in certain areas).

Recovery plan

A plan put in place to enable a defined benefit scheme to return to being fully funded on a statutory basis

Scheme rules

The rules and associated documentation setting out how a given scheme is to operate

Governance of knowledge and understanding (TGB005)

This module applies to schemes subject to the requirement to maintain an effective system of governance under the Pensions Act 2004, section 249A.

It is important that the governing body as a whole can demonstrate they jointly possess the skills, knowledge and experience^{GO1} to run the scheme effectively.

The governing body should:

- have a balance of skills and experience spread throughout the board and be able to demonstrate this
- be able to apply its knowledge to governing the scheme
- have sufficient skills to judge and question advice or services provided by a third party
- maintain a plan for the ongoing maintenance and development of the governing body's knowledge (see [Building and maintaining knowledge](#)).
- be able to identify and address skills gaps
- have sufficient understanding of industry good practice and standards to assess the performance of the scheme and its service providers (see [Managing advisers and service providers](#)).
- keep records of the learning activities of individual members and the body as a whole
- be able to demonstrate steps it has taken to comply with the law
- have and maintain training and development plans to ensure that its collective knowledge and understanding is kept relevant and up to date (see [Building and maintaining knowledge](#)).

GO1 Sections 247-248 Pensions Act 2004

Building and maintaining knowledge (TGB003)

Individual members of governing bodies must ensure they have the appropriate knowledge and understanding^{BU1} to enable them to properly exercise their functions. Learn more in [Working knowledge of pensions](#) and [Governance of knowledge and understanding](#).

The members of a governing body should invest sufficient time in their learning and development, alongside their other responsibilities and duties. Governing bodies should provide their members with the necessary training and support. Members of a governing body should be aware that their responsibilities and duties begin from the date they take up their post.

Learning programmes should be flexible, allowing members to update areas of learning and to acquire new knowledge. Members of governing bodies who take on new responsibilities will need to ensure they gain relevant knowledge and understanding. Trustees of occupational pension schemes have the right to time off to perform their duties as trustee of their employer's scheme and for trustee training.^{BU2}

The steps to help governing bodies ensure their knowledge and understanding is established and maintained are outlined below. Members of a governing body should:

- be able to demonstrate a basic level of knowledge and understanding needed to run their scheme within six months of their appointment^{BU3} (see [Working knowledge of pensions](#)).
- start on a programme of learning immediately on appointment, if not before, in conjunction with a scheme specific induction programme, if one is provided
- undertake advanced scheme-specific learning once a good understanding of the scheme has been obtained
- consider how they are meeting our expectations of knowledge and understanding (see [Working knowledge of pensions](#)).
- review their own knowledge and understanding and identify any gaps at least annually, particularly in relation to changes in legislation or their scheme
- keep records of any review of knowledge and understanding and steps taken to address any gaps
- keep records of any alternative or further learning activity (eg reading, attending conferences, sessions with the scheme advisers)

BU1 Sections 247, 248 and 248A of The Pensions Act 2004 [Articles 224, 225 and 225A of The Pensions (Northern Ireland) Order 2005]

BU2 See section 58 of the Employment Rights Act 1996 [Article 86 The Employment Rights (Northern Ireland) Order 1996]

BU3 Sections 247 and 248 of The Pensions Act 2004 [Articles 224 and 225 of The Pensions (Northern Ireland) Order 2005]

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**Isle of Wight Council Pension Fund:
Committee and Local Pension Board Indicative workplan 2022-23
Last updated: 13 September 2022**

Date	Meeting	Agenda items	Complete
26 January 2022 1400-1530	Development session (virtual)	ACCESS/Minerva - ACCESS ESG/RI guidelines	√
02 February 2022 1400-1530	Development session (virtual)	Hymans Robertson – triennial valuation	√
16 February 2022	PFC	<p>Reports from pension board Reports from ESG/RI work group Equity rebalancing completion report December investment position and indicative funding level at 31 Dec Fund manager presentation (Majedie) Knowledge and understanding - verbal Confidential: ACCESS report from December JC plus associated decisions Confidential: Contract management – custodian procurement; admin software update; benchmarking services considerations. Confidential: DRAFT Risk register progress report Confidential: Governance Compliance Statement – verbal update</p>	√
7 March 2022	ACCESS JOINT COMMITTEE – Cllr Andre		√
6 April 2022 1400-1600 (from 23 March 2022)	LPB	<p>Introduction/induction session Report from Administration team Knowledge and understanding Risk management – DRAFT risk register</p>	√

Committee and Local Pension Board Indicative workplan 2022-23

Last updated: 13 September 2022

Date	Meeting	Agenda items	Complete
25 May 2022	PFC	<p>Report from pension board Reports from ESG/RI work group Employer update (changes etc) Legislation/regulation update verbal Investment position and indicative funding level at 31 Mar Triennial valuation – assumptions and roadmap Fund manager presentation (Schroder) Draft financial results 2021-22 Knowledge and understanding</p> <p>Confidential: Risk management - risk register adoption Confidential: DRAFT Governance compliance statement 2021-22 Confidential: ACCESS report from March JC plus associated decisions Confidential: Review of investment consultants' performance against objectives Confidential: Procurement and contract management: governance consultancy considerations; pension administration software update</p>	√
6 June 2022	ACCESS JOINT COMMITTEE – Cllr Andre Cllr Churchman		√
15 June 2022	LPB	<p>Legislation/regulation update (DLUHC consultation update) Triennial valuation development Report from Administration team Knowledge and understanding incl. report from 18 May CIPFA board event Risk management - risk register Key fund documents list DRAFT Governance compliance statement 2021-22 (deferred to October) Good governance gap analysis (deferred to October) TPR code of practice (deferred to October)</p>	√
27 July 2022	PFC	<p>Legislation/regulation update (DLUHC consultation update) Report from Board: including</p> <ul style="list-style-type: none"> • Risk management - risk register <p>triennial valuation: progress report DRAFT annual report and accounts 2021-22 (possibly defer to November) Fund manager presentation (Black Rock – UK Equity)</p>	√

Date	Meeting	Agenda items	Complete
		Knowledge and understanding Governance compliance statement 2021-22 (defer to November) Confidential: ACCESS report from June JC plus associated decisions Confidential: Procurement and contract management: governance consultancy considerations, custody update, structure review, admin software award	
12 September 2022	ACCESS JOINT COMMITTEE – Cllr Churchman		To be rescheduled
14 September 2022 1100-1300	Development session (virtual)	Investments: Strategic asset allocation review	Postponed
6 October 2022	ACCESS JOINT COMMITTEE – Cllr Churchman		Virtual briefing (inquire)
26 October 2022 (changed from 12 th)	LPB	TPR Scheme return (if issued) DRAFT Governance compliance statement 2021-22 DRAFT annual report and accounts 2021-22 Risk management - risk register Structure review update DLUHC consultation update: <i>Climate change risk reporting</i> <i>Cyber risk</i> <i>Report from administration team</i> <i>Valuation update</i> Communications strategy review Knowledge and understanding incl. reports from events attended Good governance gap analysis (from June) TPR code of practice (from June)	
28 October 2022 1030-1230	Development session (virtual)	Investments: Strategic Asset Allocation review (deferred from 14 September 2022)	
8 November 2022 1400-1500	Employer engagement (virtual)	Valuation – employer results webinar (Hymans Robertson)	

Date	Meeting	Agenda items	Complete
9 November 2022 1100-1300	Development session (virtual)	<i>Pensions Dashboard Project (Colin Lewis: Heywood Pension Technologies)</i>	
22 November 2022 (pm)	Employer engagement	<i>Meetings with individual employers and actuary to discuss draft results</i>	
23 November 2022	PFC	Report from Board Risk management - risk register – recommendation from board Communications Strategy – recommendation from board Governance compliance statement 2021-22 – recommendation from board <i>DLUHC consultation: Climate change risk reporting</i> Triennial valuation: whole fund results and employer progress. Strategic Asset Allocation Structure review progress update Fund manager presentation (GSAM private debt) Knowledge and understanding: <i>Hymans' National Knowledge Assessment</i> Confidential: ACCESS report from September JC plus associated decisions Confidential: <i>UK Equity allocation</i> Confidential: Procurement and contract management: investment consultancy considerations,	
5 December 2022	ACCESS JOINT COMMITTEE – Cllr Churchman IWC LPB representatives to attend		
?? December 2022	ESG/RI working group	tbc	
21 December 2022	LPB	External audit update <i>DRAFT annual report and accounts 2021-22 (from October)</i> Knowledge and understanding incl. reports from events attended; <i>Hymans' National Knowledge Assessment</i> <i>Report from administration team</i> Risk management - risk register Reporting breaches policy review Funding Strategy Statement Investment Strategy Statement	

Date	Meeting	Agenda items	Complete
?? January 2023	Development session (virtual)	tbc	
?? January/February 2023	ESG/RI working group	tbc	
8 February 2023	PFC	<p>Report from Board: including</p> <ul style="list-style-type: none"> • Risk management - risk register • Reporting breaches policy <p>External audit update triennial valuation: DRAFT final result and completion process. Fund manager presentation (Partners Group infrastructure) Funding Strategy Statement Investment Strategy Statement Knowledge and understanding Confidential: ACCESS report from December JC plus associated decisions Confidential: Procurement and contract management: investment consultancy considerations</p>	
?? February 2023	Development session (virtual)	tbc	
6 March 2023	ACCESS JOINT COMMITTEE – Cllr Andre		
?? March 2023	Development session (virtual)	tbc	
5 April 2023	LPB	<p>Knowledge and understanding incl. reports from events attended Risk management - risk register Triennial valuation: completion confirmation Administration strategy review</p>	
?? May 2023	PFC	<p>Report from Board: including</p> <ul style="list-style-type: none"> • Risk management - risk register • Administration strategy <p>Triennial valuation: completion confirmation Fund manager presentation (UBS Passive global equity (from February)) Confidential: ACCESS report from March JC plus associated decisions Confidential: Procurement and contract management:</p>	

Development sessions:

Proposal that sessions be held outside normal committee cycle – one and a half hour slots, virtual, delivery by subject matter experts. Open to board and committee members, and members of staff

- ✓ Induction – 2 June 2021
- ✓ ACCESS pooling – 10 November 2021
- *Accounts and audit*
- *Administration*
- *Benefits and taxation*
- *Climate change risk reporting (TCFD)*
- *Employers*
- ✓ ESG/RI – 21 January 2022
- *Good governance project*
- ✓ Governance: decision making – 7 July 2021
- ✓ Investment asset classes – 29 June 2021
- **Investment Strategy – 28 October 2022**
- ✓ LAPFF – 29 October 2021
- **Pensions Dashboard – 9 November 2022**
- *Planning/Strategy away day?*
- ✓ Risk Management – 6 October 2021
- *Roles and responsibilities*
 - *Custodian*
 - *Internal/external audit*
 - *The Pensions Regulator*
- *TPR code of practice*
- *Training needs analysis*
- ✓ Triennial valuation – 2 February 2022

Fund manager attendance

Portfolio	Investment manager	initial investment	transition to ACCESS	most recent committee	next attendance
UK Equity	Black Rock	n/a	n/a	n/a	27 July 2022
Private Debt	Goldman Sachs	January 2021	n/a	n/a	23 November 2022
Infrastructure	Partners Group	July 2021	n/a	n/a	08 February 2023
Global Equity (passive)	UBS, under pool management	December 2021	December 2021	n/a	May 2023
Diversified Growth	Baillie Gifford, via ACCESS	November 2013	November 2019	28 July 2021	July 2023
Global Equity (active)	Newton, via ACCESS	August 2009	May 2019	24 November 2021	November 2023
UK Equity	Liontrust (Majedie), via ACCESS	August 2009	November 2020	16 February 2022	February 2024
Fixed Income	Schroder	August 2009	n/a	25 May 2022	May 2025
Property	Schroder	August 2009	n/a	25 May 2022	May 2025