

Agenda

Name of meeting	LOCAL PENSION BOARD
Date	WEDNESDAY 13 DECEMBER 2023
Time	2.00 PM
Venue	CONFERENCE ROOM 4, COUNTY HALL, NEWPORT, ISLE OF WIGHT
Members of the committee	M Doyle (Chairman), N Cain, T Jayston, L Kingston, B Milton and T Ould Democratic Services Officer: Cat Boulter democratic.services@iow.gov.uk

1. **Minutes** (Pages 5 - 10)

To confirm as a true record the Minutes of the meeting held on 13 September 2023.

2. **Declarations of Interest**

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

3. **Report from the Pension Fund Committee** (Pages 11 - 18)

To receive an update from the meeting of the Pension Fund Committee held on 22 November 2023.

Specifically to confirm the process followed for the selection and appointment of investment managers for increased allocations to private debt and infrastructure.

4. **Breakdown of Costs Recharged from IWC** (Pages 19 - 20)

To receive information about costs recharged to the pension fund from Isle of Wight Council.

5. **External Audit Results Report 2021-22** (Pages 21 - 60)

To receive and note the external audit results report on the Pension Fund accounts for the year ended 31 March 2022.

6. **External Audit Planning Report 2022-23** (Pages 61 - 98)

To receive and note the external audit planning report for the Pension Fund's audit for the year ended 31 March 2023.

7. **Draft Governance Compliance Statement** (Pages 99 - 150)

To review the draft governance compliance statement for the year ended 31 March 2023, as presented to the pension fund committee in November 2023.

To confirm the action plan for the non-compliant areas.

8. **Report from the Pensions Administration Team** (Pages 151 - 198)

To consider a report on administration statistics and employer compliance with end of month reporting and payment deadlines for the year 2023-24 to date, and to be advised of any complaints recorded and potential breaches of the law identified since the last meeting.

9. **Governance** (Pages 199 - 210)

To receive an update on governance support activity since the last meeting.

10. **Risk Register Update** (Pages 211 - 230)

To review the and confirm amendments to the risk register.

11. **Knowledge and Understanding** (Pages 231 - 232)

To receive the record of Board members' training and an update on any training events, meetings, including development sessions and fund manager presentations.

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

Members to raise any other matters.

CHRISTOPHER POTTER
Monitoring Officer
Tuesday, 5 December 2023

Interests

If there is a matter on this agenda which may relate to an interest you or your partner or spouse has or one you have disclosed in your register of interests, you must declare your interest before the matter is discussed or when your interest becomes apparent. If the matter relates to an interest in your register of pecuniary interests then you must take no part in its consideration and you must leave the room for that item. Should you wish to participate as a member of the public to express your views where public speaking is allowed under the Council's normal procedures, then you will need to seek a dispensation to do so. Dispensations are considered by the Monitoring Officer following the submission of a written request. Dispensations may take up to 2 weeks to be granted.

Members are reminded that it is a requirement of the Code of Conduct that they should also keep their written Register of Interests up to date. Any changes to the interests recorded on that form should be made as soon as reasonably practicable, and within 28 days of the change. A change would be necessary if, for example, your employment changes, you move house or acquire any new property or land.

If you require more guidance on the Code of Conduct or are unsure whether you need to record an interest on the written register you should take advice from the Monitoring Officer – Christopher Potter on (01983) 821000, email christopher.potter@iow.gov.uk, or Deputy Monitoring Officer - Justin Thorne on (01983) 821000, email justin.thorne@iow.gov.uk.

This page is intentionally left blank



Minutes

Name of meeting	LOCAL PENSION BOARD
Date and Time	WEDNESDAY 13 SEPTEMBER 2023 COMMENCING AT 2.00 PM
Venue	COUNCIL CHAMBER, COUNTY HALL, NEWPORT, ISLE OF WIGHT
Present	M Doyle (Chairman), L Kingston, B Milton and T Ould
Also Present	Matthew Collier, Jo Cooke and Jo Thistlewood,

1. **Minutes**

1a **5 April 2023**

RESOLVED:

THAT the minutes of the meeting held on 5 April 2023 be approved.

1b **24 July 2023**

RESOLVED:

THAT the notes of the informal meeting held on 24 July 2023 be noted.

2. **Declarations of Interest**

No declarations were received.

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

The Pension Fund Manager provided a verbal update following the meeting of the Committee on 6 September 2023.

RESOLVED:

THAT the verbal update be received and noted.

4. **Annual Report and Accounts**

The Pension Fund Manager provided a verbal update on the progress towards the completion of the 2021-22 annual report and accounts. It was confirmed that the draft had been published (subject to the conclusion of the external audit) and the

final report would be published once the Council's accounts for 2021-22 had been signed off.

The Pension Fund Manager presented an extract of the draft financial results for the year ended 31 March 2023 and the committee were asked to note the timetable for the completion of the annual report and accounts and the external audit programme. It was confirmed the draft financial results had been published as part of the Isle of Wight Council's draft accounts, however the commencement date of the external audit for 2022-23 was unknown at this stage.

The Board asked what impact the delay cause, the Pension Fund Manager advised that the impact was on workloads, however the team had prepared the work in advance, following the regular year end timetable.

Concern was raised regarding recent submissions by other Local Authorities of a s114 notice and how such a notice locally might affect the Pension Fund. Board members were advised that the Pension Fund was independent of council budgets and therefore should not be significantly impacted.

The Board requested a breakdown of recharges to the pension fund to ensure that correct payments were being processed through the fund. Officers advised that they had previously challenged some recharge payments. It was agreed that a breakdown of internal recharge to the fund would be provided, so the board could consider further investigation.

RESOLVED:

THAT the verbal update be received and noted.

THAT a breakdown of recharges be provided to the board.

5. **DLUHC consultation: Local Government Pension Scheme (England and Wales): Next steps on investments**

Consideration was given to the report which summarised the key themes of the government consultation on investments (including pooling and levelling up), and the key issues which should be considered in framing the fund's response.

The Pension Fund Manager presented the proposed process for the completion of the response and sought contributions from the board on matters to be included.

Discussion took place regarding the pool savings and the benefit of the Pool to the Pension Fund, The Pension Fund Manager advised that cost benefits had been identified in the difference between current fees paid within the pool and those achievable in the general market at the current time. However, due to changing fee structures, the fund had incurred additional costs in comparison to the original un-pooled mandates.

RESOLVED:

THAT board members advise the Pension Fund Manager of any comments on the consultation response during the week commencing 25 September 2023.

THAT the verbal update be received and noted.

6. **Work Planning 2023-25**

The board received the report and noted the presentation from Hymans Robertson, delivered at the Pension Fund Committee meeting, on the fund's governance outlook (including work priorities, risks, dependencies, and actions).

The Board questioned if a job specification had been drafted for the vacant governance support officer post, and asked the requirements for the post, The Pension Fund Manager advised that a national advert had been made previously however there had been very little interest.

The Section 151 Officer (Director of Finance) had been supplied with the options report from Barnett Waddingham and advised that this would be considered after the council's organisational review was completed. The Board asked if a meeting could be arranged with the Chairman and 151 Officer to discuss this matter further. It was also noted that a letter should be to the Chairman of the Pension Fund Committee.

RESOLVED:

THAT the report be noted

THAT a meeting be arranged with the Section 151 officer and Chairman of the Isle of Wight Pension Fund Committee.

7. **Academy Participation Policy**

The Pension Fund Manager presented the proposed new policy, explaining the reasoning behind the statement of principle concerning the consolidation of Multi Academy Trusts, and confirming that the fund's current processes in respect of the outsourcing of contracts from academies was in line with the new government requirements.

RESOLVED:

- i) THAT the draft Academy Participation Policy on academy funding be agreed.
- ii) THAT the statement of principle that the Isle of Wight Pension Fund will not accept transferring academies as a result of Multi-Academy Trust consolidation be agreed.
- iii) THAT the formalisation of the fund's current practices in respect of academy outsourcing contracts be agreed.

- iv) THAT the process for the finalisation of the policy, including consultation with the fund's existing academy employers, and those schools for whom conversion is planned, be noted.

THAT the policy be recommended to the Pension Fund Committee for adoption at its meeting in November 2023.

8. **Report from the Pensions Administration Team**

The Pensions Manager presented the report on administration statistics, employer compliance with end of month reporting and payment deadlines for the year 2022-23 to date, complaints recorded, and breaches of the law identified since the last meeting.

Attention was drawn to key updates relating to:

- The increase in membership numbers were due to the inclusion of dependents pensions, previously omitted from the reports in error.
- Data quality scores for common data and scheme specific data had been calculated; both are in excess of 96% demonstrating continued improvement.
- A meeting with Heywood Pension Technologies (HPT) regarding the McCloud remedy had been held to agree the next steps.
- HPT had confirmed that the fund was in a very good place to progress the implementation of the McCloud remedy, with over 85% of its data being submitted for processing.

The Pension Board thanked the pension administration team for all the work that had been done.

RESOLVED:

THAT the report from the Pensions Administration Team be received and noted.

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

The Pension Fund Manager advised that Hymans had launched a new version of the LGPS Online Learning Academy and board members should have received communication, the board was required to complete this learning by 31 March 2024.

Two board members were invited to attend the next ACCESS Joint meeting on 4 December 2023, The Pension Fund Manager advised that the Chairman had indicated an intention to attend and requested that the board advise who else would be attending.

The two council-nominated employer representative vacancies were under consideration; the elected member nomination would be considered at Full Council on 20 September 2023 and the Chief Executive had requested that a request be published in the Council's staff newsletter to seek expressions of interest in the

second vacancy, nominated by the Council's Corporate Management Team. The intention was to have the vacancies filled by the next meeting in December 2023.

The Board asked if there was any information regarding cyber security that needed to be looked at, they were advised that the issue was on the risk register and a meeting with Hymans had been arranged to discuss what needed to be done to develop a plan to secure information.

CHAIRMAN

This page is intentionally left blank

Minutes

Name of meeting	ISLE OF WIGHT PENSION FUND COMMITTEE
Date and Time	WEDNESDAY 22 NOVEMBER 2023 COMMENCING AT 10.00 AM
Venue	COUNCIL CHAMBER, COUNTY HALL, NEWPORT, ISLE OF WIGHT
Present	Cllrs C Jarman (Chairman), P Brading, P Fuller, N Stuart and I Ward
Also Present	Matthew Collier, Catherine Boulter, Jo Cooke, Jo Thistlewood and Megan Tuckwell
Also Present (Virtual)	Chris King (Hymans Robertson) McKenzie, McKerns (Hymans Robertson), B Milton (Local Pension Board)
Apologies	Cllrs V Churchman and K Lucioni, S Milford

36. **Apologies and Changes in Membership (If Any)**

Apologies had been received from Cllr Vanessa Churchman, Cllr Karen Lucioni and Steve Milford.

37. **Minutes**

RESOLVED:

THAT the minutes of the meeting held on 6 September 2023 be approved.

38. **Declarations of Interest**

Cllr Nick Stuart declared an interest as he had a family investment portfolio in the stock market.

Cllr Paul Fuller declared an interest in Minute item 42, Draft Annual Report and Accounts, as a member of Northwood Parish Council, Cowes Town Council, and Gurnard Parish Council.

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

No public questions were received.

40. **Report from the Local Pension Board**

The committee received the minutes of the meeting of the Local Pension Board held on 13 September 2023. Attention was drawn to the ongoing delays with the external audit and the subsequent impact on the fund's annual reports and accounts. A breakdown of costs recharged from the council would be considered by the Board at its meeting in December 2023.

Concerns were raised regarding the significant ongoing key-person dependency risk, and support was sought from the committee in progressing the structural staffing review of the pensions function without further delay. It was noted that the recruitment to a new Governance Support Officer post was now live.

The committee received an update on the Pensions Administration Team's significant staffing capacity issues and the work underway to address this (including a service redesign and short-term contract with Hymans Robertson to provide support whilst recruitment activities were underway).

The committee received an update on board membership, and it was confirmed that Tonya Jayston had been appointed to fill one of the vacant employer-representative seats. Discussion took place regarding the remaining vacant employer-representative seat which must be filled by an elected member of the council.

RESOLVED:

THAT the update be received and noted.

41. **Policy on Academy Funding**

The Pension Fund Manager presented the report which summarised the fund's policy on the admission of new academies or multi-academy trusts into the fund, including the calculation of any new employer's share of assets and liabilities, and setting the employer contribution rate. Questions were raised regarding the ability to refuse any transferring academies as a result of any future Island-based multi-academy trust consolidation.

RESOLVED:

- i) THAT the policy on academy funding be agreed.
- ii) THAT the statement of principle that the Isle of Wight Pension Fund would not accept transferring academies as a result of Multi Academy Trust consolidation, be agreed.
- iii) THAT the formalisation of the fund's current practices in respect of academy outsourcing contracts be agreed.
- iv) THAT the policy on academy funding be adopted and published on the fund's website.

42. **Draft Annual Report and Accounts**

Consideration was given to the draft annual report for the year ended 31 March 2023. As a result of the ongoing delays with the external audit, it was recommended that the draft be adopted (subject to any final changes arising from the external audit) and to be approved for publication on the fund's website in order to meet the statutory deadline of 1 December 2023. Minor grammatical corrections were suggested. Questions were raised regarding risk mitigation, responsible investment, and a timeline to develop the ESG/RI policy.

RESOLVED:

- i) THAT the draft annual report and accounts for the year ended 31 March 2023 be adopted (subject to any changes from the external audit) and be approved for publication on the fund's website before the deadline of 1 December 2023.
- ii) THAT the committee be notified of the progress of the external audit for both the Pension Fund and the Council.
- iii) THAT authority be delegated to the Pension Fund Manager, in consultation with the Director of Finance and the chairman of the Pension Fund Committee, to produce the outstanding items for the draft annual report, and that this is published by the deadline of 1 December 2023.
- iv) THAT authority be delegated to the Pension Fund Manager, in consultation with the Director of Finance and the chairman of the Pension Fund Committee, to update the annual report and accounts for any changes arising from the audit, and to publish the final annual report and accounts as soon as practical after the Audit and Governance Committee meeting.
- v) THAT the committee and the Local Pension Board be notified of the conclusion of the pension fund's external audit and the publication of the final annual report and accounts, and a report be presented to each body at the first meeting after the conclusion of the process.

43. **Draft Governance Compliance Statement 2022-23**

The committee received the draft Governance Compliance Statement for the year ended 31 March 2023. Attention was drawn to the areas of non-compliance, which were summarised into three key themes; knowledge and understanding, conflicts of interest, and disputes and resolution. Discussion took place regarding the work planned (and underway) to address the areas of non-compliance, and it was confirmed that the Local Pension Board would review the statement and formulate an action plan at its meeting on 13 December 2023. Questions were raised regarding the training plans for members of both the committee and the Local Pension Board.

RESOLVED:

- i) THAT the draft Governance Compliance Statement for the year ended 31 March 2023 be noted.
- ii) THAT the final version of the Governance Compliance Statement be presented to the committee for adoption at its meeting in February 2024.

44. **Investment Performance and Funding Level**

44a **Investment assets as at 30 September 2023**

44b **Quarterly Investment Performance Report**

Consideration was given to the reports for the quarter ended 30 September 2023, which included investment assets and a summary of market returns, capital market outlook, asset allocation, fund performance, and fund manager analysis. Discussion took place regarding fund manager performance in respect of responsible investments. Questions were raised in relation to investment fees and charges against investment returns.

RESOLVED:

THAT the updates on investment performance and funding level be noted.

45. **Investment Strategy Implementation**

The committee received the report which presented the outcomes arising from the two selection panels for the increased investment allocation to both private debt and infrastructure (as agreed by the committee at its meeting in September 2023). No comments or questions were raised. The committee received a verbal update on the progress with the transition of the fund's fixed income portfolio into the ACCESS pool. It was anticipated that the transition would be completed by January 2024, and a report confirming the completion would be provided at the next meeting.

RESOLVED:

In relation to private debt:

- i) THAT the decision of the selection panel to appoint Pantheon be agreed.
- ii) THAT the Isle of Wight Pension Fund makes a commitment to the Pantheon – Senior Debt Secondaries III (GBP) fund.
- iii) THAT the Isle of Wight Pension Fund makes a commitment of £65 million to this strategy, based on the updated cash flow analysis to achieve the desired target allocation.
- iv) THAT the progress made towards commissioning a legal review of the fund documentation be noted.

In relation to infrastructure:

- v) THAT the decision of the selection panel to appoint JP Morgan be agreed.

- vi) THAT the Isle of Wight Pension Fund makes a commitment to the JP Morgan Infrastructure Investments Fund.
- vii) THAT the Isle of Wight Pension Fund makes a commitment of £30 million to this strategy in 2024 and considers a further commitment of approximately £40 million in 2028/29 to achieve the desired target allocation, based on updated analysis.
- viii) THAT the Isle of Wight Pension Fund opts for the GBP-hedged share class of the JP Morgan Infrastructure Investments Fund.
- ix) THAT officers be authorised to commission a legal review of the selected fund's documentation and commission taxation advice.
- x) THAT Hymans Robertson be instructed to provide a transition plan and assess the availability of fund units on the secondary market (which sometimes trade at a discount if they are still in the lock-up period).

In relation to fixed income:

- xi) THAT the verbal update on the progress of the transition of the fund's fixed income holdings into the ACCESS Sterling Core Bond Fund (Royal London) be noted.
- xii) THAT a report on the completion of this activity be provided to the next committee meeting.

46. Governance Support Update

Consideration was given to the report from Hymans Robertson which outlined the governance support work being undertaken, including an update on the progress since September 2023 and the governance outlook for the next period. The committee received an update on the progress with the high-priority workplan items and an indicative 12-month timeline of activities. Discussion took place regarding the Board's role in reviewing the fund's risk register, including a focusing on high (red-rated) risks.

RESOLVED:

- i) THAT the Hymans Robertson report and appendix be noted.
- ii) THAT the committee continues to support the actions and approach to fund governance.
- iii) THAT the committee continues to pursue the conclusion of the Barnett Waddingham structure options report.
- iv) THAT the updates to the high (red-rated) risks be noted.

Following discussion, the committee adjourned for a ten-minute comfort break.

47. Knowledge and Understanding Update

The committee received a verbal update on committee members' training. The Pension Fund Manager agreed to circulate the link to the Pension Regulators toolkit, and to sign up for the Hymans Robertson knowledge progress assessment exercise for committee and board members to complete. It was agreed that future training could be delivered through both online and face-to-face sessions.

RESOLVED:

THAT the update be noted.

48. Legislation and Regulation Update

The Pension Fund Manager provided a verbal update and confirmed that the DLUHC consultation on investment pooling had been submitted, the launch of the Pension Regulators' general code was imminent, and the Good Governance Project (on the standards of governance and improving the governance of the LGPS) was with ministers for consideration. No comments or questions were raised, and the update was noted.

RESOLVED:

THAT the update be noted.

49. Members' Question Time

No questions were received.

50. Exclusion of Public and Press

RESOLVED:

THAT the public and press be excluded.

51. ACCESS Update

The Pension Fund Manager presented the confidential report which provided updated information about the ACCESS Pool since the last meeting, including updates from the Joint Committee meeting held on 4 September 2023, and planning for the next meeting in December 2023. No comments or questions were raised, and the update was noted.

RESOLVED:

THAT the update be noted.

52. Procurement and Contract Management Update

The Pension Fund Manager provided a confidential verbal update on procurement and contract management activities since the last meeting. Discussion took place regarding the process and appointment of the selection panel for an actuary.

RESOLVED:

THAT the update be noted.

CHAIRMAN

This page is intentionally left blank

Analysis of Costs Recharged from Isle of Wight Council to Pension Fund

2022-23

	Pensions Admin	Pension Fund Manager	Dir of Finance	Payments Team	Accountancy Team	Pension Admin Manager	Procurement	Total
Staff	216,918	110,405	5,778			48,779		381,880
Premises	2,043	1,652				428		4,123
Sundry Office Exps	73	-				-		73
Professional Fees	-	-				-		-
Professional Subscriptions	4,409	-				-		4,409
IT Expenses	42,153	-				-		42,153
Other Income	-	-				-		-
Procurement recharge	-	-				-	5,583	5,583
IWC internal support recharge	36,758	2,095				7,317		46,169
Other to be advised				8,000	62,617	(15,847)		54,770
	302,354	114,152	5,778	8,000	62,617	40,676	5,583	539,161

This page is intentionally left blank

Isle of Wight Pension Fund

Audit results report

Year ended 31 March 2022

September 2023

Page 21

The EY logo consists of the letters 'EY' in a bold, white, sans-serif font. Above the 'Y' is a yellow triangle pointing to the right. The logo is positioned in the bottom right corner of the page, partially overlapping the EY tagline and the agenda item text.

Building a better
working world

Agenda Item 5



Isle of Wight Council
County Hall
High Street
Newport, Isle of Wight PO30 1UD

15 September 2023

Dear Audit Committee Members

We are pleased to attach an audit results report, summarising the final position on our 2021/22 audit.

The audit is designed to express an opinion on the 2021/22 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on Isle of Wight Pension Fund's accounting policies and judgements and material internal control findings. Each year sees further enhancements to the level of audit challenge and the quality of evidence required to achieve the robust professional scepticism that society expects. We thank the management team for supporting this process. We have also included a final update on our work on value for money arrangements.

This report is intended solely for the information and use of the Audit Committee and management. It is not intended to be, and should not be, used by anyone other than these specified parties.

Yours faithfully

Helen Thompson

Partner

For and on behalf of Ernst & Young LLP

Encl

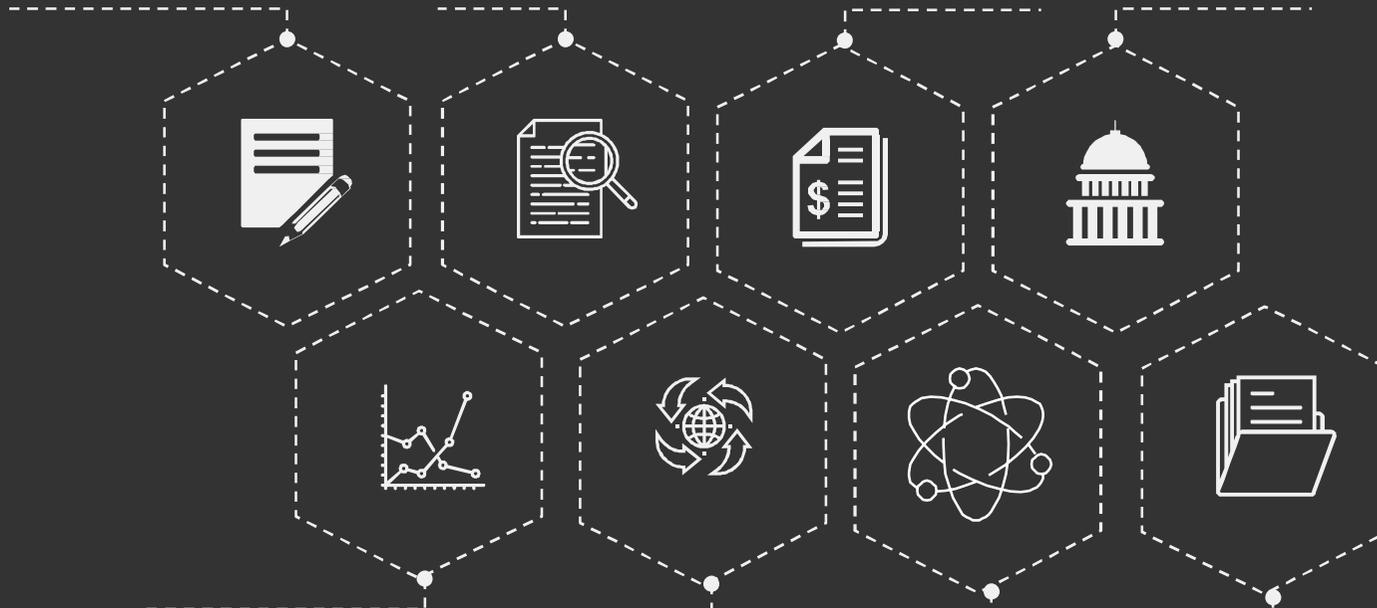
Contents

01 Executive Summary

02 Areas of Audit Focus

03 Draft Audit Report

04 Audit Differences



05 Other reporting issues

06 Assessment of Control Environment

07 Independence

08 Appendices

Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psa.co.uk/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated April 2018)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit Committee and management of Isle of Wight Pension Fund in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee, and management of Isle of Wight Pension Fund those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit Committee and management of Isle of Wight Pension Fund for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

Executive Summary

Executive Summary

Scope update

In our audit planning report presented to the 25 July 2022 Audit Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan with the following updates.

Changes in materiality

We updated our planning materiality assessment using the draft financial statements.

	Planning Materiality	Performance Materiality	Audit Differences
	Our planning materiality represents 1% of the Fund's net assets, consistent year on year.	Performance materiality represents 75% of planning materiality and is the top of our range, consistent year on year.	We will report all uncorrected misstatements relating to the primary statements (net asset statement and fund account) greater than 5% of planning materiality.
Planned	£6.91 million	£5.2 million	£0.35 million
Final	£7.281 million	£5.461 million	£0.364 million

We also reconsidered our risk assessment, and identified the following additional risks:

Valuation of infrastructure assets – significant risk

Investments at Level 3 are those where at least one input that could have a significant effect on the asset's valuation is not based on observable market data. The Pension Fund invested in infrastructure assets for the first time during 2021/22. Significant judgements are made by the investment managers or administrators to value these investments whose prices are not publicly available. Market volatility means such judgments can quickly become outdated, especially when there is a significant time period between the latest available audited information and the fund year end. Such variations could have a material impact on the financial statement.

IAS 26 disclosures – area of audit focus

We consider the valuation of IAS 26 to be of a higher degree of inherent risk because of the level of estimation uncertainty resulting from the calculation using a number of underlying assumptions. The actuary is required to make assumptions on salary increases, discount rates, pension rates, scheme member longevity and other variables. While IAS 26 does not inform the primary statements, there is stakeholder interest in this disclosure due to its nature.



Executive Summary

Scope update

Triennial valuation 2022 – Membership data testing

Local Government Pension Schemes (LGPS) are subject to a full actuarial valuation every 3 years, known as the triennial valuation. In a normal cycle the first set of financial statements to be influenced by a triennial valuation would be the one following the date of the triennial valuation. The most recent triennial valuations as at 31 March 2022 would therefore ordinarily first influence the 2022/23 accounts and specifically IAS 19 reporting for pension fund scheduled and admitted bodies.

Due to the delay in completing our 2021/22 audit, the IAS 19 liability assessments have been re-run as at 31 March 2022 based on the 31 March 2022 triennial valuation of the pension fund. To be able to provide assurance to admitted body auditors on IAS 19 balances and disclosures, as the pension fund auditor, we have undertaken additional detailed audit procedures under the IAS 19 protocol arrangements established by the PSAA Terms of Appointment. Specifically, we as the pension fund audit team have completed procedures on the accuracy and completeness of information taken from pension fund membership administration systems provided to the fund actuary to inform the 2022 triennial valuation dataset.

Page 26

Status of the audit

Our audit work in respect of the Fund opinion is substantially complete. We will need to complete the following remaining closing procedures prior to issuing our audit opinion:

- Update of our subsequent events procedures to the date of our opinion
- Review of the final version of the financial statements
- Receipt of a signed letter of management representation

Audit differences

There are no unadjusted or adjusted audit differences which require your attention.

Executive Summary

Areas of audit focus

Our audit plan identified significant risks and areas of focus for our audit of the Pension Fund's financial statements. We summarise below our latest findings. This report sets out our observations and status in relation to these areas, including our views on areas which might be conservative and areas where there is potential risk and exposure. Our consideration of these matters and others identified during the period is summarised in the "Areas of Audit Focus" section of this report.

Fraud risks	Findings & conclusions
Misstatements due to fraud or error	We carried out standard procedures to address fraud risks as set out in our audit plan, including identifying risks, considering controls and their effectiveness, testing journal entries and looking at estimates for evidence of management bias. Using data analytics is central to our approach. we have completed our work in this area and have no matters to bring to your attention.
Risk of manipulation of Investment income.	We performed a reconciliation between the fund managers reports and the custodian reports. We also performed specific journal entry testing in response to this risk. we have completed our work in this area and have no matters to bring to your attention.

Page 27

Significant risk	Findings & conclusions
Valuation of complex investments (Level 3 Fair Value hierarchy)	We undertook additional procedures, as described more fully in Section 2 of this report, to gain assurance over the year-end valuation of the Fund's Private Debt and Infrastructure Assets investments. We have completed our work in this area and have no matters to bring to your attention.

Areas of audit focus	Findings & conclusions
Disclosure on Going Concern	We obtained management's going concern assessment and the adequacy of the disclosures in the financial statements. We have completed our work in this area and have no matters to bring to your attention.
IAS 26	We carried out procedures as described more fully in Section 2 of this report, to gain assurance over the IAS 26 actuarial statement and the associated disclosure of the actuarial present value of promised retirement benefits as a note to the accounts. We have completed our work in this area and have no other matters to bring to your attention.



Executive Summary

Areas of audit focus

Areas of audit focus	Findings & conclusions
Triennial valuation 2022 - Membership data testing	<p>We carried out procedures as described more fully in Section 2 of this report, to gain assurance over the accuracy and completeness of information taken from pension fund membership administration systems provided to the fund actuary to inform the 2022 triennial valuation dataset.</p> <p>We have completed our work in this area and communicate our observations in section 6 below.</p>

Control observations

Page 20
 We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements. However, our testing of membership data as part of our audit procedures on the 2022 triennial valuation identified a number of areas where management could improve the quality of the membership data held on the Fund's pensions administration system. See section 6 for further details.

Independence

Please refer to Section 7 for our update on Independence.



02 Areas of Audit Focus



Areas of Audit Focus

Fraud risk

Misstatements due to fraud or error and the risk of manipulation of Investment income.

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

What judgements are we focused on?

The risk of management override at the Fund is mainly through the possibility that management could override controls and manipulate in-year financial transactions which intend to adjust the reported Fund Account.

We have assessed that the risk of manipulation of investment income through management override of controls is most likely to affect investment income in the year, specifically through journal postings.

What did we do?

We:

- Reviewed journals throughout the year and at year-end to ensure there were no unexpected trends or unusual postings. This included reviewing the movement of income, expenditure, assets and liability transactions on the general ledger to identify postings that may be indicative of the manipulation of investment income and valuation by management. Unusual or unexpected journal postings, including any which were indicative of management override, were tested further;
- Undertook a review of reconciliations to the fund manager, custodian and valuer reports and investigated any reconciling differences;
- Re-performed the detailed investment note using the reports we have acquired directly from the custodian, valuer or fund managers;
- Checked the reconciliation of holdings included in the Net Assets Statement back to the source reports; and
- Reviewed accounting estimates for evidence of management bias, including estimates with a higher level of inherent risk.

What are our conclusions?

We have not identified any material evidence of material management override. Specifically:

- Our review of trends in general ledger data, and detailed consideration of unusual or unexpected journal postings, did not identify any journal entries that suggested the manipulation of accounting records or override of controls by management.
- We were able to reconcile fund manager, custodian and valuer reports to investments valuations disclosed in the financial statements with no material differences.
- We were able to agree the detailed investment note using reports directly from the custodian, valuer or fund managers.
- We checked the reconciliation of holdings included in the Net Assets Statement back to the source reports.
- Our review of accounting estimates, including estimates with a higher level of inherent risk, identified no evidence of management bias.



Areas of Audit Focus

Significant risk

Valuation of complex Investments (Level 3 Fair Value hierarchy)

What is the risk?

Investments at Level 3 are those where at least one input that could have a significant effect on the asset's valuation is not based on observable market data.

Significant judgements are made by the investment managers or administrators to value these investments whose prices are not publicly available. The material nature of Investments means that any error in judgement could result in a material valuation error.

Market volatility means such judgments can quickly become outdated, especially when there is a significant time period between the latest available audited information and the fund year end. Such variations could have a material impact on the financial statements.

What judgements are we focused on?

The judgements we are focussed on are the date of the data and prices used when information is not publicly available. For these we have performed analytical procedures and obtained third party confirmations to verify.



Areas of Audit Focus

Significant risk

What are our conclusions?

We:

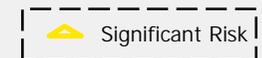
- Agreed the population of investment assets accounted for in the financial statements to individual underlying fund manager valuation reports to 31 March 2022.
- Both the private debt and infrastructure assets fund last audited financial statements were at 31 December 2021. We evaluated those financial statements to gain assurance that Where audited financial statements supporting the investments were not available at the net asset statement date we agreed the Net Asset Value (NAV) in fund manager reports at 31 December 2021 to audited financial statements at that date. Further assurance was obtained as set out below.
- Obtained controls assurance reports from fund managers. As these were not to 31 March 2022 we obtained bridging confirmation to the year end date. Both fund managers (Goldman Sachs and Partners Group) do not routinely provide bridging letters. However, we have sought and obtained confirmation via email that to the best of their knowledge, there have been no material issue identified subsequent to the report being completed nor have there been any material changes to the control framework. We evaluated the overall assurance given and any specific control failures. We specifically considered controls that relate to valuation for exceptions or issues that may caveat the assurance given.

Page 32

Evaluated the underpinning audited fund financial statements for each fund to ensure they were unqualified, had no other potentially relevant reporting points and were issued by a reputable auditor. Where relevant, where audited financial statements were not available at 31 March 2022 we adjusted the 31 December 2021 (quarter 3) valuation for known cash flow movements in the final quarter of the year, assuming they occurred at the start of quarter 4. We then obtained quarter 3 to 4 indices relevant to the type of investment to create a high/low range of movements for quarter 4 and applied that to the valuation derived for each investment at 31 December 2021. We confirmed that the range established was not greater than our performance materiality.

- Compared the valuation in the financial statements to the range established above to gain assurance they were within range to a tolerance of performance materiality.

Conclusion: We are satisfied that the valuation of the Fund's level 3 investments is materially correct in the financial statements. There were no significant reporting points or areas of concern arising from the procedures undertaken to draw to your attention.





Areas of Audit Focus

What is the risk/area of focus?	What did we do?
<p><u>Disclosures on going concern</u></p> <p>There is a presumption that the Pension Fund will continue as a going concern for the foreseeable future. However, the Fund is required to carry out a going concern assessment that is proportionate to the risks it faces and that the assessment, including the cashflow forecast, is comprehensive.</p> <p>The Fund is then required to ensure that its going concern disclosure within the statement of accounts adequately reflects its going concern assessment and in particular highlights any uncertainties it has identified.</p> <p>Given the available levels of liquid investment assets, we do not consider there to be a risk to the Fund's going concern status. We do consider the unpredictability of the current environment to give rise to a risk that the Pension Fund may not appropriately disclose the key factors relating to going concern.</p>	<p>We have:</p> <ul style="list-style-type: none">• Assessed the adequacy of disclosures required in 2021/22;• Obtained management's going concern assessment and reviewed for any evidence of bias and consistency with the accounts;• Reviewed the Fund's cashflow forecast covering the foreseeable future, to ensure that it has sufficient liquidity to continue to operate as a going concern;• Undertook a 'stand back' review to consider all of the evidence obtained, whether corroborative or contradictory, when we drew our conclusions on going concern; and• Challenged the disclosure made in the accounts in respect of going concern. <p>Conclusion: We have completed our review of the management assessment and proposed disclosure. We have no issues to bring to your attention.</p>
<p><u>IAS 26</u></p> <p>We consider the valuation of IAS 26 to be of a higher degree of inherent risk because of the level of estimation uncertainty resulting from the calculation using a number of underlying assumptions. The actuary is required to make assumptions on salary increases, discount rates, pension rates, scheme member longevity and other variables. While IAS 26 does not inform the primary statements, there is stakeholder interest in this disclosure due to its nature.</p>	<p>We have:</p> <ul style="list-style-type: none">• Agreed the disclosure to the IAS 26 actuarial statement and reporting requirements• Engaged auditor's specialists to review the IAS 26 calculation approach and comment on the underlying assumption.• Reviewed the work of the management specialist (Hymans Robertson, the actuary) and auditor's specialist.• Considered the controls used by Hymans Robertson in undertaking the calculation.• Performed IAS 19 procedures, which give us assurance over the data input into the calculation. <p>Conclusion: We have completed our work in this area and have no matters to bring to your attention.</p>



Areas of Audit Focus

What is the risk/area of focus?

Triennial valuation 2022 – Membership data testing

We carried out procedures as described more fully in Section 2 of this report, to gain assurance over the accuracy and completeness of information taken from pension fund membership administration system provided to the fund actuary to inform the 2022 triennial valuation dataset.

We have completed our work in this area and communicate our observations in section 6 below.

What did we do?

We have:

- Documented the controls established designed to provide assurance over the completeness and accuracy of fund membership information provided to the actuary
- Tested the membership data submitted to the actuary to inform the triennial valuation by:
 - obtaining the final triennial data extract submitted by the pension fund to the actuary.
 - agreeing the total number of member records in the extract for the categories of fund member to the pension fund’s information systems.
 - reconciling the data provided to the actuary, to the membership data reported in the triennial valuation.
- Performed further sample-based substantive testing to gain assurance over the accuracy of key membership data points in the membership data submitted to the actuary.

We considered reports or data extracts from the membership administration system and submitted to the actuary as information produced by the entity (IPE) relevant to our work to gain assurance over the triennial valuation. The testing of the validity of data points is attribute testing and we use a sample of 25 to gain assurance over the IPE.

Each report/data extract submitted to the actuary constitutes a separate piece of IPE. If there are multiple reports or extracts, we would need to test a sample of 25 per report/extract.

Conclusion: We have completed our work in this area and communicate our observations in section 6 below.



03 Audit Report



Audit Report

Draft audit report

Our opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ISLE OF WIGHT PENSION FUND

Opinion

We have audited the Pension Fund financial statements for the year ended 31 March 2022 under the Local Audit and Accountability Act 2014 (as amended). The pension fund financial statements comprise the Fund Account, the Net Asset Statement and the related notes 1 to 29.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

In our opinion the Pension Fund financial statements:

- give a true and fair view of the financial transactions of the Fund during the year ended 31 March 2022 and the amount and disposition at that date of its assets and liabilities as at 31 March 2022; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Council as administering authority for the Pension Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director of Finances' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the authority's ability to continue as a going concern for a period of 12 months from when the Fund's financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Finance with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Fund's ability to continue as a going concern.

Other information

The other information comprises the information included in the Statement of Accounts 2021/22, other than the financial statements and our auditor's report thereon. The Director of Finance is responsible for the other information contained within the Statement of Accounts 2021/22.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we report by exception

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended);
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended);



Audit Report

Draft audit report

Our opinion on the financial statements

- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended);
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended); or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended).

We have nothing to report in these respects.

Responsibility of the Director of Finance

As explained more fully in the Statement of Responsibilities set out on page 5, the Director of Finance is responsible for the preparation of the Authority's Statement of Accounts, which includes the Pension Fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, and for being satisfied that they give a true and fair view. The Director of Finance is also responsible for such internal control as the Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Finance is responsible for assessing the Pension Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Administering Authority either intends to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with the Director of Finance.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Pension Fund and determined that the most significant are the Local Government Pension Scheme Regulations 2013 (as amended), and The Public Service Pensions Act 2013.
- We understood how the Pension Fund is complying with those frameworks by making enquiries of the management. We corroborated this through our reading of the Pension Committee minutes.
- Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiries of the management for their awareness of any non-compliance of laws or regulations, inspecting correspondence with the Pensions Regulator and review of minutes.
- We assessed the susceptibility of the Pension Fund's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements and documenting the controls that the Pension Fund has established to address risks identified, or that otherwise seek to prevent, deter or detect fraud. Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk.



Audit Report

Draft audit report

Our opinion on the financial statements

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any identified significant transactions that were unusual or outside the normal course of business. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.

To address our fraud risk of manipulation of investment income and valuation we:

- Undertook a review of reconciliations to the fund manager, custodian and valuer reports and investigated any reconciling differences;
- Re-performed the detailed investment note using the reports we have acquired directly from the custodian, valuer or fund managers;
- Checked the reconciliation of holdings included in the Net Assets Statement back to the source reports; and
- Reviewed accounting estimates for evidence of management bias, including estimates with a higher level of inherent risk.

The Pension Fund is required to comply with The Local Government Pensions Scheme regulations, other legislation relevant to the governance and administration of the Local Government Pension Scheme and requirements imposed by the Pension Regulator in relation to the Local Government Pension Scheme. As such, we have considered the experience and expertise of the engagement team including the use of specialists, to ensure that the team had an appropriate understanding of the relevant pensions regulations to assess the control environment and consider compliance of the Fund with these regulations as part of our audit procedures.

Use of our report

This report is made solely to the members of Isle of Wight Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Isle of Wight Council and its members as a body, for our audit work, for this report, or for the opinions we have formed.



04 Audit Differences





Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as “known” or “judgemental”. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

Summary of audit differences

Other than some minor misstatements in disclosure notes, there were no unadjusted or adjusted audit differences above our reporting threshold.



05 Other reporting issues

Other reporting issues

Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the Statement of Accounts 2021/22 with the audited pension fund financial statements.

Financial and non-Financial information in the Statement of Accounts 2021/22 was consistent with the audited pension fund financial statements.

In addition, we also perform procedures to ensure the consistency of the pension fund accounts with the version presented in the Pension Fund's Annual Report. We have no issues to draw to your attention.

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). We also have a duty to make written recommendations to the Authority, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014. We have had no reason to exercise these duties.

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Fund's financial reporting process. We have no matters to report.



06

Assessment of Control Environment

Assessment of Control Environment

Financial controls

Our responsibilities

It is the responsibility of the Fund to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Fund has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. As we have adopted a fully substantive approach, we have therefore not tested the operation of controls.

Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

We have not identified any significant deficiencies in internal control but our work identified weaknesses in the quality of data held on the pensions administration system which we wish to bring to your attention.

Findings

Triennial valuation data submission:

In their report on data accuracy, the actuary noted that the membership data submitted by the fund for the 2022 triennial valuation is "of great quality and fits the purpose of a funding valuation". The actuary also mentioned that there are ongoing improvements in the data quality versus 2019 which resulted in a streamlined data validation process.

It is not considered that the lack of fully complete evidence for each data point requested by the actuary represents a systemic weakness in the control environment for the Fund. Whilst it is acknowledged that data improvement work is an ongoing process, the following points continue to be relevant:

- Fund should consider carrying out focussed exercise to process all leaver forms.
- Annual data cleansing should be carried out and reconciled with membership data with accounts data.
- To resolve critical errors, the fund should liaise with the fund administration software provider on critical errors that are being caused by the Universal Data Extract programme.
- Formal data improvement plan needs to be put in place and implemented. This also includes putting in place training sessions for employers.

Recommendation – The Fund should address the above points to continue to improve the data quality of its membership records

Assessment of Control Environment (continued)

Financial controls (continued)

Triennial valuation – membership data testing:

As part of our IAS19 protocol work conducted on behalf of the auditors of scheduled bodies of the Fund we were required to test membership data submitted by the Fund to the Actuary that was used to inform the triennial valuation of the Fund at 31 March 2022. We randomly selected a sample of 125 entries from 5 data extracts from the pensions administration system that were shared with the actuary, and sought to agree key data points for each entry to prime documentation:

Exceptions identified:

Overall, for all 125 items tested, we were able to agree at least one data point to supporting prime documentation and/or obtain other evidence or support to give reasonable assurance over the IPE tested. For 1 out of 125 items, from the dependent category, management was not able to provide any supporting evidence for the date of birth. We note that this does not mean that the data point is wrong, only that we are not able to verify its accuracy.

We do not consider the above issue to be indicative of more pervasive issues or control weaknesses given the number of items tested (125) and the number of data points tested per item.

Whilst we were able to obtain sufficient assurance over the accuracy and completeness of information taken from pension fund membership administration systems provided to the fund actuary to inform the 2022 triennial valuation dataset, in terms of the membership data testing performed, initially we were not able to resolve all of the queries with the Pension Fund in a timely manner as they do not hold/retain the information, nor are they required to given the Council is the employing authority. This caused significant delays in completing the audit, exacerbated by the fact that some of the evidence is held with Strictly Education.

While these findings do not directly impact our audit of the Pension Fund's 2021/22 financial statements it is important that accurate and supportable membership data is held on the pensions administration system.

Recommendation

Improve the quality of Fund membership data held on the employers' systems.



07

Independence

Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Fund, and its members and senior management and its affiliates, including all services provided by us and our network to the Fund, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2020 to the date of this report which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by Ernst & Young

The table below sets out a summary of the fees that are due for the year ended 31 March 2022 in line with the disclosures set out in FRC Ethical Standard and in statute.

As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

Description	Final Fee 2021/22 £	Planned Fee 2021/22 £	Final Fee 2020/21 £
Scale Fee – Code work	16,235	16,235	16,235
Fee variations (see Note 1).	TBC	4,000 – 5,000	18,275
PSAA pre-approved additional fee for ISA540 (See Notes 1 and 2)	1,899	1,899	-
Total Fees	TBC	22,135 – 23,125	34,510

Note 1 - In order to meet regulatory and compliance audit requirements not present in the market at the time of our most recent bid to PSAA, we assessed that the recurrent cost of additional requirements to carry out our audit should increase by £36,000. PSAA determined an additional scale fee variation of £18,275 for 2020/21, £1,899 of this relates to ISA540 Estimates and £3,750 relates to the valuation of level 3 investment testing. The remaining £12,626 relates to other work areas and was determined on a non-recurrent basis. We expect similar recurrent costs to our assessment in 2021/22 and subsequent years. However, PSAA has stated that this will need to be determined each year.

Note 2 - PSAA communicated a range of fees in August 2021 for the revised International Standard of Auditing 540 on Estimates. In the absence of further information, we have rolled this forward for 2021/22.

Other communications

EY Transparency Report 2022

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2022:

[EY UK Transparency Report | EY UK](#)



08 Appendices

Appendix A

Required communications with the Audit Committee

There are certain communications that we must provide to the Audit Committees of UK clients. We have detailed these here together with a reference of when and where they were covered:

			 Our Reporting to you
Required communications	 What is reported?	 When and where	
Page 50	Terms of engagement	Confirmation by the audit committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies
	Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies
	Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit Planning Report, July 2022 meeting of the Audit Committee.
	Significant findings from the audit	<ul style="list-style-type: none"> • Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures • Significant difficulties, if any, encountered during the audit • Significant matters, if any, arising from the audit that were discussed with management • Written representations that we are seeking • Expected modifications to the audit report • Other matters if any, significant to the oversight of the financial reporting process 	Audit Results Report, March 2023 and this final audit results report.

Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity’s ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> • Whether the events or conditions constitute a material uncertainty • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements • The adequacy of related disclosures in the financial statements 	<p>Audit Results Report, March 2023</p> <p>No conditions or events were identified, either individually or together to raise any doubt about the Fund’s ability to continue for the 12 months from the date of our report</p>
Misstatements	<ul style="list-style-type: none"> • Uncorrected misstatements and their effect on our audit opinion • The effect of uncorrected misstatements related to prior periods • A request that any uncorrected misstatement be corrected • Material misstatements corrected by management 	<p>Audit Results Report, March 2023 and this final audit results report.</p>
Subsequent events	<ul style="list-style-type: none"> • Enquiry of the Audit Committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements. 	<p>Attending the Audit Committee – 20 March 2023</p>
Fraud	<ul style="list-style-type: none"> • Enquiries of the Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the Fund • Any fraud that we have identified or information we have obtained that indicates that a fraud may exist • Unless all of those charged with governance are involved in managing the Authority, any identified or suspected fraud involving: <ol style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. • The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected • Any other matters related to fraud, relevant to Audit Committee responsibility. 	<p>Formal enquiry letter sent and response received from Chair of the Audit Committee. and</p> <p>Audit Results Report, March 2023 and this final audit results report.</p>

Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Related parties	<p>Significant matters arising during the audit in connection with the Fund’s related parties including, when applicable:</p> <ul style="list-style-type: none"> • Non-disclosure by management • Inappropriate authorisation and approval of transactions • Disagreement over disclosures • Non-compliance with laws and regulations • Difficulty in identifying the party that ultimately controls the Fund 	Audit Results Report, March 2023 and this final audit results report.
Independence	<p>Communication of all significant facts and matters that bear on EY’s, and all individuals involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner’s consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> • The principal threats • Safeguards adopted and their effectiveness • An overall assessment of threats and safeguards • Information about the general policies and process within the firm to maintain objectivity and independence <p>Communications whenever significant judgments are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p> <p>For public interest entities and listed companies, communication of minimum requirements as detailed in the FRC Revised Ethical Standard 2019:</p> <ul style="list-style-type: none"> • Relationships between EY, the company and senior management, its affiliates and its connected parties • Services provided by EY that may reasonably bear on the auditors’ objectivity and independence • Related safeguards • Fees charged by EY analysed into appropriate categories such as statutory audit fees, tax advisory fees, other non-audit service fees • A statement of compliance with the Ethical Standard, including any non-EY firms or external experts used in the audit 	Audit planning report July 2022 and Audit Results Report, March 2023 and this final audit results report.

Appendix A

		 Our Reporting to you
Required communications	 What is reported?	  When and where
	<ul style="list-style-type: none"> • Details of any inconsistencies between the Ethical Standard and Group's policy for the provision of non-audit services, and any apparent breach of that policy • Details of any contingent fee arrangements for non-audit services • Where EY has determined it is appropriate to apply more restrictive rules than permitted under the Ethical Standard • The audit committee should also be provided an opportunity to discuss matters affecting auditor independence 	
External confirmations	<ul style="list-style-type: none"> • Management's refusal for us to request confirmations • Inability to obtain relevant and reliable audit evidence from other procedures. 	We have received all requested confirmations
Consideration of laws and regulations	<ul style="list-style-type: none"> • Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur • Enquiry of the Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit Committee may be aware of 	We have asked management and those charged with governance. We have not identified any material instances or non-compliance with laws and regulations
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> • Significant deficiencies in internal controls identified during the audit. 	Audit Results Report, March 2023 and this final audit results report.

Pages 33

Appendix A

		 Our Reporting to you
Required communications	 What is reported?	  When and where
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> Written representations we are requesting from management and/or those charged with governance 	Audit Results Report, March 2023 and this final audit results report.
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Audit Results Report, March 2023 and this final audit results report.
Auditors report	<ul style="list-style-type: none"> Any circumstances identified that affect the form and content of our auditor's report 	Audit Results Report, March 2023 and this final audit results report.
Fee Reporting	<ul style="list-style-type: none"> Breakdown of fee information when the audit planning report is agreed Breakdown of fee information at the completion of the audit Any non-audit work 	Audit Planning Report, July 2022 Audit Results Report, March 2023 and this final audit results report.

Management representation letter

Isle of Wight Pension Fund.

Management Representation Letter

Helen Thompson
Partner
Ernst & Young LLP
Grosvenor House
Grosvenor Square
Southampton
SO15 2BE

Page 55

This letter of representations is provided in connection with your audit of the financial statements of Isle of Wight Pension Fund (“the Fund”) for the year ended 31 March 2022. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the financial transactions of the Fund during the period from 01 April 2021 to 31 March 2022 and of the amount and disposition of the Fund’s assets and liabilities as at 31 March 2022, other than liabilities to pay pensions and benefits after the end of the period, have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

We understand that the purpose of your audit of the Fund’s financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.
2. We confirm that the Fund is a Registered Pension Scheme. We are not aware of any reason why the tax status of the scheme should change.
3. We acknowledge, as members of management of the Fund, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position and the financial performance of the Fund in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, and are free of material misstatements, including omissions. We have approved the financial statements.

Management representation letter

4. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
5. As members of management of the Fund, we believe that the Fund has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/2022 that are free from material misstatement, whether due to fraud or error. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic on our system of internal controls and the effects of the conflict and related sanctions in Ukraine, Russia and/or Belarus on our system of internal controls.
6. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

B. Non-compliance with laws and regulations including fraud

1. We acknowledge that we are responsible for determining that the Fund's activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have not made any reports to The Pensions Regulator, nor are we aware of any such reports having been made by any of our advisors.
5. There have been no other communications with The Pensions Regulator or other regulatory bodies during the Fund year or subsequently concerning matters of non-compliance with any legal duty.
6. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Fund (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
 - Involving financial improprieties
 - Related to laws or regulations that have a direct effect on the determination of material amounts and disclosures in the Fund's financial statements
 - Related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Fund, its ability to continue, or to avoid material penalties
 - Involving management, or employees who have significant roles in internal control, or others
 - In relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters.
 - Additional information that you have requested from us for the purpose of the audit.
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

Management representation letter

2. You have been informed of all changes to the Fund rules.
3. All material transactions have been recorded in the accounting records and all material transactions, events and conditions are reflected in the financial statements, including those related to the COVID-19 pandemic and including those related to the conflict and related sanctions in Ukraine, Russia and/or Belarus.
4. We have made available to you all minutes of the meetings of the Audit Committee and Pensions Committee (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the period to the most recent meeting.
5. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Fund's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the period end. These transactions have been appropriately accounted for and disclosed in the financial statements.
6. We have disclosed to you, and the Fund has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
7. No transactions have been made which are not in the interests of the Fund members or the Fund during the fund year or subsequently.
8. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/2022
9. From the date of our last management representation letter on 6 December 2021, through the date of this letter we have disclosed to you any unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate.
10. From the date of our last management representation letter through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.

E. Going Concern

3. Note 2 to the financial statements discloses all the matters of which we are aware that are relevant to the Fund's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

Management representation letter

F. Subsequent Events

1. Other than the events described in Note 6 to the financial statements, there have been no events, including events related to the COVID-19 pandemic, subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

G. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the information included in the Statement of Accounts 2021/22, other than the financial statements and our auditor's report thereon.
2. We confirm that the content contained within the other information is consistent with the financial statements.

H. Independence

1. We confirm that, under section 27 of the Pensions Act 1995, no members of the management of the Fund of the Scheme is connected with, or is an associate of, Ernst & Young LLP which would render Ernst & Young LLP ineligible to act as auditor to the Scheme.

I. Derivative Financial Instruments

1. We confirm that the Fund has made no direct investment in derivative financial instruments.

J. Pooling investments, including the use of collective investment vehicles and shared services

1. We confirm that all investments in pooling arrangements, including the use of collective investment vehicles and shared services, meet the criteria set out in the November 2015 investment reform and criteria guidance and that the requirements of the LGPS Management and Investment of Funds Regulations 2016 in respect of these investments has been followed.

K. Actuarial valuation

1. The latest report of the actuary Hymans Robertson as at 31 March 2020 has been provided to you. To the best of our knowledge and belief we confirm that the information supplied by us to the actuary was true and that no significant information was omitted which may have a bearing on their report.

L. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we have engaged to value the property portfolio and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

Management representation letter

M. Estimates

1. We confirm that the significant judgments made in making the IAS26 disclosure and private debt and infrastructure investment valuations estimates (“the accounting estimates”) have taken into account all relevant information and the effects of the COVID-19 pandemic of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the accounting estimates.
3. We confirm that the significant assumptions used in making the accounting estimates appropriately reflect our intent and ability to carry out the specific courses of action on behalf of the entity.
4. We confirm that the disclosures made in the financial statements with respect to the accounting estimate(s), including those describing estimation uncertainty and the effects of the COVID-19 pandemic, are complete and are reasonable in the context of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22
5. We confirm that appropriate specialized skills or expertise has been applied in making the accounting estimates.
6. We confirm that no adjustments are required to the accounting estimates and disclosures in the financial statements, including due to the COVID-19 pandemic.

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

© 2017 EYGM Limited.
All Rights Reserved.

ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ey.com

Isle of Wight Pension Fund Audit planning report

Year ended 31 March 2023

November 2023

Page 61



Building a Better
working world

Agenda Item 6

23 November 2023



Isle of Wight Council
County Hall
High Street
Newport, Isle of Wight
PO30 1UD

Dear Audit and Governance Committee Members

Audit planning report

We are pleased to attach our audit planning report for the forthcoming December meeting of the Audit and Governance Committee. The purpose of this report is provide the Committee with a basis to review our proposed audit approach and scope for the 2022/23 audit, in accordance with the requirements of the auditing standards and other professional requirements, but also to ensure that our audit is aligned with the Committee's service expectations.

This report summarises our assessment of the key issues which drive the development of an effective audit for Isle of Wight Pension Fund. We have aligned our audit approach and scope with these.

This report is intended solely for the information and use of the Audit and Governance Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 11 December 2023 as well as understand whether there are other matters which you consider may influence our audit. As ever, as our risk assessment and work continues, we will update the committee as required, notably if any significant changes in key risks or audit approach.

Yours faithfully

Kevin Suter

For and on behalf of Ernst & Young LLP

Enc

Contents

01 Overview of our 2022/23 audit strategy



02 Audit risks



03 Audit materiality



04 Scope of our audit



05 Audit team



06 Audit timeline



07 Independence



08 Appendices



Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The "Terms of Appointment and further guidance (updated July 2021)" issued by the PSAA (<https://www.psa.co.uk/managing-audit-quality/terms-of-appointment/terms-of-appointment-and-further-guidance-1-july-2021/>) sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature. This report is made solely to the Audit and Governance Committee and management of Isle of Wight Pension Fund in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit and Governance Committee and management of Isle of Wight Pension Fund those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Committee and management of Isle of Wight Pension Fund for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



Page 64

01

Overview of our 2022/23 audit strategy

Overview of our 2022/23 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year. We continue to assess risk throughout the audit. We will bring any changes in our risk assessment to the attention of the Committee.

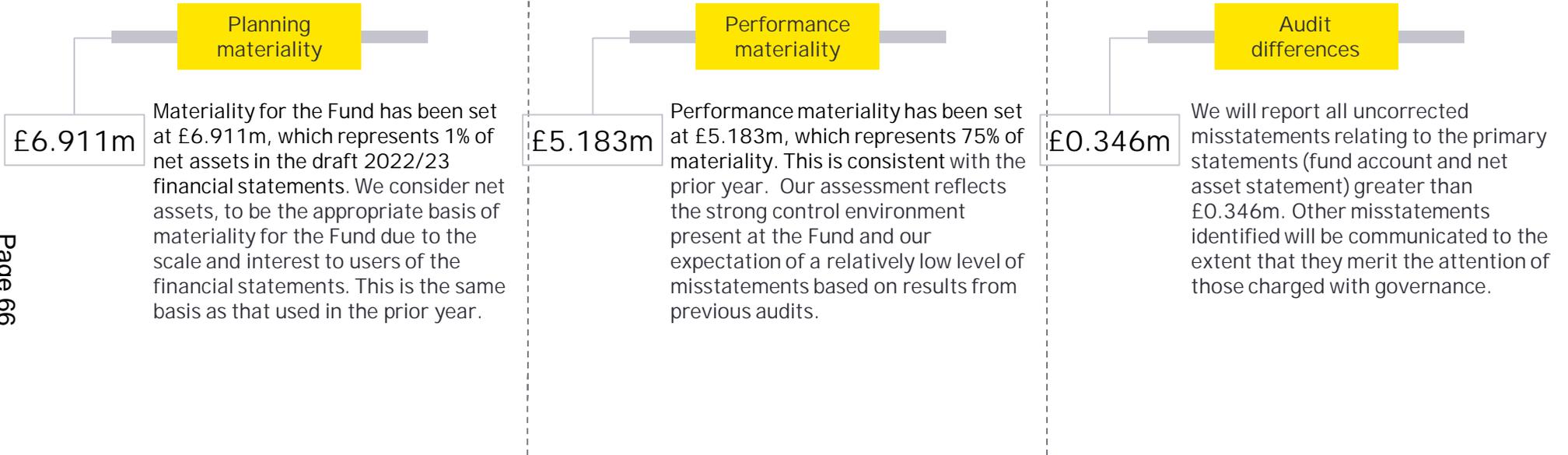
Audit risks and areas of focus

Page 65

Risk/area of focus	Risk identified (see key over-page)	Change from PY	Details
Misstatements due to fraud or error	Fraud risk	No change in risk or focus	<p>As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively. We have not identified anything specific to Isle of Wight on this risk.</p> <p>In the prior year we identified the risk of manipulation of investment income and valuation as the most likely way management would seek to override controls and presented this as a specific fraud risk. We continue to consider this to be the most likely way management will override controls, but will address this through the mandatory journal testing we undertake to address the generic risk of misstatements due to fraud and error</p>
Valuation of level 3 investments	Significant risk	No change in risk or focus	<p>We consider the valuation of Level 3 investments to be a significant risk due to the unobservable inputs making up the valuations. Significant judgements are made by the investment managers or administrators to value these investments whose prices are not publicly available.</p> <p>The Fund's private debt and infrastructure investments are categorised as being at level 3 in the fair value hierarchy. This is due to the uncertainty associated with the valuation of such investments where the valuations are not based on observable inputs.</p>
IAS 26 - Actuarial present value of promised retirement benefits	Inherent risk	No change in risk or focus	<p>We consider the valuation of IAS 26 to be of a higher degree of inherent risk because of the level of estimation uncertainty resulting from the calculation using a number of underlying assumptions. The actuary is required to make assumptions on salary increases, discount rates, pension rates, scheme member longevity and other variables.</p>

Overview of our 2022/23 audit strategy

Materiality





Overview of our 2022/23 audit strategy

Audit scope

This Audit Plan covers the work that we plan to perform to provide you with:

- Our audit opinion on whether the financial statements give a true and fair view of the financial transactions of the Fund during the year ended 31 March 2023 and the amount and disposition at that date of its assets and liabilities for 2022/23.
- Our opinion on the consistency of the Pension Fund financial statements within the Pension Fund annual report with the published financial statements of Isle of Wight Council.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- Strategic, operational and financial risks relevant to the financial statements;
- Developments in financial reporting and auditing standards;
- The quality of systems and processes;
- Changes in the business and regulatory environment; and
- Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Pension Fund.

We will provide an update to Audit and Governance Committee Members on the results of our work in these areas in our report to those charged with governance scheduled for the December 2023 meeting of the Committee.

Taking the above into account, and as articulated in this audit plan, our professional responsibilities require us to independently assess the risks associated with providing an audit opinion and undertake appropriate procedures in response to that. Our Terms of Appointment with PSAA allow them to vary the fee dependent on "the auditors assessment of risk and the work needed to meet their professional responsibilities". PSAA are aware that the setting of scale fees has not kept pace with the changing requirements of external audit with increased focus on, for example, the valuations of land and buildings, the auditing of complex investment assets, the valuation of pension obligations, the introduction of new accounting standards such as IFRS 9 and 15 in recent years. Therefore to the extent any of these are relevant in the context of Isle of Wight Pension Fund audit, we will discuss these with management as to the impact on the scale fee.



Overview of our 2022/23 audit strategy

Audit team

The audit will be led by Kevin Suter as the new partner in charge for 2022/23. Kevin will be supported by Jason Jones, manager, and Khurram Riaz, lead senior. See Section 05 for further details of the audit team and the areas where management and EY specialists are expected to provide input for the current year audit.

Audit timescales

Full details of the planned timeline for delivery of the audit are set out in Section 07. We expect to have fully completed our risk assessment and work to walkthrough the Fund's key systems and processes, including work to comply with the enhanced requirements of ISA (UK) 315 (Revised), by the end of December 2023. Our detailed testing of balances and disclosure in the financial statements is expected to be complete by the end of January. We expect to present our final audit results report to the 18 March 2024 meeting of the Audit and Governance Committee.



02 Audit risks

Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.



Misstatements
due to fraud or
error*

What is the risk, and the key judgements and estimates?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

Our response: Key areas of challenge and professional judgement

We will undertake our standard procedures to address fraud risk, which include:

- Inquiry of management about risks of fraud and the controls put in place to address those risks.
- Understanding the oversight given by those charged with governance of management's processes over fraud.
- Consideration of the effectiveness of management's controls designed to address the risk of fraud.

Performing mandatory procedures regardless of specifically identified fraud risks, including:

- Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.
- Assessing accounting estimates for evidence of management bias.
- Evaluating the business rationale for significant unusual transactions.

We will utilise our data analytics capabilities to assist with our work.

We will include a focus on ensuring that the investment valuations provided through the custodian and fund managers are appropriately journaled into the financial statements, where we have identified the opportunity and incentive for override to occur.

Our response to significant risks



Valuation of Level 3 Investments

What is the risk, and the key judgements and estimates?

We consider the valuation of Level 3 investments to be of a higher degree of inherent risk due to the unobservable inputs making up the valuations. Significant judgements are made by the investment managers or administrators to value these investments whose prices are not publicly available.

The Fund's private debt and infrastructure investments are categorised as being at level 3 in the fair value hierarchy.

Our response: Key areas of challenge and professional judgement

We will:

- Agree the valuation of Level 3 investments appearing in the financial statements to valuation reports from the fund managers.
- Assessing the competence of management experts (fund managers), including obtaining and reviewing internal control reports for fund managers to identify any internal control issues and assessing whether these would have an impact on the valuations provided
- Obtain audited financial statements of the investments. Where audited financial statements supporting the investments are not available as at the 31 March 2023 we will undertake alternative procedures to gain further assurance over the valuation reported in the financial statements.
- Test accounting entries have been correctly processed in the financial statements.

Other areas of audit focus

What is the risk/area of focus, and the key judgements and estimates?

IAS 26

We consider the valuation of IAS 26 to be of a higher degree of inherent risk because of the level of estimation uncertainty resulting from the calculation using a number of underlying assumptions. The actuary is required to make assumptions on salary increases, discount rates, pension rates, scheme member longevity and other variables.

Our response: Key areas of challenge and professional judgement

We will:

- Agree the disclosure to the IAS 26 actuarial statement and reporting requirements.
- Engage auditor's specialists to review the IAS 26 calculation approach and comment on the underlying assumptions.
- Review the work of the management specialist (the actuary) and auditor's specialist.



03 Audit materiality

Materiality

Materiality

For planning purposes, materiality for 2022/23 has been set at £6.911m. This represents 1% of the Fund's net assets in the draft 2022/23 financial statements. We consider net assets, to be the appropriate basis of materiality for the Fund due to the scale and interest to users of the financial statements. We have provided supplemental information about audit materiality in Appendix C.

Net Assets
£691m

Page 74

Planning materiality
£6.911m

Performance materiality
£5.183m

Audit differences
£0.346m

We request that the Audit and Governance Committee confirm their understanding of, and agreement to, these materiality and reporting levels.

Key definitions

Planning materiality – the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

Performance materiality – the amount we use to determine the extent of our audit procedures. We have set performance materiality at 75% of planning materiality. This is based on our expectation of few misstatements for the audit.

Audit difference threshold – we propose that misstatements identified below this threshold are deemed clearly trivial. We will report to you all uncorrected misstatements over this amount.



04 Scope of our audit

Assessment of Internal Control and our obligations under the Code of Audit Practice

Obligations under the Code of Audit Practice

Under the Code of Audit Practice, our principal objectives are to undertake work to support the provision of our audit report to the audited body and to satisfy ourselves that the audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

Financial statement audit

Our opinion on the financial statements:

- whether the financial statements give a true and fair view of the financial transactions of the Fund during the year ended 31 March 2023 and the amount and disposition at that date of its assets and liabilities for 2022/23; and
- whether the financial statements have been prepared properly in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards or other direction.

Consistency statement:

- Our opinion on the consistency of the Pension Fund financial statements within the Pension Fund annual report with the published financial statements of Isle of Wight Council.

Our opinion on other matters:

- whether other information published together with the audited financial statements is consistent with the financial statements.

Procedures required by standards

- Addressing the risk of fraud and error;
- Significant disclosures included in the financial statements;
- Entity-wide controls;
- Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and
- Auditor independence.

Assessment of Internal Control and our obligations under the Code of Audit Practice

Changes to auditing standards – ISA (UK) 315 (Revised): Identifying and Addressing the Risks of Material Misstatement

ISA 315 is effective from FY 2022/23 onwards and is the critical standard which drives the auditor's approach to the following areas:

- Risk Assessment
- Understanding the entity's internal control
- Significant risk
- Approach to addressing significant risk (in combination with ISA 330)

The International Auditing & Assurance Standards Board (IAASB) concluded that whilst the existing version of the standard was fundamentally sound, feedback determined that it was not always clear, leading to a possibility that risk identification was not consistent.

The aims of the revised standard is to:

- Page 77
- Drive consistent and effective identification and assessment of risks of material misstatement
 - Improve the standard's applicability to entities across a wide spectrum of circumstances and complexities ('scalability')
 - Modernise ISA 315 to meet evolving business needs, including:
 - how auditors use automated tools and techniques, including data analytics to perform risk assessment audit procedures; and
 - how auditors understand the entity's use of information technology relevant to financial reporting.
 - Focus auditors on exercising professional scepticism throughout the risk identification and assessment process.

The key impacts are:

- Significant increase in work on entity's use of IT in business and system of internal control.
- Clearer workflow within the standard to highlight the importance of the auditor's understanding of the entity and environment, the applicable financial reporting framework, and system of internal control.
- New concepts: e.g. inherent risk factors, spectrum of inherent risk
- Changed definitions: notably, the definition of 'significant risk', which is an identified risk of material misstatement:
 - For which the assessment of inherent risk is close to the upper end of the spectrum of inherent risk due to the degree to which inherent risk factors affect the combination of the likelihood of a misstatement occurring and the magnitude of the potential misstatement should that misstatement occur; or
 - That is to be treated as a significant risk in accordance with the requirements of other ISAs (UK)

See Appendix D for our assessment of the impact of ISA (UK) 315 on the current year audit.

Assessment of Internal Control and our obligations under the Code of Audit Practice

Changes to auditing standards – ISA (UK) 240: The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements

Misstatements in the financial statements can arise from either fraud or error. The distinguishing factor between fraud and error is whether the underlying action that results in the misstatement of the financial statements is intentional and involves deception or is unintentional. ISA (UK) 240 deals with the auditor’s responsibilities relating to fraud in an audit of financial statements.

The revision to the standard is effective from FY 2022/23 aims to clarify the obligations of auditors to identify and assess the risk of material misstatement due to fraud, as well as including supplemental requirements and guidance to enhance the auditors’ procedures.

Key changes are:

- The objectives of the auditor have been revised to emphasise the requirement to obtain reasonable assurance about whether the financial statements are free from material misstatement due to fraud.
- There is a greater focus on professional scepticism including that audit approaches don't show bias to looking for corroborative evidence or excluding contradictory evidence.
- There are new requirements for the auditor to determine whether the engagement team requires specialised skills or knowledge to perform their work on fraud, including their assessment of fraud risk, associated procedures and evaluation of the evidence obtained.
- There is additional guidance regarding the discussion required by ISA (UK) 315 among the audit engagement team. This is to discuss the susceptibility of the entity's financial statements to material misstatement due to fraud or error. The revised ISA (UK) 240 emphasises the need for an exchange of ideas among all engagement team members about fraud risk factors.
- The auditor shall make inquiries of management, or others within the entity who deal with fraud allegations, to determine whether they have knowledge of any actual, suspected or alleged fraud, including cases of fraud raised by employees or other parties.
- Auditors are to hold a discussion with those charged with governance regarding the risks of fraud in the entity and to consider the implications for the audit.
- The auditor must communicate with those charged with governance matters relating to fraud (unless prohibited by law or regulation) and the auditor's assessment of the risks of material misstatement due to fraud.
- Auditors must evaluate whether their assessment of the risk of material misstatement due to fraud remains appropriate at audit conclusion, that sufficient appropriate audit evidence has been obtained, and that the financial statements are not materially misstated as a result of fraud.

The auditor's report shall explain to what extent the audit was considered capable of detecting irregularities, including fraud.

Assessment of Internal Control and our obligations under the Code of Audit Practice

Assessment of Internal Control

Our audit involves:

- ▶ Identifying and understanding the key processes and internal controls;
- ▶ Substantive tests of detail of transactions and amounts;
- ▶ Reliance on the work of other auditors where appropriate; and
- ▶ Reliance on the work of experts in relation to areas, such as disclosures based on actuarial reports.

For 2022/23 we plan to follow a substantive approach to the audit, as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

Analytics:

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- ▶ Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- ▶ Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Audit and Governance Committee.

Internal audit:

We will review internal audit plans and the results of their work.



05

Audit team

Audit team

Audit team structure :

Kevin Suter Lead Audit Partner	
Jason Jones Manager	
Khurram Riaz Lead Senior	

Use of specialists

When auditing key judgements, we are often required to use the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where management and EY specialists are expected to provide input for the current year audit are:

Area	Specialists
IAS 26	Management Specialist - Hymans Robertson EY Specialist - PWC as consulting actuary and EY Pensions

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Fund's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- ▶ Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable
- ▶ Assess the reasonableness of the assumptions and methods used;
- ▶ Consider the appropriateness of the timing of when the specialist carried out the work; and
- ▶ Assess whether the substance of the specialist's findings are properly reflected in the financial statements.



06

Audit timeline

Timetable of communication and deliverables

Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2022/23.

From time to time matters may arise that require immediate communication with the Audit and Governance Committee and we will discuss them with the Committee Chair as appropriate.

Audit phase	2023 Timetable	Deliverables
Planning: Risk assessment and setting of scopes	November	This audit planning report to be presented to the 11 December meeting of the Audit and Governance Committee.
Walkthrough of key systems and processes	November	
Execution of audit procedures on the financial statements	November - December	
Audit Completion procedures	December - January	Draft audit results report shared with management and, in turn, committee.
Audit Conclusion	December - January	Audit opinion and completion certificates. We intend to present our final audit results report to the 18 March meeting of the Audit and Governance Committee.



07

Independence

Introduction

The FRC Ethical Standard and ISA (UK) 260 'Communication of audit matters with those charged with governance', requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in December 2019, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications

Planning stage

- ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between you, your affiliates and directors and us;
- ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;
- ▶ The overall assessment of threats and safeguards;
- ▶ Information about the general policies and process within EY to maintain objectivity and independence.

Final stage

- ▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;
- ▶ Details of non-audit/additional services provided and the fees charged in relation thereto;
- ▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any external experts used have confirmed their independence to us;
- ▶ Details of any non-audit/additional services to a UK PIE audit client where there are differences of professional opinion concerning the engagement between the Ethics Partner and Engagement Partner and where the final conclusion differs from the professional opinion of the Ethics Partner
- ▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;
- ▶ Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence; and
- ▶ An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Kevin Suter, your audit engagement partner, and the audit engagement team have not been compromised.

Self interest threats

A self interest threat arises when EY has financial or other interests in the Authority. Examples include where we have an investment in the Authority; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake those permitted non-audit/additional services set out in Section 5.40 of the FRC Ethical Standard 2019 (FRC ES), and we will comply with the policies that you have approved.

Page 87
None of the services are prohibited under the FRC's ES and the services have been approved in accordance with your policy on pre-approval. In addition, when the ratio of non-audit fees to audit fees exceeds 1:1, we are required to discuss this with our Ethics Partner, as set out by the FRC ES, and if necessary agree additional safeguards or not accept the non-audit engagement. We will also discuss this with you. For accounting period ended 31 March 2023 non-audit fees subject to the fee cap cannot exceed 70% of the average audit fees for the past three years.

At the time of writing, there are no non-audit fees associated with Isle of Wight Pension Fund. No additional safeguards are required.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4. There are no other self interest threats at the date of this report.

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of your company. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

Relationships, services and related threats and safeguards

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.
There are no other threats at the date of this report.

EY Transparency Report 2023

EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year ended 30 June 2023 and can be found here:

[ey-uk-2023-transparency-report.pdf](#)



08 Appendices

Appendix A – Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

As part of our reporting on our independence, we set out here a summary of the expected fees for the year ended 31 March 2023.

Scale fee variations are agreed when we incur work in addition to the planned level of work built into the scale fee.

For the Isle of Wight Pension Fund audit, we do not believe that the current scale fee reflects the changes in the audit market and increases in regulation since the most recent PSAA tender exercise and therefore we expect to agree a scale fee variation with management and PSAA for the 2022/23 audit.

	Current Year 2022/23	Prior Year 2021/22
	Proposed fee £	£
Scale Fee – Code work	22,523	16,235
Scale Fee Variation – see Note 1	23,427	29,715
Requested rebased fee sub-total	45,950	45,950
Valuation of Level 3 investments - see Note 2	7,000	7,218
IAS 19 standard work – see Note 2	1,000	1,000
Additional core fees for ISA 540 communicated by PSAA	1,900	1,899
IAS 19 triennial valuation – see Note 2	-	8,777
ISA 315 enhanced requirements – see Note 3	TBC	-
Total fees	55,850	64,844

All fees exclude VAT

Note 1 – In order to meet regulatory and compliance audit requirements not present at the time of PSAA awarding the audit contract, we assessed that the recurrent cost of additional requirements to carry out our 2021/22 audit should increase by £29,715. While PSAA have increased the scale fee in 2022/23, we still need to undertake the same work to the level underpinning our rebasing request. Therefore, we expect to submit a rebasing request similar to those in previous years, to request a rebased fee level of £45,950.

Note 2 – Due to the late finalisation of the 2021/22 audit, we have not yet submitted our in-year scale fee variation to PSAA but the additional fees has been communicated to management. For 2022/23 we have included an initial estimate as we expect similar work to be performed in the same areas. This excludes the IAs19 triennial valuation work incurred during 2021/22, as this will not be required again until the next triennial valuation as at March 2025.

Note 3 – As set out on page 17, we expect the implementation of ISA315 Revised to require additional work to meet the enhanced requirements. We are unable to provide an estimate at this time.

Appendix B – Required communications with those charged with governance

We have detailed the communications that we must provide to those charged with governance.

Our Reporting to you

Required communications	What is reported?	When and where
Terms of engagement	Confirmation by those charged with governance of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	<p>Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.</p> <p>When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.</p>	Audit planning report – November 2023
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures; ▶ Significant difficulties, if any, encountered during the audit; ▶ Significant matters, if any, arising from the audit that were discussed with management; ▶ Written representations that we are seeking; ▶ Expected modifications to the audit report; and ▶ Other matters if any, significant to the oversight of the financial reporting process. ▶ Findings and issues regarding the opening balance on initial audits. 	Audit results report – March 2024

Page 91

Appendix B – Required communications with those charged with governance (cont'd)

Our Reporting to you

Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty; ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements; and ▶ The adequacy of related disclosures in the financial statements. 	Audit results report – March 2024
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation. ▶ The effect of uncorrected misstatements related to prior periods. ▶ A request that any uncorrected misstatement be corrected. ▶ Material misstatements corrected by management. 	Audit results report – March 2024
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity. ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist. ▶ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: <ol style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. ▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected. ▶ Matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud. ▶ Any other matters related to fraud. 	Audit results report – March 2024

Appendix B – Required communications with those charged with governance (cont'd)

Our Reporting to you

Required communications

What is reported?

When and where

Related parties

- ▶ Significant matters arising during the audit in connection with the entity's related parties including, when applicable;
- ▶ Non-disclosure by management;
- ▶ Inappropriate authorisation and approval of transactions;
- ▶ Disagreement over disclosures;
- ▶ Non-compliance with laws and regulations; and
- ▶ Difficulty in identifying the party that ultimately controls the entity.

Audit results report – March 2024

Independence

Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence.

Audit planning report – November 2023
Audit results report – March 2024

Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:

- ▶ The principal threats;
- ▶ Safeguards adopted and their effectiveness;
- ▶ An overall assessment of threats and safeguards; and
- ▶ Information about the general policies and process within the firm to maintain objectivity and independence.

Communication whenever significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place.

- ▶ A statement of compliance with the Ethical Standard, including any non-EY firms or external experts used in the audit;
- ▶ Details of any inconsistencies between the Ethical Standard and Fund's policy for the provision of non-audit services, and any apparent breach of that policy;
- ▶ Where EY has determined it is appropriate to apply more restrictive rules than permitted under the Ethical Standard; and
- ▶ The audit committee should also be provided an opportunity to discuss matters affecting auditor independence.

Appendix B – Required communications with those charged with governance (cont'd)

Our Reporting to you

Required communications	What is reported?	When and where
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations; and ▶ Inability to obtain relevant and reliable audit evidence from other procedures. 	Audit results report – March 2024
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur; and ▶ Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of. 	Audit results report – March 2024
Internal controls	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit. 	Audit results report – March 2024
Representations	<ul style="list-style-type: none"> ▶ Written representations we are requesting from management and/or those charged with governance. 	Audit results report – March 2024
Material inconsistencies and misstatements	<ul style="list-style-type: none"> ▶ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise. 	Audit results report – March 2024
Auditors report	<ul style="list-style-type: none"> ▶ Key audit matters that we will include in our auditor's report; and ▶ Any circumstances identified that affect the form and content of our auditor's report. 	Audit results report – March 2024

Appendix C – Additional audit information

Regulatory update

Our objective is to form an opinion on the Fund's financial statements under International Standards on Auditing (UK) as prepared by you in accordance with International Financial Reporting Standards as adopted by the UK, and as interpreted and adapted by the Code of Practice on Local Authority Accounting.

Our responsibilities in relation to the financial statement audit are set out in the formal terms of engagement between the PSAA's appointed auditors and audited bodies. We are responsible for forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of the Mayor. The audit does not relieve management or those charged with governance of their responsibilities.

Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards, company law and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities required by auditing standards

Page 95

- ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion;
- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control;
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ Concluding on the appropriateness of management's use of the going concern basis of accounting
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- ▶ Obtaining sufficient appropriate audit evidence to express an opinion on the financial statements. Reading other information contained in the financial statements and the Audit and Governance Committee reporting appropriately addresses matters communicated by us to the audit committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and
- ▶ Maintaining auditor independence.

Appendix C – Additional audit information (cont'd)

Other required procedures during the course of the audit

Other procedures

- We are required to discharge our statutory duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice

We have included in Appendix B a list of matters that we are required to communicate to you under professional standards.

Purpose and evaluation of materiality

Page 96
For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines:

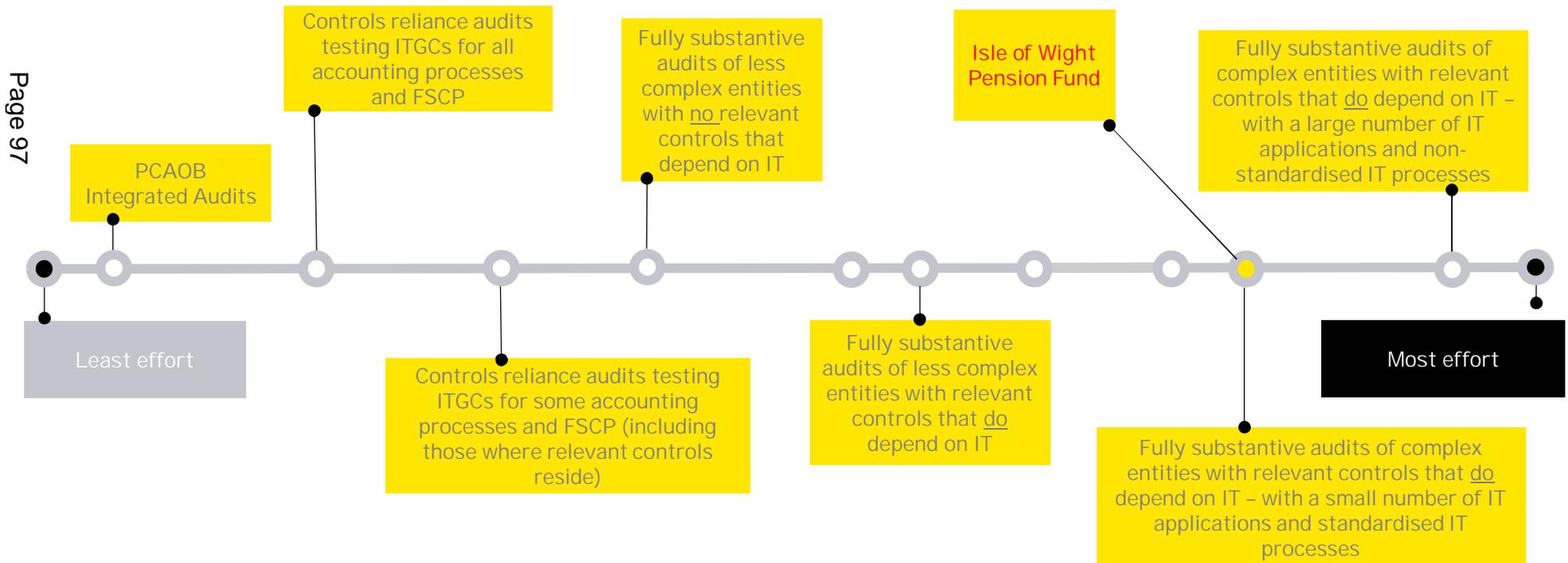
- ▶ The locations at which we conduct audit procedures to support the opinion given on the financial statements; and
- ▶ The level of work performed on individual account balances and financial statement disclosures.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

Appendix D – Impact of ISA (UK) 315 (Revised)

Other required procedures during the course of the audit

The graphic below indicates where we have anticipated that the audit of Isle of Wight Pension Fund falls on the spectrum of effort as it applies to the new requirements of the revised standard relating to understanding the effect of the entity's use of IT. The level of effort is displayed relative to the circumstances applicable to Isle of Wight Pension Fund, and why that level of effort may differ to that required on the audits of entities with different circumstances.



EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

Ernst & Young LLP

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited.

Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

© 2022 Ernst & Young LLP. Published in the UK.

All Rights Reserved.

UKC-023026 (UK) 04/22. Creative UK.

ED None

Information in this publication is intended to provide only a general outline of the subjects covered. It should neither be regarded as comprehensive nor sufficient for making decisions, nor should it be used in place of professional advice. Ernst & Young LLP accepts no responsibility for any loss arising from any action taken or not taken by anyone using this material.

ey.com



Purpose: For Information

Committee Report

Committee	ISLE OF WIGHT LOCAL PENSION BOARD
Date	12 DECEMBER 2023
Title	DRAFT GOVERNANCE COMPLIANCE STATEMENT 2022-23
Report of	PENSION FUND MANAGER

1. EXECUTIVE SUMMARY

- 1.1 This report was presented to the Pension Fund Committee at its meeting on 22 November 2023. It presents the draft governance compliance statement for the Isle of Wight Council Pension Fund (the fund) for the year ended 31 March 2023. 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.
- 1.2 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 November 2022.
- 1.3 In addition to the draft compliance statement, this report also includes an action plan will be presented to address the areas of non-compliance.

2. RECOMMENDATION(S)

- 2.1 The draft governance compliance statement for the year ended 31 March 2023 is approved.
- 2.2 That the action plan for the resolution of the non-compliant areas be agreed.
- 2.3 That both the governance compliance statement and the action plan for improvement be recommended to the pension fund committee for adoption at its meeting on 14 February 2024.

3. BACKGROUND

- 3.1 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.
- 3.2 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”.
- 3.3 Under section 4 of the Public Service Pensions Act 2013, this role is called the “scheme manager”.
- 3.4 The council has delegated its functions as scheme manager for the LGPS to the Isle of Wight Pension Fund Committee (the committee).
- 3.5 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:
- 3.5.1 the frequency of committee or sub-committee meetings;
 - 3.5.2 the delegation’s terms of reference, structure and operational procedures;
 - 3.5.3 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.
- 3.6 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.
- 3.7 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.

4. PROCESS FOR COMPLETION

- 4.1 The fund’s governance compliance statement is presented at Appendix 1 to this report. It comprises ten sections, each of which have been updated by the Pension Fund Manager, in consultation with fund officers.

- 4.2 This is the sixth time that the governance compliance statement has been 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.
- 4.3 A summary of the changes in the level of compliance for each section since the statement published in the 2021-22 annual report (November 2022) is set out in table 1 below:

Table 1: compliance

	2022-23 level of compliance			2021-22 comparison
	Full	Partial	Non	
General requirements	5	5	2	Same
Knowledge and understanding	3	7	3	Same
Conflicts of interest	1	2	3	Decline
Publishing information	6	0	0	Same
Internal controls	4	1	0	Same
Record keeping	13	2	0	Same
Maintaining contributions	6	0	0	Same
Member communications	7	0	0	Improve
Disputes and resolution	0	3	2	Decline
Reporting breaches of the law	4	0	0	Improve
	49	20	10	
	Increase	Decrease	Increase	

- 4.4 Overall, the level of compliance with the standards of governance required by the Pension Regulator has remained relatively constant, with 62 per cent of all criteria deemed fully compliant, compared to 57 per cent at the last assessment, offset by an increase in non-compliant areas to 13 per cent, from 11 per cent.
- 4.5 The areas of non-compliance can be summarised into three key themes:

4.5.1 Knowledge and understanding:

- 4.5.1.1 Pension board to have its own policy on knowledge and understanding requirements.
- 4.5.1.2 All pension board members to have a personalised training plan in place that is regularly monitored and updated.
- 4.5.1.3 The administering authority should establish and maintain policies and arrangements for acquiring and retaining knowledge and understanding.
- 4.5.1.4 Administering authorities should offer pre-appointment training or mentoring if appropriate.
- 4.5.1.5 The members of the pension board should be familiar with the Additional Voluntary Contribution (AVC) options offered by the Fund,

including the choice of investments offered to members and the relative performance of those investment options.

4.5.2 Conflicts of interest:

- 4.5.2.1 The administering authority should have in place an appropriate conflicts of interest policy, clearly identifying to whom any potential conflict should be reported.
- 4.5.2.2 The conflicts of interest policy should have a regular review date incorporated into it.
- 4.5.2.3 The administering authority should maintain a register of all conflicts (and potential conflicts) that are raised , reviewing them appropriately.

4.5.3 Disputes and resolution:

- 4.5.3.1 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).
- 4.5.3.2 The administering authority has ensured all scheme employers have appropriate arrangements in place for dealing with stage 1 disputes.

4.6 The proposed action plan for the resolution of each of the above three key themes is presented at Appendix 2 to this report.

5. CORPORATE PRIORITIES AND STRATEGIC CONTEXT

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

Pension Fund Strategic Aims

5.2 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.

5.3 The fund has also agreed the following objectives, which are supported by information in this report:

- 5.3.1 Ensure compliance with the LGPS regulations, other relevant legislation and the Pension Regulator's codes of practice.
- 5.3.2 Ensure the fund is managed, and its services provided, by people with the appropriate knowledge and understanding.

- 5.3.3 Communicate in a friendly, expert, and direct way to our stakeholders, treating each equally according to their needs.
- 5.3.4 Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust, and evidence based.
- 5.3.5 Understand and monitor risk and compliance.
- 5.3.6 Continually measure and monitor success against objectives.

6. FINANCIAL / BUDGET IMPLICATIONS

- 6.1 There are no direct financial implications relating to the review and revision of the governance compliance statement.
- 6.2 Actions required to improve future compliance will be funded from internal staff resources, with support from the fund's governance consultants, Hymans Robertson LLP. Additional costs will be reported as the action plan is developed and implemented.

7. LEGAL IMPLICATIONS

- 7.1 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".
- 7.2 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.
- 7.3 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.
- 7.4 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.

8. EQUALITY AND DIVERSITY

- 8.1 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.

8.2 There are no implications for any of the protected characteristics arising from items covered in this report.

9. RISK MANAGEMENT

9.1 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.

9.2 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.

9.3 Established under PSPA13, the pension board is responsible for assisting the scheme manager in securing:

9.3.1 the effective and efficient governance and administration of the scheme;

9.3.2 compliance with the scheme regulations and other legislation relating to the governance and administration of the scheme; and

9.3.3 compliance with requirements imposed in relation to the scheme by the Pension Regulator.

9.4 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.

10. APPENDICES ATTACHED

10.1 Appendix 1: draft governance compliance statement 2022-23 (v1.2 Nov 23).

10.2 Appendix 2: proposed action plan for non-compliant areas.

11. BACKGROUND PAPERS

11.1 Isle of Wight Pension Fund Governance Policy 2020.

<https://www.isleofwightpensionfund.org/resources/governance-policy-2020/>

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

CHRIS WARD
Director of Finance

COUNCILLOR CHRIS JARMAN
Isle of Wight Pension Committee Chair

Isle of Wight Council Pension Fund Governance Compliance Statement Updated 17 October 2023

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](#).

Page 105

Key	Last report dated:	31 August 2022
	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. https://iow.moderngov.co.uk/CeConvert2PDF.aspx?MID=887&F=Paper%20D.pdf&A=1&R=0 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 board's current terms of reference can be found in Part 3, section 6 of the Council's Constitution: https://iow.moderngov.co.uk/ieListDocuments.aspx?CId=219&MId=1729&Ver=4&Info=1</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 fund participated in the Hymans Robertson National Knowledge Assessment 2022, with the results considered at the January 2023 board meeting and the February 2023 committee meeting; identifying areas for improvement of knowledge and understanding for both committee and board members.</p> <p>To date no progress has been made in developing a fund-specific knowledge and understanding policy or individual learning plans for both pension fund committee and pension board members. In addition, 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 six-months of joining the board. This has not been achieved by all board members.</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 	<p><i>Enter here how the costs are being identified</i></p> <p>All cost of administering and operating the pension board are charged separately to the pension fund accounts within the Council's accounting system (SAP).</p> <p>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.</p> <p>Adoption of a detailed budget is a recognised priority within the development programme.</p>
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 	<p><i>Enter here the number of scheme member and employer representatives</i></p> <p>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.</p> <p>The current membership of the board is 7, as follows:</p> <ul style="list-style-type: none"> • Three scheme member representatives • Three employer representatives • One independent chair (non-voting) <p>As at the date of completion there are currently two vacancies for employer representatives on the board: the elected member representative (considered at both July and September full council meetings, but no nominations received; political group leaders have been emailed), and the council's staff employer representative (CMT have asked for expressions of interest from the wider council staff, to be returned by 31 October 2023)</p>

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 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. At 31 March 2023, current 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> <p>The creation of a fund-specific conflicts of interest policy is included on the fund's workplan for 2023-24.</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. 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 seven modules of the Pension Regulator’s online toolkit be completed within six-months of joining the board.</p> <p>At 31 March 2023, three members had failed to comply with this requirement.</p> <p>Board members have recently been re-enrolled on the Hymans Robertson Aspire LGPS Online Learning Academy v2.0 and have been encouraged to complete all eight modules by 31 March 2024. Progress will be reported at each board meeting.</p> <p>To date no progress has been made in developing a fund-specific knowledge and understanding policy or individual learning plans for both pension fund committee and pension board members.</p>
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 	<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 fund participated in the Hymans Robertson National Knowledge Assessment 2022, with the results considered at the January 2023 board meeting and the February 2023 committee meeting; identifying areas for improvement of knowledge and understanding for both committee and board members.</p> <p>A report on the completion of the Pension Regulator’s online toolkit and the Hymans Robertson LGPS Online Learning Academy v2.0 modules is presented at each board meeting.</p> <p>To date no progress has been made in developing a fund-specific knowledge and understanding policy or individual learning plans for both pension fund committee and pension board members.</p>

	Requirement	Full Compliance	Compliance (Full/Partial/Non)	Statement of Compliance
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.	Non compliance ↓	<i>Enter here whether a training strategy and plan have been adopted, where it can be found and the review process.</i> The fund participated in the Hymans Robertson National Knowledge Assessment 2022, with the results considered at the January 2023 board meeting and the February 2023 committee meeting; identifying areas for improvement of knowledge and understanding for both committee and board members. To date no progress has been made in developing a fund-specific knowledge and understanding policy or 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.
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 are 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.

	Requirement	Full Compliance	Compliance (Full/Partial/ Non)	Statement of Compliance
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 ↔	<p><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></p> <p>A list of key documents is maintained, based on current requirements and including new items arising from the Scheme Advisory Board's Good Governance Project. This list includes where each document can be found and when it is due for review.</p> <p>This is presented to the board annually (last presented June 2022) https://iow.moderngov.co.uk/documents/s8264/ITEM%2011b%20-%20Documentation%20List.pdf</p> <p>The pension board work programme includes items for the review of all documents as they become due.</p> <p>It is the responsibility of the Pension Fund Manager for maintaining this list and ensuring documents are kept up to date.</p>
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 ↔	<p><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></p> <p>The terms of reference for the Local Pension Board are published in the Council's Constitution Part 3, Section 6,</p> <p>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</p> <p>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</p>

	Requirement	Full Compliance	Compliance (Full/Partial/ Non)	Statement of Compliance
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	Full compliance ↑	<p><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></p> <p>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</p> <p>An item on board members' knowledge and understanding is included on each board meeting agenda.</p>
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 fund participated in the Hymans Robertson National Knowledge Assessment 2022, with the results considered at the January 2023 board meeting and the February 2023 committee meeting; identifying areas for improvement of knowledge and understanding for both committee and board members.</p> <p>To date no progress has been made in developing a fund-specific knowledge and understanding policy or individual learning plans for both pension fund committee and 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>

	Requirement	Full Compliance	Compliance (Full/Partial/ Non)	Statement of Compliance
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>An item on board members' knowledge and understanding is included on each board meeting agenda, this includes reports on members' progress in completing the Pension Regulator's online toolkit and the Hymans Robertson LGPS Online Learning Academy modules.</p> <p>This information is maintained by the Pension Fund Manager.</p> <p>To date no progress has been made in developing a fund-specific knowledge and understanding policy or individual learning plans for both pension fund committee and pension board members.</p>
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>

	Requirement	Full Compliance	Compliance (Full/Partial/ Non)	Statement of Compliance
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 	<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> 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. A report on members' progress in completing the Pension Regulator's online toolkit modules is presented at each board meeting. At 31 March 2023, three members had failed to comply with this requirement.
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.	Non 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. To date no progress has been made on the development of this policy. The creation of a fund-specific conflicts of interest policy is included on the fund's workplan for 2023-24.
P2.2	The conflicts of interest policy has a regular review date incorporated in to it	Regular review date specified within the policy.	Non 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.

	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 	<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> <i>Details of the review process and action taken should be clearly documented</i> 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. Current 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. As part of development of new conflicts of interest policy, a new declaration form to be developed and completed.
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 	<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> <i>This should include initially disclosed conflicts of interest and any additional thereafter.</i> Current 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. Board members are invited to declare any interests they may have on agenda items at the start of each board meeting.

	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> <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 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 (moderngov.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 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> <i>Add link to webpage</i></p> <p>All board meeting agendas, papers and minutes are published on the council's democratic web pages Browse meetings - Local Pension Board - Modern Council (moderngov.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.</i></p> <p><i>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. https://www.isleofwightpensionfund.org/resources/communications-policy/</p>

DRAFT

	Requirement	Full Compliance	Compliance (Full/Partial/Non)	Statement of Compliance
P4	Managing Risks			

DRAFT

	Requirement	Full Compliance	Compliance (Full/Partial/ Non)	Statement of Compliance
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 in-house by Pensions Services, which is part of the Council's Business Centre. Accounting, governance including support for committee and pension board, and oversight of funding and investment is undertaken by the LGPS Finance Team, within the Finance department.</p> <p>There remain concerns over insufficient resource in the LGPS finance team to cover all requirements, with a significant reliance on a single officer, and that administration team resources will be insufficient to deliver forthcoming projects without compromising business as usual activities.</p> <p>The results of the independent review of the pension fund structure was discussed by the council's Chief Executive, Director of Finance and Director of Corporate Resources in early May 2023. At that time, any further action on the report was deferred until after the conclusion of the Council's corporate structure review, expected late 2023.</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 first adopted by the pension fund committee in May 2022. The pension board is responsible for maintaining oversight of the risk management framework and risk register; the register is reviewed in detail at each Local Pension Board meeting and then recommended for adoption at the next available Pension Fund Committee meeting.</p> <p>The council's Key Financial Controls are reviewed annually by internal audit; all controls in place for the council's accounting processes are replicated for the pension fund.</p> <p>The pension administration service was last reviewed in full by internal audit in 2019-20, with follow-up reviews in following years each returning "reasonable assurance"</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 first adopted by the pension fund committee in May 2022. The risk register is maintained by the Pension Fund Manager. The Local Pension Board is responsible for maintaining oversight of the risk management framework and risk register. The register is reviewed in detail at each Local Pension Board meeting, with changes recommended for adoption at the next available Pension Fund Committee meeting. The most recent review by the Local Pension Board was in April 2023 https://iow.moderngov.co.uk/documents/s11393/ITEM%208%20Risk%20Register.pdf
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, which has not been achieved. The policy is scheduled for review in November 2024. The fund's funding strategy statement was updated as part of the March 2022 triennial valuation process, and published on 31 March 2023 https://www.isleofwightpensionfund.org/resources/isle-of-wight-council-pension-fund-2022-funding-strategy-statement/
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> Risk management and the risk register are considered at each meeting of the Local Pension Board and the Pension Fund Committee . The matter remains a standing item on both meeting agendas' as demonstrated by the workplan. https://iow.moderngov.co.uk/documents/s11363/ITEM%2015%20Pensions%20Workplan%202023-25%20v1.1.pdf

	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) Altair 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>100% of the fund's employers are providing monthly electronic data submissions via the i-connect portal.</p>

	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.</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> <p>The use of the i-connect portal for monthly data submissions, with 100% of scheme employers expected to be onboard by April 2023, has significantly improved the timeliness of notification of changes to members' circumstances.</p> <p>The fund's actuary provided a data report following the 2022 triennial valuation exercise, which confirmed "<i>the membership data submitted by the Fund for the 2022 valuation is of great quality and fit the purpose of a funding valuation There are evident ongoing improvements in the data quality versus the 2019 valuation which resulted in a much streamlined data validation process.</i>"</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>

	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>From April 2023 it is anticipated that 100% of 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 fund is in the process of consulting on a new Pension Administration Strategy – the draft of which was presented to the Local Pension Board meeting on 6 April 2023. https://iow.moderngov.co.uk/documents/s11369/ITEM%2011%20Pension%20Admin%20Strategy.pdf</p> <p>The strategy contains provision for the application of sanctions (including financial penalties where appropriate) for late or inaccurate submission of data.</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 2023, there were 8 instances (3 employers) of late submission of data. There were 16 instances (7 employers) of late payment of contributions.</p>

	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 <p>(This list is not exhaustive)</p>	<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 all fund employers will ensure 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>

	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 all fund employers will ensure 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 fund approved a new Pension Administration Strategy (PAS) in May 2023 https://www.isleofwightpensionfund.org/resources/pension-administration-strategy-may-2023/ The PAS is managed by the Pensions Manager (Administration) who is also responsible for monitoring and reporting compliance against the standards included therein.</p> <p>As part of the ongoing process of data quality monitoring, the fund regularly uses the Hymans Robertson data portal (as used for each triennial valuation) to identify any further issues for data accuracy.</p> <p>The fund's actuary provided a data report following the 2022 triennial valuation exercise, which confirmed "<i>the membership data submitted by the Fund for the 2022 valuation is of great quality and fit the purpose of a funding valuation There are evident ongoing improvements in the data quality versus the 2019 valuation which resulted in a much streamlined data validation process.</i>"</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 2023 and resulted in the following scores: Common data Sep-23: 98.2% (Oct-22: 95.5%; Sep-21: 94.0%) Scheme specific data Sep-23: 97.0% (Oct-22: 96.8%; Sep-21: 94.0%)</p> <p>The fund's actuary provided a data report following the 2022 triennial valuation exercise, which confirmed "<i>the membership data submitted by the Fund for the 2022 valuation is of great quality and fit the purpose of a funding valuation There are evident ongoing improvements in the data quality versus the 2019 valuation which resulted in a much streamlined data validation process.</i>"</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 all fund employers will ensure 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 fund approved a new Pension Administration Strategy (PAS) in May 2023 https://www.isleofwightpensionfund.org/resources/pension-administration-strategy-may-2023/</p> <p>The PAS is managed by the Pensions Manager (Administration) who is also responsible for monitoring and reporting compliance against the standards included therein.</p> <p>Employer compliance is reported to each Local Pension Board meeting. The latest report (at July 2023) can be found here: https://iow.moderngov.co.uk/documents/s12635/ITEM%20%20Admin%20Team%20Report%20-%20Appendix%204_Employer%20Compliance%2030%20July%202023.pdf</p>

	Requirement	Full Compliance	Compliance (Full/Partial/Non)	Statement of Compliance
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 accounting information as requested by the pension fund committee and local pension board as well as the annual report and accounts.</p> <p>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>
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 	<p><i>Enter here where the records are available</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 https://iow.moderngov.co.uk/ieListMeetings.aspx?CId=168&Year=0</p>

	Requirement	Full Compliance	Compliance (Full/Partial/ Non)	Statement of Compliance
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	Partial compliance 	<p><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></p> <p>Isle of Wight Council has replaced its data retention policy with a Records Management Policy, which defines a structure to ensure that adequate records, in any medium, are maintained, managed, stored and controlled effectively, commensurate with legal, operational and administrative needs. https://wightnet.iow.gov.uk/DocumentLibrary/download/records-management-policy1</p> <p>The new policy states that each service area should maintain an Information Asset Register (IAR), which will contain relevant document retention periods.</p> <p>The IAR for democratic services states that the council's data retention period for hard copies of council meeting papers and minutes is in perpetuity. Electronic public access will be retained for 6 years from the date of relevant meeting.</p> <p>The fund has not yet created its own IAR.</p>
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 	<p><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></p> <p>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.</p> <p>There is currently no formal data improvement plan in place, although individual projects are monitored and progress is reported to each board meeting. The current governance workplan includes creation of a data maintenance plan to demonstrate activities in place.</p>

	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	Scheme member records are reconciled with the relevant employers at least on an annual basis. Pension Administration software systems can identify scheme members approaching retirement, active members and deferred members.	Full compliance 	<i>Enter here when and how scheme member records are reconciled with their relevant employers.</i> <i>Confirm that the pension administration software system can identify scheme members approaching retirement, active members and deferred members.</i> An automated monthly report is produced for our Deferred members reaching 60 and normal retirement date (NRD) to enable information on pension options to be provided ahead of retirement. The automated report creates an automated task within the Pension System to ensure we send out the retirement options within the Pension Funds KPI's. Information from active members wishing to retire is received via the employers' payroll /HR teams. The reporting system within the Pension System enables reports to help employers review the age profile of the fund's active members, particularly those approaching retirement. Member tracing service is fully underway using Target and this has helped trace 'Gone Aways' and helped with mortality checks within the membership. Members are encouraged to use the member self-service portal to keep their personal information up to date.
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 	<i>Enter here how this awareness is communicated</i> <i>Officers – internal</i> <i>Committee/LPB members –induction / info packs</i> 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 1-2-1 meetings with supervisor. At the July 2022 pension committee meeting, committee members were asked to complete these modules to demonstrate their awareness. Progress on completion of these modules will be reported at each committee meeting. All members of the committee and board have been encouraged to complete the Pension Regulator's online toolkit module on maintaining accurate member data All members of the Pension Board have been encouraged to complete the Hymans Robertson LGPS Online Learning Academy modules.

	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>

	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></p> <p><i>Confirmation that procedures are in place to monitor and record payments of contributions to the</i></p> <p><i>The action taken when a payment failure is identified and the reporting responsibilities</i></p> <p>The fund approved a new Pension Administration Strategy (PAS) in May 2023 https://www.isleofwightpensionfund.org/resources/pension-administration-strategy-may-2023/</p> <p>The strategy sets out the deadlines for the submission of data and payment of contributions. It contains provision for the application of sanctions (including financial penalties where appropriate) for the late payment of contributions. Employers are reminded of the deadlines when the annual employer update is circulated prior to each new financial year.</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 2023, there were 16 instances (7 employers) of late payment of contributions. The escalation process, via the Pension Fund Manager, was instigated for one employer. No fines or penalties were issued during the year.</p> <p>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 receive 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 (2022 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. https://www.isleofwightpensionfund.org/resources/isle-of-wight-council-pension-fund-2022-funding-strategy-statement/ 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 fund approved a new Pension Administration Strategy (PAS) in May 2023 https://www.isleofwightpensionfund.org/resources/pension-administration-strategy-may-2023/</p> <p>The strategy sets out the deadlines for the submission of data and payment of contributions. It contains provision for the application of sanctions (including financial penalties where appropriate) for the late payment of contributions.</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 fund tracing service confirms addresses of those deferred members with whom the fund has been unable to establish recent contact, and carried out mortality screening for both UK and overseas pensioners to prevent overpayment of benefits.</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 	<i>Enter here where the procedure is documented (reporting policy)</i> The fund updated its <i>Policy for recording and reporting breaches of the law</i> in September 2023. https://www.isleofwightpensionfund.org/resources/policy-for-recording-and-reporting-breaches-of-the-law-2023/ 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.
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> <i>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; AVC ABS for March 2023 was issued on 5 September 2023.

	Requirement	Full Compliance	Compliance (Full/Partial/Non)	Statement of Compliance
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 	<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 fund's communications policy was updated in November 2022 and is published on the fund's website. https://www.isleofwightpensionfund.org/resources/communications-policy/</p> <p>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.</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>

DRAFT

	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 fund's communications policy was updated in November 2022 and is published on the fund's website. https://www.isleofwightpensionfund.org/resources/communications-policy/ The policy sets out the proposed methods and frequency of communications with scheme members and employers.</p> <p>2022-23 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 2023 statutory deadline. 2022-23 Pension Saving Statements for impacted members were issued individually in advance of the 6 October 2023 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 period ended 28 February 2023 was presented to the April 2023 board meeting. https://iow.moderngov.co.uk/documents/s11373/ITEM%20%20Pensions%20Admin%20Report%20-%20Appendix%203%20KPI%20statistics%2028%20February%202023.pdf</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	Administering authority ensuring that all electronically produced information complies with the legal requirement	<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	Full compliance 	<p><i>Enter here whether or not a tracing service is used and the circumstances in which it is used.</i></p> <p>The fund appointed Target in September 2022 to carry out address tracing and mortality screening services for UK and overseas deferred members and pensioner members of the fund.</p> <p>The priority continues to be the tracing of addresses for the 988 initial members, identified in April 2022 marked as “gone away”. When we engaged with Target in September 2022, we had 855 this is now down to 365, a reduction of 623 since April 2022; All linked addresses have been identified and followed up by fund staff; full trace has been carried out on those members where no linked address could be found.</p> <p>In addition, mortality monthly screening for pensioners, deferred and frozen members is being carried out, identifying any deceased members before our monthly Pensioner Payroll is run, so we can suspend pensions and reduce risk to the Fund for overpayments.</p>
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 	<p><i>Enter here to confirm that a customer service standard is in place and what the response timescales</i></p> <p>The fund's communications policy, published on the fund's website, establishes the timescales for responses to various requests for information. https://www.isleofwightpensionfund.org/resources/communications-policy/</p> <p>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.</p> <p>Key performance indicators of compliance with agreed service standards are reported to each meeting of the pension board.</p>

	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	Partial 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> Link to webpage The <i>Complaints and Internal Disputes Resolution Procedure</i> (adopted in November 2017) is published on the fund’s website: https://www.isleofwightpensionfund.org/resources/idrp-guide/ This document is overdue for review; this review is included in the current governance improvement plan and will be completed during 2024-25.
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. This review is included in the current governance improvement plan and will be completed during 2024-25.
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.	Full compliance 	<i>Enter here the details of all training provided and the corresponding training documentation.</i> -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 As part of the process for the adoption of the updated <i>Policy for the recording and reporting of breaches of the law</i> both local pension board and pension fund committee were provided with a short development session within their respective meetings, setting out the purpose of the policy, what could be considered a breach, who is responsible for reporting potential breaches, to whom these should be reported, when breaches should be reported to the Pensions Regulator, and the new breaches log. The session also included reference to the Pension Regulator's draft general code requirements in respect of breaches of the law. In addition, all local pension 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.

	Requirement	Full Compliance	Compliance (Full/Partial/ Non)	Statement of Compliance
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	Full compliance 	<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> The fund updated its <i>Policy for recording and reporting breaches of the law</i> in September 2023. https://www.isleofwightpensionfund.org/resources/policy-for-recording-and-reporting-breaches-of-the-law-2023/ The Pension Fund Manager is responsible for reviewing and updating the policy.
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 new <i>Policy for recording and reporting breaches of the law</i> includes a template Breaches Log, which is updated and maintained by the Pension Fund Manager. The pension fund committee agreed that the breaches log would be presented to all future Local Pension Board meetings for scrutiny, and that the board would report back to the committee on all actions. Since the adoption of the new policy, there have been no Board meetings.

This page is intentionally left blank

Governance Compliance Statement 2022-23

Non-compliant areas: Action plan

Three key areas of non-compliance:

- 1) Knowledge and understanding:
 - a) Pension board to have its own policy on knowledge and understanding requirements.
 - b) All pension board members to have a personalised training plan in place that is regularly monitored and updated.
 - c) The administering authority should establish and maintain policies and arrangements for acquiring and retaining knowledge and understanding.
 - d) Administering authorities should offer pre-appointment training or mentoring if appropriate.
 - e) The members of the pension board should be familiar with the Additional Voluntary Contribution (AVC) options offered by the Fund, including the choice of investments offered to members and the relative performance of those investment options.
- 2) Conflicts of interest:
 - a) The administering authority should have in place an appropriate conflicts of interest policy, clearly identifying to whom any potential conflict should be reported.
 - b) The conflicts of interest policy should have a regular review date incorporated in to it.
 - c) The administering authority should maintain a register of all conflicts (and potential conflicts) that are raised, reviewing them appropriately.
- 3) Disputes and resolution:
 - a) 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).
 - b) The administering authority has ensured all scheme employers have appropriate arrangements in place for dealing with stage 1 disputes.

Item 1a) concerning the board specific policy on knowledge and understanding requirements is an overarching theme in the compliance statement which does not have a specific reference in the published document. Following the government's published response to the Next steps for investments in the LGPS consultation, this requirement is likely to be expanded to cover the pension committee as well. No specific action plan is provided below to cover this

1) Knowledge and understanding

Item 1a) concerning the board specific policy on knowledge and understanding requirements is an overarching theme in the compliance statement which does not have a specific reference in the published document. Following the government's published response to the *Next steps for investments in the LGPS* consultation, this requirement is likely to be expanded to cover the pension committee as well. No specific action plan is provided below to cover this specific non-compliant area, although the plans proposed for the remaining 4 items under this heading will contribute to its achievement. In each item, requirements are deemed to apply to both committee and board members.

Ref	Principle	Detail of best practice principle	Statement of Compliance
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.	<i>Enter here whether a training strategy and plan have been adopted, where it can be found and the review process.</i> The fund participated in the Hymans Robertson National Knowledge Assessment 2022, with the results considered at the January 2023 board meeting and the February 2023 committee meeting; identifying areas for improvement of knowledge and understanding for both committee and board members. To date no progress has been made in developing a fund-specific knowledge and understanding policy or individual learning plans for both pension fund committee and pension board members.
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	<i>Enter here whether individual training plans have been completed and where it can be found</i> The fund participated in the Hymans Robertson National Knowledge Assessment 2022, with the results considered at the January 2023 board meeting and the February 2023 committee meeting; identifying areas for improvement of knowledge and understanding for both committee and board members. To date no progress has been made in developing a fund-specific knowledge and understanding policy or individual learning plans for both pension fund committee and pension board members. In addition, there remains a need to develop and implement a comprehensive induction programme for both board and committee members.

		their learning activities and the board as a whole	The role profile for pension board members includes a requirement that all modules of the Pension Regulator's online toolkit be completed within six-months of joining the board. This has not been achieved by all board members.
	Administering authorities should offer pre-appointment training or mentoring if appropriate		New Board and Committee members are offered 121 meetings with Pension Fund Manager on appointment, and an introductory briefing is provided at the first board meeting of each municipal cycle. To date no progress has been made in developing an induction training plan.
Rectification action:		Responsibility:	Deadline:
a) Link to TPR public service pension online toolkit circulated to all committee and board members for completion by 31 March 2024. http://www.thepensionsregulator.gov.uk/public-service-schemes.aspx		Pension Fund Manager Pension Fund Committee members Local Pension Board members	IN PROGRESS Sent 23 November 2023 Responses by 31 March 2024 Report to be presented to each Board and Committee meeting
b) All board members to complete Hymans' LOLA toolkit by 31 March 2024 (or 6 months after their appointment) https://aspire.hymanslearning.co.uk/ .		Local Pension Board members	IN PROGRESS by 31 March 2024 Report to be presented to each Board and Committee meeting
c) Sign up to Hymans' Knowledge Progress Assessment		Pension Fund Manager	IN PROGRESS request submitted 23 November 2023 Awaiting reply
d) All board and committee members to complete KPA questionnaire by due date.		Pension Fund Committee members Local Pension Board members	Tbc
e) Development of pension fund knowledge and understanding policy.		Jo Thistlewood Hymans Robertson Learning and Development	Tbc (following NKA output)

f) Development of board and committee members induction programme and information pack.	Jo Thistlewood Hymans Robertson	Tbc (following NKA output)
---	------------------------------------	----------------------------

Ref	Principle	Detail of best practice principle	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	<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.			

2) Conflicts of interest

Ref	Principle	Detail of best practice principle	Statement of Compliance
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.	<p><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></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, as are all committee members.</p> <p>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. To date no progress has been made on the development of this policy.</p> <p>The creation of a fund-specific conflicts of interest policy is included on the fund's workplan for 2023-24.</p>
P2.2	The conflicts of interest policy has a regular review date incorporated in to it	Regular review date specified within the policy.	<p><i>Enter here if a regular review date has been implemented</i></p> <p>The council's constitution is subject to regular review.</p> <p>The new board-specific policy will contain a review date, but as yet no policy has been created.</p>
P2.3	The administering authority to maintain a register of all conflicts (and potential conflicts)	The administering authority should retain and regular review a register of all conflicts	<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>

	that are raised, reviewing them appropriately	(and potential conflicts) that have been raised. Conflicts should be reviewed, and any action taken forward.	<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>Current 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>
Rectification action:		Responsibility:	Deadline/Status:
a) Hymans Robertson provide draft strategy with appropriate headings, example wording and explanations, based on the recommendations of the SAB's Good Governance Review.	Pension Fund Manager (to commission) Hymans Robertson to review	COMPLETE draft document provided 17 November 2023	
b) Draft strategy to be reviewed and updated for fund specific details	Pension Fund Manager	Week commencing 18 December 2023	
c) Internal review: IWC officers to confirm policy and process.	Director of Finance Assistant Director of Finance Monitoring Officer Strategic Manager Legal Services	During January 2024	
d) Final draft policy reviewed and presented to Local Pension Board for recommendation to committee	Pension Fund Manager Local Pension Board	Meeting on 6 March 2024	
e) Policy adopted by Pension Fund Committee	Pension Fund Manager Pension Fund Committee	Meeting in May 2024	

3) Disputes and resolution

Ref	Principle	Detail of best practice principle	Statement of Compliance
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. This review is included in the current governance improvement plan and will be completed during 2024-25.
Rectification action:		Responsibility:	Deadline / Status:
a) Hymans Robertson to review the fund's current (2017) IDRP guide for areas requiring update.		Pension Fund Manager (to commission) Hymans Robertson to review	COMPLETE comments received on 9 November 2023

b) Comments on current guide to be reviewed and updated for current named officers.	Pension Fund Manager	COMPLETE 17 November 2023
c) Internal review: IWC named officers to confirm policy and process.	Pension Administration Manager Strategic Manager Business Centre Call Centre Manager Director of Finance Assistant Director of Finance Monitoring Officer Strategic Manager Legal Services Strategic Manager Human Resources	IN PROGRESS Circulated 17 November 2023 Responses requested by 8 December 2023.
d) Updated policy and process sent to external employers for review and confirmation of contacts for stage 1.	Pension Fund Manager External employers	Circulation by 15 December 2023 Responses by 15 January 2024
e) Final draft policy reviewed and presented to Local Pension Board for recommendation to committee	Pension Fund Manager Local Pension Board	Meeting on 6 March 2024
f) Policy adopted by Pension Fund Committee	Pension Fund Manager Pension Fund Committee	Meeting in May 2024



Purpose: For information

Committee Report

Committee **ISLE OF WIGHT LOCAL PENSIONS BOARD**
 Date **13 DECEMBER 2023**
 Title **ADMINISTRATION SERVICE UPDATE**
 Report of **PENSIONS MANAGER**

1. Executive Summary

- 1.1 This report presents an update of activity, performance against service stands and information of complaints and breaches of the law, since the last pension board meeting on 13 September 2023.

2. Recommendation(s)

- | | |
|-----|--|
| 2.1 | That the content of this report be noted by the Pension Board. |
|-----|--|

3. Membership

- 3.1 Changes in membership by status from 1 September to 30 November 2023 as follows:

Status	Aug-23	Nov-23	Change	% change
Active	4,413	4,384	-29	-0.7%
Deferred	6,427	6,462	35	0.5%
Pensioner	6,275	6,344	69	1.1%
Frozen & Undecided	815	900	85	10.4%
TOTAL	17,930	18,090	160	0.9%

Please refer to the following Appendices for breakdown and analysis of membership as at 30 November 2023:

- 3.1.1 Appendix 1: by employer and status
- 3.1.2 Appendix 2: analysis of status and member age
- 3.1.3 Appendix 3: date range status comparison and summary of movements

4. Project Updates

4.1 Target Tracing Service

4.1.1 Due to Leo's departure, we will be arranging a meeting with Target to discuss and confirm our next steps. The project was part of Leo's role and responsibility.

4.2 I-Connect

4.2.1 Strictly Education have now been on boarded and are submitting their monthly returns through the i-Connect portal.

4.2.2 There are no further outstanding employers or payroll providers to onboard so the Onboarding Project is now closed.

4.3 Altair Image

4.3.1 The Team have now scanned 7 full filing cabinets of paper records to the Altair system.

4.3.2 We have also started to upload our i:drive records to Altair.

Next steps

4.3.3 Review of 50 boxes of documents previously stored in Somerton.

4.3.4 Assess which remaining non-member documents required to be scanned and stored.

4.3.5 We have also taken on temporary support staff to assist in the scanning and this is being undertaken in the evenings.

4.4 McCloud

4.4.1 The data has been analysed and amended ready for Heywood's to upload into the Test service. This was sent to them 4 December 2023.

Next Steps

4.4.2 Heywood to continue analysing and uploading data.

4.4.3 Review any in scope interfund transfers in and out.

4.5 Guaranteed Minimum Pension (GMP)

4.5.1 Revised project plan provided by Mercer (Aptia), with a view to getting the corrected data uploaded into Altair after we have run Pensions Increase in March 2024. See Appendix 4 IOW GMPR Project Plan for further details.

4.5.2 Initial analysis and calculation report has now been provided by Mercer (Aptia). Page 10 of the report shows our position of cases that will need reviewing. See Appendix 5 IOW GMPR Initial Analysis and Calculation Report for full details.

Next Steps

4.5.3 Review cases that are highlighted in the report.

5. Key Performance Indicators

- 5.1 To note administration statistics for the September – November reporting period. See Appendix 6 for full breakdown.
- 5.2 To note Member Self Service statistics for the same reporting period. See Appendix 7 for full breakdown showing interaction by status and age, authorisation status and days since last logged.

6. Employer Compliance with Administration Strategy

- 6.1 This report includes monthly data submissions and payments compliance for September 2023. A full and detailed analysis of the year-to-date compliance with be provided in the next report.
- 6.2 To note an apology due to Wootton Bridge Parish Council regarding July 2023 data submission and payment. The September Board Report erroneously stated there was a late payment however the payment was received by the statutory date.

7. Communications

- 7.1 No specific communications have been published during the reporting period.

8. Complaints

- 8.1 No complaints have been received since the last meeting.

9. Breaches of the Law

- 9.1 A potential breach has been identified in the failure of the Isle of Wight Council to appoint their nominated elected member employer representative to the Local Pension Board, following full council meetings held in July 2023, September 2023 and November 2023.
- 9.2 The Pension Fund Manager has been in contact with the Council's Monitoring Officer and Director of Finance to seek their advice on the next steps. A suggestion has been made that the board's terms of reference be amended, as it currently requires that one employer representative shall be an elected member of Isle of Wight Council. To date, no response has been received to that request.
- 9.3 The Pension Fund Manager has also contacted the fund's governance consultants, Hymans Robertson, for support in this matter. A response from them is expected shortly.
- 9.4 The matter has been recorded on the fund's breaches log, as shown in Appendix 9, pending a decision whether this should be escalated further.
- 9.5 A verbal update will be provided at the Local Pension Board meeting.

10. Other Matters

10.1 Pensions Administration Team staffing

10.1.1 A verbal update will be provided at the Local Pension Board meeting.

10.2 Heywood's Performance Issues

10.2.1 Insights (Tableau) website reported slow performance and delayed extracts. See Appendix 10 for full details.

10.2.2 Emails from Heywood Services being blocked to members with specific Microsoft email domain names. See Appendix 11 for full details.

10.3 Heywood's Security Issues

10.3.1 Apache ActiveMQ vulnerability identified. See Appendices 12 and 13 for full details.

11. Appendices

List of appendices attached to report:

- 11.1 Appendix 1_Membership_FRS17
- 11.2 Appendix 2_Membership_Basic Details
- 11.3 Appendix 3_Membership_Retrospective Scheme Membership
- 11.4 Appendix 4_IOW GMPR Project Plan
- 11.5 Appendix 5_IOW GMPR Report
- 11.6 Appendix 6_Key Performance Indicators
- 11.7 Appendix 7_MSS_Member Summary
- 11.8 Appendix 8_Employer Compliance
- 11.9 Appendix 9_Breaches Log
- 11.10 Appendix 10_HPS Incident PRB008219_Insights poor performance
- 11.11 Appendix 11_HPS Incident PRB008292_Emails from HS being blocked
- 11.12 Appendix 12_HPT_Apache ActiveMQ Vulnerability
- 11.13 Appendix 13_AAO_ActiveMQ Vulnerability

Contact Point: Matthew Collier, Pensions Manager, ☎ 01983 821000
e-mail matthew.collier@iow.gov.uk

IOW COUNCIL LOCAL GOVERNMENT PENSION SCHEME

Membership statistics @ 30/11/2023 23:31:21

EMPLOYER/PAYROLL PROVIDER	Status Decode				
	ACTIVES	UNDECIDEDS	DEFERREDS	FROZENS	PENSIONERS
00001: ISLE OF WIGHT C.C			42	34	568
00002: MEDINA B.C			9	7	161
00003: SOUTH WIGHT B.C			12	1	133
00004: IOW JT.CREMATORIUM COMMITTEE					9
00005: YARMOUTH HARBOUR COMMISSIONERS			3	2	18
00006: COWES HARBOUR COMMISSIONERS	1		8		10
00007: ST CATHERINE'S SCHOOL	5		2	1	11
00008: CARISBROOKE CASTLE MUS.TRUST					3
00009: IOW SOCIETY FOR THE BLIND			2		12
00011: IOW MAGISTRATES COURT			2	1	16
00012: IOW JOINT PLANNING & TECH.UNIT					11
00013: IOW RURAL COMMUNITY COUNCIL			5		19
00014: SOUTH WIGHT HOUSING ASSOC			3		30
00015: MEDINA HOUSING ASSN			30		55
00016: ISLECARE			14		50
00017: ISLAND GROUP 90 LTD			9		119
00018: ISLE OF WIGHT COLLEGE	245	1	350	25	278
00021: RIVERSIDE CENTRE LTD			2		8
00022: OSEL ENTERPRISES LTD					3
00023: PLANET ICE (IOW) LTD			3		
00024: ISLAND 2000 TRUST LTD			13	1	3
00026: BEMBRIDGE PARISH COUNCIL	2				
00027: FIRST WESSEX HOUSING GROUP					1
00028: WOOTTON PARISH COUNCIL	2				2
00029: YARMOUTH TOWN COUNCIL					1
00030: NORTHWOOD PARISH COUNCIL	1				1
00031: NEWPORT & CARISBROOKE COMMUNITY COUNCIL	6		2	1	4
00032: CHALE PARISH COUNCIL					1
00033: RYDE TOWN COUNCIL	16		11	2	
00034: SPURGEONS			5		
00035: CHILDRENS SOCIETY			4		4
00036: COWES TOWN COUNCIL	2		1		
00037: RYDE ACADEMY	82	1	58	16	30
00038: AET - SANDOWN BAY			66	5	43
00039: SOUTHERN VECTIS	4		2		17
00040: TEACHERS PRC					109
00041: TEACHERS EMPLOYER'S SHARE					170
00042: WESTON ACADEMY			17		
00043: VENTNOR BOTANIC GARDENS CIC	1		4		1
00045: ISLAND YOUTH WATER ACT CENTRE			1		1
00046: VISIT ISLE OF WIGHT LTD			2		
00047: ISLAND ROADS	16		10		24
00048: NORTHWOOD ACADEMY	35		21	3	15
00049: ST BLASIVS SHANKLIN CE ACADEMY	20	1	22	3	6
00050: I.O.W. COUNCILLOR			7		17
00051: SOUTHERN HOUSING	3				3
00052: SOVEREIGN HOUSING ASSOCIATION	21		13		17
00053: LANESEND PRIMARY SCHOOL	59		47	17	6
00054: ISLAND FREE SCHOOL	36		19	6	1
00055: COWES ENTERPRISE COLLEGE	58	4	38	10	14
00056: ISLAND STUDIO SCHOOL			3	1	2
00057: GURNARD PARISH COUNCIL	1		1		1
00058: BARNARDOS 2015			9		
00059: RYDE ARENA TRUST			3		
00060: TOP MOPS LIMITED	1		1		3
00061: CATERLINK LIMITED			1		2
00062: SHANKLIN TOWN COUNCIL	3				
00063: ST FRANCIS CATH CE PRIM ACAD	33	1	22	5	14
00064: NVIRO LTD			2		
00065: RM EDUCATION			1		
00066: SANDOWN TOWN COUNCIL	3				
00067: KEYS GROUP	9		6		1
00069: BARNARDOS 2021	4		5		1
00070: CLEANTEC SERVICES	5		1		1
00071: FISHBOURNE PARISH COUNCIL	1				
00100: ISLE OF WIGHT COUNCIL	2,964	84	5,227	605	4,222
00200: IOW (CAPITA)	19	2	7	1	2
00210: IOW (STRICTLY EDUCATION)	726	2	314	57	90
Grand Total	4,384	96	6,462	804	6,344

This page is intentionally left blank

Membership Analysis | Basic Details

Member Employment Records
or Unique Members
Unique Members

Member Employment Records 18,108	Unique Members 13,752	Average Employments 1.32	Average Member Age 55.6
--	---------------------------------	------------------------------------	-----------------------------------

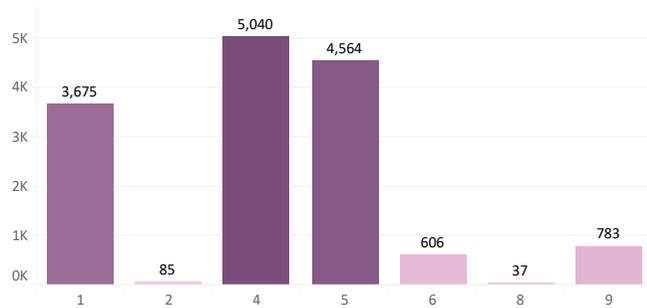
Scheme
Multiple values

Status
Multiple values

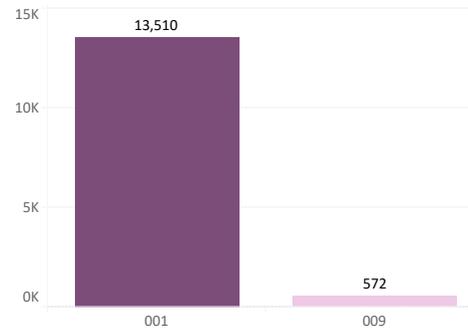
Members Employment Type
All

Location/Employer
All

Unique Members by Status



Unique Members by Scheme



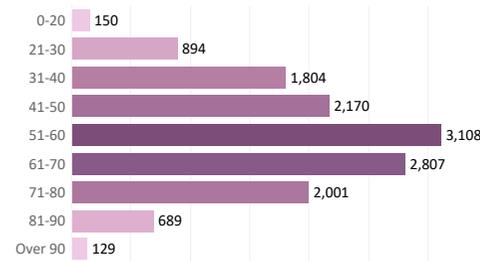
Unique Members by Part Time Indicator & Status

Status	C	F-T	N	V	Y
1	568	1,186	2		2,160
2	32	16			43
4	554	1,491	4	1	3,328
5	161	2,471	2		2,265
6		606			
8	6	8			24
9	124	139	1		525

Unique Members by Employment Type

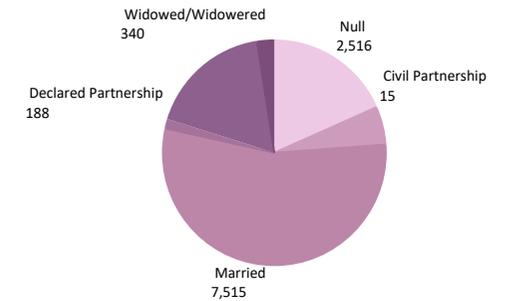
Members Employment Type	Count
01: Officer	12,363
02: Manual Worker	1,404
07: Female Granted Post 72 Service	307
PC: Pension Credit	20
03: Former Reg 21 (elig ret 60/5)	5
05: Coroner	3
04: Former Reg 23 (elig ret 55/25)	1
08: Female Officer (E12 applies)	1

Unique Members by Current Age



Note: By default this visualisation includes all statuses including deceased members. The age dis..

Unique Members by Partnership Status



This page is intentionally left blank

Note that this dashboard purely relies on the Status History / Location History currently on members' records within Altair to show previous statuses and location/employers.

The Status/Location Histories on a member's record may show a member was a different status at a historic date, than their true current status was on that date. This is due to the ability to retrospectively update Status/Location histories. Therefore, this retrospective report for a historic date may not exactly match a current status report run on that date in the past.

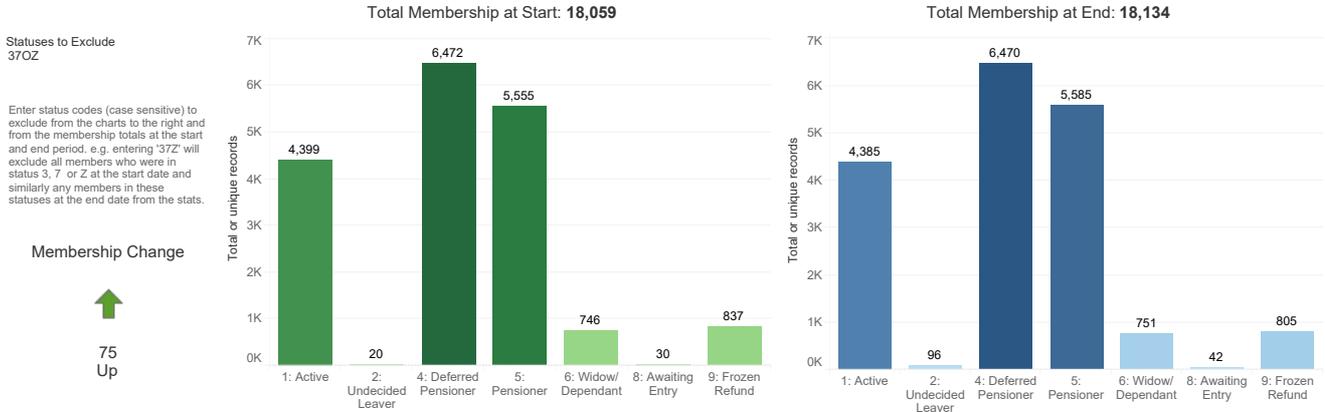
Scheme
All

Total or unique members
Member Employment Records

Start Date
01/09/2023

End Date
30/11/2023

Status Breakdown Comparison



Status Movement Table

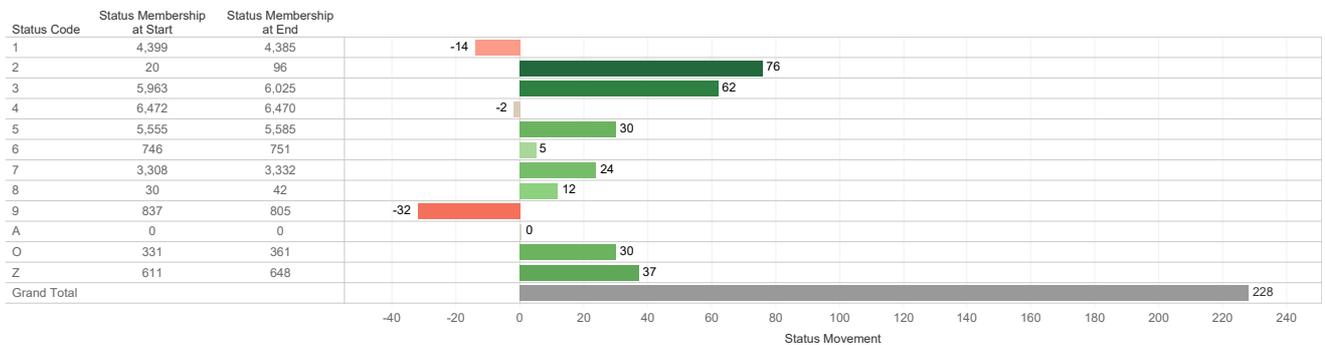
Note a '0: N/A' status at the start date represents a member that did not have a status on their status history on or prior to the start date (i.e. potentially were not a member of the scheme at this date)

Status at End Date	Status at Start Date											Grand Total	
	0: N/A	1	2	3	4	5	6	7	8	9	O		Z
1	180	4,203								2			4,385
2	7	68	20							1			96
3		14		5,963	4					44			6,025
4		40		6,430									6,470
5		10		36	5,539								5,585
6		11			2	16	740						751
7						6	3,308						3,332
8								30					42
9		1	14						790				805
O		26	4							331			361
Z		3	34								611		648
Grand Total	228	4,399	20	5,963	6,472	5,555	746	3,308	30	837	331	611	28,500

Differences Reports

Note: the Location/Employer Difference visualisation will exclude any members from the membership that were in a excluded status at the start or end respectively. i.e. a negative difference will be shown if more members in a particular location died than joined during the period (if status 7 is on the excluded statuses list). Please refer to the 'Statures to Exclude' parameter in the Status Breakdown Comparison section above. This parameter is not used for the Status Difference visualisation to show the growth / shrinkage of all statuses

A Location/Employer with 0 included members at both the start and end point are excluded from the list.



This page is intentionally left blank

LGPS: Isle of Wight
GMP Rectification
Project Plan - As at 17 November 2023



Responsibility	Key	
Project Governance Committee	PGC	To consist of representatives from Mercer and IOW PF
Fund Pensions Team	FPT	
Mercer Wealth Analytical Services	WAS	

TASK CODE	ACTION	RESPONSIBILITY			EXPECTED START DATE	EXPECTED COMPLETION DATE	DEPENDENCY	STATUS	NOTES
		PGC	WAS	FPT					
Data requirements									
A1	Test data in Catalyst format			FPT	31/03/2023	31/03/2023	N/A	Completed	No longer being received
A2	Live data received in Catalyst format			FPT	30/04/2023	30/04/2023		Completed	Data received 7/6/23 (28 working days past expected date)
GMP Rectification tasks									
B1	Review live data and prepare for Catalyst load		WAS		08/06/2023	07/07/2023	A2	Completed	
B2	Return revised data file to client for sign off if any data amends are made				08/07/2023	08/07/2023	A2	Completed	
B3	Client sign off of revised data file for Catalyst load				09/07/2023	10/07/2023	A2	Completed	
B4	Confirm data thresholds been met to proceed		WAS		11/07/2023	15/07/2023	A2	Completed	
B5	Initial Analysis		WAS		16/07/2023	31/08/2023	A2	Completed	
B6	Transition Report of IA provided		WAS		16/07/2023	31/08/2023	A2	Completed	
B7	Queries and Exceptions report provided with suggested resolutions		WAS		01/09/2023	01/09/2023	A2	Completed	
B8	Client decisions confirmed			FPT	02/09/2023	15/12/2023	A2	In progress	IA report issued 17/11/2023
B9	Client decisions implemented and IA completed		WAS		06/09/2023	15/12/2023	A2	In progress	IA report issued 17/11/2023
B10	Tranching and handover to GMPR calculations team		WAS		08/09/2023	20/09/2023	A2	Completed	
GMP Rectification Calculations									
C1	Benefit specification review completed		WAS		01/04/2023	17/04/2023		Completed	
C2	Queries on Benefit specification referred to client		WAS		17/04/2023	17/04/2023		Completed	
C3	Client response to Benefit specification queries			FPT	18/04/2023	31/05/2023	C1,C2	Completed	
C4	Completed IA data passed to calculation team		WAS	FPT	21/09/2023	21/09/2023	B1-B10	Completed	
C5	Benefit Tranching		WAS		22/09/2023	21/10/2023	C3-C4	In progress	
C6	Preliminary calculations		WAS		22/10/2023	21/12/2023	C4	In progress	
C7	BCE3 events to consider		WAS	FPT	22/09/2023	21/12/2023	C4	In progress	
C8	Run deferred members through rebalancer Tool		WAS		22/09/2023	21/12/2023	C4	In progress	
C9	Report of Preliminary results to Client		WAS		22/09/2023	21/12/2023	C4	Completed	Not needed as decisions made
C10	Client review of Preliminary results			FPT	03/01/2024	06/01/2024	C4	Completed	Not needed as decisions made
C11	Agree actions for stalemate cases			FPT	03/01/2024	06/01/2024	C10	Completed	Agreed as per below (queries and exceptions provided in IA report)
C12	Agree tolerance levels for rectification			FPT	03/01/2024	06/01/2024	C10	Completed	Agreed £2 per week tolerance
C13	Agree whether to apply a De-Minimus amount and if so what			FPT	03/01/2024	06/01/2024	C10	Completed	Agreed Mercer standard of 5 pence per week
C14	Agree whether current pensions will be reduced			FPT	03/01/2024	06/01/2024	C10	Completed	Agreed current pensions in payment will be reduced
C15	Agree if past overpayments will be recovered			FPT	03/01/2024	06/01/2024	C10	Completed	Agreed past overpayments will not be recovered
C16	Implement decisions		WAS		07/01/2024	31/01/2024	C11-C15	To be started	
C17	Produce final calculations		WAS		01/02/2024	18/02/2024	C11-C15	To be started	
C18	Formulate data into Aquila Heywood/3rd party Catalyst depending on requirement		WAS		19/02/2024	24/02/2024	C11-C15	To be started	
C19	Issue final rectification data to client		WAS		25/02/2024	25/02/2024	C11-C15	To be started	
Communication to Members									
D1	Agree communications strategy and key dates			FPT			D1	To be started	
D2	Draft communications			FPT			D1	To be started	
D3	Agree communications wording			FPT			D1	To be started	
D4	Prepare communications for issuing			FPT			D1	To be started	
D5	Sample check communications			FPT			D1	To be started	
D6	Issue communications			FPT			D1	To be started	
D7	Monitor and report on member responses			FPT			D1	To be started	
Data Updates									
E1	Confirm data upload template requirements (including Payroll requirements if any)			FPT			C20	To be started	
E2	Provide rectification results in agreed templates		WAS		25/02/2024	25/02/2024	C20	To be started	
E3	Update and check member records for pensioner and deferred members - UAT system			FPT			C20	To be started	
E4	Update and check member records for pensioner and deferred members - LIVE system			FPT			C20	To be started	
E5	Settle any top up payments in respect of required TVs / PCLS / Triv Comm / death cases			FPT			C20	To be started	
E6	Update automated calculations and other functionality			FPT			C20	To be started	
E7	Update BAU member communications where required			FPT			C20	To be started	
Project Governance									
F1	Project Governance meeting	PGC			16/08/2023	16/08/2023		Completed	
F2	Project Governance meeting	PGC			17/11/2023	17/11/2023		Completed	
F3	Project Governance meeting	PGC						To be started	
F4	Project Governance meeting	PGC						To be started	
Project Closure									
G1	Prepare & agree closure report for sign off		WAS		01/03/2024	05/03/2024		To be started	
G2	Agree project closure and sign off	PGC	WAS	FPT	06/03/2024	06/03/2024		To be started	

This page is intentionally left blank

Isle of Wight

Initial analysis and calculation approach

Page 163

November 2023

welcome to brighter



Appendix 5

Executive Summary

This report sets out the proposed approach to rectify GMP on the [Isle of Wight](#) (the “Scheme”) following reconciliation with HMRC’s records (“rectification”).

Our key recommendations are as follows:

1. The delta approach is adopted for rectification where benefits are already in payment.
2. Non-pensioner benefits will be rebalanced in all cases where there was not an exact match with HMRC.
3. The primary HMRC data source used for rectification will be the online GMP checker service
4. Rectification will only be carried out for pensioner members with a difference between the accepted GMP and the administration record of more than £2.00 per week and members in scope for rectification have been identified using the process set out on page [7].
5. Interest on any past underpayments arising from rectification is calculated consistently with the rate required for GMP equalisation (i.e. the Bank of England base rate + 1% p.a.)

Approach to calculations

Overview - For information only – Delta Approach agreed

Where a pension is already in payment, there are broadly three options available to Trustees to allow for the correction of differences in GMP:

A light touch approach

- The light touch approach simply re-balances the pension in payment so the correct amount of GMP is paid going forward.
- It is the quickest option, but is very approximate. Historically and prior to the Lloyd's judgment, it was the only real alternative to full rectification, but it is not consistent with the approach that needs to be followed to equalise the past position for GMP inequalities and therefore we would not recommend schemes use a light touch approach for rectification.

Full rectification

- A full rectification approach would require manual calculations to replicate the pension at the point of leaving, adjusted for the updated GMP and the calculations re-worked to the current date.
- Data is unlikely to be available to support this approach for all members. The costs and timescales to undertake full rectification are likely to be excessive relative to the amounts of under and over payments for the majority of members.

The delta approach

- The delta approach uses a series of assumptions to roll back benefits to the date the member left active service and calculate the impact without having to undertake significant file review or manual calculations.

Approach to calculations

Recommendation

Broadly, the delta approach:

- Takes into account the period of deferment from leaving service until retirement which often accounts for the largest impact of differences in GMP.
- Allows the same method to be used for rectification following reconciliation with HMRC records and the equalisation of GMP.
- Allows a reasonably accurate calculation while also managing timescales and costs. For the majority of members, the delta approach will provide the same result as a full recalculation.



Recommendation (already agreed)

- We recommend that the Trustees use the delta approach for rectification and equalisation as this avoids the need to incur additional costs in carrying out an extensive review of historic files where the outcome is unlikely to have a material impact on a member's benefits.
- For deferreds and pensioners, any member with a GMP difference of less than or equal to **£2.00** per week is considered within reasonable tolerance and no changes are recommended. For any members over this tolerance we recommend that preliminary calculations are completed using the delta approach.
- The following section of the paper sets out the initial analysis of the members in scope for rectification.

HMRC reconciliation

The GMP reconciliation data has been reviewed for all members in the Scheme who were included in the GMP Reconciliation exercise. The original reconciliation with HMRC records categorised members as follows:

Category A:	Category B:	Category C:	Category D:	Category E:
GMP 'determined'	GMP 'undetermined'	Not on NISPI	Not on Administration records	No Liability (initially Category C or D)
<p>Members where both the Scheme and HMRC records show that there is a contracted-out liability and any difference was either:</p> <ul style="list-style-type: none"> • within the agreed reconciliation tolerance or • outside the tolerance but accepted by the Scheme following manual review. <p>Note this means the “correct” GMP figure has been accepted, but this could still be different to the GMP being paid from the Scheme and therefore rectification may still be necessary for members in this category.</p>	<p>Members where both the Scheme and HMRC records show that there is a liability but this liability differs in some respect. This means the “correct” GMP figure has not yet been agreed.</p>	<p>Members where there is a Scheme record but no corresponding HMRC record.</p>	<p>Members where there is an HMRC record but no corresponding Scheme record.</p>	<p>Members where it has been agreed with HMRC that no further liability exists. This category includes members where the liability in the Scheme has been extinguished for example, by a transfer payment or a trivial commutation of benefits. For these members no further investigation or updates are required.</p>

HMRC data sources and categorisation for rectification

- There are three different sources of HMRC GMP data and it should be noted that in some cases there are differences in the amounts of GMP. The sources of HMRC data are:
 - The final HMRC reconciliation schedules
 - The schedules obtained from either HMRC's shared workspace for schemes that ceased contracting out prior to 2016 or the scheme reconciliation service following cessation of contracting out in 2016.
 - HMRC's GMP checker service (this is the data source that members are able to access if they wanted to check their GMP entitlement with HMRC).
- We are aware that HMRC have notified a number of schemes that the data included in the final reconciliation schedules were incorrect and that the pensions industry has accepted that these amounts are generally not to be relied upon.
- Rather than undertake additional work to identify any differences in amounts, the reconciliation results have been used to support identification of the population in scope.
- Mercer has then used the HMRC GMP checker service as the primary data source for GMP amounts used in this initial analysis, and proposes to do so for rectification.
- However, a detailed analysis has not been carried out on any differences between the GMP checker and the HMRC reconciliation schedules, however cases where there would clearly be a change in reconciliation category are identified in this paper. The Trustees may wish to investigate these cases further.
- The use of the HMRC GMP checker also provides the current GMP amounts for pensioners over GMP age, which reduces the need to manipulate / roll forward the data from an earlier date that is often required when using one of the other sources.
- However, we would note that the position is less straightforward for dependant members as HMRC only provide GMP data at the date of death of the original member.
- The principles that are used to categorise members ahead of rectification are set out on the following slide and more details on the process that is followed are included in the appendix.
- The results of the initial analysis for GMP rectification are then set out on pages [8] to [13].

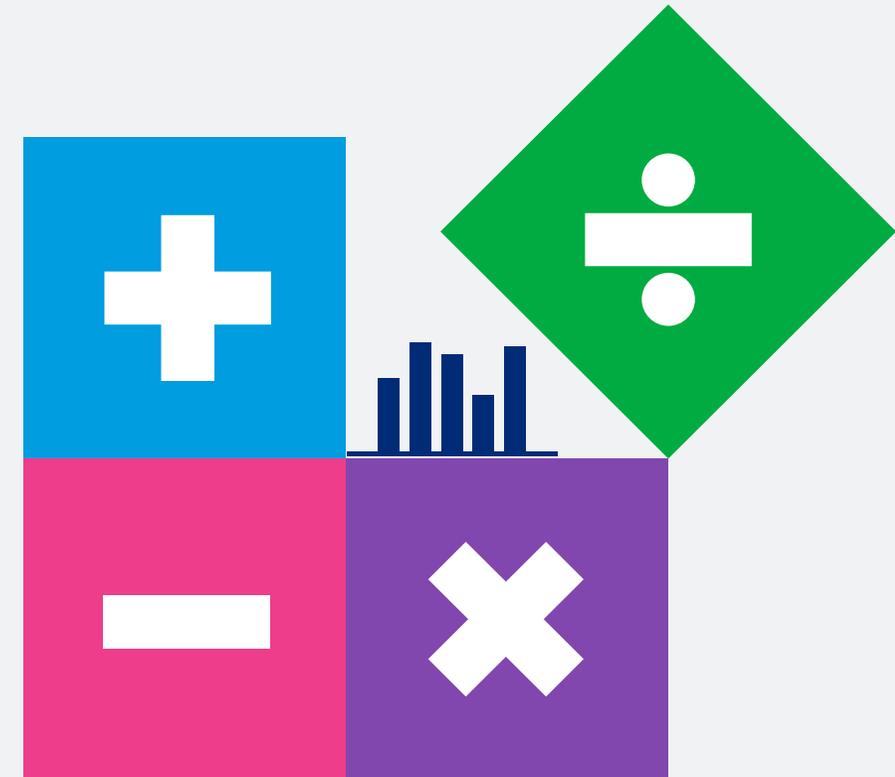
Member categorisation

Category	Description	Notes
No action required	Members where scheme and HMRC GMP records are consistent.	As agreed, members will be treated as "No action required" whenever the difference from HMRC and Admin weekly GMP is below £2.00. We also propose that for any members where scheme and HMRC records agreed at GMP age, but the member retired after GMP age are also categorised as "No action required" provided that the scheme GMP is at least equal to the HMRC GMP, adjusted by the statutory late retirement factor.
Rectification required	Members where scheme and HMRC GMP records differ in amount at the date of cessation of contracting out.	The approach used to rectify the benefits for both non-pensioner and pensioner/dependant members will be as set out on page 4. The members in this category will be members where the difference in GMP arises at the date of cessation of contracting-out and where the difference in current GMP is more than 5p per week for pensioners and dependants and where there is found to be any difference for non-pensioners.
Exception	Any cases identified where the HMRC checker data is inconsistent with the original reconciliation work, or another inconsistency between HMRC and scheme records is identified.	This could include any cases where HMRC hold a different date of cessation of contracting out, or there is a difference in the revaluation type. Further information the exception cases identified and included on page 12 and the Trustees may need to take legal advice on the approach that should be used in these cases.
Rebalance	Pensioner members where there is a difference in current GMP on the scheme records compared to HMRC, but they are believed to be consistent at GMP age.	It is possible that variation in administrative practices and timing differences in pension increases could lead to a small differences in GMP that are not true rectification cases and the difference is greater than the agreed tolerance of £2.00 applied to determine the "no action required" category. Our proposal for these cases is that they are re-balanced to ensure the HMRC GMP is used going forward for future increases in payment. We recommend this approach is used for any cases where the scheme and HMRC records agreed at GMP age, but the difference in current GMP between scheme and HMRC records is above £2.00, but less than 5%.
Query	Pensioner members where further investigation is required to understand the difference in GMP between scheme records and HMRC.	Any differences that do not fall into one of the above categories cannot be rectified without further information on the reason for the differences. Any cases identified will be temporarily removed from the project and referred to the administration team for investigation.

Initial analysis for GMP rectification

Deferred members

- These are straightforward to correct, as the benefits have not come into payment. This involves updating the GMP record and rebalancing the pre 97 non-GMP elements so the total preserved pension remains unchanged. In some instances, an increase in GMP may result in an uplift of overall pension, as there is insufficient non-GMP to offset the increase. It was assumed a weekly tolerance of £2.00.
 - A total of 6,437 deferred records have been investigated.
 - 101 records do not agree exactly with HMRC, and these will be rebalanced as described above.
 - 6,266 records agreed exactly, therefore no further action is needed in respect of these records.
 - 51 records marked as “exceptions”, more details on slide 12.
 - 19 records marked as “query”, more details on slide 12.



Initial analysis for GMP rectification

Pensioner members

- In total 5,470 pensioner records have been reviewed as part of the initial analysis.
- Of these 294 show rectification is required based on a £2.00 tolerance and a further break down is shown in the table below.
- 4,881 cases were found to require no further action.
- 295 cases require further investigation, with further details provided in the Queries and exceptions section on the following pages.

Dependant members

- In total 671 dependant records have been reviewed as part of the initial analysis.
- Of these 76 show £2.00 tolerance and a further break down is shown in the table below.
- 595 cases were found to require no further action.

Category	Number	Proposed action
Members under GMPA		
Retired from active status	16	No deferment period and no GMP currently in payment so no immediate impact on benefit currently in payment. Records will be amended to reflect the updated GMP from GMP age.
Retired from deferred status	20	Calculate impact using delta approach.
Members over GMPA and dependants		
Members	258	Calculate impact using delta approach.
Dependants	76	Calculate impact using delta approach.

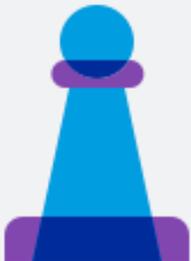
Queries and exceptions

xxx cases have been identified as requiring further action ahead of inclusion within the rectification exercise. Further details and proposed next steps are set out below.

	Deferreds	Pensioners	Dependants	Next Action
Trustee approval required	51	92	0	These cases cover non-standard issues and require the Trustee to approve the recommended rectification approach. Once the Trustees have agreed how these cases should be treated they will be included in the rectification calculations as necessary. See Appendix A for details of the specific cases.
Referred to Administration Team	19	203	0	These require further review by the Administration team. Where necessary, rectification calculations will be completed for these members once the Administration Team's review is complete.
Excluded	0	0	28	These cover dependants for whom no record is held of the original member. As such, they will be excluded from the exercise and continue to receive their pension with no adjustment for rectification.
Total	70	295	28	

Page 172

Stalemate cases



- Members falling into categories B, C and D of the original HMRC reconciliation (details on slide 5) are considered as “stalemate cases”.
- Where a decision has not already been made, in order to support the Trustee in progressing these cases, members falling into these categories will be identified as part of the preliminary rectification calculations and the action agreed once the potential impact on member benefits is known.

Query cases

Refer to administration team

Page 173

Query	Deferred members	UGMPA members	OGMPA members	Next action:
GMP amount matches at date of leaving and GMP age, but scheme GMP in payment is less than HMRC GMP	0	0	100	Suggested sample review to confirm if DOR pension is correct and if it's only the GMP split put into payment that is incorrect, if this is the case the members can be rectified using the standard process, if not they need to be removed for further investigation.
GMP amount matches at date of leaving, but does not match at GMP age	0	0	17	Investigate inconsistency in GMP revaluation from DOL to GMPA on admin records – is it incorrect and do we accept HMRC figures
HMRC records indicate member is deceased	19	2	84	These members need to be referred to the Admin team to investigate if members show as deceased in Admin records and if there is any further liability.
Total	19	2	201	

Exception cases

Trustee decision required (suggested actions on page 13)

Exception	Deferred members	UGMPA members	OGMPA members
1 - HMRC suggests no liability, but plan records suggest GMP is present	2	0	3
2 - Plan and HMRC service dates are inconsistent	9	18	49
3 - Plan and HMRC service dates are inconsistent, but GMP agrees at date of leaving	35	5	0
4 - Plan suggests no liability, but HMRC records suggest GMP is present	5	0	0
5 - Members with multiple records where further information is needed to understand the difference	0	0	17
Total	51	23	69

Exception cases – Next action

Exception	Next action:
HMRC suggests no liability, but plan records suggest GMP is present (5 members)	Without evidence to confirm member should have no GMP we would recommend to retain Admin record.
Plan and HMRC service dates are inconsistent (76 members)	Admin to confirm if service dates are correct and if we should retain Admin record
Plan and HMRC service dates are inconsistent, but GMP agrees at date of leaving (40 members)	Admin to confirm if service dates are correct and if we should retain Admin record (GMP matches HMRC)
Plan suggests no liability, but HMRC records suggest GMP is present (5 members)	Trustee decision was previously made to accept scheme records as correct on these type of cases – assume this remains the same and no action required
Members with multiple records where further information is needed to understand the difference (9 members)	Trustees to confirm if we should retain Admin records or if these cases should be referred to Admin team for further investigation, these could include members where Admin holds one period of service that amalgamates two periods from HMRC (or vice versa) and a direct comparison is not possible.

Summary and next steps



Decisions required (already made and noted below)

- Confirm agreement to use of the delta approach for the rectification and equalisation calculations and standard approach as set out in the GMP Guide (already agreed)
- Confirm tolerances for GMP rectification calculations of £2 per week for cases where the benefits are already in payment (already agreed)
- Confirm tolerances for rebalance of pensioner member benefits where GMP agreed at GMP age, but a difference in current GMP has been identified of less than 5% but above £2 per week (already agreed as above £2 per week)
- Confirm deferred member benefits will be re-balanced where there the difference in GMP is above £2 per week.

Next steps

- Final calculations (preliminary calculations will not be provided) will be completed to determine the historic impact of rectification using the agreed approach.
- The results will be available by [date].

Appendix

Member categorisation

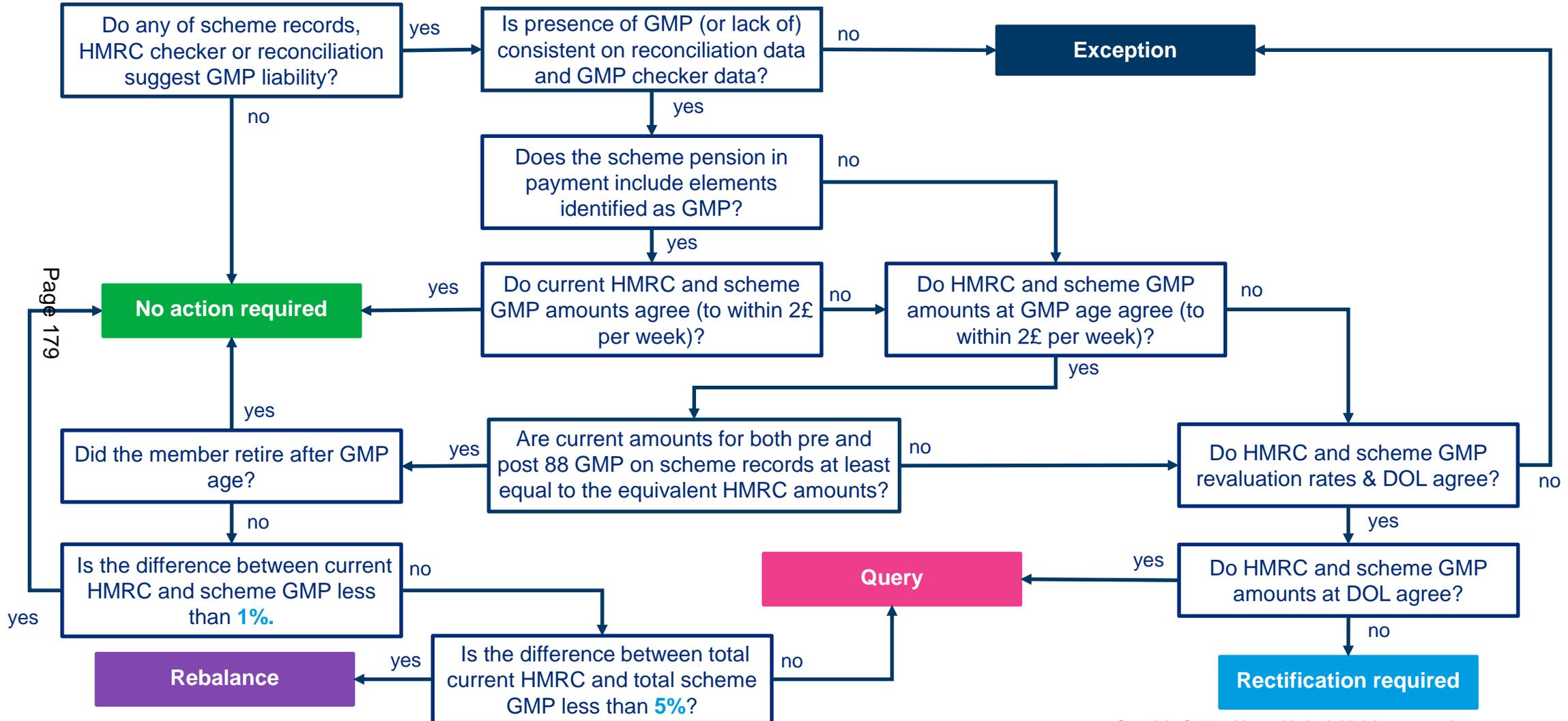
Comparing HMRC and scheme records

- In most cases, differences between scheme and HMRC GMP arise at the date of cessation of contracting out. However, for current pensioners and dependants, this data is not always available and generally the most reliable data source will be the GMP currently in payment.
- For this reason, and to reflect the fact that the HMRC checker data for pensioners members with benefits in payment that are over GMP Age is readily available, the initial check is the current GMP in payment. Where this does not match, we then check the GMP from each source at GMP age (where available) and then finally the GMP at the date of cessation of contracting-out.
- Pensioner members are then allocated into one of five categories as described on page [7] and a high level flow chart of the process followed is included on page [17].
- A similar approach is used for dependant members and a high level flow chart of the process followed is included on page [18].

Members who retired after GMP age

- Where GMP is put into payment after GMP age, schemes are required to apply a statutory late retirement factor.
- However, as HMRC have no knowledge of whether a member retires after GMP age, they only hold the GMP amounts that would have been paid had the member retired at GMP age (i.e. they make no allowance for the statutory late retirement factor).
- Administrative practice of how benefits are increased on late retirement or after GMP age vary from scheme to scheme and are often updated over time. It is therefore not straightforward to compare the scheme GMP with HMRC GMP where a member retired after GMP age.
- Where a member retired after GMP age, we believe it is reasonable that where scheme and HMRC GMP agree at GMP age, we categorise a member as “no action required” provided that the scheme GMP is no less than the HMRC GMP at GMP age, increased by the statutory late retirement factor that would have applied on retirement.
- This treatment of members who retired after GMP age is also included on the following slide.

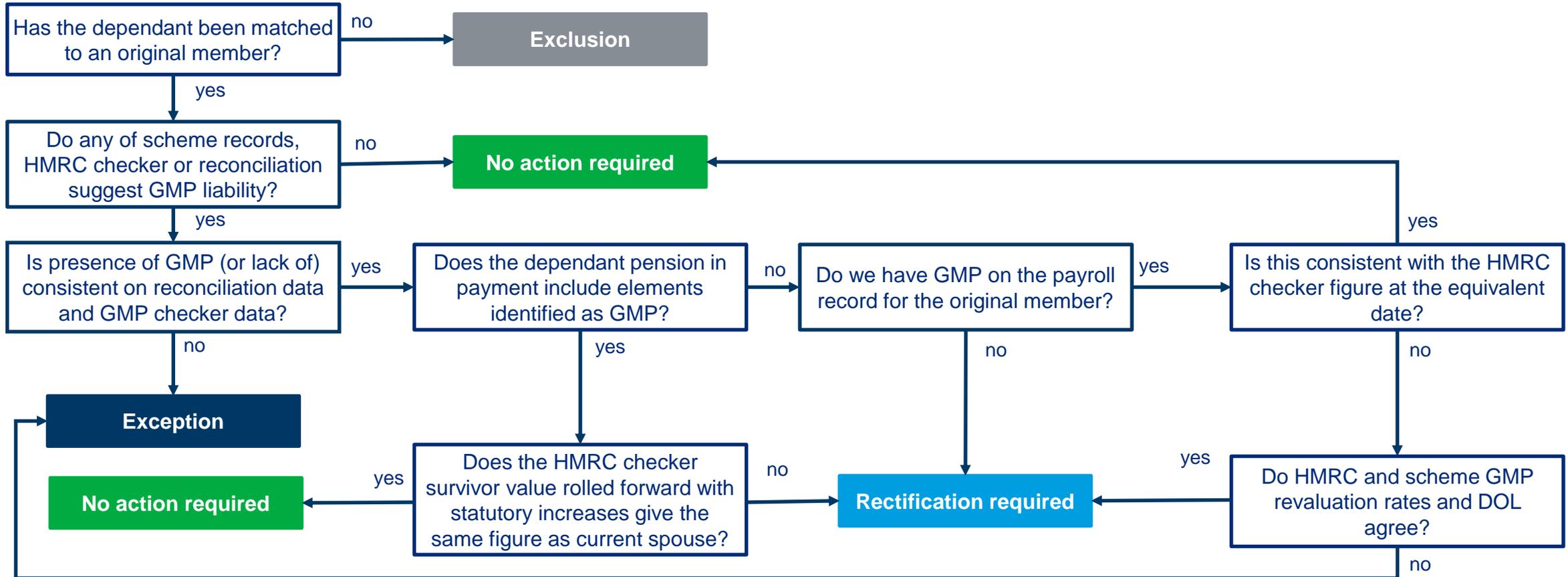
In scope population: pensioner members over GMP age



Page 179

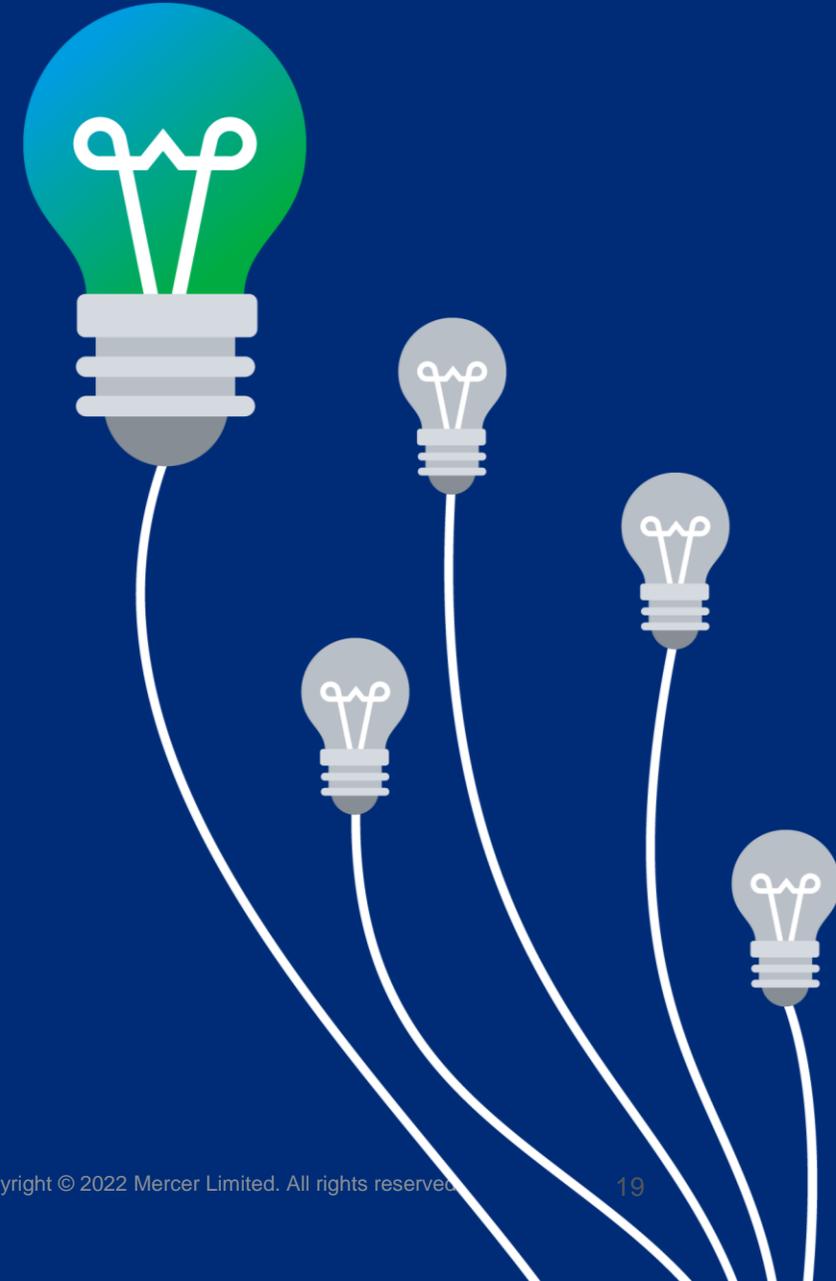
In scope population: dependant members

Page 180



Important notes

- This paper is addressed to the Trustees of the [Isle of Wight](#) for purpose of providing an overview of the proposed approach to rectification and historic equalisation of the GMP of the members of the Isle of Wight (“the purpose”) as set out in the Engagement Letter dated [\[date\]](#).
- This report has been prepared in accordance with Technical Actuarial Standards TAS 100: Principles for Technical Actuarial Work as issued by the Financial Reporting Council.
- This paper is confidential and may not be disclosed in whole or in part to any third party without Mercer’s prior written consent, unless required by law or order of a court or regulatory body.
- This paper is correct as of [\[date\]](#) It will not be updated unless requested.
- Mercer retains all copyright and other intellectual property rights in the paper.
- We are not lawyers. We are unable to give legal advice. If you think such advice is appropriate you are responsible for obtaining your own legal advice.





IOW COUNCIL LOCAL GOVERNMENT PENSION SCHEME Appendix 6

Key Performance Indicators (KPI)

Summary of categories for period 1 September 2023 - 30 November 2023

KPI Category	Complete at End of Period	# Completed Within KPI Target	% Complete Within KPI Target
Aggregation - Initial Aggregation Letter	77	57	74.0%
Aggregation - Processing from election or auto after 12 months	76	34	44.7%
Deaths – initial letter acknowledging death of member	49	47	95.9%
Deaths – letter notifying amount of dependants pension	52	51	98.1%
Divorce quote – letter detailing cash equivalent value and other benefits	8	7	87.5%
Emails - acknowledgment to email	565	561	99.3%
Employer Quote - letter notifying cost and benefit estimate	43	43	100.0%
Joiners – notification of date of enrolment/checking starters	340	338	99.4%
Member Quote - letter notifying estimate of benefits	18	17	94.4%
Payroll Input - to complete input	199	177	88.9%
Payroll Input checking - checking input	202	200	99.0%
Phone - calling member back/CRM	256	255	99.6%
Post - renaming and assigning follow on task	233	233	100.0%
Refund - Officer Check	74	69	93.2%
Refund - Process Refund Quote	78	76	97.4%
Refund – Process and pay a refund	55	55	100.0%
Retirement - RETOP - ill health, Redundancy, Flexible	15	3	20.0%
Retirement - Variation to pension	8	7	87.5%
Retirements – process and pay pension benefits on time	82	53	64.6%
Retirements – RETOP Normal/Early	171	69	40.4%
Transfer In - Membership Request - Quote	32	29	90.6%
Transfer in - processing transfer in altair - ACTUAL	16	14	87.5%
Transfer out - ACTUAL	10	4	40.0%
Transfer out - QUOTE	21	21	100.0%
Transfers in - requesting payment - ACTUAL	20	8	40.0%
Transfers in – letter detailing transfer quote	19	13	68.4%
Grand Total	2719	2441	89.8%

This page is intentionally left blank

Membership by Interaction With MSS & Member Status



Membership by MSS Authorisation Status & Member Status

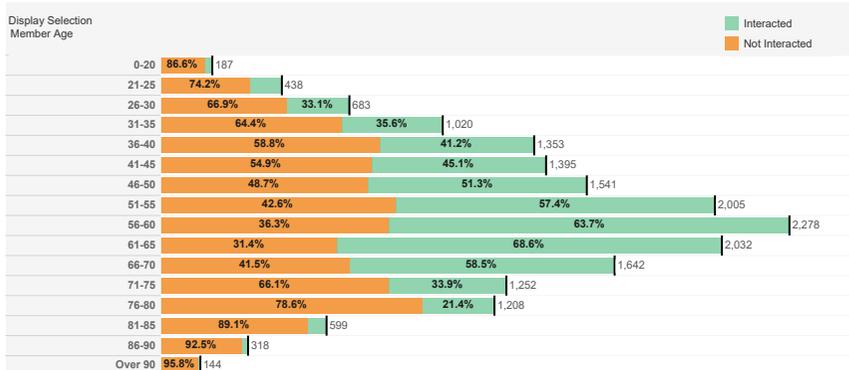
Member Status	Interacted						Not Interacted		Grand Total
	Account Activated by Email	Disabled	Password & Security Q Reset Issued	Password Reset Issued	Registered	Security Q Reset Issued	Not Registered		
1: Active	146	42	4	40	2,204	4	1,945	4,385	
2: Undecided Leaver	2				41		53	96	
4: Deferred Pensioner	359	55	2	57	2,662	4	3,327	6,466	
5: Pensioner	167	73	1	73	2,300	1	2,976	5,591	
6: Widow/Dependant	9	5		4	114		620	752	
9: Frozen Refund	11	1			56		737	805	
Grand Total	694	176	7	174	7,377	9	9,658	18,095	

Not Interacted/Registered Member Breakdown

Scheme Description	Location/Em.	Status Description	Count	Percentage
001: Isle of Wight Council	00001: ISLE OF WIGHT C.C	4: Deferred Pensioner	27	0.3%
		5: Pensioner	267	2.8%
		6: Widow/Dependant	101	1.0%
00002: MEDINA B.C		4: Deferred Pensioner	3	0.0%
		5: Pensioner	76	0.8%
		6: Widow/Dependant	35	0.4%
00003: SOUTH WIGHT B.C		4: Deferred Pensioner	9	0.1%
		5: Pensioner	59	0.6%
		6: Widow/Dependant	30	0.3%
00004: IOW J T.CREMATO RUM CO.		5: Pensioner	1	0.0%
		6: Widow/Dependant	2	0.0%
		5: Pensioner	5	0.1%
00005: YARMOUTH		6: Widow/Dependant	5	0.1%

Membership by Interaction With MSS & Member Age

Chart is sorted by age profile
Y axis can be changed using drop down



Membership by Days Since Last Logged on to MSS

If you like to break down the Days since last logged on into smaller group then please select "Yes" on the Break out by Days Parameter and specify the bin size.



This page is intentionally left blank

IOW COUNCIL LOCAL GOVERNMENT PENSION SCHEME

Employer compliance with Pensions Admin Strategy

Statistics for September 2023 submissions as @ 22 October 2023

Appendix 8

Select Month to Review

September

Body	Scheme	Type	Establishment
Barnardos 2021	LG	STD	
Bembridge Parish Council	LG	STD	
Cowes Enterprise College	LG	STD	Caterlink
Cowes Enterprise College	LG	STD	Dataplan
Cowes Harbour Commissioners	LG	STD	
Cowes Town Council	LG	STD	
Fishbourne Parish Council	LG	STD	
Gurnard Parish Council	LG	STD	CAIW
IOW Schools	LG	STD	Capita
IOW Schools	LG	STD	Strictly Education
Island Free School	LG	STD	Strictly Education
Island Roads	LG	STD	Eurovia
Isle of Wight College	LG	STD	
Isle of Wight Council	LG	STD	
Keys Group	LG	STD	
Lanesend Primary	LG	STD	Strictly Education
Newport & Carisbrooke Communit	LG	STD	CAIW
Northwood Parish Council	LG	STD	CAIW
Northwood Primary	LG	STD	Strictly Education
Ryde Academy	LG	STD	CleanTEC
Ryde Academy	LG	STD	MHR
Ryde Town Council	LG	STD	CAIW
Sandown Town Council	LG	STD	CAIW
Shanklin Town Council	LG	STD	
Southern Housing Group	LG	STD	
Southern Vectis	LG	STD	Go North East
Sovereign Housing Group	LG	STD	
St Blasius Primary	LG	STD	Strictly Education
St Catherines Schools	LG	STD	
St Francis Primary	LG	STD	Strictly Education
Top Mops	LG	STD	
Ventnor Botanic Garden	LG	STD	
Wootton Bridge Parish Council	LG	STD	

September 2023		TOTALS (Year to Date 2023/2024)	
Payment Late	Return Late	Payment Late	Return Late
N	N	0	0
N	N	0	0
N	N	0	0
N	N	0	3
N	N	0	0
N	N	0	0
N	N	1	0
N	N	0	0
N	N	0	1
N	N	1	0
N	N	0	0
N	N	0	0
N	N	3	0
N	N	0	0
N	N	3	3
N	N	0	0
N	N	0	0
N	N	0	0
N	N	0	0
N	N	1	1
N	N	0	0
N	N	0	0
N	N	0	0
N	N	0	0
N	N	0	0
N	N	0	0
N	N	0	0
N	N	0	1
N	N	2	0
N	N	0	0
N	N	3	0
N	N	1	0
N	N	0	1
		15	10

This page is intentionally left blank

Isle of Wight Pension Fund
Breaches Log 2023

Reference	Date entered in Register	Title of Breach	Owner of Breach	Party which caused the breach	Description and cause	Possible effect and wider implications	Category of Members and Number of Members Affected	Initial (re)action	Assessment of breach (red/amber/green) Brief summary of rationale	Reported to the Regulator Yes / No And outcome of report	If reported Name of reporter	Further actions taken to rectify Breach	Outstanding actions (if any) & date breach closed
Page 189 2023-01	16-Nov-23	IWC elected member LPB rep	Pension Fund Manager	IW Council (as employer)	After three full council meetings (July, September and November 2023), no appointment has been made to fill the vacant elected member employer representative. Vacancy caused by resignation of former representative in May 2023. Emails had been sent to all elected members, and leaders of all political groups.	Unequal representative of scheme members and employers on LPB. Non-compliance with legislation. Possible intervention by TPR	All	Email sent to Monitoring Officer, Director of Finance, chairs of LPB and committee 16-Nov-23. Chased on 29-Nov-23. Email sent to Hymans Robertson LLP for guidance 16-Nov-23. Committee members agreed at 22-Nov-23 meeting to republish with their respective groups.	Amber at present. Seeking guidance from Hymans about next steps and implications of reporting breach.				

This page is intentionally left blank

Incident Report

Incident Reference	PRB008219
Date Of Incident	18/07/2023
Description of Incident	Insights slow performance and delayed extracts
Actions Taken to Resolve Incident	The Insights cluster of servers were using 100% of their available resources - the usual average level of utilisation is approximately 30%. After a few initial changes to increase the available resources and manual manipulation of unnecessary services across the cluster, it was apparent that the utilisation was unlikely to return to normal levels. To minimise the impact to users, a full restart of the Insights cluster of servers was initiated. Initial tests and monitoring following the restart showed utilisation had returned to approximately 30% across all the servers, and performance levels for users was restored to normal.
Times of Resolution	12:05pm
Actions required to mitigate against a recurrence	Analysis of the logs has not uncovered any specific cause of the increased utilisation; however, the increase appears to have begun on the previous day. We are currently in the process of upgrading the platform that hosts the Insights cluster to allow for growth - this will increase the resources available to the cluster. This upgrade and migration will be completed over the coming weeks, in the interim the current cluster will be closely monitored for any early indication of a repeat of this incident.



This page is intentionally left blank

Incident Report

Incident Reference	PRB008292
Date Of Incident	26/09/2023
Time Incident First Reported	13:39
Description of Incident	<p>Emails from Heywood Services are being blocked, specifically to member email addresses on any of the 3 Microsoft consumer email domains (Hotmail, Outlook and Live) and only emails that our systems send using our customers' environment – emails sent from our pensiondetails.co.uk domain are not affected.</p>
Actions Taken to Resolve Incident	<p>All emails sent by our systems pass through our mail filtering service on egress. Email security is continually evolving to combat the increase in malicious and junk email. Whilst we already use authentication techniques such as DKIM keys, DMARC records and SPF configuration to aid in the validation of emails we send on behalf of our customers, the Microsoft email filtering services are now validating the source IP address of the sending servers. By adding an additional verification step that proves to our mail filtering service that we are authorised to send email from our customers' email domain on their behalf, the email source for that customer will not be blocked by Microsoft.</p>
Actions required to mitigate against a recurrence	<p>The action for resolution of the issue is on a per customer, per domain basis, and the changes made are the mitigation against this issue re-occurring. We have multiple options available to achieve this, which we are offering to each customer to allow them to choose the option that suits their requirements.</p>



This page is intentionally left blank

Apache ActiveMQ Vulnerability - CVE-2023-46604

Problem Details

Problem ID: PRB008344

Type: Problem

Functional Area: Data

Date Added: 15-Nov-2023 13:44

Target Release: Altair 23.4

Description

Problem Summary: Active MQ Vulnerability - CVE-2023-46604

Description: CVE-2023-46604 is a potential vulnerability.

This vulnerability might affect Heywood products that utilise ActiveMQ. To mitigate this, we've incorporated the latest versions of ActiveMQ in 23.4 General Release.

Further information can be found on <https://activemq.apache.org/news/cve-2023-46604>.

This page is intentionally left blank

Update on CVE-2023-46604

[News](#) > [Update on CVE-2023-46604](#)

Summary

[CVE-2023-46604](#) was recently announced and it has caused quite a bit of traffic on the mailing lists and in Jira from users curious about its impact on both ActiveMQ Classic and ActiveMQ Artemis clients and brokers. In short:

- **Users of both ActiveMQ Classic and ActiveMQ Artemis brokers are recommended to upgrade.**
- **Users of any Java-based OpenWire client (e.g. Maven dependency on `activemq-client`) are recommended to upgrade (regardless of which broker you're using).**

New releases for all current branches were made available on the day the CVE was announced:

ActiveMQ Classic:

- [6.0.0](#)
- [5.18.3](#)
- [5.17.6](#)
- [5.16.7](#) (last release from this branch)
- [5.15.16](#) (last release from this branch)

ActiveMQ Artemis:

- [2.31.2](#)

CVE Overview

As stated in the official CVE description:

The Java OpenWire protocol marshaller is vulnerable to Remote Code Execution. This vulnerability may allow a remote attacker with network access to either a Java-based OpenWire broker or client to run arbitrary shell commands by manipulating serialized class types in the OpenWire protocol to cause either the client or the broker (respectively) to instantiate any class on the classpath.

Three things are required to exploit this vulnerability:

1. Network access
2. A manipulated OpenWire command (used to instantiate an arbitrary class on the classpath with a `String` parameter)
3. A class on the classpath which can execute arbitrary code simply by instantiating it with a `String` parameter

The manipulated command (i.e. #2) can be sent by a client to a broker or from a broker to a client so **both** are vulnerable.

ActiveMQ Classic Details

The ActiveMQ Classic broker ships with a handful of Spring dependencies including [org.springframework.context.support.ClassPathXmlApplicationContext](#) which is used to run Spring applications. This class is not only present on the broker, but it is an extremely common client-side dependency as well. It has [a constructor](#) which takes a `String` which can be an HTTP URL pointing to an XML application configuration file across the network.

The only known exploit of this vulnerability uses this `ClassPathXmlApplicationContext` to load a malicious XML application configuration file from somewhere on the network via HTTP. This malicious XML specifically defines the arbitrary code to be run on the machine with the vulnerability (i.e. broker or client).

ActiveMQ Artemis Details

ActiveMQ Artemis supports the OpenWire protocol and therefore has dependencies from ActiveMQ Classic for this support. These dependencies include the vulnerable code. However, Artemis doesn't ship Spring so there is currently no known exploit. Regardless, upgrading is still recommended.

This page is intentionally left blank



Purpose: For information

Committee Report

Committee	ISLE OF WIGHT LOCAL PENSION BOARD
Date	13 DECEMBER 2023
Title	GOVERNANCE SUPPORT UPDATE
Report of	PENSION FUND MANAGER

1. Executive Summary

- 1.1 As previously reported, the fund has engaged Hymans Robertson LLP to support in identifying work priorities, develop a sensible work plan and identify the areas where further support may be required.
- 1.2 This report encloses the update on activities undertaken since the last report, including progress against the previously identified high priority actions.

2. Recommendation(s)

- 2.1 That the Fund Governance Outlook update report, and related appendix, from Hymans Robertson be noted.
- 2.2 That the board continue to support the actions and approach to fund governance.
- 2.3 That the board supports the committee in continuing to pursue the conclusion of the Barnett Waddingham Structure options report.

3. Background

- 3.1 This report was presented to the pension fund committee at its meeting on 22 November 2023.

4. Corporate Priorities and Strategic Context

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

Pension Fund Strategic Aims

- 4.2 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.
- 4.3 The fund has also agreed the following objectives and beliefs, which are supported by information in this report:
 - 4.3.1 Effective governance not only ensures appropriate levels of control over the fund but can add value through correct resourcing and improved decision making.
 - 4.3.2 External advice from parties such as an investment consultant helps planning, risk management and decision making.
 - 4.3.3 Ensure compliance with the LGPS Regulations, other relevant legislation and the Pensions Regulator's Codes of Practice

5. Financial / Budget Implications

- 5.1 The ongoing costs from Hymans Robertson in providing this support for the fund are charged rates consistent with those set out in the submission document when the governance consultancy contract was originally awarded in 2018.
- 5.2 To date, no other external costs have been incurred, with work being delivered through the fund's existing financial and staffing resources, or through Hymans Robertson.

6. Legal Implications

- 6.1 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".
- 6.2 Maintaining business as usual activities, including the payment of pensioner benefits, implementing the investment strategy and maintaining accounting records, will ensure compliance with existing regulatory and legislative requirements.
- 6.3 Proper planning for future improvements in the governance framework will ensure the fund is prepared to comply with forthcoming changes including McCloud, the Pensions Regulator's General Code, and the outcomes of the Good Governance project.

7. Equality And Diversity

- 7.1 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.
- 7.2 There are no implications for any of the protected characteristics arising from items covered in the report.

8. Appendices Attached

- 8.1 Appendix 1: Hymans Robertson report – Fund governance outlook update November 2023
- 8.2 Appendix 2: high priority activities progress update

9. Background Papers

- 9.1 Isle of Wight Pension Committee 6 September 2023. Governance Support <https://iow.moderngov.co.uk/documents/s12526/ITEM%209a%20Governance%20Support.pdf>

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

This page is intentionally left blank

Isle of Wight Pension Fund

Fund Governance Outlook – Pension Fund Committee Update

November 2023

Susan McKenzie – Project Consultant

Andrew McKerns – Senior Governance, Administration & Projects Consultant

For and on behalf of Hymans Robertson LLP

Hymans Robertson LLP is a limited liability partnership registered in England and Wales with registered number OC310282.
A list of members of Hymans Robertson LLP is available for inspection at One London Wall, London EC2Y 5EA, the firm's registered office.
Authorised and regulated by the Financial Conduct Authority and licensed by the Institute and Faculty of Actuaries for a range of investment business activities. Hymans Robertson is a registered trademark of Hymans Robertson LLP.
A member of Abelica Global

Contents

	Page
Fund Governance Outlook – Pension Fund Committee Update	1
1 Background	3
2 What's changed since September 2023	3
3 Progress since September 2023	3
4 Outlook for next Period	5
5 Action Required	5
6 Plan on a page – 12 month timeline (attached)	5

1 Background

This paper refers to ITEM 10A Governance Outlook presented to Isle of Wight Pension Fund Committee in September 2023.

The purpose of this paper is to provide an update on quick wins and next steps agreed by the Committee on 6 September 2023.

2 What's changed since September 2023

The Administration team has been impacted by experienced staff leaving the Fund. This has resulted in a focus on urgent support for the administration team to ensure that the Fund can fulfil its obligations to its active members, pensioners, and employers.

As a result, there has been re-prioritisation of some activities. However, this re-prioritisation aligns with the guiding principles agreed on 6 September.

3 Progress since September 2023

3.1 Quick Wins

Fund Officers identified quick wins to alleviate pressure and reduce risk. 3 areas were initially identified:

3.1.1 Data Improvement Plan

This is an area of concern for the Fund and is a strong focus for the Pension Regulator (TPR). Fund Officers have several data quality initiatives underway, which should be brought together under a Data Quality Maintenance/Improvement Plan. That plan will evidence the Fund's good work in this area.

- Action agreed September 2023: Hymans and the Fund will work together to produce a Data Quality Management Plan by end March 2024
- **Update November 2023: The start of this activity has been impacted by the resourcing challenges within the Administration team, however, remains on track for March 2024.**

3.1.2 Conflicts of Interest Policy

The Fund currently relies on IOW Council's Constitution; however, the introduction of expected [Good Governance](#) recommendations should specify that the Fund maintains its own conflicts of interest policy. Hymans have produced a template which can be tailored to Fund specifics and remove reliance on Council Constitutional documentation.

- Action agreed September 2023: Hymans and Fund Officers will work together to produce a Conflicts of Interest Policy by end September 2023.
- **Update November 2023: This activity has been impacted by the resourcing challenges within the Administration team. A proposal to adopt a tailored Conflicts of Interest policy template is with Jo for decision later this calendar year, for presentation to Committee in February 2024.**

3.1.3 System Project – Implementation of immediate payments functionality

This is an area where current subject matter expertise should be directed, to reduce effort required on a resource heavy administration task. Implementation of this functionality would allow resource to focus on more value-add tasks.

- Action agreed September 2023: Matthew to seek support to accelerate immediate payments project utilising resource due to leave the Fund by end September.
- **Update November 2023: This activity has been superseded by the implementation of “enhanced admin to pay”. This decision was taken to alleviate pressure on the administration team processes and can be implemented with the assistance of Heywood resource (the third-party admin system provider).**
- **Immediate payments functionality will move to early 2024 implementation. NOTE: There remains a dependency on Council IT resource to execute this project in the time available.**

3.2 Pinch Points

Key person dependency (Jo Thistlewood) to be alleviated by recruitment of a Governance Officer. Role profile reviewed by Hymans and has been submitted to IoW CC HR department for assessment. This should be re-advertised as soon as possible.

A heatmap of current resource demands on existing Governance resource has been created and evidence areas where additional resource will be directed to support Pension Fund Manager.

3.3 Next steps

Next steps were agreed at Septembers Pension Fund Committee. Good progress has been made and is summarised below:

Next Step agreed at September PFC	Update as at November 2023
Explore opportunities for high priority activities	See attached Plan on a Page for status
Risk assessment of medium priority activities, exploring support options Validate low priority activities Fund and Hymans meet regularly to maintain focus on delivery	Ongoing support from Hymans Robertson in place with regular meetings to track progress and outsource work where possible. Assessment of medium and low priority activities, monitoring changes in priority levels and identifying new priorities is discussed at these meetings.
Commence quick win actions	See 3.1 above for update and status
Seek clear direction or decision on structural options paper	No decision made or direction provided. Working assumption remains valid: Fund continues to function in the long term and will have a fully trained and resourced team. Resource challenges being managed.
Report progress to Pension Fund Committee	Report to November Committee prepared

Summary of high priority activities noted below. See attached document for more detail.

Status	Activities
Complete	4
In progress / on track	17
At risk	3
Not Started	7
Total	31

Key Gap

Confirmation of decision or direction with regards structural options paper. Assistance sought to progress.

4 Outlook for next Period

Continued focus on high priority activities.

Ongoing Governance support from Hymans Robertson.

Ongoing Administration support from Hymans Robertson.

Continued assessment of medium and low priority activities, monitoring changes in priority levels and identify new priorities.

Regular progress reporting to Pension Fund Committee.

5 Action Required

The Pension Fund Committee is requested to:

Note the content of this update.

Continue to support the actions and approach to Fund Governance

Support conclusion of structural options paper.

6 Plan on a page – 12-month timeline (attached)

High Priority activities August 2023 – July 2024

NOTE: These timelines remain indicative and each activity will require detailed planning and resources.

This page is intentionally left blank

Isle of Wight - Fund Governance Outlook - 2023 onwards

Green - On track Within accepted tolerances. No threat to delivery	Amber - Minor lag Corrective action and/or replan required. Potential risk to delivery.	Red - Significant lag Corrective action and/or potential escalation required. High risk to delivery	Complete - task closed
---	--	--	------------------------

Workstream	Activities	Status	Priority	Effort	Fund Rep	Year End													
						Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24		
Actuarial	Tender	not started	High	High	Jo T	Procurement for Tender						Tender review			PFC Recommendation				
Admin	Annual benefit statements	complete	High	n/a	Admin	BAU PRIORITY													
	Pension Saving statements	complete	High	n/a	Admin	BAU PRIORITY													
	Maintaining KPI's	at risk	High	n/a	Admin	BAU PRIORITY													
	Pensioner Payroll - maintenance	on track	High	n/a	Matthew	BAU PRIORITY													
	Record-keeping (data retention)	not started	High	Medium	Jo T	Identify requirements for record keeping policy						Create record keeping policy			Scheduled review date				
	Academy participation policy	on track	High	Medium	Jo T	Create policy document						Policy to PFC							
Data	TPR Data scoring	on track	High	Low	Matthew	Analysis of requirements and create DQ plan						Socialise proposal and metrics in place			Plan in place	Execute plan			
BAU	Retention of staff	at risk	High	Medium	Matthew / Jo T	Retention plan						Execute retention plan							
Governance	Recruitment/Induction - officers	at risk	High	Medium	Jo T	SME backfill - TBC													
	Governance Compliance Statement	in progress	High	High	Jo T	Input to annual report													
Projects	Systems projects - immediate payments	not started	High	Medium	Matthew							Plan and execute implementation							
	Systems projects - Enhanced admin to pay	in progress	High	Medium	Matthew	Plan and execute implementation													
	GMP reconciliation - pensioner fixes	in progress	High	Low	Matthew/Jo T	Ascertain population						Work with provider to remediate members						Complete by 07/03/2024	
ACCESS	Pooling consultation	complete	High	Medium	Jo T	input to consultation													
	Operator procurement	in progress	High	Low	Jo T	Input to operator procurement						Evaluation panel ??						Operator Appointment	
Investments	Strategy review - selection exercise for private debt	in progress	High	Medium	Jo T	Review and agree strategy proposed by Investment Adviser													
	Strategy review - selection exercise for infrastructure solutions	in progress	High	Medium	Jo T	Review and agree strategy proposed by Investment Adviser													
	Regular updates on access/pools	in progress	High	Low	Jo T	Committee update			Committee update			Committee update			Committee update				
	Investment Strategy Statement	in progress	High	Low	Jo T	Investment Strategy Review													
	Move to ACCESS Bond - due diligence on Schroder replacement	in progress	High	Low	Jo T	ACCESS bond move													
Risk	Disaster recovery - including BCP, Cyber risk, scenario planning	not started	High	High	Jo T / Matthew	Identify requirements for DR						Create DR plan engaging 3rd parties as required			Test and implement DR plan				
	Internal dispute resolution guide	in progress	High	Medium	Jo T	Review current IDR guide						Agree review cycle							
	Reporting breaches DRAFT	complete	High	Low	Jo T	Committee review													
	Risk register	in progress	High	2022/23	Jo T	Committee review						Revisit approach to risk register							
Finance & Accounting	Stat accounts at end of fin year - in time to include in council acs	not started	High	Medium	Jo C	2022/23 draft published						Prep for Stat Accounts - input to Council							
	Annual report for PF - end Oct	in progress	High	Low	Jo C	Prep for Annual Report													
	Audit - liaising with Auditors - no forewarning - 2023 dates confirmed	in progress	High	High	Jo C, Matthew, Jo T	Answering auditor questions - 30/10 - 06/12													
	Maintain cashflows and day to day accounting	on track	High	Low	Jo C	BAU PRIORITY													
Committee and Board	Committee/board meetings cycle	on track	High	High	Jo T	PFC/LPB update		PFC update		LPB update		PFC update		LPB update		PFC update		PFC update	

This page is intentionally left blank



Purpose: For Decision

Committee Report

Committee	ISLE OF WIGHT LOCAL PENSION BOARD
Date	13 DECEMBER 2023
Title	PENSION FUND RISK REGISTER UPDATE
Report of	PENSION FUND MANAGER

1. Executive Summary

- 1.1 This report provides the pension board with the updated pension fund risk register following a detailed review of red and amber rated risks. It provides the board the opportunity to review the current position with regard to the pension fund's risks.
- 1.2 Following the board's review, the amended risk register will be presented to the pension fund committee for adoption.

2. Recommendation(s)

- | |
|--|
| <ul style="list-style-type: none">2.1 That the updated risk register is agreed. In particular:<ul style="list-style-type: none">2.1.1 The closure of one risk.2.1.2 The increase in score of three risks.2.1.3 The decrease in score of five risks.2.1.4 The resulting four red risks.2.1.5 The unchanged score of twenty risks.2.2 That the revised risk register is recommended to the pension fund committee for adoption at its meeting in February 2024. |
|--|

3. Background

- 3.1 Due to pressures on officer capacity, the risk register has not been reviewed since it was last presented to the Local Pension Board in April 2023.
- 3.2 Governance support provided by Hymans Robertson has supported the Pension Fund Manager in the review of high (red rated) and medium (amber rated) risks.
- 3.3 The results of the review of red risks were presented in summary to the pension committee at its meeting in November 2023. Following that meeting, the review of

amber risks was completed, and the results are presented below. Green rated risks are scheduled to be reviewed on 5 December 2023. A verbal update on any changes to the scoring of those risks will be provided at the meeting.

- 3.4 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 the risk register

Total number of risks: March 2023	29
Risks proposed to close	<u>(1)</u>
Total number of risks: December 2023	<u>28</u>

Table 2: risk register summary

	December 2023	March 2023
Red risks: VERY HIGH	2	2
Red risks: High	2	4
Amber risks: Medium	9	9
Green risks: Low	15	14
	<u>28</u>	<u>29</u>

4. Closed risks

- 4.1 One risk is proposed to be closed, being consolidated into another existing risk.

Table 3: closed risks

Risk	Previous Score	Justification
policy and decisions (G10)	9 Medium	Combined into existing risk “Governance arrangements (G1)”

- 4.2 The board is asked to confirm the closure of the above risk.

5. Increased risk scores

- 5.1 Following the most recent review, the following risks have been assessed as requiring an increased risk score.

Table 4: increased risk scores

Risk	Current Score	Previous Score
RESILIENCE (Key person risk (G3))	16 VERY HIGH	15 VERY HIGH
CAPACITY (Sufficient resources (A13))	16 VERY HIGH	12 HIGH
Pay and price inflation (F1)	8 Medium	5 Low

- 5.2 The score for the resilience (key person) risk has been reviewed and still deemed to be very high. The probability of a single point of failure event occurring has been increased from likely to very likely, hence the increase in risk score.
- 5.3 The score for capacity (resourcing) risk has increased to very high, following the resignation of a significant number of administration team staff.
- 5.4 Support offered by Hymans Robertson for both governance and administration is providing some mitigation, but the score cannot be reduced until internal resource and support is implemented. Action is required to reduce these risk scores.
- 5.5 The risk in respect of pay and price inflation has increased un score due to the ongoing fundamental uncertainty of the economy and the government’s latest forecasts for inflation. This risk will be monitored in conjunction with the fund’s actuary and investment consultants.
- 5.6 The board is asked to confirm the increased risk scores for the above risks.

6. Reduced risk scores

- 6.1 The scores of five risk are proposed to be reduced, as summarised below.

Table 5: reduced risk scores

Risk	Current Score	Previous Score
Cyber security (NEW 2)	13 HIGH	15 VERY HIGH
Investment pooling (I11)	9 Medium	12 HIGH
Changes to legislation (NEW 6)	9 Medium	12 HIGH
Employer fails to pay contributions (A3)	5 Low	8 Medium
Employer fails to provide data (A8)	5 Low	8 Medium

- 6.2 The likelihood of a significant exposure to cyber security risks has been reduced to unlikely, given the reliance on the council’s solutions and those of external software providers. This risk still remains high (rather than very high) as the impact of an attack would be major. Work to develop a fund-specific disaster recovery/cyber incident response plan continues.
- 6.3 The likelihood that the ACCESS pool fails to meet local requirements has been reduced, following the successful acquisition of the pool operator by Waystone Group, the progress being made on illiquid solutions within the pool, and the fund’s local selection of investment managers to fulfil its illiquid asset allocations. This risk should continue to be monitored.
- 6.4 The likelihood of the fund failing to react to changes in legislation has been reduced given the current good progress achieved in respect of the McCloud remedy data collection and analysis, and support in place from both Hymans Robertson and the

fund's administration system software provider. There is a danger this risk could increase again when government finally issue new requirements for other anticipated changes in legislation (good governance, employment cases, etc).

- 6.5 The likelihood of both risks relating to employers failing to provide to provide accurate data or pay contributions on a timely basis has been reduced, due to the improvements in administration functions following the implementation of the i-connect portal, and the ongoing monitoring of the fund's key performance indicators. It is possible that these risks could be closed, given the robust monitoring of KPIs and service standards by the Local Pension Board at each of its meetings.
- 6.6 The board is asked to confirm the reduced risk scores for the above risks.

7. Red risks

- 7.1 Following the latest review, it is proposed that four risks remain classified as the red-rated, the highest risk rating.

Table 6: Red-rated risks

Risk description	Current score	Previous score
RESILIENCE (Key person risk (G3))	16 VERY HIGH	15 VERY HIGH
CAPACITY (Sufficient resources (A13))	16 VERY HIGH	12 High
Cyber security (NEW 2)	13 High	15 VERY HIGH
ESG/RI and climate change (NEW3)	12 High	12 High

- 7.2 The detailed risk register showing the description and consequences of these red-rated risks and the proposed mitigation actions is presented as appendix 2 to this report.
- 7.3 Board members are asked to the note the above red rated risks.

8. Corporate Priorities and Strategic Context

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

Pension Fund Strategic Aims

- 8.2 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.

- 8.3 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:
- a) the funding position.
 - b) investment pooling and investment performance.
 - c) scheme administration and membership movements.
 - d) management and administration costs.
 - e) General Data Protection Regulation (GDPR) and communications.
 - f) financial systems.
 - g) Central government legislation and regulation changes.
- 8.4 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.

Responding to climate change and enhancing the biosphere

- 8.5 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

- 8.6 The pension fund has in excess of 17,000 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.
- 8.7 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.

9. Financial / Budget Implications

- 9.1 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, and the support provided by Hymans Robertson for governance matters, there are no direct costs incurred with the monitoring and updating of the risk register.
- 9.2 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.

10. Legal Implications

- 10.1 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".

- 10.2 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.
- 10.3 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.

11. Equality And Diversity

- 11.1 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.
- 11.2 There are no implications for any of the protected characteristics arising from items covered in the report.

12. Risk Management

- 12.1 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.
- 12.2 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.
- 12.3 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
- 12.4 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.

- 12.5 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.

13. Appendices Attached

13.1 Appendix 1 – Summary risk register at 1 December 2023.

13.2 Appendix 2 – Red risks at 1 December 2023.

13.3 Appendix 3 – risk scoring profile.

14. Background Papers

- 14.1 Isle of Wight Council Pension Fund Risk Management Policy
<https://www.isleofwightpensionfund.org/resources/risk-management-policy/>

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

This page is intentionally left blank

Risks Under Service Area - Pension Fund

Risk	Assigned To	current score: (1-Dec-23)	Review Date	Previous score: (27-Mar-23)	Change
RESILIENCE (Key person risk (G3))	Pension Fund Manager	16 RED	31/01/2024	15 RED	^
CAPACITY (Sufficient resources (A13))	Pension Fund Manager	16 RED	29/12/2023	12 RED	^
Cyber security (NEW 2)	Pension Fund Manager	13 RED	29/12/2023	15 RED	v
ESG/RI and Climate Change (NEW 3)	Pension Fund Manager	12 RED	29/12/2023	12 RED	=
Investment pooling (I11)	Pension Fund Manager	9 AMBER	29/12/2023	12 RED	v
Changes to legislation (NEW 6)	Pension Fund Manager	9 AMBER	29/12/2023	12 RED	v
Governance arrangements (G1)	Pension Fund Manager	9 AMBER	29/03/2024	9 AMBER	=
mismatch between investment and funding strategies (G7)	Pension Fund Manager	9 AMBER	29/03/2024	9 AMBER	=
Pension Fund accounts (G9)	Pension Fund Manager	9 AMBER	29/03/2024	9 AMBER	=
Pay and price inflation (F1)	Pension Fund Manager	8 AMBER	29/03/2024	5 GREEN	^
Knowledge and understanding (G2)	Pension Fund Manager	8 AMBER	29/02/2024	8 AMBER	=
Communications (A1)	Pension Fund Manager	8 AMBER	29/03/2024	8 AMBER	=
Longevity (F5)	Pension Fund Manager	8 AMBER	29/03/2024	8 AMBER	=
Employer fails to pay contributions (A3)	Pension Fund Manager	5 GREEN	29/03/2024	8 AMBER	v
Employer fails to provide data (A8)	Pension Manager (Administration)	5 GREEN	29/03/2024	8 AMBER	v
Professional advice (G5)	Pension Fund Manager	6 GREEN	30/06/2023	6 GREEN	=
Internal controls failure (G6)	Pension Fund Manager	6 GREEN	31/05/2023	6 GREEN	=
disclosure of information legislation (G8)	Pension Fund Manager	5 GREEN	31/05/2023	5 GREEN	=
Data quality (A2)	Pension Manager (Administration)	5 GREEN	29/03/2024	5 GREEN	=
Assessment of benefit entitlements (A11)	Pension Manager (Administration)	5 GREEN	29/03/2024	5 GREEN	=
Inappropriate long term investment strategy (I2)	Pension Fund Manager	5 GREEN	31/05/2023	5 GREEN	=
liquidity risk (I8)	Pension Fund Manager	5 GREEN	30/06/2023	5 GREEN	=
Other provider risks (I10)	Pension Fund Manager	5 GREEN	30/06/2023	5 GREEN	=
Investment Markets (NEW 4)	Pension Fund Manager	5 GREEN	31/05/2023	5 GREEN	=
Employer engagement (NEW 5)	Pension Fund Manager	5 GREEN	30/06/2023	5 GREEN	=
Freedom and Choice (F8)	Pension Manager (Administration)	4 GREEN	29/03/2024	4 GREEN	=
Ceasing benefits (A9)	Pension Manager (Administration)	2 GREEN	29/03/2024	2 GREEN	=
pandemic (all)	Pension Fund Manager	2 GREEN	31/05/2023	2 GREEN	=
policy and decisions (G10)	Pension Fund Manager	CLOSED	31/05/2023	9 AMBER	CLOSED

This page is intentionally left blank

Pension Fund Risk Register (Red risks)

Risk: RESILIENCE (Key person risk (G3)) (Id: 196) - Assigned To: Pension Fund Manager						
Description:				Inherent Rating:	Current Rating	Target Rating:
reliance on key people, lack of supporting resource, single points of failure CLOSED 9 Sep 22: combined with A13 for NEW risk REOPENED 23Nov22 and renamed at request of committee Consequence: Severe disruption if key staff are absent for any period of time. Review Date: 31/01/2024 Closed Date:				15 - Very High	16 - Very High (01/12/2023)	5 - Low
Mitigations / Actions	% Complete	Due Date	Assigned To	Update		
Governance support from Hymans Robertson commissioned and reported to committee. Fortnightly meetings with fund officers and Hymans Robertson personnel.	25	31/03/2024	Pension Fund Manager	update 13 Nov-23: underlying assumptions, and high priority items reported to PFC in September 2023. Regular update calls held. progress somewhat delayed due to administration staffing issues.		
work force plan to be developed, using IWC model	0	29/03/2024	Pension Fund Manager	update 15-Mar-23: no progress on this, subject to outcome of structure review. update 13-Nov-23: no significant progress, although administration team redesign is being progressed following significant number of staff resignations.		
Administration staff resources and technical support programme agreed with Hymans Robertson, for period of three months, to cover gaps following staff resignations, while service redesign work is completed. Following redesign, recruitment to new structure can begin.	50	31/01/2024	Pension Manager (Administration)	Update 13-Nov-23: questions on support contract raised by HR, Corporate Information Unit, and Procurement, has delayed the implementation of this contract - which was scheduled to start on 30 October 2023 for a period of three months. Expect to sign contract before 17 November 2023. Update 1-Dec-23: contract signed, support contract in place		
Barnett Waddingham to present options report from structure review to Council's Corporate Management Team on 4 April 2023	0	29/12/2023	Pension Fund Manager	Report not presented to CMT - to be discussed with Director of Finance, Chief Executive and Director of Corporate Resources on 12 May 2023 update 13-Nov-2023: report was reviewed, but action deferred until after completion of Council's structure review. Discussed with Chris Ward/Kerry Hubbleday 13 October; no further progress to report.		
Recruitment of three trainee posts to pensions administration team, to replace three resignations.	100	28/04/2023	Pension Manager (Administration)	recruitment complete - new staff start on 9 May 2023		

Mitigations / Actions	% Complete	Due Date	Assigned To	Update
commission external review of pension fund structure to ensure most effective and appropriate structure is in place - linking into Good Governance Project.	100	31/08/2022	Pension Fund Manager	<p>update 9-May-22: further competition launched via procurement portal to National LGPS Framework providers on 3 May. Deadline for submission of responses 24 May 2022; evaluation to be complete by 7 June, with award shortly thereafter and work to commence as soon as possible after award.</p> <p>update 30-May-22: 4 tender submission received by deadline - evaluation in progress.</p> <p>update 01-Jul-22: unable to identify preferred provider, so procurement process suspended 10 June 2022. Reworking of further competition documentation to be deferred until after award of custodian contract, so early August 2022,</p>
Financial Management staffing restructure changes Technical Finance Manager role to Pension Fund Manager, with 100% focus on Pension Fund. New cost centre to be created to separate Pension Fund Finance costs from mainstream Accountancy team.	100	01/04/2022	Pension Fund Manager	<p>update 9-May-22: structure now implemented, cost centre created and budget transferred. costs to be monitored via Finance Mini Service Board monthly.</p>

Risk: CAPACITY (Sufficient resources (A13)) (Id: 220) - Assigned To: Pension Fund Manager

<p>Description: Insufficient resources (staffing, financial) to deliver responsibilities - LGPS CLOSED 9-Sep-22: combined with G3 for NEW risk REOPENED 23-Nov-22 and renamed at request of committee</p> <p>Consequence: inability to pay benefits, unable to engage with stakeholders, inappropriate decisions, non-compliance with regulatory and best practice requirements</p> <p>Review Date: 29/12/2023 Closed Date:</p>	<p>Inherent Rating: 15 - Very High</p>	<p>Current Rating 16 - Very High (01/12/2023)</p>	<p>Target Rating: 9 - Medium</p>
--	---	---	---

Mitigations / Actions	% Complete	Due Date	Assigned To	Update
Governance support from Hymans Robertson commissioned and reported to committee. Fortnightly meetings with fund officers and Hymans Robertson personnel.	25	31/03/2024	Pension Fund Manager	update 13 Nov-23: underlying assumptions, and high priority items reported to PFC in September 2023. Regular update calls held. progress somewhat delayed due to administration staffing issues.
Ensure appropriate strategic planning is in place, identifying resource and budgetary needs and putting them in place as required	0	29/03/2024	Pension Fund Manager	update 13-Nov-23: support commissioned from Hymans Robertson for both governance and administration activities, which should alleviate immediate pressures, but at a significant financial cost.
Administration staff resources and technical support programme agreed with Hymans Robertson, for period of three months, to cover gaps following staff resignations, while service redesign work is completed. Following redesign, recruitment to new structure can begin.	50	31/01/2024	Pension Manager (Administration)	Update 13-Nov-23: questions on support contract raised by HR, Corporate Information Unit, and Procurement, has delayed the implementation of this contract - which was scheduled to start on 30 October 2023 for a period of three months. Expect to sign contract before 17 November 2023. Update 1-Dec-23: contract signed, support contract in place
succession planning for administration team	25	31/12/2023	Pension Manager (Administration)	update 16-May-22: will be factored into output of operational structure review. Update 02-02-23 Due to be reviewed by CMT 7 March 2023. Update 16-03-23 review CMT pushed back to April. Update 11-May-23: Awaiting review by 151 Officer and IWC Directors TBC. Update 01-Oct-23: Director of Corporate services reviewing Pensions Admin Team structure.

Mitigations / Actions	% Complete	Due Date	Assigned To	Update
next steps for structure review to be discussed between Chief Executive, Director of Finance and Director of Corporate Resources, including process for onward referral. meeting scheduled for 12 May 2023	0	29/12/2023	Pension Fund Manager	update 13-Nov-2023: report was reviewed, but action deferred until after completion of Council's structure review. Discussed with Chris Ward/Kerry Huddleday 13 October; no further progress to report.
commission external review of pension fund structure to ensure most effective and appropriate structure is in place - linking into Good Governance Project.	100	31/08/2022	Pension Fund Manager	update 9-May-22: further competition launched via procurement portal to National LGPS Framework providers on 3 May. Deadline for submission of responses 24 May 2022; evaluation to be complete by 7 June, with award shortly thereafter and work to commence as soon as possible after award. update 30-May-22: 4 tender submission received by deadline - evaluation in progress. update 01-Jul-22: unable to identify preferred provider, so procurement process suspended 10 June 2022. Reworking of further competition documentation to be deferred until after award of custodian contract, so early August 2022,

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: 29/12/2023 **Closed Date:**

Inherent Rating:

15 - Very High

Current Rating

13 - High

(01/12/2023)

Target Rating:

13 - High

Page 225

Mitigations / Actions	% Complete	Due Date	Assigned To	Update
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	29/03/2024	Pension Fund Manager	update 13-Nov-23: no progress to date.
Review TPR single code of practice requirements for cyber risk considerations and ensure compliant. (NB TPR combined code expected to be launched Sept 2022)	25	29/12/2023	Pension Fund Manager	Update 15-Mar-23: TPR expect to launch "General Code" in spring 2023. but reviewing cyber processes against expectations set out in draft code issued for consultation. First steps = assessment of IWC and Heywood controls at board meeting on 4 April 2023 update 28-Apr-23: TPR code delayed until July 2023. Board agreed good start, needs further work on evidencing testing of controls in place. Update 13-Nov-23: TPR code still not launched. Hymans Robertson have agreed to support with training and understanding of TPR requirements in advance of launch of code.

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.	50	29/12/2023	Pension Fund Manager	update 28-Apr-23: no progress to date update 13-Nov-23: included in high priority work following governance outlook review and support. Hymans have indicated that they can support with training and understanding of specific requirements of TPR code, but work must be carried out by IWC staff or external data risk specialists if needed.
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.	75	29/12/2023	Pension Fund Manager	update 13-Nov-23: all finance and administration staff have completed required internal training. Hymans have offered to support future training for committee and board members.
compliance with Council data security protocols and building access controls maintained. rolling annual mitigation	100	31/03/2023	Pension Fund Manager	
Cyber risk assessment tool (AON) to be completed, and action plan developed.	100	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 update 15-Mar-23: Cyber risk assessment tool completed and presented to Pension Board 26 October 2022. Actions identified to improve performance.

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

<p>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.</p> <p>Consequence: loss of returns through obsolete investments and/or stranded assets; reduction in the creditworthiness of individual investee companies should they fail to address climate change implications, for example moving away from fossil fuels. reduction in funding level, higher employer contribution rates. reputational issues. non-compliance with legislation/regulations/reporting requirements.</p> <p>Review Date: 29/12/2023 Closed Date:</p>	<p>Inherent Rating: 12 - High</p>	<p>Current Rating 12 - High (01/12/2023)</p>	<p>Target Rating: 9 - Medium</p>
--	---	---	--

Mitigations / Actions	% Complete	Due Date	Assigned To	Update
ESG/RI workgroup established to review fund's current beliefs and statements to ensure fit for purpose.	25	29/03/2024	Pension Fund Manager	2 meetings held to date update 9-May-22: no meetings held since November 2021, due to officer capacity update 13-Nov-23: no further progress.
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	29/03/2024	Pension Fund Manager	Update 9-May-22: consideration to be given to commissioning updated report for 2022-23. cost identified as £13k. update 28-4-23: to be reviewed as part of TCFD reporting compliance. Update 13-Nov-23: proposal for work plan has been received from Hymans Robertson, although further work deferred until such time as TCFD reporting for LGPS requirements are confirmed by central government. Indication that these will not come into force until 2024-25 reporting at the earliest.
consider requirements of UK Stewardship code	0	29/03/2024	Pension Fund Manager	
Membership of LAPFF to improve engagement with investee companies. Reporting of engagement to be improved.	50	29/12/2023	Pension Fund Manager	Update 28-Apr-23: LAPFF membership renewed for 2023-24. reporting of engagement to be improved. Update 13-Nov-23: membership of LAPFF continues, LAPFF communications shared with committee members as appropriate.
Fund has published responsible investment beliefs, set in 2019. To be reviewed to ensure still relevant and expanded where appropriate	0	29/12/2023	Pension Fund Manager	update 28-4-23: to be reviewed as part of TCFD reporting compliance.

Mitigations / Actions	% Complete	Due Date	Assigned To	Update
triennial valuation 2022 will model specific climate scenarios in determining likelihood of achieving funding targets, and setting contribution rates.	100	31/12/2022	Pension Fund Manager	update 4-Jul-22: assumptions for climate modelling agreed update 15-Mar-23: draft valuation report presented to pension committee on 8 February 2023. this included sensitivity analysis of results in three different climate scenarios.
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	100	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. update 15-Mar-23: ACCESS JC formally recommended that guidelines be considered by local funds.
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.	100	24/11/2022	Pension Fund Manager	Update 15-Mar-23: consultation response submitted 24 November 2022. Government have not yet issued their response, nor the regulations which enforce the requirements.

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

Agenda Item 11

LGPS Role	Pension Board	
Sum of Course Progress (%)	Column Labels	
Row Labels	Enrolled	Grand Total
Barbara Milton		
An introduction to LGPS Online Learning Academy	0	0
Current Issues	0	0
Module 1 - Committee Role and Pensions Legislation	0	0
Module 2 - Pensions Governance	0	0
Module 3 - Pensions Administration	0	0
Module 4 - Pensions Accounting and Audit Standards	0	0
Module 5 - Procurement and Relationship Management	0	0
Module 6 - Investment Performance and Risk Management	0	0
Module 7 - Financial Markets and Product Knowledge	0	0
Module 8 - Actuarial methods, Standards and Practices	0	0
Barbara Milton Total	0	0
Liz Kingston		
An introduction to LGPS Online Learning Academy	0	0
Current Issues	0	0
Module 1 - Committee Role and Pensions Legislation	0	0
Module 2 - Pensions Governance	0	0
Module 3 - Pensions Administration	0	0
Module 4 - Pensions Accounting and Audit Standards	0	0
Module 5 - Procurement and Relationship Management	0	0
Module 6 - Investment Performance and Risk Management	0	0
Module 7 - Financial Markets and Product Knowledge	0	0
Module 8 - Actuarial methods, Standards and Practices	0	0
Liz Kingston Total	0	0
Neil Cain		
An introduction to LGPS Online Learning Academy	0	0
Current Issues	0	0
Module 1 - Committee Role and Pensions Legislation	0	0
Module 2 - Pensions Governance	0	0
Module 3 - Pensions Administration	0	0
Module 4 - Pensions Accounting and Audit Standards	0	0
Module 5 - Procurement and Relationship Management	0	0
Module 6 - Investment Performance and Risk Management	0	0
Module 7 - Financial Markets and Product Knowledge	0	0
Module 8 - Actuarial methods, Standards and Practices	0	0
Neil Cain Total	0	0
Trevor Ould		
An introduction to LGPS Online Learning Academy	0	0
Current Issues	0	0
Module 1 - Committee Role and Pensions Legislation	0	0
Module 2 - Pensions Governance	0	0
Module 3 - Pensions Administration	0	0
Module 4 - Pensions Accounting and Audit Standards	0	0
Module 5 - Procurement and Relationship Management	0	0
Module 6 - Investment Performance and Risk Management	0	0
Module 7 - Financial Markets and Product Knowledge	0	0
Module 8 - Actuarial methods, Standards and Practices	0	0
Trevor Ould Total	0	0
Grand Total	0	0

This page is intentionally left blank