

Public Document Pack



Monitoring Officer
Christopher Potter

County Hall, Newport, Isle of Wight PO30 1UD
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Agenda

Name of meeting	LOCAL PENSION BOARD
Date	WEDNESDAY 6 APRIL 2022
Time	2.00 PM
Venue	COUNCIL CHAMBER, COUNTY HALL, ISLE OF WIGHT
Members of the Board	M Doyle (Chairman), N Cain, A Curzon, M Lilley, B Milton, T Ould, and Vacancy
	Democratic Services Officer: Megan Tuckwell democratic.services@iow.gov.uk

1. **Minutes** (Pages 7 - 14)

To confirm as a true record the Minutes of the meeting held on 21 July 2021.

2. **Declarations of Interest**

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

3. **Introduction** (Pages 15 - 42)

Members of the Board to receive introductory information on the Local Government Pension Scheme (LGPS) and the Isle of Wight Council Pension Fund (IWCPF), including an overview on governance, administration, investment, funding (including preparation for the 2022 valuation) and the future workplan.

4. **Board terms of reference and board member role profile:**

To confirm the terms of reference for the pension board (as adopted by the Full Council in November 2021), and to confirm the role profile for board members, as published on the pension fund website:

(a) Terms of Reference (Pages 43 - 56)

(b) Board Member Role Profile (Pages 57 - 60)

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

To receive the draft minutes from the most recent meeting of the pension fund committee held on 16 February 2022, and to receive copies of the governance documentation approved by pension fund committee since the last meeting including the decision matrix and risk management policy:

- (a) Pension Fund Committee – 16 February 2022 Minutes (Draft) (Pages 61 - 64)
- (b) Decision Matrix (Pages 65 - 72)
- (c) Risk Management Policy (Pages 73 - 90)

6. **Report from the Pensions Administration Team** (Pages 91 - 116)

To consider a report on administration statistics and employer compliance with end of month reporting and payment deadlines for the year 2021-22 to date, and to be advised on any complaints recorded and potential breaches of the law identified since the last meeting.

7. **Knowledge and Understanding** (Pages 117 - 118)

To consider the record of board members' training, and to and nominate a board member to undertaken future maintenance.

8. **Risk Management** (Pages 119 - 172)

To receive the draft risk register for discussion and recommendation to pension fund committee for adoption in May 2022.

9. **Governance Compliance Statement 2021-22**

To receive the draft governance compliance statement for the year ended 31 March 2022 for comment before its first presentation to pension fund committee in May 2022.

10. **Workplan** (Pages 173 - 176)

To discuss the work programme for forthcoming meetings of the Isle of Wight Pension Fund Committee and Local Pension Board.

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

Members to raise any other matters.

CHRISTOPHER POTTER
Monitoring Officer
Tuesday, 29 March 2022

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 – Geoff Wild on (01983) 821000, email geoff.wild@iow.gov.uk, or Deputy Monitoring Officer - Justin Thorne on (01983) 821000, email justin.thorne@iow.gov.uk.

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If you wish to record, film or photograph the council meeting or if you believe that being filmed or recorded would pose a risk to the safety of you or others then please speak with the democratic services officer prior to that start of the meeting. Their contact details are on the agenda papers.

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Minutes

Name of meeting	LOCAL PENSION BOARD
Date and Time	WEDNESDAY 21 JULY 2021 COMMENCING AT 10.00 AM
Venue	VIRTUAL (MS TEAMS)
Board Members	T Bull (Chairman), B Milton and T Ould
Also Present	Cllr C Jarman Matt Collier, Chris Potter, Jo Thistlewood, Megan Tuckwell, Chris Ward Ian Colvin (Hymans Robertson)

6. Minutes

6.1) Approval of Minutes of the meeting held on 7 July 2021

RESOLVED:

THAT the Minutes of the meeting held on 7 July 2021 be confirmed as a true record.

6.2) Matters Arising from the Minutes of the meeting held on 7 July 2021

Consideration was given to any matters arising from the minutes of the meeting 7 July 2021, and the following points were raised:

- a) With regards to Minute item 1.1(i), it was suggested that the Board may require refresher training to clarify their role regarding investment decisions. The Governance Advisor of Hymans Robertson suggested considering the following areas; was the decision made by the body with the appropriate delegated authority, did the committee receive professional advice, was the decision in line with the Fund's investment strategy, and was the decision in line with LGPS regulations and other legal requirements, and was a compliant manager appointment process followed.
- b) With regards to Minute item 1.1(ii), the Technical Finance Manager provided information regarding the appointment of UBS and confirmed that they were not selected solely as they were an ESG fund. It was clarified that the selection was made as part of the strategic asset allocation to rebalance the global equity portfolio, reducing performance risk by including both active and passive management.

- c) With regards to Minute item 3(c), the Board expressed the view that the current Investment Strategy Statement was out of line with current thinking particularly with regards to ESG/RI. The Board were not satisfied that the matter was being addressed quickly enough and expressed concern that there was no specific action plan in place to address what they believed to be the greatest financial risk facing the fund. It was confirmed that work on this area was underway and Hymans Robertson had been commissioned to establish the carbon footprint of the fund, to identify a starting position and highlight areas for future action. The Board confirmed they were satisfied with the workplan but were concerned with the pace. It was suggested that future reporting could include wider context and a comparison to other funds. It was advised that, in the Hymans Robertson carbon footprint baseline report, Baillie Gifford were identified as the fund manager with the highest contribution to the fund's carbon footprint. As a result they had been invited to deliver a presentation to the Committee at its meeting on 28 July 2021 to explain how they incorporate ESG/RI considerations into their portfolio selection, and to an extent justify their investment in those companies with a high carbon output.
- d) With regards to Minute item 5(a), Board Expenditure, the Technical Finance Manager provided clarification on the £1,250 cost of a development session ran in September 2020. This was a workshop held before the meeting on 23 September 2020, facilitated by Hymans Robertson on breaches of the law. Board members acknowledged this training event.

7. Declarations of Interest

No declarations were received at this stage.

8. Minutes of Pension Fund Committee meetings

The Technical Finance Manager presented the minutes of the meetings of the Pension Fund Committee held on 28 April 2021 and 2 June 2021. No comments were made at this stage and the minutes were noted.

RESOLVED:

THAT the minutes of the meetings of the Pension Fund Committee held on 28 April 2021 and 2 June 2021 be noted.

9. Board Operation

The Technical Finance Manager presented the documentation and welcomed discussion on the governance arrangements of the Board; including the composition of Board minutes, the availability of documentation, the Terms of Reference, and the process by which board members' concerns should be escalated. The Board agreed to meet informally to discuss these areas in depth before bringing this item back for formal consideration.

Concerns were raised in relation to the Board's terms of reference, as it was apparent that some comments made by the Board had not been included in the final version. This included concerns around terminology, particularly where the Board was referred to as 'the Local Pension Board of the Isle of Wight Council'.

Confirmation was sought with regards to the body responsible for defining the constitution of the Board, and the process for reviewing and changing that remit. The Monitoring Officer and the Governance Advisor of Hymans Robertson confirmed that the Isle of Wight Council was the legal entity responsible for constituting the Board, and as the administering authority, was responsible for developing the Board's terms of reference in line with legislative requirements. It was confirmed that if the Board identifies additional areas that would help them to fulfil their role then these should be considered for inclusion by the administering authority.

Board members commented that it was the responsibility of the Council to ensure that a Board was in place, although operationally the Board acts independently of the scheme manager and the administering authority. The independence of the Board was recognised, and it was agreed that the relationship between the committee and Board should be collaborative. The Board noted that the previous meeting (where the Board had set its own agenda) had worked well.

Questions were raised in relation to the process for recruiting additional board members. It had been suggested that the appointment of the scheme member representatives be alternated between the scheme manager and the trade unions, however this suggestion was not included in the final draft. Clarification was provided around the legislative framework on appointments, and the Governance Advisor of Hymans Robertson confirmed that the appointment process was determined by the administering authority.

RESOLVED:

THAT the Board meet informally to discuss the operation of the Board in depth before bringing this item back for formal consideration.

10. **Governance Updates**

The Technical Finance Manager provided a verbal update on the progress with the recruitment of a Governance Compliance Officer for the pension fund. It was advised that a job description had been developed in accordance with the Council's job evaluation process and had been approved by the Section 151 Officer. The next step was to advertise the position.

The process for recruitment and selection of an independent chair and additional board members was considered, and the Board reviewed the role profiles for board members and an independent chair. It was advised that the documents had been drafted in consultation with governance advisors at Hymans Robertson and had been circulated to the Board in advance for information.

Clarification was sought with regards to Paragraph 17 of the report which stated that the independent chairman must not be a member of the LGPS. It was confirmed that this would be corrected to specify the Isle of Wight LGPS, rather than the LGPS in general.

Clarification was sought with regards Section 5 of the Role Profile which stated that a member of the Board was not permitted to have a conflict of interest. It was confirmed that the terminology was taken directly from legislation and the practical solution would be to identify any potential conflicts and manage them as

appropriate. It was noted that the development of a Conflict of Interest Policy for board members was on the workplan, as the current policy was that of the Council which was not always relevant to Board members as they were not necessarily employees of the Council or councillors.

A number of comments on the role profiles had been submitted to the Technical Finance Manager ahead of the meeting and it was agreed that the Board would meet informally to go through these concerns. It was noted that to defer the agreement of the role profiles to the next meeting (September 2021) would in-turn delay the recruitment process.

RESOLVED:

- i) THAT the process for recruitment and selection of an independent chair and additional board members be noted.
- ii) THAT the role profile for the independent chairman be amended to specify that they must not be a member of the Isle of Wight LGPS (rather than the LGPS in general).
- iii) THAT the role profiles for the independent chair and additional board members be agreed, subject to further informal discussions with the Technical Finance Manager to consider the series of comments raised by the Board.

11. **Pension Board Annual Report**

The Chairman presented the Board's annual report for the year ended 31 March 2021. Since publication, the report had been amended to incorporate additional comments from board members. The Board were satisfied with the amended version of the report and it was agreed that the updated version would be provided to the Democratic Services Officer. Discussion took place regarding the annual report's presentation to the Committee at its meeting on 28 July 2021, and it was agreed that the amended version would be presented to the committee.

RESOLVED:

- i) THAT the updated version of the pension board's annual report (for the year ended 31 March 2021) be circulated by the Chairman.
- ii) THAT the updated version of the pension board's annual report (for the year ended 31 March 2021) be adopted and recommended to the Pension Fund Committee.

12. **Investment Strategy Statement (ISS)**

Consideration was given to the process by which the Investment Strategy Statement (ISS) was updated, and the process by which the fund's investment objectives (including those for ESG/RI) are reviewed and updated. The Technical Finance Manager advised that work would be done in terms of improving the statements around ESG/RI matters, and it was advised that preparation for the triennial valuation of the fund at 31 March 2022 was underway, which included a review of

the ISS. Clarification was sought on the timeline for this review and it was confirmed that the ISS would be reviewed as part of the valuation exercise in 2022.

RESOLVED:

THAT the update be noted.

13. **Draft Financial Results**

The Board considered the draft financial results for the year ended 31 March 2021, including a breakdown of expenditure. Questions were raised in relation to the adjustment in respect of the audit fee, and the Pension Fund and Treasury Management Accountant clarified this adjustment was for disclosure purposes, in accordance with the requirement to separately disclose external audit costs in the fund's accounts.

Questions were raised in relation to the internal recharges, and whether this was a standard fee as there had been no adjustment from the previous year. Clarification was provided around the separation of oversight and governance costs and administration costs for disclosure purposes.

The Board noted an increase in the investment management expenses and sought further information around this. It was confirmed that this related to significant discount on transaction fees incurred on the global equities mandate in the previous year, which had not been replicated in the current year. It was noted that the full copy of the draft financial results would be presented to the Pension Fund Committee at its meeting 28 July 2021.

RESOLVED:

THAT the draft financial results for the year ended 31 March 2021 be noted.

14. **LGA and Legislation Update**

The Technical Finance Manager presented the report which provided an overview of recent developments in the LGPS. No comments were raised, and the update was noted.

RESOLVED:

THAT the LGA and legislation update be noted.

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

The Pensions Manager presented the report on administration statistics, employer compliance with end of month reporting, payment deadlines, complaints, and potential breaches of the law identified since the last meeting. Attention was drawn to the updates on membership numbers, McCloud, KPIs, i-Connect, and GMP reconciliation.

Board members were advised of issues in relation to the fund's Additional Voluntary Contributions (AVC) provider's (Prudential) upgraded administration system which had impacted the allocation of AVC pension contributions and the paying out of

retirement benefits. The Board were reassured that the situation was under constant review and communications had been issued to all AVC members. It was reported that Prudential had self-reported the issue to the Pensions Regulator.

RESOLVED:

THAT the report from the Pensions Administration Team be noted.

16. **Workplan**

Consideration was given to the work programme for forthcoming meetings of the Committee and Board. The Technical Finance Manager advised that it was a working document which would be updated as necessary, and it was confirmed that future workshops (including ESG/RI) would be incorporated into the workplan. It was suggested that regular meetings between the chairman of the Board and the chairman of the Committee would be reintroduced to rebuild on the relationship between the two bodies. No further comments were made at this stage and the workplan was noted.

RESOLVED:

THAT the workplan be noted.

17. **Items circulated for Members Attention**

Consideration was given to the items circulated to board members since the last meeting. It was advised that information on the LGPS Conference in January 2022 organised by the LGA would be circulated in due course. No comments were made at this stage and the items were noted.

RESOLVED:

- i) THAT the items circulated for members' attention be noted.
- ii) THAT details on the LGPS Governance Conference to be held in January 2022 be circulated.

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

Board members were invited to raise any other matters.

- It was suggested that the recording of the LPSA ESG Conference Webinar (on achieving net zero emissions without compromising financial objectives) may be beneficial for Committee members. It was agreed that the link to the recording would be forwarded to staff for circulation.
- It was confirmed that future meetings of the Board would be held face-to-face, however the approach could be flexible due to the introduction of equipment which could facilitate hybrid meetings.

RESOLVED:

THAT the recording of the LPSA ESG Conference Webinar be forwarded to staff, for wider circulation to members of the Pension Fund Committee.

CHAIRMAN

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Isle of Wight Local Pension Board

Introduction meeting

6 April 2022

Jo Thistlewood, Pension Fund Manager

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Agenda Item 3

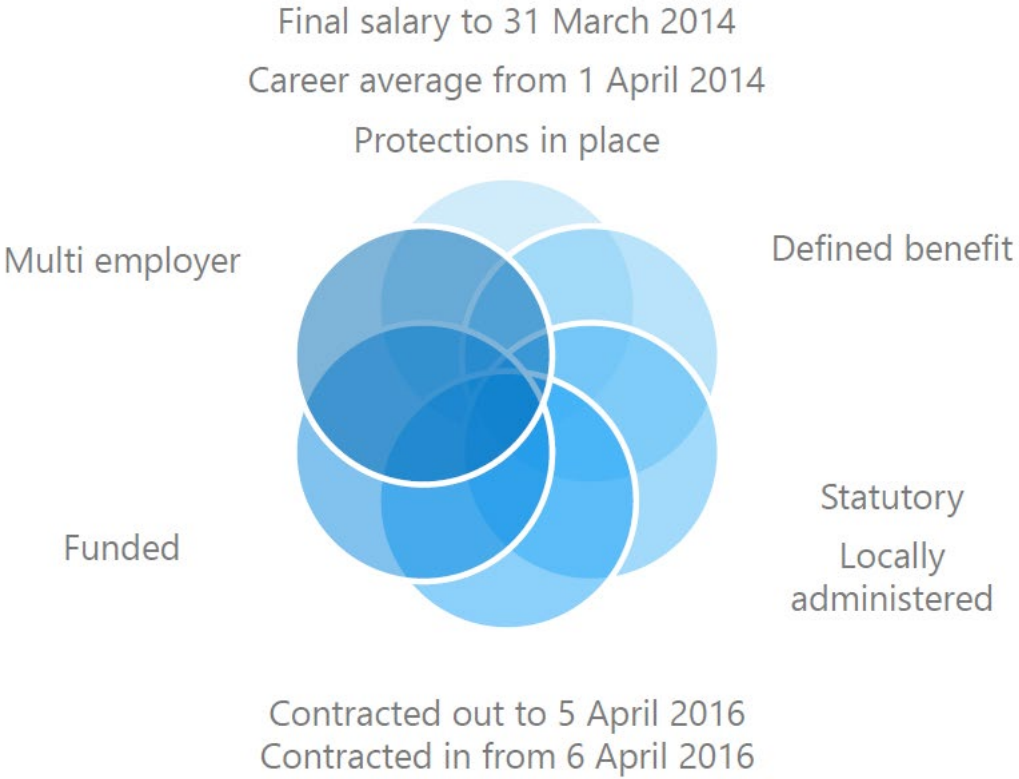
What will we cover?

- Local Government Pension Scheme
- Isle of Wight Council Pension Fund
- Role of the Pension Board

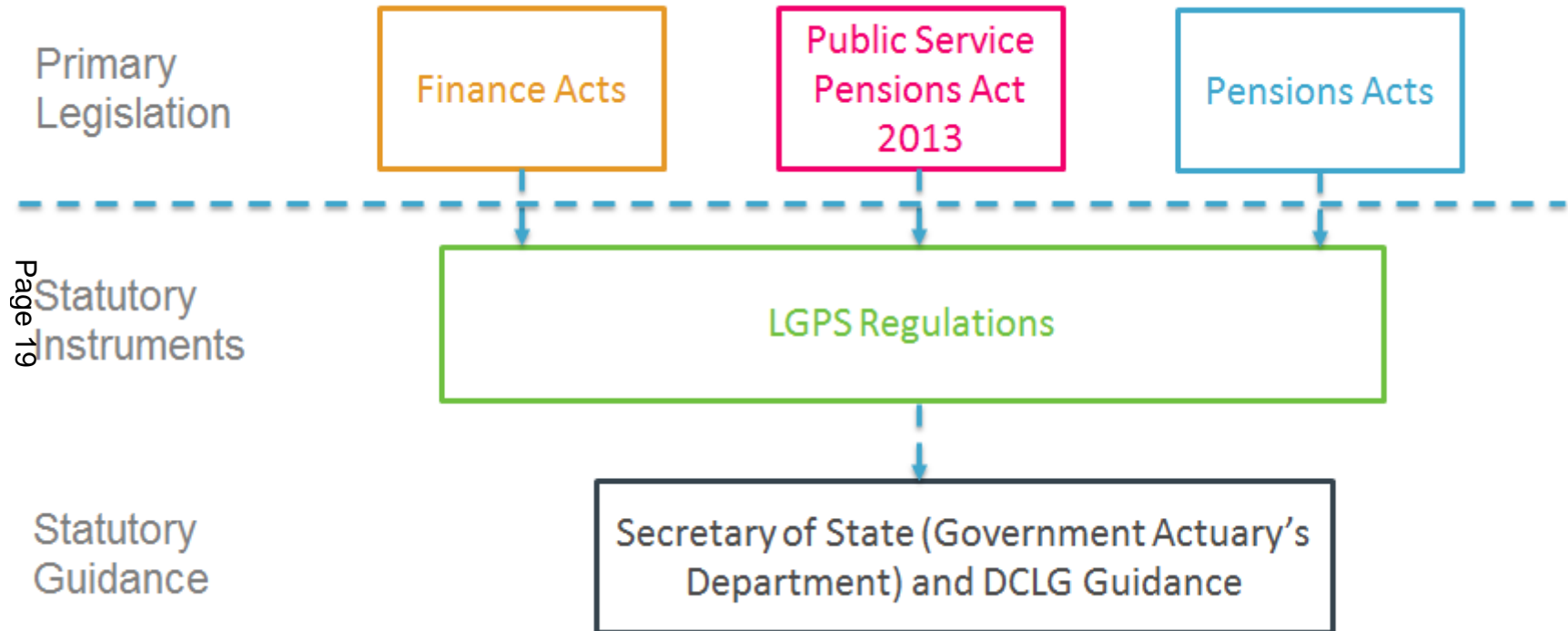
INTRODUCTION TO THE LGPS

Local Government Pension Scheme

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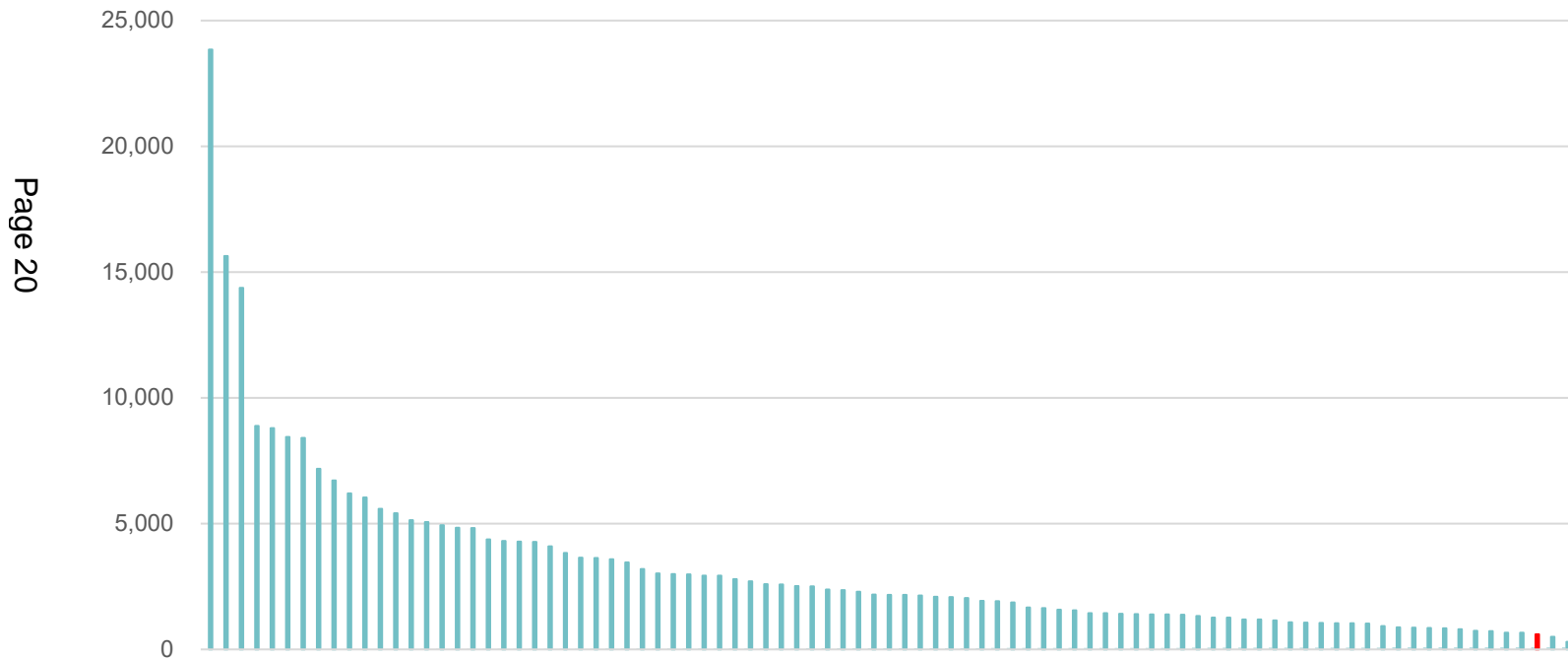
Statutory scheme ...



... Locally administered

- Total assets £291bn. IW assets £0.596bn

LGPS by Assets Under Management 2019



Defined benefit: LGPS Regulations

1997

- From 01/04/98 to 31/03/08
- Active members moved to LGPS 2008
- Final Salary Scheme
- Accrual rate 1/80th pension plus 3/80th retirement grant for this service
- Final salary link remains

2008

- From 01/04/08 to 31/03/14
- Active members moved to LGPS 2014
- Final Salary Scheme
- Accrual rate 1/60th pension for this service
- Lump sum: commute pension at 1:12
- Final salary link remains

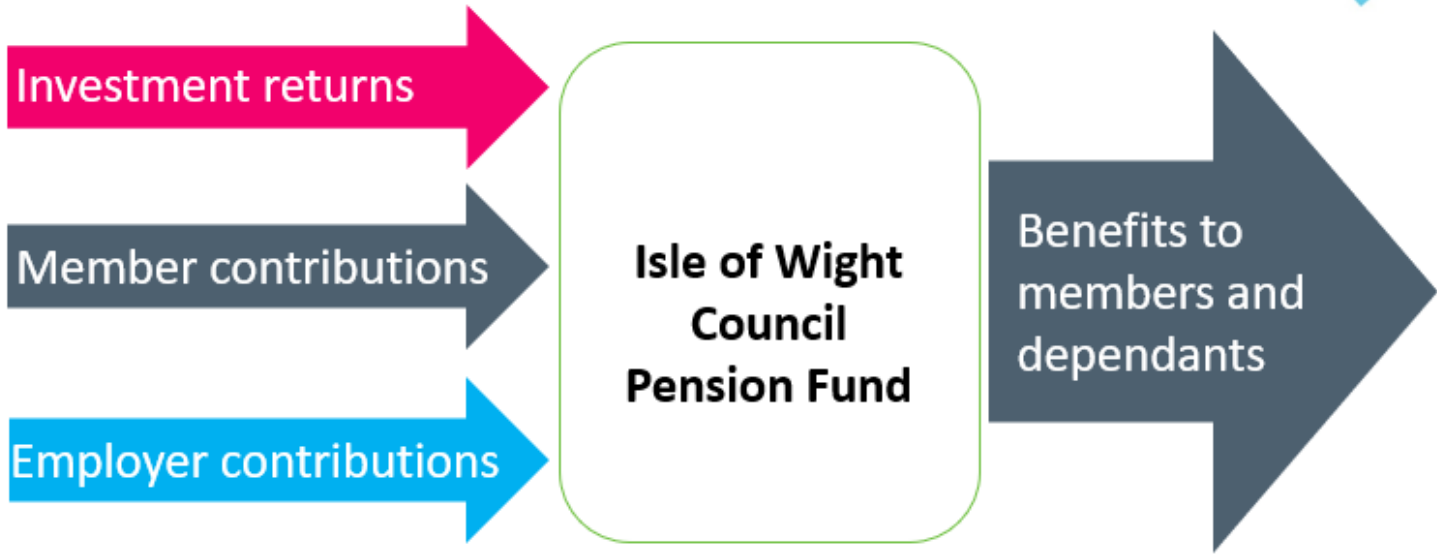
2014

- From 01/04/14
- Underpin protection for some
- Current Scheme
- CARE Scheme
- Accrual rate 1/49th +/- annual CPI revaluation pension
- Lump sum: commute pension at 1:12
- Cost cap could change future accrual rate
- McCloud / Sargeant case

All defined benefit, funded, statutory schemes

How the fund works

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Determined by investment strategy & manager performance

Determined by LGPS Regulations

Must meet balance of cost over longer term

Contributions

- EmployEEs' set nationally

Pensionable Pay for an Employment	Main section Gross Contribution	50/50 section Gross Contribution
£0 - £15,000	5.5%	2.75%
£15,001 - £23,600	5.8%	2.90%
£23,601 - £38,300	6.5%	3.25%
£38,301 - £48,500	6.8%	3.40%
£48,501 - £67,900	8.5%	4.25%
£67,901 - £96,200	9.9%	4.95%
£96,201 - £113,400	10.5%	5.25%
£113,401 - £170,100	11.4%	5.70%
£170,101 or more	12.5%	6.25%

- EmployERs' set locally by Independent Qualified Actuary

	Actuarial valuation	
	31-Mar-19	31-Mar-22
2020-21	£	
2021-22	£	
2022-23	£	
2023-24		£
2024-25		£
2025-26		£

ISLE OF WIGHT COUNCIL PENSION FUND

Isle of Wight Council Pension Fund

- Administering Authority: Isle of Wight Council
- Scheme Manager: Pension Fund Committee
- Section 151 Officer: Chris Ward
- Pension Fund Manager: Jo Thistlewood
- Pension Fund and Treasury Management Accountant: Jo Cooke
- Pensions Manager: Matthew Collier
- Democratic Support Officer: Megan Tuckwell
- Local Pension Board

Working together

Pension Committee locally agreed role

Administering Authority
power to delegate



LGPS Regulations 2013
Regulation 105



Role?

See constitution & terms of reference
& governance compliance statement

Local Pensions Boards statutory role

Prescribed in LGPS 2013 Regulation 106

To **assist** the administering authority to:

- secure compliance with:
 - LGPS & other legislation relating to Scheme governance & administration
 - requirements of the Pensions Regulator
- ensure effective & efficient governance & administration of the Scheme

And have *the power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions*

Advisers to IWCPF

- Actuaries: HYMANS  ROBERTSON
- Investment Consultants: HYMANS  ROBERTSON
- Governance advisers: HYMANS  ROBERTSON

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- Custodian:  Northern Trust

- Investment Pool:

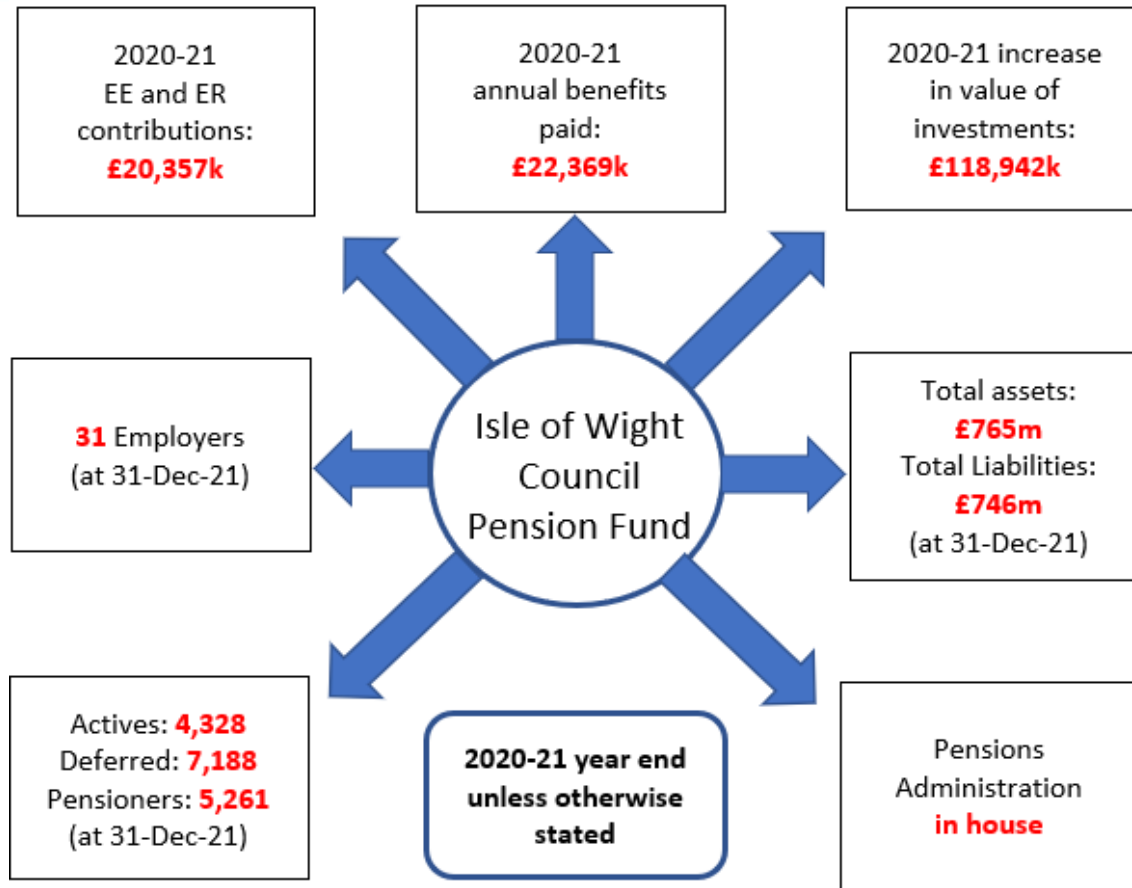


- Fund managers:



Summary facts and figures

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Investments at 31 December 2021

Asset class	Value £m	% of fund	Allocation %
UK Equity (active)	107.3	14.0%	12.5%
Global Equity (active)	183.5	24.0%	18.75%
Global Equity (passive)	143.1	18.6%	18.75%
Diversified Growth	120.9	15.8%	10%
Fixed Income	142.1	18.6%	22%
Property	42.4	5.5%	8%
Private Debt	20.4	2.7%	5%
Infrastructure	5.8	0.8%	5%
	£765.5m	100%	100%

ROLE OF THE LOCAL PENSION BOARD

Statutory position

To assist the Scheme Manager (Reg 106)

- to secure compliance with:
 - the Regulations,
 - any other legislation relating to the governance and administration of the Scheme, and
 - any requirements imposed by the Pensions Regulator; and
- to ensure the effective and efficient governance and administration of the Scheme.

What is the role of board members?

- Have a legal responsibility to “assist the scheme manager” in securing compliance with its obligations
- Expected to work closely with those who are managing the LGPS fund ensuring that those responsibilities are met.
- Ensure that the Pension Regulator’s requirements are met, many of which are focused on efficient and effective administration.
- Collective responsibility (senior officers and committee and board members) for the proper governance of the fund, including administration and communications matters.

CIPFA Guide for local pension boards



- Relationships with committee, officers, administering authority, pool, external suppliers
- Structure and operation
- External links – Scheme Advisory Board, the Pensions Regulator
TPR Code of Practice
Work programme and training

Regular monitoring – what?

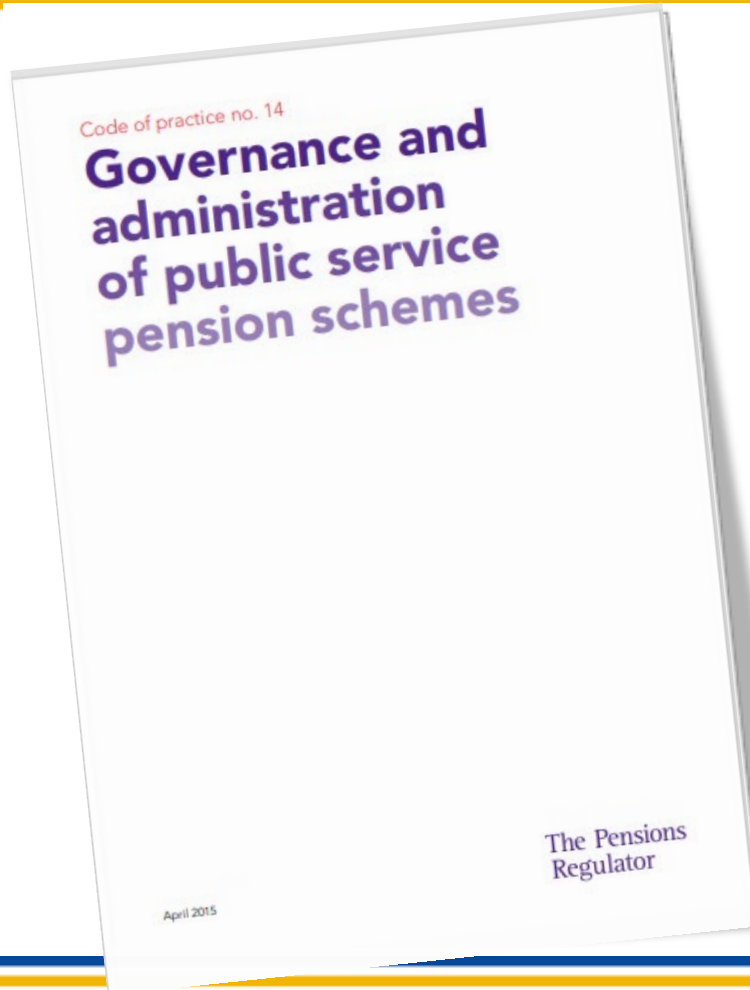
- Are KPI's being met?
- Breaches and errors
- Trends over time on tasks
- Customer feedback
- Data issues?
- Are employers meeting their requirements?
- Is the administration team delivering on the priorities on the business plan?

CIPFA guidance: board member role

- Administration and communications strategies are in place and are regularly reviewed
- Engage with your administration team, encourage transparency and be supportive.
- Identify the administration teams' current challenges, e.g. backlogs, data gaps, poor satisfaction scores, lack of time/resources to develop efficiencies and improvements.
- Develop a plan with clear actions and timescales to overcome current challenges: reviewing priorities, increasing resource, implementing new systems or procedures, outsourcing some of the rectification.
- Get regular updates showing progress against action plan.
- No “silver bullet” but clear plan of action.

Governance “Bible”

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Governing your scheme

- Knowledge and understanding required by pension board members
- Conflicts of interest
- Information to be published about schemes

Managing risks

- Internal controls

Administration

- Scheme record keeping
- Maintaining contributions
- Information to be provided to members

Resolving issues

- Internal dispute resolution
- Reporting breaches of the law

What do you need to know?

- Pensions Legislative and Governance Framework
- Pensions Accounting and Auditing Standards
- Financial Services Procurement and Relationship Management
- Investment Performance and Risk Management
- Financial Markets and Product Knowledge
- Actuarial Methods, Standards and Practices

Support is available

For public sector pension schemes:

- The Pensions Regulator toolkit

<http://www.thepensionsregulator.gov.uk/public-service-schemes.aspx>

For LGPS:

- Hymans Robertson “LGPS Online Learning Academy” *Accounts created for all board members*

<https://aspire.hymanslearning.co.uk>

For IWCPF:

- Committee and board development sessions

2022-23 key activities

- Triennial valuation – health-check; setting contribution rates for the next three years.
- McCloud remedy.
- Preparing for Pension Dashboard.
- Big consultation in summer:
 - Climate risk and reporting
 - Pooling
 - Levelling Up
 - Good governance project
- Policies review and refresh.
- Fund operational structure review.
- And more ...?

Work plan

- Four committee meetings – May, July, November, February
- Four board meetings – June, September, December, March (and this one!)
- Virtual development sessions each month on relevant topics.
- Regular contact between chairmen of board and committee.



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Purpose: For decision



Committee	FULL COUNCIL
Date	17 NOVEMBER 2021
Title	LOCAL PENSION BOARD
Report of	MONITORING OFFICER

EXECUTIVE SUMMARY

1. The purpose of this report is to seek approval of the revised terms of reference for the Local Pension Board and for appointments to be formally made to it.

BACKGROUND

2. The council is, by law, the administering authority and is required to establish a pension board under section 5 of the Public Service Pensions Act 2013 and under section 106 of the Local Government Pension Scheme Regulations 2013 (as amended).
3. The Local Pension Board is not a decision-making body and its statutory purpose of is, in effect, to assist the council (and more specifically the council's Pension Fund Committee) in ensuring the effective and efficient governance and administration of the Isle of Wight Local Government Pension Scheme.
4. The Board was established by decision of the Full Council on 21 January 2015 as from 1 April 2015, and a review has been recently undertaken, including a review of its terms of reference and the appointments process.
5. The suggested changes are, amongst other things, designed to make the terms of reference more reader friendly, not least through the inclusion of further headings, and to be more consistent and coherent.
6. The current terms of reference are set out on pages 44 – 46 of the council's constitution [PART 3 - Terms of Ref of Committees and boards.pdf \(moderngov.co.uk\)](#).
7. The review led to proposed revised terms of reference for the Local Pension Board as set out in Appendix 1 to this report.
8. Another outcome from this review was the need to look at how appointments are formally made to the Local Pension Board, and to make clear that it is the responsibility of the council as the administering authority to make appointments, including when nominations have been put forward.

9. Due to the current vacancy situation, the Local Pension Board is presently not quorate, and to rectify this, a recruitment exercise is being undertaken at the time of writing this report (8 November 2021), with the intention of appointments being made by the Council on 17 November 2021.
10. Appendix 2 to this report contains (at the time of writing this report) the names of persons put forward for appointment and will be further revised once the recruitment process has further progressed.

STRATEGIC CONTEXT

11. Good governance arrangements are essential to the delivery of the council's services and the decision-making process that support this.

CONSULTATION

12. This is ongoing at the time of writing this report.

FINANCIAL / BUDGET IMPLICATIONS

13. The costs of the Local Pension Board will be funded directly from the Pension Fund, and will have no direct impact on the council's budget at all.

LEGAL IMPLICATIONS

14. As set out in the report.

EQUALITY AND DIVERSITY

15. The council as a public body is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. It is not considered that the content of this report has any negative impact on any of the protected characteristics.

RISK MANAGEMENT

16. The council is required to ensure that the Local Pension Board is properly established and so this report is brought before the Council so that this obligation is met.

EVALUATION

17. This report informs the council of the need to make appointments and seeks to improve the terms of reference of the Local Pension Board.

RECOMMENDATION

18. That the revised terms of reference of the Local Pension Board in Appendix 1 be duly approved.
19. That the appointments to the Local Pension Board as set out in Appendix 2 (as revised) be duly approved.

APPENDICIES ATTACHED

20. Appendix 1
21. Appendix 2

BACKGROUND PAPERS

22. None.

Contact Point: Christopher Potter, Monitoring Officer, ☎ 821000 e-mail
christopher.potter@iow.gov.uk

CLAIRE SHAND
Director of Corporate Services

CLLR CHRIS JARMAN
Cabinet Member for Strategic Finance, Corporate
Resources and Transformational Change

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Local Pension Board (4 - 8 members plus an independent chairman)**1. Establishment**

- 1.1 The Isle of Wight Council is the Administering Authority and Scheme Manager for the Isle of Wight Council Pension Fund, part of the Local Government Pension Scheme, as defined in s.4 of the Public Service Pensions Act 2013 ('the Act').
- 1.2 It has established the Local Pension Board ('the Board') under s.5 of the Act and regulation 106 of the Local Government Pension Scheme Regulations 2013 (as amended), and the Board operates independently of the Pension Fund Committee
- 1.3 The Board is not a committee constituted under s.102 of the Local Government Act 1972 and therefore no general duties, responsibilities or powers assigned to such committees or to any sub-committees or officers under the Constitution, standing orders or scheme of delegation of the Administering Authority apply to the Board unless expressly provided.
- 1.4 The Board is accountable to the Scheme Manager and the Pensions Regulator.

2. Responsibility and Role of the Board

- 2.1 The responsibility of the Board, as defined by sections 5(1) and (2) of the Act, is to assist the Administering Authority as Scheme Manager in ensuring the effective and efficient governance and administration of the Local Government Pension Scheme (LGPS) including:
 - (a) securing compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS;
 - (b) securing compliance with requirements imposed in relation to the LGPS by the Pensions Regulator; and
 - (c) such other matters as the LGPS regulations may specify.
- 2.2 The Administering Authority retains ultimate responsibility for the administration and governance of the scheme.
- 2.3 The role of the Board is to support the Administering Authority to fulfil that responsibility and secure compliance with any requirements imposed by the Pensions Regulator.
- 2.4 In its role, the Board will have oversight of the administration and governance of the Fund including:
 - (a) the direction of the Fund and its overall objectives;
 - (b) the administration of benefits and contributions.
- 2.5 The activity of the Board can also include:
 - (a) reviewing the Fund's governance and policy documents, for adoption by pension committee;
 - (b) reviewing compliance with the Fund's governance and policy documents;
 - (c) reviewing the administrative programme of the Fund as part of the Fund's annual report;

- (d) reviewing ACCESS pooling as part of the Fund's annual report;
- (e) reviewing the ongoing arrangements for the training of Board members;
- (f) reviewing the Fund's Risk Register, for approval by pension committee;
- (g) reviewing audit and assurance reports; and
- (h) reviewing the Fund's website and other communication methods.

3. Membership, Eligibility, Nominations, and Appointments

3.1 The Administering Authority shall determine its membership.

Minimum and Maximum Numbers and Types of Board membership

3.2 The Board shall consist of a minimum of four members and a maximum of eight members plus an independent chairman

3.2 No substitute members are permitted.

3.3 It is constituted with an equal number of employer representatives and scheme member representatives as follows:

- (a) Minimum of two, maximum of four, employer representatives
- (b) Minimum of two, maximum of four, scheme member representatives

Employer representatives

3.4 For the minimum membership size of four members (plus an independent chairman), one of the employer representatives shall be an elected member of the council. The other employer representative will be selected for nomination by the other employers of the Fund using the following process:

- (a) the Scheme Manager will seek nominations from all external employers
- (b) candidates will provide short biographies
- (c) employers will be asked to select their preferred candidate
- (d) the Administering Authority shall determine which candidate to appoint.

3.5 Should the total number of members increase, additional employer representatives will initially be sought from the council but may also be sought from the external employers of the Fund.

3.6 The Administering Authority must be satisfied that a person to be appointed to the Local Pension Board as an employer representative has the capacity to represent all employers.

3.7 No officer or elected member of the Administering Authority who is responsible for the discharge of any function of the Administering Authority under the Regulations may serve as a member of the Board. Board representatives must therefore not be members of the Pension Fund Committee.

3.8 Where an employer representative vacancy occurs the Administering Authority shall seek to appoint a replacement as soon as practicable.

Scheme representatives

- 3.9 One of the scheme member representatives shall be nominated by a recognised trades union, which is responsible for arranging its own nomination of a suitable candidate, representing both active and retired members. If more than one nomination is received from two or more recognised trade unions, all such nominations shall be put forward for the Administering Authority to determine who to appoint to such a vacancy.
- 3.10 For all other scheme member representatives, the council will undertake a selection process by requesting expressions of interest from all active, deferred and retired members, with nominations put forward for the Administering Authority to determine who to appoint.
- 3.11 The Administering Authority must be satisfied that a person to be appointed to the Local Pension Board as a scheme member representative has the capacity to represent all scheme members.
- 3.12 Where a scheme representative vacancy occurs the Administering Authority shall seek to appoint a replacement as soon as practicable.

Independent chairman

- 3.13 There shall also be an independent chairman, appointed by the Administering Authority.
- 3.14 The chairman must have no pre-existing employment, financial or other material interest in either the Administering Authority or any scheme employer, nor be a member of the Isle of Wight Council Pension Fund. Such a chairman has no right to vote.
- 3.15 Where a vacancy occurs for the independent chairman position, the Administering Authority shall seek to appoint a replacement as soon as practicable.

Vice-chairman

- 3.16 The Board may appoint a vice-chairman on an annual basis from amongst its own number or in-year should a vacancy arise.
- 3.17 In the event that neither the chairman nor the vice-chairman are present, the Board members present may appoint one of their number to preside for the particular meeting.

Conflict of interests

- 3.18 No one may be appointed to the Board who has a conflict of interest that is considered by the Administering Authority to be prejudicial to the exercise of their functions as a Board member.
- 3.19 It is the responsibility of the Board member to provide any information required by the Administering Authority in order to determine whether such a conflict exists (see also 4 below 'Register of Interests and Code of Conduct').
- 3.20 A conflict arises where a financial or other interest is likely to prejudice a person's exercise of functions as a Board member (but does not include a financial or other

interest arising merely by virtue of membership of the scheme or any connected scheme).

Duty to comply with role profile and to attend arranged training

- 3.21 All Board members, whether scheme member or employer representatives, will be expected to comply with the role profile for Board members, published on the Pension Fund's website.
- 3.22 The Board shall establish and maintain a policy and framework to address the knowledge and skills requirements that apply to Board members under the Act and regulations. That policy and framework shall set out the degree of knowledge and skills required as well as how knowledge and skills are acquired, reviewed and updated.
- 3.23 Board members shall attend and participate in training arranged in order to meet and maintain the requirements set out in the knowledge and skills policy and framework. Where Board members attend external training, they will be required to provide a report back to the Board in order to share the knowledge gained with other Board members.
- 3.24 Following appointment, each member of the Board should be conversant with the legislation and associated guidance of the LGPS and any other document recording policy about the administration of the LGPS which is for the time being adopted.

Length of term of office and removal from office

- 3.25 The Chairman, each employer representative and each scheme member representative so appointed shall serve initially for a fixed four-year period from the date their appointment takes effect, which may be extended by decision of the Administering Authority for further four year terms, subject to remaining eligible, re-nomination and re-selection.
- 3.26 Any Board member can be removed by the Administering Authority for good cause. Without prejudice to the generality, it includes removal on the grounds of the employer representative appointed due to being a councillor ceasing to be an elected councillor for the Isle of Wight Council, the nominating body withdrawing their representative, a conflict of interest that cannot be managed, non-attendance, breach of code of conduct and non-participation in training.
- 3.27 Each Board member should endeavour to attend all Board meetings during the year and shall be required to attend at least two of the scheduled meetings each financial year. In the event of any Board member failing to do so, or other persistent non-attendance, (including failure to attend training sessions without reasonable cause) then the tenure of office of that member shall be reviewed by the Administering Authority.
- 3.28 Other than by ceasing to be eligible, a Board member may only be removed from office during their term of office by the Administering Authority.

4. Register of Interests and Code of Conduct

- 4.1 A register of interests is maintained by the Board to record and monitor its members interests and responsibilities.

- 4.2 The register of interests is reviewed annually by the Board and published on the scheme's website.
- 4.3 The principles included in the Isle of Wight Council Members' Code of Conduct shall apply to all members of the Board. Likewise, all other relevant Isle of Wight Council policies shall apply to members of the Board.
- 4.4 All Board members must declare to the Administering Authority on appointment and at any such time as their circumstances change, any potential conflict of interest that might arise as a result of their position on the Board, and complete a register of interests.
- 4.5 Where a conflict is identified, the Board and the Scheme Manager shall manage it by applying the principles contained within the Isle of Wight Council Members Code of Conduct (see Part 5 Section 3).
- 4.6 Where it is deemed impossible to manage a conflict, the Board member may be required by the Administering Authority to stand aside in relation to any specific issue being considered or, if necessary, resign their position on the Board or be removed by the Administering Authority.

5. Meetings

Frequency

- 5.1 There will be at least four Board meetings a year. Other meetings may be convened by the chairman with due notice as the Board determines.

Notice

- 5.2 The Administering Authority shall give reasonable advance notice to all Board members of every meeting of the Board which shall normally be at least 5 clear working days.
- 5.3 The agenda and supporting papers shall be distributed to members of the Board normally at least 5 clear working days prior to the meeting.
- 5.4 Any member of the Board may request that an item be added to the agenda for consideration, subject to that matter being relevant to the remit of the Board as set out in these terms of reference. Any items considered outside of the remit will be discussed with the chairman of the Board and the requestor notified of the outcome and rationale.
- 5.5 Subject to the requested item being valid, the Administering Authority will schedule the item of business for the next appropriate Board meeting, taking into account items already scheduled and the level of preparation. Note – if the next meeting of the Board is to be held within 28 days of receipt of the request, the item of business is unlikely to be scheduled before the following meeting.

Quorum

- 5.6 The Board has a quorum of three, requiring at least one employer representative and at least one scheme member representative to be present..

Holding of meeting

- 5.7 The Board's meetings will be open to the general public, unless there is an exemption under relevant legislation which would preclude part (or all) of the meeting from being open to the general public (see, for example, the Data Protection Act 2018). Meetings may be held either in person or remotely or a hybrid of the two methods at the discretion of the Board.

Voting

- 5.8 No member of the Board shall have a right to vote on any question unless that member is an employer representative or a scheme member representative.
- 5.9 It is expected the Board will as far as possible reach a consensus, but where a deadlock has been reached on any matter under consideration which has been the subject of a tied vote the matter shall be referred to the Pension Fund Committee and/or Administering Authority together with the views of the members on the matter.

Minutes

- 5.10 The Administering Authority shall ensure that a formal record of Board proceedings is maintained, whether in electronic format or in writing.
- 5.11 The draft minutes shall be circulated to all Board members, who will be given 21 days to comment, after which time the draft minutes will be published.
- 5.12 The accuracy of the final minutes shall be agreed at the next suitable meeting of the Board.

Publication

- 5.13 The Board's public papers including agendas and minutes of meetings will be published on the Council's website subject to the rules on access to information and the Data Protection Act 2018.

6. Advisers

- 6.1 The Board may be supported in its role and responsibilities by the appointment of advisers and shall, subject to any applicable regulation and other legislative provision, consult with such advisers to the Board to help perform its duties.
- 6.2 Any cost associated with the use of advisers to the Board must first be agreed with the Administering Authority.

7. Powers of the Board

- 7.1 The Board only has those powers granted to it under statutory provision and so only has a very defined and limited jurisdiction.
- 7.2 The Board has the power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its statutory functions.
- 7.3 But, for the avoidance of any doubt whatsoever, and subject to 7.4 below, it is for the Administering Authority (and not for the Board) to determine the procedures applicable to the Board, including as to the establishment of sub-committees, formation of joint committees and payment of expenses.

7.4 No member of the Board shall have the right to vote on any question unless that member is an employer representative or a scheme member representative (see 5.8 above).

8. Reporting Duty of the Board

8.1 The Board shall provide an annual report to the Pension Fund Committee. The report shall include information on the business conducted by the Pension Board with any risks or concerns identified and mitigation steps proposed.

8.2 The annual report will also be published on the Pension Fund's website.

8.3 Any concerns requiring reporting outside the annual process should be raised with the Pension Fund Committee.

9. Budget and Expenses

9.1 The Board is to be provided with adequate resources to fulfil its role. In doing so the budget for the Board will be met from the Fund.

9.2 The Board shall seek the prior approval from the Administering Authority's Section 151 Officer for any expenditure to be made.

9.3 The expenses of the Board are to be regarded as part of the costs of administration of the fund held by the Administering Authority.

9.4 The Pension Fund may meet reasonable expenses of the Board. Such expenses will be met by the Fund and have regard to the Administering Authority's Members' Allowance Scheme.

9.5 But for the avoidance of any doubt, other than the independent chairman, Board members shall not receive an annual allowance of any kind in respect of being a member of the Board.

10. Accountability

10.1 The Board shall be collectively and individually accountable to the Scheme Manager.

11. Review of terms of reference

11.1 These terms of reference shall be reviewed on each material change to those parts of the regulations covering local pension boards and at least every four years.

11.2 These terms of reference were adopted on 17 November 2021.

NB. The following documents/regulations have been referred to in formulating the Board's terms of reference:

- Local Government Pension Scheme (LGPS) – Guidance on the creation and operation of Local Pension Boards in England and Wales (issued by the Shadow Scheme Advisory Board)
- The Public Service Pensions Act 2013
- The Local Government Pension Scheme Regulations as amended
- Code of Practice No. 14 governance and administration of public service pension schemes (issued by the Pensions Regulator)

- The Local Government Pension Scheme (LGPS) – Questions and Answers on Local Pension Boards (issued by the Shadow Scheme Advisory Board)
- Template Terms of Reference for a Local Pension Board (issued by the Shadow Scheme Advisory Board).

Employer Representatives

1. Cllr Michael Lilley
2. TBA
3. TBA

Scheme Representatives

1. Trevor Ould (nominated by Unison)
2. TBA
3. TBA

Independent Chairman

1. TBA

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Chief Executive
John Metcalfe

As Administering Authority for the
Isle of Wight Council Pension Fund



Isle of Wight Council Pension Fund Employer and Scheme Member Representatives on the Local Pension Board

1. Overview of the Fund

The Isle of Wight Council Pension Fund (the Fund) is part of the Local Government Pension Scheme (LGPS) and is administered by Isle of Wight Council (the Council).

The Fund is governed by the Public Service Pensions Act 2013¹ (PSPA13). The fund is administered in accordance with the following secondary legislation:

- the Local Government Pension Scheme Regulations 2013 (as amended)
- the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

The LGPS is a contributory defined benefit pension scheme administered by Isle of Wight Council to provide pensions and other benefits for pensionable employees of Isle of Wight Council, and a range of other scheduled and admitted bodies on the Isle of Wight.

The Fund is overseen by the Isle of Wight Pension Fund Committee (the Committee), which is a s102² committee of Isle of Wight Council. The committee is the Scheme Manager under PSPA13, as delegated from Full Council. Membership of the committee comprises seven elected councillors of the Council with voting rights, and a scheme member representative and an employer representative as observers.

The role of the Isle of Wight Council Pension Fund Local Pension Board (the Pension Board) is to assist the Scheme Manager in ensuring appropriate standards of governance and administration are maintained, as set out in the PSPA13. The Pension Board comprises an equal number of scheme member representatives and employer representatives with voting rights, and an independent chairman with no voting rights.

2. Role description

The role of a representative on the Isle of Wight Council Local Pension Board is to represent the interests of scheme employers and scheme members within the context of the Terms of Reference of the Isle of Wight Council Local Pension Board (the Pension Board).

¹ <http://www.legislation.gov.uk/ukpga/2013/25/contents/enacted>

² Section 102 Local Government Act 1972 <https://www.legislation.gov.uk/ukpga/1972/70/contents>

The representatives' aim is to enable the Pension Board to fulfil their responsibilities in respect of the governance of the Fund in accordance with the Public Service Pension Scheme Act 2013, legislation governing the LGPS, the Code of Practice³ issued by the Pension Regulator and the Terms of Reference established by Isle of Wight Council (the Council) as Administering Authority of the Isle of Wight Council Pension Fund.

With the exception of the Independent Chair, scheme member representatives must be a member of the Isle of Wight Council Pension Fund (whether active, deferred or pensioner). Employer representatives must represent an active employer body.

As a full member of the Pension Board, you will play an important part in the governance and administration of the Fund. Scheme members, employers, and Isle of Wight Council, as the Administering Authority for the Fund, will benefit from the work you do in helping to ensure that the Fund is well managed.

3. Main responsibilities of the representatives

The Pension Board's role is to work closely in partnership and assist the Scheme Manager in relation to the following matters:

- Securing compliance with the LGPS regulations and other legislation relating to the governance and administration of the LGPS and any statutory pension scheme that is connected with it.
- Securing compliance with requirements imposed in relation to the LGPS and any connected scheme by the Pensions Regulator.
- Ensuring any breach of duty is considered and dealt with under the Fund's procedure for reporting to the Pensions Regulator and to the Scheme Manager.
- Such other matters as the scheme regulations may specify.
- Ensuring the effective and efficient governance and administration of the LGPS for the Isle of Wight Council Pension Fund.
- Provide reports and information to the Pension Committee on matters within the Board's remit.

4. Duties of the representatives

Representatives will be required to:

- Prepare for all meetings in advance, including reading all papers and minutes.
- Contribute to setting the agenda for meetings.
- Actively participate in meetings.
- Show respect to other Board members.
- Assist the Chair in the effective running of meetings.
- Have due regard for members and employers when making decisions.
- Comply with the 'seven principles of public life' (the 'Nolan Principles').⁴
- Ensure they have sufficient skills and knowledge to undertake the expected functions of a Pension Board member.

³ <https://www.thepensionsregulator.gov.uk/en/document-library/codes-of-practice/code-14-public-service-pension-code-of-practice/>

⁴ <https://www.gov.uk/government/publications/the-7-principles-of-public-life/the-7-principles-of-public-life--2>

5. Conflicts of Interest

The principles included in the Isle of Wight Council Members' Code of Conduct shall apply to all members of the Board. Likewise, all other relevant Isle of Wight Council policies shall apply to members of the Board.

All conflicts of interest (whether actual or potential) must be declared on appointment to the Pension Board and if/when they occur. A member of the Pension Board is not permitted to have a conflict of interest. Membership of the Isle of Wight Council Pension Fund does not constitute a conflict of interest.

6. Training and Knowledge

The degree of knowledge and understanding required is that appropriate for the purposes of enabling the individual to properly exercise the functions of a member of the Pension Board.

While there is no pre-requirement for knowledge and understanding, Pension Board members will be required to undertake personal training needs analysis and to regularly review their skills, competencies, and knowledge to identify gaps or weaknesses in their knowledge and understanding. Training will be provided in order to help Board Members meet the requirements of the role, and the essential criteria listed above.

Members are expected to complete the Pension Regulator's online Public Service toolkit within six months of appointment, and to attend training opportunities and maintain a wider interest in the subject, beyond formal intervention, in order to fulfil their role effectively.

Pension Board members are also expected to undertake individual reading and self-directed learning on relevant topics to further their own knowledge and understanding.

Every member of the Pension Board must have a basic knowledge, and the capacity/ability to expand such knowledge on specific issues as required, of:

- the rules of the scheme.
- any document recording policy about the administration of the scheme which is for the time being adopted in relation to the scheme.
- the law relating to pensions.
- any other matters which are prescribed in regulations.

Members of the Pension Board must meet key attendance and training requirements as detailed in the Terms of Reference of the Pension Board.

7. Qualities expected of representatives

- Commitment to the role.
- Integrity, vision, and good/independent judgment.
- A willingness to devote the necessary time and effort to their duties as representatives.
- Ability to help formulate recommendations.
- Good communication skills.
- Tact and diplomacy.
- Ability to act impartially in the interests of both employers and members.
- Willingness to speak one's mind and listen to the views of others.
- Understanding of the legal responsibilities and liabilities of a Pension Board member.

8. Desirable experience and knowledge

- Knowledge and experience of governance or management of work-based pension schemes and the regulatory bodies involved.
- Knowledge of the LGPS.
- An awareness of the practices and policies about the administration of the LGPS including:
 - Pension fund administration and governance.
 - Pension fund investment management.
 - Pension fund liability management.
- Experience of committee/trustee work.
- The law relating to pensions.
- Any matters which are prescribed in regulations.

9. Time consideration

The Pension Board meets at least four times a year. In addition to meetings, contact electronically or by telephone may be necessary.

The time commitment for a representative is difficult to assess but can reasonably be expected to be a minimum of 8 days a year which will include training.

The term of membership for representatives is four years. Pension Board members may be reappointed at the end of their term, provided they remain eligible and have maintained the key attendance and training requirements.

Role profile last updated October 2021.



Minutes

Name of meeting	ISLE OF WIGHT PENSION FUND COMMITTEE
Date and Time	WEDNESDAY 16 FEBRUARY 2022 COMMENCING AT 10.00 AM
Venue	COUNCIL CHAMBER, COUNTY HALL, NEWPORT, ISLE OF WIGHT
Present	Cllrs C Jarman (Chairman), C Critchison (Vice-Chairman), D Andre, P Brading, V Churchman and M Oliver
Co-opted (Non-Voting)	Steve Milford (Scheme Member Representative)
Also Present	Jo Thistlewood, Matthew Collier, Jo Cooke, Sarah Philipsborn and Megan Tuckwell David Walker (Hymans Robertson), James Mowat, Imran Sattar (Majedie Asset Management), Cllr Michael Lilley, Trevor Ould (Local Pension Board)
Apologies	Cllrs R Quigley

46. Minutes

An update was sought with regards to the question asked by Cllr Quigley relating to the Fund's investment in fossil fuels, and whether the draft response had been finalised by the Chief Executive. It was advised that the matter would be addressed within the response to the written public question.

RESOLVED:

THAT the minutes of the meeting held on 24 November 2021 be confirmed, subject to the inclusion of the attendance of Local Pension Board members Cllr Michael Lilley and Trevor Ould.

47. Declarations of Interest

Cllr Paul Brading declared an interest as his wife was a member of the local government pension scheme.

48. Public Question Time - 15 Minutes Maximum

Ms Sylvia May of Totland submitted a written question in relation to the Fund's investments. A written response was provided (PQ 03/22).

49. **Investment Performance and Funding Level**

49a **To note the valuation of the fund's investment assets at 31 December 2021**

49b **To receive a report on the investment performance for the quarter ended 31 December 2021, and the indicative funding level at that date**

The Investment Consultant of Hymans Robertson presented the investment performance report for the quarter ended 31 December 2021, which included a summary of market returns, capital market outlook, asset allocation, fund performance, and fund manager analysis. Consideration was given to the valuation of the fund's investments as at 31 December 2021 and discussion took place regarding emerging markets, CPI inflation, and pooling. It was reported that at 15 February 2022, the fund's funding level (ratio of assets to liabilities) was 103%, compared to 95% at the 2019 triennial valuation; which equates to a whole fund surplus of £22.9 million.

RESOLVED:

THAT the investment performance and funding level be noted.

50. **Fund Manager Presentation**

The committee received a presentation from Majedie Asset Management on the UK Equity portfolio. This included an overview of Majedie's acquisition by Liontrust, the funds' performance and performance attribution, embedding the ESG approach relating to renewable energy and fossil fuels, working with flexible investors, future performance drivers, stocks enabled by technologies, stocks with pricing power, international revenues, and portfolio positioning.

Questions were raised regarding portfolio oversight following the acquisition by Liontrust and any operational or logistical changes. Comments were made in relation to proactive disinvestments, indirect investments, and the balance between fossil fuels and renewable energies. Discussion took place regarding Shell and it was agreed that Majedie would provide the committee with information detailing the steps being taken to become more sustainable.

RESOLVED:

THAT the fund manager's presentation be noted.

51. **Pension Board Update**

The Technical Finance Manager presented the report which provided an update on the recruitment, selection and appointment of Local Pension Board members. No questions were raised at this stage. Discussion took place regarding the Fund's budgeting processes and it was requested that resources be allocated to ensure that future reports to the Committee including a breakdown of the costs to the Fund.

RESOLVED:

THAT the update be noted.

52. ESG/RI Working Group Update

The Technical Finance Manager presented the report which provided an update on the activities the fund had undertaken since the last meeting in its considerations of environmental, social and governance (ESG) factors and responsible investment (RI) activities. No questions were raised at this stage, and the update was noted.

RESOLVED:

THAT the update be noted.

53. Knowledge and Understanding Update

The committee received the record of training and development activities undertaken by committee members since the last meeting, and the Technical Finance Manager provided a verbal update on committee members' completion of the Pension Regulator's online toolkit. No questions were raised at this stage, and the update was noted.

RESOLVED:

THAT the update be noted.

54. Items circulated for Members Attention

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

RESOLVED:

THAT the items circulated for attention be noted.

55. Members' Question Time

No member's questions were received.

56. Exclusion of the Public and Press

RESOLVED:

THAT the public and press be excluded.

57. Equity Rebalancing Completion

The committee considered a confidential report from the fund's investment consultants on the completion of the equity investment rebalancing.

RESOLVED:

THAT the report be noted.

58. ACCESS Update

The committee considered a confidential report on recent ACCESS pool activities and set out proposals for future engagement with matters to be discussed at future Joint Committee meetings.

RESOLVED:

- i. THAT the report be noted.
- ii. THAT the ACCESS business plan for 2022-23, and the associated budget as recommended by the Joint Committee, be adopted.
- iii. THAT the provision of feedback on the ACCESS ESG/RI guidelines be delegated to the Technical Finance Manager, in consultation with the vice-chairman of the committee.
- iv. THAT the appointment of MJ Hudson as implementation adviser for the Pool's illiquid asset solutions be noted.
- v. THAT the committee's response to the proposed solution for the representation of scheme members on the ACCESS Joint Committee be confirmed.

59. Risk Register

Consideration was given to the development of a risk register for the Fund, and the process by which risks will be monitored, updated, and reported at future meetings. It was advised that the draft risk register would be available for the Local Pension Board at its meeting on 23 March 2022.

RESOLVED:

THAT the update be noted.

60. Governance Compliance Statement

The committee considered a confidential verbal update on the completion of the draft governance compliance statement for the year ended 31 March 2022. It was advised that the draft would be presented to the Committee at the meeting in May 2022, ahead of its final submission for adoption in July 2022.

RESOLVED:

THAT the update be noted.

61. Contract Management

The committee considered a confidential report which summarised the activities undertaken in the review of the existing contracts of the Fund and future planned procurement activity.

RESOLVED:

THAT the report be noted.

CHAIRMAN



Committee report

Committee	ISLE OF WIGHT PENSION FUND COMMITTEE
Date	24 NOVEMBER 2021
Title	DECISION MAKING MATRIX
Report of	TECHNICAL FINANCE MANAGER

EXECUTIVE SUMMARY

1. The Scheme Advisory Board for the Local Government Pension Scheme in England and Wales has recently proposed that the outcomes of the Good Governance Project be adopted into regulation by the Department for Levelling Up, Housing and Communities.
2. While regulations have not yet been finalised, the pension fund is working towards compliance with the recommendations of the good governance project – one of which was the adoption of a decision-making matrix, setting out the who is responsible for making decisions within the fund.
3. The committee is asked to adopt the decision matrix presented as appendix 1 to this report and agree that all future decisions will be made in accordance with the structure contained therein.

BACKGROUND

4. In 2019, the Scheme Advisory Board (SAB) for the Local Government Pension Scheme (LGPS) in England and Wales commissioned the Good Governance Project to examine the effectiveness of current LGPS governance models and to consider alternatives or enhancements to existing models which can strengthen LGPS governance going forward.
5. The Phase III report was published in February 2021 and contained a number of recommendations to enhance the governance of the LGPS. The action plan included items to be recommended to the Department for Levelling Up, Housing and Communities (DLUHC) for implementation, either through scheme regulations or statutory guidance; items to be implemented by the SAB and other bodies; and actions that the SAB could take to identify and promote best practice.
6. One of the recommendations from the Phase III report was that “*Each administering authority must document key roles and responsibilities relating to its LGPS fund and publish a roles and responsibilities matrix setting out how key decisions are reached. The matrix should reflect the host authority’s scheme of delegation and constitution and be consistent with role descriptions and business processes*”.

7. The fund received a presentation from its governance advisers, Hymans Robertson LLP, on 7 September 2021, setting out the key stakeholders in the governance of an LGPS fund, their respective roles and responsibilities, and their function in each of the key decision areas for the fund.
8. Figure 1 below summarised the key stakeholders and their overall function in terms of the governance of the fund.

Figure 1.



9. The presentation summarised the key responsibilities as follows:
 - (a) Isle of Wight Council
 - Agreeing the basis of how the Council is governed.
 - Setting terms of reference for Committee and Board.
 - Agreeing scheme of delegation, while retaining responsibility for delegated decisions.
 - (b) Pension Fund Committee
 - All major decisions relating to the fund (investments and administration).
 - Delegations to senior officers and others.
 - (c) Officers
 - Day to day running of the fund (investments and administration).
 - Supporting committee and board.
 - Making recommendations for approval by the committee.
 - Setting and maintaining appropriate financial controls.
 - (d) Pension Board
 - Assisting the Committee and officers in ensuring compliance.
 - Scrutiny, review and recommendation.
 - (e) Advisers
 - Provision of profession advice and support to committee, board, senior officers, and fund staff.

10. The decision matrix attached at Appendix 1 sets out the proposed involvement of each of the main parties in each of the key areas of:
- (a) Fund mission, objectives, and beliefs.
 - (b) Governance functions.
 - (c) Fund delivery.
 - (d) LGPS investment.
 - (e) Monitoring and oversight.
11. It describes each party's involvement in the decision-making process in one of the following capacities:

Approve	Final approval to a decision, usually following formal recommendation
Recommend	Recommendation of formal decision, having sought necessary advice and input from others
Advise	Provision of professional advice
Oversight	Overview of decisions or recommendations
Specific Input	Provision of specific input or expertise in relation to recommendations or decisions to be taken
Agree	Agree decisions
Notified	Notified of decisions as part of overall responsibilities, where the decisions may be of interest
N/A	Specific group or individual is not impacted by the recommendations or decisions taken

STRATEGIC CONTEXT

12. 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.
13. The fund has also agreed the following governance objectives, which are supported by the adoption of a decision-making matrix:
- 1. Ensure compliance with the LGPS Regulations, other relevant legislation, and the Pensions Regulator's Codes of Practice.
 - 2. Ensure Fund is managed, and its services provided, by people with the appropriate knowledge and understanding
 - 3. Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust, and evidence based.
14. Adopting the decision-making matrix contributes to the core values contained in the council's [Corporate Plan 2021-2025](#):

3. Being effective and efficient

This means being the best that we can be in how we organise and deliver our services, using all our limited resources wisely and carefully, getting on with things where we can.

4. Being fair and transparent

This means making decisions based on data and evidence and in an open and accountable way.

CONSULTATION

15. Members of the committee and pension board, as well as fund staff and senior officers, were invited to attend the development session on 7 September 2021, and were able to engage with the presentation.
16. Subsequently the decision matrix was circulated to all committee and board members, as well as senior officers and fund staff, for their comment. No responses were received.

FINANCIAL / BUDGET IMPLICATIONS

17. There are no financial implications in relation to the adoption of this decision matrix.

LEGAL IMPLICATIONS

18. The Public Service Pensions Act 2013 gave greater responsibilities to the Pensions Regulator for the oversight of public service pension schemes, including the Local Government Pension Scheme.
19. The Pensions Regulator's code of practice no 14, governance and administration of public service pension schemes, sets out the legal requirements for public service pension schemes in respect of the governance of those schemes.
20. The Scheme Advisory Board has made recommendations to the Department for Levelling Up, Housing and Communities for amendments to the Local Government Pension Scheme regulations, which the Isle of Wight Council, as administering authority for the Isle of Wight Council Pension Fund, must comply with.
21. This decision-making matrix is being proposed for adoption in advance of the regulations being updated but will ensure that the council and the fund are in compliance with the new regulations once issued.

EQUALITY AND DIVERSITY

22. 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.
23. Adoption of the decision-making matrix has no impact on any of the protected characteristics.

OPTIONS

24. Option 1: the committee adopts the decision-making matrix as presented at appendix 1, and agrees that all future decisions in respect of the fund are considered in line with the responsibilities contained therein.
25. Option 2: the committee agrees changes to the responsibilities set out in the decision-making matrix at appendix 1 to this report and agrees that all future decisions in respect of the fund are considered in line with the amended responsibilities contained therein.
26. Option 3: the committee does not approve the decision-making matrix.

RISK MANAGEMENT

27. The Isle of Wight Council Pension Fund is responsible for investment assets of over £700 million, which are invested for the benefit of over 16,000 members from Isle of Wight Council and 30 other employers on the Isle of Wight.
28. The decisions the committee makes in the governance and administration of the pension fund must be open and transparent, based on professional advice and supported by evidenced recommendations.
29. Adoption of a decision-making matrix ensures that all stakeholders of the fund understand the roles and responsibilities of those charged with the governance of the fund and helps to ensure that decisions are made in a robust manner.
30. Adoption of the decision-making matrix will further ensure that the fund remains compliant with LGPS regulations, when they come into force, and helps to ensure continued improvements to the governance framework of the fund.
31. Not adopting a decision-making matrix could result in uncertainty as to the relevant roles and responsibilities of all parties, and lead to additional work in trying to resolve conflict in decision making. If the decision-making process is not documented, or decisions are taken without reference to the process, it increases the risk of challenge to those decisions.

RECOMMENDATION

32. That the decision-making matrix as presented at appendix 1 be adopted.
33. That all future decisions in respect of the fund be considered in line with the responsibilities contained therein.

APPENDICES ATTACHED

34. Appendix 1 – Isle of Wight Council Pension Fund decision-making matrix.

BACKGROUND PAPERS

35. Local Government Pension Scheme Advisory Board - Good Governance Project.
<https://www.lgpsboard.org/index.php/projects/good-governance>

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*Director of Finance and
Section 151 Officer*

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

*Cabinet Member for Strategic Finance, Corporate
Resources and Transformational Change*

Decision Making : LGPS Governance matrix

Incorporating "Good Governance" recommendations

Area	Task	Pension Committee	Pension Board	Investment Pool	S151 Officer	Senior LGPS Officer	Fund Officers	Advisors
Fund mission, objectives and beliefs	Develop Fund Mission Statement	Oversight	Specific Input	N/A	Specific Input	Specific Input	Specific Input	Advise
	Agree Fund Mission Statement	Approve	Notified	N/A	Agree	Recommend	Notified	Notified
	Develop structure of the pension function	Oversight	Specific Input	N/A	Specific Input	Specific Input	Specific Input	Advise
	Sign off structure	Approve	Notified	N/A	Agree	Recommend	Notified	Notified
	Develop Fund policy on representation	Oversight	Specific Input	N/A	Specific Input	Specific Input	Specific Input	Advise
	Recommend to Full Council representation policy	Recommend	Notified	N/A	Agree	Agree	Notified	Notified
	Develop Fund objectives for Governance, Funding, Investment and Delivery	Oversight	Specific Input	N/A	Specific Input	Specific Input	Specific Input	Advise
	Agree Fund objectives for Governance, Funding, Investment and Delivery	Approve	Notified	N/A	Agree	Recommend	Notified	Notified
	Agree Fund investment beliefs	Approve	Notified	N/A	Notified	Recommend	Specific Input	Advise
Governance functions	Develop and oversee risk management framework	Approve	Oversight	Specific Input	Agree	Recommend	Specific Input	Advise
	Monitor and oversee the Valuation process	Oversight	Notified	N/A	Oversight	Specific Input	Specific Input	Advise
	Review of Fund covenant arrangements	Oversight	Notified	N/A	Notified	Specific Input	Specific Input	Advise
	Agree assumptions to be used in valuation exercise	Approve	Notified	N/A	Notified	Agree	Specific Input	Recommend
	Agree Funding Strategy Statement	Approve	Notified	N/A	Notified	Agree	Specific Input	Recommend
	Sign off contribution rates	Oversight	Notified	N/A	Notified	Agree	Notified	Approve
	Sign off valuation results	Approve	Notified	N/A	Oversight	Agree	Notified	Recommend
	Approve adequate systems of internal controls	Approve	Oversight	N/A	Agree	Recommend	Specific Input	Advise
	Produce governance compliance statement	Approve	Oversight	N/A	Specific Input	Recommend	Specific Input	Advise
	Develop business plan (inc. budget)	Specific Input	Specific Input	N/A	Specific Input	Oversight	Specific Input	Advise
	Agree and sign off business plan	Approve	Oversight	N/A	Agree	Recommend	Specific Input	Notified
	Agree and sign off conflicts of interest policy	Approve	Oversight	N/A	Notified	Recommend	Specific Input	Advise
	Agree and sign off administration strategy	Approve	Oversight	N/A	Notified	Recommend	Specific Input	Advise
	Agree Administration Authority discretionary policies	Approve	Oversight	N/A	Notified	Recommend	Specific Input	Advise
	Agree and sign off communications policy	Approve	Oversight	N/A	Notified	Recommend	Specific Input	Advise
	Agree and sign off Training Strategy	Approve	Oversight	N/A	Notified	Recommend	Specific Input	Advise
	Agree cyber security policy and associated documents (i.e incident response plan)	Approve	Oversight	N/A	Notified	Recommend	Specific Input	Advise
	Agree recommendations from Independent Governance Review	Approve	Notified	N/A	Notified	Notified	Notified	Recommend
	Report breaches of the law	Specific Input	Specific Input	Specific Input	Specific Input	Specific Input	Specific Input	Specific Input
Fund Delivery	Completion of Year-end exercise/monthly data process	Notified	Notified	N/A	Notified	Oversight	Specific Input	N/A
	Annual benefit statement process	Notified	Oversight	N/A	Notified	Oversight	Specific Input	N/A
	Issue annual allowance pension savings statements	Notified	Notified	N/A	Notified	Oversight	Specific Input	Advise
	Develop appropriate key performance indicators (KPIs) - Governance compliance statement	Specific Input	Specific Input	N/A	Specific Input	Oversight	Specific Input	Advise
	Sign off KPIs	Approve	Notified	N/A	Notified	Recommend	Notified	N/A
	Manage administrator performance against KPIs (inc. outsourced)	Oversight	Specific Input	N/A	Notified	Specific Input	Specific Input	N/A
	Agree business continuity plans	Approve	Specific Input	N/A	Specific Input	Recommend	Specific Input	N/A
	Compile and publish Fund Annual report	Approve	Specific Input	N/A	Oversight	Recommend	Specific Input	Specific Input
	Recommend approval of fund accounts to relevant committee	Recommend	Notified	N/A	Oversight	Agree	Specific Input	N/A
	Agree anti-pension scam (anti-fraud) policy	Approve	Specific Input	N/A	Oversight	Recommend	Specific Input	N/A
Agree data improvement plan	Approve	Oversight	N/A	Notified	Recommend	Specific Input	Advise	
LGPS Investment	Agree asset allocation	Approve	Notified	Specific Input	Notified	Recommend	Specific Input	Advise
	Agree allocations to new asset classes	Approve	Notified	Specific Input	Notified	Recommend	Specific Input	Advise
	Agree Investment strategy statement (including RI)	Approve	Notified	Specific Input	Notified	Recommend	Specific Input	Advise
	Recommend LGPS Investment pool for Fund to full council	Recommend	Notified	Specific Input	Oversight	Specific Input	Specific Input	Advise
Monitoring and Oversight	Monitor the Fund's Investment performance	Oversight	Notified	Specific Input	Notified	Specific Input	Specific Input	Advise
	Monitor fund managers ESG and sustainability policies	Oversight	Notified	Specific Input	Notified	Specific Input	Specific Input	Advise
	Cashflow management	Oversight	Notified	Specific Input	Oversight	Specific Input	Specific Input	Advise

Approve	Final approval to be given to a decision, usually following formal recommendation
Recommend	Recommendation of formal decision, having sought necessary advice and input from others
Advise	Professional advice
Oversight	Overview of decisions or recommendations
Specific Input	Providing specific input or expertise in relation to recommendations or decisions to be taken
Agree	Agree decisions
Notified	Notified of decisions as part of overall responsibilities, where the decisions may be of interest
N/A	Specific group or individual is not impacted by the recommendations or decisions taken

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Committee report

Committee	ISLE OF WIGHT PENSION FUND COMMITTEE
Date	24 NOVEMBER 2021
Title	ADOPTION OF RISK MANAGEMENT POLICY
Report of	TECHNICAL FINANCE MANAGER

EXECUTIVE SUMMARY

1. This report presents the revised Risk Management Policy for the Isle of Wight Council Pension Fund (the fund).
2. The policy has been independently reviewed by the fund's governance adviser, Hymans Robertson LLP, who have recommended amendments to ensure the fund reflects best practice.
3. The committee is asked to agree the changes to the risk management policy and approve it for publication on the fund's website and for inclusion in the fund's annual report and accounts.

BACKGROUND

4. This policy outlines the fund's approach to identifying and managing risks and forms a key part of its internal controls.
5. The fund's Risk Management Policy was adopted by the pension fund committee in December 2019. As part of the fund's governance arrangements, it is a requirement that all policies and strategies are subject to regular review. The annual review scheduled for December 2020 was initially delayed due to competing priorities and subsequently the Covid-19 pandemic crisis.
6. The revised Risk Management Policy is presented in full as Appendix 1 to this report.
7. The review undertaken by Hymans Robertson has not found any significant weaknesses within the existing policy. Any changes being suggested are, for the most part, minor and bring the document up to date.
8. The most substantive changes recommended to the policy focus on accountability and the roles and responsibilities of the Pension Fund Committee and senior fund officers in ensuring the importance of risk management is understood and the policy appropriately enforced. The revised policy also draws out the specific accountability

for the fund's Section 151 Officer for ensuring all required actions are taken and issues reported to the Committee. The approach to identifying, analysing and evaluating risk have otherwise remained unchanged.

9. A full list of changes made to the risk management policy is included at appendix 2 to this report.

STRATEGIC CONTEXT

10. Effective risk management is an essential part of any governance framework as it identifies risks and the actions required to mitigate their potential impact. For the Fund, those risks will come from a range of sources, including:
 - the funding position.
 - investment pooling and investment performance.
 - scheme administration and membership movements.
 - management and administration costs.
 - General Data Protection Regulation (GDPR) and communications.
 - financial systems.
11. 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. The primary objective of the fund is to pay benefits to scheme members or their dependants in accordance with the Local Government Pension Scheme (LGPS) Regulations and other statutory provisions. The Risk Management Policy, together with a supporting risk register, forms part of the fund's key internal controls required by the Pensions Regulator to ensure this primary objective can be met.
13. 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.
14. 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.
15. In addition to the Risk Management Policy the Fund is also developing its risk register, which will set out the position in relation to each individual risks identified. The reporting of progress against the risk register will form a regular agenda item at future committee meetings, once it has been agreed and signed off by the committee.

CONSULTATION

16. Consultation with appropriate officers of the council has been undertaken. The risk register, once finalised, will also be a standard agenda item at each future meeting of both committee and board.

FINANCIAL / BUDGET IMPLICATIONS

17. There are no direct financial implications in adopting the amendments to this policy.

LEGAL IMPLICATIONS

18. 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.
19. This risk management policy forms a key element of the fund's compliance with the system of internal controls, ensuring the fund can meet its fiduciary duties.

EQUALITY AND DIVERSITY

20. 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.
21. There are no implications on any of the protected characteristics arising from the proposed changes to the risk management policy.

RISK MANAGEMENT

22. 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.
23. Adopting the revisions to this policy, relevant to all pension schemes for which the council is responsible, will ensure continued compliance with the requirements of the Pensions Regulator.
24. 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.

RECOMMENDATION

25. That the changes to the Risk Management Policy be approved for publication on the fund's website and for inclusion in the fund's annual report and accounts.

APPENDICES ATTACHED

26. Appendix 1: Isle of Wight Council Pension Fund Risk Management Policy 2021.
27. Appendix 2: Changes to the risk management policy.

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Isle of Wight Council Pension Fund Risk Management Policy

November 2021

1. Document information

Title	Isle of Wight Council Pension Fund Risk Management Policy
Status	Draft
Current Version	V2.1
Author	Jo Thistlewood, Technical Finance Manager Financial Management Jo.Thistlewood@iow.gov.uk 01983 821000 ext. 6371
Sponsor	Chris Ward Director of Finance and Section 151 Officer chris.ward@portsmouthcc.gov.uk
Consultation	Financial Management Pension Administration Team Organisational Development Legal Local Pension Board
Approved by	<i>Isle of Wight Pension Fund Committee</i>
Approval date	<i>24 November 2021</i>
Review frequency	Annually, or more frequently as required
Next review	2022

Version Control

Version	Date	
1.0	06 September 2019	First draft from Hymans Robertson LLP
1.1	14 October 2019	Internal review
1.2	08 November 2019	For 19/11 Pension Board meeting
1.3	22 November 2019	Post board meeting
1.4	06 December 2019	For adoption
1.4	19 December 2019	FINAL
2.0	04 November 2021	Review Hymans Robertson LLP and TFM
2.1	10 November 2021	Call over review
2.1	24 November 2021	FINAL

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3. Introduction

- 3.1. This risk management policy has been prepared by Isle of Wight Council (the Administering Authority, or "we") in its capacity as the administering authority of the Isle of Wight Council Pension Fund (the Fund), part of the Local Government Pension Scheme (LGPS)
- 3.2. This policy sets out the Fund's approach to identifying and managing risk, including:
 - its attitude to, and appetite for, risk;
 - the procedures that are adopted in the Fund's risk management process;
 - roles and responsibilities in implementing this policy; and
 - the key internal controls operated by the Administering Authority and other parties responsible for the management and administration of the Fund.
- 3.3. This policy forms a key part of the internal controls and governance arrangements for the fund, along with other key documents listed under section 11 Related documents below.

4. Aims and Objectives

- 4.1. In understanding and monitoring risks, the aims and objectives of this policy are to:
 - integrate risk management into the procedures and the day-to-day activities and processes of the Fund.
 - raise awareness of the need for risk management by all those connected with the management and administration of the Fund, including advisers.
 - improve the financial management of the Fund.
 - minimise threats and the probability of negative outcomes for the Fund.
 - establish and maintain a robust framework and procedures for identification, assessment and management of risks, together with their reporting.
 - ensure consistent application of risk management across all Fund activities, including funding, investments, administration and governance.

5. Scope

- 5.1. This Risk Management Policy applies to:
 - all members of the Isle of Wight Pension Fund Committee and the Isle of Wight Local Pension Board, including scheme member and employer representatives.
 - senior officers involved in the management of the Fund, including the Section 151 Officer.
- 5.2. Scheme employers, advisers and suppliers to the Fund are also expected to be aware of this policy and assist those mentioned above in meeting its objectives.

6. Appetite for risk

- 6.1. It is recognised that not all risks can be eliminated. It is also recognised that, while some risks can be mitigated by putting in place simple controls, others will still remain high regardless of the mitigations in place. Accepting and actively managing risk, therefore, is key to the risk management policy for the Fund.
- 6.2. In considering its appetite for risk, therefore, the Administering Authority will consider the extent to which individual risks:
- are aligned to the overarching objectives of the Fund.
 - demonstrate an improved management of the Fund.
 - enable better management of any change programmes or major projects;
 - identify and maximise opportunities that might arise.
 - are fully understood and taken into account in making decisions linked to any new areas of activity (new investment strategies, joint working, framework agreements etc.).
 - minimise threats.
- 6.3. In managing risk, the Administering Authority will:
- ensure that there is a proper balance between risk taking and the opportunities to be gained.
 - adopt a system that will enable the Fund to anticipate and respond positively to emerging risks and opportunities.
 - minimise loss and damage to the Fund and to other stakeholders.

7. Risk Management Process

- 7.1. Risk management is a continual and evolving process, looking systematically at the Fund's risk. This should involve lessons learned from the past as well as managing those in the present and anticipating those that might occur in the future. The main elements of this process are summarised below.

Identification

- 7.2. Various methods have been adopted by the Fund in order to identify risks, including:
- risk assessment awareness exercises provided to the Pension Fund Committee, Local Pension Board and senior Fund officers.
 - reviewing the Fund's Funding Strategy Statement (FSS) and Investment Strategy Statement (ISS).
 - reviewing the Fund's Governance Compliance Statement.
 - reviewing the Fund's administration policy.

- reviewing the Fund’s communication policy.
- assessment against the Fund’s agreed objectives and business plan.
- consideration by senior Fund officers.

7.3. Additionally, risks will be identified via:

- findings from internal and external audit reports.
- informal meetings of senior officers or other staff involved in the management and administration of the Fund.
- “horizon scanning” which involves analysis of future trends and emerging issues.
- liaison with other organisations and professional advisers.
- feedback from members of the Pension Fund Committee and Pension Board.

7.4. Risks will be documented on the Fund's risk register, which is the primary control document for the subsequent analysis and classification, control and monitoring of those risks.

Analysis and evaluation

7.5. Identified risks are then considered and scored against both their likelihood of occurring and their impact if they did. This exercise is carried out before consideration of any mitigations that may be put in place in order to give an inherent score. Following the consideration of any mitigations that may be appropriate risks will be further assessed to provide a target score.

7.6. The gradings for likelihood and impact are combined to determine the overall risk rating for each risk, using the scoring grid below.

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

15-16	Red	Very High Risk
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12-14	Red	High Risk
7-11	Amber	Medium Risk
1-6	Green	Low Risk

- 7.7. Each risk is then allocated a current score based on the progress between the inherent and target scores according to the success of the any mitigations put in place.
- 7.8. Each risk will also be assigned to an owner who is responsible for ensuring any identified mitigations are put in place and regularly monitored and reported.
- 7.9. Where considered necessary, specific Fund risks will also be included on the Isle of Wight Council's Corporate Risk Register, reflecting the wider impact they may have on the local community.

Classification

7.10. The Administering Authority has agreed broad classifications determining action required as follows:

- **Low (Acceptable):** it is considered that any action to further reduce the level of risk would be inefficient, i.e. the cost in time or resource outweighs any potential impact of the risk materialising. Such risks include infrequent events with low impact. These risks are being effectively managed and are scored as 1 - 6.
- **Medium (Manageable):** it is considered the impact of these risks can be reduced within a reasonable timescale or in a cost-effective manner. Any mitigating actions must be monitored and recorded and are scored as 7 - 11.
- **High (Serious):** these risks could have a serious impact, and detrimental effect on the achievement of objectives. Agreed actions should be developed to reduce the level of residual risk and reviewed periodically. Serious risks are scored as 12 – 14.
- **Very High (Very severe):** these are risks which could have a potentially disastrous effect on the Fund without immediate comprehensive action to reduce the level of risk. Such risks could result in major service disruption, major financial losses and significant adverse media coverage and possibly external interventions. Very severe risks are those scored as 15 or more.

7.11. As well measuring the impact of any identified risks we also consider the likelihood of the event occurring. The classifications are:

- **Remote:** only expected to occur in exceptional circumstance (< 10 % chance of happening)
- **Unlikely:** not necessarily expected to happen, but may do at some point (between 10% and 40% chance)
- **Likely:** Highly likely to occur and/or there is a past history of such, or similar, occurrences (between 40% and 75% chance)
- **Very likely:** There is a history of past occurrences and the event is expected to occur (greater than 75% chance)

Control

- 7.12. Senior fund officers will review the extent to which the identified risks are covered by existing internal controls and determine whether any further action is required to control the risk, including reducing the likelihood of a risk event occurring or reducing the severity of the consequences should it occur. The Fund's Section 151 Officer is ultimately responsible for ensuring all required actions are taken and for reporting progress to the Pension Fund Committee. Before any action can be taken, Pension Fund Committee approval may be required where appropriate officer delegations are not in place.
- 7.13. The result of any change to the internal controls could result in any of the following:
- **Risk elimination** - for example, ceasing an activity or course of action that would give rise to the risk.
 - **Risk reduction** - for example, choosing a course of action that has a lower probability of risk or putting in place procedures to manage risk when it arises to reduce the impact.
 - **Risk toleration** - for example, where the risk is unavoidable, or more tolerable than alternatives, or where the impact is assessed to be minimal.
 - **Risk transfer** - for example, transferring the risk to another party either by insurance or through a contractual arrangement.
- 7.14. The Fund's risk register details all further action in relation to a risk and the owner for that action. Where necessary the Administering Authority will update the Fund's Action Plan in relation to any agreed action as a result of an identified risk.

Monitoring

- 7.15. In monitoring risk management activity consideration will be given to whether:
- the mitigations taken achieved the desired outcomes;
 - the procedures adopted, and information gathered for undertaking the risk assessment, were appropriate;
 - greater knowledge of the risk and potential outcomes would have improved the decision-making process in relation to that risk; and
 - what lessons are to be learned for the future assessment and management of risks.

8. Reporting

- 8.1. Progress in managing risks will be monitored and recorded on the risk register. The risk register, including any changes to the internal controls, will be a standing item on Pension Fund Committee and Local Pension Board agendas and updates provided on a quarterly basis.

- 8.2. The Pension Fund Committee will be provided with updates on an ongoing basis in relation to any significant changes to risks (for example where a risk has changed by a score of 5 or more) or new serious risks (for example, scored 12 or more).
- 8.3. As a matter of course, the Local Pension Board will be provided with the same information as is provided to the Pension Fund Committee and they will be able to provide comment and input to the management of risks.
- 8.4. The Pension Fund Committee and Local Pension Board may request updates on any aspect of the risk register at any time.
- 8.5. In order to identify whether the objectives of this policy are being met, the Administering Authority will review the delivery of the requirements of this policy on a quarterly basis taking into consideration any feedback from the Pension Fund Committee and Local Pension Board.

9. Risks to success of policy

- 9.1. It is important to recognise that risks can exist that can impact the success of this policy, together with the risk register itself. These include:
 - risk management not being embodied into the day to day management of the Fund;
 - key person risk, through changes to senior officers, Pension Fund Committee and Pension Board members leading to a lack of ongoing knowledge or understanding and inappropriate levels of risk being taken without proper controls;
 - insufficient resources available to satisfactorily assess or take appropriate action in relation to identified risks;
 - lack of engagement or awareness of external factors resulting in risks not being identified;
 - conflicts of interest or other factors leading to a failure to identify or assess risks appropriately; and
 - risk register is not monitored appropriately to ensure actions have been taken or new risks identified and recorded, monitored or carried out.

10. Approval and review

- 10.1. This policy will be reviewed and updated by the Isle of Wight Pension Board and the Isle of Wight Pension Fund Committee at least annually, or more frequently if required.

11. Related documents

- [Isle of Wight Council Risk Management Framework](#)
- [Isle of Wight Council Pension Fund objectives 2018](#)
- [Isle of Wight Council Pension Fund Funding Strategy Statement](#)
- [Isle of Wight Council Pension Fund Investment Strategy Statement](#)
- [Isle of Wight Council Pension Fund Governance Policy](#)
- [Isle of Wight Council Pension Fund Governance Compliance Statement](#)
- [Isle of Wight Council Pension Fund Administration Strategy](#)
- [Isle of Wight Council Pension Fund Communications Policy](#)

Appendix 1: Scoring Criteria

1 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 rarely/never happened before

2 Impact / Severity criteria

Factor	Scale	Effect on Service	Embarrassment / reputation	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	All personal details compromised/ revealed	Litigation/claims/fines from: Departmental £250k + Corporate £500k +	Operational: Costing over £500,000 Investments: in excess of 10% of investment assets value	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	Many individual personal details compromised/revealed	Litigation/claims/fines from: Departmental £50k to £125k Corporate £100k to £250k	Operational: Costing between £50,000 and £500,000 Investments: between 5% and 10% of investment assets value	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	Some individual personal compromised/ details revealed	Litigation/claims/fines from: Departmental £25k to £50k Corporate £50k to £100k	Operational: Costing between £5,000 and £50,000 Investments: between 1% and 5% of investment assets value	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	Isolated individual personal compromised/ detail revealed	Litigation/claims/fines from: Departmental £12k to £25k Corporate £25k to £50k	Operational: Costing less than £5,000 Investments: less than 1% of investment assets value	Minimal impact to project/ slight delay less than 2 weeks

Appendix 2: changes to the risk management policy**1. Document information**

- Amended review frequency to annual (from every three years)

4. Aims and Objectives

- Inclusion of “advisers” in second bullet point.
- Addition of new bullet point: “improve the financial management of the fund”.
- Inclusion of “threats” in fourth bullet point.

6. Appetite for risk

- Inclusion of a new bullet point under section 6.2: to ensure risks “are fully understood and taken into account in making decisions linked to any new areas of activity (new investment strategies, joint working, framework agreements etc.)”.

7. Risk management process**Identification:**

- Inclusion of a new bullet point: “risk assessment awareness exercises provided to the Pension Fund Committee, Local Pension Board and senior Fund officers.”
- Inclusion of “business plan” in penultimate bullet point.

Analysis and evaluation

- Section title amended to include “evaluation”.
- Paragraph 7.8 amended to include reporting requirement.

Classification

- Definition of “very high (very severe)” risks amended to include service disruption, financial losses and adverse media coverage.
- New paragraph 7.11 describing “likelihood” assessment criteria.

Control

- New sentence setting out the responsibilities of the fund’s section 15 officer with regard to risk management.

8. Reporting

- Paragraph 8.2 amended to “serious risks (for example, scored 12 or more)” to ensure consistency with previously included scoring matrix.

10. Approval and review

- Amended review frequency to annual (from every three years).

11. Related documents

- Added Isle of Wight Council Risk Management Framework
- Reformatted to include hyperlinks to published documents.

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Committee report

Committee	ISLE OF WIGHT LOCAL PENSION BOARD
Date	06 April 2022
Title	ADMINISTRATION SERVICE UPDATE
Report of	PENSIONS MANAGER

EXECUTIVE SUMMARY

- The following report sets out the statutory reporting to the Local Government Pensions Board from the Isle of Wight Council Pensions Administration Team.

MEMBERSHIP NUMBERS

- Changes in membership status from 31 August 2021 to 28 February 2022 as follows:

	Aug-21	Feb-22	Change	% chge
Active	4,296	4,330	34	0.8%
Deferred	6,007	6,245	238	4.0%
Pensioner	5,146	5,267	121	2.4%
Frozen & Undecided	1,242	1,027	-215	-17.3%
TOTAL	16,691	16,869	178	1.1%

Please refer to Appendices 01 and 02 for full breakdown of current membership.

PROJECT UPDATES

- Updates for:
 - i-Connect**
 - MHR (Ryde Academy) went live with their data submission in December 2021 and we are now collecting 75% of active status member's data through the i-Connect portal. This leave one payroll provider, Strictly Education, who are responsible for 4 academies and 23 IWC schools, who are not providing data through the portal. We have been struggling to engage with Strictly, along with another 10 pension funds, to get the i-Connect file correctly configured. This situation is ongoing.
 - McCloud**
 - 86% of McCloud Data Received from Employers.
 - 73% of McCloud Data Member Matched with Altair Data.
 - 8% of McCloud Data Analysed and ready for Provisional upload.

- (iv) The team are currently working additional hours to analyse the data and to manually update service lines on member records so data can be interfaced into Altair.
- (c) **GMP**
 - (i) Mercer requested further payment for the completion of the project, due to the delays from the HMRC, which we rejected, and we have confirmed that the original agreement still stands with no further payment.
 - (ii) We are finalising the payment of the project in respect of the HMRC final SRS (Scheme Reconciliation Service) report and once we have run Pensions Increase for April 2022, we will forward the payroll report to Mercer for them to analyse.
- (d) **Administration System Procurement**
 - (i) Product specification and expression of interest were issued, and all three providers responded by 02 February 2022 to confirm they would like to bid.
 - (ii) Tender request for further competition issued 09 March 2022.
 - (iii) Please refer to Appendix 03 for provisional timetable.
- (e) **Valuation 2022**
 - (i) Agreed deadline with Hyman's final data submission 31 July 2022.
 - (ii) We have currently supplied Hyman's with our cleansed data up to 31 March 2021 and will be in a position, after the i-Connect monthly data file is uploaded into Altair to process month 12 (for those employers on i-Connect). We have prepared and reviewed the monthly data returns for Strictly Education as best we can in readiness for their Annual submission.
- (f) **Tracing Procurement**
 - (i) We have engaged with Procurement and will be using the National Framework to procure a provider.
 - (ii) Next stage is to put together a specification.
 - (iii) Within the framework there will be a direct award process.
- (g) **End of Year (EOY)**
 - (i) Email instructions issued to i-Connect employers on how to complete their March 2022 returns in readiness for the EOY process. Deadline for submissions 19 April 2022.
 - (ii) Email instructions and templates issued to Strictly Education for collection of full year data April 2021 – March 2022. Deadline for receipt of completed templates 29 April 2022. Data will require validation and review before it can be interfaced into Altair.
- (h) **Online Payslips and P60s for Pensioners**
 - (i) The team have developed and are currently testing the new online pay advice which will automatically upload to a members record on Member Self Service. This will be live for the April Pensioner Payroll and the P60s for the statutory deadline of the 31 May 2022.
 - (ii) We have already undergone a communications preference with all our pensioners and will be issuing the final communication in April 2022.
 - (iii) The project will cut down on the number of payslips that will be issued by post and the annual equipment charge needed to seal them.
- (i) **Annual Benefits Statement (ABS) document update**
 - (i) Heywood announced their intention to no longer support the existing ABS document template. This has necessitated development of new templates for Active and Deferred members. This has been completed and the new templates are currently being tested. Deadline for issuing ABS is 31 August 2022.

KEY PERFORMANCE INDICATORS

4. To note administration statistics for the year 2021-22 to date (please refer to Appendices 04 and 05 for a full breakdown).

EMPLOYER COMPLIANCE WITH ADMINISTRATION STRATEGY

5. The report includes details of all monthly contributions for August 2021 to January 2022 for submissions and payments which were due by 22 February 2022. There was one late payment during the reporting period:
 - (a) CleanTEC Services – for September contributions. New employer's initial month payment and return received 5 days after submission deadline.There were also four late contribution submissions:
 - (b) CleanTEC Services – September & October data received within 5 working days of latest submission deadline.
 - (c) Strictly Education (St Blasius) – December data received within 2 working days of latest submission deadline.
 - (d) Strictly Education (St Francis) – December data received within 2 working days of latest submission deadline.Please refer to Appendix 06 for a full breakdown of employer compliance.

COMPLAINTS

6. There has only been one complaint since the last meeting and that is because we do not offer Trivial Commutation. Please refer to Appendix 07 for a full breakdown.

BREACHES OF THE LAW

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

ANYTHING ELSE

8. **Prudential AVC update**

As previously reported, the Prudential have encountered a number of issues following the implementation of their new software system. This delayed provision of both the end of year summary data, for reporting as part of the end of year accounts, and also member's annual benefit statements (ABS). The issue with the EOY data was resolved and the necessary reports provided in October 2021, please refer to Appendix 07 for copy of the email. ABS documents were uploaded to member's record on the Prudential online portal in January 2022.

One of the future stages of the software development will be to allow Pension Funds and Employers access to upload monthly contribution data directly to member records. We are in discussion with the Prudential to implement this and will be part of the testing working group once this phase of the project opens.

Regular meetings are now being held between members of each respective administration team and a representative of the Prudential Corporate Services team.

9. **Heywood Pension Technologies (HPT)**

- a) Update from HPT about a security vulnerability identified with Apache Log4j, the Java based logging utility, and actions take to protect Member Self-Service, i-Connect and Managed File Transfer services. Please refer to Appendix 8 for a copy of the email.
- b) Bulletin update from HPT about the heightened cyber security threat posed as a result of the situation in Ukraine. Please refer to Appendix 9 for a copy of the bulletin.

STRATEGIC CONTEXT

10. 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 Isle of Wight Pension Fund 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.
11. In addition, the fund has agreed the following administration objectives, which underpin the delivery of the service:
 - Deliver a high quality, friendly and informative service to all beneficiaries, potential beneficiaries and scheme employers at the point of need.
 - Provide pension and lump sum benefits for all members, in accordance with LGPS Regulations.
 - Clearly establish levels of performance and measure the performance of both the Fund and scheme employers against them.
 - Develop successful partnership working between the Fund and its employers.
 - Data is protected to ensure security and authorised use only.

RECOMMENDATION

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

APPENDICES ATTACHED

13. Appendices as attached:
 - a) Appendix 1 Membership statistics 28 February 2022
 - b) Appendix 2 Aggregate membership by status 28 February 2022
 - c) Appendix 03 Pension Administration System procurement provisional timetable 17 March 2022
 - d) Appendix 04 KPI statistics 31 January 2022
 - e) Appendix 05 Pensioner payroll statistics 28 February 2022
 - f) Appendix 06 Employer compliance January 2022

- g) Appendix 07 Breaches Log 15 March 2022
- h) Appendix 08 Prudential email 27 October 2021
- i) Appendix 09 Heywood Pension Technologies email 15 December 2021
- j) Appendix 10 Heywood Pension Technologies bulletin 3 March 2022

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

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IOW COUNCIL LOCAL GOVERNMENT PENSION SCHEME

Membership statistics @ 28 February 2022

Appendix 1

EMPLOYER	ACTIVES	UNDECIDEDS	DEFERREDS	PENSIONERS	FROZENS
ISLE OF WIGHT C.C	0	0	60	510	56
MEDINA B.C	0	0	12	151	10
SOUTH WIGHT B.C	0	0	20	121	4
IOW JT.CREMATORIUM COMMITTEE	0	0	0	7	0
YARMOUTH HARBOUR COMM.	2	0	2	19	3
COWES HARBOUR COMMISSIONERS	1	0	8	11	0
ST CATHERINE'S SCHOOL	0	0	2	11	1
CARISBROOKE CASTLE MUS.TRUST	0	0	0	3	0
IOW SOCIETY FOR THE BLIND	0	0	2	13	0
IOW MAGISTRATES COURT	0	0	2	13	1
IOW JOINT PLANNING & TECH.UNIT	0	0	0	9	0
IOW RURAL COMMUNITY COUNCIL	0	0	6	18	0
SOUTH WIGHT HOUSING ASSOC	0	0	4	30	0
MEDINA HOUSING ASSN	0	0	32	55	0
ISLE CARE	0	0	16	48	1
ISLAND GROUP 90 LTD	0	0	12	124	1
ISLE OF WIGHT COLLEGE	244	5	326	240	27
RIVERSIDE CENTRE LTD	0	0	3	8	0
OSEL ENTERPRISES LTD	0	0	0	3	0
PLANET ICE (IOW) LTD	0	0	4	1	0
ISLAND 2000 TRUST LTD	0	0	13	3	1
FIRST WESSEX HOUSING GROUP	0	0	0	1	0
WOOTTON PARISH COUNCIL	1	0	0	2	0
YARMOUTH TOWN COUNCIL	0	0	0	1	0
NORTHWOOD PARISH COUNCIL	1	0	0	1	0
NEWPORT PARISH COUNCIL	6	0	2	4	1
CHALE PARISH COUNCIL	0	0	0	1	0
RYDE TOWN COUNCIL	13	0	9	0	2
SPURGEONS	0	0	5	0	0
CHILDRENS SOCIETY	0	0	4	4	0
COWES TOWN COUNCIL	2	0	1	0	0
RYDE ACADEMY	59	1	48	22	13
AET - SANDOWN BAY	0	0	73	39	6
SOUTHERN VECTIS	6	0	2	14	0
WESTON ACADEMY	0	0	17	0	0
VENTNOR BOTANIC GARDENS CIC	1	0	5	1	0
ISLAND YOUTH WATER ACT CENTRE	0	0	1	1	0
VISIT ISLE OF WIGHT LTD	0	0	2	0	0
ISLAND ROADS	22	0	11	20	0
NORTHWOOD ACADEMY	37	0	20	13	3
ST BLASIUS SHANKLIN CE ACADEMY	28	2	15	6	5
SOUTHERN HOUSING GROUP	3	0	0	3	0
SOVEREIGN HOUSING ASSOCIATION	26	1	12	12	0
LANESEND PRIMARY SCHOOL	66	0	38	5	19
ISLAND FREE SCHOOL	35	1	10	0	12
COWES ENTERPRISE COLLEGE	55	1	36	10	13
ISLAND STUDIO SCHOOL	0	0	3	2	1
GURNARD PARISH COUNCIL	1	0	0	1	0
BARNARDOS 2015	0	0	9	0	0
RYDE ARENA TRUST	0	0	3	0	0
TOP MOPS LIMITED	1	0	1	3	0
CATERLINK LIMITED	1	0	0	2	0
SHANKLIN TOWN COUNCIL	3	0	0	0	0
ST FRANCIS CATH CE PRIM ACAD	36	0	12	10	5
NVIRO LTD	0	0	2	0	0
RM EDUCATION	1	0	0	0	0
SANDOWN TOWN COUNCIL	1	0	0	0	0
ACCOMPLISH GROUP	11	1	4	1	0
SOLUTIONS 4 HEALTH LTD	1	0	0	0	0
BARNARDOS 2021	8	0	1	1	0
CLEANTEC SERVICES	6	1	0	0	0
ISLE OF WIGHT COUNCIL	2680	37	5209	3640	751
IOW (CAPITA)	24	3	4	0	1
IOW (STRICTLY EDUCATION)	947	10	162	49	27
TEST EMPLOYER	1	0	0	0	0
GRAND TOTALS	4330	63	6245	5267	964

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IOW COUNCIL LOCAL GOVERNMENT PENSION SCHEME

Aggregate membership statistics @ 28 February 2022

MEMBERSHIP NUMBERS BY STATUS	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22
Actives	4,367	4,338	4,353	4,305	4,296	4,240	4,313	4,317	4,316	4,301	4,330
Frozen Refund	578	813	939	962	1,028	1,038	1,017	1,007	979	962	964
Deffereds (including undecided)	6,730	6,461	6,233	6,248	6,221	6,209	6,282	6,250	6,269	6,280	6,308
Pensioners	5,087	5,111	5,135	5,137	5,146	5,166	5,196	5,213	5,229	5,245	5,267
TOTALS	16,762	16,723	16,660	16,652	16,691	16,653	16,808	16,787	16,793	16,788	16,869

% MEMBERSHIP BY STATUS	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22
Actives	26%	26%	26%	26%	26%	25%	26%	26%	26%	26%	26%
Frozen Refund	3%	5%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Deffereds (including undecided)	40%	39%	37%	38%	37%	37%	37%	37%	37%	37%	37%
Pensioners	30%	31%	31%	31%	31%	31%	31%	31%	31%	31%	31%
TOTALS	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

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HISTORIC MEMBERSHIP NUMBERS BY STATUS	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Active members	3,807	3,753	3,778	4,381	4,370	4,364	-
Deferred members	6,777	7,176	7,816	6,899	7,063	7,238	-
Pensioners	4,036	4,192	4,363	4,631	4,846	4,967	-
TOTALS	14,620	15,121	15,957	15,911	16,279	16,569	-
Change in membership numbers		501	836	-46	368	290	-16,569
% change in membership numbers		3.4%	5.5%	-0.3%	2.3%	1.8%	-100.0%

% HISTORIC MEMBERSHIP BY STATUS	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2020-22
Active members	26%	25%	24%	28%	27%	26%	#DIV/0!
Deferred members	46%	47%	49%	43%	43%	44%	#DIV/0!
Pensioners	28%	28%	27%	29%	30%	30%	#DIV/0!
TOTALS	100%	100%	100%	100%	100%	100%	#DIV/0!

Historic membership data extracted from *Annual Report 2019-20*

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Pensions Administration Software Procurement
Provisional Timetable

1	Further Competition Issued	09 th March 2022
2	Deadline for Clarification questions	06 th April 2022
3	Issue responses to clarifications	06 th April 2022
4	Deadline for Further Competition responses	13 th April 2022
5	Evaluation	Start: 14 th April 2022
	Initial (pre presentation) Evaluation scores to procurement officer	By 04 th May 2022
	Initial Moderation meeting	11 th May 2022 Time 1pm
6	Presentation	w/c 23 rd May 2022
	Final (post presentation) Evaluation scores to procurement officer	By 07 th June 2022
	Final Moderation meeting	08 th June 2022 Time 10am
	Obtain authority to award contract	15 th June 2022
7	Issue Award letters / Start of Standstill	16 th June 2022 – 27 th June 2022
8	Final Contract Award	28 th June 2022
9	Service Commencement	01st January 2023

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IOW COUNCIL LOCAL GOVERNMENT PENSION SCHEME

KPI statistics @ 28 February 2022

Category	TASK	Detail	Days to complete	2020/21 achieved	Target	Current average	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22					
Payment of Benefits	SETUPPAY	Set up of new pension and lump sum within 10 working days of receipt of all documents	20		100%	94.89%	72%	71%	100%	100%	100%	100%	100%	100%	100%	100%	100%					
						Processed	29	7	34	18	21	35	36	23	25	24	24					
						Within target	21	5	34	18	21	35	36	23	25	24	24					
Benefits Estimates Members	MEMQUOTE	Estimates of benefits to Members within 20 working days	20		100%	100.00%	100%	#DIV/0!	100%	100%	100%	100%	100%	100%	100%	100%	100%					
						Processed	2	0	4	13	20	9	6	26	13	29	16					
						Within target	2	0	4	13	20	9	6	26	13	29	16					
Benefits Estimates Employers	ERSQUOTE	Estimate of benefits to Employers within 5 working days	10		100%	100.00%	#DIV/0!	#DIV/0!	#DIV/0!	100%	#DIV/0!	100%	100%	100%	100%	100%	100%					
						Processed	0	0	0	9	0	6	4	10	1	9	4					
						Within target	0	0	0	9	0	6	4	10	1	9	4					
Annual Benefit Statements - active members		Produce the required standard to statutory timescale by 31 st August each year		Published 10 Aug 2021	100%	99.07%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	99.07%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!					
						Members	4106															
						Processed	4068															
Within target	4068																					
Annual Benefit Statements - deferred members		Produce the required standard to statutory timescale by 31 st August each year		Published 04 Aug 2021	100%	99.70%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	99.70%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!					
						Members	5911															
						Processed	5893															
Within target	5893																					
Transfers In Payments	TVIN	Payment made within 5 working days of receipt of all documentation	20		100%	100.00%	#DIV/0!	#DIV/0!	100%	100%	100%	100%	100%	100%	100%	100%	100%					
						Processed	0	0	23	15	8	6	3	4	7	4	1					
						Within target	0	0	23	15	8	6	3	4	7	4	1					
Transfers in Quotes	TRANINQ	Issued within 20 working days of notification and all information required to produce a quote	20		100%	100.00%	#DIV/0!	#DIV/0!	100%	100%	100%	100%	100%	100%	100%	100%	100%					
						Processed	0	0	40	15	6	11	9	23	22	10						
						Within target	0	0	40	15	6	11	9	23	22	10						
Transfers Out Payments	TVOUT	Payment made within 5 working days of receipt of all documentation	20		100%	90.00%	#DIV/0!	0%	100%	100%	100%	100%	100%	100%	100%	100%	100%					
						Processed	0	1	13	7	3	6	6	9	10	9						
						Within target	0	0	13	7	3	6	6	9	10	9						

Appendix 4

LOW COUNCIL LOCAL GOVERNMENT PENSION SCHEME

KPI statistics @ 28 February 2022

Category	TASK	Detail	Days to complete	2020/21 achieved	Target	Current average	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22
Transfers Out Quotes	TRANOUTQ	Issued within 20 working days of notification and all information required to produce a quote	20		100%	100.00%	#DIV/0!	#DIV/0!	100%	100%	100%	100%	100%	100%	100%	100%	100%
						Processed	0	0	12	9	6	4	16	17	24	16	6
						Within target	0	0	12	9	6	4	16	17	24	16	6
Deaths	DEATHS	Payment of Death Grant and set up Widow pension within 10 working days	10		100%	98.18%	100%	80%	100%	100%	100%	100%	100%	100%	100%	100%	100%
						Processed	13	5	7	10	38	12	12	26	14	20	10
						Within target	13	4	7	10	38	12	12	26	14	20	10
Pensioner Payroll		Payment of pension benefits to member by last working day of month			100%	100.00%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
						Date completed	21/04/2021	19/05/2021	23/06/2021	21/07/2021	24/08/2021	21/09/2021	20/10/2021	23/11/2021	14/12/2021	19/01/2022	22/02/2022
						Processed	5,625	5,642	5,664	5,685	5,710	5,726	5,747	5,779	5,786	5,799	5,827
						Starters	30	25	26	25	35	30	35	37	21	32	37
						Variations	36	30	33	31	37	26	38	50	26	16	0
Statutory Reports		Statutory reports, finance reports etc.			95%		-	-	-	-	-	-	-	-	-	-	-
						Report Date completed											

IOW COUNCIL LOCAL GOVERNMENT PENSION SCHEME

Pensioner payroll statistics @ 28 February 2022

Category	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22
Closing LIVE Count Previous Month	5,883	5,760	5,777	5,800	5,806	5,817	5,828	5,850	5,881	5,882	5,899	5,927
Starters	30	25	26	25	35	30	35	37	21	32	37	
Leavers	16	8	3	19	24	19	13	6	20	15	9	
Sub-total (LIVE Count)	5,897	5,777	5,800	5,806	5,817	5,828	5,850	5,881	5,882	5,899	5,927	5,927
Suspended	134	135	135	121	107	102	103	102	96	100	100	0
Total number of pensioners paid	5,763	5,642	5,665	5,685	5,710	5,726	5,747	5,779	5,786	5,799	5,827	5,927
Suspended Reason												
Account Closed	10	11	11	13	15	14	13	14	15	15	14	
Deaths	75	75	79	69	54	51	54	60	53	57	60	
Gone Away	43	43	39	39	38	37	36	28	28	28	26	
Children's pension over 18	6	6	6	0	0	0	0	0	0	0	0	
Total	134	135	135	121	107	102	103	102	96	100	100	0
Unresolved after 12 months	51	55	55	55	54	53	55	53	56	56	59	

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Isle of Wight Council Breaches Log

Local Government Pension Scheme

Pension Board: 06 April 2022

(previous report: 07 July 2021)

IWPF Ref	Date identified	Description	Relevant dates	Red Amber Green	Actions taken	Long term effects	Open/ Closed with date	Reported to C'tee and/or Board Y/N (date)	Reported to Regulator Y/N (date)
2021-01	09.09.2020	Transfer In incorrectly processed		Green	Transfer corrected and Hyman's asked to look over. Member informed with explanation and confirmation it's corrected.	Members pension over inflated	Closed March 2021	30.11.2020	No
2022-01	31.08.2021	Annual Benefit Statements 2020-21: 55 ABS not issued due to incorrect membership data (approx. 0.56% of statements required)		Green	<ul style="list-style-type: none"> Issue identified as errors from data cleansing project – sample check did not pick up. Individual members notified. Investigation of each member's record in progress. Rectification actions planned. Member statements will be issued as soon as records updated. 	No long-term impact for members – ABS late but will be issued with correct information. Review process for checking future bulk-uploaded corrections. Contractual review for potential recompense. Determined not systematic error.	Open	To LPB 22-Sep-21	Not required – not materially significant.
2022-02	14.09.2021	Board membership is not compliant with PSPA13 or LGPS Regs, as term of office for one scheme member rep expired in August 2021, but reselection exercise not commenced	Term expired 22-08-2021 Identified 13-09-2021 Meeting to discuss held 14-09-2021	Green (TFM and MO confirmed)	<ul style="list-style-type: none"> Monitoring officer to write to board member to inform them term of membership has ceased. MO to write to current board chair to determine if scheduled meeting 22 Sep 21 should be cancelled. Breach assessment report prepared for MO, S151, chair of PFC. Selection process for scheme member representatives to be developed (including information from other ACCESS-pool authorities). Selection process to be carried out, for completion before next scheduled board meeting on 15 Dec 21. Selection process for employer representative (term of office expires 24 Sep 21) to be completed before next scheduled board meeting. Terms of office for all board members to be documented and diarised for review one year before termination. 	<ul style="list-style-type: none"> Improved planning for review of membership to prevent future occurrences. Agreement of role profiles for board members to support recruitment and selection process Documented recruitment and selection processes for future. Use this situation to increase board membership in accordance with provision in Constitution. 	open	To MO 15-Sep-21 11:30 (confirmed) To s151, Chair PFC, Chair LPB 15-Sep-21 16:00	Not required – not materially significant. (MO confirmed) Subsequently jointly reported with 2022-03 below
2022-03	15.09.2021	The council had not previously followed proper appointment processes for board members, with the exception of the council-appointed employer representative appointed in July 2021.	Identified as part of review of above breach. MO email 28-09-2021	Green	<ul style="list-style-type: none"> Report added to full council agenda 17 Nov to update terms of reference for board and confirm appointments. Terms of reference drafted for internal review 30-09-2021 Timetable to seek expressions of interest/nominations agreed, building in time for senior officer review prior to recommendation to full council. Breach report updated. Agreed that although not likely to be significantly material to TPR, breach would be reported. 	<ul style="list-style-type: none"> Council Constitution will reflect proper governance arrangements for pension board operation. Others as documented under breach 2022-02 	Open	To s151, MO, Chair PFC 28-09-2021 Full Council report 17-Nov-21 PFC report 24-Nov-21 LPB 15-Dec-21 02-Feb-22	Yes – breach report submitted 07-10-2021 08-10-2021: TPR acknowledged “no further action at this time”

Isle of Wight Council Breaches Log

IWPF Ref	Date identified	Description	Relevant dates	Red Amber Green	Actions taken	Long term effects	Open/ Closed with date	Reported to C'tee and/or Board Y/N (date)	Reported to Regulator Y/N (date)
2022-04	27.09.2021	Pension Fund will not be able to publish its annual report and accounts by the deadline of 1 December 2021, as required by clause 57 of LGPS Regs 2013. External auditors for council will not be able to complete their audit opinion on IWC accounts (and hence IWCPF accounts) until audit committee meeting on 6 December.	Audit committee meeting 27-Sep-21 (draft minutes 17a)	Green	<ul style="list-style-type: none"> Pension Fund audit substantially complete on 27 September 2021 but cannot be signed off until council audit is closed. Annual report and accounts will be completed, with the exception of audit opinion and links to IWC accounts before audit committee meeting on 6 December. Email sent to LGA 19-Oct-21 notifying them of the delay in publication of annual report. Publication expected by end of week of audit committee (i.e. by 10-Dec-21) 	<ul style="list-style-type: none"> None anticipated at this time. 	Open	PFC report 24-Nov-21	No.
2022-05	08.10.2021	Member complained that IWC Pension Fund do not offer Trivial Commutation		Green	<p>Communication attaching Admin Strategy and IDRPs sent to the member who has already spoken to the Pensions Ombudsman and they have referred member back to us.</p> <p>Member is going to make a formal complaint even though we have confirmed fund does not offer trivial commutation.</p>	Future considerations maybe needed to review the Funds position on Trivial commutation.	Open	LPB 06-Apr-22	Not required – not materially significant.

From: naresh.sharma@prudential.co.uk
To: pensions@iow.gov.uk, pensions.accounts@iow.gov.uk
Cc: matthew.colier@iow.gov.uk
Subject: L573 The Isle of Wight Pension Fund [SECURE INTERNET MESSAGE]
Priority Normal
Sent: Oct 27, 2021 09:10

Our Ref: WI202012310230009345369/NS

Good Morning

L573 The Isle of Wight Pension Fund

We refer to the renewal of the above named scheme on 1 April 2021 and attach the following:

1. A Statement of Accounts.
2. A Schedule of Benefits and Contributions.
3. A Claims Breakdown Report.
4. A Contribution Report

Hard copies of the following will be sent, directly to the members, in due course:

1. Original copies of Benefits Statements.

The information on the claims report enclosed will form the basis of your reporting of claims to HM Revenue & Customs. Unfortunately we are unable to provide you any further breakdown than that enclosed.

How we use your members' personal information

For a copy of our latest Data Protection Notice, please visit www.pru.co.uk/mydata-tr. This details how and why we use your members' personal information (including sensitive personal information), who we may share it with and your members' rights around this personal information. Alternatively, you or your members can request a hard copy to be sent by writing to The Data Protection Officer, Customer Service Centre, Lancing, BN15 8GB. **Prudential would be grateful if the Trustees could make the updated Data Protection Notice available to scheme members.**

How to get in touch with us.

If you have any questions or if there is anything we can do to help, please get in touch. Please have the above scheme number to hand when you contact us.

Phone : 0345 600 0343 or + 44 178 644 8844 if phoning from abroad. Our lines are open between 8.30am and 6pm, Monday to Friday

Email : Send us an email to avc.revisions@prudential.co.uk

Post : Write to us at Prudential Customer Services, LANCING BN15 8GB

Regards

 image

Tracy Harris
Customer Service Director

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Taylor, Adrian

From: Mandy Purcell <Mandy.Purcell@heywood.co.uk>
Sent: 15 December 2021 16:19
To: Sostenuto Service Desk
Cc: OG_ServiceDesk; OG_AltrinchamCRM
Subject: Apache Log4j vulnerability - Heywood Pension Technologies

Follow Up Flag: Follow up
Flag Status: Flagged

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

Dear Customer,

We wanted to follow-up on the actions that have been taken over the weekend and Monday to mitigate a vulnerability that was identified in Apache Log4j 2, a commonly used third party software.

The [NCSC published the vulnerability](#) on Friday 10th December and over the weekend we assessed each of our public facing products to understand what actions needed to be taken to mitigate any risk and to ascertain whether the vulnerability had been exploited.

Where third-party vendors had issued guidance, we took immediate remedial action and, as a preventative measure, we temporarily took certain customer-facing products offline whilst we investigated further.

Detailed investigation confirmed that there was no indication that the vulnerability has been exploited within any of our products and we identified that no remediation was needed for Altair.

Following this, we actioned the remediation required for Cloud Member Self-Service, i-Connect and Employer Services and engaged with our service partner to action the remediation required for Managed File Transfer. We also contacted any customers who host Member Self-Service on-premise with details of the remediation that needed to be made locally as high priority.

By Monday morning, Cloud Member Self-Service, i-Connect and Employer Services remediation had been completed and services were back online. By Monday evening, remediation were completed for the Managed File Transfer service and this is also now back online. We continue to engage with any customers who have on-premise Member Self-Service to support them as they implement the remediation required.

As part of our SIEM solution, we continuously monitor logs for evidence of and exploitation and review the latest guidance as it becomes available and will ensure that we apply any further remediation should this be required.

Please can you ensure that your internal IT and Security teams are aware that we have swiftly actioned against this vulnerability and that no further action is required. It may be that your IT are already signed up for the NCSC alerts, or may wish to in future.

We would like to thank you for your patience during the time our services were unavailable while we made these critical remediation.

If you have any questions or concerns, please don't hesitate to contact your CRM or the Service Desk for further information.

Kind Regards

Mandy Purcell

Service Desk Manager

Phone: +44 (0)161 613 4333

Mobile:



Hamilton House, Church Street
Altrincham, WA14 4DR

www.heywood.co.uk



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03 March 2022

Heightened Cyber Security Threat Level

This Bulletin summarises our response to the heightened cyber security threat level resulting from the current situation in Ukraine.

In response to the heightened threat, we have conducted focused threat simulations based upon potentially malicious email traffic, reinforced organisational awareness of the threat landscape and raised vigilance through additional staff training and blocked access/internet traffic from specific countries.

As a matter of course, we continually review all aspects of our physical and logical security and implement improvements on an ongoing basis. Some of the more important elements of our current security posture are outlined below:

- Frequent internal threat simulations, to increase our employee's awareness of (and test their response to) phishing emails and other cyber threats
- Enforce strict infrastructure configuration and hardening policies. All network interlinks are firewalled, with rules to restrict communication based on source destination. Only specifically defined traffic is allowed to the destination. All firewall communication is logged. Traffic from trusted/untrusted networks is encrypted and passes through a web application firewall and Identity Access Management System. All servers are CIS level 2 hardened and are built from the same gold build. Server builds are tested independently as part of our annual cyber security review. All servers are subject to anti-virus scanning and logging
- Review all guidance and advice issued by The National Cyber Security Centre (NCSC). We are a member of CiSP, the Cyber Security Information Sharing Partnership, which is a joint industry and government initiative run by the NCSC
- ISO 27001: 2013 certified. Our Information Security Management System is externally audited every six months by the British Assessment Bureau
- Cyber Essentials certified. This is a UK government backed scheme, which demonstrates that we have technical controls in place to defend against the most common cyber-attacks
- Engaged a leading UK security consultancy, Pen Test Partners LLP, to provide us with incident response services
- We conduct a programme of annual cyber security reviews, subjecting our software

products and our internal and external IT infrastructure to comprehensive security tests. These are carried out by our independent security consultants, Pen Test Partners LLP. These were last completed in January 2022, and we received very positive feedback in relation to the security controls that we have in place.

- All employees complete mandatory information security assignments each month.

We will continue to closely monitor the cyber threat landscape, particularly threats connected with events in Ukraine. When necessary, we will take immediate action to mitigate against new threats as they emerge.



Agenda Item 7

Isle of Wight Council Pension Fund
Meetings 2022-23

v

extracted 28 March 2022

Board	MD	ML	AC	vacancy	TO	NC	BM	
appointed	Independent Chairman	Employer rep 1	Employer rep 2	Employer rep 3	Scheme member rep 1	Scheme member rep 2	Scheme member rep 3	
end of term	07-Mar-22	21-Jul-21	19-Jan-22	tbc	17-Nov-21	01-Apr-22	01-Apr-22	
	06-Mar-26	05-May-25	18-Jan-26	tbc + 4yrs	16-Nov-25	31-Mar-26	31-Mar-26	
06-Apr-22		aps					virtual	0%
15-Jun-22								0%
12-Oct-22								0%
21-Dec-22								0%
05-Apr-23								0%
	0%	0%	0%	0%	0%	0%	0%	

Development activities

TPR modules

	MD	ML	AC	vacancy	TO	NC	BM
Conflicts of interest							10-Mar-17
Maintaining accurate member data							11-Mar-17
Providing information to members and others							23-Mar-17
Reporting breaches of the law							23-Mar-17
Managing risks and internal controls							10-Mar-17
Maintaining member contributions							16-Mar-17
Resolving internal disputes							23-Mar-17

<http://www.thepensionsregulator.gov.uk/public-service-schemes.aspx>

Hymans LGPS Online Learning Academy modules

	MD	ML	AC	vacancy	TO	NC	BM
1. An introduction of the LGPS	25-Oct-21						
2. LGPS Governance & Oversight Bodies	09-Nov-21						
3. Administration & Fund Management	22-Nov-21						
4. Funding and Actuarial Matters	22-Nov-21						
5. Investments	22-Nov-21						
6. Current Issues	23-Feb-22						

<https://aspire.hymanslearning.co.uk/>

External Training

	MD	ML	AC	vacancy	TO	NC	BM
Overview of the LGPS (BW) 28-Apr-22	n/a (?)				n/a (?)		n/a (?)

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Committee report

Committee	LOCAL PENSION BOARD
Date	6 APRIL 2022
Title	DRAFT PENSION FUND RISK REGISTER
Report of	PENSION FUND MANAGER

EXECUTIVE SUMMARY

1. This report presents the first draft of the Isle of Wight Council Pension Fund risk register for the board's consideration.
2. Following review and comment by the board, the risk register will be updated and presented to the pension fund committee at their meeting on 25 May 2022 for adoption.

RECOMMENDATION

- | |
|---|
| <ol style="list-style-type: none">3. That the Board review the risk register and provide comments to the Pension Fund Manager for incorporation into a report to pension fund committee for the formal adoption of the risk register. |
|---|

CONFIDENTIAL / EXEMPT ITEMS

4. The main body of this report is not considered exempt from disclosure, but the appendices are deemed to be exempt from disclosure by virtue of paragraph 3 of part 1 of schedule 12A of the Local Government Act 1972 (as amended) as it "relates to financial or business affairs of any particular person", (including the authority holding that information). The public interest in maintaining confidentiality outweighs the public interest in disclosing it.

BACKGROUND

5. The fund's Risk Management Policy was adopted by the pension fund committee at its meeting on 24 November 2021. At that meeting it was agreed that the risk register would be created and presented in due course for adoption.
6. The draft risk register has been created in conjunction with the fund's governance consultants, Hymans Robertson, with risk scoring and mitigation actions drafted by the Pension Fund Manager in discussion with other fund staff and advisers.

7. The current draft of the risk register, presented in summary at Appendix 1 to this report, contains 47 risks covering all aspects of the fund's operation:
- (a) Governance – 10 risks
 - (b) Administration – 13 risks
 - (c) Investment – 12 risks
 - (d) Funding – 11 risks
 - (e) Pandemic – 1 risk

The full draft register including mitigating actions is presented at Appendix 2.

8. The administration risks, including scoring and mitigation actions, have been reviewed and agreed by the Pensions Manager.
9. The investment risks have been reviewed by the fund's investment consultants, Hymans Robertson.
10. Further review is required to ensure that risks and mitigation actions are allocated to the correct responsible owners.

CORPORATE PRIORITIES AND STRATEGIC CONTEXT

11. Within the [Corporate Plan 2021 – 2025](#) there are key areas of activity that will be our main areas of focus for the lifetime of this plan which will need to be central to everything we do as a council. While the operation of the pension fund does not specifically contribute to the council's Corporate Plan, many of the priority areas are covered in the risk register.

Responding to climate change

12. 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

13. The pension fund has in excess of 16,000 members, the significant majority of whom live on the Isle of Wight and all of whom are either current or former employees of Island organisations.
14. 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.

Pension Fund Strategic Aims

15. Effective risk management is an essential part of any governance framework as it identifies risks and the actions required to mitigate their potential impact. For the Fund, those risks will come from a range of sources, including:
- the funding position.
 - investment pooling and investment performance.
 - scheme administration and membership movements.
 - management and administration costs.
 - General Data Protection Regulation (GDPR) and communications.
 - financial systems.

16. 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.
17. The primary objective of the fund is to pay benefits to scheme members or their dependants in accordance with the Local Government Pension Scheme (LGPS) Regulations and other statutory provisions. The Risk Management Policy, together with a supporting risk register, forms part of the fund's key internal controls required by the Pensions Regulator to ensure this primary objective can be met.
18. 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.
19. 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.
20. In addition to the Risk Management Policy the Fund has developed its risk register, which sets out the position in relation to each individual risks identified. The reporting of progress against the risk register will form a regular agenda item at future board and committee meetings, once it has been agreed and signed off by the committee.

CONSULTATION

21. As outlined above, the risk register has been created in conjunction with the fund's advisers and has been reviewed at an operational level by fund staff.
22. Presentation and discussion of the draft risk register to the pension board forms part of the consultation process in completing the risk register and recommending it for adoption by the pension fund committee.

FINANCIAL / BUDGET IMPLICATIONS

23. The costs incurred by the fund in drafting the risk register relate to consultancy costs. These cost of approximately £4,000 are borne by the pension fund.

LEGAL IMPLICATIONS

24. 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.

25. This risk register and associated risk management policy forms a key element of the fund's compliance with the system of internal controls, ensuring the fund can meet its fiduciary duties.

EQUALITY AND DIVERSITY

26. 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.
27. Adoption of the risk register has no implications on any of the protected characteristics.

RISK MANAGEMENT

28. 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.
29. Adopting the risk register, will ensure continued compliance with the requirements of the Pensions Regulator.
30. Should the council fail to ensure appropriate systems of internal control the Pensions Regulator has the power to issue an improvement notice under section 13 of the Pensions Act 2004. This would have reputational issues for the council.

APPENDICES ATTACHED

31. Appendix 1 – summary draft risk register.
32. Appendix 2 – detailed draft risk register.

BACKGROUND PAPERS

33. Isle of Wight Council Pension Fund Risk Management Policy
<https://iow.moderngov.co.uk/documents/s6260/ITEM%208%20Appendix%201%20-%20IWC%20Risk%20Management%20Policy%202021%20v2.1.pdf>

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

IWCRMS - Risks Under Service Area

Technical Finance - Technical Finance (Pension Fund)

- Open Risks

Date Added	Service Area	Risk Type	For	ID	Risk	Owner	Assigned To	Score	Review Date
09/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 196	Key person risk (G3)	Joanna Thistlewood	Joanna Thistlewood	15	31/05/2022
09/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 195	Knowledge and understanding (G2)	Joanna Thistlewood	Joanna Thistlewood	14	06/04/2022
15/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 210	changes to national pension arrangements (A4)	Joanna Thistlewood	Joanna Thistlewood	14	25/05/2022
15/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 217	administration system integrity (A10)	Joanna Thistlewood	Matthew Collier	13	25/05/2022
15/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 219	Cyber risk (A12)	Joanna Thistlewood	Joanna Thistlewood	13	25/05/2022
09/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 194	Governance arrangements (G1)	Joanna Thistlewood	Joanna Thistlewood	12	06/04/2022
15/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 220	Sufficient resources (A13)	Joanna Thistlewood	Joanna Thistlewood	12	25/05/2022
20/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 234	Climate change - funding implications (F4)	Joanna Thistlewood	Joanna Thistlewood	12	31/03/2022
20/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 243	pandemic (all)	Joanna Thistlewood	Joanna Thistlewood	12	31/03/2022
22/03/2022	Technical Finance (Pension Fund)	Service	Service Area	ID 1265	Responsible investment (I12)	Joanna Thistlewood	Joanna Thistlewood	12	31/03/2022
20/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 224	Investment manager failure (I4)	Joanna Thistlewood	Joanna Thistlewood	10	07/04/2022
09/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 198	Professional advice (G5)	Joanna Thistlewood	Joanna Thistlewood	9	25/05/2022
15/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 202	Internal controls failure (G6)	Joanna Thistlewood	Joanna Thistlewood	9	30/03/2022
15/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 203	mismatch between investment and funding strategies (G7)	Joanna Thistlewood	Joanna Thistlewood	9	25/05/2022
15/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 205	Pension Fund accounts (G9)	Joanna Thistlewood	Joanna Thistlewood	9	25/05/2022
15/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 206	policy and decisions (G10)	Joanna Thistlewood	Joanna Thistlewood	9	25/05/2022
15/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 211	employer participation in LGPS (A5)	Joanna Thistlewood	Joanna Thistlewood	9	25/05/2022

Date Added	Service Area	Risk Type	For	ID	Risk	Owner	Assigned To	Score	Review Date
20/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 232	Pay and price inflation (F1)	Joanna Thistlewood	Joanna Thistlewood	9	30/06/2022
20/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 233	External employers (F2)	Joanna Thistlewood	Joanna Thistlewood	9	07/04/2022
15/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 207	Communications (A1)	Joanna Thistlewood	Joanna Thistlewood	8	25/05/2022
15/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 209	Employer fails to pay contributions (A3)	Joanna Thistlewood	Joanna Thistlewood	8	28/04/2022
15/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 212	Significant changes to an employer (A6)	Joanna Thistlewood	Joanna Thistlewood	8	25/05/2022
15/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 213	compliance with legislation (A7)	Joanna Thistlewood	Joanna Thistlewood	8	25/05/2022
15/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 214	Employer fails to provide data (A8)	Joanna Thistlewood	Joanna Thistlewood	8	25/05/2022
15/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 218	Assessment of benefit entitlements (A11)	Joanna Thistlewood	Matthew Collier	8	25/05/2022
20/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 238	Longevity (F5)	Joanna Thistlewood	Joanna Thistlewood	8	31/03/2022
20/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 239	Maturing fund (F6)	Joanna Thistlewood	Joanna Thistlewood	8	31/03/2022
20/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 241	employer exits without funding (F10)	Joanna Thistlewood	Joanna Thistlewood	8	31/03/2022
09/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 197	Section 13 analysis impact (G4)	Joanna Thistlewood	Joanna Thistlewood	5	31/03/2022
15/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 204	disclosure of information legislation (G8)	Joanna Thistlewood	Joanna Thistlewood	5	31/03/2022
15/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 208	Data quality (A2)	Joanna Thistlewood	Joanna Thistlewood	5	25/05/2022
20/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 221	insufficient investment returns (I1)	Joanna Thistlewood	Joanna Thistlewood	5	07/04/2022
20/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 222	Inappropriate long term investment strategy (I2)	Joanna Thistlewood	Joanna Thistlewood	5	07/04/2022
20/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 223	Gilt rates fall (I3)	Joanna Thistlewood	Joanna Thistlewood	5	07/04/2022
20/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 225	Active manager underperformance (I5)	Joanna Thistlewood	Joanna Thistlewood	5	04/04/2022
20/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 226	multiple asset class failure (I6)	Joanna Thistlewood	Joanna Thistlewood	5	07/04/2022

Date Added	Service Area	Risk Type	For	ID	Risk	Owner	Assigned To	Score	Review Date
20/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 227	single asset class failure (I7)	Joanna Thistlewood	Joanna Thistlewood	5	07/04/2022
20/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 228	liquidity risk (I8)	Joanna Thistlewood	Joanna Thistlewood	5	07/04/2022
20/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 229	Environmental, Social and Governance factors (I9)	Joanna Thistlewood	Joanna Thistlewood	5	25/05/2022
20/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 230	Other provider risks (I10)	Joanna Thistlewood	Joanna Thistlewood	5	07/04/2022
20/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 231	Investment pooling (I11)	Joanna Thistlewood	Joanna Thistlewood	5	25/05/2022
15/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 216	Ceasing benefits (A9)	Joanna Thistlewood	Matthew Collier	4	25/05/2022
20/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 235	increasing early retirements (F7)	Joanna Thistlewood	Joanna Thistlewood	4	31/03/2022
20/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 236	Freedom and Choice (F8)	Joanna Thistlewood	Joanna Thistlewood	4	25/05/2022
20/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 237	Orphaned employers (F3)	Joanna Thistlewood	Joanna Thistlewood	4	31/03/2022
20/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 242	exit credit payable (F11)	Joanna Thistlewood	Joanna Thistlewood	4	31/03/2022
20/12/2021	Technical Finance (Pension Fund)	Service	Service Area	ID 240	failure to commission cessation valuation (F9)	Joanna Thistlewood	Joanna Thistlewood	2	31/03/2022

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IWCRMS - Service Area - Full Risk Register (47 risks)

Technical Finance - Technical Finance (Pension Fund)

Financial Management - Technical Finance (Pension Fund)					
Risk: Governance arrangements (G1) (Id: 194) - Assigned To: Joanna Thistlewood					
Description: Failure to have the appropriate governance arrangements in place (including Pensions Regulator requirements) Consequence: non-compliance with legislation or best practice and the inability to determine policy or make decisions/deliver the service impacting on reputation Review Date: 06/04/2022			Inherent Rating: 14 - High	Current Rating 12 - High (28/03/2022)	Target Rating: 9 - Medium
Mitigations / Actions	% Complete	Due Date	Assigned To	Update	
SAB Good governance project - Gap analysis commissioned to identify areas for improvement to ensure compliance when legislation/regulations updated.	0	30/06/2022	Joanna Thistlewood	update 22-Mar-22: report has been received, but has not yet been considered. To form part of combined action plan following review of governance compliance statement	
Governance Compliance Statement - update for current year activity, identify areas for improvement, develop action plan. To be completed for 2021-22 annual report, presentation at May 2022 pension fund committee meeting.	0	31/05/2022	Joanna Thistlewood		
Local Pension Board - external employer representative nominations sought from 30 external employers (not IWC or related schools) - none received by first due date.	50	07/04/2022	Joanna Thistlewood	21 March 2022: one nomination received on 2 February. Information has been with Director of Finance for review since 17 February (chased 28 Feb, 8 March and 21 March).	

IWCRMS - Service Area - Full Risk Register (47 risks)

Mitigations / Actions	% Complete	Due Date	Assigned To	Update
Pension Fund Committee membership - recruitment of employer representative to vacant position	0	31/03/2022	Joanna Thistlewood	
Policies/Strategies: Update list of required documents, and timetable dates for review within pension fund business plan.	0	31/03/2022	Joanna Thistlewood	
Local Pension Board - scheme member representative (minimum requirement) expressions of interest sought from all active, deferred and pensioner members of the fund for whom email address held on administration system (10,087 emails sent). Appointment to be confirmed at 19 January 2022 full council meeting.	100	19/01/2022	Joanna Thistlewood	5 expressions of interest (two roles) received. With Director of Finance and Chair of pension fund committee for review since 15 November 2021. update 21 March 2022: 19 January full council meeting delegated appointment to Director of Finance. Director of Finance and Chief Executive met with three candidates between 21 February and 6 March - two people appointed, both have accepted. First meeting on newly formed board to be held on 6 April 2022.
Local Pension Board - scheme member representative (increased membership) expressions of interest sought from all active, deferred and pensioner members of the fund for whom email address held on administration system (10,087 emails sent). Appointment to be confirmed at 19 January 2022 full council meeting if possible.	100	19/01/2022	Joanna Thistlewood	5 expressions of interest (two roles) received. With Director of Finance and Chair of pension fund committee for review since 15 November 2021. update 21 March 2022: 19 January full council meeting delegated appointment to Director of Finance. Director of Finance and Chief Executive met with three candidates between 21 February and 6 March - two people appointed, both have accepted. First meeting on newly formed board to be held on 6 April 2022.
Local Pension Board - IWC Employer Representative Nominations sought from CMT to fulfil this role.	100	19/01/2022	Joanna Thistlewood	7 Dec 2021 - nomination received. To be recommended to full council on 19 January 2022 for appointment 21/3/22: appointment confirmed at full council on 19 January. Member has had introduction meeting with technical finance manager. First meeting of newly created board to be held on 6 April.

IWCRMS - Service Area - Full Risk Register (47 risks)

Mitigations / Actions	% Complete	Due Date	Assigned To	Update
Local Pension Board - independent chair 4 applications received for one position. Appointment to be confirmed at 19 January 2022 full council meeting.	100	19/01/2022	Joanna Thistlewood	applications have been with Director of Finance and Chair of pension fund committee for review since 15 November 2021. 21/3/22: DoF and Chair of PFC met with shortlisted candidates held on 7 Feb and 16 Feb. Preferred candidate identified and appointed on 2 March. Pension board introductory meeting to be held on 6 April.
Financial Management - Technical Finance (Pension Fund)				

IWCRMS - Service Area - Full Risk Register (47 risks)

Risk: Knowledge and understanding (G2) (Id: 195) - Assigned To: Joanna Thistlewood				
Description:	Inherent Rating:	Current Rating	Target Rating:	
Lack of relevant knowledge and understanding with the Pension Committee, Pension Board and/or officers Consequence: non-compliance with legislation for board members. Potential for poor decision making. Review Date: 06/04/2022	14 - High	14 - High (28/03/2022)	9 - Medium	
Mitigations / Actions	% Complete	Due Date	Assigned To	Update
pension fund committee members encouraged to complete TPR public service online toolkit modules, with update on progress requested and reported at each pension fund committee meeting.	0	31/12/2022	Joanna Thistlewood	16 February 2022 meeting - only one member had completed toolkit
Pension board and committee members induction programme to be developed	0	31/12/2022	Joanna Thistlewood	
Pension board members encouraged to complete all TPR public service online toolkit modules within 6 months of appointment.	0	30/09/2022	Joanna Thistlewood	to be reviewed at 6 April board meeting with action plan agreed
Hymans Robertson LGPS Online Learning Academy users to be updated to include all board members. Board member to be encouraged to complete all modules within 6 months of access being granted. to be reported and reviewed at each board meeting.	0	30/09/2022	Joanna Thistlewood	
	0			

IWCRMS - Service Area - Full Risk Register (47 risks)

Financial Management - Technical Finance (Pension Fund)			
Risk: Key person risk (G3) (Id: 196) - Assigned To: Joanna Thistlewood			
Description:	Inherent Rating:	Current Rating	Target Rating:
<p>reliance on key people, lack of supporting resource, single points of failure</p> <p>Consequence: lack of succession planning. Severe disruption if key staff are absent for any period of time.</p> <p>Review Date: 31/05/2022</p>	15 - Very High	15 - Very High (28/03/2022)	5 - Low
Mitigations / Actions	% Complete	Due Date	Assigned To
commission external review of pension fund structure to ensure most effective and appropriate structure is in place - linking into Good Governance Project.	0	30/06/2022	Joanna Thistlewood
Succession planning, sharing of knowledge, documentation of procedures/processes both in finance and administration teams.	0	30/06/2022	Joanna Thistlewood
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.	0	01/04/2022	Joanna Thistlewood

IWCRMS - Service Area - Full Risk Register (47 risks)

Financial Management - Technical Finance (Pension Fund)					
Risk: Section 13 analysis impact (G4) (Id: 197) - Assigned To: Joanna Thistlewood					
Description: DLUHC review funds' valuation results every three years and can intervene in fund operation if results deemed inadequate. Consequence: Reputational risk. Time and costs to implement any remedy Review Date: 31/03/2022			Inherent Rating: 9 - Medium	Current Rating 5 - Low (28/03/2022)	Target Rating: 5 - Low
Mitigations / Actions	% Complete	Due Date	Assigned To	Update	
Take advice from Fund actuary on position of Fund as at prior valuation and consideration of proposed valuation approach relative to anticipated section 13 analysis	50	31/03/2022	Joanna Thistlewood	s13 report from 2016 valuation showed no implications. draft results from s13 report on 2019 valuation had no implications. to be factored into 2022 valuation planning.	
Financial Management - Technical Finance (Pension Fund)					

IWCRMS - Service Area - Full Risk Register (47 risks)

Risk: Professional advice (G5) (Id: 198) - Assigned To: Joanna Thistlewood					
Description:			Inherent Rating:	Current Rating	Target Rating:
Actuarial or investment advice is not sought, or is not heeded, or proves to be insufficient in some way Consequence: inappropriate funding strategy and/or investment strategy being adopted, resulting in significant reduction in fund investments, resulting in higher contributions. Review Date: 25/05/2022			13 - High	9 - Medium (28/03/2022)	6 - Low
Mitigations / Actions	% Complete	Due Date	Assigned To	Update	
Actuarial consultancy contract management - awarded May 2018 for six years plus one Decision required for re-procurement or extension by December 2023 - noting that 2025 is a valuation year	0	31/10/2023	Joanna Thistlewood	have joined the "new" National LGPS Framework for Actuarial Benefits and Governance Consultancy Services 2021.	
Triennial valuation 2022 to consider combined funding and investment implications when identifying future contribution rates. Reporting to each pension fund committee during financial year 2022-23 (May'22 - assumptions; Jul'22 - draft council results; Nov'22 - draft employer results; Feb'23 - draft final report)	0	31/03/2023	Joanna Thistlewood		
Investment consultancy contract management - awarded Jul 2018 for five years plus up to two years. Decision required for re-procurement or extension by December 2022, for enactment July 2023.	0	31/12/2022	Joanna Thistlewood	Current National LGPS Framework for investment management consultancy services is available for contract award until October 2022	

IWCRMS - Service Area - Full Risk Register (47 risks)

Financial Management - Technical Finance (Pension Fund)					
Risk: Internal controls failure (G6) (Id: 202) - Assigned To: Joanna Thistlewood					
Description: inadequate controls over payment requests and/or management override of controls Consequence: increased potential for fraud, errors in processes, audit qualification of accounts, Review Date: 30/03/2022			Inherent Rating: 9 - Medium	Current Rating 9 - Medium (28/03/2022)	Target Rating: 6 - Low
Mitigations / Actions	% Complete	Due Date	Assigned To	Update	
2022-23 internal audit plan contains full review of Accounts Payable, Accounts Receivable, Bank and Cash systems, along with follow-up of pension administration issues. Updates to be provided at relevant pension board meetings as reviews are completed.	0	31/03/2023	Joanna Thistlewood		
External audit of pension fund accounts provides assurance that internal controls are operating effectively, and that management override of controls has not occurred. 2021-22 external audit work commences in June 2022 (interim audit) with final fieldwork scheduled for September/October 2022. Results to be presented to audit committee, pension committee and pension board as they become available.	0	31/12/2022	Joanna Thistlewood		

IWCRMS - Service Area - Full Risk Register (47 risks)

Mitigations / Actions	% Complete	Due Date	Assigned To	Update						
2021-22 Financial management internal controls for pension fund mirror those for the council. Reviewed annually as part of the council's internal audit programme.	25	25/07/2022	Joanna Thistlewood	2021-22 internal audit reporting to March Audit committee: Accounts payable (reasonable assurance), accounts receivable and bank and cash audits still in progress.						
2021-22 Pension Administration controls subject to council's internal audit programme.	100	31/03/2022	Joanna Thistlewood	2021-22 internal audit report presented to December 2021 audit committee - reasonable assurance. Resolution of the two medium risk exceptions raised are in progress, driven by i-connect project implementation.						
Financial Management - Technical Finance (Pension Fund)										
Risk: mismatch between investment and funding strategies (G7) (Id: 203) Assigned To: Joanna Thistlewood										
Description: Lack of co-ordination between investment strategy and fund strategy, not considering investment and funding risks together Consequence: Inaccurate calculation of required investment return and/or inappropriate employer contribution rate setting, resulting in significant reduction to funding level and unaffordable cost of scheme for employers. Review Date: 25/05/2022		<table border="1" style="width: 100%; background-color: orange;"> <thead> <tr> <th>Inherent Rating:</th> <th>Current Rating</th> <th>Target Rating:</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">9 - Medium</td> <td style="text-align: center;">9 - Medium (28/03/2022)</td> <td style="text-align: center;">9 - Medium</td> </tr> </tbody> </table>			Inherent Rating:	Current Rating	Target Rating:	9 - Medium	9 - Medium (28/03/2022)	9 - Medium
Inherent Rating:	Current Rating	Target Rating:								
9 - Medium	9 - Medium (28/03/2022)	9 - Medium								
Mitigations / Actions	% Complete	Due Date	Assigned To	Update						
triennial valuation 2022 to consider combined funding and investment implications when identifying future contribution rates. Reporting to each pension fund committee during financial year 2022-23 (May'22 - assumptions; Jul'22 - draft council results; Nov'22 - draft employer results; Feb'23 - draft final report)	0	31/03/2023	Joanna Thistlewood							

IWCRMS - Service Area - Full Risk Register (47 risks)

Financial Management - Technical Finance (Pension Fund)					
Risk: disclosure of information legislation (G8) (Id: 204) - Assigned To: Joanna Thistlewood					
Description: failure to comply with disclosure of information legislation Consequence: data breaches Review Date: 31/03/2022			Inherent Rating: 9 - Medium	Current Rating 5 - Low (28/03/2022)	Target Rating: 3 - Low
Mitigations / Actions	% Complete	Due Date	Assigned To	Update	
All councillors have been assigned the Data Protection Awareness course as required learning	0	30/09/2022	Joanna Thistlewood	at 22-Mar-22 no councillors have completed this training.	
Council staff are required to complete data protection training on an annual basis - monitored through annual PMP	0	31/03/2022	Joanna Thistlewood		

IWCRMS - Service Area - Full Risk Register (47 risks)

Financial Management - Technical Finance (Pension Fund)				
Risk: Pension Fund accounts (G9) (Id: 205) Assigned To: Joanna Thistlewood				
Description:		Inherent Rating:	Current Rating	Target Rating:
incorrect production of Pension Fund Accounts, failure to maintain appropriate accounting records Consequence: audit qualification of accounts. reputational risk Review Date: 25/05/2022		9 - Medium	9 - Medium (28/03/2022)	8 - Low
Mitigations / Actions	% Complete	Due Date	Assigned To	Update
External audit of pension fund accounts provides assurance that internal controls are operating effectively, and that management override of controls has not occurred. 2021-22 external audit work commences in June 2022 (interim audit) with final fieldwork scheduled for September/October 2022. Results to be presented to audit committee, pension committee and pension board as they become available.	0	31/12/2022	Joanna Thistlewood	
attendance at relevant accounting/technical update events (virtual or face to face) to understand any changes in requirements for annual accounting and reporting - CIPFA, audit firms, SAB.	0	31/12/2022	Joanna Thistlewood	

IWCRMS - Service Area - Full Risk Register (47 risks)

Financial Management - Technical Finance (Pension Fund)					
Risk: policy and decisions (G10) (Id: 206) - Assigned To: Joanna Thistlewood					
Description: failure to determine policy or make decisions Consequence: non compliance with regulations, legislation and/or codes of practice. reputational risk Review Date: 25/05/2022			Inherent Rating: 9 - Medium	Current Rating 9 - Medium (28/03/2022)	Target Rating: 5 - Low
Mitigations / Actions	% Complete	Due Date	Assigned To	Update	
fund officers receive and circulate briefings from advisers, SAB, LGA, CIPFA, TPR etc to keep up to date with latest legislative and regulatory developments. Standing item on each committee and board meeting agenda	0	31/03/2023	Joanna Thistlewood		
guidance sought from advisers to support development and implementation of new policies as required	0	31/03/2023	Joanna Thistlewood		
Decision matrix has been approved, setting out roles and responsibilities of key parties in making and approving decisions - annual review required.	0	31/12/2022	Joanna Thistlewood		

IWCRMS - Service Area - Full Risk Register (47 risks)

Financial Management - Technical Finance (Pension Fund)					
Risk: Communications (A1) (Id: 207) - Assigned To: Joanna Thistlewood					
Description: failure to communicate, or to communicate effectively, with all fund stakeholders Consequence: scheme members and employers cannot make informed decisions. non-compliance with legislation, regulations and/or codes of practice. Review Date: 25/05/2022			Inherent Rating: 8 - Medium	Current Rating 8 - Medium (28/03/2022)	Target Rating: 2 - Low
Mitigations / Actions	% Complete	Due Date	Assigned To	Update	
employer meetings/development sessions are held as and when required. need to programme sessions to cover triennial valuation and related updates	0	31/12/2022	Joanna Thistlewood		
Annual benefit statements issued to all active and deferred members by statutory deadline	0	31/08/2022	Matthew Collier		
Communications policy (dated February 2019) in place. Review every three years - due Feb 2022.	0	30/06/2022	Joanna Thistlewood		
Isle of Wight Council Pension Fund website in place and maintained up to date	75	31/03/2022	Matthew Collier		

IWCRMS - Service Area - Full Risk Register (47 risks)

Financial Management - Technical Finance (Pension Fund)					
Risk: Data quality (A2) (Id: 208) - Assigned To: Joanna Thistlewood					
Description: poor quality of data received from employers and maintained on pensions administration system Consequence: errors, incorrect assessment of benefit entitlements, under or over payments, leading to reputational risks Review Date: 25/05/2022			Inherent Rating: 9 - Medium	Current Rating 5 - Low (28/03/2022)	Target Rating: 3 - Low
Mitigations / Actions	% Complete	Due Date	Assigned To	Update	
employers submit monthly data returns via i-connect portal which allows for validation of data before input to administration system	75	31/12/2022	Matthew Collier		
data quality scores, as per TPR guidance, commissioned annually - last received 2020 common data 95%; scheme specific data 96%	0	30/09/2022	Matthew Collier		
employer data regularly submitted through Hymans "brain" to identify potential errors	0	31/03/2022	Matthew Collier		

IWCRMS - Service Area - Full Risk Register (47 risks)

Financial Management - Technical Finance (Pension Fund)			
Risk: Employer fails to pay contributions (A3) (Id: 209) - Assigned To: Joanna Thistlewood			
Description:	Inherent Rating:	Current Rating	Target Rating:
<p>Persistent failure of scheme employer to pay contributions on time or at all, including employer defaulting on its wider obligations to the Fund</p> <p>Consequence: employer funding level is unacceptable. costs revert to other employers within the fund.</p> <p>Review Date: 28/04/2022</p>	8 - Medium	8 - Medium (28/03/2022)	3 - Low
Mitigations / Actions	% Complete	Due Date	Assigned To
Monthly monitoring of receipt of employer contributions, together with escalation process where contributions have not been received - rolling annual mitigation	75	31/03/2022	Matthew Collier
			Update

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IWCRMS - Service Area - Full Risk Register (47 risks)

Financial Management - Technical Finance (Pension Fund)					
Risk: changes to national pension arrangements (A4) (Id: 210) - Assigned To: Joanna Thistlewood					
Description:			Inherent Rating:	Current Rating	Target Rating:
<p>Fund is not aware of, or fails to adequately respond to, changes arising from central government and/or HMRC - e.g. changes from public sector report (McCloud)</p> <p>Consequence: incorrect benefits paid, inappropriate information provided to stakeholders, increased complaints, non-compliance with legislation, regulations and/or codes of practice</p> <p>Review Date: 25/05/2022</p>			14 - High	14 - High (28/03/2022)	9 - Medium
Mitigations / Actions	% Complete	Due Date	Assigned To	Update	
The Administering Authority considers all consultation papers issued by the Government and comments where appropriate. rolling annual mitigation.	75	31/03/2022	Joanna Thistlewood		
Participation in networking events, webinars, subscriptions to professional organisations, liaison with advisers to ensure kept up to date with latest developments. rolling annual mitigation.	75	31/03/2022	Joanna Thistlewood		
business plan for pension fund includes these changes as they become apparent, with resource allocated as required. annual rolling mitigation.	75	31/03/2022	Joanna Thistlewood		

IWCRMS - Service Area - Full Risk Register (47 risks)

Financial Management - Technical Finance (Pension Fund)					
Risk: employer participation in LGPS (A5) (Id: 211) - Assigned To: Joanna Thistlewood					
Description:			Inherent Rating:	Current Rating	Target Rating:
Fund fails to respond to central government changes rules concerning particular type of employer in LGPS (e.g. academies)			9 - Medium	9 - Medium	3 - Low
Consequence: impact on funding strategy for that type of employer and/or fund as a whole. impact on investment strategy				(28/03/2022)	
Review Date: 25/05/2022					
Mitigations / Actions	% Complete	Due Date	Assigned To	Update	
The Administering Authority considers all consultation papers issued by the Government and comments where appropriate. rolling annual mitigation.	75	31/03/2022	Joanna Thistlewood		
Participation in networking events, webinars, subscriptions to professional organisations, liaison with advisers to ensure kept up to date with latest developments. rolling annual mitigation.	75	31/03/2022	Joanna Thistlewood		
Take advice from Fund actuary on impact of changes on the Fund and amend strategies as appropriate. rolling annual mitigation.	75	31/03/2022	Joanna Thistlewood		

IWCRMS - Service Area - Full Risk Register (47 risks)

Financial Management - Technical Finance (Pension Fund)					
Risk: Significant changes to an employer (A6) (Id: 212) - Assigned To: Joanna Thistlewood					
Description:			Inherent Rating:	Current Rating	Target Rating:
Administering Authority unaware of structural changes in employer membership (e.g. large fall in employee members, large number of retirements) or not advised of an employer closing to new entrants Consequence: inappropriate funding strategy for that employer, inadequate contributions, expensive exit costs to be recovered. Review Date: 25/05/2022			8 - Medium	8 - Medium (28/03/2022)	3 - Low
Mitigations / Actions	% Complete	Due Date	Assigned To	Update	
early engagement with employers as part of planning for triennial valuation, to identify changes which may impact on participation in near future.	0	22/11/2022	Joanna Thistlewood		
The actuary may revise the rates and adjustments certificate to increase an employer's contributions between triennial valuations	75	31/03/2022	Joanna Thistlewood		
The Administering Authority has a close relationship with employing bodies and communicates required standards - e.g. for submission of data.	75	31/03/2022	Matthew Collier		

IWCRMS - Service Area - Full Risk Register (47 risks)

Financial Management - Technical Finance (Pension Fund)					
Risk: compliance with legislation (A7) (Id: 213) - Assigned To: Joanna Thistlewood					
Description: Non compliance with legislation and/or failure to correctly implement legislation changes. Consequence: incorrect assessment or payment of benefits and possible reputational risk and financial penalties Review Date: 25/05/2022			Inherent Rating: 8 - Medium	Current Rating 8 - Medium (28/03/2022)	Target Rating: 3 - Low
Mitigations / Actions	% Complete	Due Date	Assigned To	Update	
training and development plans in place for all pension administration staff, identifying external events as well as in-house training. as part of annual RDR process.	0	30/06/2022	Matthew Collier		
Participation in networking events, webinars, subscriptions to professional organisations, liaison with advisers to ensure kept up to date with latest developments. rolling annual mitigation.	75	31/03/2022	Joanna Thistlewood		
business plan for pension fund includes these changes as they become apparent, with resource allocated as required. annual rolling mitigation.	75	31/03/2022	Joanna Thistlewood		
	0				

IWCRMS - Service Area - Full Risk Register (47 risks)

Financial Management - Technical Finance (Pension Fund)					
Risk: Employer fails to provide data (A8) (Id: 214) - Assigned To: Joanna Thistlewood					
Description:			Inherent Rating:	Current Rating	Target Rating:
Failure of scheme employer to fulfil its obligations to provide timely and accurate data to the Fund Consequence: delays in assessing entitlements, making payments from the Fund and the associated reputational risk Review Date: 25/05/2022			8 - Medium	8 - Medium (28/03/2022)	3 - Low
Mitigations / Actions	% Complete	Due Date	Assigned To	Update	
Administration strategy has been implemented, setting out roles and responsibilities of the Administering Authority as well as scheme employers, together with expected service standards for both. Review overdue	0	30/11/2022	Joanna Thistlewood		
Fund has power to levy additional costs incurred as a result of the poor performance of a scheme employer. rolling annual mitigation.	75	31/03/2022	Joanna Thistlewood		

IWCRMS - Service Area - Full Risk Register (47 risks)

Financial Management - Technical Finance (Pension Fund)					
Risk: Ceasing benefits (A9) (Id: 216) - Assigned To: Matthew Collier					
Description: Failure to stop paying pensions where recipient is deceased, or no longer entitled to the benefits Consequence: overpayment of benefits, failure to recover overpayments, increased cost to employer. Review Date: 25/05/2022			Inherent Rating: 4 - Low	Current Rating 4 - Low (28/03/2022)	Target Rating: 1 - Low
Mitigations / Actions	% Complete	Due Date	Assigned To	Update	
participation in National Fraud Initiative	0	31/03/2023	Matthew Collier		
Regular mortality screening, to ensure pensioner deaths are picked up in a timely manner (Tell Us Once). rolling annual mitigation.	75	31/03/2022	Matthew Collier		
Use of life certificates, where appropriate, for overseas pensioners. rolling annual mitigation.	0	31/03/2022	Matthew Collier		

IWCRMS - Service Area - Full Risk Register (47 risks)

Financial Management - Technical Finance (Pension Fund)			
Risk: administration system integrity (A10) (Id: 217) - Assigned To: Matthew Collier			
Description:	Inherent Rating:	Current Rating	Target Rating:
<p>Breach of administration system integrity, Consequence: loss of sensitive data and inability to pay benefits, along with reputation risk and possible financial loss Review Date: 25/05/2022</p>	13 - High	13 - High (28/03/2022)	10 - Medium
Mitigations / Actions	% Complete	Due Date	Assigned To
Data "hosted" by system provider. Legal agreements require they have all necessary safeguards in place to protect data. Consideration as part of procurement specification for contract revision.	0	30/12/2022	Matthew Collier
Fund administration staff required to undertake data protection training and adhere to the Council's corporate data protection policy. monitored as part of PDR process.	0	30/06/2022	Matthew Collier
Pension Fund specific disaster recovery plan in place to ensure back-up systems are in place within an agreed timescale. Regularly reviewed and updated.	0	31/03/2022	Joanna Thistlewood

IWCRMS - Service Area - Full Risk Register (47 risks)

Financial Management - Technical Finance (Pension Fund)					
Risk: Assessment of benefit entitlements (A11) (Id: 218) - Assigned To: Matthew Collier					
Description: Incorrect assessment of benefit entitlements from the administration system Consequence: under or overpayment of benefits and the disruption this can cause Review Date: 25/05/2022			Inherent Rating: 8 - Medium	Current Rating 8 - Medium (28/03/2022)	Target Rating: 5 - Low
Mitigations / Actions	% Complete	Due Date	Assigned To	Update	
Have appropriate system awareness within the administration team to undertake robust testing of system updates. build into procurement specification for contract revision.	0	31/12/2022	Matthew Collier		
Ensure sufficient technical skills within the team, to be able to interrogate system output. To be factored into individual training plans as part of PDR process.	0	30/06/2022	Matthew Collier		
Attendance at appropriate technical and system training sessions in order to maintain and grow knowledge. review and reporting to be factored into PDR process.	0	30/06/2022	Matthew Collier		

IWCRMS - Service Area - Full Risk Register (47 risks)

Financial Management - Technical Finance (Pension Fund)					
Risk: Cyber risk (A12) (Id: 219) Assigned To: Joanna Thistlewood					
Description: System failure, breach of data security, lack of disaster recovery/Cyber attack plan Consequence: inability to process pension payments and other administrative tasks Review Date: 25/05/2022			Inherent Rating:	Current Rating	Target Rating:
			13 - High	13 - High (28/03/2022)	10 - Medium
Mitigations / Actions	% Complete	Due Date	Assigned To	Update	
Pension Fund specific disaster recovery plan in place to ensure back-up systems are in place within an agreed timescale. Regularly reviewed and updated.	0	31/03/2022	Joanna Thistlewood		
Compliance with Council data security protocols and building access controls maintained.	0	31/03/2022	Joanna Thistlewood		
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.	0	31/03/2022	Joanna Thistlewood		

IWCRMS - Service Area - Full Risk Register (47 risks)

Financial Management - Technical Finance (Pension Fund)			
Risk: Sufficient resources (A13) (Id: 220) - Assigned To: Joanna Thistlewood			
Description:	Inherent Rating:	Current Rating	Target Rating:
<p>Description: Insufficient resources (staffing, financial) to deliver responsibilities - LGPS</p> <p>Consequence: inability to pay benefits, unable to engage with stakeholders, inappropriate decisions</p> <p>Review Date: 25/05/2022</p>	15 - Very High	12 - High (28/03/2022)	9 - Medium
Mitigations / Actions	% Complete	Due Date	Assigned To
commission external review of pension fund structure to ensure most effective and appropriate structure is in place - linking into Good Governance Project.	0	30/06/2022	Joanna Thistlewood
Succession planning for administration team	0	30/06/2022	Matthew Collier
Ensure appropriate strategic planning is in place, identifying resource and budgetary needs and putting them in place as required	0	31/03/2022	Joanna Thistlewood
Update			

IWCRMS - Service Area - Full Risk Register (47 risks)

Financial Management - Technical Finance (Pension Fund)

Risk: insufficient investment returns (I1) (Id: 221) - **Assigned To:** Joanna Thistlewood

<p>Description: Fund assets fail to deliver returns in line with the anticipated returns underpinning the valuation of liabilities and contribution rates over the long term (including market crash)</p> <p>Consequence: reduction in funding level, higher employer contribution rates</p> <p>Review Date: 07/04/2022</p>	<p>Inherent Rating: 9 - Medium</p>	<p>Current Rating 5 - Low (28/03/2022)</p>	<p>Target Rating: 5 - Low</p>
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Mitigations / Actions	% Complete	Due Date	Assigned To	Update
triennial valuation only anticipate long term returns on a relatively prudent basis to reduce risk of underperforming	0	31/12/2022	Joanna Thistlewood	
Quarterly monitoring of interim funding level reported at each pension fund committee meeting (July 2021; November 2021; February 2022) linking to review of investment performance	75	31/03/2022	Joanna Thistlewood	
Assets invested on the basis of specialist advice, in a suitably diversified manner across assets classes, geographies, managers, etc. annual rolling review	75	31/03/2022	Joanna Thistlewood	

Financial Management - Technical Finance (Pension Fund)

Risk: Inappropriate long term investment strategy (I2) (Id: 222) - **Assigned To:** Joanna Thistlewood

IWCRMS - Service Area - Full Risk Register (47 risks)

Description: investment strategy not suitable to match long term liabilities of the fund Consequence: investment returns insufficient, inappropriate investment risk levels, higher employer contributions Review Date: 07/04/2022				Inherent Rating: 13 - High	Current Rating 5 - Low (28/03/2022)	Target Rating: 5 - Low
Mitigations / Actions	% Complete	Due Date	Assigned To	Update		
2022 valuation to include further Asset Liability Modelling, and review of investment strategy in conjunction with funding strategy, to assess whether current strategy needs further revision.	0	30/11/2022	Joanna Thistlewood			
regular monitoring of performance of investments at each pension fund committee meeting, including consideration of long term performance and changes to personnel	75	25/05/2022	Joanna Thistlewood	quarterly reporting at each committee meeting - July 2021; November 2021; February 2022; May 2022		
investment strategy options considered as integral part of 2019 triennial valuation exercise - Asset Liability Modelling exercise	100	31/03/2022	Joanna Thistlewood			
2019 valuation prompted introduction of new asset classes - private debt and infrastructure - to reduce exposure to growth assets and provide some income protection.	100	31/03/2022	Joanna Thistlewood	Private debt (5% allocation) through GSAM - first investment made in January 2021. Infrastructure (5% allocation) through Partners Group - first investment in July 2021. investment calls on-going.		
Equity rebalancing - switch from 100% active management to introduce passive allocation.	100	31/12/2021	Joanna Thistlewood	reduction in overall equity allocation from 55% to 50%. implement 18.75% allocation to UBS climate aware passive fund £145m - transition completed December 2021		

IWCRMS - Service Area - Full Risk Register (47 risks)

Financial Management - Technical Finance (Pension Fund)					
Risk: Gilt rates fall (I3) (Id: 223) - Assigned To: Joanna Thistlewood					
Description: Fall in risk-free returns on Government Bonds Consequence: increase in value of liabilities, reduction in funding level, inappropriate investment mix, increase in employer contributions Review Date: 07/04/2022			Inherent Rating: 5 - Low	Current Rating 5 - Low (28/03/2022)	Target Rating: 5 - Low
Mitigations / Actions	% Complete	Due Date	Assigned To	Update	
the fund maintains a holding in Bonds (fixed income) which will help to offset or mitigate the impact of falling yields. Strategic investment asset allocation is monitored at each triennial valuation to determine need for any changes.	0	31/12/2022	Joanna Thistlewood		
2022 valuation to include further Asset Liability Modelling, and review of investment strategy in conjunction with funding strategy, to assess whether current strategy needs further revision.	0	30/11/2022	Joanna Thistlewood		
quarterly monitoring of interim funding level reported at each pension fund committee meeting (July 2021; November 2021; February 2022) linking to review of investment performance	75	31/03/2022	Joanna Thistlewood		

IWCRMS - Service Area - Full Risk Register (47 risks)

Financial Management - Technical Finance (Pension Fund)					
Risk: Investment manager failure (I4) (Id: 224) - Assigned To: Joanna Thistlewood					
Description: Collapse of investment manager, or its wilful negligence, fraud or default Consequence: significant reduction in investment values, loss of assets, reputational issues Review Date: 07/04/2022			Inherent Rating: 10 - Medium	Current Rating 10 - Medium (28/03/2022)	Target Rating: 10 - Medium
Mitigations / Actions	% Complete	Due Date	Assigned To	Update	
Investment assets are held by custodian, in ringfenced accounts, to protect against investment manager default	75	31/03/2022	Joanna Thistlewood		
Investment portfolio diversified across a number of asset managers. performance of each manager's assets is reported at each committee meeting, and any significant changes to the structure of the manager (including personnel, acquisitions, other activity) is reported to the committee.	75	31/03/2022	Joanna Thistlewood		
Financial stability of investment managers considered during appointment process	100	31/12/2021	Joanna Thistlewood	considered as part of appointment process for GSAM, Partners and UBS from 2019 investment strategy changes	

IWCRMS - Service Area - Full Risk Register (47 risks)

Financial Management - Technical Finance (Pension Fund)					
Risk: Active manager underperformance (I5) (Id: 225) - Assigned To: Joanna Thistlewood					
Description: Active investment manager under-performance relative to benchmark Consequence: reduction in funding level, higher employer contribution rates Review Date: 04/04/2022			Inherent Rating: 9 - Medium	Current Rating 5 - Low (28/03/2022)	Target Rating: 5 - Low
Mitigations / Actions	% Complete	Due Date	Assigned To	Update	
investment portfolio diversified across a number of asset managers. performance of each manager's assets is reported at each committee meeting, and any significant changes to the structure of the manager (including personnel, acquisitions, other activity) is reported to the committee.	75	31/03/2022	Joanna Thistlewood		
Equity rebalancing - switch from 100% active management to introduce passive allocation.	100	31/12/2021	Joanna Thistlewood	reduction in overall equity allocation from 55% to 50%. implement 18.75% allocation to UBS climate aware passive fund £145m - transition completed December 2021	

IWCRMS - Service Area - Full Risk Register (47 risks)

Financial Management - Technical Finance (Pension Fund)					
Risk: multiple asset class failure (16) (Id: 226) - Assigned To: Joanna Thistlewood					
Description: Systemic failure of several asset classes and/or investment managers resulting in increased costs of meeting Fund's liabilities Consequence: reduced investment values, lower funding level, higher employer contribution rates Review Date: 07/04/2022			Inherent Rating: 9 - Medium	Current Rating 5 - Low (28/03/2022)	Target Rating: 5 - Low
Mitigations / Actions	% Complete	Due Date	Assigned To	Update	
investment portfolio diversified across a number of asset managers. performance of each manager's assets is reported at each committee meeting, and any significant changes to the structure of the manager (including personnel, acquisitions, other activity) is reported to the committee.	75	31/03/2022	Joanna Thistlewood		

IWCRMS - Service Area - Full Risk Register (47 risks)

Financial Management - Technical Finance (Pension Fund)					
Risk: single asset class failure (I7) (Id: 227) - Assigned To: Joanna Thistlewood					
Description:			Inherent Rating:	Current Rating	Target Rating:
<p>Significant allocation to any single asset category and its underperformance relative to expectation result in difficulties in achieving funding objective</p> <p>Consequence: reduction in investment values and/or investment income, lower funding level, increased employer contribution rates</p> <p>Review Date: 07/04/2022</p>			9 - Medium	5 - Low (28/03/2022)	5 - Low
Mitigations / Actions	% Complete	Due Date	Assigned To	Update	
investment portfolio diversified across a number of asset managers. performance of each manager's assets is reported at each committee meeting, and any significant changes to the structure of the manager (including personnel, acquisitions, other activity) is reported to the committee.	75	31/03/2022	Joanna Thistlewood		
Assets invested on the basis of specialist advice, in a suitably diversified manner across assets classes, geographies, managers, etc. annual rolling review	75	31/03/2022	Joanna Thistlewood		

IWCRMS - Service Area - Full Risk Register (47 risks)

Financial Management - Technical Finance (Pension Fund)						
Risk: liquidity risk (18) (Id: 228) - Assigned To: Joanna Thistlewood						
Description: Fund has insufficient liquid assets to meet immediate liabilities Consequence: unplanned disinvestment from assets, resulting in increased charges and loss of investment value. Increase in borrowing costs Review Date: 07/04/2022				Inherent Rating:	Current Rating	Target Rating:
				5 - Low	5 - Low (28/03/2022)	3 - Low
Mitigations / Actions	% Complete	Due Date	Assigned To	Update		
cash flow projections maintained using same system and processes as for Isle of Wight Council - daily and monthly in detail, rolling three year forecast.	75	31/03/2022	Joanna Thistlewood			
Underlying agreement for IWC to lend money to pension fund at market rates to cover unforeseen circumstances.	75	31/03/2022	Joanna Thistlewood	at 20 Dec, balance of £5m due to be repaid in mid-January 2022		
equity rebalancing plan includes provision to hold cash balances to cover future investment calls for private assets and an allocation for operational cash flow.	100	31/01/2022	Joanna Thistlewood	cash disinvestment will not be actioned until suitable MMF accounts have been created. update 21 March 2022: £25m cash disinvestment from Global Equity portfolio actioned on 19 January 2022. £5m used to pay off existing IWC loan (28 Jan); £2.5m for Private debt investment call (24 Jan); £1.5m for Infrastructure investment call (27 Jan); £16m held in 3 x MMF accounts in pension fund name.		

IWCRMS - Service Area - Full Risk Register (47 risks)

Financial Management - Technical Finance (Pension Fund)					
Risk: Environmental, Social and Governance factors (19) (Id: 229) - Assigned To: Joanna Thistlewood					
Description:			Inherent Rating:	Current Rating:	Target Rating:
Failure to identify and manage ESG factors reduce Fund's ability to generate long-term returns Consequence: investment values and/or income fall, reduction in funding level, liquidity issues, higher employer contribution rates, reputational issues Review Date: 25/05/2022			9 - Medium	5 - Low (28/03/2022)	5 - Low
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	31/12/2022	Joanna Thistlewood	2 meetings held to date	
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	25	30/06/2022	Joanna Thistlewood		
enquiry of investment managers when they present to pension fund committee to ensure they are following their prescribed processes and can provide suitable responses.	75	31/03/2022	Joanna Thistlewood	Newton, Baillie Gifford and Majedie will have been seen by committee during 2021-22.	

IWCRMS - Service Area - Full Risk Register (47 risks)

Financial Management - Technical Finance (Pension Fund)					
Risk: Other provider risks (I10) (Id: 230) - Assigned To: Joanna Thistlewood					
Description: Other provider risks - associated with unexpected transition costs, credit default, stock lending and custody Consequence: loss of investment value and/or income; reputational risk; illiquidity issues Review Date: 07/04/2022			Inherent Rating: 5 - Low	Current Rating 5 - Low (28/03/2022)	Target Rating: 5 - Low
Mitigations / Actions	% Complete	Due Date	Assigned To	Update	
annual review of providers performance against service level agreements as part of ongoing contract management.	75	31/03/2022	Joanna Thistlewood		
Procurement timetables monitored, to ensure contract extension and/or renewal dates are managed, and reported to committee meetings as appropriate.	75	31/03/2022	Joanna Thistlewood		
The Pension Committee has the power to replace a provider should serious concerns exist	75	31/03/2022	Joanna Thistlewood		

IWCRMS - Service Area - Full Risk Register (47 risks)

Financial Management - Technical Finance (Pension Fund)					
Risk: Investment pooling (I11) (Id: 231) - Assigned To: Joanna Thistlewood					
Description: ACCESS (investment asset pool) fails to meet Administering Authority's objectives or needs, through lack of appropriate sub-funds, additional costs, etc. Consequence: investments held outside pool, regulatory compliance, potential for government intervention, reputational issues Review Date: 25/05/2022			Inherent Rating: 9 - Medium	Current Rating 5 - Low (28/03/2022)	Target Rating: 5 - Low
Mitigations / Actions	% Complete	Due Date	Assigned To	Update	
Rolling annual mitigation. Attendance at, and participation in, officer working groups at least monthly - covering investment sub-funds, illiquid asset investments, governance, etc.	75	31/03/2022	Joanna Thistlewood		
Rolling annual mitigation. Chair of pension committee or named deputy attendance at quarterly Joint Committee meetings.	75	31/03/2022	Joanna Thistlewood		
monitoring of government consultations, briefings, and updates from ACCESS Support Unit to ensure that fund is up-to-date with asset pooling developments and best placed to act when required	75	31/03/2022	Joanna Thistlewood		

IWCRMS - Service Area - Full Risk Register (47 risks)

Financial Management - Technical Finance (Pension Fund)					
Risk: Pay and price inflation (F1) (Id: 232) - Assigned To: Joanna Thistlewood					
Description: Pay and price inflation significantly more than anticipated Consequence: higher costs of benefits; increase in liabilities; reduction in funding level; more investment risk required; higher employer contribution rate Review Date: 30/06/2022			Inherent Rating: 9 - Medium	Current Rating 9 - Medium (28/03/2022)	Target Rating: 9 - Medium
Mitigations / Actions	% Complete	Due Date	Assigned To	Update	
discussion with employers during planning for triennial valuation will ensure that fund is aware of planned salary increased, and that employers are aware of the implications of such on their employer contribution rates.	0	31/03/2023	Joanna Thistlewood		
triennial valuation process focus on real return of assets, net of price and pay increases	0	31/03/2022	Joanna Thistlewood		
monitoring of position between valuations gives early warning	75	31/03/2022	Joanna Thistlewood	at 31 December 2021, estimated funding level was 103%	

IWCRMS - Service Area - Full Risk Register (47 risks)

Financial Management - Technical Finance (Pension Fund)					
Risk: External employers (F2) (Id: 233) - Assigned To: Joanna Thistlewood					
Description:			Inherent Rating:	Current Rating	Target Rating:
Effect of possible increases in employer's contribution rate on service delivery and admission/scheduled bodies Consequence: unaffordable contribution rates may force employer to exit fund, leaving unfulfilled liabilities. Review Date: 07/04/2022			9 - Medium	9 - Medium (28/03/2022)	9 - Medium
Mitigations / Actions	% Complete	Due Date	Assigned To	Update	
outsourced contracts, whether the Council or one of the fund's scheduled employers is letting authority, tend to have a pass through arrangement whereby employer contribution rate is fixed for the new supplier for the duration of the contract, to give certainty on contract pricing. ongoing engagement with council's procurement team and discussions with other employers.	0	31/03/2023	Joanna Thistlewood	rolling annual mitigation	
An explicit stabilisation mechanism has been agreed as part of the funding strategy. this is discussed with employers during the valuation planning stage, and when draft results are shared.	0	31/03/2023	Joanna Thistlewood		

IWCRMS - Service Area - Full Risk Register (47 risks)

Financial Management - Technical Finance (Pension Fund)					
Risk: Orphaned employers (F3) (Id: 234) - Assigned To: Joanna Thistlewood					
Description: Orphaned employers give rise to added costs for the Fund Consequence: liabilities in excess of allocated assets; increase in cost for other employers Review Date: 31/03/2022			Inherent Rating: 4 - Low	Current Rating 4 - Low (28/03/2022)	Target Rating: 2 - Low
Mitigations / Actions	% Complete	Due Date	Assigned To	Update	
early engagement with employers nearing end of active status to plan for cessation and exit. Will also be factored into employer engagement as part of triennial valuation.	0	31/03/2023	Joanna Thistlewood	Southern Housing - funding agreement in place. Sovereign Housing in discussion about such an agreement. Yarmouth Harbour regular monitoring of exit position.	
cessation calculations prepared promptly once last leaver confirmed. Flexibilities in FSS to allow deferred debt arrangements. if required.	0	31/03/2023	Joanna Thistlewood		

IWCRMS - Service Area - Full Risk Register (47 risks)

Financial Management - Technical Finance (Pension Fund)					
Risk: Climate change - funding implications (F4) (Id: 235) - Assigned To: Joanna Thistlewood					
Description: Effect of possible underperformance as a result of ESG factors, including climate change Consequence: loss of returns through obsolete investments; reputational issues; Review Date: 31/03/2022			Inherent Rating:	Current Rating	Target Rating:
			12 - High	12 - High (28/03/2022)	9 - Medium
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.	0	31/12/2022	Joanna Thistlewood		
Financial Management - Technical Finance (Pension Fund)					
Risk: Longevity (F5) (Id: 236) - Assigned To: Joanna Thistlewood					
Description: Pensioners living longer, thus increasing cost to the Fund Consequence: higher cost of liabilities; inappropriate investment strategy; cash flow implications; higher employer contribution rates Review Date: 31/03/2022			Inherent Rating:	Current Rating	Target Rating:
			8 - Medium	8 - Medium (28/03/2022)	5 - Low

IWCRMS - Service Area - Full Risk Register (47 risks)

Financial Management - Technical Finance (Pension Fund)			
Risk: Maturing fund (F6) (Id: 237) - Assigned To: Joanna Thistlewood			
Description:	Inherent Rating:	Current Rating	Target Rating:
proportion of actively contributing employees declines relative to retired employees Consequence: contributions collected insufficient to pay current benefits; cash flow implications Review Date: 31/03/2022	8 - Medium	8 - Medium (28/03/2022)	8 - Medium
Financial Management - Technical Finance (Pension Fund)			
Risk: increasing early retirements (F7) (Id: 238) - Assigned To: Joanna Thistlewood			
Description:	Inherent Rating:	Current Rating	Target Rating:
Deteriorating patterns of early retirement, including ill health retirements Consequence: increase in liabilities for employer; reduction in membership for employer hastening exit from fund, without plan; unaffordable exit for employer; risk to other employers if no guarantor/bond Review Date: 31/03/2022	4 - Low	4 - Low (28/03/2022)	4 - Low

IWCRMS - Service Area - Full Risk Register (47 risks)

Financial Management - Technical Finance (Pension Fund)					
Risk: Freedom and Choice (F8) (Id: 239) - Assigned To: Joanna Thistlewood					
Description: Transfers out of the Fund into DC schemes due to introduction of 'Freedom & Choice' resulting in change in funding level. Consequence: cash flow implications for payment of transfer out; increased exposure to pension scams; reduction in funding level as assets depleted Review Date: 25/05/2022			Inherent Rating: 4 - Low	Current Rating 4 - Low (28/03/2022)	Target Rating: 2 - Low
Mitigations / Actions	% Complete	Due Date	Assigned To	Update	
the vast majority of transfers out of the pension fund are to other public service schemes, very little call for F&C withdrawals	0	31/03/2023	Matthew Collier		
Transfer out protocols include required checking to ensure appropriate advice has been sought by scheme member before transfer request is agreed.	0	31/03/2023	Matthew Collier		
Financial Management - Technical Finance (Pension Fund)					
Risk: failure to commission cessation valuation (F9) (Id: 240) - Assigned To: Joanna Thistlewood					
Description: Administering Authority failing to commission the Fund Actuary to carry out a termination valuation for a departing Admission Body Consequence: employer unaware of costs of exit; costs not recovered from employer; increased cost for other employers Review Date: 31/03/2022			Inherent Rating: 2 - Low	Current Rating 2 - Low (28/03/2022)	Target Rating: 2 - Low

IWCRMS - Service Area - Full Risk Register (47 risks)

Financial Management - Technical Finance (Pension Fund)			
Risk: employer exits without funding (F10) (Id: 241) - Assigned To: Joanna Thistlewood			
Description:	Inherent Rating:	Current Rating	Target Rating:
<p>An employer ceasing to exist with adequate funding or adequacy of a bond</p> <p>Consequence: liabilities not covered; reduction in funding level; increased costs to other employers</p> <p>Review Date: 31/03/2022</p>	8 - Medium	8 - Medium (28/03/2022)	5 - Low
Financial Management - Technical Finance (Pension Fund)			
Risk: exit credit payable (F11) (Id: 242) - Assigned To: Joanna Thistlewood			
Description:	Inherent Rating:	Current Rating	Target Rating:
<p>An employer ceasing to exist resulting in an exit credit being payable</p> <p>Consequence: Cash flow implications for payment of credit; poor planning for employer contributions in run up to exit</p> <p>Review Date: 31/03/2022</p>	4 - Low	4 - Low (28/03/2022)	2 - Low

IWCRMS - Service Area - Full Risk Register (47 risks)

Financial Management - Technical Finance (Pension Fund)					
Risk: pandemic (all) (Id: 243) - Assigned To: Joanna Thistlewood					
Description: Ongoing Covid-19 pandemic or impact of future pandemic type event causing possible disruption to service delivery Consequence: increased deaths; lack of communication with stakeholders; reduction in service standards; non-compliance with legislation, regulations and/or codes of practice. Review Date: 31/03/2022			Inherent Rating: 12 - High	Current Rating 12 - High (28/03/2022)	Target Rating: 8 - Medium
Financial Management - Technical Finance (Pension Fund)					
Risk: Responsible investment (I12) (Id: 1265) - Assigned To: Joanna Thistlewood					
Description: The fund fails to consider Environmental, Social and Governance risk factors when considering its investment strategy and reporting Consequence: loss of returns through obsolete investments and/or stranded assets; reputational issues; non-compliance with legislation/regulations/reporting requirements. Review Date: 31/03/2022			Inherent Rating: 12 - High	Current Rating 12 - High (28/03/2022)	Target Rating: 9 - Medium
Mitigations / Actions	% Complete	Due Date	Assigned To	Update	
Fund has published responsible investment beliefs, set in 2019. To be reviewed to ensure still relevant and expanded where appropriate	0	31/03/2023	Joanna Thistlewood		
Membership of LAPFF to improve engagement with investee companies. Reporting of engagement to be improved.	0	31/03/2023	Joanna Thistlewood		

IWCRMS - Service Area - Full Risk Register (47 risks)

Mitigations / Actions	% Complete	Due Date	Assigned To	Update
fund commissioned ESG analysis and carbon footprint report in June 2021, which has informed some manager challenge, and will form baseline for future climate change actions.	0	31/03/2023	Joanna Thistlewood	
DLUHC consultation in Summer 2022 will include requirements for climate change risk and reporting - fund to be engaged in and respond to consultation	0	30/09/2022	Joanna Thistlewood	
ACCESS pool is finalising a set of combined RI guidelines encompassing the beliefs of all 11 authorities. IWCPF has delegated Technical Finance Manager to respond on its behalf. Guidelines to be finalised by September 2022.	0	30/09/2022	Joanna Thistlewood	

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Isle of Wight Council Pension Fund:

Committee and Local Pension Board Indicative workplan 2021-22 2022-23

Date	Meeting	Agenda items	Complete
26 January 2022 1400-1530	Development session (virtual)	ACCESS/Minerva - ACCESS ESG/RI guidelines	√
02 February 2022 1400-1530	Development session (virtual)	Hymans Robertson – triennial valuation	√
02 February 2022	LPB	Introduction/induction session	Cancelled – membership recruitment
16 February 2022	PFC	Reports from pension board Reports from ESG/RI work group Equity rebalancing completion report December investment position and indicative funding level at 31 Dec Fund manager presentation (Majedie) Knowledge and understanding - verbal Confidential: ACCESS report from December JC plus associated decisions Confidential: Contract management – custodian procurement; admin software update; benchmarking services considerations. Confidential: DRAFT Risk register progress report Confidential: Governance Compliance Statement – verbal update	
7 March 2022	ACCESS JOINT COMMITTEE		
?? March 2022 ???	Development session (virtual)	tbc	
23 March 2022	LPB	Introduction/induction session Report from Administration team Knowledge and understanding Risk management – DRAFT risk register	

Committee and Local Pension Board Indicative workplan 2022-23

Date	Meeting	Agenda items	Complete
?? April 2022 ???	Development session (virtual)	tbc	
?? April/May 2022	ESG/RI working group	tbc	
?? May 2022	Development session (virtual)	tbc	
25 May 2022	PFC	<p>Reports from pension board Reports from ESG/RI work group Employer update (changes etc) Legislation/regulation update Investment position and indicative funding level at 31 Mar Triennial valuation - roadmap Fund manager presentation (Schroder?) Draft financial results 2021-22 Knowledge and understanding</p> <p>Confidential: Risk management - risk register adoption Confidential: DRAFT Governance compliance statement 2021-22 Confidential: ACCESS report from March JC plus associated decisions Confidential: Review of investment consultants' performance against objectives Confidential: Contract management: governance consultancy considerations; pension administration software update</p>	
6 June 2022	ACCESS JOINT COMMITTEE		
15 June 2022	LPB	<p>Legislation/regulation update Report from Administration team Knowledge and understanding Risk management - risk register Governance Compliance Statement DLUHC consultation update Good governance gap analysis TPR code of practice</p>	
?? June 2022	Development session (virtual)	tbc	
?? June/July 2022	ESG/RI working group		

Date	Meeting	Agenda items	Complete
?? July 2022	Development session (virtual)	tbc	
27 July 2022	PFC	triennial valuation: progress report annual report and accounts 2021-22. Confidential: ACCESS report from June JC plus associated decisions	
TBC September 2022	ACCESS JOINT COMMITTEE		
?? September 2022	Development session (virtual)	tbc	
12 October 2022	LPB	TPR Scheme return Knowledge and understanding Risk management - risk register	
?? October 2022	Development session (virtual)	tbc	
?? October/November 2022	ESG/RI working group		
?? November 2022	Development session (virtual)	tbc	
23 November 2022	PFC	External audit update Triennial valuation: whole fund results and employer progress. Confidential: ACCESS report from September JC plus associated decisions	
TBC December 2022	ACCESS JOINT COMMITTEE		
21 December 2022	LPB	Risk management - risk register	
?? January 2023	Development session (virtual)	tbc	
?? January/February 2023	ESG/RI working group		
8 February 2023	PFC	triennial valuation: final result and completion. Confidential: ACCESS report from December JC plus associated decisions	
?? February 2023	Development session (virtual)	tbc	
TBC March 2023	ACCESS JOINT COMMITTEE		

Date	Meeting	Agenda items	Complete
?? March 2023	Development session (virtual)	tbc	
5 April 2023	LPB	Knowledge and understanding Risk management - risk register	
May 2023	PFC	Triennial valuation: completion confirmation Confidential: ACCESS report from March JC plus associated decisions	

Additional development sessions to be added:

- Accounts and audit
- Administration
- Benefits and taxation
- Employers
- Good governance
- Roles and responsibilities
 - Custodian
 - Internal/external audit
 - The Pensions Regulator
- Training needs analysis
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Proposal that sessions be held outside normal committee cycle – one and a half hour slots, virtual, delivery by subject matter experts.
Open to board and committee members, and members of staff
Possible training/strategy away day?