

The background of the slide features the coat of arms of the City of Vancouver. It is a shield divided into four quadrants. The top-left quadrant shows a sailing ship on the water. The top-right quadrant shows a stag's head with antlers. The bottom-left quadrant shows a beaver. The bottom-right quadrant shows a grizzly bear. Above the shield is a crown with four maple leaves. Below the shield is a banner with the motto "A NE FOR A".

## **Agenda Item 7**

# **Business Continuity Arrangements**

**Falkirk Council**

**Subject: Business Continuity Arrangements**

**Meeting: Joint Meeting of Pensions Committee and Pension Board**

**Date: 6 December 2018**

**Submitted by: Director of Corporate and Housing Service**

**1. Purpose of Report**

- 1.1 This report provides the Committee and Board with information regarding the Fund's Business Continuity arrangements.

**2. Recommendation**

- (1) The Pensions Committee and Pension Board are asked to note the Fund's Business Continuity arrangements as set out Appendix 1.**

**3. Background**

- 3.1 Falkirk Council is responsible for administering a pension fund with assets of £2.4 billion; 30,000 scheme members and around 30 employers.
- 3.2 Given the large number of individuals who rely on the services that the Fund provides, it is essential that suitable contingency arrangements are in place to minimise the impact of any interruptions to normal service delivery.
- 3.3 The Pensions Section is part of the Finance division of the Council's Corporate and Housing Service. The contingency arrangements set out in the wider Finance Business Continuity Recovery Plan are therefore relevant to the Fund. The Finance Recovery Plan is itself currently in the process of being updated.
- 3.4 The Fund also uses various third parties to deliver certain key services. It is therefore important that the Fund has visibility over the contingency arrangements of these providers.
- 3.5 A Fund Business Continuity Document (BCD) has been compiled and is attached as an appendix to this report. The BCD does not seek to replicate contingency arrangements documented elsewhere, but strives to draw the various key elements together in a single usable document.

- 3.6 A commitment to document the Fund's business continuity arrangements was made in the Annual Governance Statement of the 2017/18 Fund Annual Report and Accounts.

#### **4. Business Continuity Arrangements**

- 4.1 The high level aim of the BCD is to document the various arrangements that are in place to reduce or minimise the impact of any adverse circumstances on the operations of Pensions Section.

- 4.2 The main objectives of the BCD are to:

- Identify critical activities to be prioritised in the event of service failure, and
- Identify the contingency arrangements in place to allow continuity of service (including the contingency arrangements of third party service providers)

- 4.3 Critical activities that would be prioritised are considered to be

- Payment of monthly pensions
- Payment of retirement and death Lump Sums

Information about these specific processes is contained in Section 6 of the BCD.

- 4.4 The third party service providers whose contingency arrangements are summarised in the BCD are listed below:

| <b>Provider</b>        | <b>Service Rendered</b>                               |
|------------------------|---|
| Aquila Heywood         | Integrated Administration and Payroll System (Altair) |
| I-Connect              | Electronic Data Transfer                              |
| Critiqom               | Pensioner Pay Advice Production                       |
| Bacs                   | Electronic Payments Facility                          |
| Royal Bank of Scotland | Banking Facilities                                    |
| Capita                 | Financial Information System (Integra)                |
| Northern Trust         | Custodian and Banking Services                        |

- 4.5 The BCD also makes reference to the contingency arrangements in place to deal with the following circumstances:

- Pandemic or weather related reduction in staff numbers
- Loss of IT Facilities
- Loss of Premises

- 4.6 The Pensions Manager will generally be responsible for co-ordinating any actions around the maintenance and recovery of services. Depending on the nature of the service interruption, the Pensions Manager will liaise with the Chief Finance Officer and, where appropriate, other senior management of the Council.

## **5. Implications**

### **Financial**

- 5.1 There is no direct financial implication arising from the report. However, failure to have adequate contingency arrangements in place could have a major impact on service delivery and potentially lead to additional costs.

### **Resources**

- 5.2 There is a modest administrative overhead in maintaining the BCD and ensuring that arrangements remain fit for purpose and up to date.

### **Legal**

- 5.3 There are no legal issues arising from the report.

### **Risk**

- 5.4 Robust business contingency arrangements are essential in managing the risks that are faced by the Fund in its day to day operations. Contingency arrangements are also one of the internal controls that the Pensions Regulator would expect a Fund to have in place in terms of the Public Sector Code of Practice 14.

### **Equalities**

- 5.5 There are no equality issues arising from this report.

### **Sustainability/Environmental Impact**

- 5.6 There are no sustainability/environmental issues arising from this report.

## **6. Conclusions**

- 6.1 In line with good practice and the commitment made in the Annual Governance Statement, a business continuity document has been drawn up for the Fund.

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Date: 16 November 2018

### **Appendices**

Appendix 1 – Business Continuity Document

#### **List of Background Papers:**

Finance Business Continuity Recovery Plan

# Falkirk Council Pension Fund

## Business Continuity Document

### 1. Introduction

- 1.1 This document summarises the business continuity arrangements that are relevant to the Falkirk Council Pension Fund ("the Fund")
- 1.2 As a part of the Finance division of Falkirk Council's Corporate and Housing Services, the contingency arrangements set out in the Finance Business Continuity Recovery Plan are relevant to the Fund's operations and therefore form a major part of the Fund's own contingency arrangements. The Finance document includes details of when the Recovery Plan would be activated; the roles and responsibilities of key personnel; and key priorities depending on the reason for activation. Accordingly, this document should be read in conjunction with the Finance Plan.
- 1.3 The Fund uses various third parties to deliver certain key services in which case reliance is placed upon the contingency arrangements developed by these providers.
- 1.4 The Business Continuity Document for the Fund ("the BCD") does not seek to replicate the contingency arrangements documented elsewhere, but strives to bring the key elements together in a single usable document.

### 2. Aims and Objectives

- 2.1 The primary aim of the BCD is to document the arrangements that are in place to reduce the effects of any incident or event that could disrupt the critical activities of the Pensions Section and enable a smooth return to business as usual.
- 2.2 Critical Activities can be defined as those which have to be performed in order to deliver the key outputs and services which enable the Section to meet its most important and time-sensitive objectives.
- 2.3 The main objectives of the BCD are:
  - To identify critical activities that would be prioritised in the event of service failure
  - To identify the contingency arrangements of third party service providers
  - To provide a framework for the maintenance of critical activities
  - To identify alternative working arrangements to allow continuity of service
  - To identify key roles and responsibilities in the recovery process.

### 3. Prioritisation

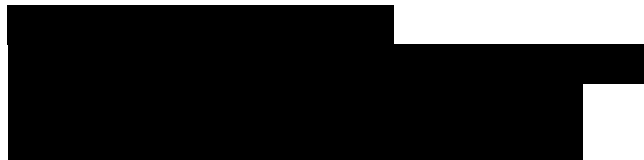
- 3.1 In the event of a circumstance arising where normal service standards cannot be achieved, priority will be given to the **Payment of Monthly Pensions** and the **Payment of Retirement and Death Lump Sums**. A second order priority is to be able to pay capital calls and have access to key management information relating to the Fund's non-cash and cash holdings.

## 4. Third Party Service Providers

### 4.1 Aquila Heywood

- 4.1.1 Aquila Heywood are the providers of the computerised Pensions Administration System used by the Fund to undertake day to day pensions administration work including the calculation of lump sum and monthly pension payments.
- 4.1.2 The system is delivered using web enabled third party software and is known as Altair. The system is hosted, with back-ups and disaster recovery arrangements being the responsibility of Aquila Heywood.
- 4.1.3 The contingency arrangements are set out in Aquila's Application Service Provision Hosted Services Disaster Recovery Plan (<W:\Pensions Projects\ALTAIR AM\Disaster Recovery\ASP Hosted DR Plan.pdf>). This explains the actions that will be taken in the event of a disaster recovery situation being declared and covers circumstances such as Internet Failure, Firewall Failure, VPN Failure, Hardware Failure and Site Failure.
- 4.1.4 Heywood operates from two separate data sites. Should one site fail, procedures are in place to transfer production to the alternative site. Where both sites fail, recovery will be performed from offsite tape backup to another Aquila Heywood or 3rd party location.
- 4.1.5 The recovery arrangements are tested on an annual basis and confirmation of the outcome communicated to users.

Key Aquila Heywood personnel are:



Telephone Nos:



Switchboard - 01737 859859 / 0161 613 4200

URL for Call Logging is:

<https://servicedesk.heywood.co.uk/Sostenuto/web/SContacts/>

### 4.2 I-Connect

- 4.2.1 I-connect is the middleware which some Fund employers use to upload contribution and member information to the Pensions Administration System. It is an Aquila Heywood product that can be used in conjunction with Altair.
- 4.2.2 Data back ups are taken on a daily basis using industry recognised backup and replication software.
- 4.2.3 Data is transferred from the production service to standby disaster recovery (DR) servers at regular intervals. Aquila Heywood will use its best endeavours to provide a resumption of service based on the previous night's data within 48 hours of a disaster affecting the

production Data Centre. The disaster recovery facility is housed in a separate data centre, independent from the production data centre. Tests are conducted on a regular basis to confirm that files can be restored successfully from back up.

Key I-Connect contact is:

Telephone No: 0161 613 4205

#### 4.3 Critiqom

4.3.1 Critiqom is the Bellshill based company that the Fund uses to print and despatch monthly payslips for pensioners. Assurance has been provided by Critiqom that they have suitable disaster recovery arrangements in place including the ability to switch printing production to other machines and to another site if necessary. The Fund retains a copy of the data file should this be corrupted at any stage in the end to end process.

4.3.2 The data file is transmitted to Critiqom using an Secure FTP internet connection located in the Council's ICT Suite. Should the connection fail, ICT has an alternative internet link located in the Hope Street Library, Falkirk along with broadband lines that could be utilised to transmit the data.

Key Critiqom contacts are:

Telephone No: 01698 847962

Telephone No: 01698 847986

Mobile:

#### 4.4. Bacs

4.4.1 The Bank Automated Clearing System (Bacs) is the mechanism by which monthly pension payments are paid to destination bank accounts. The Fund uses Bottomline software to submit payment files to the Bacs system. A back up bacs server is located in the Hope Street Library, Falkirk, along with additional internet and broadband lines.

BACS Helpline 0370 156 6680

#### 4.5. Royal Bank of Scotland (RBS)

RBS is the Fund's (and the Council's) bank for day to day banking services.

The Fund holds up to £5m at any given time with RBS in order to have available funds to pay scheme benefits including pensions and lump sums as they fall due.

RBS has confirmed that they have the capacity to switch their production to other locations throughout the country should their usual premises/systems be unavailable.

The Fund holds cash on short term deposit with a number of other institutions should the facility with RBS be impaired.

Key RBS contacts are: [REDACTED] [david.rennie@rbs.co.uk](mailto:david.rennie@rbs.co.uk)  
Telephone No: 0131 523 3505  
Mobile No: [REDACTED]

[REDACTED] [rosemary.smedley@rbs.co.uk](mailto:rosemary.smedley@rbs.co.uk)  
Telephone No: 0131 523 7184

Relationship Support Team  
Telephone No: 0131 523 3027  
E-mail: [edinburghcoverageservice@rbs.co.uk](mailto:edinburghcoverageservice@rbs.co.uk)

Bankline Helpline 0345 300 2952

#### 4.5 **Integra**

4.5.1 Integra is the Council's Financial Information System.

4.5.2 As a web based system it can be accessed remotely with the necessary URL, logon and password information to allow users to have access to financial information.

4.5.3 A copy of integra data is taken nightly and written to a "warm start" server located in Hope Street Library, Falkirk. Should there be a requirement to switch to the alternative server, this would be facilitated by the Council's ICT service.

#### 4.6 **Northern Trust**

4.6.1 Northern Trust is the custodian of the Fund's assets. It also undertakes other fund services for Falkirk such as a banking role in relation to paying capital calls and allocating income from assets to manager accounts.

4.6.2 Northern Trust provide a web enabled system known as Passport which can be used to access information about the Fund's assets. As a web based system it can be accessed remotely with URL, logon and password information.

4.6.3 Northern Trust produces a Service Organisation Control (SOC1) report on an annual basis which, inter alia, describes the organisation's technology framework including contingency arrangements.

4.6.4 They operate two data centres in Illinois which supports global custody processing. These are supplemented by a connected facility in London. Each data centre is designed to accommodate system testing and data backup. Critical data files are stored at both primary and backup locations. A further back up is held on tape and stored off site. Details can be found in Pages 101-105 of the SOC1 document - [W:\Pensions Projects\Investment Stuff\Compliance Statements and Reports\2017\NT Custody and Funds Services SOC 1 Report, September 2017.pdf](#)

Key Northern Trust contact is: [REDACTED] ([sh104@ntrs.com](mailto:sh104@ntrs.com))  
Telephone No: 0207 982 2324



## 5. Contingency Arrangements for Specified Local Circumstances

### 5.1 Reduced Staff numbers

- 5.1.1 This scenario may arise in circumstances of extreme adverse weather or where there is a Flu Pandemic. The Pensions Section is a team of 16 individuals, so it is unlikely that all would be absent simultaneously. However, in an emergency situation, the focus would be on the priority work as outlined in Section 3.1. Staff across the Finance area could be co-opted to assist with this although there would be constraints arising from knowledge/skills mismatches. There may also be a requirement for additional hours working after the return to normality.
- 5.1.2 In the event of adverse weather, staff should check the Council website for any updates regarding the potential closure of premises. The Pensions Manager and senior colleagues will liaise with the rest of the team to provide necessary information. Staff should follow the processes set out in the Council's [Adverse Weather Policy](#).
- 5.1.3 As the Pensions Administration System (including the Payroll module) is web-enabled, it is possible to run a limited service remotely. A number of the Pensions team have been equipped with laptops for this eventuality.

### 5.2 Loss of ICT Facilities

- 5.2.1 Corporate and Housing Services has in place an ICT Disaster Recovery Plan designed to restore the Council's corporate computing facilities as soon as possible in the event of a serious incident. This is outlined in Appendix 1 – ICT Business Impact Analysis – of the Finance Business Continuity Recovery Plan.
- 5.2.2 Systems which are supported through desktop servers are not included in the ICT Recovery Plan, however back up of relevant data is implemented on a daily basis and stored in a fire proof safe within Municipal Buildings.
- 5.2.3 A generator is located at Municipal Buildings and this provides continuous power for ICT systems for up to 8 hours in the event of a power failure.
- 5.2.4 Six members of the Pensions Team are equipped with laptops which, depending on the ICT facilities not functioning, may allow some services to be accessed by team members (e.g. Altair). For staff without lap tops, work in the Section that does not involve computers will be allocated by the Pensions Manager or senior team members.

### 5.3 Loss of Premises

- 5.3.1 The Finance Business Continuity Recovery Plan indicates that, if necessary, staff will be re-located to alternative locations on a Service Priority basis, based on the resource requirements outlined set out in the Plan.
- 5.3.2 As outlined in 5.2.4, six members of the Pensions Team are equipped with laptops for remote workings from home or from an alternative location.

## 6. Critical Activities

6.1 This Section looks at the resources needed by the Pensions team in order to undertake high level key tasks in adverse circumstances.

### 6.2 Monthly Pensioner Payroll Run

6.2.1 The Senior staff would use a combination of remote access capacity (i.e. laptop and internet access) and access to ICT's alternative Bacs server to process any payment runs.

6.2.2 The table below highlights the key stages of the process and the necessary resources that are required:

| No. | Element               | Resource Needed   |
|-----|-----------------------|---|
| 1   | Payroll Calculate     | Internet Access to Altair   |
| 2   | BACS File             | Internet Access to Falkirk Network for Bottomline software and<br>Card Reader hardware and card reader software |
| 3   | Pay Advices           | Internet Access to Altair and<br>Internet Access to Falkirk Network for FTP software                            |
| 4   | HMRC FPS Transmission | Internet Access to Altair   |
| 5   | Third Party Reporting | Internet Access to Altair<br>Internet Access to Falkirk Network for Mailing Reports                             |
| 6   | Costing               | Internet Access to Altair,<br>Internet Access to Falkirk Network for Excel and FTP                              |

#### Supplementary Notes

- Checklist of instructions is held in the Fund's fire proof safe.
- Laptops have been tested (Nov. 2018) to ensure that Altair is accessible
- Laptops have been tested (Nov. 2018) to ensure Bottomline software accessible
- Card Reader software on laptop – Full test scheduled Dec-Jan 2018/19
- FTP software tested on laptop
- Costing and Pay Advice Request Forms held in Fund's fire proof safe
- Staff will require access to relevant logons and passwords off site

### 6.3 Payment of Retirement and Death Lump Sums

6.3.1 Retirement and death lump sums are generated by the Pensions Team on instruction to the Council's creditors team. Payments are processed in batches (i.e. creditor runs) using Integra – the Council's Financial Information System.

6.3.2 Should there be a server failure, a payments file could be generated from a backup server is located off-site location in Falkirk. ICT would facilitate the switch in production servers.

6.3.3 In the event of a failure in the Integra software, the Council's Treasury team have the facility to make faster payments or CHAPS payments using the Bankline system of the Council's bankers, Royal Bank of Scotland. There is also a facility to make lump sum payments by running supplementary pay runs in Altair.

## **6.4 Payment of Capital Calls**

- 6.4.1 This scenario exists where the Fund has made commitments to an investment vehicle where cash is drawn down from the Fund in stages. Failure to meet payment deadlines can result in penalties and reputational damage.
- 6.4.2 Payment instructions are emailed to the Pensions team. This information requires access to the email server and any log in / password information relating to the manager in question. Access to the email server can be undertaken remotely. If, exceptionally, access is unavailable, Pensions would ask the Lothian Fund (and Northern Trust) to alert us to any pending capital calls.
- 6.4.3 The payment instruction to Northern Trust can be initiated remotely. The process currently requires the physical signature of one of the Fund's authorised signatories. Discussions are underway with Northern Trust regarding a digital alternative to this single method of authorisation.
- 6.4.4 Authorised signatories for the Fund are Bryan Smail, Danny Cairney and Margaret Smith (each of their contact details are listed on the following page).

## **7. Roles and Responsibilities**

- 7.1 A copy of the Business Continuity Document is retained off site by each of the senior members of the Pensions Team.
- 7.2 In the event that any element of the Business Continuity Document requires to be activated, the Pensions Manager will liaise with the Chief Finance Officer (and if appropriate) the Chief Executive and Director of Housing and Corporate Services.
- 7.3 The Pensions Manager will also liaise with the Fund Accountant and other Pensions Officers with a view to information being cascaded to other team members.

Pensions Manager  
Pensions Section  
6<sup>th</sup> November 2018

## **Appendix 1 - Pensions Team and Other Key Contact Information**