

Dorset County Pension Fund

Artificial Intelligence (AI) Governance and Usage Policy for Pensions Administration

Policy Owner: Service Manager for Pensions, Karen Gibson

Approved By: [Insert Governance Board / Senior Responsible Officer]

Version: 1.0

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Review Date: [October 2027]

1. Purpose

This policy sets out the governance arrangements, acceptable use standards, controls, and responsibilities for the use of Artificial Intelligence (AI) within the Pensions Administration Service. It applies to all staff within the DCPF Administration Team and supplements Dorset Council's AI policies and guidance. Staff must comply with Dorset Council's policies and guidance as the primary governance framework, with this policy providing additional requirements specific to the Pensions Administration Service.

The policy aims to:

- Enable the safe and responsible use of AI technologies.
 - Protect members, and pension scheme member data and confidential information.
 - Ensure compliance with UK GDPR, Data Protection Act 2018, LGPS regulations, TPR expectations and Dorset Council's information governance requirements.
 - Enhance service delivery while maintaining professional accountability and decision-making.
 - Manage risks relating to accuracy, bias, transparency, and security.
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2. Scope

This policy applies to:

- All employees working within Pensions Administration.
- All AI systems, tools, applications, and services used for pensions-related work.
- Any AI capability embedded within software platforms used by staff and members of the LGPS in Dorset.

- Council-approved AI platforms only (no others permissible)

3. Policy Statement

AI may be used to support pensions administration activities where it:

- Improves efficiency, productivity, quality, or accessibility.
- Complies with legal, regulatory, and information governance requirements (DCPF and Dorset Council's AI policies).
- Operates under appropriate human oversight.
- Does not replace professional judgement or statutory decision-making.
- Is an AI platform approved and provided by Dorset Council

All users remain personally accountable for work produced using AI.

AI-generated outputs must always be reviewed, checked, and validated before being relied upon or shared.

4. Governance Principles

The Pensions Administration Service will use AI in accordance with the following principles:

4.1 Human Accountability

AI can assist staff in their day-to-day duties but does not make decisions on behalf of the administering authority.

A suitably qualified employee must:

- Review AI outputs.
 - Apply professional judgement.
 - Approve final communications, calculations, recommendations, or decisions.
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4.2 Accuracy

AI-generated content may contain errors, omissions, or fabricated information ("hallucinations").

Staff must:

- Verify information against authoritative sources.
- Confirm references to legislation and guidance.

4.3 Transparency

Where AI has materially assisted in producing reports, communications, or analysis, this should be recorded where appropriate.

The service will remain transparent regarding:

- How AI is used.
- The role of human oversight.

4.4 Security and Confidentiality

The security of pension scheme data remains paramount.

No member data shall be entered into any AI system.

4.5 Fairness and Non-Discrimination

AI must not be used in ways that:

- Introduce bias.
- Cause unfair treatment.

5. Approved Uses of AI

Subject to compliance with this policy, AI may be used for:

Administrative Support

- Drafting correspondence.
- Producing meeting notes and minutes.
- Preparing reports.
- Summarising documents.
- Drafting policies and procedures.

Research and Analysis

- Summarising legislation.
- Reviewing consultation papers.

Knowledge Management

- Creating FAQs.
 - Drafting guidance documents.
 - Supporting staff learning and development.
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6. Prohibited Uses

The following activities are prohibited unless specifically authorised through a formal governance process:

Personal Data Input

Users must not input:

- Pension member names.
- National Insurance numbers.
- Dates of birth.
- Addresses.
- Bank details.
- Medical information.
- Any information classified as personal or special category data.

into any AI platforms.

Automated Decision-Making

AI must not be used to:

- Determine benefit entitlement or amounts.
 - Make discretionary decisions.
 - Decide complaints or appeals.
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Legal Interpretations

AI-generated legal interpretations must not be relied upon without review by appropriately qualified officers or legal advisers.

High-Risk Processing

AI must not be used for:

- Monitoring employee performance.
 - Profiling individuals.
 - Predicting member behaviour.
 - Processing special category data
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7. Pensions-Specific Controls

Because pensions administration involves statutory responsibilities and sensitive personal data, the following controls apply.

Benefit Calculations

AI may assist in:

- Explaining calculation methods.
- Drafting calculation notes.

AI must not be used for:

- Any pension benefit calculations.
- Transfer value calculations.
- Retirement benefit calculations.
- Death grant calculations.

All calculations must be verified through approved pensions administration systems and appropriately trained staff.

Complaints and IDRP

AI should not be used in dealing with complaints, IDRPs or any sensitive communication with members and/or dependants.

Regulatory Compliance

Legislative references produced by AI must be checked against:

- LGPS Regulations and Guidance.
 - HMRC, MHCLG, GAD and SAB guidance.
 - Internal procedures.
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Member Communications

AI may assist with drafting.

Before issue, staff must verify:

- Accuracy.
- Tone.
- Legislative references.
- Member-specific details.

A human reviewer must approve all member communications.

8. Data Protection Requirements

All AI use must comply with:

- UK GDPR.
- Data Protection Act 2018.
- Council Information Governance Policies.
- Records Management Policies.
- Cyber Security Policies.

Users must:

- Report suspected breaches immediately.
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9. Risk Assessment and Approval

The current position is that no AI tools are to be used in the Service. Should this position change, the Service will review this policy, staff training and complete the following:

- Information Governance review.
- Data Protection Impact Assessment (where required).
- Legal compliance review.

Approval must be obtained from:

- ICT Security.
 - Relevant Service Management.
 - Data Protection Officer.
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10. Monitoring and Audit

The Pensions Administration Service reserves the right to:

- Monitor AI usage.
- Review outputs.
- Audit compliance with this policy.
- Investigate suspected misuse.

Records of AI-assisted activity may be retained for audit and governance purposes.

11. Roles and Responsibilities

Service Manager – Pensions Administration

Responsible for:

- Policy ownership.
- Service compliance.
- Risk management.
- Oversight of AI use.

Team Managers

Responsible for:

- Ensuring staff compliance.
- Monitoring appropriate use.
- Escalating concerns.

Employees

Responsible for:

- Following this policy.
- Protecting data.
- Verifying AI outputs.
- Reporting risks and incidents.

ICT Team at Dorset Council

Responsible for:

- Technical security assessments.

- Approval of AI technologies.
 - Monitoring security risks.
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12. Training Requirements

Staff using AI tools will be trained as appropriate to grade and role, training opportunities will include:

- Information Governance training.
- Data Protection training. Compulsory training module for all staff.
- Cyber Security awareness training. All staff must complete Boxphish training, provided by Dorset Council monthly.
- AI awareness and responsible use training. Provided in-house to all staff.

Refresher training will be completed annually or when significant changes occur.

13. Incident Reporting

Any employee who becomes aware of:

- Inaccurate AI outputs being used,
- Suspected data breaches,
- Unauthorised AI usage,
- Security concerns, or
- Compliance failures,

must report the matter immediately through the Council's incident management process.

14. Policy Compliance

Failure to comply with this policy may result in:

- Removal of AI access.
 - Management action.
 - Disciplinary proceedings.
 - Referral to regulatory authorities where required.
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15. Acceptable Use Quick Guide

DO

- ✓ Use approved AI tools only
- ✓ Check all outputs for accuracy
- ✓ Apply professional judgement
- ✓ Protect member data
- ✓ Record significant reliance on AI where appropriate
- ✓ Escalate concerns promptly

DON'T

- ✗ Upload member personal data to any AI tools
- ✗ Assume AI outputs are correct
- ✗ Allow AI to make pension decisions
- ✗ Use AI in place of legislation or policy
- ✗ Share confidential information with public AI platforms
- ✗ Circumvent governance or security controls

16. Scheme Members and Stakeholders

The Service will:

- Review all websites for which we are responsible are up to date, accurate, and contain suitable warnings for AI use.
- Review member communications and explain AI has potential issues, including incorrect information where appropriate.
- Ensure members are warned about the potential dangers of using AI for retirement planning and pension related decisions.
- Be vigilant against the potential of fraud and scams that may impact members

17. Plan for year ahead – identified actions

Below are listed identified intended actions following completion of this policy. As a fast-developing area, actions may change or be added.

Action	Timescale
Review Member and Employer Websites	Within 12 months + ongoing
Member Awareness – Annual Newsletter	Within 12 months + ongoing
Staff awareness training	Initially within 12 months + ongoing
AI Governance & Usage Policy written and approved	Initially 12 months, plus annual review

PFC & Local pension Board awareness and information	Initially 12 months
Review TPR expectations for responsible use of AI in workplace pensions	Initially 12 months, plus ongoing, detailed guidance expected

Policy Approval

Version	Date	Author	Approval Status
1.0	18/08/2026	Service Manager for Pensions	Draft

Next Review Date: October 2027

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