

WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD
22 May 2024

WILTSHIRE PENSION FUND HEADLINES AND MONITORING REPORT

Purpose of the Report

1. The purpose of this report is to provide the Board with information in relation to various standard issues, to enable the Board to fulfil its monitoring role.
 - a) Headlines
 - b) Scheme, Regulatory, Legal and Fund Update
 - c) TPR General Code of Practice update
 - d) Risk Register
 - e) Administration KPI update – 1 January 2024 to 31 March 2024.
 - 1) McCloud and Dashboard update
 - f) Audit update:
 - 1) SWAP Audit KPI actions 2023/24.
 - g) Training Plan 2024/25

2. This report is intended to highlight key issues and developments. Full detail is provided in the Appendices.

Report from Head of Wiltshire Pension Fund

3. This section summarises key events across the Pension Fund over the last quarter.
 - a) Investment performance for the year to Mar-24 was +8.1%, compared to a benchmark return of +9.4%. The fund value at the end of Mar-24 was just over £3.3bn.
 - b) The funding level at the end of Feb-24 was 132.7% (based on a roll-forward of the 2022 funding level).
 - c) The migration of the pensioner payroll from SAP to Oracle has now taken place (more info later on this agenda).
 - d) The actuarial contract, investment advisor contract, and investment consultant tenders are all progressing, and a verbal update will be provided at the meeting.
 - e) The new General Code has been published, and training on this important topic was arranged for the LPB and Committee in March 2024. Any feedback would be gratefully received.
 - f) The LPB members have now been added to the distribution list for our internal Fund Focus newsletter, so that interim updates can be received on a monthly basis. Please look out for this in your inbox!
 - g) The Fund's Business Plan 24/27 was approved at the Committee meeting on 28 March 2024. This included an improvement plan for the admin performance. The Business Plan also defined key measures of success for WPF. Officers are developing this into a dashboard and will share this with the Board in due course.
 - h) The Business Plan 24/27 is attached as Appendix 5. For the previous Business Plan, the LPB received updates on the key areas of focus in the HAM report. Members of the Board are invited to discuss what updates they may require on this new Business Plan – suggestions are that the dashboard mentioned above is included in the HAM report every quarter, and progress against the KPI improvement plan is shared on a 6-monthly basis.

Scheme, Regulatory and Legal Update (Appendix 1)

4. A scheme update is included in paragraph 3 of this report. Regulatory & legal updates have been provided via Hymans May 2024 Current Issues circular (Appendix 1). Key additional strategic Fund updates have been incorporated within the Fund's risk register section of this report.
5. **TPR General Code of Practice Update**
 - a) Following the Code coming into force on 27 March 2024, officers held their first strategy meeting on 3 April. Key actions from that meeting were:
 - To create a GCOP template setting out all 51 areas of the code, assigning owner(s) to each area relevant to the LGPS and then for each owner to make an initial assessment of the requirements to enable fulfilment of the code: &
 - To conduct an initial overarching gap analysis in relation to the Fund's policies and procedures
 - b) A second strategy meeting is to be held on 15 May. At the time of writing this report actions from that meeting are unknown, however the scope of the meeting is likely to consider the following factors:
 - That an action plan should be ready for presentation to the Board in time for their November 2024 meeting:
 - That the Fund will take a best practice approach and undertake its first self-assessment against the requirements of code during March 2025: &
 - That all requirements will be implemented by the Pension Regulator's deadline for implementing the new code of 31 March 2026.

Risk Register (Appendix 2)

6. The version of the risk register presented in Appendix 2 relates to the month of April 2024. The April 2024 version will be the version submitted to the Committee meeting on 11 July. The officer led CROC Group continue to process and moderate ratings of monthly manager reviews in a consistent manner in the interim period.
7. A summary table is provided below for members to be able to monitor the key changes between versions submitted to their meetings. The purpose of this summary is to assist Board members in making their recommendations to the Committee.
8. Please note that during the period between the December 2023 and April 2024 versions a couple of risk ratings fluctuated, however their ratings at the beginning and end of the periods remained the same. These risk areas are:
 - Financial Management, which started and ended the period as Amber, but during the period increased to Red due primarily to issues related to the Oracle migration: &
 - Performance, which started and ended the period as Amber, but during the period fell to Green in January due primarily to a reconfiguration of the risk register in respect of service delivery.
9. The summary of risk rating changes between December and April, since the Board last reviewed the risk register in February are:

Risk Section	Section rating change	Key notes and mitigations during the period
Fund Governance	Amber to Red	a) The key reason for the increase in this risk rating relates to the protracted procurement of the Fund's strategic procurements of actuarial and investment management consulting services. The impact caused by internal delays has placed a significant strain on Fund officers to carry out their responsibilities. Further functional delays could potentially risk the Fund's funding and investment strategy positions.
Compliance and Regulations	Amber to Green	a) A suitable candidate is being offered a role within the team as an investment analyst, which in turn will assist investment governance. b) Improvements in i-Connect processing and the collection of data on a timely basis have enabled statutory deadlines to be met.
Data Management	Amber to Green	a) The initial issues caused by the rollout of Oracle immediate payments arrangements in November 2023 have largely been overcome. b) Data management processes implemented by the Fund's employer services team have now been embedded. c) Access to information in Oracle by the Fund's Accounts team has enable better data integrity in respect of the financial movements of the Fund.
Projects	Red to Green	a) Two key projects ended in January 2024, namely the Outsourced Aggregations and Leavers backlog managed by Hymans and the Payroll Rectification exercise managed by Aon Consulting b) The internal backlog of Leavers and Aggregations was stood down, with outstanding work reincorporated into business-as-usual casework management. c) The Evolve Project to migrate the pensioner payroll from SAP to Oracle occurred in April and along with the embedding of the Altair payroll system, the risk in this area has reduced, with the SAP to Oracle migration project now being stood down. d) The remaining key projects are McCloud and the Pensions Dashboard project, both of which are being well managed.

Administration KPIs (Appendix 3)

10. Tables 1 & 2 show the admin performance over the period from 1 January 2024 to 30 March 2024. April is shown in table 2. May 2024 statistics were unavailable at the time of drafting. Unfortunately, the overall Admin KPI picture has declined over the period recover to the level we reported at the end of December 2024 in line with the first checkpoint in the KPI improvement. The backlog has increased by 313 cases since our last report. The first part of 2024 has been focused on training which has resulted in this increase. Open case volumes have increased in line with the increase in the backlog. Incoming cases are at an expected level for this time of year.

11. Table 3 provide some analysis of the open cases. Table 3 sows the number of cases older than 2 years has remained at the same level and there are no cases older than 4 years and only 3 cases older than 3 years. The graph under the table shows the difference between completed and received cases due to the focus on training and the Evolve migration unfortunately we have been unable to complete more cases than we have received. The second graph shows the continued trend of cases over SLA increasing due to the reason mentioned above.
12. We have now included a section detailing the current position onboarding employers onto iConnect. As you can see, we now have 137 employers onboarded and we expected this number to increase once the 2023/24 year end checks have been completed and the data verified in respect of the current membership.

SWAP Audit KPI 2023/24:

13. Following the Board's recommendation to the Committee in February 2024 to extend the deadline to complete the SWAP KPI audit actions by 31 March to 30 June 2024, officers can confirm that the Board's recommendation was accepted.
14. The auditor's made four recommendations. These were:
- a) To ensure that the current excel spreadsheet formula is secure and that an automated data extraction process, rather than the current manual updating arrangement is introduced to avoid errors. Additionally, that reported results are reviewed prior to circulation. **(Priority 2)**
 - b) That the process outlined above is documented **(Priority 2)**
 - c) To incorporate the changes above into the Pension Administration Strategy document **(Priority 3): &**
 - d) To continue to revise the reporting in line with member feedback **(Priority 3)**
15. Progress against the four recommendations has been made, however the recommendations are yet to be fully implemented. The progress to date includes:
- a) An automated KPI reporting tool has been adopted and is being tested. It is understood that the tool only requires a few improvements to be made. Reported results are reviewed at weekly KPI meetings **(80% Completed)**.
 - b) Recording of deleted and terminated casework between reporting is now embedded in officer processes. These figures which caused the opening and closing balance discrepancies are discussed at weekly KPI review meetings **(80% Completed)**.
 - c) The Pensions Administration Strategy document is currently under review and may need to go to consultation with the Fund's Scheme Employers. It is intended that this document will also reflect officer commitments set out in the KPI Improvement Plan and other related process guides **(50% Completed)**.
 - d) The introduction of traffic light style dots, indications against targets, clarity of text to members and the reconciliation of opening and closing balances have been introduced. Additionally, a full key of colours used in the tables is to be presented each time. These are largely implemented. **(75% Completed)**.

Training Plan 2024/25 (Appendix 4)

16. The draft training plan, consistent with the members training policy, for both the Board & Committee members for the Scheme Year 2024/25 is attached in Appendix 4. The plan has been developed using the self-assessment feedback provided by members during February 2024, as well as considering forthcoming events over the next 12 months, in particular the March 2025 triennial valuation.

17. The aim of this plan, in addition to addressing the members assessment needs, is to ensure that all members achieve and maintain a sufficient level of knowledge and understanding to be able to make appropriate decisions and carry out their roles and responsibilities as required. It is noted that whilst Board members have a statutory obligation to ensure that they maintain their knowledge & skills requirements in accordance with the Public Services Pension Act 2013, and following issuance of the Pension Regulator's new general code of practice, for Committee members to abide by the requirements the Pension Act 2004. In addition, this plan seeks to ensure that Committee members will also be able to comply with the FCA's MiFID II Regulations in relation to professional competence. The purpose of this being to maintain the Fund's classification as a "professional client".
18. Whilst training sessions at meetings have been specified over the next 12 months, the training plan is designed to be a living document to enable the substitution of topical training as it arises as well as recognise the need for flexibility by inviting members of one group to attend training organised for the other group.
19. In addition to ensuing new starters complete essential training during the first 12 months of their appointment, attendance at external events such as conferences, seminars, engagement days and forums are also encouraged.

Financial Implications

20. No direct implications.

Legal Implications

21. There are no known implications from the proposals.

Environmental Impacts of the Proposals

22. There is no known environmental impact of this report.

Safeguarding Considerations/Public Health Implications/Equalities Impact

23. There are no known implications currently.

Proposals

24. The Board is asked:
- a) to note the Fund updates;
 - b) to endorse the risk register in Appendix 2 & the summary of risk changes since the last review, as a true and fair view of the risks currently being experienced by the Fund and to recommend that endorsement to the Committee:
 - c) To note the progress concerning the KPI audit recommendations
 - d) For Board members to approve and adopt the training plan for 2024/25 for themselves and for the Board to recommend that this training plan be approved by the Pensions Committee:

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Unpublished documents relied upon in the production of this report: NONE

Appendices:

Appendix 1 – Scheme, Legal, Regulatory and Fund updates

Appendix 2 – Full risk register

Appendix 3 – Administration KPIs

Appendix 4 – Training Plan 2024/25

Appendix 5 – WPF Business Plan 24/27