

Wiltshire Pension Fund Committee

PART II MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 14 DECEMBER 2023 AT KENNET ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

Present:

Cllr Richard Britton (Chairman), Cllr Kevin Small (Vice-Chairman), Cllr Gordon King, Cllr Christopher Newbury, Cllr Vijay Manro, Cllr Stuart Wheeler, Mike Pankiewicz and Claire Anthony

143 **Apologies**

Apologies for absence were received from Cllr George Jeans and Lizzie Watkin.

144 **Minutes of Previous Meetings**

The minutes of the meeting held on 23 November 2023 were presented for consideration, and it was,

Resolved:

To approve and sign the minutes as a true and correct record.

145 **Declarations of Interest**

There were no declarations of disclosable interests.

146 **Chairman's Announcements**

There were no Chairman's Announcements.

147 **Review of Actions arising from previous meeting(s)**

The Committee reviewed the list of ongoing actions.

148 **Review of the Minutes of the Local Pension Board**

All Local Pension Board minutes to date were presented at the 23 November Committee meeting.

149 **Public Participation**

No statements or questions were submitted.

150 **Key Financial Controls**

Chris Moore, Investment and Accounting Team Lead, presented an update concerning the operational accounting arrangements, which also included budget monitoring. The update included that the final sign off for the full Wiltshire Council Accounts for 2019/20, 2020/21 and 2021/22 continued to be delayed. Additionally, work had been conducted on the accounts and annual report for 2022/23, however work had recently paused, with the auditors being chased for a progress update.

It was outlined that the new Evolve system went live in November 2023, however this had since changed from green to amber on the quarterly financial performance dashboard as the reconciliation and implementation of the system had not been smooth and had caused significant problems to the accounting team. Issues had included that the team had been unable to post journals and daily processes, however this was now possible.

Detail was provided regarding cashflow, banking and capital calls that the single approval limit for payments had been an issue due to the Council accounts not being signed off therefore meaning the limit could not be increased. The Treasury team in the Council had however provided an update that progress had been made and changes are expected to be applied to the limit.

Reference was made to the budget forecast, with it noted that there was a forecast overspend of £44k against the original budget. This overspend includes an additional £49k of costs approved by Committee for the new office space. An additional cost of £50,000 is also forecast should the Committee approve the recommendation for investment in the Climate Opportunities Portfolio. It was noted that previously there had been uncertainty with the budget regarding the pay award, however this had now come to fruition in line with what was budgeted for, therefore meaning the cost risk was removed.

Detail was provided that since writing the report, one of the employers in the Fund was experiencing insolvency, with officers set to work with the company to work out what will happen in due course.

The Committee discussed the update, which included reference to the Dorset & Wiltshire Fire and Rescue Service Financial Audit Committee who had had concerns about information not being provided for auditing purposes. It was stated that this could potentially be related to the external auditors as the Fund had provided all that it could to the auditors.

Clarity was provided regarding mismatched records between Altair and SAP payroll and that though the difference had come down in February and March, this had increased in April due to the way the pension increase was applied to members.

It was questioned regarding the performance dashboard, whether payroll should be rated as a red rather than amber due to the experience of implementation. It

was clarified this was treated as two separate issues with it rated red in the risk register but amber for progress made to align the two systems.

A question was posed regarding employer contributions as to why there were big variants and sudden peaks in June 2023 compared to other entries. It was clarified that the table provided summarised contributions from 187 employers with total payments circa £8million a month from employees with a spike in April due to a prepayment of contributions from Wiltshire Council of £35million. Furthermore, it would not take much for the table to be impacted, for example a late payment from a large employer, which could potentially distort the figures.

A discussion took place regarding whether the Fund charged interest on late payments, to which it was stated that the Fund could do but has not and rather takes an engagement approach. It was outlined that there was a focus on educating employers on their responsibilities and that the Fund might charge interest in the future.

A point was raised regarding running costs per member and whether the Fund was different to other organisations. It was clarified that a previous paper had included cost per member analysis and that this benchmarking had identified the Fund as being within the average expected number for the size of the Fund. Furthermore, though there was an increased running cost per member, this would still not be in the highest level with all funds experiencing the same increase.

It was questioned whether persistent late payers are flagged for action, to which it was noted that there is a list of those who are regularly late and that there is a control route for this, with an employer data and contributions working group reviewing the list each month. Furthermore, the list was also used to understand covenant risk. Officers also outlined that the escalation policies had been reviewed to now have a six-stage approach in comparison to the previous one of four stages. Additionally, it was acknowledged that there is also a breach log which is reported to the Pension Board on an annual basis.

At the conclusion of debate, it was,

Resolved:

The Committee agreed to:

- **Use this report to monitor progress against resolving the issues which have been identified.**
- **Approved the additional £50k of investment due diligence and advice in relation to the Climate Opportunities Portfolio.**

Richard Bullen, Fund Governance Manager, presented the results of SWAP's Key Performance Indicator audits conducted in November. The presentation included that it had been a request of the Chairmen of the Committee and Board for KPIs to be audited to and provide insight as to whether reporting was operating in a consistent manner. SWAP had since completed the audit and provided reasonable assurance with 4 management actions identified.

It was noted that the one of the management points related to data extraction which is manually copied, and an action identified to improve the process and remove human error. The second point raised was regarding data accuracy, particularly in relation to opening and closing balances, with it highlighted in the previous Key Controls review that there were inaccuracies in the KPI data for aggregations and KPI work. It was however noted that this had since improved over the course of the year since March.

Other supplementary issues and observations included that the pensions administration strategy document which was currently being reviewed to ensure consistency and to make sure that reporting was improved based on feedback from members. Following the completed audit, an actions log would be created to conclude the recommendations made by SWAP.

The Committee discussed the update, with clarity provided on the use of pivot tables and Tableau to generate data, which is then put into spreadsheets.

At the conclusion of debate, it was,

Resolved:

The Committee agreed to:

- **Note the SWAP Audit Report 2024.**

152 **Audit Plan 2024/25**

Richard Bullen, Fund Governance Manager, presented a draft audit plan for the Fund for the scheme year 2024/25. The plan included recommendations split between standard audits and audits of fund innovations, progress improvements and new regulations. Detail was provided that it had been hoped that the new Pension Regulator Code of Practice would have been in place by now, however this was likely to be delayed until April 2024. As the Fund had not been audited on its compliance against the Code of Practice this year, the Fund would assess itself against the old code and ask SWAP to audit itself against that. An internal audit could then be undertaken on implementation of the new code once in place.

An update was provided regarding the Phase II Payroll Migration Audit, and the audit scope being prepared by SWAP. Regarding the Fraud case this year, it

was stated that an audit was desired to determine whether exceptional circumstances exist for the Fund to adopt its own policy which supplements the Council's whistleblowing policy and arrangements.

The Committee discussed the update, with comments received but not limited to that it was perceived that the internal audit work looked thin, to which officers noted that a lot of work would be picked up by a full KFC audit next year and that the Fund was looking to introduce a customer service excellence project. These would take into account internal controls and consideration of how customers are treated.

Regarding the SWAP workload, it was clarified that SWAP would be aware of the Payroll Migrations Audit and the KFC audit, however as it stood an auditor had not yet been chosen for the Fraud audit and SWAP might feel conflicted if requested to do this as they had undertaken the fraud review. The Chairman raised concern that the SWAP workload was unable to be responsive to ad hoc demands which might arise through the year. Officers noted that with big projects on the horizon, more support might be required and that it could potentially be beneficial for the Fund to have its own contract with SWAP.

A further discussion took place regarding the potential for the Fund to purchase additional hours from SWAP as well as discussing how the Fund was currently assessed by SWAP as part of the Council's risk profile, even though it was financially separate. It was stated that the suggested plan was focused on what was needed to be done rather than what the Fund would like to be done.

The Committee believed that a way forward might be for Officers, Committee and Board to articulate what extra work could be conducted by SWAP for it then to be considered by the Audit and Governance Committee.

Clarity was sought regarding the Phase II Payroll Migration Audit, which was set to be completed 30 April 2024, which suggested that the auditors would be reviewing work while it was taking place. It was clarified by officers that 30 April was a hard deadline and that this would be a readiness review rather than a full investigation. It was also noted that internal testing would take place in January, therefore meaning that data could be provided earlier.

A suggestion was made that a discussion should take place between the Chairman, the Head of the Pension Fund, and the Section 151 Officer to discuss resourcing and the relationship of the Wiltshire Pension Fund and Wiltshire Council.

It was suggested that the Fund's Risk Register be added to the Audit Plan 2024/2025 as this would ensure that all operational and strategic risks were being managed efficiently.

It was suggested that the Chairman of the Wiltshire Pension Fund Committee have a discussion with the Chairman of the Audit and Governance Committee.

At the conclusion of debate, it was,

Resolved:

The Committee agreed:

- **To approve the scope of audits and auditors set out in paragraph 4 with the addition of the Fund Risk Register.**
- **For the Chairman of the Wiltshire Pension Fund Committee have a discussion with the Chairman of the Audit and Governance Committee.**

153 **Immediate payment report**

James Franklin, Pension Administration Lead presented an “immediate payments” update following transfer of the fund payment process to Oracle. The update covered that there had been delays in Oracle going live, which meant that the first batch of payments failed and as a result emergency payments had to be made. Over 100 emergency payments went through but then when the payments were loaded to Oracle some were not removed meaning that circa 67 potential members received duplicate payments. It was outlined that the Accounts team now have received full data to work out the number of duplicates. The process had started to contact those who received duplicate payments, with the majority happy to return the money, however this had had a large impact on the Member Services Team having to deal with the issues. A full review would be conducted regarding the issue with an update set to be provided on what payments were made and what was missed.

It was outlined that the issue was caused as the template designed to load payments to Oracle was not working and only came three days before the Oracle go live date. Furthermore, due to resource issues within the Evolve Team, communications were limited meaning it was not possible to obtain updates or manage the expectations of members. A positive development was noted that the internal payment system had now gone live and that there should not be any new members affected.

The Committee discussed the update, with assurance provided that the accounting team had all the necessary data and had been working to make sure that the code mapping was correct for ledgers. Assurance was sought by the Committee, to which officers noted that following the issue, Oracle now could run dummy payrolls and the risk was consequently lower with further checks also in place. It was outlined that risk is further being minimised by the pensions increase being ran on Altair and with Oracle to then be provided with a file to upload.

The impact caused by the duplicate payments was discussed and that the issue had impacted on all work within the department, however this would be mitigated by prioritising work. Feedback was also provided by the Committee that there was an impression that the process had taken a last-minute approach and that there had been a failure of communication.

It was questioned how further issues could be prevented from taking place when pensioner payroll is migrated to Oracle in 2024, to which officers were confident with the steps in place and that there would be more reporting requirements with notes to be shared to the Committee to provide comfort. A second meeting would be taking place with the Evolve team in January, after which a summary would be provided.

It was questioned whether the Evolve team formally understood their responsibilities, to which officers stated that they were aware of what was required and that a review would be required to understand what had gone right and wrong in the current project to prevent it from happening again.

The Committee recommended that that the Fund obtained a project plan from Evolve to show that the pensions requirements (including the uploads required for pensions increase) were clearly included in the plan.

At the conclusion of debate, it was,

Resolved:

The Committee agreed:

- **Based on the experience of the Fund during the initial live rollout of Oracle, to recommend to the SWAP auditor's that within the scoping of the Payroll Migration Audit – Phase II, particular emphasis is placed on ensuring that the operational requirements of the Fund are at the centre of any audit recommendations.**

154 **Committee Forward Work Plan**

The Committee discussed the Forward Work Plan.

It was,

Resolved:

To note the Forward Work Plan.

155 **Date of Next Meetings**

The dates of upcoming meetings were confirmed as 29 February 2024 and 28 March 2024.

156 **Urgent Items**

There were no urgent items.

157 **Exclusion of the Public**

It was,

Resolved:

To agree that in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the business specified in Minute Numbers 16 - 20 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraphs 1 & 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

158 **Minutes**

The private minutes of the meeting held on 23 November 2023 were presented for consideration, and it was,

Resolved:

To approve and sign the minutes as a true and correct record.

159 **Local Pension Board minutes (Part II)**

All Local Pension Board minutes to date were presented at the 23 November Committee meeting.

The Chairman called the meeting to a break at 11.42am and resumed at 11.50am.

160 **KPI Improvement Plan**

James Franklin, Pension Administration Lead presented the KPI improvement plan.

At the conclusion of debate, it was,

Resolved:

The Committee agreed to:

- **Approve timeline for inclusion in 2023/26 Business Plan noting success is dependent on the actions detailed in this Plan primarily successful recruitment and increased support and upskilling of current staff.**
- **Approve reporting requirements.**

161 **Brunel Governance and investment presentation**

The Committee discussed the recent BPP Investment Manager presentation held on 28 November 2023.

At the conclusion of debate, it was,

Resolved:

The Committee agreed to:

- **Note the recent presentation by Brunel Pension Partnership.**

162 **Training**

Mark Briggs, Operations Manager provided a training session to the Committee which covered the Pension Payroll and National Fraud Initiative.

(Duration of meeting: 10.00 am - 12.58 pm)

The Officer who has produced these minutes is Ben Fielding - Senior Democratic Services Officer of Democratic Services, direct line , e-mail

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