

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
24 May 2023

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) Key business plan items – Aggregations backlog, i-Connect & controls and Resourcing.
 - c) Scheme, Regulatory, Legal and Fund Update
 - d) Risk Register
 - e) Administration KPI update – 1 January 2023 to 30 April 2023.
 - f) Fund SWAP audit actions log 2022/23
 - g) Training
 - i. Update members on the Fund's approach to member training
2. This report is intended to highlight key issues and developments. Full detail is provided in the Appendices.

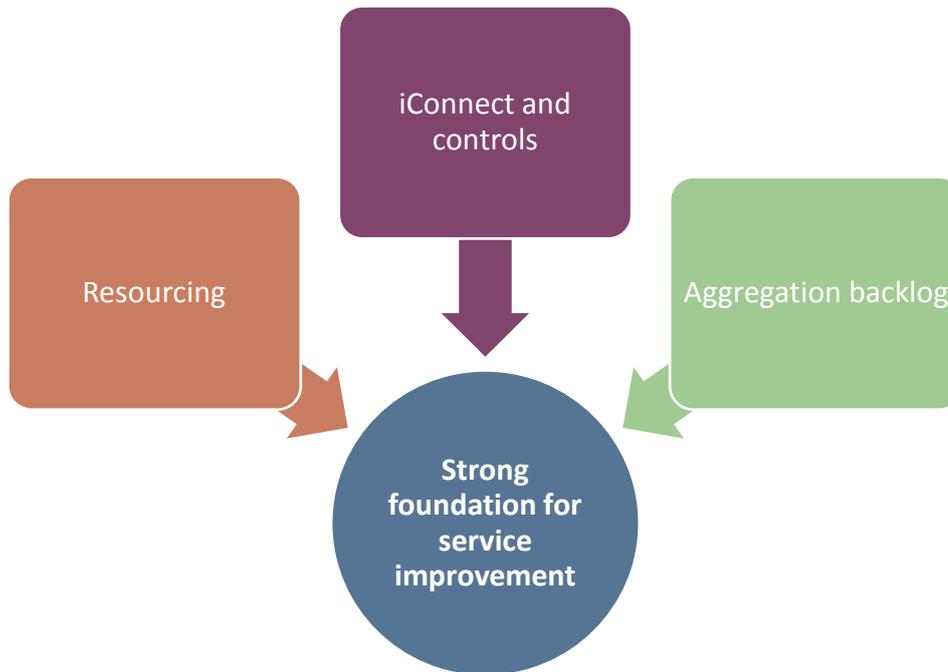
Report from Head of Wiltshire Pension Fund

3. This section summarises key events across the Pension Fund over the last quarter.
 - a) Investment performance for the quarter to Mar-23 was +3.3%, compared to a benchmark return of +2.1%. The fund value at the end of Mar-23 was just over £3bn.
 - b) The funding level remains at around 125% (based on a roll-forward of the 2019 funding level).
 - c) The backlogs project and the pensioner payroll rec projects are now both up and running. Hymans have now completed around 1.3k cases, and Aon 200. Pace has slowed on both projects. For Hymans this is due to the complexity of some cases – Hymans are completing all outstanding work for an individual, but if this contains case types which were outside the original scope, then none of the work is being completed. Therefore, we have now slightly broadened the scope of cases that Hymans can look at, in order to ensure more work can progress. For Aon there have been delays due to not making amendments over the pensions increase being implemented for this year. Progress should pick up again now that this has been completed.
 - d) The SALAMI portfolio (Strategic Allocation to Liquid Asset-Matching Investments) has now been successfully set up. This will help us to meet the funding requirements for our private markets investments without holding excess cash and missing out on investment returns, and will also make things more efficient from an operational perspective.
 - e) Several of the roles within the new team structure have now been filled (or offers have been accepted and the individuals are working their notice periods at their current employer). One final key role is proving very challenging to recruit to and we are now on the fifth round of advertising. This is likely to mean that actions against the key priority of “iConnect and controls” will take longer to be implemented – more detail below.
 - f) The Stewardship report for 2023 has now been completed and will be submitted to the FRC in time for the end of May deadline. We will also publish a mini-

magazine to provide some of this information in a more accessible and non-technical format to the wider group of stakeholders. The Fund has also published the first report into the impact of the affordable housing portfolio:
<https://wiltshirepensionfund.org.uk/Affordable-Housing-Impact-Report-2023>

Business Plan Priority Area Progress Updates

4. As set out in the Business Plan 23/24, the priority areas where we need to focus in order to deliver the maximum improvements to our admin service are as follows:



Resourcing – progress rating red

5. We have now appointed to all key vacant roles, with the exception of the Employer Services Manager role, where we are currently on the fifth round of advertising. For some key roles (Pensions Admin Lead and Employer Funding and Risk Manager), we have made offers which have been accepted, but the individuals are still working their notice and are therefore not in post yet. We are also currently recruiting for an admin assistant.
6. Staff training plans are in development. We are promoting training opportunities such as the Wiltshire Council leadership programme for new team leads, training on creating an inclusive workplace for all staff, targeted external training for new members of the operations team, and training plans for processing staff who wish to progress up the career grades.
7. More work still needs to be done to create a structured framework to use all the tools at our disposal to promote maximum efficiency in the processing teams. We have identified a blocker to productivity, which is the fact that staff are working inconsistently on the same process. We plan to develop “recipe cards” for all processes to streamline work. We are currently consulting with an external provider to see if we can obtain support for this piece of work in order to make faster progress.

iConnect and related controls – progress rating red

8. More issues have emerged around the lack of a proper framework for monitoring whether data has been received, loaded, and processed from employers. Preliminary discussions have been held around the principles behind what data we check and why, but without the Employer Services Manager role in post, it is challenging to move this forward as swiftly as we would like.
9. The same delays around progress apply to developing a monthly cycle of work for the employer services team, defining employer roles and responsibilities, and building on employer training and escalation (this is also being held up by the Employer Funding and Risk Manager not yet being in post),
10. Work on defining an efficient and effective control framework has not yet begun, but is strongly linked to the above point about recipe cards, and we may be able to use external support to progress this.

Aggregation backlog – progress rating red

11. As mentioned above (under para 3c), Hymans are making progress, but there have been issues on the way. Hymans report that this is not uncommon for a project of this nature, and are working with us to find solutions.
12. The Service Improvement Team has now been set up as of 9 May 2023, and the Service Improvement Lead Analyst role has now been approved and we are asking for expression of interest from the team. This will enable us to make data-driven decisions to identify high-impact efficiencies. We are still some way off being able to make a proper assessment of resource requirements.
13. We have identified that there have been issues with receiving data from some large non-iConnect employers. Due to the issues mentioned above with monitoring, it is currently not clear what this means for workloads, and our measure of “open cases” is unlikely to be accurate (understated).

Scheme, Regulatory and Legal Update (Appendix 1)

14. Officers have added updates to the appendix and will provide members with a verbal summary.

Risk Register (Appendix 2)

15. The version of the risk register presented in Appendix 2 relates to the month of April 2023. Whilst officers review the risk register each month, the April 2023 version will be the version submitted to the Committee meeting in July. During the interim period between each quarterly submission to the Board and Committee the officer led CROC Group will process and moderate ratings of monthly manager reviews in a consistent manner.
16. For members to be able to monitor the key changes between versions submitted to meetings officers will provide a summary table within this report to members. The purpose of this summary of changes is intended to assist the Board in making its recommendations to the Committee.
17. The Board are able to make their recommendations in line with two basic categories. These are:

- a) In relation to any patterns or themes which have occurred since the last Board meeting, as determined by the summary table: and
 - b) In relation to the assessment of the risk register in Appendix 2.
- In assessing the risk register members are asked to focus on the mitigations in the “Updates to note” column rather than the ratings in the “Risk Assessment” column.

18. The summary of key changes to the April version, since the Board last looked at the February version of the risk register are:

Risk Section	Section rating change	Key notes and mitigations during the period
Data Management	Amber to Red	<ul style="list-style-type: none"> a) Employer asset and liability allocations should be monitored to avoid distorting an employer’s funding positions. Key officer to be assigned as well as accurate transaction coding reporting recommended. b) I-Connect processes including relevant checks, requires reform. Forms part of the KPI improvement plan. c) Employer TUPE transfers and cessations to be managed more effectively. Key recruit appointed, starting in June. d) Year End work has caused higher work volumes, in addition to the backlog of work which already exists and the timeliness of the delivery of data from employers. Officers are focusing on clearing this work. e) Management of record data associated with PI exercise. Officers reviewing all short-term pension changes.

Administration KPIs (Appendix 3)

19. Tables 1 & 2 show the admin performance over the period from 1 March to 30 April 2023. Regarding the overall Admin KPI picture, this continues to be challenging. Due to the improved work allocation system (which prioritises work in line with meeting the KPIs), the high priority administration KPIs were have now been maintained at “amber” for five months. Open case volumes have come down slightly over the last two months, but it is advised to be cautious in interpreting this data. There are still volumes of work which are not yet recorded on the system. Additionally, we have been experiencing problems in obtaining data from employers, and need to make improvements in our own framework for monitoring this information. Consequently, the volume of open cases may be larger than it appears in the figures.
20. Tables 3 & 4 provide some analysis of the open cases. Table 4 shows the volume of open cases which are top of the list for completion. This needs to be reduced, and when this is brought down, the team will be able to tackle work as it comes in, and hit the KPIs more reliably.
21. Members are reminded that the lifecycle of the Fund will now be entering its year end phase, which brings with it an increased number of associated tasks at this time of year.

Internal Audit update (Appendix 4)

22. SWAP Audit review 2022/23:
- a) Summary – The SWAP raised its assurance level from “no assurance” to “limited assurance”, recognising the work by officers during 2022:

- b) SWAP November 2022 audit – Appendix 4 presents the Fund’s Key Financial Controls actions log based on the recommendations made by the SWAP auditor in November 2022:
- c) Target dates – Dates amended as a result of the approval of strategic business plan activities by the Committee at their meeting in March 2023 include:
 - I. Action 3 – Lumpsum payments. Extended to 31 July.
 - II. Action 5 – Amendments. Extended to 30 June.
 - III. Action 7 – Status 2 members. Extended to 31 March 2024.
 - IV. Action 11 – Quality Assurance. Extended to 30 September.
- d) All actions with an existing 31 March and 30 April deadline – These have been completed, with the exception of:
 - I. Action 2 – Overpayments. The key reason being the final sign off of policies and procedures associated with the writing off and authorisation of payments.
 - II. Action 10 – KPIs, Reports & Monitoring of Staff Productivity. The key reasons being the Committee’s request for a further SWAP audit into the accuracy of KPI reporting, a review of the quality controls in the employer services team, the associated reporting requirements of for that team and verification of the resulting productivity performance of staff members.
- e) Although only 3 of the 13 actions are currently recorded as completed, progress has been made in relation to the 10 outstanding actions. In particular, key progress steps include:
 - I. Action 1 – Issuance of the employer scorecard to employers
 - II. Action 3 – Reporting on deceased members to ensure final letters have been issued.
 - III. Action 5 – The procurement of a new tracing and mortality verification provider: &
 - IV. Action 6 – The processing of 1200 outsourced aggregation backlog cases

Training update

23. Following the Committee members’ decision on 23 March 2023 to defer approval of their proposed training plan for 2023/24, an email was circulated to all Committee & Board members on 29 March setting out the members preferred approach to developing their own training plan. Whilst it was noted that the formalised training plan derived from the Hymans training survey and effectiveness review fulfilled the CIPFA LGPS Knowledge & Skills framework 2021 and the members current training policy, Committee members had become anxious to avoid the existing training strategy in favour of submitting their own preferences for knowledge & development.
24. A Fund Officer is currently contacting members to request their feedback, following which a new training plan will be submitted to Committee for their approval. It is anticipated that, that plan will be submitted to the Committee’s first meeting of the new scheme year on 15 June. It should be noted that the Local Pension Board, who had recommended the original training plan for 2023/24 to Committee, are content to continue to adopt that plan in order to fulfil their training and development obligations under the PSPS Act 2013.

Financial Implications

25. No direct implications.

Legal Implications

26. There are no known implications from the proposals.

Environmental Impacts of the Proposals

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

28. There are no known implications currently.

Proposals

29. The Board is asked:

- a) to note the Fund updates and progress against the Business Plan 2023/24 key priorities;
- 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 recorded on the SWAP audit actions log, as well as the changes to the target dates, which are in line with the key business plan activities approved by the Committee at their meeting in March 2023:

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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 – SWAP Audit Actions log