

## Wiltshire Pension Fund Committee

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### MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 13 JULY 2023 AT KENNET ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

#### **Present:**

Cllr Richard Britton (Chairman), Cllr Kevin Small (Vice-Chairman), Cllr George Jeans, Cllr Gordon King, Cllr Vijay Manro, Cllr Stuart Wheeler and Claire Anthony

#### **Also Present:**

Cllr Tony Jackson

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#### 79 **Apologies**

Apologies for absence were received from Cllr Christopher Newbury, Cllr Nick Botterill, Mike Pankiewicz and Tracy Adams.

#### 80 **Minutes**

The minutes of the meeting held on 15 June 2023 were presented for consideration, and it was,

#### **Resolved:**

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

#### 81 **Declarations of Interest**

There were no declarations of disclosable interests.

#### 82 **Chairman's Announcements**

The Chairman welcomed newly appointed Wiltshire Pension Fund officers, James Franklin and Matt Allen to the Committee meeting.

#### 83 **Review of Actions arising from previous meeting(s)**

The Committee reviewed the list of ongoing actions. In relation action 78, the Chairman stated that it would be positive to not have to wait until September for the letter to be sent to Brunel. It was clarified by officers that the letter would be written from the Chair for approval over email and then brought back to the Committee meeting on 14 September 2023 to be shared.

It was clarified that in relation to minute 78, that it was not too late to provide feedback regarding training.

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

The Committee reviewed the minutes of the Local Pension Board meeting held on 24 May 2023, and it was,

**Resolved:**

**To note the minutes of the Local Pension Board meeting on 24 May 2023.**

85 **Public Participation**

No statements or questions were submitted.

86 **Headlines and Monitoring (HAM)**

Jennifer Devine, Head of Wiltshire Pension Fund, supported by other officers presented the Headlines and Monitoring report. The report included that outsourced projects were going well; however, the Hymans contract had been slightly problematic as they had not input as much resource as promised, however it was believed that this would improve. Work on the pensioner payroll reconciliation was progressing well and all overpayments had now been dealt with, with work to begin on underpayments, with confidence this would finish on time.

Recruitment had gone well, with James Franklin (Pensions Administration Lead) and Matt Allen (Employer Funding & Risk Lead) now employed into two key roles.

The Stewardship Report had been submitted with the Fund set to receive notification of whether signatory status had been maintained later in the year. Additionally, the Fund had also been shortlisted for awards later this year in September.

An update was provided in relation to Business Plan Priority updates, with it noted that though areas had been marked red, they were working towards being orange with the newly recruited officers able to progress work. It was outlined that work needed to be done on training and staff morale as these areas were not particularly good following staff restructures.

A lot of work had been completed with iConnect and controls, however there was still a lot to do, with a further role to be put up for recruitment in September to support the Pensions Administrations Lead. Clarity was provided that though some employers had been onboarded to iConnect, this had now been paused to sort control issues.

Regarding the aggregation backlog, though there had been an issue with the Hymans contract, the service improvements team in house had closed off a lot of old cases.

The Committee discussed the report with comments received on but not limited to that the Hymans contract was for a fixed price of a certain number of cases, rather than working hours, how recruitment had been difficult for Pension Funds generally. Additional clarity was provided on aggregations and the benefit of such a working method.

Further clarity was provided on “phantom cases” and how they might arise as well as the impact that such cases might have on workflow. Additionally, it was noted that the KPI Audit had been accepted by SWAP and their intention was to start on the work this month having initially delayed due to resourcing and staffing issues. It was also stated that officers had been involved and consulted in relation to the Evolve Project.

The officer stated that in relation to operational resilience, it was believed that a good staffing structure was now in place with all officers now mapped to it. Furthermore, to change the amber rating to green, staff training would have to be completed and morale improved.

Assurance was provided to Members that McCloud work was on the radar of the Fund and had not been forgotten, though it was not a top priority, hence the red rating. Further clarity was sought on target dates, with it noted that many were set for the end of the scheme year and would likely carry over into the next scheme year.

Discussion took place in relation to targets and “tolerable performance” with it suggested that if a performance was set as “tolerable”, it would suggest that anything less would be unacceptable. It was suggested that it would be positive to include previous target figures with an arrow to demonstrate the direction of travel.

In relation to backlog, it was stated that 500 cases had been discovered, with clarity provided by the officer that there would still be more cases to discover, therefore meaning that this would be a moving target. It would therefore only be possible to have a definitive number of cases once all the work had been completed.

At the conclusion of debate, it was,

**Resolved:**

**The Committee:**

**a) Approved the risk register recommendations made by the Board and the officer assessment of risk as presented in the April version of the risk register:**

**b) Noted progress in the SWAP Audit actions log, including updated target dates.**

87 **Fund annual report and accounts**

Chris Moore, Investment & Accounting team lead, presented the draft Annual Report and Accounts 2022/23 and an update on external audit finding. It was noted that the team was now awaiting the external auditor's review and that this would likely be undertaken in autumn. It was noted that there had been an increase in contributions across the year due to inflation, with benefits payments looking lower year on year after revisiting pension underpayments. Furthermore, reference was made to the Statement of Going Concern, which had been included within the agenda.

The Committee discussed the report in detail, with the following comment clarified that work had been completed regarding provision for underpayments, which had been revalued this year and would cover any anticipated payments for anyone underpaid in the past. It was clarified by officers that there had not been any significant changes to accounting policies or the process in the last year.

Clarity was provided regarding Going Concern, with reference drawn to the Actuarial Statement within the report, which outlined the liabilities of the Pension Fund assessed last year, liabilities today as well as the present values of funds to be paid in the future. The report represented a reduction in liabilities and assets. It was noted that there was an error within the report, to which the officer agreed to circulate a corrected version.

A query was raised regarding assumptions, to which the officer noted that the Pension Fund relies on professional valuers to make an assessment, which is also reviewed and relied upon by auditors. Regarding the length of time for the assumptions, it was stated that these were a for a long-term forecast of 20 years.

Regarding services charges from Wiltshire Council, it was clarified that the Fund had an agreed charge rate for which they paid last year and had already agreed a charge for the year ahead.

At the conclusion of debate, it was,

**Resolved:**

**The Committee:**

**a) Agreed to send a note to the Audit and Governance Committee confirming that the Wiltshire Pension Fund Committee had scrutinised the accounts, the scrutiny of which could be relied upon with no material to**

bring to their attention. Furthermore, that the Committee could not conclude until after the 10 August 2023, when they would have the Local Pension Board's review.

**b) Approved the appended statement of going concern.**

88 **Key Financial Controls**

Chris Moore, Investment & Accounting team lead, provided a presentation on Key Financial Controls, concerning the operational accounting arrangements and the 2022-23 Budget Outturn. The presentation included that work to reconcile and correct discrepancies between the Altair pension admin system and SAP payroll records had continued, with reference to an increase in variants in the two systems with an issue identified and work underway to amend the discrepancy.

Reference was also drawn to the SALAMI portfolio, which following its implementation had allowed the Fund to reduce the amount of cash held and improve the efficiency in meeting call notices.

The Committee discussed the report with a comment received in relation to the Quarterly Financial Performance Dashboard (page 73), with it questioned under employer contributions whether the green rating was questionable. The officer clarified that payments had been made and reconciliation was in place, with confidence that though there had been an issue the majority of the payments would come in.

At the conclusion of debate, it was,

**Resolved:**

**The Committee agreed to use the report to monitor progress against resolving the issues which had been identified, and the progress made to develop accounting and control improvements.**

89 **Investment Managers Fees & Costs paper**

Chris Moore, Investment & Accounting team lead, presented a paper on the Fund's fees and costs for the period 2022/23. Additionally, the Committee received training on Cost Transparency, which included information regarding the annual cost transparency process, an overview of the types of CTI costs, a summary of the Wiltshire Pension Fund Costs for 2022/2023, as well as reporting.

At the conclusion of the discussion, it was,

**Resolved:**

**The Committee agreed to use the report as a basis to monitor the Fund's investment management fees and costs for the year to 31 March 2023.**

90 **Employer Cessation Policy reviews**

Matt Allen, The Employer Funding and Risk Lead, presented a paper outlining changes to the Fund's Employer Cessation Policy. The presentation included an overview of the key changes which had been made to the policy, with reference made that the current version had been approved on 14 December 2022. Changes were made to but not limited to the Calculation Basis for cessation events, payment of any crystallised deficit, disputes, and the Deferred Debt Agreement (DDA).

The Committee discussed the report with it suggested that the report also be seen by the Local Pension Board.

At the conclusion of debate, it was,

**Resolved:**

**The Committee agreed to approve the revised Cessation Policy and seek from Officers such clarifications or further information as they require subject to approval by the Local Pension Board.**

91 **New Employer Policy Review**

Matt Allen, The Employer Funding and Risk Lead, presented a paper outlining changes to the Fund's New Employer Policy. The presentation included an overview of the key changes which had been made to the policy, with reference made that the current version had been approved on 16 July 2023. Changes were made to but not limited to an overview of approaches to funding, covenant and security arrangements and a Memorandum of understanding (MOU).

The Committee discussed the report in with clarity sought regarding how the changes in section 5.1 (Overview of approaches to funding) would impact on parish councils.

At the conclusion of the discussion, it was,

**Resolved:**

**The Committee agreed to approve the revised New Employer Policy and seek from Officers such clarifications or further information as they require subject to approval by the Local Pension Board.**

92 **Committee Forward Work Plan**

It was queried whether the Terms of Reference would be available by October, to which it was clarified by officers that that was doubtful, due to the single code of practice and good governance review having been delayed.

After which, it was,

**Resolved:**

**To note the Forward Work Plan.**

93 **Date of Next Meeting**

The dates of upcoming meetings were confirmed as 14 September 2023 and 5 October 2023.

94 **Urgent Items**

There were no urgent items.

95 **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 19 - 22 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.**

96 **Minutes**

The private minutes of the meeting held on 15 June 2023 were presented for consideration, and it was,

**Resolved:**

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

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

The private minutes of the Local Pension Board meeting held on 24 May 2023 were presented for consideration, and it was,

**Resolved:**

**To note the minutes as a true and correct record.**

98 **Swindon Borough Council Update**

Jennifer Devine, Head of Wiltshire Pension Fund, presented a report concerning the status of data provision, financial reconciliation, and internal controls between SBC and the WPF.

At the conclusion of the discussion, it was,

**Resolved:**

**The Committee agreed to note the situation and discuss what actions may be required at the current time.**

99 **Fraud case Update**

Jennifer Devine, Head of Wiltshire Pension Fund, presented a report on a case of customer fraud which had occurred.

100 **Brunel Governance Update**

Jennifer Devine, Head of Wiltshire Pension Fund, stated that there was nothing to update regarding the ongoing Brunel governance arrangements.

(Duration of meeting: 10.00 am - 12.20 pm)

The Officer who has produced these minutes is Ben Fielding - Senior Democratic Services Officer of Democratic Services, direct line: 01225 718656 or e-mail: [Benjamin.fielding@wiltshire.gov.uk](mailto:Benjamin.fielding@wiltshire.gov.uk)

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