

## WILTSHIRE COUNCIL

### WILTSHIRE PENSION FUND COMMITTEE

11 July 2024

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## **WILTSHIRE PENSION FUND HEADLINES AND MONITORING REPORT**

### **Purpose of the Report**

1. The purpose of this report is to provide the Committee with information in relation to various standard issues, to enable the Committee to fulfil its monitoring role.
  - a) Scheme, Regulatory, Legal and Fund Update
  - b) Risk Register
  - c) Business & KPI Improvement Plan update
  - d) Administration – KPI review – 1 March 2024 to 30 June 2024
  - e) Annual Low Volume Performance summary
  - f) Audit update.
    - 1) SWAP Audit KC Report 2024/25
    - 2) Payroll Migration – Phase 3
    - 3) CSE & PASA accreditations
  - 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 Apr-24 was 130.1% (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, this has been successful in that payments have been made, but there are still a lot of data and reporting issues to be resolved.
  - d) The actuarial contract and independent investment advisor contract have been finalised, with Barnett Waddingham appointed as the fund actuary, and Anthony Fletcher reappointed as our independent advisor. The investment consultant tender is in its final stages, 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. Officers are now working to implement any required changes.
  - f) Several key investment publications have recently been completed – specifically the [Stewardship Report](#), the [Affordable Housing Impact Report](#), and a report into social factors in our investments, [Spotlight on Social](#). Next up will be the Climate and Nature Report.
  - 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, and the first checkpoint for this plan is at this meeting. The Business Plan also defined key measures of success for WPF. Officers have developed a “health check dashboard” to summarise these key measures, and this is included for the first time in Appendix 1.
  - h) A verbal update will be provided at the meeting regarding resourcing.

- i) The Committee 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!

**Business Plan Priority Area Progress Updates**

- 4. As set out in the Business Plan 24/27, this meeting marks the first checkpoint for the KPI Improvement Plan. The commentary and supporting data will be presented to the Committee at the meeting with a presentation.

**Scheme, Regulatory and Legal Update (Appendix 2)**

- 5. A scheme update is included in paragraph 3 of this report. Regulatory & legal updates have been provided via Hymans June 2024 Current Issues circular (Appendix 1). Key additional strategic Fund updates have been incorporated within the Fund’s risk register section of this report.

**Risk Register (Appendix 3a & b)**

*LPB Recommendation – Minute 33 – 22 May*

- 6. The version of the risk register presented in Appendix 2 relates to the month of April 2024. However, at the Committee’s request officers have also included the latest available version (the May version) in support of the April version reviewed by the Board at their last meeting.
- 7. For members to be able to monitor the key changes between versions submitted to meetings officers have provided a summary table below. Please note that this summary provides changes reviewed by the Board at their May meeting and the summary of changes covers the period January to April. The purpose of this summary of changes is intended to assist Committee members by focusing on all the key recommended changes endorsed by the Board during the period.
- 8. The summary of key changes between the January and April versions of the risk register are:

<b>Risk Section</b>	<b>Section rating change</b>	<b>Key notes and mitigations during the period</b>
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. a) 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.

		<p>b) Data management processes implemented by the Fund's employer services team have now been embedded.</p> <p>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.</p>
Projects	Red to Green	<p>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</p> <p>b) The internal backlog of Leavers and Aggregations was stood down, with outstanding work reincorporated into business-as-usual casework management.</p> <p>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.</p> <p>d) The remaining key projects are McCloud and the Pensions Dashboard project, both of which are being well managed.</p>

9. Please note that a risk entitled "Reputation" was added to the risk register with effect from the May version. This risk was introduced with an Amber rating and its aim is to consider any failure to manage the Fund's reputation due to factors such as government policy, press attention, poor service delivery, controversial investments, achieve our climate targets, achieve statutory reporting requirements, breaches of law and regs, and other factors beyond the Fund's control.

#### **Administration KPIs (Appendix 4)**

10. Tables 1 & 2 show the admin performance over the period from 1 March 2024 to 30 2024. The overall Admin KPI picture, continues to be challenging however the administration team has met its first objectives in the KPI improvement plan. The focus for the administration team has been on training with process training occurring for every team member, in the office, every Wednesday. The impact of Oracle migration has also impacted the team's ability to process work. The backlog has decreased by 154 cases since the last report. The team have also completed significantly more cases than received. However, we have received less cases than expected due to late iConnect submissions following the iConnect submission. Two new officers have joined the Member Services Team, and the fund also has a new Member Services Assistant. One more permanent officer is due join the Member Services Team in September and we have a temporary resource due to start for 3 months to focus on backlog tasks.
11. Table 3 provides some analysis of the open cases. Table 3 shows that the number of cases older than 2 years decreased to 86 cases. The graph under the table shows the difference between completed and received cases. The second graph shows that cases over SLA are 283 cases lower than the number reported at the end of 2023.

#### **Annual Low Volume Performance summary**

12. Each year the Local Pension Board receives a summary of low volume performance indicators which it monitors on behalf of the Committee. This is to ensure that all the Fund's disclosure and other requirements are reported, where they are not regularly

reported elsewhere. The scope of the report submitted to the Board covered the following topics for 2023/24:

- a) ICO Data Protection breach log:
- b) tPR breach log:
- c) Freedom of Information (FOI) log:
- d) Subject Access Request (SAR) log:
- e) Informal Complaints log:
- f) Formal Complaints log:
- g) Internal Dispute Resolution Procedures (IDRPs) log: &
- h) Pension Ombudsman log

13. On review of the low volume performance report the Board noted no areas of concern, however the following overview was noted:

- a) **General Complaint Activity** – The report added two new sections in 2023/24 to enable clearer review of the information provided. The two additions were Informal Complaints to assist Customer Service Excellence reporting and Pension Ombudsman cases. Overall complaint activity increased significantly during the scheme year, however in consideration of the circa 85,000 membership of the Fund the volume of recorded complaints (94 cases) was still considered within the level expected for a Fund of this size and nature. In regard to the increased recording, the key causes were as a result of the introduction of informal complaint recording (w.e.f. 1 September 2023), which by its nature involved lowering the threshold for identifying potential complaints & improved recording methods. In addition, the execution of key projects during the year, such as the payroll rectification exercise and the payroll migration to Oracle also significantly increased the volume of complaints made. Consequently, this volume of complaints did impact response times, with a greater number falling outside of their target deadlines, however it should be noted that other than communication and service delivery issues many of the complaints raised were not upheld. The reason being that many responses actually involved advising the correction of historic inaccuracies and communicating those historic issues appropriately: &
- b) **Other General Activity** – Regarding the report's other areas of disclosure concerning data, breaches of law and freedom of information requests, all saw low or decreasing levels of activity. Notable amongst these activities was the circa 40% fall in Pension Regulator's breach recording, due to improved reporting arrangements and the active scheme employer management of contribution submissions. Whilst there are notable areas that need improvement such as responding to FOI requests within 20 days and the management of Swindon Borough Council contribution submissions, these failing disclosures were not seen as significant.

#### **Audit update (SWAP KC audit) (Appendix 5a)**

14. SWAP conducted their Key Controls audit of Fund processes during May and June.

Following on from their last full audit report of the Fund in January 2023 which offered an assurance rating of "Limited", this audit has provided an improved assurance rating of "Reasonable".

15. This improvement in assurance rating is welcomed by Fund officers who have committed considerable time and effort in completing the recommendations set out in the last full audit, as well as implementing a restructure of the Fund's operational working practices and KPI Improvement Plan. However, whilst an improvement rating is welcomed, officers have noted the recommendations made by SWAP as part of this audit. These are:

- Risk Register – That elements of the Fund's current risk management system require improvement, including integration with the Council's risk management framework and some gaps identified which need to be corrected (Priority 2 rating).

- Quality Assurance – To address weaknesses in the existing QA process, such as sample checking rating and trend analysis. (Priority 2 rating).
  - i-Connect", the Employer Scorecard and Administrative Charging – To complete the implementation arrangements for all of these employer related activities (Priority 3 rating).
  - Complaints Monitoring & Reporting - To improve Altair reporting in this area (Priority 3 rating).
  - KPIs, Reports & Monitoring of Staff Productivity – To address weaknesses in KPI accuracy and gaps in reporting areas, as well as improve data quality reporting and complete the rollout of staff productivity reporting. (Priority 2 rating).
16. Officers have accepted these recommendations along with their proposed targets dates and will prepare a new action plan to complete the recommendations stated. Regular progress updates will be submitted to the Committee for review.

### **17. Payroll Migration – Phase III**

In accordance with the Committee's audit strategy for 2024/25, the audit scope for Phase 3 of the payroll migration has now been agreed with SWAP. The purpose of this Phase 3 audit is to ensure that the necessary preparations are in place for the Fund to migrate its data from its Oracle to Altair databases and pay its first full payroll on Altair without disruption to its service or causing financial or reputational damage to the Fund.

18. SWAP intend to start its work shortly, noting that it is the intention of the Fund to complete its first full payroll run from Altair in September 2024. Both the Board and Committee will be provided with updates on the progress of the audit recommendations and payroll migration as the information becomes available.

### **19. Customer Service Excellence (CSE)**

- The Fund has been working towards an accreditation in Customer Service Excellence. An initial review was undertaken by the CSE body in 2023 following which a number of areas were highlighted as either being only partially compliant or not compliant. These areas were:
  - a) To analyse and publicise a range of satisfactory customer service levels:
  - b) To demonstrate the Fund's commitment to developing and delivering customer focused services:
  - c) To demonstrate that the information the Fund provides to customers is accurate and complete:
  - d) To monitor and meet the Fund's standards and tell customers about our performance:
  - e) To provide staff training on complaints management & that we investigate them objectively, as well as empower staff to put things right:
  - f) To regularly review the Fund's complaints procedure and take account of feedback:
  - g) To ensure that the outcome of upheld complaints is satisfactory for our customers: &
  - h) To respond to enquiries promptly, meet customer service standards and demonstrate that our standards are comparable with similar schemes.
- A programme of work is underway to make improvements in these areas and a further review was due to take place in May 2024. However, it was decided to delay this review until 2025 to enable the full impact of the KPI Improvement Plan to have an effect. This is due to the fact that the fulfilment of a number of compliance areas within the CSE accreditation are interwoven with the activities be managed under the Improvement Plan. A further update will be provided in 2025.

## 20. Pension Administration Standards Association (PASA)

- As part of the Fund's business plan 2024/27 it is its intention to gain accreditation with PASA. Whilst the Council's internal auditor's conduct audits on the Fund's internal controls, accreditation through PASA will also seek to consider the Fund's pension technical controls with a view to establishing a benchmark of pension administration excellence.
- Officers have already held meetings with another LGPS Fund which has already achieved accreditation under PASA as well as PASA too and their auditing body RSM. At present, officers are seeking to recruit a suitable member of the team who will act as the Fund's Quality Assurance Lead. This QA Lead will manage the process to accreditation currently anticipated to take about 18 months to complete.
- A project plan will be put in place to oversee the progress to achieving this accreditation with an anticipated start date in September. In a similar view to the CSE accreditation officers will keep members periodically updated on the progress being made.

## **Training Plan 2024/25 (Appendix 6)**

### *LPB Recommendation – Minute 33 – 22 May*

21. A training plan, consistent with the members training policy, for both 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.
22. 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. 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, Committee members must 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".
23. 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.
24. In addition, the plan seeks to ensure new starters complete essential training during the first 12 months of their appointment, as well as enable attendance at external events such as conferences, seminars, engagement days and forums. The training is set out in Appendix 5 and both the Board and officers recommend the plan to Committee members for their approval.

## **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 Committee is asked:

- a) to approve 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) to note the SWAP Key Controls audit report and instruct the officers create a log to complete the recommendations stated in the report:
- c) to approve the members training plan 2024/25.

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

### **Appendices:**

- Appendix 1 – WPF Health Check Dashboard
- Appendix 2 – Legal & Regulatory update – Current Issues
- Appendix 3a – Full risk register 1 – April 2024 version.
- Appendix 3b – Full risk register 2 – May 2024 version.
- Appendix 4 – Administration KPIs
- Appendix 5 – SWAP Key Controls audit report
- Appendix 6 – Training plan 2024/25