

AGENDA

Meeting: Wiltshire Pension Fund Committee
Place: Kennet Room - County Hall, Bythesea Road, Trowbridge,
BA14 8JN
Date: Thursday 23 November 2023
Time: 10.00 am

Please direct any enquiries on this Agenda to Ben Fielding - Senior Democratic Services Officer of Democratic Services, County Hall, Bythesea Road, Trowbridge, direct line or email

Press enquiries to Communications on direct lines (01225) 713114/713115.

This Agenda and all the documents referred to within it are available on the Council's website at www.wiltshire.gov.uk

Membership:

Voting Membership

Wiltshire Council Members:

Cllr Richard Britton (Chairman)
Cllr George Jeans
Cllr Gordon King
Cllr Christopher Newbury
Cllr Stuart Wheeler

Substitute Members

Cllr Ernie Clark
Cllr Sarah Gibson
Cllr Gavin Grant
Cllr Carole King
Cllr Dr Nick Murry
Cllr Ian Thorn
Cllr Robert Yuill

Swindon Borough Council Members

Cllr Kevin Small
Cllr Vijay Manro

Employer Body Representatives

Claire Anthony

Non-voting Membership

Observers

Stuart Dark
Mike Pankiewicz

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Public Participation

Please see the agenda list on following pages for details of deadlines for submission of questions and statements for this meeting.

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Items to be considered

Time

PART I

Items to be considered when the meeting is open to the public

- | | | |
|---|--|----------------|
| 1 | <u>Apologies</u> | 10.00am |
| | To receive any apologies for absence or substitutions for the meeting. | |
| 2 | <u>Minutes</u> <i>(Pages 7 - 20)</i> | |
| | To approve and sign as a true and correct record the Part I (public) minutes of the previous meeting held on 13 July 2023 and 14 September 2023. | |
| 3 | <u>Declarations of Interest</u> | |
| | To receive any declarations of disclosable interests or dispensations granted by the Standards Committee. | |
| 4 | <u>Chairman's Announcements</u> | |
| | To receive any announcements through the Chairman. | |
| 5 | <u>Review of Actions Log</u> <i>(Pages 21 - 22)</i> | |
| | To review progress on any actions requested by the Committee in previous meetings. | |
| 6 | <u>Minutes and Key Decisions of the Local Pension Board</u>
<i>(Pages 23 - 42)</i> | |
| | To receive the minutes of the meeting of the Local Pension Board held on 10 August and 1 November 2023. To review the summary of the recommendations made by the Board. | |
| 7 | <u>Public Participation</u> | |
| | The Council welcomes contributions from members of the public. | |
| | <u>Statements</u> | |
| | If you would like to make a statement at this meeting on any item on this agenda, please register to do so at least 10 minutes prior to the meeting. Up to 3 speakers are permitted to speak for up to 3 minutes each on any agenda item. Please contact the officer named on the front of the agenda for any further clarification. | |
| | <u>Questions</u> | |
| | To receive any questions from members of the public or members of the Council received in accordance with the constitution. | |

Those wishing to ask questions are required to give notice of any such questions in writing to the officer named on the front of this agenda no later than 5pm on **Thursday 16 November 2023**, in order to be guaranteed of a written response. In order to receive a verbal response, questions must be submitted no later than 5pm on **Monday 20 November 2023**. Please contact the officer named on the front of this agenda for further advice. Questions may be asked without notice if the Chairman decides that the matter is urgent.

Details of any questions received will be circulated to Committee members prior to the meeting and made available at the meeting and on the Council's website.

8 **Headlines and Monitoring (HAM)** (Pages 43 - 86) **10.10am**

A report for the committee's ongoing oversight of:

- Scheme, Regulatory, Legal and Fund Update
- Risk Register
- Administration KPI update – 1 July 2023 to 30 September 2023
 - a) Key business plan items – Aggregation Backlogs / i-Connect & Controls / Resourcing. Plus, presentation of a general business plan update.
 - b) Outsourcing updates
 - c) Review of Annual Benefit Statement and Pension Savings Statement issuance
- Audit update
 - a) Audit update
 - b) SWAP Audit 2022/23
 - c) Training plan update 2023/24

9 **Training** (Pages 87 - 102) **10.30am**

Presentation by Hymans on Employer Covenants reviews and the process of managing new and ceasing scheme employers.

10 **Responsible Investment Update** (Pages 103 - 106) **11.00am**

The Investment and Accounting officer to present a report on the Fund quarterly responsible investment performance.

11 **MiFID II Compliance** (Pages 107 - 112) **11.10am**

The Governance Manager will present an update requesting completion by members of their self-certification of MiFID II.

12 **Committee Forward Work Plan** (Pages 113 - 116) **11.20am**

To review the work plan for the committee.

13 **Date of Next Meeting**

To determine the date of the next Committee meeting dates:

- Investment focused meeting 29 February 2024
- Administration focused meeting 14 December 2023

14 **Urgent Items**

Any other items of business which, in the opinion of the Chairman, should be considered as a matter of urgency. Urgent items of a confidential nature may be considered under Part II of this agenda.

15 **Exclusion of the Public**

11.30am

To consider passing the following resolution:

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 Item Numbers 16 – 23 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.

PART II

Item(s) during consideration of which it is recommended that the public should be excluded because of the likelihood that exempt information would be disclosed

16 **Minutes** (Pages 117 - 134)

To approve and sign the Part II minutes of the Investment focused Committee meetings on 13 July and 14 September 2023.

17 **Minutes and Key Decisions of the Local Pension Board**
(Pages 135 - 152)

To receive the Part II minutes of the meeting of the Local Pension Board held on 10 August and 01 November 2023. To review the summary of the recommendations made by the Board.

18 **Integrated payroll system project** (Pages 153 - 156)

11.45am

The Head of Wiltshire Pension Fund will present an update concerning the new Altair payroll system and the migration from SAP to Oracle. To include the SWAP audit report.

19 **Fraud case update**

11.55am

The Head of Wiltshire Pension Fund will present a verbal update on a case of customer fraud which has occurred.

Wiltshire Pension Fund Committee

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

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

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Wiltshire Pension Fund Committee

MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 14 SEPTEMBER 2023 AT WEST WILTSHIRE 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 Christopher Newbury, Mike Pankiewicz and Claire Anthony

101 **Apologies**

Apologies for absence were received from Cllr Stuart Wheeler and Cllr Vijay Manro.

102 **Minutes**

The minutes of the meeting held on 13 July 2023 were presented for consideration, and it was,

Resolved:

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

103 **Declarations of Interest**

There were no declarations of disclosable interests.

104 **Chairman's Announcements**

The Chairman noted that Tracy Adams had recently resigned from her position as an Employer Body Representative with the process to recruit a replacement under way.

The Chairman and Committee placed gratitude towards Liam Robson, Investment and Accounting officer, who was set to leave his post.

It was noted that Cllr George Jeans would have to leave the meeting at 10:30am to attend another meeting.

105 **Local Pension Board minutes (Part I)**

The Committee reviewed the minutes of the Local Pension Board meeting held on 10 August 2023, and it was,

Resolved:

To note the minutes of the Local Pension Board meeting on 10 August 2023.

106 **Public Participation**

No statements or questions were submitted.

107 **Responsible Investment Update**

Jennifer Devine, Head of Wiltshire Pension Fund, provided an update on responsible investment. The update covered the following points, that following feedback, a table had been included to show progress. Additionally, an item around equality, diversity and inclusion had been taken to the August Pension Board meeting due to increased emphasis from the Pension Regulator, with a recommendation agreed to have a joint training session on the topic. It was also noted that the Q2 voting report had been appended to the agenda and that the Stewardship report had been submitted to the FRC and the Fund has had signatory status to the 2020 Stewardship Code renewed.

The Committee discussed the update with comments received on but not limited to, seeking clarity as to the extent in which the Committee was involved in voting on shares and investment, to which it was noted that this depended on who the investment was with.

At the conclusion of debate, it was,

Resolved:

The Committee:

Agreed to use the report as a basis for monitoring the progress that is being made towards implementing responsible investment policy;

Noted the progress made against the Responsible Investment Plan 2023/24 actions and discussed whether any additional actions were needed at the current time;

Approved that a joint training session on equality, diversity and inclusion is arranged for the Local Pension Board and Committee.

108 **Responsible Investment Policy**

Jennifer Devine, Head of Wiltshire Pension Fund, presented the draft responsible investment policy 2023. The presentation covered that this was the third annual revision of the policy with a summary provided within the report to what changes had been made.

The Committee discussed the report in detail, with the following comments received but not limited to how the report used the wording “well below 2 degrees”, to which it was clarified that this was to be in line with the Paris Agreement. In addition, clarity was provided that regarding the climate commitments within the report, commitments 1,2 and 3 had been in place for a couple of years and that commitments 4 and 5 were new with it outlined that these had been set with the best financial interests of the Fund in mind. An example was cited of improving the EPC ratings of residential properties as this in turn would mean lower vacancies due to having an incentive for residents to stay due to having lower bill costs. In turn from a selling perspective such properties would be attractive and add value to the local community. It was suggested by officers that climate modelling would be redone within the next year and brought back to the Committee to assess whether the objectives should be changed.

A further suggestion was made that commitment 5 was inline with the existing policy in place as it was concerned with helping the worst carbon emitting investments to improve. It was additionally clarified that within the report, the newest element was a framework on biodiversity, which was consistent with the existing climate commitments. Further clarity was also added in relation to how short term the Fund would monitor investments which would fall under a definition of a fossil fuel company, however if their activities were moving away from fossil fuel use, then the fund would be happy to continue to invest in them in order to help finance real-World change.

At the conclusion of debate, it was,

Resolved:

The Committee approved the Responsible Investment Policy 2023.

Cllr Christopher Newbury voted against the recommendation.

109 **Climate update and progress**

Jennifer Devine, Head of Wiltshire Pension Fund, provided an update on climate and progress. The presentation covered the following points that the report was in line with the TCFD requirements and included both progress and real examples in practice. It was noted that officers had been to visit some investments and work was taking place on the top ten emitters with transparency provided on where the Fund has got to and what is to follow.

The Committee received a presentation from Mercer on Analytics for Climate Transition (ACT), which had been included within the agenda pack. The presentation provided detail on ACT as well as a summary of the progress made towards the Net Zero approach and of the current fund commitments in place. In addition, two areas to strengthen targets were outlined as being

Stewardship/Engagement and Alignment. Furthermore, data was provided in relation to the decarbonisation path as well as engagement targets relating to the top ten contributors to carbon footprint. Enhancements and next steps were also outlined.

The Committee discussed the update with comments received on but not limited to how it was positive that the anonymised report from Mercer had been included within Part 1 of the agenda, as well as it clarified that the report would not be going back to the Wiltshire Council Climate Team unless requested, as it would be important to distinguish between work streams due to separate targets. It was suggested that it would be positive to see an introductory section in relation to why the Fund was involved in decarbonisation. Officers clarified that this was included in the Fund's own climate report.

At the conclusion of debate, it was,

Resolved:

The Committee agreed:

To use the report as a basis for monitoring the progress that is being made towards the Fund's target of net zero emissions across all portfolios by 2050.

To approve the Climate Report for publication.

110 **Annual Report and accounts**

Jennifer Devine, Head of Wiltshire Pension Fund, presented the draft annual report and accounts. The presentation covered the following points that officers had gone through the accounts in detail, with it noted that the numbers had not changed since the accounts were presented at the Committee's last meeting. It was noted that the report contained information on how the Pension Fund was run, and that due to length it would be published alongside a mini-magazine version as well as a one-page fact sheet. Additionally, it was stated that the report had not been audited.

The Committee discussed the report and accounts with comments received on but not limited to that it was suggested that an explanation be added to the report as to why the auditing had been delayed in order to be open and transparent. Additionally, clarity was provided in relation to benefits paid out and contributions received.

At the conclusion of the discussion, it was,

Resolved:

The Committee approved the proposed publication of the unaudited annual report and accounts 2022/2023 and summary documents, and authorise officers to make any necessary minor amendments following the conclusion of the audit.

111 **Office Space**

Jennifer Devine, Head of Wiltshire Pension Fund, presented a proposal for new office space.

After which, it was,

Resolved:

The Committee approved the new ways of working and associated spend of £84,605 per annum.

112 **Date of Next Meeting**

The date of the next meeting was confirmed as 5 October 2023.

113 **Urgent Items**

There were no urgent items.

114 **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 15 - 19 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.

115 **Minutes**

The private minutes of the meeting held on 13 July 2023 were presented for consideration, and it was,

Resolved:

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

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

The private minutes of the Local Pension Board meeting held on 10 August 2023 were presented for consideration, and it was,

Resolved:

To note the minutes as a true and correct record.

117 **Consultation Response**

Jennifer Devine, Head of Wiltshire Pension Fund, presented a draft response to the consultation on LGPS pooling.

At the conclusion of the discussion, it was,

Resolved:

The Committee approved that the draft consultation response is submitted, subject to any amendments as discussed and agreed in the meeting.

118 **Quarterly Investment update**

Chris Moore, Accounting and Investment officer, presented a report on the Fund quarterly investment performance. The presentation provided an outline of the investment performance of the fund to 30 June 2023.

At the conclusion of the discussion, it was,

Resolved:

The Committee agreed to use the investment reports and the update provided by officers and advisers at the meeting as a basis for monitoring the investment performance and implementation of the strategic asset allocation.

119 **Manager Presentation - PineBridge**

The Pension Fund Committee received a presentation from Steven Oh and Kevin Wolfson, Managing Directors of PineBridge.

(Duration of meeting: 10.00 am - 1.35 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

Press enquiries to Communications, direct line 01225 713114 or email communications@wiltshire.gov.uk

Agenda Item 5

Wiltshire Pension Fund Committee - Actions Log					
Minute reference	Section	Meeting Action	Task owner	Target date for completion	Date completed
24 (24/06/21)	Procurement (New Payroll System)	Updates on the integrated payroll and payments system project to be brought back to committee	JD	05/10/23	On agenda
49 (23/03/23)	Governance (Risk Register)	To request that time bound resolutions be included in the risk register.	RB	13/07/23	13/07/23
50 (23/03/23)	Governance (Business Plan)	A business plan action plan would be brought back to Committee in 6-months' time which would demonstrate timescales	JD	05/10/23	On agenda
71 (15/06/23)	Governance (Training)	The Committee agreed that the Officer would contact Committee Members to collate their views and look to set the Training Plan in context of the provided feedback	DR	05/10/23	On agenda
78 (15/06/23)	Governance (Audits)	The Committee agreed that Officers would formulate questions to work with ClearGlass to seek clarifications on unknown elements which had been identified within the	CM	23/11/23	
78 (15/06/23)	Governance (Audits)	Officers to draft a letter for approval by the Chair encouraging Brunel to use caution when publicising fee savings, and focus more on meaningful measures of pooling success, such as investment performance and	CM	14/09/23	09/08/23
86 (13/07/23)	Administration (KPIs)	Admin KPI reports to include previous target figures with an arrow to demonstrate the direction of travel	JF	05/10/23	On agenda
99 (13/07/23)	Administration (Fraud)	To receive an update on the fraud case, to include SWAP concluding the matter quickly and that if fraud is evidence, that the Police should be involved. Additionally, comment on any assessment of recompense and that an emergency response procedure is in place for the future.	JF	05/10/23	On agenda
107 (14/09/23)	Governance (Training)	Approved a joint training session on equality, diversity and inclusion to be arranged for the Local Pension Board and Committee members	DR	tbc	
118 (14/09/23)	Investment (SAA)	The Committee sought a divestment from a Brunel Investment portfolio of £1.5m due to a company within that portfolio which did not align with the Fund's investment strategy. Additionally a tightening of the policy in place by Brunel was also sought including the way that they instruct their managers to convey the policy	CM	23/11/23	

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Local Pension Board

MINUTES OF THE LOCAL PENSION BOARD MEETING HELD ON 10 AUGUST 2023 AT KENNET ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

Present:

Mark Spilsbury (Chairman), Paul Smith, Laura Fisher, Mike Pankiewicz and George Simmonds

Also Present:

Cllr Richard Britton and Cllr Nick Botterill

208 **Membership**

The Board were informed of the following changes to its membership:

- Mike Pankiewicz's term of office being renewed by Unison for a further 4 years from July 2023
- The appointment of James Nicholson as the Active member of the Board.

Resolved:

1. **To note that Mike Pankiewicz had his term of office renewed by Unison for a further 4 years from July 2023.**
2. **To support the appointment of James Nicholson to be ratified by Full Council.**

209 **Attendance of non-members of the Board**

Cllr Nick Botterill attended the meeting in his capacity as the Cabinet Member for Finance, Development Management and Strategic Planning, and Cllr Richard Britton attended in his capacity as Chairman of Wiltshire Pension Committee.

210 **Apologies**

Apologies were received from Marlene Corbey (Vice-Chairman).

211 **Minutes**

The Part I (public) minutes of the previous meeting held on 24 May 2023 were considered.

In addition, the Board noted that the Key Performance Indicator Improvement Plan would be delayed from November 2023 until March 2024 to allow input from James Franklin (Pensions Administrative Lead).

Resolved:

The Board approved and signed the Part I (public) minutes of the previous meeting held on 24 May 2023 as a true and correct record, and the Board's action log was noted.

212 **Declarations of Interest**

There were no declarations of interest.

213 **Chairman's Announcements**

There were no Chairman's announcements.

214 **Public Participation**

There were no public statements or questions submitted.

215 **Minutes and Key Decisions of the Wiltshire Pension Fund Committee**

The Part I (public) minutes from the last ordinary meetings of the Wiltshire Pension Fund Committee meetings held on 15 June 2023 and 13 July 2023 were considered.

Resolved:

The Board noted the Part I (public) minutes from the ordinary meetings of the Wiltshire Pension Fund Committee held on 15 June 2023 and 13 July 2023.

216 **Headlines & Monitoring (HAM) Report**

The Board considered the report of Jennifer Devine - Head of Wiltshire Pension Fund which provided information highlighting key issues and developments to enable the Board to fulfil its monitoring role.

The report detailed updates in the following areas:

- Headlines
- Key business plan items – Aggregations backlog, i-Connect & controls and Resourcing.
- Scheme, Regulatory, Legal and Fund Update
- Risk Register
- Administration KPI update – 1 April 2023 to 30 June 2023.
- Audit Actions

- SWAP audit 2022/23
- ClearGlass audit – update
- SWAP KPI audit
- Effectiveness review update

In response to questions, officers explained that issues raised during the recent employee engagement survey could be eased with a return to working from County Hall, which the Board fully supported, particularly as a dedicated space had been secured for the Teams use; there was an expectation that the backlog of cases will continue to reduce significantly following a reorganisation of the Team; that the KPI Change column would be reintroduced in the Administrative KPI's Internally Set Targets (Fund) table for future reports, as requested by the Board; the Team would prioritise reducing the backlog in open cases for deaths and retirement; confirmed that Table 3 detailed the backlog of open cases; confirmed that actions 1 and 10 on the SWAP audit actions log should be paused due to material changes to actions since the SWAP recommendations were made (SWAP difficulties in acquiring staff and the training of new staff in a timely manner); and a schedule of SWAP audit priorities along with resources to be employed for each audit to be considered by the Wiltshire Pension Fund Committee.

Resolved:

- 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 and in light of material changes to actions since the SWAP recommendations were made endorse the pausing of actions 1 & 10.**
- d) **To prepare a schedule of SWAP audit priorities along with resources to be employed for each audit for consideration by a future meeting of the Wiltshire Pension Fund Committee.**

217 **Equity, Diversity and Inclusion**

The Board considered the report of Jennifer Devine – Head of Wiltshire Pension Fund which highlighted the important topic of equality, diversity and inclusion (EDI).

The Head of Wiltshire Pension Fund referred to guidance on EDI published by the Pensions Regulator in March 2023 explaining why EDI is an important topic and offering practical ways that pension schemes can improve EDI on the governing body. For Wiltshire this would incorporate the Wiltshire Pension Fund Committee and the Local Pension Board. The report highlighted ways in which

the topic could be taken forward by Wiltshire Pension Fund with the inclusion of additional wording in the Responsible Investment Policy, due for renewal in September 2023.

It was suggested that the first step would be for Committee and Board members to attend a joint training workshop, similar to the training being provided to staff of the Pension Fund Team.

Resolved:

1. That Wiltshire Pension Fund Committee is recommended to include the following wording in the next revision of the Fund's Responsible Investment Policy:

'The Fund regards EDI as an important ESG factor, a stewardship priority, and an area where investment managers should focus their voting and engagement efforts, as several pieces of research have shown that diverse boards lead to better financial outcomes (for example, [this publication](#) by the FRC).

Consideration of EDI is embedded at an operational level, and has been [highlighted as an important area](#) in the running of pension funds by the Pensions Regulator. Training will be provided to the full Pension Fund team as well as the Committee and Local Pension Board, in order to improve the way we are run as a fund, and to deliver better outcomes for our employers and members.'

2. That a joint training session on EDI is arranged for the Board and Committee
3. That the Wiltshire Pension Fund Committee be recommended that Committee members should attend training on the topic of EDI.

218 **Training**

The Board received an update presentation from Christopher Moore – Investment and Accounting Team Lead on Accounting and Audit Standards and the role of the internal and external auditor.

The Board noted that questions relating to the sign off of the Council's accounts and impact on key financial controls due to a recent fraud case would be covered in detail later in the meeting.

Resolved:

To note the presentation update.

219 **Key Financial Controls**

The Board considered the report of Christopher Moore – Pension Fund Accounting and Investment Officer, which highlighted the significant issues in relation to the Fund’s key financial controls.

Officers commented on pension increase in April 2023 and the impact on current systems, and the Evolve project which will deliver a replacement to the existing SAP payroll and accounting software and the transfer of existing pensioners to the new payroll system.

In response to questions, officers confirmed the Council have provided a new fee for 2023/24 based on reasonable methodology for all key items, which have been included in the agreed budget for the year and Fund officers would continue to seek the finalisation of a formal legal document outlining the Service Level Agreement Recharge from Wiltshire Council Finance Team. In addition, officers confirmed that they were processing the impact of the Evolve project and pension increases, and would include updates in future reports.

Resolved:

To use the report to monitor progress against resolving the issues which have been identified, and the progress being made to develop accounting and control improvements.

220 **Fund Annual Report and Accounts**

The Board considered the report of Jennifer Devine, Head of Wiltshire Pension Fund about the Wiltshire Pension Fund annual report and accounts for the year ended 31 March 2023.

Officers reported that the set of accounts have not been subject to audit review due to the auditors unable to resource a timely audit. The Board noted that if an audited set of accounts cannot be published then an unaudited set should be. This would be completed prior to the statutory deadline, with auditors expected to commence their audit in the autumn 2023.

In response to questions officers explained that the primary cause for an increase in management expenses is due to an increase in investment transaction costs mainly in the funds property portfolio, along with an increase in operational running costs as outsourced work to reduce operational backlogs of work to reconcile payroll differences commenced. A written response would be provided in relation to the reasons for a reduction in long term investments by Brunel.

Resolved:

That the Board:

- a) **Note the unaudited statement of accounts for 2022/23; and**

b) Note and endorse the appended statement of going concern.

221 Employer Cessation & New Employer Policies

The Board considered the report of Matt Allen, Employer Funding and Risk Lead which presented an updated Cessation Policy and New Employer Policy for approval.

Officers reported that following the appointment of the new Employer Funding and Risk Lead in June 2023, the two policies were reviewed to ensure that they were still relevant and met current regulation requirements and best practice.

Resolved:

That the revised Cessation Policy and New Employer Policy be approved.

222 Urgent Items

There were no urgent items.

223 Date of Next Meeting and Forward Plan

The next ordinary meeting of the Board will be held on 1 November 2023.

The Board additionally considered the Scheme Year Forward Work Plan for the new scheme year and approved its content.

Resolved:

The Board noted the date of the next meeting and approved the Scheme Year Forward Plan.

224 Exclusion of the Public

The Board considered the recommendation to exclude the public.

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 Item Numbers 18-23 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraph 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.

225 Minutes and Key Decisions of the Wiltshire Pension Fund Committee

The Part II (private) minutes from the ordinary meetings of the Wiltshire Pension Fund Committee held on 15 June 2023 and 13 July 2023 were considered.

Resolved:

The Board noted the Part II (private) minutes from the ordinary meetings of the Wiltshire Pension Fund Committee held on 15 June 2023 and 13 July 2023.

226 **Swindon Borough Council Update**

The Board received a verbal update from Jennifer Devine, Head of Wiltshire Pension Fund, following consideration of an issue concerning the reporting arrangements of an employer to the Wiltshire Pension Fund.

Resolved:

That the update be noted.

227 **Fraud Case**

The Board received a verbal update from Jennifer Devine, Head of Wiltshire Pension Fund about the case of stolen identity of a Scheme member. SWAP had investigated the case, confirmed that fraud had taken place and the member had been fully recompensated. A more detailed report would be available at the next Board meeting.

Resolved:

That the update be noted.

228 **Employer GLL Bond**

The Board considered the report of Matt Allen, Employer Funding and Risk Lead, which provided an update on the Greenwich Leisure Limited Bond renewal issues.

Resolved:

That the report update be noted.

229 **Brunel Governance Update**

There was no update for this meeting.

230 **LPB Minutes**

The Part II (private) minutes of the previous meeting held on 24 May 2023 were considered.

Resolved:

The Board approved and signed the Part II (private) minutes of the previous meeting held on 24 May 2023 as a true and correct record, and the Board's action log was noted.

(Duration of meeting: 10.00 - 11.45 am)

The Officer who has produced these minutes is Stuart Figini of Democratic Services, direct line 01225 718221, e-mail stuart.figini@wiltshire.gov.uk

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Local Pension Board

MINUTES OF THE LOCAL PENSION BOARD MEETING HELD ON 1 NOVEMBER 2023 AT KENNET ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

Present:

James Nicholson, Mark Spilsbury (Chairman), Marlene Corbey (Vice-Chairman), Mike Pankiewicz, and George Simmonds

Also Present:

Cllr Richard Britton

231 Membership

Members were informed that Paul Smith had stepped down as an Employer Representative of the Board and the Chairman thanked Paul for his hard work and contributions while a part of the Local Pension Board.

Richard Bullen, Fund Governance Manager, echoed the Chairman's thanks and confirmed that officers were in the process of appointing a replacement. Furthermore, it was noted that as a result of corporate restructuring within the Council, Lizzie Watkins had now taken on the role of the new Section 151 officer.

232 Attendance of Non-Members of the Board

The Chairman welcomed Councillor Richard Britton, Chairman of the Wiltshire Pension Fund Committee, to the meeting.

233 Apologies

There were no apologies for absence received from Members, however apologies from Jennifer Devine, Head of Wiltshire Pension Fund, were noted.

234 Minutes

The Part I (public) minutes of the previous meeting of the Board held on 10 August 2023 were considered alongside the Board's Action Log. Following which, it was:

Resolved:

The Board approved and signed as a true and correct record the Part I (public) minutes of the previous meeting held on 10 August 2023.

The Board noted the Action Log.

235 **Declarations of Interest**

There were no declarations of interest.

236 **Chairman's Announcements**

There were no Chairman's announcements.

237 **Public Participation**

There were no public statements or questions submitted.

238 **Minutes and Key Decisions of the Wiltshire Pension Fund Committee**

The Part I (public) minutes of the previous meeting of the Wiltshire Pension Fund Committee held on 14 September 2023 were considered. Following which, it was:

Resolved:

The Board noted the Part I (public) minutes of the previous meeting of the Wiltshire Pension Fund Committee held on 14 September 2023.

239 **Headlines & Monitoring (HAM) Report**

Richard Bullen, Fund Governance Manager, presented the Headlines & Monitoring (HAM) report which provided information highlighting key issues and developments to enable the Board to fulfil its monitoring role.

The report detailed updates in the following areas:

- Headlines
- Key Business Plan items – Aggregations backlog, i-Connect and controls, and Resourcing
- Scheme, Regulatory, Legal, and Fund Update
- Risk Register
- Administration Key Performance Indicators (KPIs) update – 1 July 2023 to 30 September 2023

- ABS and PSS updates
- Audit Update 2022/23
 - 1) SWAP Audit 2022/23
 - 2) Audit Schedule

Members began by congratulating officers of the Fund winning the award for “Best Approach to Responsible Investment” again at the LAPF Investment Awards.

In response to a question regarding the impacts of the vacant Employer Services Manager role on the wider team, officers highlighted that the role itself was difficult to recruit to, due to the specific set of technical skills required and its integral nature to the smooth running of the service. Despite this, it was noted that there a number of officers were acting up to support the role which meant that workloads were increasing, and time was being taken away from other tasks. It was further explained that officers were outsourcing members of staff for the longer-term projects such as the payroll reconciliation project, rectification project, and aggregations backlog.

Officers had noted that staff were being encouraged to attend the office 2-3 days a week, with managers organising their own departments and rotas to ensure sufficient resources were available each day of the working week. However, it was acknowledged that attendance had been lower than hoped and it was anticipated that the results of the Wiltshire Pension Fund staff engagement survey may highlight the reasons for this and address the reports of low levels of team morale.

Further questions were asked in respect of the lack of translatable tangible results for i-Connect despite it being stated that significant progress had been made. Officers noted that Swindon Borough Council’s onboarding had been paused, however the issues had been resolved and therefore, once more employers had been onboarded, tangible results could be collected for consideration at the next meeting of the Board.

Members sought clarification on the escalation process if employers consistently submitted delayed and/or a poor-quality information. It was explained that the Pensions Administration Strategy detailed this process, which was available to all employers, and as a last resort issues could be reported to the Pensions Regulator (tPR) or employers charged for any additional work created.

Members then queried point c) under the Fund Governance section of the Risk Register. Officers explained that the Council’s Procurement Department had undergone structural changes which had led to communication challenges during the transition. Furthermore, as procurement was a complex area, Fund officers naturally had a lower level of knowledge compared to the specialist procurement officers within the Council.

Officers then noted that within the Administrative KPIs, the remaining cases over SLA (Service Level Agreement) were those that were particularly complex and needed further investigation, hence the impact on performance against the KPIs. As such, once these were resolved, improvements would be seen, and officers were focussing on improving communications and contacting those affected members directly as much as possible. Furthermore, the KPIs were expected to remain low until the over SLA cases were all cleared.

At the conclusion of the discussion, it was:

Resolved:

- 1) The Board noted the Fund updates and progress against the Business Plan 2023/24 key priorities.**
- 2) The Board endorsed the Risk Register in Appendix 2 and 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 recommended that endorsement to the Committee.**
- 3) The Board noted the progress recorded on the SWAP audit actions logs and recommended any extension to action 6's target date to 31 March 2024.**

240 **Training**

Mark Briggs, Pension Fund Operations Manager, delivered a presentation on the background, approach and remedy to "McCloud".

During the presentation, the following points were detailed:

- A brief history of McCloud and the need to provide all members with an identical underpin protection, or a final salary underpin, by 1 October 2023.
- The running of a bulk calculation to create a LGM CLOUD CARE tranche, a McCloud Rectification data view, and a UNDERPINLG document, to provide a breakdown of any applicable underpins.
- Examples of Final Salary and Care Scheme calculations for those members with no salary increases, late salary increases, and early salary increases.
- Those members who were active at 31 March 2012 and on 1 April 2014 would be impacted.
- Officers had a completion target date of April 2025 with a review of the historic cases requiring adjustments commencing in 2024.
- Officers were aiming to write to all affected members by 31 December 2023.

Members were informed that when considering the size of the Fund, officers were anticipating approximately 90 affected members, however it was emphasised that it would still take a lot of time to run the underpin and then rectify any discrepancies. Furthermore, if records were identified that linked to other Funds, then those Funds would be contacted to provide further information.

Officers confirmed that additional resources were being organised to support the project and although there were challenges, officers were confident that the proposed deadline of April 2025 was achievable. Officers further clarified that if a case was missed and then subsequently identified post April 2025, officers would still reimburse the member as calculated.

Finally, officers confirmed that the data would be held on the Altair system alongside the UNDERPINLG document.

At the conclusion of the discussion, it was:

Resolved:

The Board noted the training update.

241 **KPI Improvement Plan**

James Franklin, Pensions Administration Lead, delivered a verbal update on the KPI Improvement Plan.

It was explained that progress on the plan had been delayed due to officers transitioning into new roles, however it was confirmed that an update would be presented at the next Wiltshire Pension Fund Committee meeting and subsequently at the next Board meeting.

After which, it was:

Resolved:

The Board noted the update.

242 **Key Financial Controls**

Christopher Moore, Investment and Accounting Team Lead, updated the Board on the issues in relation to the Fund's key financial controls as per the report.

The payroll reconciliation project was raised, and it was highlighted that Project Evolve was ongoing within Wiltshire Council which aimed to deliver a replacement to the existing SAP payroll and accounting software. As such, it added a further layer of complexity to the work reconciling and correcting discrepancies, however officers emphasised that they were ensuring that

information was being prioritised for the auditors and that training and communications between the Fund and Wiltshire Council were robust. Furthermore, it was confirmed that officers were in the final stages of reviewing a large correction which would bring down the discrepancies, thus improving performance data.

Officer reassured Members that the few outstanding employer contributions from small employers were immaterial to the Fund as a whole and that officers had received assurance that those payments would be received soon.

Resolved:

The Board noted the update and used the report to monitor progress against resolving the issues which had been identified, and the progress made to develop accounting and control improvements.

243 **Responsible Investment Update**

Christopher Moore, Investment and Accounting Team Lead, updated on the Board on responsible investment issues.

The table on Paragraph 2 of the report was highlighted alongside the points under Paragraph 3. Reference was then made to the Freedom of Information request and subsequent Wiltshire Times article that had been published with regard to which fossil fuel companies were being held by the Fund. Officers highlighted that the Fund's Climate Report had been published by chance on the same day and detailed the actions being taken to divest from these fossil fuel holdings.

The Chair congratulated officers and Members of the Committee on their approach and decisions within the Responsible Investment area. Following which, it was:

Resolved:

The Board noted the report as a basis for monitoring the progress that was being made towards implementing Responsible Investment Policy.

244 **Audit Plan 2024/25**

Richard Bullen, Fund Governance Manager, presented the report which recommended auditing proposals to the Wiltshire Pension Fund Committee for inclusion in the Fund's Audit Plan for 2024/25.

It was explained that for 2023/24, officers were anticipating the new Single Code of Practice to be implemented, however it had not come to fruition in the expected timeframe and as such, officers had made the decision to incorporate the Pension Regulator's (tPR) Code of Practice 14, or the new code, into the

review with the South-West Audit Partnership (SWAP) audit. The different phases of the Payroll Migration Audit were then briefly detailed alongside the other auditing considerations as per Paragraph 5 of the report.

Members highlighted the importance of the Payroll Mitigation Audit but queried the scope and need of the suggested Anti-Fraud, Corruption, and Whistleblowing Audit. However, this was discussed further under Agenda Item 20, in which the Board agreed that a case for its inclusion should form part of the Audit Strategy.

Following which, it was:

Resolved:

The Board recommended to the Committee that they approve the scope of audits and auditors as set out in Paragraph 4.

The Board recommended to the Committee that proposals also be put forward in relation to audits as set out in Paragraph 5.

245 **South-West Unison Response to LGPS Investments**

Marlene Corbey, Vice-Chair of the Board, presented an update on the South-West Unison response to the Local Government Pension Scheme Investments consultation.

It was noted that there was nothing of material significance between the two documents. There being no questions or comments on the update, it was then:

Resolved:

The Board noted the South-West Unison response to LGPS investments.

246 **Date of Next Meeting and Forward Work Plan**

The date of the next ordinary meeting of the Local Pension Board was confirmed as 13 February 2024.

The Board additionally considered the Scheme Year Forward Work Plan. After which, it was:

Resolved:

The Board noted the Forward Work Plan.

247 **Exclusion of the Public**

The Board considered the recommendation to exclude the public. Following which, 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 Item 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 paragraph 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.

248 **Minutes and Key Decisions of the Wiltshire Pension Fund Committee**

The Part II (private) minutes of the previous meeting of the Wiltshire Pension Fund Committee held on 14 September 2023 were considered. Following which, it was:

Resolved:

The Board noted the Part II (private) minutes of the previous meeting of the Wiltshire Pension Fund Committee held on 14 September 2023.

249 **Integrated Payroll System Project**

Mark Briggs, Pension Fund Operations Manager, updated the Board on the Integrated Pensioner Payroll Project and the migration from the legacy pensioner payroll system (SAP to Oracle).

Resolved:

The Board noted the update.

250 **Fraud Case**

James Franklin, Pensions Administration Lead, and Richard Bullen, Fund Governance Manager, updated the Board on a case of customer fraud.

Resolved:

The Board noted the update.

251 **Local Pension Board Minutes**

The Part II (private) minutes of the previous meeting of the Board held on 10 August 2023 were considered. Following which, it was:

Resolved:

The Board approved and signed as a true and correct record the Part II (private) minutes of the previous meeting held on 10 August 2023.

252 **Urgent Items**

There were no urgent items in Part I of the meeting.

In Part II of the meeting the following urgent items of business were discussed: publication of the Fund's Climate Report, how Investment Managers were applying Responsible Investment policies, and Hymans-Robertson self-assessments.

(Duration of meeting: 10.00 am - 12.00 pm)

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Wiltshire Council

Wiltshire Pension Fund Committee

05 October 2023

Recommendations of the Local Pension Board 10 August 2023

Minute at Board	Recommendation	Committee Agenda
Minute 216 – Risk Register Update	To endorse the Risk Register and summary of risk changes since the last review and to recommend the Committee accept the proposed changes as set out in the HAM Report.	Item 08 – Headlines and Monitoring – Risk Register
Minute 216 – SWAP Audit update	To endorse progress on the SWAP actions and to express disappointment that the SWAP KPI audit had been delayed.	Item 08 – Headlines and Monitoring – SWAP Audit
Minute 217 – Training	To recommend that a joint training session on EDI is arranged for Board and Committee members	Item 08 – Headlines and Monitoring – Training
Minute 226 – SBC update	To note the issuance of Annual Benefit Statements to all Fund Members by the statutory deadline, including members employed by the Council.	Item 08 – Headlines and Monitoring – ABS issuance update

Summary comments from the Wiltshire Local Pension Board meeting held on 10th August 2023 which cannot be included in reports to the Wiltshire Pension Fund Committee meeting on 5th October 2023.

Addressed in the Committee meeting dated 14 September 2023.

Annual Report and Accounts

The Board noted the accounts and the unsatisfactory position regarding the auditing of the accounts for the year ending 31 March 2023, with the audit not planned to commence until Autumn 2023.

Addressed in the Committee meeting dated 13 July 2023

Employer Cessation and New Employer Policies

The Board approved the new policies.

Mark Spilsbury – Chair of the Wiltshire Local Pension Board.

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WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
23 November 2023

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) Administration KPI update – 1 July 2023 to 31 August 2023
 - 1) Key business plan items – Aggregation Backlogs / i-Connect & Controls / Resourcing. Plus, general progress on the business plan.
 - 2) Outsourcing updates
 - 3) Review of Annual Benefit Statements
 - d) Audit update
 - 1) Audit update
 - 2) SWAP Audit 2022/23
 - 3) Training plan update 2023/24
2. This report is intended to highlight key issues and developments. Full detail is provided in the Appendices.

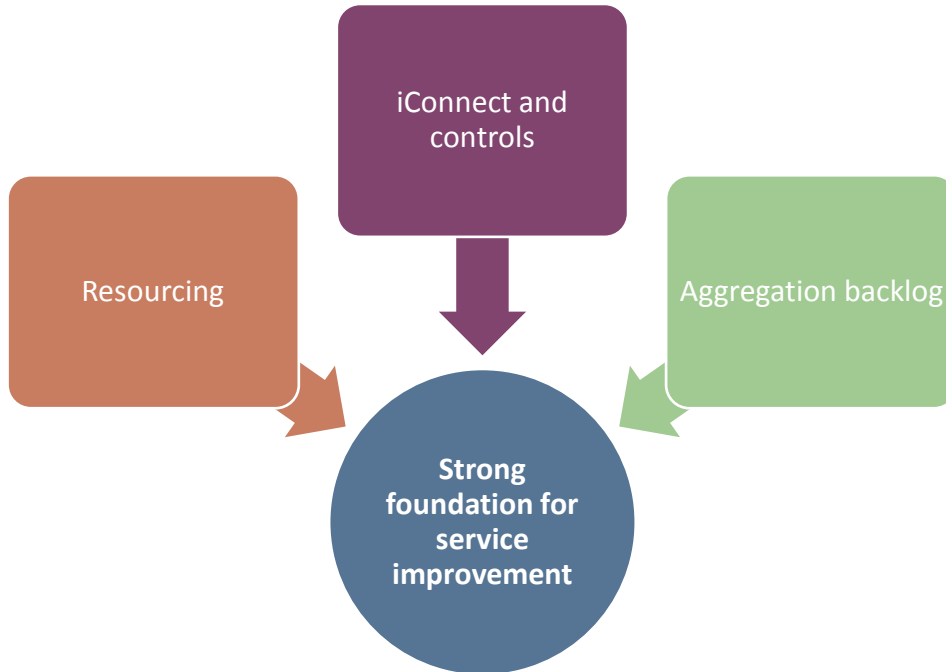
Report from Head of Wiltshire Pension Fund

3. This section summarises key events across the Pension Fund over the last quarter.
 - a) Investment performance for the quarter to Sep-23 was -0.7%, compared to a benchmark return of +0.0%. The fund value at the end of Sep-23 was just over £3.1bn.
 - b) The funding level at the end of Sep-23 was 136.2% (based on a roll-forward of the 2022 funding level).
 - c) The backlogs project and the pensioner payroll rec projects are now close to completion. Hymans have now completed around 2.4k cases, and Aon just over 720. The Hymans project is going to run on for slightly longer than expected, and the team will be providing Hymans with a final batch of work shortly. The Aon project has now overrun its original deadline, specifically due to issues with the calculator for dependants, which make up the remaining c.200 cases. Aon are aware that they need to wrap up the project as a priority.
 - d) There is no update on resourcing, the Employer Services Manager role is still vacant, and recruitment is currently taking place at the junior levels in the team for several vacancies.
 - e) The new office space is now occupied, and we are encouraging staff to attend 2-3 days per week. We held a team building day in September which was productive.
 - f) We have had our signatory status for the Stewardship Code renewed.
 - g) The annual report has now been published, alongside a one-page factsheet and mini-magazine: <https://www.wiltshirepensionfund.org.uk/Annual-report-and-accounts>
 - h) Pension Awareness Week ran during September. We sent out daily factsheets to the members, to help them understand their benefits, be aware of scams, and engage with their pension: <https://www.wiltshirepensionfund.org.uk/article/8102/Pension-Awareness-Week-11-15-September-2023>

- i) The Fund has once again won the award for “Best Approach to Responsible Investment” at the LAPF Investment Awards. We previously won in 2021. Congratulations to the team!

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 still not appointed to the Employer Services Manager role, where we have temporarily paused our recruitment efforts while we review the situation after several unsuccessful attempts. We are also currently recruiting for processing staff, following three departures from the team.
6. Staff training plans are still in development – this is a very high priority to address. We are promoting a wide range of training opportunities to staff, both internally and externally. However, there are still some clear skills gaps within the teams which need to be addressed.
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. Our plan to develop “recipe cards” for all processes to streamline work is well underway.
8. A significant issue which needs to be dealt with is team morale, which is at a low level as reported by the Wiltshire Council staff engagement survey. We have recently held a team building day, as well as the move to bring staff back to the office more. We held a specific WPF staff survey during October, which has generated some quite positive results, with some pockets of negativity and disengagement.

iConnect and related controls – progress rating red/amber

9. This area has been improved from red to red/amber, to reflect the fact that significant progress has been made, but that this has not yet translated into any tangible results.
10. The monthly cycle of work for the employer services team is in draft, but will need to be finalised and rolled out to the team. Once this has been done, we should be in a position to begin onboarding employers to iConnect again, and will start with Swindon Borough Council.
11. Work on defining an efficient and effective control framework has not yet begun, but is strongly linked to the above point about recipe cards.

Aggregation backlog – progress rating amber

12. As mentioned above (under para 3c), Hymans are making progress, and a final batch of work will shortly be provided to them.
13. The Service Improvement Team (SIT), as well as working on various initiatives to deliver efficiencies, has cleared a large number of old cases. Alongside Hymans work, this has led to a significant reduction in the number of open cases (as seen in the admin KPIs section of this report). However, in terms of the day-to-day, the teams have not been on top of BAU, and this has had an offsetting effect against the inroads made by Hymans and the SIT, which has made the reduction in open cases smaller than it might otherwise have been.
14. In order to take things forward, the next steps will be as follows:
 - a) Hymans to complete their project.
 - b) SIT to continue project work to reduce the backlog.
 - c) Work allocation to improve to ensure the teams are on top of the day-to-day.
 - d) A review of the remaining backlog to identify similar types of cases that can be dealt with in bulk/via project work.

LOCAL PENSION BOARD COMMENT

15. The Board noted the poor morale and cultural issues within the Pension's team, and strongly supported the proposal to proceed with a dedicated office space for the team within County Hall, with officers attending at the office 2-3 days a week to help with team building, training, and embedding new working practices.

Scheme, Regulatory and Legal Update (Appendix 1)

16. A scheme update is included in paragraph 3 of this report. Regulatory & legal updates have been provided via Hymans November 2023 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 2)

LPB Recommendation – Minute 216 – 10 August

17. The version of the risk register presented in Appendix 2 relates to the month of September 2023. However, at the Committee's request officers have also included the latest available version (the October version) in support of the September version reviewed by the Board at their last meeting.
18. 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 August meeting as well as their November meeting. Therefore, the summary of changes covers the period April to September. 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.

19. The summary of key changes between the April and September versions of the risk register are:

Risk Section	Section rating change	Key notes and mitigations during the period
Financial Management	Green to Amber	<ul style="list-style-type: none"> a) The risk has increased due to an issue with HSBC payment approvals, which requires large payments to be approved by an individual at HSBC. The issue is being progressed by the Council's Treasury Team. b) Whilst payments from employers are being received, new processes are required to reconcile i-connect submissions against actual payments and ensure officers can track employer rates in i-Connect. c) Ongoing communications are in progress with certain employers concerning the implementation of the new contribution rates. d) Reconciliation between SAP and Altair payroll systems have seen an increase in discrepancies following the PI exercise. Investigations are ongoing.
Investment	Red to Green	<ul style="list-style-type: none"> a) BPP's governance continues to be monitored, but with the passing of their budget, agreement has been reached over-pay and BPP's ability to seek and recruit strategic staff. Officers are working with BPP and other authorities in the partnership to update BPP's constitution. b) The Fund has received its climate analysis report from its Investment Consultant. Progress has been made in the implementation of changes to the strategic asset allocation.
Stakeholder Engagement	Amber to Green	<ul style="list-style-type: none"> a) Whilst the Fund did not pass its Customer Service Excellence assessment at its first attempt, its strategy is considered broadly speaking sound and outstanding developmental areas have been identified. A further assessment is planned for 2024.
Fund Governance	Green to Amber	<ul style="list-style-type: none"> a) It was noted that commissioned audits by the Fund had been delayed, as well as changes to the plan submitted to SWAP. Clarity around the process for approving work was also required and had been requested by both Board and Committee chairs. b) A fraud discovered during the scheme year has led to concerns over the quality of the Fund's internal controls and policy relating to such matters. Recommendations are to be considered. c) Resourcing of the Council's procurement department has led to concerns that procured services may not occur on a timely or co-ordinated basis. There is concern that a number of staff are also unclear about the process

Performance	Green to Amber	<p>a) Concern has increased in relation to scheme employers not having effective administration processes in place, leading to data quality and submission issues. A review of the Fund's data quality and contribution work group processes was also carried out as gaps had been identified in the Fund's internal controls which could mitigate employer ineffectiveness.</p> <p>b) Oversight visibility of performance against targets and standards have been challenged and a bespoke KPI audit commissioned. Concerns around consistent reporting to the Committee were raised.</p>
Data Management	Red to Amber	<p>a) The introduction of clear procedures within the employer services team and the receipt of outstanding data from employers during had reduced this risk. However, it is noted that a bedding in of the procedures and checking arrangements is still in progress.</p> <p>b) The completeness and quality of data received has enable the successful issuance of annual benefit statements to members.</p>
Projects	Amber to Red	<p>a) Delays during the period concerning the implementation of the Fund's own Altair payroll system and completion of the payroll rectification project and payroll reconciliation have increased this risk area.</p> <p>b) This increase is coupled with the continued concerns in relation to the levels of risk of a number of the Fund's other strategic projects being completed as required, such McCloud, the Council's Evolve project, internal backlogs, and the outsourced backlog of aggregation cases.</p>

LOCAL PENSION BOARD COMMENT – 10 August

20. **Risk Register** – The Board supported the proposed recommendations to the Pension Committee as set out in the table in paragraph 18 in this report, namely the changes to Financial Management, Investment and Stakeholder engagement risks.

Administration KPIs (Appendix 3)

LPB Recommendation – Minute 226

21. Tables 1 & 2 show the admin performance over the period from 1 July to 30 September 2023. October statistics were unavailable at the time of drafting. Regarding the overall Admin KPI picture, this continues to be challenging but it is improving. This is due to the improved work allocation system (which prioritises work in line with meeting the KPIs whilst also working on backlog cases), the high priority administration KPIs remained at a consistent level and we expect them to remain at this level until we clear the majority of the backlog. The backlog has reduced by 1964 cases since our last report. Open case volumes have come down by 1651 over the last three months, but it is advised to be cautious in interpreting this data. Most of the outstanding data queries have been resolved so the number of open cases is now more accurate than before. However, we are due to undertake a full audit of the open cases to ensure going forward this number is as accurate as possible.

22. Table 3 provide some analysis of the open cases. Table 3 shows a reduction of 1021 cases that are older than 2 years. The graph under the table shows the difference between completed and received cases. On average we are now completing more cases

that we receive. The exception is September, but this was expected due the ABS and AA statements being issued. The second graph shows the continued trend of cases over SLA reducing.

LOCAL PENSION BOARD COMMENT (Quarterly reporting) – 10 August

23. The Board supported the proposal to delay the production of the Recovery Action Plan by a further 3 months to allow for the detailed input from the new Administration lead but felt that it was important that this was the final delay.

24. The Board noted and welcomed the new presentation of KPI information. The only change requested by the Board was for the reinstatement of the direction of travel column in the main table showing KPI performance.

LOCAL PENSION BOARD COMMENT (SBC update) – 10 August

25. The Board noted the positive progress that had been made in this area, which should result in the issue of Annual Benefit Statements to all of the Fund Members employed by the Council by the statutory deadline.

Audit update (SWAP KPI audit) (Appendix 4)

LPB Recommendation – Minute 216 – 10 August

26. SWAP Audit Strategy – At the Board meeting on 10 August members requested officers to prepare a schedule (Appendix 4) detailing the status of each of the Fund's commissioned audits for presentation at this meeting. The request was made following concern that a lack of progress had been made concerning the Pension Fund KPI audit commissioned by the Chairs of the Board and the Committee.

27. Officers noted that the schedule requested by the Chairs should include:

- a) The SWAP auditor assigned to each audit:
- b) When an audit is scheduled to take place: &
- c) SWAP's feedback on the commissioning arrangements and communication channels in respect of planned Pension Fund audits.

The feedback received from SWAP is included in Appendix 4.

28. In addition, a summary of SWAP's responses to the Chairs request were received in August, in which they advised the following:

- a) It was not their practice to assign auditors to a piece of work in advance. Furthermore, more than one auditor would typically be assigned to an audit and that they take an agile approach to the conducting of their audits:
- b) The KPI audit, as well as the restructured payroll migration audits had not been part of the originally commissioned audits agreed with the Fund. In addition, the timetables for the payroll migration audits had been impacted by multiple considerations, including those outside the control of the Fund and SWAP: &
- c) Approval of audits undertaken by SWAP are made by the Deputy s151 officer. It's recommended that the Fund should consult with the Deputy s151 officer concerning its commissioning arrangements for audits and the channels of communication by which the commissioning of audits should follow.

29. Since the Board's request SWAP has commenced the KPI audit. The recommendations from that audit will be presented at the earliest opportunity to the Committee.

LOCAL PENSION BOARD COMMENT – 10 August

30. The Board (10 August meeting) was disappointed that the SWAP KPI audit had been delayed, despite it being requested by the Chair of the Committee and the Chair of the Board, who had jointly agreed the terms of reference with officers.

31. The Board agreed with a proposal made by the Chair of the Pension Committee for a table of all proposed audits to be submitted to the next administration focused meeting of the Committee, to include the proposed timetable for all audits.

SWAP Audit review 2022/23 (Appendix 5):

32. Progress against the SWAP's November 2022 KFC audit recommendations is presented by officers in Appendix 5. This was last assessed as at 16 October. This version of the actions log has also been passed to SWAP who will use it as the basis for undertaking a further KFC audit this November, at which time they will also undertake the KPI audit requested by the Chairs of the Board and the Committee. Based on the assessment by officers as at 16 October the following key points are noted.

33. Action 1 – New Enrolments and action 10 - KPIs, Reports & Monitoring of Staff Productivity have both been paused due to material changes in the completion of those actions. Action 1 was paused due to changes approved by the business plan objectives agreed in March 2023 and action 10, was suspended following the commissioning of the SWAP KPI audit, which is anticipated to result in revised recommendations.

34. Three actions, action 2 – Overpayments, action 3 – Lumpsum payments & action 9 – Workflow management have not been completed within the agreed target dates, albeit officers believe that good progress has been made in all areas. The predominant reason for all three areas remaining incomplete revolve around the non-completion of policies and procedures to a signing off stage. A documentation focus meeting was held on 27 September, at which officers challenged themselves to complete the document changes required by the end of October.

35. Following the 16 October review, it was agreed to make a request to the Board to extend the target date for action 6 – Aggregation processing and backlog, to 31 March 2024, albeit this may become a recommendation of the new audit. This is to bring it into line with action 7 – Status 2 members, as many of the activities associated with both of these actions overlap. At that review officers also concluded that action 5 – Amendments, had been completed in accordance with the SWAP recommendations and have closed it.

36. Finally, with regard to the remaining outstanding actions, namely action 4 – Transfer-in into the Fund, and action 11 – Quality Assurance, action 4 was also considered largely complete subject to the signing off of its associated procedure and action 11, has remained resistant to closure, whilst checking and peer review activities continue to need to be enforced. In respect of action 11, officers have also challenged themselves to complete essential policy and procedures changes.

Training Plan (Appendix 6)

LPB Recommendation – Minute 217 – 10 August

37. The Training and Engagement Officer has prepared an updated Committee member training plan, which is included in Appendix 6. It is intended that this plan will be implemented for the period between November 2023 and the end of the current scheme year.

38. The plan has been prepared in line with the self-assessment of training previously undertaken and is based on the answers that were suggested by members and the topics which should be covered in order to increase the knowledge and understanding of all members.

LOCAL PENSION BOARD COMMENT – 10 August

39. **Equality, Diversity & Inclusion** – Given the priority being attached to this area by the Pension’s Regulator, the Board agreed that it would be sensible to include the proposed wording on EDI in the next revision of the Fund’s Responsible Investment, and for all members of the Board and Committee to attend a training session on this area.

Financial Implications

40. No direct implications.

Legal Implications

41. There are no known implications from the proposals.

Environmental Impacts of the Proposals

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

43. There are no known implications currently.

Proposals

44. 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 September version of the risk register:
- b) to note progress in the SWAP audit actions log and to recommend any extension to action 6’s target date to 31 March 2024:
- c) to approve the training plan set out in Appendix 6:

JENNIFER DEVINE

Head of Wiltshire Pension Fund

Report Authors: Richard Bullen (Fund Governance & Performance Manager) and Jennifer Devine (Head of Wiltshire Pension Fund)

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

Appendices:

- Appendix 1 – Legal & Regulatory update – Current Issues
- Appendix 2a – Full risk register 1 – September version.
- Appendix 2b – Full risk register 2 – October version.
- Appendix 3 – Administration KPIs
- Appendix 4 – SWAP Audit timetable
- Appendix 5 – SWAP Audit Actions log
- Appendix 6 – Training plan

Current issues in the LGPS



November 2023

2024 Pension Increase Order

The Office of National Statistics has [published](#) the latest Consumer Prices Index (CPI) which rose by 6.7% in the 12 months to September 2023. LGPS benefits can therefore expect a 6.7% increase in April 2024 (subject to the possibility of political intervention) which may significantly shift the cashflow position of LGPS funds in a short space of time. Our [recent webinar](#) discusses the current market outlook for inflation and the impact on the future cashflow position of LGPS funds.

Keeping a watch on inflation

With inflation remaining at 6.7% year-on-year in September, recent data encouraged the Bank of England (BoE) to leave interest rates unchanged at 5.25% pa. at their September and November meetings. Indeed, inflation is expected to fall below 5% year-on-year in October as the energy price cap falls relative to last autumn's large increase. With the easy wins from moderating energy and foods price inflation largely played out, our latest [InflationWatch](#) considers how cautious the BoE may be as attention shifts from how high rates might go, to how long they will stay there.

Update on the Scottish valuations

Our [video](#) highlights that plenty of work is still to be done, around drafting funding strategy statements (FSS) and calculating employer results. Discussions are ongoing on striking a balance between reducing contributions and retaining some surplus as a future buffer, with most funds hoping to meet both aims. However, the general trend of contributions is downwards, with many employers expected to receive the benefit of improved funding positions. FSS's are being complemented by associated policies, setting out each fund's approach to dealing with specific areas of funding policy. Expect draft FSSs to be landing in inboxes before the end of the year!

Evolving our climate scenario modelling

When it comes to investing to combat climate change, we need quality data and information. And by using models to simulate future climate scenarios, we can analyse how assets and portfolios might fare and test their resilience. We're changing [how we approach climate scenario modelling](#), to help our clients to recognise the systemic nature of climate risk and better understand its inherent uncertainty. A clearer picture of the risks from climate change can help institutional investors make crucial decisions like the following: to what extent should you be an 'impact' investor? How should you allocate your assets in light of climate risks?

TPR General Code - compliance made easy?

We're expecting the imminent release of the Regulator's General Code of Practice (GCOP). To help you prepare for this and assess your current level of compliance for each section of the Code, we have created a self-service compliance checker tool (final touches will be made with GCOP's release). Our checker allows a fund to score itself against the key areas of compliance set out in the Code. A summary report can be produced at the touch of a button, with progress tracked and a scorecard generated for each section. This will make it easier for officers to communicate a fund's GCOP position to their Committee and Board. Please get in touch if you'd like further details.

Events, webinars & training

Managing risk in the LGPS

If you've been following our risk management webinar series, you will have seen that we hosted two webinars during October. Both are now available on-demand:

- **Cash flow risk** - Robbie McInroy was joined by Chris Arcari and Reece Notman for a discussion on cash flow risk, and the impact of the ONS announcement (see earlier article) on the September CPI figure. Watch on-demand [here](#).
- **Administration risk** - In this [session](#), Susan Black was joined by Ian Colvin and Kate Dickson to shine a spotlight on administration risk. We looked at key administration risks and how funds can address, monitor and mitigate these risks.
- **Climate risk** - [Join us on 29 November](#) for the next webinar in our LGPS risk management series, where Greer Flanagan will be joined by Peter MacRae and Sanjay Joshi for a discussion on climate risk. We'll explore how climate scenarios are currently used, our latest thinking on climate scenarios and what the next step might look like, what actions funds can take in response to climate risk.
- You may also recall that we ran a [webinar](#) during September about **longevity risk**. Jill Jamieson, Head of Pensions at Club Vita UK, shared Club Vita's latest insights into whether there have been excess deaths among LGPS pensioners. The results were perhaps surprising. A [publication](#) is now available to accompany the webinar.

Conference highlights - LGC Investment Seminar Scotland, 19-20 October

The [LGC Investment Seminar Scotland](#) took place 19-20 October, and the programme was packed full of insightful sessions. Our very own Iain Campbell chaired the conference, and Steven Scott delivered a session on what the valuation data is telling us about the LGPS. You can download our [conference highlights](#) for more on each session.

Pensions Managers' Conference – Torquay, 21-22 November

The ever-popular Pension Managers' Conference is in Torquay again this month. Steve Law will be there to share an actuarial update. We also have several of our Governance, Administration and Projects team attending. In addition, Brenda Kite from our DC team will be at our stand to share details on the Additional Voluntary Contribution reviews she's carried out recently with funds. We hope to see lots of you there! Register your place [here](#).

Market brief

Growth has confounded downbeat expectations in 2023 as consumers continue to spend, particularly in the US. But as the lagged impact of higher borrowing costs increasingly weighs on consumers and businesses, what is the macroeconomic outlook for growth, inflation, and interest rates? In this [update](#), we consider the fundamental implications for the major asset classes, and how current valuations look against this backdrop.

New SAB academy guidance

Over 10,000 academies and free schools in England now participate in the LGPS, with each fund having its own policies around new academies. The Scheme Advisory Board has compiled helpful [guidance](#) that explains the most common terminology and actuarial approaches in use across the 77 relevant funds. The guidance was prepared collaboratively with input from the LGPS actuarial firms, LGPS officers and academy representatives, among others. It will be particularly useful for multi-Academy trusts who may have to contend with different approaches across multiple LGPS funds.

Academy accounting

With the majority of academies reporting at 31 August 2023 now in receipt of FRS102 disclosures, we hosted another [webinar](#) to discuss the emerging picture at this year-end. Our accounting specialists talked through a set of example academy figures, highlighting the trends we're seeing across the LGPS and considering the very hot topic of net asset position disclosure.

In brief...

PLSA paper – the PLSA has published a [paper](#) outlining policy recommendations to the Government to encourage further pension asset investments to drive growth in the UK economy.

Pension dashboards – the Local Government Association (LGA) has published a [draft guide](#) for LGPS administering authorities about connection to pensions dashboards.

Social investing - the DWP-established Taskforce on Social Factors has released a [guide](#) for consultation on how the industry can incorporate social factors into investment decision-making. Feedback is sought by 1 December.

Triple lock - the House of Commons Library has [published](#) information about the state pension triple lock, including a summary of the debates around its sustainability.

Interfund payments – the LGA has sent a message to LGPS funds in E&W about upcoming GAD guidance covering transfers affected by McCloud. Certain transfer calculations are currently on hold.

Public sector exit payments – the [Second Reading](#) of the Public Sector Exit Payments (Limitation) Bill resumed on 20 October, after a seven-month hiatus. As a Private Member's Bill, it needs Government support to proceed.

LGPS statistics – DLUHC has published [2022/23 statistics](#) for the LGPS in England and Wales.

Climate analysis – the Government Actuary's Department (GAD) has published a [news story](#) about the climate-change analysis that it has performed in public service pension scheme valuations.

King's Speech – the anticipated pensions bill, which would have included the Chancellor's [Mansion House reforms](#) and their impact on the LGPS, was not mentioned in the Speech. The focus now moves to the Chancellor's Autumn Statement on 22 November.

Appendix

2024 Pension Increase Order

<https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/september2023>

<https://event.on24.com/wcc/r/4366370/2A1C3FA73A9FAA7EB4E7A03F3C23E599>

Keeping a watch in inflation

<https://www.hymans.co.uk/insights/research-and-publications/publication/inflationwatch-november-2023/>

Update on the Scottish valuations

<https://vimeo.com/870653390/faaf1fc671?share=copy>

Evolving our climate scenario modelling

https://www.hymans.co.uk/media/uploads/Achieving_Net_Zero_Building_Narrative-driven_Climate_Scenarios.pdf

Events, webinars & training

Managing risk in the LGPS

<https://event.on24.com/wcc/r/4366370/2A1C3FA73A9FAA7EB4E7A03F3C23E599>

<https://event.on24.com/wcc/r/4382329/78C6771D6970CDFEB764CBFD1F7EC60D>

<https://event.on24.com/wcc/r/4333297/561146F3A466021CC70980D7E8FE841A>

https://www.hymans.co.uk/media/uploads/Managing_risk_in_the_LGPS_-_a_spotlight_on_longevity_risk.pdf

Conference highlights - LGC Investment Seminar Scotland, 19-20 October

<https://investmentseminarscotland.lgcplus.com/scotland2023/en/page/home>

https://www.hymans.co.uk/media/uploads/Conference_Highlights_-_LGC_Investment_Seminar_Scotland_19-20_October_2023.pdf

Pensions Managers Conference – Torquay 21-22 November

<https://swcouncils.gov.uk/events/pension-managers-conference/>

Market brief

<https://www.hymans.co.uk/insights/research-and-publications/publication/market-brief-october-2023/>

New SAB academy guidance

<https://lgpsboard.org/images/Guidance/Oct2023SABGuidanceonAcademyConversions.pdf>

Academy accounting

<https://www.hymans.co.uk/insights/webinars/lgps-academy-accounting-disclosures-the-results/>

In brief...

<https://www.plsa.co.uk/Press-Centre/Press-Releases/Article/PLSA-asks-for-policy-regulatory-and-fiscal-changes-to-encourage-UK-growth>

<https://lgpslibrary.org/assets/gas/uk/PDv0.1.pdf>

<https://www.taskforceonsocialfactors.co.uk/>



<https://commonslibrary.parliament.uk/the-triple-lock-how-will-state-pensions-be-uprated-in-future/>

[https://hansard.parliament.uk/commons/2023-10-20/debates/7FAFF960-2EFE-4413-B04E-2DD7FE5A0E40/PublicSectorExitPayments\(Limitation\)Bill](https://hansard.parliament.uk/commons/2023-10-20/debates/7FAFF960-2EFE-4413-B04E-2DD7FE5A0E40/PublicSectorExitPayments(Limitation)Bill)

https://www.gov.uk/government/statistics/local-government-pension-scheme-funds-for-england-and-wales-2022-to-2023?utm_medium=email&utm_campaign=govuk-notifications-topic&utm_source=be65d12f-89b8-46b0-8a74-e7f9416f9b2f&utm_content=immediately#full-publication-update-history

<https://www.gov.uk/government/news/climate-change-scenarios-in-public-service-pensions-valuations>

<https://www.gov.uk/government/news/chancellors-mansion-house-reforms-to-boost-typical-pension-by-over-1000-a-year>

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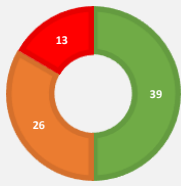
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Committee Risk Register

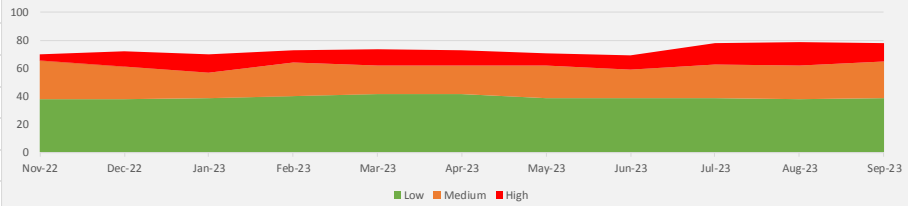
Owner: Richard Bullen

Medium Overall Risk

Risk Assessment



Risk Health



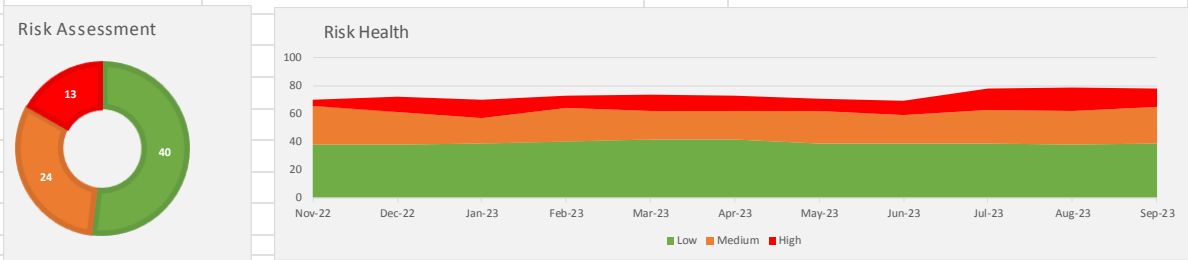
Risk Area	Key Risks	Risk Assessment	Updates to note
Service Delivery	<p>Level of post and work volumes remain high and a concern remains over the failure to meet the KPI targets. This includes the internal backlogs which staff are seeking to reduce.</p> <p>Resourcing constraints means that work is not being received and allocated in a timely manner.</p> <p>Issues with post being received/sent and records updated in an accurate and timely manner.</p> <p>Associated risks following the processing of the pension increase exercise continue, due to an increase in discrepancies between databases arising from the increase exercise.</p> <p>A risk that frauds could occur if suitable internal controls are no implemented</p>	High	<p>As part of the business plan 2022/2023, the backlog was outsourced to Hymans.</p> <p>In March the Key activities of i-Connect and controls, the aggregations backlog and resourcing were identified as factors to overcome in order that the business plan 23/24 could improve on productivity. A Service Improvement team has been formed to facilitate data preparation and in turn productivity. The SIT Team are also focused on undertaking work to reduce the internal backlog.</p> <p>A work allocation system has been embedded for member services, with employer services managing their own work using different measures of reporting. This couples with changes to staff working practices.</p> <p>Weekly KPIs are now circulated and analysed and weekly insights have been launched for the member services team which show staff productivity.</p> <p>Embedding the use of bulk processing is now better supporting Fund processes.</p> <p>Work on reviewing payroll database discrepancies between Altair and SAP is to be treated as a high priority by officers.</p> <p>Arrangements will be reviewed following an independent investigation into fraudulent activity</p>
Financial Management	<p>The employer contribution rate schedule is not accurately maintained and the Fund is unable to determine if it is receiving the correct contributions, or identifying ceasing employers at an early stage.</p> <p>The Fund pays incorrect pensions, lump sums and other one off payments to pensioner members.</p> <p>Delays in Treasury Management processing could be caused by changes to approval limits</p> <p>A lack of guidance relating to covenant reviews and processes could cause a financial risk to the Fund.</p>	Medium	<p>Officers maintain an Employer Contribution and Data Management Working Group to mitigate the risk of the schedule not being maintained. Internal audit has highlighted further improvements over the internal controls in relations to financial management. An update will be presented to members at each meeting cycle.</p> <p>Officers are working to ensure that the new contributions rates are implemented & paid by all employers, and that this requirement is maintained.</p> <p>Covenant guidance requested from Hymans and covenant training to be provided to Committee members. An employer process review has been undertaken with changes implemented, particularly in relation to the management of Admission Agreements which have ceased or lapsed.</p> <p>Officers are working with Wiltshire Council Finance to ensure that the appropriate approval limits are in place.</p>
Fund Governance	<p>Members and senior officers do not maintain their knowledge and understanding leading to poor decision making and poor governance. Although implemented, embedding the risk and control framework into departmental culture is an ongoing process</p> <p>An audit strategy is commissioned by the Committee each year, however the failure of auditors to implement audits due to resource limitations and others calls on their time is a cause for concern.</p> <p>The Fund has a number of key procurements due and there may be concern in completing these procurements due to resource levels in the Council's procurement team. This concern extends to the sourcing of existing contracts.</p>	Medium	<p>Approval of a Committee member training strategy for 23/24 remains under review. Details of the new strategy are yet to be published in order to mitigate issues in relation to insufficient knowledge and understanding.</p> <p>Officer training on the risk and control framework has been completed and regular meetings are held to reinforce the concept.</p> <p>Officers are working with both the procurement team and internal auditors to ensure that these strategic management issues of the Fund are fulfilled.</p>
Systems Management	<p>It is noteworthy to highlight that the Council's contract will SAP expires in December 2023. However, SAP's payroll function is currently planned to continue until April 2024.</p> <p>Changes to the transfer value guidance has caused a suspension to the processing of certain calculation routines. Factors and guidance have been received, however their use is being queried with the database provider.</p> <p>The Fund's ability to screen the mortality and tracing of members needs to be robust</p>	Medium	<p>The migration to new payroll databases is crucial. In addition, other SAP functions such as HR could also impact the Fund if not properly migrated. Implementation of the Altair payroll to mitigate the cessation of SAP will help, however the Fund remains reliant on the Council's Evolve programme to move forward as expected. The expected mitigation is due between October 2023 & April 2024.</p> <p>The TV process review is largely completed and all TV calculations are able to recommence, however monitoring of the situation is ongoing.</p> <p>Delays in signing a new service provider concerning mortality screening has caused a cessation in the processing of this service. Such delays carry inherent risks, including the proper completion of key projects. Managers are risk assessing the implications as well as pursuing completion of the contractual negotiations.</p>
Investment	<p>Investment performance by managers is poor or misaligned with expectations leading to risk of funding level, achievement of investment strategy and poor benchmarking.</p> <p>BPP needs to operate effectively to ensure funds are well managed, investments are made on a timely basis and delivering their objectives.</p>	Low	<p>The Fund is working with Brunel on pooling arrangements, particularly in relation to stock holdings not consistent with the Fund's SAA. Progress is being made in this area.</p> <p>The Investment Consultant have updated the Fund's new SAA strategy.</p> <p>The Fund is currently benefitting from net fee savings, but costs are under constant pressure to rise with high budget increases.</p> <p>Officers are working with BPP and other authorities in the partnership to update BPP's constitution.</p>

Compliance with Regulations	Anticipated changes in legislation could impact the Fund adversely, specifically regarding compliance and resourcing. Failure to achieve statutory requirements & deadlines due to work volumes	Low	Regular updates to the Committee and Board enable all stakeholders to monitor any potential changes in legislations. This work is supported by adviser guidance. Project planning and holding of regular management meetings to ensure deadlines are achieved.
Performance	Employers not performing their roles effectively, such as not sending timely and accurate information in the required format. Employers not updating us on a timely basis concerning changes to 3rd party providers affecting the Fund. Poor data quality could lead to poor benefit calculations or incorrect benefits being paid Employers not following i-Connect processing correctly leading to data breaches Failure to have a clear Fund audit strategy and ensure that the audit plan commissioned each year by the Fund remains on schedule	Medium	Extra training is given to employers as part of the Fund's Employer training strategy. A new employer training strategy for 2023 has been prepared consistent with the needs of the Pension Administration Strategy document. An Pension Admin Strategy is in place to make it clearer to employers concerning the performance targets expected of them. The KPIs within this strategy are currently being reviewed. Data quality checks are introduced to prevent poor data and requests for outstanding data are regularly made to employers The internal auditors have been asked to undertake a review of Fund performance reporting. The recommendations will be incorporated into officer reporting practices. Officers are working with auditors to ensure that the commissioned audit strategy remains on schedule.
Employer Management	Contacts have inadequate knowledge, skills and experience to administer the Scheme correctly and effectively. In addition, current contact maintenance requires improvement. Employers are not set up, maintained or leaving the Fund correctly. This can effect the starting position for funding, unitisation adjustments, pooling or cessation arrangements due to untimely or incorrect information.	Medium	As mentioned under Performance the Fund offers training to employers to mitigate the risks highlighted. Implementation of the Stabilisation Policy provides a certain amount of increased security for employers. The Fund also works closely with our Actuarial advisers to ensure new sets up are managed correctly. In addition, officers need to maintain the Fund's unitisation database. An exercise updating the employer contacts is being reviewed.
Data Management	Information is posted through i-Connect or employer spreadsheets late which can delay processing. In addition, a lack of i-Connect checks may impact data accuracy. There's a risk that cessations are not advised resulting in delays to the start of this process. TUPE transfer are being delayed, but a new service using LGPS Create could resolves backlogs Employer asset and liability allocations should be monitored to avoid throwing out an employer's funding position. Poor data provision from large individual employers can heavily impact the Fund's data management	Medium	To enable the i-Connect onboarding process officers have worked closely with the outstanding employers, particularly major employers to obtain outstanding data. This process is ongoing even though actual onboarding has been temporarily suspended. Relevant data quality checks associated with i-Connect submissions have been implemented and then passed to accounts for financial checks. A clear plan is now in place. TUPE & cessation reporting is in place and officers will migrate to the introduction of LGPS Create to enable more effecting process. Assignment of the responsibility to a specific officer as well as accurate transaction coding and Altair reporting will be implemented on the imminent appointment of a key staff member.
Stakeholder Engagement	Inaccuracy of communications by the Fund could result in reputational damage. There is a risk that as a Fund we are delivering poor customer service to our members, with slow response times and disclosure breaches.	Low	Peer review arrangements are in place prior to publication and a strategy to maintain the compliance and content on MSS & the website has been implemented. A review of the Fund's Customer Service Excellence strategy is being considered following its initial assessment. Recent Customer Surveys have shown a small decrease in service quality. An investigation is underway to identify the cause of this reduction.
Funding	Pension payment adjustments caused by the Rectification project may impact the Fund.	Low	The Accounting team continue to work with the project manager to ensure Funding is not adversely impacted. A reconciliation between Altair & SAP continues to be undertaken following the PI exercise.
Resourcing	The Fund is not appropriately resourced and staff all adequately trained to enable the service to be delivered in a sustainable and reliable way. In addition, key departures could lead to a loss of crucial knowledge in the team.	High	Key people in the team are seeking to transfer specialist knowledge to colleagues by documenting procedures and notes. In addition, a training strategy is under review for the department. However, in the event of a knowledge gap, we can call on our external consultants and independent advisors for help in the short-term; Key vacancies have been filled. With changes in staff, recruiting replacement also continues. Employer service staff continue to receive focussed training relating to their roles to mitigate processing errors and encourage i-Connect data checks.
Climate risk	Failure to manage the risks in the investment portfolios, and/or to take advantage of the investment opportunities which arise from transition to a low carbon economy could cause the Fund to suffer material negative financial impacts. Difficulty in receiving climate data reporting from the Fund's Investment consultants and pooling arrangement could lead to poor decision making	Medium	The Fund has a climate change policy (within the responsible investment policy), decarbonisation targets, and has assessed alignment of all portfolios. The Fund reports against the requirements of the Task Force on Climate-related Financial Disclosures (TCFD). BPP continue to hold stock in the name of the Fund which is not in accordance with the Fund's climate change flightpath. This could lead to reputational damage. Officers are liaising with BPP and other Fund's in the group to ensure that the SAA of the Fund's climate change flightpath is back on track
Projects	Projects are managed by a designated Project Manager. Key projects currently being managed are the Backlog project, the rectification project and McCloud. The first two have been outsourced to 3rd party administrators. Regular updates are provided to the management team, Committee and Board in respect of the McCloud. Fourth & fifth projects relating to internal backlogs & the introduction of a new payroll system are also considered a risk area. The outsourced rectification project is progressing well, however the outsourced backlog & McCloud projects are moving more slowly. Changes to the Evolve programme is also contributing to risk in this area. Payroll staff have been recruited to implement Altair's payroll system over the next few months.	High	As part of the oversight of Evolve Payroll Programme periodic strategic updates are received from the s151 Officer to assess level of risk. Mitigations relating to the Evolve project involve the implementation of Altair's payroll system, which has now been further delayed to December/January to take on new pensioners in a phased approach. Its noted that significant retrospective legislation changes related to the McCloud case could lead to higher levels of administration resource. From October McCloud calculation routines have been run and its anticipated that only about 50 potential members may be effected. Officers continue to work with Hymans To mitigate delays on the backlog outsourced, particularly in relation to the timeliness of checking. Whilst completion of the Rectification project has been delayed slightly, testing of arrears payments has progressed, data provided and a new model for calculating dependent adjustments is being prepared.
Other External Risks	No "other" risks currently identified.	Low	

Committee Risk Register

Owner: Richard Bullen

Medium Overall Risk



Risk Area	Key Risks	Risk Assessment	Updates to note
Service Delivery	<p>Level of post and work volumes remain high and a concern remains over the failure to meet the KPI targets. This includes the internal backlogs which staff are seeking to reduce.</p> <p>Resourcing constraints means that work is not being received and allocated in a timely manner.</p> <p>Poor or out of date documentation, particular of an external nature could lead to service risks</p> <p>Associated risks following the processing of the pension increase exercise continue, due to an increase in discrepancies between databases arising from the increase exercise.</p> <p>A risk that frauds could occur if suitable internal controls are not implemented</p>	High	<p>As part of the business plan 2022/2023, the backlog was outsourced to Hymans.</p> <p>In March the Key activates of i-Connect and controls, the aggregations backlog and resourcing were identified as factors to overcome in order that the business plan 23/24 could improve on productivity. A Service Improvement team has been formed to facilitate data preparation and in turn productivity. The SIT Team are also focused on undertaking work to reduce the internal backlog.</p> <p>A work allocation system has been embedded for member services, with employer services managing their own work using different measures of reporting. This couples with changes to staff working practices.</p> <p>Weekly KPIs are now circulated and analysed and weekly insights have been launched for the member services team which show staff productivity.</p> <p>Embedding the use of bulk processing is now better supporting Fund processes. This is to be supplemented by a review of member documentation to make sure its clear, accurate and concise.</p> <p>Work on reviewing payroll database discrepancies between Altair and SAP is to be treated as a high priority by officers.</p> <p>Arrangements have been reviewed following an independent investigation into fraudulent activity, but a further audit is being considered</p>
Financial Management	<p>The employer contribution rate schedule is not accurately maintained and the Fund is unable to determine if it is receiving the correct contributions, or identify ceasing employers at an early stage.</p> <p>The Fund pays incorrect pensions, lump sums and other one off payments to pensioner members.</p> <p>Delays in Treasury Management processing could be caused by changes to approval limits</p> <p>A lack of guidance relating to covenant reviews and processes could cause a financial risk to the Fund.</p>	Medium	<p>Officers maintain an Employer Contribution and Data Management Working Group to mitigate the risk of the schedule not being maintained. Internal audit has highlighted further improvements over the internal controls in relations to financial management. An update will be presented to members at each meeting cycle.</p> <p>Officers are working to ensure that the new contributions rates are implemented & paid by all employers, and that this requirement is maintained.</p> <p>Covenant guidance requested from Hymans and covenant training to be provided to Committee members. An employer process review has been undertaken with changes implemented, particularly in relation to the management of Admission Agreements which have ceased or lapsed.</p> <p>Officers are working with Wiltshire Council Finance to ensure that the appropriate approval limits are in place.</p>
Fund Governance	<p>Although implemented, embedding the risk and control framework into departmental culture is an ongoing process</p> <p>The Fund has a number of key procurements due and there may be concern in completing these procurements due to resource levels in the Council's procurement team. This concern extends to the sourcing of existing contracts.</p>	Low	<p>Officer training on the risk and control framework has been completed and regular meetings are held to reinforce the concept.</p> <p>Officers are working with both the procurement team and internal auditors to ensure that these strategic management issues of the Fund are fulfilled.</p>
Systems Management	<p>It is noteworthy to highlight that the Council's contract will SAP expires in December 2023. However, SAPs payroll function is currently planned to continue until April 2024.</p> <p>Changes to the transfer value guidance has caused a suspension to the processing of certain calculation routines. Factors and guidance have been received, however their use is being queried with the database provider.</p> <p>The Fund's ability to screen the mortality and tracing of members needs to be robust</p>	Medium	<p>The migration to new payroll databases is crucial. In addition, other SAP functions such as HR could also impact the Fund if not properly migrated. Implementation of the Altair payroll to mitigate the cessation of SAP will help, however the Fund remains reliant on the Council's Evolve programme to move forward as expected. The expected mitigation is due between October 2023 & April 2024.</p> <p>The TV process review is largely completed and all TV calculations are able to recommence, however monitoring of the situation is ongoing.</p> <p>Delays in signing a new service provider concerning mortality screening has caused a cessation in the processing of this service. Such delays carry inherent risks, including the proper completion of key projects. Managers are risk assessing the implications as well as pursuing completion of the contractual negotiations.</p>
Investment	<p>Investment performance by managers is poor or misaligned with expectations leading to risks concerning the funding level, the achievement of the investment strategy and poor benchmarking.</p> <p>BPP needs to operate effectively to ensure funds are well managed & investments are made on a timely basis and delivering their objectives.</p>	Low	<p>The Fund is working with Brunel on pooling arrangements, particularly in relation to stock holdings not consistent with the Fund's SAA. Progress is being made in this area.</p> <p>The Investment Consultant has updated the Fund's new SAA strategy. The Fund is currently benefitting from net fee savings, but costs are under constant pressure to rise with high budget increases.</p> <p>Officers are working with BPP and other authorities in the partnership to update BPP's constitution.</p>
Compliance with Regulations	<p>Anticipated changes in legislation could impact the Fund adversely, specifically regarding compliance and resourcing.</p> <p>Failure to achieve statutory requirements & deadlines due to work volumes</p>	Low	<p>Regular updates to the Committee and Board enable all stakeholders to monitor any potential changes in legislations. This work is supported by adviser guidance.</p> <p>Project planning and holding of regular management meetings to ensure deadlines are achieved.</p>

Performance	Failure to have a clear Fund audit strategy and ensure that the audit plan commissioned each year by the Fund remains on schedule	Low	The internal auditors have been asked to undertake a review of Fund performance reporting. The recommendations will be incorporated into officer reporting practices. Officers are working with auditors to ensure that the commissioned audit strategy remains on schedule.
Employer Management	Contacts have inadequate knowledge, skills and experience to administer the Scheme correctly and effectively. Contact maintenance requires going improvement. Employers are not set up, maintained or leaving the Fund correctly. This can effect the starting position for funding, unitisation adjustments, pooling or cessation arrangements due to untimely or incorrect information.	Medium	The Fund offers training to employers to mitigate the risks highlighted. Implementation of the Stabilisation Policy provides a certain amount of increased security for employers. The Fund also works closely with our Actuarial advisers to ensure new sets up are managed correctly. In addition, officers need to maintain the Fund's unitisation database. An exercise updating the employer contacts is being reviewed.
Data Management	Information is posted through i-Connect or employer spreadsheets late which can delay processing. In addition, a lack of i-Connect checks may impact data accuracy. There's a risk that cessations are not advised resulting in delays to the start of this process. TUPE transfer are being delayed, but a new service using LGPS Create could resolves backlogs Employer asset and liability allocations should be monitored to avoid throwing out an employer's funding position. Poor data provision from large individual employers can heavily impact the Fund's data management	Medium	To enable the i-Connect onboarding process officers have worked closely with the outstanding employers, particularly major employers to obtain outstanding data. Although suspended background work has been ongoing. It is anticipated that the suspension may be lifted shortly. Relevant data quality checks associated with i-Connect submissions have been implemented and then passed to accounts for financial checks. A clear plan is now in place. TUPE & cessation reporting is in place and officers will migrate to the introduction of LGPS Create to enable more effecting process. Assignment of the responsibility to a specific officer as well as accurate transaction coding and Altair reporting will be implemented on the appointment of a key role.
Stakeholder Engagement	Inaccuracy of communications by the Fund could result in reputational damage. There is a risk that as a Fund we are delivering poor customer service to our members, with slow response times and disclosure breaches.	Low	Peer review arrangements are in place prior to publication and a strategy to maintain the compliance and content on MSS & the website has been implemented. A review of the Fund's Customer Service Excellence strategy is being considered following its initial assessment. Recent Customer Surveys have shown a small decrease in service quality.
Funding	Pension payment adjustments caused by the Rectification project may impact the Fund.	Low	The Accounting team continue to work with the project manager to ensure Funding is not adversely impacted. A reconciliation between Altair & SAP continues to be undertaken following the PI exercise.
Resourcing	The Fund is not appropriately resourced and staff all adequately trained to enable the service to be delivered in a sustainable and reliable way. In addition, key departures could lead to a loss of crucial knowledge in the team. A lack of an approved Committee training plan had increased the risk around a lack of knowledge and understanding in key areas	High	Key people in the team are seeking to transfer specialist knowledge to colleagues by documenting procedures and notes. In addition, a training strategy is under review for the department. However, in the event of a knowledge gap, we can call on our external consultants and independent advisors for help in the short-term; Whilst key vacancies have been filled staff have also left leading to a cycle of recruiting & replacement which can effect the overall knowledge base. Employer service staff continue to receive focussed training relating to their roles to mitigate processing errors and encourage i-Connect data
Climate risk	Failure to manage the risks in the investment portfolios, and/or to take advantage of the investment opportunities which arise from transition to a low carbon economy could cause the Fund to suffer material negative financial impacts. Difficulty in receiving climate data reporting from the Fund's Investment consultants and pooling arrangement could lead to poor decision making	Medium	The Fund has a climate change policy (within the responsible investment policy), decarbonisation targets, and has assessed alignment of all portfolios. The Fund reports against the requirements of the Task Force on Climate-related Financial Disclosures (TCFD). BPP continue to hold stock in the name of the Fund which is not in accordance with the Fund's climate change flightpath. This could lead to reputational damage. Officers are liaising with BPP and other Fund's in the group to ensure that the SAA of the Fund's climate change flightpath is back on track
Projects	Projects are managed by a designated Project Manager. Key projects currently being managed are the Backlog project, the rectification project and McCloud. The first two have been outsourced to 3rd party administrators. Regular updates are provided to the management team, Committee and Board in respect of the McCloud. Fourth & fifth projects relating to internal backlogs & the introduction of a new payroll system are also considered a risk area. The outsourced rectification project is progressing well, & McCloud is beginning to move forward too however the backlog project is moving more slowly. Changes to the Evolve programme is also contributing to risk in this area. Payroll staff have been recruited to implement Altair's payroll system over the next few months.	High	As part of the oversight of Evolve Payroll Programme periodic strategic updates are received from the s151 Officer to assess level of risk. Mitigations relating to the Evolve project involve the implementation of Altair's payroll system, which has now been further delayed to December/January to take on new pensioners in a phased approach. Its noted that significant retrospective legislative changes related to the McCloud case could lead to higher levels of administration resource. However, from October McCloud calculation routines have been run and its is anticipated that only about 50 potential members may be effected. Officers continue to work with Hymans to mitigate delays on the outsourced backlog casework, particularly in relation to the timeliness of checking. Whilst completion of the Rectification project has been delayed slightly, arrears payments have largely been completed and a new model for
Other External Risks	No "other" risks currently identified.	Low	

Appendix 3 – Administration KPI's

An analysis of the administrative performance over the period

From 1 July 2023 – 30 September 2023



Internally set targets (Fund)

The Fund's internally set administration targets are set to help meet the goals of the Fund's business plan. The Fund also must meet certain disclosure targets, but these will now only be monitored on an exceptions basis (i.e. if we are failing).

Table 2 Performance over 1 July to 30 September 2023

Priority Category	Process	SLA (Working days)	Target KPI	Closing cases prior report	Terminated Cases	Cases Open at Start	Cases received	Cases processed	Cases open at end	Case Change	Completed on target
High	Deaths	5/10/20 days	95%	291	7	284	516	493	307	●	82%
High	Retirements	10/20 days	95%	363	62	301	742	702	341	●	75%
High	Refunds	10 days	95%	7	0	7	183	178	12	●	99%
Medium	Transfers Out	10/20 days	90%	288	25	263	294	285	272	●	61%
Medium	Transfers In	10/15/20 days	90%	24	1	23	29	26	26	●	69%
Medium	Aggregations	23 days – 1 year	90%	2211	650	1561	1930	1948	1543	●	78%
Medium	Leavers	23 days – 46 days	90%	2576	591	1985	2685	3015	1655	●	70%
Medium	Divorce	20 – 25 days	90%	54	5	49	75	97	27	●	80%

*red alert shown for anything below 10% of tolerable performance

Open cases at end of period	Reply Due	In Office	Of which: Currently within SLA	Of which: Already beyond SLA
Deaths	266	41	24	17
Retirements	267	74	58	16
Refunds	12	0	0	0
Transfers Out	201	71	49	22
Transfers In	16	10	4	6
Aggregations	495	1048	406	642
Leavers	717	938	155	783
Divorce	15	12	12	0
Total	1989	2194	708	1486

*Table 1 shows the Fund's process times against the timeframes set out in the administration strategy

Table 2: Monthly breakdown of completion on target percentage



				QTR 1 - Jan - Mar 2023	QTR2 - Apr - Jun 2023	QTR 3 Jul - Sept 2023	July	August	September
Priority	Process	SLA (Working	Tolerable	Completed on Target					
High	Deaths	5/10/20 days	95%	81%	85%	81%	75%	88%	81%
High	Retirements	10/20 days	95%	75%	81%	75%	80%	75%	69%
High	Refunds	10 days	95%	100%	97%	99%	98%	99%	100%
Medium	Transfers Out	10/20 days	90%	27%	37%	62%	58%	65%	63%
Medium	Transfers In	10/15/20 days	90%	59%	58%	60%	33%	73%	75%
Medium	Divorce	20 - 25 days	90%	62%	95%	80%	57%	89%	95%
Medium	Aggregations	23 days - 1 year	90%	79%	61%	79%	70%	80%	86%
Medium	Leavers	23 days - 46 days	90%	54%	51%	69%	59%	65%	84%

*red alert shown for anything below 10% of tolerable performance

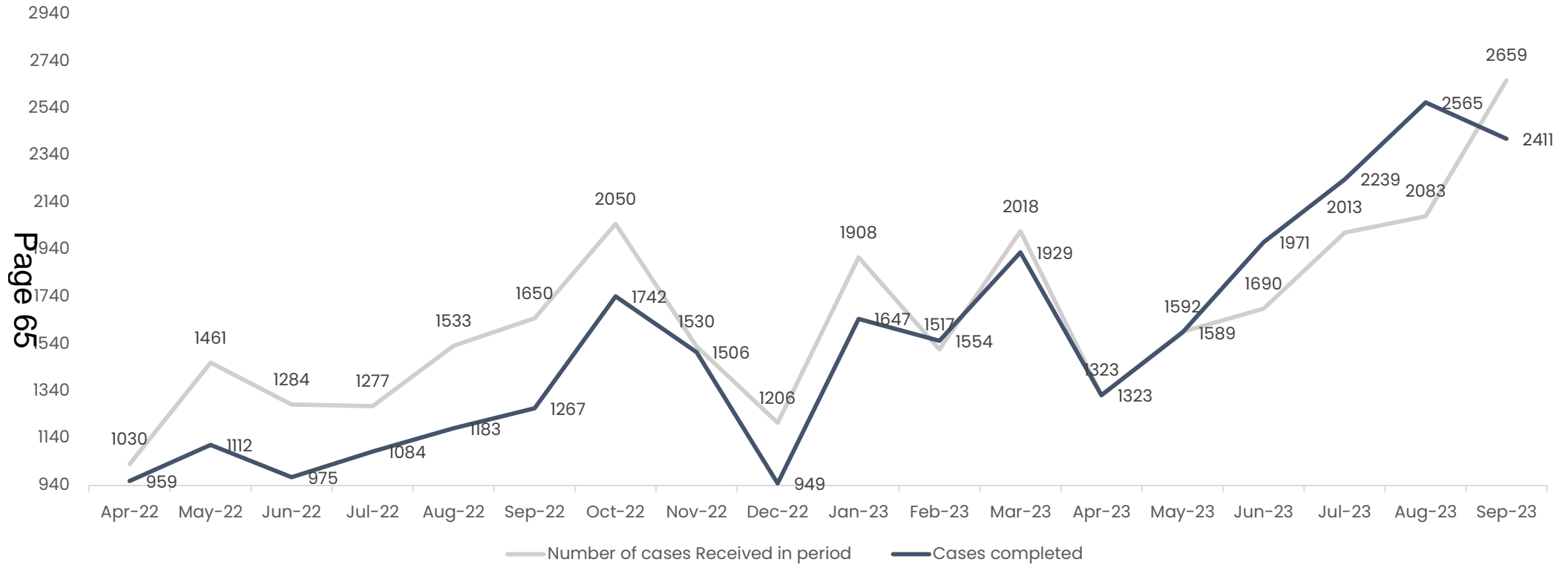
Table 3: 'In Office' (as at 30 September 2023)

*'In Office' refers to any cases that are currently ready to be worked on

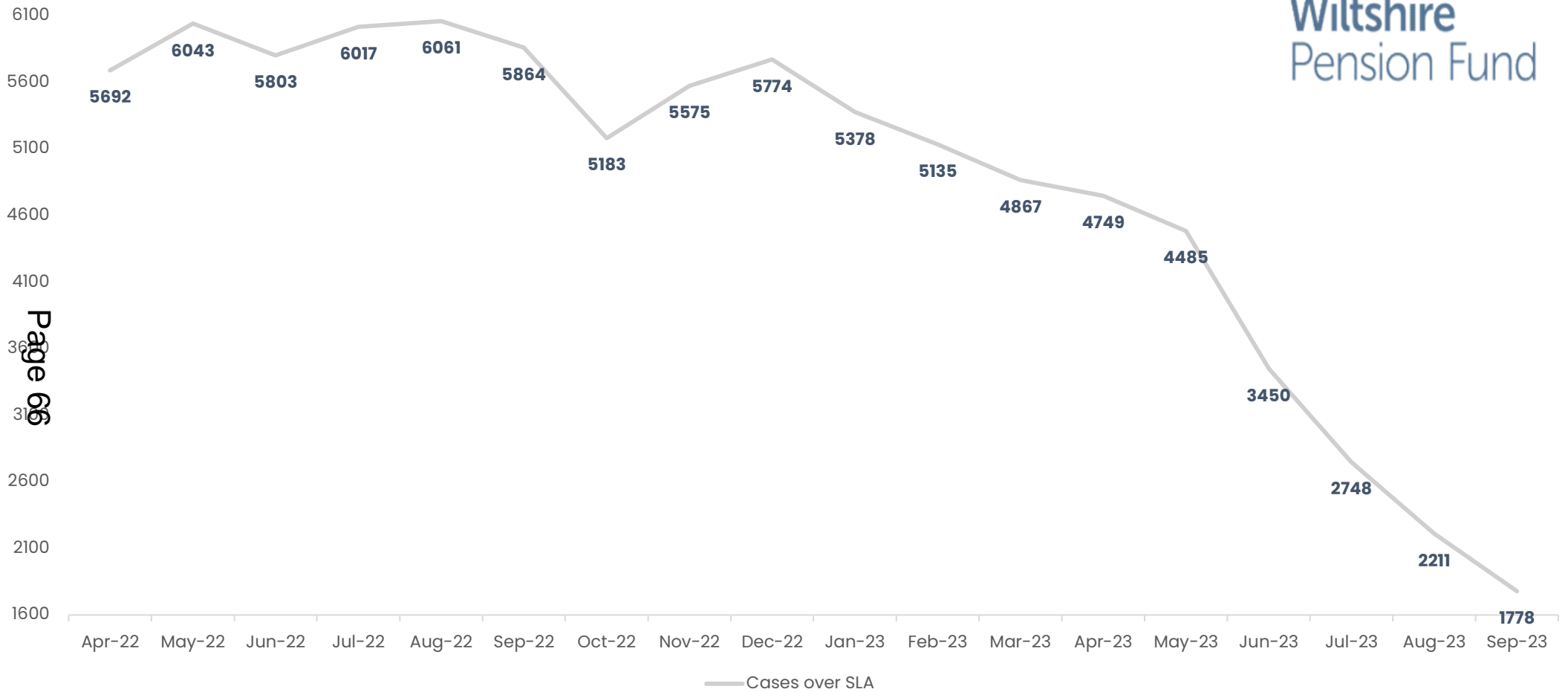
		Age Analysis (working days)							
Priority level	Process	1-40	2-6 months	6-12months	1year +	2year +	3year +	4 year +	Total
High	Deaths	31	10	0	0	0	0	0	41
High	Retirements	69	0	2	3	0	0	0	74
High	Refunds	0	0	0	0	0	0	0	0
Medium	Transfers Out	59	12	0	0	0	0	0	71
Medium	Transfers In	6	4	0	0	0	0	0	10
Medium	Aggregations	332	272	40	91	310	2	1	1048
Medium	Leavers	169	122	301	81	163	72	30	938
Medium	Divorce	12	0	0	0	0	0	0	12

*The leaver and aggregation scores are reliant on bringing case numbers down and therefore the existing KPI target scores are likely to worsen while older cases are cleared. With both Officers and Hymans working on aggregations we can see that this is starting to have an impact on the statistics.

Comparison of cases completed in period vs cases received



Open cases over SLA including reply due cases



4. i-Connect onboarding progress figures at end of period

* I-Connect onboarding is currently on hold while we establish solid foundations for the checking and monitoring of receipt of employer data.*



5. MSS (My Wiltshire Pension) take up

	As at 19/10/2023		
	Active	Deferred	Total
Registered	11,824	13,677	25,501
Total	23,833	32,098	55,931
Percentage	49.61%	42.61%	45.59%

*Excludes members with password resets or disabled account.

Internal targets - Employers



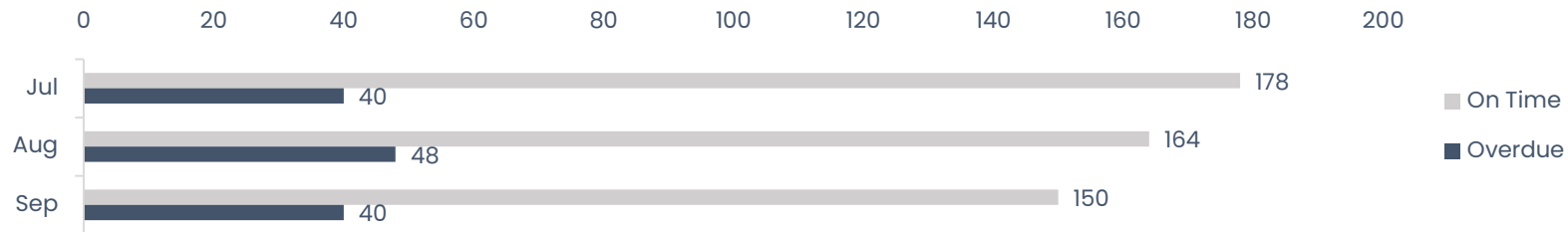
6. i-Connect submission performance

Size of Scheme	July			August			September		
	On-time	Late	Submitted on Target	On-time	Late	Submitted on Target	On-time	Late	Submitted on Target
Small	168	26	77%	152	36	72%	138	34	72%
Medium	10	8	5%	12	6	6%	12	4	6%
Large	0	6	0%	0	6	0%	0	2	0%
Total	178	40	82%	164	48	77%	150	40	77%

*size of scheme - small <250members, medium 250 members +, large >1000 members

*Newly onboarded employers are not included with the performance statistics as typically more support is needed in the initial months and therefore the normal deadlines do not apply.

*All employers onboarded on to i-Connect are required to submit their return by the 19th of the month following the month the data relates to.



tPR Data performance measures

The Pension Regulator (tPR) helps regulate each LGPS's Fund compliance with various legislation. In respect of administrative performance, tPR focuses on Common and Conditional data measures. The Fund is required to submit its scores against these measures each year as part of its Scheme Return

98

tPR Common Data

Percentage score at 1 November 2022
-1% increase since 1 November 2021

Common Data various data measures it expects all Pension Funds to hold (e.g., name, address etc).

96

tPR Conditional Data

Percentage score at 1 November 2022
+1% increase since 1 November 2021

Conditional/Scheme Specific data scores are those data types which are needed for the administration of that specific scheme. For the LGPS, the Scheme Advisory Board (SAB) has determined the relevant data items.

98.8

Active Annual Benefit Statements (ABS)

Percentage score at 31 August 2023
+0.1% increase since 31 August 2021

The Fund is required under the LGPS Regulations to produce active ABSs by the 31 August of each year. The Fund currently uploads all ABS to the member portal. The active Annual Benefit Statement score is slightly short of the target of 99%. Most of failures relate to Swindon Borough Council employees, due to their ongoing administrative difficulties following their change of payroll system early this year.

However, this score is still relatively high compared to previous years:

2023: 98.7% 2021: 99.5%; 2020: 96.9%; 2019: 95.0%; 2018: 93.9%.

100

Pension Saving Statements

Percentage score at 5 October 2023

All Pension Saving Statements (relating to annual allowance tax charges) were sent on time despite a number of delays with receiving data from certain employers (in particular, Swindon Borough Council). All active members were analysed (c23,000) to see whether they exceeded the annual allowance limit and the final exercise resulted in 90 statutory statements being sent and 36 members being likely to need to pay a tax charge.

Performance commentary for the year

The **common and conditional scores** for this year have remained close to last year.

The Fund is already above average and some of the remaining gap to 100% is hard to fill due to factors outside of the Fund's control.

For the Common Data metric, virtually all the remaining data issues relate to missing postal addresses, where the member has failed to keep us up to date when they have

changed address. Furthermore, as the Fund's main form of communication is now electronic, the member's postal address is becoming less important, and it is more difficult to identify if it is correct.

For the Scheme Specific measure, many of the errors are of a technical nature due to the way the metric is calculated but these require further review.

The **active Annual Benefit Statement** score (98.7%) for this year is slightly short of the target of 99%. Most of failures relate to Swindon Borough Council employees, due to their ongoing administrative difficulties following their change of payroll system early this year.

Most of the remaining failures are resolved but officers are still liaising with Swindon Borough Council to clear the last remaining issues.

However, this score is still relatively high compared to 2018-2020, albeit lower than 2021.

2021: 99.5%

2020: 96.9%

2019: 95.0%

2018: 93.9%.

All **Pension Saving Statements** were sent on time despite a number of delays with receiving data from certain employers (in particular, Swindon Borough Council). All active members were analysed (c23,000) to see whether they exceeded the annual allowance limit and the final exercise resulted in 90 statutory statements being sent and 36 members being likely to need to pay a tax charge.

Plans for next periods report



To obtain and include email stats



To add any further changes as requested by the Committee



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SWAP Internal Audits - 2023/24						
Audit	Purpose of the audit	Current Comment	Original fieldwork timetable	Completion of fieldwork anticipated to be:	Assigned SWAP auditor	SWAP Responses
Pension Fund Key Financial Controls	Full review of the Fund's internal controls, including outsourcing progress, McCloud & Dashboard readiness	Delayed until mid-October due to current progress against November 2022 KFC audit	July - September 2023	Nov-23	u/k	Auditor not assigned. Agreed to delay follow up work until late October due to 2022 report action implementation dates.
Pension Fund Key Performance Indicators	KPI setting process, including methodology for calculation, accuracy and review process. Plus, management oversight of reporting, monitoring of results and action plans	Delayed to an unspecified date	April - June 2023	-----	u/k	Audit team not assigned due to delay in start. Delayed start due to Pensions Officer start date and Cllr Brittons comments urging us to wait until after mid July. Subsequently Payroll Migration audit picked up and scope changed/increased. Discussion to be had with Deputy s151 Officer regarding resourcing of this increased scope of work.
Payroll Migration - Part 1	A payroll implementation audit of the project management. To cover overall readiness, testing plans, key controls for the integrated payroll process and user access controls	Audit completed - Please refer to agenda item 19 for a copy of the audit report.	July - September 2023	Sep-23	Pandora Saxby, Emily Hobbins, Becky Brook	Scope increased to cover system implementation and payroll migration - 1 audit in original agreed schedule.
Payroll Migration - Part 2	A pre-migration audit covering the transfer of payroll data from Oracle to Altair.	-----	-----	-----	u/k	Auditor not assigned. Work scoped as part of audit above but briefly on hold and to be reviewed due to Council deferring Payroll migration to Oracle. Subsequent impact on timing of SWAP work.
TPR Effective System of Governance	Implementation of the requirements of the new Code of Practice	Delayed as new code has not yet been published by the Regulator.	October - December 2023	-----	u/k	Will await contact from Pension Fund regarding new code.
Payroll Migration - Part 3	A post-migration audit of the Altair payroll system. Note: Specification to be determined.	-----	January - March 2024	-----	u/k	Auditor not assigned. This work will likely not be started until at least July 2024. The Council is unlikely to offboard Pensions Payroll until 3 month after the hyper care period - migration of payroll data from SAP to Oracle agreed for April 2024.

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Appendix 1:

Table 1 – Key Controls Report 2022/23 - Progress against outstanding internal audit recommendations:

No	Priority score	Issue	Recommendation	Agreed management action	Agreed management timescale	Est. Progress	Progress at 16 October 2023
1	2	New Enrolments	<p>The Fund is having difficulty onboarding the remaining employers as they were unable and or unwilling to provide the data submissions in the required format to be uploaded into I-Connect. This has a negative effect on the Fund to process administrative duties and there is a greater risk of things being processed incorrectly.</p> <p>To encourage employers' administrative charges, need to be issued to cover the additional time and an employer score card finalised.</p>	<p>We will finalise the employer score cards to help identify employers which require additional administrative time and implement reasonable charges to address this.</p> <p>We will continue to encourage employers to join i-Connect, prioritising the largest remaining employers.</p>	30 September 2023	50%	<p>PROGRESS PAUSED – BUSINESS PLAN OBJECTIVES HAVE SUPERCEDED THIS AUDIT ACTION</p> <p>Scorecard</p> <p>1) Phase 1 of the scorecard to be published to employers, however the process has been paused into order to clarify data load requirements concerning timely contribution submissions.</p> <p>Administrative charging</p> <p>2) The right behaviours to be encouraged first, with the scorecard highlighting to key employer contacts any i-Connect failures and then escalating any issues with the contact through direct meetings. Charging to be considered a last resort. Consideration of the trigger points and arrangements for additional administrative charging to be determined, to avoid being contested. It is noted that this should form part of the monthly processing cycle.</p> <p>i-Connect onboarding pause.</p> <p>3) Data validations and clear processing instructions have been established and a timetable to recommence onboarding to i-Connect is be drafted. Training on the new processes is also underway. A target date is proposed by officers Note: Evolve project responsible for Oracle migration.</p>
2	2	Overpayments	<p>The review highlighted member overpayments since 2016 amounting to £153,509. Since 2021 £24,002 has been written off. We were informed that anything which is below £250 is automatically written off however, the</p>	<p>Outstanding overpayments to be reviewed and chased on a regular basis. The monitoring of this will form part of the KPI (Action J) below.</p>	30 April 2023	80%	<p>Outstanding overpayments</p> <p>1) The view is that cases have been on “reply due” and have therefore not been chased historically. Officers now ensure these cases are followed up on receipt of the monthly aged debt report. Finalisation of an</p>

			<p>Fund was not following the write off process for values above this amount.</p> <p>As mentioned in finding J below, there are no KPIs for chasing aged debt and as such it is not monitored in the management report</p>	<p>We will ensure the aged debt is reviewed on a regular basis to determine if anything should be written off. This will follow the write off process contained in the overpayment's procedure</p>			<p>overpayments policy will guide staff on the management of this work.</p> <p>Aged debt – write offs</p> <p>2) A monthly report of aged debt is issued by the Accounts team to the Member Services team. Cross referenced cases are reviewed to established whether the debt should be written off.</p> <p>The write off process.</p> <p>3) The Scheme of sub-delegation & Payment Approval policy have both been redrafted with a view to being signed off. Cascading down from the Payment approval policy is the write off of overpayments on death procedure which needs to be reviewed.</p>
3	2	Lumpsum Payments	<p>Deaths:</p> <p>Cases closed without final letters being sent to the beneficiary or the estate. The Fund had identified this as a reoccurring issue during our audit and as such were determining if a quarterly report could be run to identify any anomalies.</p> <p>Transfers out:</p> <p>Lump sum payments made were signed off after the SLA deadline. This payment exceeded 100k. The Member Services Team were not aware that the Head of the Wiltshire Pension Fund has authority to sign off payments above this value and should be contacted if another staff member with authority is not available.</p>	<p>We will finalise the report to help identify death cases which have been closed without final letters being sent. We will ensure letters are sent for any cases identified and run the report to identify anomalies on a regular basis.</p> <p>We will ensure that all team members are aware of who has authority to sign off lump sum payments and to what level.</p>	30 April 2023 Revised date 31 July 2023	70%	<p>Death casework</p> <p>1) A report has been prepared by the Systems team. Member services have also finalised the letter.</p> <p>Transfer out – Sign offs.</p> <p>2) The implementation of the “Immediate payments” system will address any issues as it has segregation of duties built into it. Replacement Officers have been added to the Payment Approval policy authorisation list. Head of Pensions to liaise with s151 Officer in relation to authorisation limits. £250k was suggested.</p> <p>3) A review and update of all related procedures has taken place and will be ready for sign off in time for the introduction of the immediate payments system.</p>
4	2	Transfers into the Fund	<p>We were advised that any cases that are not allocated within 20 days of receipt of the money fall outside of the Fund's SLA deadline and as such should be flagged as an issue. We reviewed the aging analysis for unallocated transfers in and noted there were 153 cases which date back to 2018. This has not been flagged in the</p>	<p>We will ensure Altair is updated with any historical missing liabilities.</p> <p>Any delays will be accurately highlighted in the weekly KPI</p>	31 December 2023	95%	<p>Updating historical transfer-in liabilities on Altair</p> <p>1) Member Services receive a monthly report from the Accounts team. The set-up of IWAS was also considered appropriate. Embedding the existing process of cross referencing the Accounts report with IWAS was considered the best way forward to highlight the processing TV-in to the Fund cases on a timely</p>

			weekly KPI and performance reports which go to the Management team as an issue. There is therefore a risk of this going unresolved.	report. This action is also reflected in the Finding J below regarding KPIs.			basis (SLA 20 days). Whilst the outstanding value of unallocated TV-in remains at circa £1m (July) reinforcing administrative completion remains an ongoing process. The TV-in procedure has been redrafted and is intended for sign off by November to reflect the operational process. Inclusion in the weekly KPI report 2) A separate workflow in the KPI report was considered as overcomplicating the process.
5	3	Amendments	Nomination change: The Fund had not saved evidence in Altair to support the reason for the nomination change. Address change: Correspondence addresses had not been updated in Altair; the Fund had overwritten the address on a correspondence letter only. It was noted that the Fund had been trying to trace a member address since 2020 through a tracing agency. Whilst matches had been received from Target, a workflow had not been set up to schedule a full search	To remind staff of the importance of saving evidence to support any changes made in Altair. To remind staff of the processes which should be followed when making address changes and ensure this is monitored as part of the Quality Assurance (Action K) below.	30 April 2023 Revised date 30 June 2023	100% COMPLETED	Staff reminder 1) It was confirmed that staff had been reminded to ensure evidence of a change is recorded and that changes cannot be made without evidence. 2) Sample reviews to be replaced with a more comprehensive peer review arrangement, built into Checklists. Address & nomination changes 3) The Fund's current processes are designed to encourage members to either complete a form or go on-line via MSS. This acts as the evidence gathering. Tracing Agency casework 4) The Operation Manager and the Systems Manager to agree quality checking arrangements. Heywood's has been appointed as the new tracing Agent and contractual terms have been concluded. As a new Agent workflow will automatically be set up to monitor activity. It was noted that this work will ultimately be passed to the new payroll manager. 5) The delay in signing the mortality screening contract will mean the completion of a data quality exercise to ensure all records are up to date. This falls outside of the SWAP audit recommendation raised.
6	1	Aggregation processing and backlog	Aggregations Historical Backlog: Since our last audit the Fund has outsourced 3500 cases to work through over the next 11 months. However,	The identified 500 aggregation cases are analysed, and workflows updated to	30 September 2023 Revised date	70%	Aggregations Historical Backlog 1) The number of outsourced aggregations can be quantified and determining aggregation types has improved. Hymans have currently

			<p>during our review 500 additional cases were identified. We were advised that these had not been picked up as a workflow status had not been set against them.</p> <p>Aggregations Ongoing Backlog: We reviewed the process to manage ongoing aggregations and if they are being processed in a timely manner. The Employer Services Team did not have a robust workflow allocation process to manage this work. Furthermore, no targets have been set for processing the work and the manager believed that the team saw the importance of it.</p>	<p>ensure a complete picture is reported in the weekly KPI reports. A plan will be developed to ensure timely completion of these tasks and progress updates reported to the Committee regularly.</p> <p>Determine if there are any other historical aggregations which have not been outsourced.</p> <p>Implement a process to ensure future aggregations are processed in a timely manner, defining SLAs for their completion. This action also forms part of the Workflow (Action I). Regularly monitor for adherence and include in the weekly KPI report. This action is also reflected in the Finding J regarding KPIs.</p> <p>Remind staff of the importance of completing the aggregations tasks will under performance addressed.</p>	31 March 2024		<p>cleared 2,350 although they are falling behind the project timetable as a whole. Officers are liaising with Hymans to keep completion of the project on track. However, it is anticipated to continue until 31 December.</p> <p>Additional pockets of work</p> <p>2) Reporting of Altair has identified additional areas of work, hampering the accurate analysis of cases. Officers continue to assess these areas and take action to resolve them as required. Typically, this involves bulk mailshots to members to establish if the work has actually been resolved.</p> <p>Aggregations Ongoing Backlog</p> <p>3) Officers continue to progress the management of the in-house aggregation backlog with the introduction of the SIT Team.</p> <p>4) SIT Team have a clear overarching strategy to progress casework along with Hymans. However, concern remains concerning BAU's capacity to clear the in-house backlog.</p> <p>KPI Improvement Plan</p> <p>5) A matrix of work for inclusion in the business plan is ongoing. Due to the restructure, the plan was delayed as a result of a number of dependencies. However, it is anticipated that drafting can commence shortly.</p> <p>6) Officers are attempting to upgrade the KPI reporting to split outsourced and in-house aggregations, as well as new aggregations. However, it should be noted that report design and report content should be discussed separately.</p>
7	2	Status 2 Members	A backlog of 4277 Status 2 cases currently exists. However, comparison against the KPIs reports identified only 3501 cases. We were advised that the figures differed	The KPI report will be amended to capture outstanding Status 2	30 September 2023 Revised date	70%	<p>Status 2's</p> <p>1) The analysis of Status 2 types initially involves barriers to completion. These include ceased employers or employers who are unable or</p>

			<p>as the KPI report does not include Status 2 cases where a workflow has not been set up or assigned a 'Status 2 Chase' workflow.</p> <p>The Employer Services Team does not have a robust workflow allocation process to manage this work and no targets have been set. Furthermore, a clear picture of the types of unprocessed leavers is not present. Forecasting clearance of outstanding work is therefore difficult.</p>	<p>cases & form part of the KPI action in Action J.</p> <p>To ensure Status 2 cases are processed in a timely manner against defined SLAs is implemented. This will form part of the Workflow (Action I).</p> <p>To monitor performance and address underperformance.</p> <p>The leaver backlog is fully analysed as a priority, and a plan to clear cases not outsourced.</p>	31 March 2024		<p>unwilling to provide the required data. This is also being impacted by the Fund current inability to mortality screen its data. Exercises to overcome these barriers enabling record reconstruction are in place and good progress has been made by the SIT Team. Additionally, where data can't be acquired, the member is being informed of this.</p> <ol style="list-style-type: none"> In addition to inclusion in the KPI Improvement Plan the actioning of Status 2's will also be included as a mini project within the business plan. Progress reporting & monitoring the output and productivity of Status 2s has been put in place. The Operations Manager has prepared a report identifying the number of Status 2's cases. As at 12/10/23 the status 2s have reduced to 1294. That is a reduction in approximately 70% in the year. Further analysis is continually ongoing.
	3	Retired members (Over 75's)	All retired members had been contacted; however, a report is to be written to enable bulk letters to be sent out to members on a regular basis. In the absence of this, each retired member has to be contacted individually. This was seen as inefficient.	Finalise a report to enable letters to be sent to retired members in bulk	31 March 2023	100% COMPLETED	<p>Retired members report</p> <ol style="list-style-type: none"> Systems has drafted a report to enable bulk letters to be issued regularly. In addition, birthday emails and correspondence are being issued to members as a reminder, as they approach 75. Officers are managing the bulk processing of letters and regular reporting is occurring to future proof this process.
9	2	Workflow Management	<p>Member Services Team: IWAS helps the Member Services Team to distribute tasks by a pre-defined priority of high to medium. High tasks first followed by medium tasks once all high tasks have been completed. Medium tasks were now falling behind the SLA deadlines on a regular basis, noting that:</p> <p>Retirements – 20% were not sent within the SLA deadline.</p>	<p>To review how medium tasks are managed and ascertain if any of these should be re prioritised. This will consider if the backlog of tasks is impacting compliance with the SLA deadlines.</p> <p>To introduce a process to manage</p>	30 June 2023	85%	<p>Review IWAS prioritisations</p> <ol style="list-style-type: none"> IWAS is largely considered to be operating the right order of prioritisation, albeit limitations have been identified such as it is not recognising that aggregation checking should be prioritised. Although the IWAS tool identifies work priorities, as required, output remains sporadic. Officers are considering the root causes relating to this and manually allocating

		<p>Transfers out – Circa 50% were not sent out within the SLA deadline.</p> <p>Employer Services Team: IWAS has not been implemented in the Employer Services Team, although this is planned. As a result, SLA adherence has not occurred namely:</p> <p>Name change – Circa 40% of name changes.</p> <p>Nomination change – 25% of nomination changes.</p> <p>Address change – 10% of address changes.</p> <p>Findings in the Aggregations and Status 2 sections also highlighted this issue.</p>	<p>overpayments (see Finding B above).</p> <p>To implement a robust workflow system to manage the tasks completed by the Employer Services Team</p>			<p>daily task lists. Daily clearance of the email enquiry box also remains an area of progress.</p> <p>Implement IWAS into the Employer Services Team</p> <p>3) A strategy to manage Employer Services work has been put in place. Daily allocations of work being managed well, however the procedure for cyclical and non-cyclical task completion with monthly reports still needs to be signed off. Completion of aggregation casework still needs to be moved to an active (on joining) approach, rather than a reactive (on leaving) approach. On appointment of a Work Management Officer (currently suspended) the intention will be to prioritise the cyclical work first and then consider the non-standard tasks within the team.</p>
2	KPIs, Reports & Monitoring of Staff Productivity	<p>Inaccuracy of KPIs The aggregations KPIs were not accurate. The Status 2 KPIs fall under the leavers data but this was not accurate. Transfers in backlog allocations was not flagged. The weekly KPI reports were not consistent with themselves. Closing and opening positions differed.</p> <p>KPIs not captured No KPIs to monitor overpayment aged debt chasing. No KPIs to monitor new joiners processing. No KPIs to monitor amendments.</p> <p>Data Quality A data quality report can be run but this is only done on an ad hoc basis and is not reported to management to monitor.</p> <p>Staff Productivity Weekly report introduced for the Member Services Team, including determination of the average time it</p>	<p>To review the KPIs and address the inaccuracy issues identified.</p> <p>To introduce KPI monitoring for overpayments, new joiners, amendments.</p> <p>To monitor the data quality for active members and ensure tPR requirements are met.</p> <p>To implement the staff productively monitoring report in the Employer Services Team.</p>	30 April 2023 Revised date 30 September 2023	70%	<p>PROGRESS PAUSED – SWAP KPI AUDIT HAS SUPERCEDED THIS AUDIT ACTION</p> <p>Inaccuracy of KPIs</p> <p>1) A resolution concerning the opening and closing balances on the KPI reports had been found, through the removal of the deletion button and reporting on terminations. A separate SWAP review is planned to oversee that resolution; however, the scope is still to be determined. The Operations Manager will provide periodic updates concerning the reconciliation of cases. Separate Accounting team reporting exists for TV-in allocations, therefore there is no requirement for this to be included in the KPI reports.</p> <p>KPIs not captured.</p> <p>2) The outstanding new joiner reporting is assigned to the Systems Manager. In addition to this reporting, better controls around bulk processing are being enacted to address subordinate actions such as aggregations at an earlier stage and evidence that work through additional reporting. Overpayment aged debt</p>

			should take to complete a task. This is not yet live for the Employer Services Team but will be.				<p>chasing falls into two parts. Part 1 – The reporting is provided monthly by the accounting team and Part 2 – The procedure to chase up overpayments/ write off is under review. Due to resourcing & special activities like SBC data the monitoring of amendments has been deferred.</p> <p>Data Quality reporting</p> <p>3) Initially monthly reporting of data quality will be completed. The Operations Manager to implement the process. It is noted that different grades of quality need to be defined in relation to its different uses.</p> <p>Employer Services Productivity reporting</p> <p>4) Reporting to be split into standard cyclical work and non-standard work. Performance levels now being reported & circulated to team members. The impact of poor employer data and issuance of ABSs is also being assessed.</p>
	2	Quality Assurance	<p>The Member Services Manager and their deputy have been completing quality assurance reviews, but weaknesses were identified:</p> <p>Sampling may not be representative and not proportionality to the split by Officers and transaction types.</p> <p>The number of cases reviewed each month differed. To define how many cases should be reviewed each month.</p> <p>The quality assurance sign offs are not being independently assessed.</p> <p>No quality assurance reviews have been carried out by the Employer Services Team. The Fund is hoping to have this in place by the end of January 2023.</p>	<p>All samples to be representative. To define how many cases should be reviewed each month and ensure the reviewer has not been involved.</p> <p>Adherence monitored through the Risk register and management reports.</p> <p>A quality assurance process is implemented for the Employer Services Team and adherence monitored on a regular basis. To ensure the issues identified in Findings E are included.</p>	30 April 2023 Revised date 30 September 2023	90%	<p>Member Service Team Quality Assurance checks</p> <p>1) Sample reviews to be replaced with a more comprehensive peer review arrangement, built into Checklists. Checking is a requirement in the MS team in addition to daily allocations of work. The BCAS policy will be replaced with a new policy guide for all staff.</p> <p>Employer Service Team Quality Assurance checks</p> <p>2) Sample reviews to be replaced with a more comprehensive peer review arrangement, built into Checklists. When in place, time is required for the checklists to bed in and be finally signed off.</p> <p>Pension Administration Strategy review</p> <p>3) To assist in the finalisation of this QA action officers propose to review the PAS document. However, along with the BCAS review this is not considered as part of the original recommendation.</p>

12	1	Pensions Payroll Reconciliation Project	<p>Although outsourced it was noted that 35 outstanding cases still sit with the Fund to resolve: 11 cases are not in the correct payroll area, and they need to be altered by the Payroll Team. 4 cases have an issue on Altair which need to be resolved (not payment related); and 20 cases have payment discrepancies that need to be resolved.</p> <p>No deadlines had been set to resolve the above and resolution is not being monitored.</p>	To ensure the issues noted with the 35 outstanding cases still sat with the Fund are resolved	31 March 2023	100% COMPLETED	<p>35 outstanding payroll cases</p> <p>1) It is understood that all 35 cases have been dealt with. These appear to relate to non-pension Fund related pension payments (Employer ex-gratia payments) which Wiltshire Council have included on the Fund's payment. The payments need to be moved to another payment area.</p>
13	2	Pension Fund's Risk and Controls Register	Each month it is the managers responsibility to document and evidence in the Risk Register if their controls for the month have been completed. Not all managers have been updating the register and output on risks is not accurate.	To continue to embed the Risk Register and formally address managers performance when controls are not updated.	31 March 2023	100% COMPLETED	<p>Risk Register updates</p> <p>1) It was noted that embedding of the risk register had been completed, however it was agreed that this should be monitored for a couple of months before this item was closed.</p>

Training for Committee Members

Overview

This is an aid to the Pension Committee for understanding their responsibilities in relation to the Fund. The training plan sets out how the Committee Members should obtain and maintain the necessary knowledge and skills for Committee Members to fulfil their role.

Objectives:

The funds objectives relating to knowledge and understanding are:

- Make sure the Fund is managed appropriately and those individuals responsible have the appropriate knowledge and skills.
- Make sure there is effective Governance and administration of the Fund.
- Make sure there is internal challenge and scrutiny on decisions and performance.

CIPFA Knowledge and Skills Framework

The Pension Committee members must have the knowledge and understanding, the fund would require them to have the same knowledge and understanding as the Pension Board.

All Committee members will have access to the Hymans LOLA which has 8 modules which covers the CIPFA Knowledge and Skills Framework. There will be a biannual National Knowledge Assessment in the intervening years there will be a Progress Assessment.

The Pension Regulator's Tool Kit

The regulators toolkit provides basic information and should be completed when joining the committee but is a generic and will not cover specific requirements of the LGPS. There are 7 short modules to complete.

MiFID 11

For those committee members making investment decisions must be able to demonstrate the capacity to be treated professional investors.

Measuring the training

Committee members will be expected to complete the training log with dates and times of online training, conferences an outside training.

Approach

	Type	Proactive/Reactive	Support
1	New Members	Reactive	Training and Engagement Officer
2	Quarterly training held in the Meetings	Proactive	Training and Engagement Officer, Governance Officer and Accounting and Investment Officer
3	Conferences and Seminars	Proactive	Training and Engagement Officer

1 New Members

	At Present	Planned
New Members to the Committee and Board	Member Handbook, Induction Training from Officers LGPS Fundamentals Training Course and Pension Regulators on-line toolkit	No change.

Note: LGPS fundamentals may be able to complete as an online course with Hymans. This is in the process of being investigated.

2 Quarterly Training held during Committee and Board meetings.

	At Present	Planned
15 to 20 mins at the beginning of the meetings	Set training – should cover areas that up for discussion during Committee meeting	No change – Quarterly Training plan issued at the beginning of the year.

Subjects to be covered over the year:

CIPFA Framework Category	Training	Presenter	Meeting Focus
MiFID II Self Certification			
Committee Role and Pension Legislation	TCFD, The Stewardship Code and the Funds Voting Policy	Officer	Investment
Actuarial Method	Valuation training	Hymans	Administration
Investment Risk and Risk Management	Performance Management Monitoring	Officers	Investment
Committee Role and Pension Legislation	TPR Single Code of Practice	Officers	Administration
Member Effectiveness Review			
Accounting and Audit	Statutory Annual Accounting and Reporting Standards	Officers	Investment
Administration	The Benefit Structure	Officers	Administration
MiFID II Self Certification Annual Assessment Review			
Financial Markets and Product Knowledge	Myners Principles and MiFiD II	Officers	Investment
Actuarial Method	Employer Covenants	Officers	Administration
Financial Markets and Product Knowledge	Responsible Investment Modelling	Officers	Investment
Administration	Pension Payroll and NFI	Officers	Administration

Note: Training will be given by either Training and Engagement Officer, Governance Officer or Accounting and Investment Officer or outside provider in certain circumstances covering subjects not part of the Fund expertise.

These subjects are not exhaustive and can be added to when needed.

Added so far:

Training	Delivered by	Meeting Focus
Equality, Diversity, and Inclusivity	AON	General
Employer Covenants	Hymans	Administration

3 Conferences and Seminars

	At Present	Planned
Committee Members	Proactive	Details of up-and-coming relevant conferences and seminars will be circulated

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Wiltshire Pension Fund

Employer covenant reviews and
process of managing new and
ceasing employers

Barry Dodds FFA

23 November 2023

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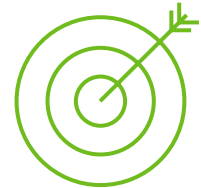
What we will cover today

- 1 Why monitor/review employer covenant?
- 2 When and how should we monitor/review covenant?
- 3 How can covenant be reflected in contribution rates?
- 4 Managing new employers
- 5 Managing ceasing employers

1. Why monitor/review employer covenant?

Risk management

- Increasingly diverse employer base from Councils to Catering/Cleaning contractors
- Ensure appropriate funding strategy for each employer
- Protect employers from another employer defaulting

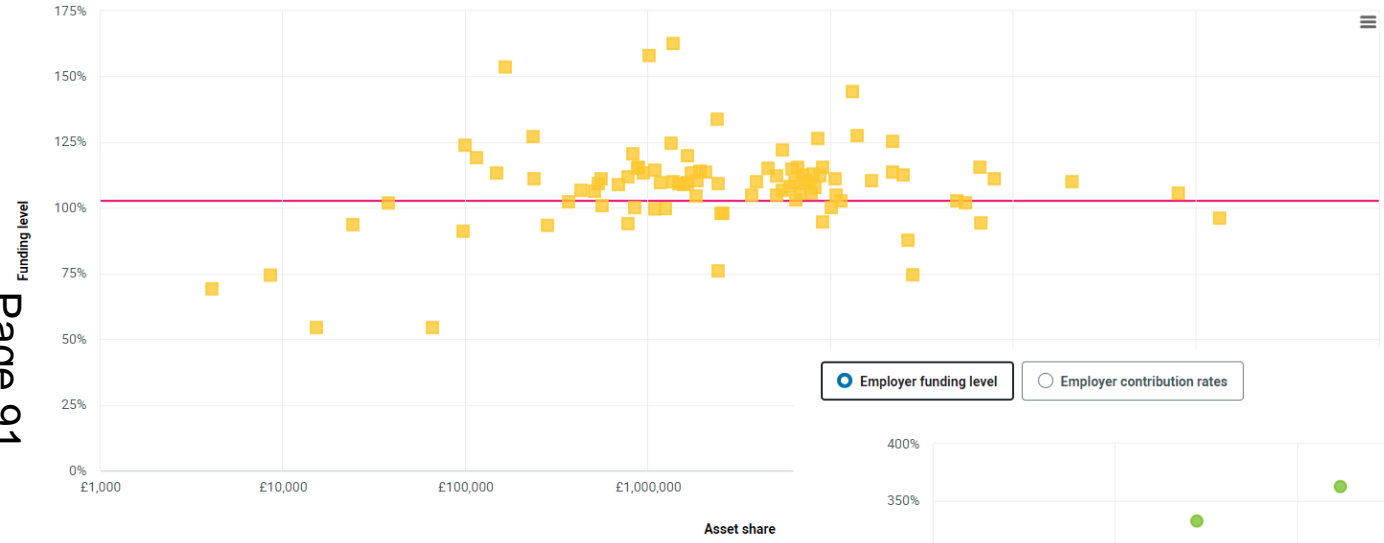


Variety of employers and funding positions

Employer funding level Employer contribution rates

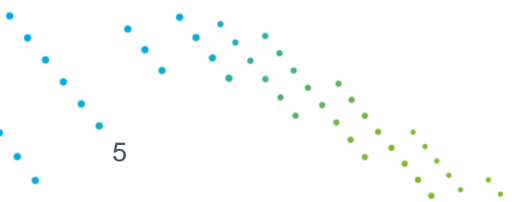
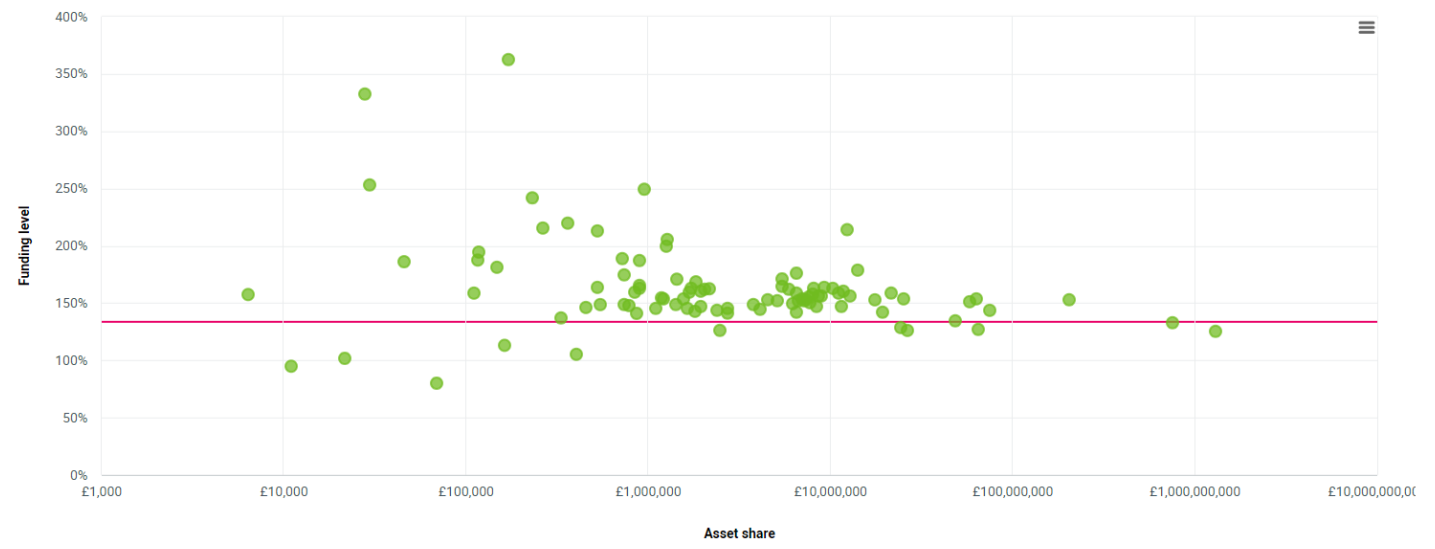
Employer type All types

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Employer funding level Employer contribution rates

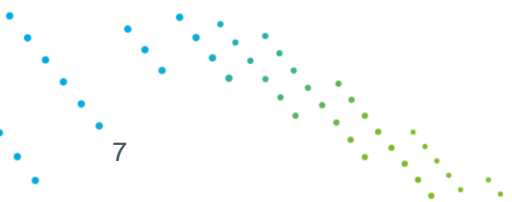
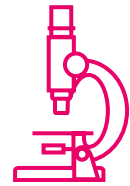
Employer type All types



2. When and how should we monitor/review covenant?

Regular review and monitoring

- Review at each triennial valuation
 - Can be light touch for low risk employers (e.g. Tax-raising bodies, academies)
 - More in depth for higher risk employers (e.g. Charities and small contractors)
 - Bond reviews carried out at least every three years
- Additional monitoring in between valuations
 - Where triennial review indicated an issue
 - Where circumstances have changed since last triennial review (e.g. funding level or employer-specific circumstances)
 - Where employer approaching exit/cessation



Reviewing covenant

- Questionnaires completed by employers
- Structural metrics
 - Type of employer
 - Significant membership movements likely
 - Likely time to cessation (as only a few active members or nearing end of contract)
- Financial metrics
 - Profit and loss, balance sheet, net cashflow
 - Employer's size compared with pension fund obligation
 - Contribution payment history to pension fund
 - Guarantor status
 - Any other security in place
- Independent credit ratings/scores
- Full independent covenant analysis (if necessary)



Officers in process of putting in place covenant review policy

3. How can covenant be reflected in contribution rates?

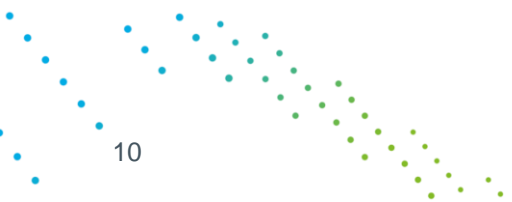
Funding strategy

- Three main elements to calculating contribution rates
- Funding target - depends largely on guarantor/employer circumstances
- Required likelihood of success - depends largely on covenant
- Time horizon – depends on employer-specific circumstances

2.2 The contribution rate calculation

Table 1: contribution rate calculation for individual or pooled employers

Type of employer	Scheduled bodies			CABs and designating employers		TABs
	Local authorities, police, fire, town and parish councils	Colleges & universities	Academies	Open to new entrants	Closed to new entrants	(all)
Funding target*	Ongoing (assuming long term Fund participation)	Ongoing (assuming long term Fund participation)	Ongoing (assuming long term Fund participation)	Ongoing, but may move to low-risk exit basis		Contractor exit basis, assuming fixed-term contract in the fund**
Likelihood of success	Target 75% but range of 60-80% depending on valuation results & employer circumstances	Target 75% but range of 60-80% depending on valuation results & employer circumstances	Target 75% but range of 60-80% depending on valuation results & employer circumstances	Target 75% but range of 60-80% depending on valuation results & employer circumstances	Target 75% but range of 60-80% depending on valuation results & employer circumstances	Target 75% but range of 60-80% depending on valuation results & employer circumstances
Maximum time horizon	20 years	14 years	14 years	14 years	14 years	Same as the letting employer



Contribution rate reviews

- The Administering Authority can review an employer's contribution rate between triennial valuations in certain circumstances including if:

“it appears likely to the administering authority that there has been a significant change in the ability of an employer or employers to meet their obligations (e.g. a material change in employer covenant, or provision of additional security)”

4. Managing new employers

New employers

- New employer policy in place (reviewed least every three years)
- Eligibility and Regulatory position established
- Covenant and security arrangements assessed
- Funding approach determined
- Opening position calculated alongside appropriate contribution rate and security/bond requirement



Wiltshire Pension Fund – New employer policy

1. Introduction

This policy sets out the Wiltshire Pension Fund's (the Fund) approach for accepting new employers into the Fund. It covers both employer eligibility as well as the Fund's approach to the financial set up of the new employer (such as the starting funding level). It applies independently from any risk-sharing agreed bilaterally between an existing Scheme Employer and a new employer although the Fund will take these into account when setting up a new employer, if made aware of such arrangements.

It has been prepared by the Administering Authority, with input from the Fund's Actuary, Hymans Robertson LLP. This policy relates to the admission of all new employers from the effective date of this policy.

The main purpose of this policy is to provide transparency and to help the Fund ensure its approach to admitting new employers is consistent, compliant with legislation and it aims to minimise the risk of a new employer bringing inappropriate levels of risk to other employers in the Fund.

2. Terminology

The following terms all have the same meaning as defined in the Local Government Pension Scheme Regulations 2013 ("the 2013 Regulations"), as amended from time to time: scheme employer, administering authority, active member & deferred member.

Wiltshire Pension Fund New Employer Policy – June 2023

5. Managing ceasing employers

Ceasing employers

CESSATION POLICY

1. Introduction

This is the policy of Wiltshire Pension Fund ("the Fund") as regards the treatment of employers on termination of their participation in the Fund. It covers the methodology for calculation and payment of any deficit or refund of surplus on leaving the Fund (via a "cessation valuation"). It applies independently from any risk-sharing which has been agreed bilaterally between one Scheme Employer and another exiting Scheme Employer.

It has been prepared by the Administering Authority, with input from the Fund's Actuary, Hymans Robertson LLP. This policy relates to all employers in the Fund.

This policy replaces all previous policies on employer termination and is effective from 17 November 2022.

This policy applies to all past, current and future employers participating in the Fund. In exceptional circumstances, the Fund reserves the right to differ from the contents of this policy if the particular circumstances of an Exiting Employer mean that the application of this policy is not appropriate or goes against the spirit of the principles applied here.

2. Terminology

The following terms all have the same meaning as defined in the Local Government Pension Scheme Regulations 2013 ("the 2013 Regulations"), as amended from time to time: Scheme Employer, Administering Authority, Deferred Debt Agreement, Deferred Employer status, Exiting Employer, Exit Credit, Exit Date, Rates and Adjustment Certificate and Related Employer.

3. Regulatory framework

The 2013 Regulations outline the general framework for employees and employers participating in the Local Government Pension Scheme in England and Wales. The regulations that are most relevant to employers leaving the Fund are as follows;

- Regulation 64 (2) – where an employer ceases to be a Scheme Employer, the Administering Authority is required to obtain an actuarial valuation of the liabilities of current and former employees as at the Exit Date. Furthermore, it requires the Rates and Adjustments Certificate to be amended to show the Exit Payment due from the exiting employer or the Exit Credit due to the exiting employer.
- Regulation 64 (2A) & (2B) – the Administering Authority, at its discretion, may issue a suspension notice to suspend payment of an exit amount for up to three years, where it reasonably believes the exiting employer is to have one or more. Regulation 64 (2ZAB) & (2ZC) – the Administering Authority is given discretion on the level, if any, of Exit Credit made to an Exiting Employer subject to certain considerations and it is required to notify the relevant parties of its pending determination within 6 months of the date of cessation (or a longer timeframe if agreed)
- Regulation 64 (3) – in instances where an exit payment is due but it is not possible to obtain additional contributions from the employer leaving the Fund or from the bond/indemnity or a guarantor, the contribution rate(s) for the appropriate Scheme Employer or remaining Fund employers may be amended.

- Cessation policy in place (reviewed at least every three years)
- Regulations followed
- Cessation position established including basis employer should cease on (Ongoing or Low-risk depending on guarantor status)
- Flexibility on payment of pension debt
- Exit credit policy in place in case of surplus position

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Thank you

The material and charts included herewith are provided as background information for illustration purposes only. This PowerPoint presentation is not a definitive analysis of the subjects covered and should not be regarded as a substitute for specific advice in relation to the matters addressed. It is not advice and should not be relied upon. This PowerPoint presentation contains confidential information belonging to Hymans Robertson LLP (HR) and should not be released or otherwise disclosed to any third party without prior consent from HR. HR accept no liability for errors or omissions or reliance upon any statement or opinion herein.
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WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
23 November 2023

RESPONSIBLE INVESTMENT UPDATE REPORT

Purpose of the Report

1. The purpose of this report is to update members on responsible investment issues.

Key Considerations for Committee

Progress against recent decisions and the actions in the Responsible Investment Plan 2023/24

2. The road map from the Responsible Investment Plan 2023/24 is shown on the following page. Progress against the actions for the year is as follows:

Action	Work due	Progress status	Comments
Finalise the divestment statement	Q2 23	Complete	Complete – approved by Committee and included in the RI Policy 2023
Begin work to implement the renewable infra and climate solutions portfolio	Q2 23	In progress	In progress – more detail elsewhere on this agenda
Publish the stewardship report and mini-magazine	Q2 23	Complete	Complete - Summary - Wiltshire Pension Fund
Publish the affordable housing impact report	Q2 23	Complete	Complete - Affordable Housing Impact Report 2023 - Wiltshire Pension Fund
Research and publish the cement case study	Q2 23	Complete	Complete – included in the Climate Report
Set net zero targets relating to climate solutions, transition alignment and stewardship	Q3 23	Complete	Complete – pragmatic approach taken and included in the RI Policy 2023
Set net zero targets related to property and infrastructure	Q3 23	Complete	Complete – included in the RI Policy 2023
Review and update the RI policy	Q3 23	Complete	Complete - Exciting news - Our 2023 Responsible Investment Policy has been published! - Wiltshire Pension Fund
Publish an expanded Climate Report (including TCFD reporting)	Q3 23	Complete	Complete - Wiltshire Pension Fund presents our Climate Report 2023: Advancing Towards Net Zero - Wiltshire Pension Fund
Conduct an engagement activity with the scheme's younger members	Q3 23	Complete	Complete (and now working on follow-on actions)
Progress the approach to net zero with the Fund's listed infrastructure manager	Q4 23	Complete	Complete
Investigate carbon offsets (as both an investment opportunity and as something used by our holdings)	Q4 23	Not started	Not started
Progress the water engagement via Brunel	Q4 23	In progress	In progress
Report on progress and developments against the theme of biodiversity	Q1 24	In progress	First stage done by including a section in the RI Policy 2023
Launch a holdings transparency tool via the Fund's website	Q1 24	In progress	In progress
Use established industry tools to investigate the theme of health in our portfolios	Q1 24	Not started	Not started

Responsible Investment Road Map

Q2 2023 -

Investments and strategy: Finalise the statement around divestment, begin work to implement the renewable infra and climate solutions allocation.

Reporting and disclosure: Publish the Stewardship report and mini-magazine, and the affordable housing impact report.

Training and engagement: Research and write up case study on cement holdings.

Q3 2023 -

Investments and strategy: Set net zero targets related to climate solutions, transition alignment and stewardship, and property and infrastructure. Review and update the Responsible Investment Policy.

Reporting and disclosure: Publish an expanded Climate Report (including TCFD reporting), including information on our own operational emissions, and fossil fuel holdings.

Training and engagement: Conduct an engagement activity with the scheme membership, focussing on those in a younger age bracket, to promote pension saving and knowledge of how the Fund is invested.

Q4 2023 -

Investments and strategy: Progress the approach to net zero with the Fund's listed infrastructure manager.

Training and engagement: Investigate carbon offsets (as both an investment opportunity and as something used by our holdings), progress the water engagement via Brunel.

Q1 2024 -

Investments and strategy: Report on progress and developments against the theme of biodiversity.

Reporting and disclosure: Launch a holdings transparency tool via the Fund's website.

Training and engagement: Use established industry tools to investigate the theme of health in our portfolios.

3. More detail on selected actions (and any other issues) is provided below:

- Significant progress has been made towards implementing the specific allocation to renewable infrastructure and climate solutions of 7%, via the Climate Opportunities (Clops) portfolio. This is covered in more detail elsewhere on this agenda.
- Progress has also been made towards allocating the remaining £30m to the affordable housing portfolio.
- Officers are currently analysing the Q3 2023 voting information – due to the timings of this being made available, it has not been possible to include the voting highlights summary in the papers, but it will be circulated to members once it is complete.
- The survey of younger members has now been completed, and the results will be published online shortly. As expected, the response rate was fairly low, but the act of carrying out the survey was a good piece of engagement in itself, by helping to increase the awareness of younger members regarding pensions. There are a number of follow-on actions from the survey:
 - i. We were interested to learn that the younger members thought climate was an important issue, but they thought that equality, diversity and inclusion was even more important, as well as other social issues. We will therefore ensure they are informed of any case studies or engagements we do in this area.
 - ii. All respondents felt that it was important for younger people to take an interest in their pension (possibly a self-selecting response).
 - iii. There was a lot of confusion around pensions, with several people expressing that it was unclear to them what the benefits were, or the practicalities around joining the scheme. We will therefore be making a short “Pensions 101” video to share with all new joiners to the scheme and will also circulate this to employers so they can use it as part of their induction materials. The timings for this will be in the next few months.
- A training session on Equality, Diversity and Inclusion for Committee and Local Pension Board members was held on 14 November 2023.
- The publication of our Climate Report on 30 October 2023 has generated quite an amount of press interest. In the same week, an article was published in the Wiltshire Times criticising the Fund for holding fossil fuel investments. Officers provided the Committee-approved divestment statement as a comment to explain our position. It was helpful to also have the Climate Report so recently published, which demonstrates that the Fund is taking its responsibilities seriously and that action is being taken. A summary of the recent articles is as follows:
 - i. **Net Zero Investor:** [Wiltshire Pension Fund at odds with Brunel over fossil fuel investments - Net Zero Investor](#)
 - ii. **Responsible Investor:** [Wiltshire Pension Fund in investment horizon dispute over oil sands divestment \(responsible-investor.com\)](#)
 - iii. **IPE:** [Wiltshire pension fund to stay ‘agile’ on decarbonisation target-setting | News | IPE](#)
 - iv. **Wiltshire Times:** [More than £30 million of Wiltshire’s pensions fund fossil fuels | Wiltshire Times](#)

Environmental Impacts of the Proposals

4. This report includes information on actions and policies which directly deal with addressing climate change risk.

Safeguarding Considerations/Public Health Implications/Equalities Impact

5. There are no known implications at this time.

Proposals

6. The Committee is asked to

- use this report as a basis for monitoring the progress that is being made towards implementing responsible investment policy;
- note the progress made against the Responsible Investment Plan 2023/24 actions and discuss whether any additional actions are needed at the current time.

Report Author: Chris Moore (Investing and Accounting Team Lead) and Jennifer Devine (Head of Wiltshire Pension Fund)

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

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
23 November 2023

MiFID II compliance self-certification

Purpose of the Report

1. The purpose of this report is to request that members who sit on the Pension Fund Committee self-certify that they remain competent to carry out the duties and responsibilities associated with taking investment decisions whilst sitting on this Pension Fund Committee.

Background

2. At the Committee meeting on 13th September 2017 (Minute 25) members confirmed that they would opt for "Professional Investor" status with effect from 3rd January 2018, on the introduction of the MiFID II guidance. This was in order that the Fund could maintain access to the full range of vehicles and investment managers to meet the needs of the Fund's investment strategy.
3. This is achieved by evidencing to managers and advisors that the qualitative requirements are met by a collective assessment of the expertise, experience, and knowledge of the LGPS administering authority in relation to its investment decisions. LGPS administering authorities who are elected professional clients under this process are responsible for keeping their managers and advisors informed of any change that could affect their current categorisation. If not, these firm must take 'appropriate action', which could include re-categorising the Fund as a retail client. It is therefore critically important that the knowledge and skills of all pension committee members and officers are regularly reviewed and maintained.
4. The legislative reference in connection with this requirement is Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU.
5. Please note that there is no legal requirement to self-certify continued MiFID II compliance, however it is a good governance recommendation and an opportunity to consider the importance of your training needs. By signing this self- certification form, it can in turn be provided to our investment managers and advisors as evidence for ongoing compliance.

Key Considerations for the Committee / Risk Assessment

6. Members are requested to self-certify that they have undertaken the necessary continuous training to ensure that they remain competent to perform the duties and responsibilities associated investment decision making & consequently are respectfully requested to complete the circulated confirmation letter at this meeting.

Financial Implications

7. No direct implications.

Legal Implications

8. There are no known implications from the proposals.

Environmental Impacts of the Proposals

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

10. There are no known implications currently.

Proposals

11. For all voting members of the Committee to complete the self-certification letter, as required.

Jennifer Devine
Head of the Wiltshire Pension Fund

Report Author: Richard Bullen, Fund Governance & Performance Manager
Unpublished documents relied upon in the production of this report: NONE



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Web: www.wiltshirepensionfund.org.uk

Wiltshire Pension Fund Committee Member confirmation of continued MiFID II Compliance

Introduction

Reference – The Investment sub-Committee meeting dated 13th September 2017 (Minute 25) confirmed the Wiltshire Pension Fund (“the Fund”) to opt for “Professional Investor” status with effect from 3rd January 2018.

The qualification for adopting the “per se” professional investor status under FCA categorisation was based on the Fund’s nature as a Pension Fund and as a local or public authority. To enable the Fund to maintain its opted up status, good governance arrangements have been set in place to ensure Members selected to oversee the Fund’s investment matters continue to discharge their duties and responsibilities in accordance with the regulations.

These arrangements were agreed as part of the Fund’s training strategy at the Wiltshire Pension Fund Committee meeting dated 12th December 2018 (Minute 79) & the WPF Board meeting dated 24th January 2019 (Minute 11).

By reading and acknowledging this document, Pension Committee members agree to annually self-certify that they have undertaken, or are undertaking, the relevant training to maintain their knowledge and understanding of investment matters and ensure that they continue to be MiFID II compliant in order to carry out their duties.

In certifying continued competence to discharge their duties and responsibilities, the Pension Committee Member has given consideration to the following definitions and criteria;

Definitions

- ‘Knowledge’ – acquiring and maintaining an appropriate level of experience to fulfil the Fund’s obligations of a “professional client” status and possess the necessary knowledge to meet the relevant regulatory and legal requirements and business ethics standards;
- ‘Appropriate experience’ – that as a Member they continue to successfully demonstrate their ability to perform the relevant service through their role;
- ‘Competence’ – that as a Member they can assess and review compliance with the MiFID II guidelines, notably that they can understand and apply the Fund’s internal policies and procedures designed to ensure compliance with MiFID II.
- ‘Investment products’ means the financial instruments and structured deposits as defined in MiFID II.

Criteria for the knowledge and competence of Members

The training strategy ensures that Members are provided with training and information in order to carry out their roles. The [CIPFA Knowledge and Skills framework for LGPS committee members](#) provides a list of competencies required.

A general understanding of MiFID II and its context is covered in the section on Financial markets and products, including Investment pools (E&W), this section is set out below:

- a. A general understanding of the primary importance of the investment strategy decision.
- b. A general understanding of the workings of the financial markets, the investment vehicles available to the pension fund and the nature of the associated risks.
- c. An awareness of the restrictions placed by legislation on the investment activities of LGPS funds.
- d. A general understanding of MiFID II requirements relating to the knowledge of decision makers.
- e. A general understanding of the investment pool operator's approach to pooling and delivering access to the different asset classes and/or investment funds.
- f. A general understanding of which assets and investments may sit outside of the investment pool and why their nature and characteristics permit this.
- g. An awareness of how the fund interacts with the taxation system in the UK and overseas in relation to investments.

Competencies required regarding an awareness of the LGPS regulations' main features and requirements relating to investment strategy, asset allocation, the pooling of investments and responsible investments, including associated guidance, are set out in more detail in the CIPFA Knowledge and Skills framework document.



Wiltshire Pension Fund, County Hall, Bythesea Road, Trowbridge, BA14 8JN
Tel: 01225 713613 – **Email:** pensionenquiries@wiltshire.gov.uk
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Confirmation of continued MiFID II Compliance – November 2023

Required

1. Name

2. I confirm that I have read and acknowledge the "MiFID-II-continued-competency-confirmation-Nov21.pdf" document included within this meeting pack and endeavour to maintain sufficient knowledge and understanding of investment products, services and markets to continue my role on the Wiltshire Pension Fund Pension Committee. Link to document also provided for information.

<https://wiltshirecouncil.sharepoint.com/sites/ext-coll-W87/Shared%20Documents/MiFIDII/MiFID-II-continued-competency-confirmation-Nov21.pdf>

Signed

Dated

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Wiltshire Pension Fund Committee - 2023/24									
Meeting:	15/06/23	13/07/23	14/09/23	05/10/23	23/11/23	14/12/23	29/02/24	28/03/24	Guidance comments
GOVERNANCE - Committee Specific									Comments
Confirmation of annual election of Chair & Vice Chair	✓								Annual appointments made by Full Council
Review Committee's Terms of Reference (if and as required)						✓			This review should be in conjunction with the Board ToR review to ensure continuity. Lasted reviewed in July 2020. With the ISC meetings discontinued and the publication of final guidance on the Good Governance review and new Single Code of Practice anticipated, this is expected to be a material review
Fund's annual budget setting								✓	Prior to 31st March each year
Budget Monitoring		✓		✓		✓		✓	Quarterly spend & allocation of costs review against budget
Budget Outturn		✓							Annual actual review of financial pension fund spend against the previous year's budget
Committee Annual Training Plan Update								✓	To be completed following each Scheme year for subsequent inclusion in the Fund's AR&A
Training Item relevant to agenda	✓	✓	✓	✓	✓	✓	✓	✓	To be consistent with Members training & development strategy
Committee effectiveness review						✓			4 year plan last raised with the Committee on Nov 2022. The Committee should also compare itself against its own terms of reference core functions.
Forward Work Plan Review		✓		✓		✓		✓	Quarterly review of Committee's work plan. Officers to update the next Scheme year's plan with annual reviews undertaken in calendar Q2
GOVERNANCE - Fund Specific									Comments
Scheme Legal, Regulatory & Fund update		✓		✓		✓		✓	Quarterly update by the Head of Pensions
Review of Risk Register		✓		✓		✓		✓	Quarterly review. Request risks to be added & changes made by Board prior to Committee approval.
Updates & comments on the previous Committee & Board meeting minutes	✓	✓	✓	✓	✓	✓	✓	✓	Amongst other purposes Members should use the minutes to identify risks which can be added to the risk register
Review Governance Compliance Statement						✓			5 year plan last approved on 30/03/2021.
Effective System of Governance (ORA document)						✓			To prepare on publication of tPR Single Code of Practice. The self-assessment will be independently audited. To replace tPR Code of Practice 14.
Review Fund Training Programme				✓				✓	Complete 4 year training plan last approved on 16/12/2021. Annual reviews undertaken in Q4 each year
Club Vita update						✓			As at 31st August each year & to be submitted by 1st week of October to Hymans. Purpose - statistical analysis
Review the Fund's Annual Report & Accounts		✓	✓						Annual Report & Accounts to be completed & published by statutory deadline of 1st December

Approve Internal Audit Report scope		✓		✓		✓		✓	Audits include 2023/24 - Report 1: AR&A's - Published by 1st December, Report 2: Key Financial Controls, Report 3: Payroll Migration Parts 1 & 2, Report 4 - ESoG & Report 5 - KPI accuracy.
Monitor Internal & External Audit Reports		✓		✓		✓		✓	Audit recommendations actioned
Input to Annual Internal & External Audit Plans						✓			Committee to liaise with the Audit Committee concerning the scope of Council's AR&A's and SWAP audits
Treasury Strategy								✓	Annual review, including cashflow forecasting and preferred bank account maintenance (Last reviewed 23/03/2023)
Review service providers, both internal & external. Include advisor appointments, processes, controls & SLAs						✓			Committee to receive an annual update from the Board on the effectiveness of the Fund's advisers
Review Actions from previous meetings	✓	✓	✓	✓	✓	✓	✓	✓	Addressed primarily during meeting agenda planning stage
GOVERNANCE - Fund Plans, policies & strategies									Comments
Review Business Plan				✓				✓	3 year plan last approved on 23/03/2023. Further review due on 05/10/2023
Review Pension Administration Strategy		✓							3 year plan last approved on 28/07/2022
Review Communication strategy						✓			3 year plan last approved on 16/12/2021. E-communication strategy updated and Customer Service Excellence rollout update
Review Data Improvement Plan				✓					All 3 year plans Data Improvement last approved on 30/09/2021. Data Protection Policy and Data Retention Policy last approved on 10/01/2023. No review required in 23/24.
Review Admin Charging Policy									2 year plan last approved on 28/07/2022. No review required in 23/24.
Review Admin Authority Discretions								✓	3 year plan last approved in 30/03/2021
Review Employer Cessations policy (New Employer Policy)		✓							3 year plan last approved in 17/12/2022.
Review Funding Strategy Statement									3 year plan last approved on 17/11/2022. Next Fund Valuation 31/03/2025
Review Compliance with FRC stewardship code			✓					✓	Last approved on 23/03/2023. Annually - Consider TCFD requirements as part of the process
Review Investment Strategy Statement								✓	Annual review. last approved on 02/03/2023 (Ensure inclusion of MiFID II arrangements)
Review Fund "Responsible Investment Strategy"			✓					✓	To be reviewed in conjunction with the Investment Strategy Statement. To cover Climate Change Statement. To also cover topical changes on policy relating to BPP & ESG

ADMINISTRATION									Comments
Review Fund fraud risk prevention and mitigation measures				✓					Stood down in favour of the Council's standard policy. Should be completed every 2 years and will be an update of the Fund's NFI & Certificate of Existence exercises. Anti-Fraud & Corruption Policy (also AML & Whistle Blowing policy) Last reviewed April 2020. To include Whistleblowing policy in 2022. No review required in 23/24.
Receive an annual report of an complaint & IDPR cases, including a review of the Fund's procedures		✓							Covered in Low Volume Performance Report. To be managed by LPB with issues submitted to the Committee on an exceptions basis
Review of Data Security & Business Recovery							✓		Report sets out the arrangements in place & when they were last tested. BCP last reviewed April 2023. Scope subject to Retained EU Law Bill and DP & Digital Information Bill.
Review GMP Rectification		✓		✓			✓	✓	Regular update concerning SAP & Altair database reconciliation. To consider migration to new payroll system.
Committee KPIs to monitor		✓		✓			✓	✓	Quarterly Administration performance reporting. Including outsourced backlog KPIs
Benchmark KPIs in Annual Report & Accounts information with other Funds							✓		Annual Report & Accounts must be disclosed each 1st December
Review of Annual Benefit Statement process				✓					Percentage issued, action plan to issue outstanding ABSs & process improvement review
Review employers compliance (data)							✓		Ideally incorporate with ABS review process & update on Fund's Data Improvement Plan. Statistics on Employer Report Cards
Payroll migration, i-Connect & Members Self-service update				✓					Present as part of a Fund digital platform update. Progress report on take up and functional developments
INVESTMENT PERFORMANCE & RISK									Comments
Investment Quarterly Progress Report	✓		✓		✓		✓		Provided by each Investment Manager & the Investment Adviser, Mercer, who summarise the information and offer independent assessment of the market generally
Review Investment performance against Fund's benchmarking criteria	✓	✓	✓		✓		✓		To be presented quarterly and in conjunction with the draft Annual Report & Accounts
Investment Strategy Review / Asset Allocation Review	✓		✓		✓		✓		Quarterly review of strategy, plus an annual document last updated in 17/11/2022. To cover topical changes relating to BPP & ESG
Governance update relating to BPP	✓		✓		✓		✓		Quarterly (generally verbal) update on Brunel governance and operational issues
Cost transparency of BPP, Managers & the Custodian	✓								Usually presented in conjunction with the draft Annual Report & Accounts
Total number of Agenda Items:	9	17	10	17	7	22	10	17	

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