

Local Pension Board

MINUTES OF THE LOCAL PENSION BOARD MEETING HELD ON 13 FEBRUARY 2024 AT KENNET ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

Present:

Mark Spilsbury (Chairman), Laura Fisher, James Nicholson, Mike Pankiewicz, and George Simmonds

Also Present:

Cllr Richard Britton

1 Membership

The Chairman began by informing Members that Karl Read had been appointed as a new Member of the Board pending ratification by Full Council during their meeting on 20 February 2024.

Nominations were then sought for a Vice-Chair for the year 2024-25. The Chairman thanked Marlene Corbey for her hard work, dedication, and time as Vice-Chair during the past two years.

Finally, the Chairman noted that he had been appointed as Chairman of the Board on a 4-year contract from April 2020 and as such, his tenure was coming to an end. However, he had agreed to continue in the role for another year in response to an invitation from officers to do so.

Following which, it was:

Resolved:

The Board elected George Simmonds as Vice-Chair of the Local Pension Board for the year 2024-25.

2 Attendance of Non-Members of the Board

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

3 Apologies

Apologies for absence were received from:

- Marlene Corbey

4 **Minutes**

The Part I (public) minutes of the previous meeting of the Board held on 1 November 2023 were considered alongside the Board's Action Log. After which, it was:

Resolved:

The Board approved and signed the Part I (public) minutes of the previous meeting held on 1 November 2023 as a true and correct record.

5 **Declarations of Interest**

There were no declarations of interest from Members of the Board.

The Democratic Services Officer alongside Richard Bullen, Fund Governance Manager, updated the Board with regard to Members' Registers of Interest forms and the Code of Conduct and Conflict of Interest Policy guidelines as attached to the Agenda Pack.

It was confirmed that Registers of Interest forms for all Members of the Board were on file, with copies of such available on the public meeting page for the Local Pension Board. Members were asked to review their Registers of Interest and send any updated forms to the Democratic Services Officer if needed.

It was further confirmed that there were no changes to the existing Code of Conduct and Conflict of Interest Policy, but Members were informed that as there was a new tPR (The Pensions Regulator) General Code of Practice being introduced, there was a chance that the policy would need to be reviewed in the future.

Following which, it was:

Resolved:

The Board approved the Conflict of Interest Policy.

6 **Chairman's Announcements**

The Chairman urged those Members who hadn't completed the training needs analysis to do in order to assist with future training sessions.

Furthermore, with the introduction of the new tPR (The Pensions Regulator) General Code of Practice, Members were informed that officers had arranged a training event on the 13 March 2024 to be presented by Hymans Robertson and any Members that could attend were urged to do so.

7 **Public Participation**

There were no statements or questions submitted.

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

The Part I (public) minutes of the previous meetings of the Wiltshire Pension Fund Committee held on 23 November and 14 December 2023 were considered. Following which, it was:

Resolved:

The Board noted the Part I (public) minutes of the previous meetings of the Wiltshire Pension Fund Committee held on 23 November and 14 December 2023.

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

Jennifer Devine, Head of Wiltshire Pension Fund, presented the Headlines and 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:

- Scheme, Regulatory, Legal, and Fund Update
- Risk Register
- Administration KPI Update – 1 October to 31 December 2023
 - a) Key Business Plan Items – Aggregation Backlogs/i-Connect and Controls/Resourcing
 - b) Outsourcing Updates
 - c) Business Plan 2024-27 Summary
- Audit Update
 - a) SWAP Audit KPI – 2023-24
 - b) SWAP Audit KFC – 2023-24

Officers began by drawing attention to Paragraphs 5 and 6 of the report which detailed the significant resourcing issues being experienced by the Fund which was negatively impacting on officers' ability to deliver the Business Plan priorities, increasing strain on staff, and workloads for managers who were

required to act down. Recruitment campaigns were still ongoing, and Members were reassured that they would be updated on any progress.

Two presentations were then delivered by Nat Harrison, Employer Services Work Management Officer, and Matt Thorpe, Service Improvement Lead Analyst, with the first focussing on updating Members on the i-Connect project.

The different resources and actions that had been undertaken and introduced for employers and Fund officers were detailed, including:

- Updated online resources.
- New i-Connect user request forms.
- Publication of a new i-Connect Guide with FAQs.
- Development of an i-Connect Common Errors page.
- Further internal training and the development of a site containing all relevant training documents and updated process and procedure notes.
- Creation of a training log detailing personal training and development plans.

Further controls had been implemented such as the development of a mandatory pre-onboarding checklist, and monthly meetings on employer data and contributions. Additionally, both the Employer Data Quality Categorisation Policy and Employer Data Quality Checking Guide had been approved in January 2024 and it was confirmed that all policies and guides had been aligned.

Future projects were detailed including an i-Connect Online Return video which would set out the process for employers, and a Knowledge Test to help employers both improve their knowledge of i-Connect for internal staff training, and to ensure that those people responsible for the i-Connect submission within their organisations had a certain level of knowledge. Furthermore, officers were looking to introduce a system in which employers could manually upload documents themselves instead of emailing to officers, thus reducing processing and administration time for Fund officers.

In response to questions, it was explained that if an employer did not pass the Knowledge Test first time, officers would engage with them to improve understanding until the point of passing. It was confirmed that positive feedback had been received from employers with regard to the changes implemented and that just under 140 employers had been onboarded, with officers continuing to work with the remaining employers due to either the complexity of their organisations or resistance to the changes.

The second presentation focused on the different service improvements that had been undertaken through the Service Improvement Team (SIT) to simplify processes for members and officers. The process of identifying areas for upcoming projects was briefly detailed in which it was explained that suitable staff would be seconded from the wider team based on their strengths and

would solely focus on the work being undertaken in the SIT. Feedback from seconded staff had noted that they left with a wider understanding of the Fund's vision.

It was explained that several new bulk processes had been introduced which aimed at increasing efficiencies, ensuring accurate and up-to-date records, and creating a more fluid member journey. Examples of future projects were then detailed such as implementing a smarter communications system to work at reducing direct officer enquiries through more regular correspondence, email automation, and chatbots.

Officers then highlighted Paragraph 12 of the report which listed the main updates as result of the new tPR (The Pensions Regulator) General Code of Practice being introduced. Members were informed that as the new Code was based on the Code of Practice 14 template, the changes required would have minimal impact on the Fund. The material movements to the Risk Register that had occurred between September and December 2023 were then highlighted as per Paragraph 15 of the report, and the Chairman noted that he felt that Investment and Performance movements in the report should be considered under Agenda Items 13 and 19. Finally, officers briefly detailed Paragraphs 18 to 25 which outlined the results of the SWAP KPI and KFC Audits 2023-24.

Members queried if any contractual retenders had been affected as per the Fund Governance Risk Section. Officers acknowledged that Procurement had experienced a few challenges due to resourcing levels, however as the Fund operated through the Local Government Pension Scheme (LGPS) National Framework, retenders could be appropriately made in the assurance that they were subject to specific processes and would therefore ensure transparency and offer strong relationships with contractors.

Members highlighted an error with regard to some of the figures presented in the Administration KPI reports and sought reassurance as to their accuracy. Officers reiterated the resourcing issues being experienced but noted that the area was subject to an improvement plan and would be an area of focus during the coming months.

Officers were thanked for their presentations and hard work in the face of the challenges taking place.

Resolved:

- 1) The Board noted the Fund updates and progress against the Business Plan 2023-24 key priorities.**
- 2) The Board did not endorse the change to the Compliance and Regulations Risk Section, but recommended endorsement to the Wiltshire Pension Fund Committee for the rest of the Risk Register in Appendix 2 and the summary of the risk changes since the last**

review as a true and fair view of the risks currently being experienced by the Fund.

- 3) The Board noted the Committee's approval of the KPI audit recommendations.**
- 4) The Board endorsed the SWAP KFC audit review report in Appendix 5a and recommended the report to the Wiltshire Pension Fund Committee as a true reflection of the progress made.**

(The decision number 2 above, was made later in the meeting under Agenda Item 19)

10 **LPB Budget**

Members considered the report on the Local Pension Board budget. There being no questions or comments, it was:

Resolved:

The Board agreed the draft Local Pension Board Budget and recommended to the Wiltshire Pension Fund Committee that it was included in the Fund's Administration Budget for 2024-25.

11 **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.

Officers highlighted Paragraphs 3 and 4 of the report which referred to the delays to the final sign offs for the full Wiltshire Council Accounts for 2019-20, 2020-21, and 2021-22. Officers emphasised that the delays were due to an issue within the Wiltshire Council figures and not in relation to the Fund's. Furthermore, officers had complied with all requests by the external auditors for further information and in line with The Pensions Regulator (TPR) requirements, had published a subsequent Events Notice in the audit report section explaining the unaudited status.

The ongoing payroll reconciliations in respect of correcting the discrepancies between the Altair pension administration system and SAP payroll records was then discussed. Officers noted that the graph under Paragraph 5 of the report showed a significant improvement in December 2023 as a result of the hard work undertaken to bulk correct cases. As such, the Fund was close to resolving all discrepancies between the payroll and Altair system.

The issues that Fund officers were encountering with regard to the Council's Evolve system since its launch in November 2023 were then detailed as per Paragraphs 7 and 8. Members were reassured that officers were working closely with the Evolve Team to overcome the issues and to ensure that statutory reports could be completed on time. As a result, officers were seeking temporary resources to assist in clearing the backlog of work and to reestablish working practices for the future, hence the increased risk register rating from medium to high for the accounting function. Members expressed concern as to the issues being experienced and queried if the reconciliations could be made if the additional resource was not acquired. Officers explained that they were facing some recruitment challenges and although the work could be completed by existing officers, it would result in increased strain on those staff.

At the end of the discussion, it was then:

Resolved:

The Board used the report to monitor progress against resolving the issues which had been identified.

12 **Employer Update**

Matt Allen, Employer Funding & Risk Lead, updated the Board on employer related activities, which included:

- 1) The Employer Scorecard
- 2) Employer Compliance – DSAs
- 3) The Employer Review – internal working practices
- 4) The Employer Forum

Each of the above activities were then discussed in order as per the report.

With regard to Employer Scorecards, Members queried how many employers were meeting their targets to which officers explained that as the scheme was still being drafted, those figures were still being calculated. Furthermore, there was an Employer Data and Contributions Working Group who met monthly and who had helped to develop the scheme and would therefore continue to monitor its progress.

Members felt that the Employer Review focussing on internal working practices was a positive step forward with regard to identifying areas for improvement, transparent reporting, and clear actions for officers to undertake. Officers were then praised in respect to the Employer Forum, and Members were keen to see higher employer attendance for the next meeting.

In response to a question, officers confirmed that the value of the London property pertaining to the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Debt Spreading Arrangement (DSA) and Legal

Charge, was approximately £20m. It was further clarified that the DSA stipulated a five-year payment plan until June 2028, and officers were confident that the full amount would be paid within this timeframe.

After which, it was:

Resolved:

The Board noted the report.

13 **Immediate Payments Update**

James Franklin, Pension Administration Lead, presented an “immediate payments” update to the Board following the transfer of the Fund payment process to Oracle.

Officers began by providing a brief background to the report as per Paragraphs 2 to 5, before moving on to explaining the issues experienced with member and supplier payments and accounting as a result of the transition to Oracle as per Paragraphs 6 to 11. Officers emphasised that Fund officers sought to liaise with the Evolve Team with regard to member communications and immediate payment loading arrangements to Oracle ahead of its launch, but due to time constraints faced by the Evolve Team, they were unable to respond to officers until 3 days before the official launch date. Despite this, as the Altair Immediate Payments and Integrated System went live on 8 December 2023, the Fund was in control of its own payments, thus reducing the risk of incorrect or duplicate payments and improving the processing time of payment tasks.

It was stressed that as the payroll system was split from the initial Oracle implementation and was planned to be launched in April 2024, officers felt that there were significant risks to the operations of the Fund during that transition which would be further exacerbated by the annual pensions increase exercise occurring at the same time. As such, officers were requesting information on timings and resource requirement from the Evolve Team to ensure adequate time to load and test data before and during the migration to minimise the risk of a second and more significant service disruption.

Members expressed concerns as to the potential impacts to the Fund during the imminent payroll integration and sought further clarity on Bullet Point B of Paragraph 6. In response, officers confirmed that the Fund was not the only affected service area during the initial transition and that senior officers within the Council were aware of the impact on the Fund. The additional administration work necessary in order to rectify the issues, and the subsequent impact on other Fund services, was discussed, with officers highlighting that as the Council were experiencing similar resourcing issues to that of the Fund, additional support from the Evolve Team would be difficult to negotiate.

Councillor Richard Britton, Chairman of the Wiltshire Pension Fund Committee (WPFC), raised his concerns on the matter and stated that he had liaised with

the Chairman of the Evolve Task Group and had requested assurance from senior Council officers that they were aware of the impact on the Fund, and of Fund requirements moving forward. Cllr Britton noted that he was not satisfied with the response received and was concerned as to the risk to the Fund if the payroll integration were to go ahead come April 2024. Members echoed Cllr Britton's concerns and unanimously agreed with the Chairman's suggestion of requesting that a senior officer attend the next meeting of the WPFC with a report outlining a response to the issues raised by Board Members.

At the conclusion of the discussion, it was then:

Resolved:

The Board recommended that the Wiltshire Pension Fund Committee agree to request that the Corporate Director (or Director) responsible for the Evolve Team arrange for a report to be produced for submission and presentation to the 28 March 2024 meeting of the Wiltshire Pension Fund Committee which provides, at least:

- **An explanation of why the upload templates and spreadsheets for the Immediate Payments system failed, and why the BACs file created for loading into Oracle was not updated for all members, leading to duplicate payments of £228,000, of which, at the time of the Board meeting, £153,000 remained outstanding.**
- **A detailed timetable, including the expected resource requirements expected to be input by Pension Fund officers, for the transfer of the Pension's payroll to the Oracle system.**
- **Details of the testing that has been completed to date and any outstanding testing due to be completed, including all input and upload processes, prior to the transfer of the Pension's payroll to the Oracle system.**
- **Details of the training, and training documentation, that has been provided to relevant Pension Officers by the EVOLVE team, and the level of on-going support available to pension officers if needed.**
- **Proposed parallel running arrangements.**
- **An update on any payrolls that have already been moved to Oracle and a "lessons learned" analysis based on any major problems that have arisen.**

- **An assessment of risk, from an IT expert, of transferring the Pension's payroll to the Oracle system in April 2024, at the same time as the pensions increase exercise.**

14 **Administering Authority Discretions Policy**

The Board considered the updated version of the Administering Authority Discretions Policy. There being no question or comments, it was:

Resolved:

The Board recommended the recent amendments to the Administering Authority Discretions Policy to the Wiltshire Pension Fund Committee.

15 **Urgent Items**

Members had a comfort break from 11.55am to 12.00pm.

Jennifer Devine, Head of Wiltshire Pension Fund, updated the Board on the results of the recent member Responsible Investment Survey ahead of a full report being published and circulated in the near future.

Members were shown breakdowns of the response rates, member engagement, and respondents' views on Environmental, Social, and Governance (ESG) considerations, specific types of companies, and the Fund's investment approach. Officers confirmed that there were a number of actions that would be undertaken as a result of the responses and members' views.

It was highlighted that following from the latest responsible investment guidance, sustainability and climate change issues were firmly established financial issues and therefore needed to be considered as part of a Fund's fiduciary duty in order to prevent potential legal challenge.

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

The date of the next ordinary meeting of the Local Pension Board was confirmed as 22 May 2024.

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

Resolved:

The Board noted the Forward Work Plan.

17 **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 18-24 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.

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

The Part II (private) minutes of the previous meetings of the Wiltshire Pension Fund Committee held on 23 November and 14 December 2023 were considered. Following which, it was:

Resolved:

The Board noted the Part II (private) minutes of the previous meetings of the Wiltshire Pension Fund Committee held on 23 November and 14 December 2023.

19 **Brunel Governance Update**

Jennifer Devine, Head of Wiltshire Pension Fund, presented a verbal update to the Board summarising the ongoing Brunel governance arrangements.

Resolved:

The Board noted the update.

20 **KPI Improvement Plan**

Jennifer Devine, Head of Wiltshire Pension Fund, and James Franklin, Pension Administration Lead, presented the KPI Improvement Plan, which included a summary of the results of the recent Staff Engagement Survey.

Resolved:

The Board noted the update.

21 **Scheme of Sub-Delegation**

Richard Bullen, Fund Governance Manager, presented an updated version of the Scheme of Sub-Delegation for review by the Board.

Resolved:

The Board noted the changes to the Scheme of Sub-Delegation following the Fund's operational restructure.

22 **Training**

Richard Bullen, Fund Governance Manager, delivered a presentation on Pension Fund procurement and how the performance of suppliers could be monitored.

Resolved:

The Board noted the update.

23 **LBP Minutes**

The Part II (private) minutes of the previous meeting of the Board held on 1 November 2023 were considered. After which, it was:

Resolved:

The Board approved and signed the Part II (private) minutes of the previous meeting held on 1 November 2023 as a true and correct record.

24 **Urgent Items**

There were no urgent Part II items.

(Duration of meeting: 10.00 am - 1.20 pm)

The Officer who has produced these minutes is Ellen Ghey of Democratic Services, direct line 01225 718259, e-mail ellen.ghey@wiltshire.gov.uk

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