

Wiltshire Pension Fund Committee

MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 11 JULY 2024 AT COUNCIL CHAMBER - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

Present:

Cllr Richard Britton (Chairman), Cllr Kevin Small (Vice-Chairman), Cllr Gavin Grant, Cllr Gordon King, Cllr Vijay Manro, Cllr Robert Yuill, Claire Anthony

59 **Membership and Apologies**

Apologies for absence were received from Cllr Nick Botterill (Observer), Andy Brown, Jodie Smart and Marlene Corbey.

60 **Minutes of Previous Meetings**

The minutes of the meeting held on 20 June 2024 were presented for consideration, and it was,

Resolved:

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

61 **Declarations of Interest**

There were no declarations of disclosable interests.

62 **Chairman's Announcements**

The Chairman made the following announcements:

1. Discussions were currently taking place regarding the Committee arrangements, to align the constitution with the practice of two separate themed meetings taking place rather than one large general Committee meeting, which had allowed for greater focus on separate aspects. Comments were requested concerning this constitutional change.
2. Discussions were currently taking place to consider awarding votes to the current non-voting observer Members and in effect making them member representatives.
3. Regarding Investment Manager presentations, it was suggested that these only be arranged on an exceptional basis should Members and Officers feel that they be required from Fund Managers.

The Chairman encouraged Members to contact him should there be any feedback and comments.

63 **Review of Actions arising from previous meeting(s)**

The Committee reviewed the Actions Log.

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

The Committee reviewed the minutes of the Local Pension Board meeting held on 22 May 2024 and the included recommendations, and it was,

Resolved:

To note the minutes of the Local Pension Board meeting on 22 May 2024.

65 **Public Participation**

No statements or questions were submitted.

66 **Headlines and Monitoring (HAM)**

Jennifer Devine, Head of Wiltshire Pension Fund, supported by other officers, presented the Headlines and Monitoring report. The report included, but was not limited to, that there had been positive developments from the Investment and Accounting team who had recruited two apprentices as well as an accounting officer who would be able to assist with training and the completion of additional tasks. Additionally, the Fund had hired an Investment Analyst who had started on 4 July and had come from an investment background. It was also noted that work had taken place on the salaries supplement, which had been taken to the Wiltshire Corporate Leadership Team and was now pending an update.

Detail was provided that the Fund was working towards an accreditation in Customer Service Excellence. An update was also provided on the low volume performance reporting and complaints activity, which covered the past year and also included Freedom of Information requests.

Information was provided regarding the Risk Register, which covered the period from January to April. It was noted that there had been improvements in relation to Compliance and Data Management, as well as Projects which had seen a number of projects closed off. The only area which had had an upturn in risk which was Fund Governance, which had been down to the procurements taking place and which had since been resolved.

Detail was provided regarding the SWAP key controls audit, where the Fund had been offered an improved assurance rating of "Reasonable", which was an increase from the previous "Limited" rating in January 2023. This reflected the hard work of officers. Reference was also made to the Members training plan, which had been recommended by the Board after review.

The Committee discussed the report with it questioned whether the risks experienced by the Fund were being flagged sufficiently and strongly in the governance structure of the Council, it was suggested that the reputational risk

of the Fund had a wider implication for the Council. It was suggested that the Chairman could attend the Audit and Governance Committee with a specific agenda item to enable greater visibility for the Fund within the wider Council, with reputational risk cited as an important matter that Councillors should understand. The Chairman agreed to give this further thought and that he would discuss the notion with Officers before further updating the Committee on his stance.

It was questioned whether the risk rating change for Data Management from amber to green was appropriate, to which Officers clarified that the report presented a snapshot in time and that the change in rating followed on from the completion of the end of the last scheme year on the old SAP system. The Officer noted that it was expected that the risk would increase again within the next report. It was also questioned regarding the Risk Register, why Fund Governance had been rated as a high risk which could be perceived as too high given the work of Officers, to which it was clarified that this had been a temporary high risk due to the key procurements which had been undertaken.

The Chairman congratulated Officers for their work regarding the improvement of the SWAP key controls audit, to which it was noted that there was still work to do concerning quality assurance issues and that the Fund was looking to recruit a Quality Assurance Officer to further manage the recommendations set by SWAP. It was also agreed that the Chairman would be given sight of the draft action plan which was being produced to complete the recommendations.

Regarding the service delivery of KPIs, a discussion took place regarding the use of the word “tolerable”, with clarity provided that in this instance the word “tolerable” represented the minimum expected performance and that in the future this would be changed.

Further detail was provided from Officers on the situation involving iConnect onboarding and how data for contributions and submissions had not matched in some cases. Assurance was provided that the Fund team was ready to onboard, pending clean data at the year end.

A discussion took place on the charging of interest for late contributions, with it noted that the Fund would have to consult on the minimum amount charged and that currently this amount did not seem to be acting as a deterrent for employers. The importance of wording was stated by Officers, and that within regulations it would not be possible to charge employers penalties and that the relationships in place might cause difficulty in enforcement. The Officer updated that currently the charging process was being discussed and would need to go through a full consultation process. It was agreed that a paper would be produced including recommendations and all possible options for the Fund relating to charging.

James Franklin, Pension Administration Lead, provided a presentation on the KPI improvement plan checkpoint update for the first 6 months. The presentation included, but was not limited to the following points:

- An overview of the backlog in December 2023 was provided with it noted that positive progress had been made by outsourcing the aggregation backlog.
- A road map was provided on where the Fund would expect to be if the proposed actions were taken.
- A status update after 6 months was provided, which included administration recruitment, the Evolve Payroll migration, training plans, the administration strategy and KPI and backlog update.
- It was also advised that the Fund had only been reporting Medium and High priority cases which has meant the backlog had been underreported. Going forward all cases will be included in the reports to Committee.
- Targets for the next 6 months were outlined, which included for the total backlog to be less than 100, remaining vacancies to be filled, death and retirement KPIs to be greater than 90% and for the Oracle to Altair migration to take place.

The Committee discussed the presentation, with it suggested that the target of less than 100 backlog cases was ambitious to which assurance was provided that this was achievable based on the training and performance of the team members in place. Clarity was also provided that the backlog had taken long to clear as the handling of deaths and retirements cases required greater attention due to reputational risk issues.

The notion of performance was discussed and how this might impact on the team over the next 6 months and that once this had passed, the team would be strong with the potential to bring in strong individuals to replace any which might be lost. Regarding the targets, it was outlined that should there be any risk of missing what had been set, the Committee would be informed and approached regarding readjustment.

At the conclusion of debate, it was,

Resolved:

The Committee agreed to:

- **Approve the risk register recommendations made by the Board and the officer assessment of risk as presented in the April version of the risk register:**
- **Note the SWAP Key Controls audit report and instruct the officers create a log to complete the recommendations stated in the report:**
- **Approve the members training plan 2024/25.**
- **To produce an administration charging paper for consideration by members.**

Richard Bullen, Fund Governance Manager, presented a paper outlining the Fund's review of its risk register design against Wiltshire Council's newly approved corporate design. The report included, but was not limited to, the benefits of Wiltshire Council recently introduced corporate risk management system. Additionally, at the Pension Board meeting on 22 May, recommendations had been made with a request that officers undertake a review of both systems in place to propose a way forward, which was set out within the paper.

Officers had also spoken to SWAP, who had made recommendations relating to the Fund's risk management system. It was therefore proposed that the Fund would continue to have its own risk register which would feed into the corporate risk management system due to different purposes and objectives across the Fund's sphere of activity to the Council's. It was outlined that the Council's risks would be owned by different officers, particularly the Corporate Leadership Team and the s151 Officer.

The Committee discussed the report with it suggested that there was comfort in the proposal due to their being a reputational risk. In addition, it was stated that the proposal could be beneficial for the Fund as having a Wiltshire Council Officer responsible for risk areas would raise awareness outside of the Pension Fund. It was also questioned whether there would be an opportunity to feed into risk appetite, to which it was suggested that Members could contact Richard Bullen.

At the conclusion of debate, it was,

Resolved:

The Committee agreed to:

Approve the recommendations in paragraph 14 of the report:

- **To review in detail the Council's new risk management framework (with emphasis on the new key changes as highlighted in para 6 above) and develop a plan to embed these in the Fund's current operational risk register over the next 12 months.**
- **To recommend the suggested Corporate-level risks identified in para 11 above for inclusion on the Council's risk register.**
- **To incorporate SWAP's audit recommendations into the Fund's risk register**
- **To work with the Council's risk management specialist to ensure that both the Council and Pension Fund are satisfied that the arrangements are compliant and effective for both parties.**

The Chairman called the meeting to a break at 11:53 and resumed the meeting at 12:01pm.

68 **Key Financial Controls**

Christopher Moore, Investment and Accounting Team Lead provided an update concerning the operational accounting arrangements, which included the budget outturn 2023/24 and budget monitoring for 2024/25. The update included, but was not limited to, that the final sign off for the full Pension fund accounts for 2019/20, 2020/21 and 2021/22, 2022/23 continued to be delayed. This was due to an issue with the Wiltshire Council figures, therefore meaning that the Pension Fund accounts had not received their final audit opinion for inclusion in the annual report. It was noted that Officers were dealing with Deloitte as the external auditor and had responded to every question raised. There is a delay with assurance work being provided by Deloitte to Swindon, it was stressed that this had been raised with the s151 Officer and further chasing of Deloitte would be carried out after the meeting.

A draft set of accounts for 2023/24 had been prepared despite issues caused by Oracle and that the external audit work had been commenced by Grant Thornton.

It was outlined that cashflow continued to be managed well with a high number of capital calls and large investments into the Clops fund having been made.

Regarding the budget outturn for 2023/24, the Fund underspent its operating budget of £4.4m by £345k (7%), the main cause of this being staff vacancies and absences. In year monitoring of the budget had been made impossible due to the system changeover issues.

The Committee discussed the update with it noted that the Wiltshire Council accounts for 2019/20, 2020/21 and 2021/22, 2022/23 were going to be signed off with qualification and that this position had been agreed with the auditors. The implications of the sign off of the accounts for Swindon Borough Council was discussed and that the s.151 Officer would be further alerted of the need for sign off.

At the conclusion of debate, it was,

Resolved:

The Committee agreed to use the report to monitor progress against resolving the issues which have been identified.

69 **Fund Annual Report and Accounts**

Christopher Moore, Investment and Accounting Team Lead, presented the draft Annual Accounts 2023/24 and ongoing concern assessment. The report

included a draft report of the financial accounts for the year ended 31 March 2024. It was noted that the Annual Report was in the process of drafting and would be brought to the September Committee meeting, ahead of the statutory deadline of 1 December. It was also outlined that a Going Concern Report had also been added to the pack for good practice.

An overview of the Statement of Accounts was provided, including that contributions had increased year on year. It was also outlined that previously there had been provision for an underpayment issue, however this had now been resolved and therefore the provision had been removed from the accounts.

The Committee discussed the report with clarity provided that there had been no significant changes experienced with the newly appointed external auditors Grant Thornton. It was outlined that Grant Thornton had good knowledge of Brunel and that their team regularly worked with Brunel. In addition, Grant Thornton had taken to working in the office and dealing with queries in person, which had provided a positive experience. In addition, an audit plan had been produced, which could be provided to the Committee should they be interested. Further clarity was also provided on the overall membership of the Fund, with it noted that the overall membership had increased by 281 Members and that there had been an increase of 1,000 more active members. It was stated that the growth in pensioner Members could have later implications for cashflow and that this would be an area for the actuary to consider.

At the conclusion of debate, it was,

Resolved:

The Committee agreed to:

- **Note the unaudited Statement of accounts for 2023/2024.**
- **Approve the appended statement of going concern.**

70 **Pension Administration Strategy**

James Franklin, Pension Administration Lead, provided a verbal update to members and advised on the requirements for the need for an employer consultation process. The update included, but was not limited to, that originally a draft version of the strategy was going to be brought to the Committee, however due to issues such as the Oracle migration, staffing and workload this had not been possible. It was outlined that the strategy was almost complete, with key inclusions highlighted as having a KPI strategy which would move from a case basis to a transaction basis as well as reporting on every instance that work on a case had taken place to increase transparency. Reference was also made to the Charging and Escalation policy, which would need further clarity and refining, with further information to be shared with the Committee.

71 **Committee Forward Work Plan**

The Committee reviewed the Forward Work Plan with it noted that the Work Plan which had been included within the agenda pack was the one for the new scheme year and included all of the policies and strategies set to take place within this year as well as such items as the review of payroll. Members were encouraged to contact Richard Bullen, Fund Governance Manager, if they had any comments.

72 **Date of Next Meeting**

The following dates of the next meetings were confirmed:

- Investment focused meeting 19 September 2024
- Administration focused meeting 10 October 2024

73 **Urgent Items**

There were no urgent items.

74 **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 - 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.

75 **Minutes of Previous Meeting**

The private minutes of the meeting held on 20 June 2024 were presented for consideration, and it was,

Resolved:

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

76 **Local Pension Board Minutes (Part II)**

The private minutes of the Local Pension Board meeting held on 13 February 2024 were presented for consideration, and it was,

Resolved:

To note the minutes as a true and correct record.

77 **Brunel Governance Update**

Jennifer Devine, Head of Wiltshire Pension Fund, updated the Committee on the Fund's response to the Minister's letter, to be submitted by 19th July.

At the conclusion of debate, it was,

Resolved:

The Committee discussed the letter and its implications and provided feedback.

78 **Integrated Payroll System Update**

James Franklin, Pension Administration Lead, presented a payroll migration and immediate payments update. This included outstanding matters in respect of the migration from SAP to Oracle, payslip issuance.

79 **Integrated Immediate Payments Update**

James Franklin, Pension Administration Lead, presented immediate payments update covering Oracle reporting & debt recovery arrangements.

At the conclusion of debate, it was,

Resolved:

The Committee agreed to ask Officers to continue to pursue the accounts which had received overpayments and to take legal steps as necessary and appropriate.

80 **Procurement Update**

Christopher Moore, Investment and Accounting Team Lead, provided members with a verbal update on the procurement of strategic service providers.

81 **Training Item**

The Committee agreed to defer this item due to the elapsed time of the meeting.

(Duration of meeting: 10.00 am - 12.50 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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