

Wiltshire Pension Fund Committee

PART I MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 10 JANUARY 2023 AT KENNET ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

Present:

Cllr Richard Britton (Chairman), Cllr Steve Heyes (Vice-Chairman), Cllr George Jeans, Cllr Gordon King, Cllr Kevin Small, Mike Pankiewicz, Tracy Adams, Claire Anthony and Cllr Robert Yuill (Substitute)

Also Present:

Anthony Fletcher (Adviser) and Mark Spilsbury (Local Pension Board Chairman)

1 Apologies

Apologies were received from Councillor Pauline Church, who was substituted by Councillor Robert Yuill.

Councillor Gordon King gave apologies that he would arrive late to the meeting. He arrived at 1035.

2 Minutes of the Previous Meeting

The public minutes of the meeting held on 17 November 2022 were presented for consideration, and it was,

Resolved:

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

3 Declarations of Interest

There were no declarations.

4 Chairman's Announcements

There were no announcements.

5 Review of Actions

The Committee received the recommendations from the Local Pension Board, which would be considered under the relevant agenda items.

The Committee reviewed the list of ongoing actions, and sought additional details relating to ongoing work with Mercers committing the final tranche of affordable housing portfolio capital.

6 **Public Participation**

No questions or statements were submitted.

7 **Headlines and Monitoring Report**

Jennifer Devine, Head of Wiltshire Pension Fund, presented the Headlines and Monitoring report. The report included consideration of the risk register, key performance indicators, and other updates to enable the Committee to monitor relevant aspects of the Fund. Andy Brown, the Treasurer to the Fund, and Corporate Director, Resources, and Deputy Chief Executive, was also in attendance.

The Committee discussed the report in detail. Queries were raised regarding reporting from AON, who had been commissioned by the Fund to provide advice regarding the McCloud judgement as explained in the report and pensions dashboards, and preparatory changes that would need to be made as a result. It was explained that the Fund officers' response to the Aon reports was included in the papers, and that progress reports should come into the Fund quarterly.

There was discussion of key performance indicators and seeking assurance action plans were in place to address the red rated risks. It was confirmed risk PEN011 as detailed in the report had mapped into a new risk on overall resourcing, and would remain amber rated at present. An update was received on the new risk register reporting arrangements, including migration of previous risks into the new formatting, focusing where possible on strategic risks, and changes of staffing within the Fund.

Scheduled and proposed audits were highlighted, with the Committee requesting an audit on key financial controls begin earlier than September 2023 if possible. There was also an update on transition arrangements to the new payroll system, the date of which was being reviewed and which could impact on the timing of some of the planned audits. In respect of the ongoing pensioner payroll reconciliation project, Hymans had been appointed to work through the backlog of cases, aiming to complete the work in September 2023.

At the conclusion of discussion, it was,

Resolved:

- 1) **To approve the changes to the Risk Register recommended by officers and the Board**
- 2) **To approve the commissioning of proposed audits for the scheme year 2023/24.**

8 **Training Update**

Liam Robson, Senior Investment and Accounting Officer, provided a training session on MiFID (Markets in Financial Instruments Directive) II. This was a

European Directive which came into force in 2018, aiming to strengthen investor protection and improve the functioning of financial markets by making them more efficient and transparent. It introduced new reporting requirements and updated guidance had been issued.

The Committee received the presentation, noting work undertaken by Fund officers including self-declarations to meet the required standards of governance and reporting.

9 **Business Plan 2022-2023**

Jennifer Devine, Head of Wiltshire Pension Fund, presented a report updating members on progress on delivering objectives of the Business Plan. Full details were provided in the report, with many of the actions almost completed or already achieved. However, there had been delays in relation to action three, being as close to 100% as possible of legal requirements and developing an improvement plan for achieving key performance indicator targets.

The Committee raised queries on how the risk level was assessed for each item, with some being about figures meeting targets and others being more of a judgement assessment. Further details were sought regarding those employers who had not yet been onboarded to the new iConnect system, action 10 in the report. There were four large employers (or payroll providers) to onboard, and then most of the remaining employers were small scale.

At the conclusion of discussion, it was,

Resolved:

To note the update on Business Plan actions.

10 **Cost of Living Review**

A report was received from Jennifer Devine, Head of Wiltshire Pension Fund, presenting findings of a review into the impact of the ongoing cost of living situation on the Fund.

It was stated that the review was undertaken in part to determine the extent that the pressures of the financial situation were influencing cashflow, and consequent demand for liquidity. The paper included with the report also examined impacts on funding level, administration, and investment performance.

The Committee discussed the report and its conclusions, in that though there were competing pressures from high inflation, low wage growth and a tough financial situation, the Fund was able to weather those challenges, although there was concern around resourcing and cashflow. There was a discussion regarding impacts on and regarding the annual allowance, the amount pensions savings can increase by in a year without incurring a tax liability, impacts arising

from home or flexible working and productivity, and the associated impacts on resourcing the administration of the Fund.

At the conclusion of discussion, it was,

Resolved:

To note the review and the impacts on the Fund.

11 **Key Financial Controls**

Christopher Moore, Senior Investment and Accounting Officer, presented a report detailing significant issues in relation to the Fund's key financial controls. Andy Brown, Treasurer to the Fund and Wiltshire Council Corporate Director, Resources, and Deputy Chief Executive, was also in attendance.

An update was provided on the sign off of the full Wiltshire Council Accounts for 2019/20 and 2020/21. As the Pension Fund accounts formed part of those accounts, their sign off had also been delayed as a result of the full Council accounts being delayed, not as a result of any concerns relating to the Fund accounts. It was stated it was anticipated delegated authority would be provided to sign off the 2019/20 accounts shortly, and the council was working with the external auditors Deloitte to resolve issues, with a view to approving the 2020/21 accounts in 2023, although there was a national issue causing delays with the 2021/22 accounts.

The Committee discussed the report and updates, questioning officers on the process of examining public body accounts, impacts from national valuation issues, and how many years back auditors were required or advised to look at when examining issues. It was stated that there would be a new audit provider for the council and Fund for 2023/24.

There were also updates on the ongoing pension payroll reconciliation project to resolve outstanding issues arising from discrepancies between Fund payroll systems. This was being reviewed monthly. There was discussion of the recharge for corporate services provided by the council to the Fund, with it being stated a new methodology was being put in place for 2023/24. The Committee was informed that some charges were expected to increase, though some would reduce.

Other matters raised included an update on the operating budget of the Fund, running costs relating to Brunel to cover pension liabilities.

At the conclusion of discussion, it was,

Resolved:

To note the update on key financial controls.

12 **Data Retention Policy**

Richard Bullen, Fund Governance and Performance Manager, presented a report on a proposed revised approach to the Fund's Data Retention Strategy. The proposals were considered and endorsed by the Local Pension Board on 27 October 2022.

The Committee was updated on the process for review and changes proposed as set out in the report. Details were sought on differences with Wiltshire Council data retention policies, with data retained for longer periods given the nature of pensions administration. Queries were raised on the systems for monitoring and reviewing information to identify when they should be deleted.

At the conclusion of discussion, it was,

Resolved:

To approve the changes to the Data Retention Policy.

A break was taken from 1150-1155.

13 **Cessation Policy Methodology**

Richard Bullen, Fund Governance and Performance Manager, presented a report on a proposed revision to the Fund Cessation Policy, regarding when an employer leaves the Fund. At its meeting on 17 November 2022 the Committee had resolved a revised methodology, with the new approach to apply from 1 April 2023, but with the final details to be considered at this meeting for final approval.

Since publication of the report advice had been received from Mercers, the Fund's investment adviser, who were supportive of the proposed strategy in relation to a success corridor, with cessation deficits or surpluses only due if the final cessation funding position was outside that corridor. Mercer had provided advice that the Fund should continue to invest all assets in the main investment strategy, and monitor the situation with the orphaned liabilities pool on a regular basis.

At the conclusion of discussion, it was,

Resolved:

To approve the revised cessation methodology approach and a likelihood of success corridor of 90%-95% as described within the report.

14 **Pension Payroll Database Reconciliation**

A report was received from Jennifer Devine, Head of Wiltshire Pension Fund. It was noted information relating to the reconciliation had been considered and discussed under Minute Items 7 and 11.

There being no further comments, it was then,

Resolved:

To note the update.

15 **Forward Work Plan**

It was,

Resolved:

To note the Forward Work Plan.

16 **Date of Next Meeting**

The dates of upcoming meetings were confirmed as 2 March 2023 and 23 March 2023.

17 **Urgent Items**

There were no urgent items.

18 **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.

19 **Minutes of the Previous Meeting**

The private minutes of the meeting held on 17 November 2022 were presented for consideration, and it was,

Resolved:

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

20 **Cyber Resilience Update**

A report was received to update the Committee on responses to questions raised following consideration of a review of cyber security and resilience in

respect of the Fund and council. Details had been sought as to whether the council's approach was compliant with pension regulator guidance, and it was confirmed that this would be the case. It had also been asked whether there was a duty for the Fund to press the council further to introduce any additional cyber security protections. It was stated there was no such unstated additional duty on the part of the Fund.

The Committee discussed the latest update, noting the response at the meeting from Andy Brown, Corporate Director, Resources, and Deputy Chief Executive, on some limitations on additional actions by budgetary constraints, but noting the action being taken to protect the council and Fund as part of the overall IT infrastructure, including around legacy systems.

The Committee considered that it had responded positively to a report from auditors around potential cyber security concerns, and had acted prudently to review any risks and pass any recommendations to the council. It was agreed that there should be a concluding report, circulation of council responses to the Local Pension Board, and an annual assessment from officers to ensure the situation remained satisfactory, with reporting to be provided to the Committee on an exception's basis.

At the conclusion of discussion, it was,

Resolved:

- 1) **To note the update on Cyber Resilience and prepare a final report.**
- 2) **To delegate to the Head of Wiltshire Pension Fund through her team to undertake at least an annual assessment relating to cyber security and resilience.**

21 **Departmental Restructure**

Jennifer Devine, Head of Wiltshire Pension Fund, provided a verbal update regarding a restructure of the Fund's officer support and administration to improve effectiveness and efficiency of the service.

The Committee raised questions about the operation of new or amended roles, resourcing levels and recruitment, and other matters including overall administration and staffing costs.

At the conclusion of discussion, it was then,

Resolved:

To note the update.

22 **Brunel Governance Update**

Jennifer Devine, Head of Wiltshire Pension Fund, provided a verbal update regarding governance issues relating to the Brunel Pensions Partnership.

Details were provided on the budget and resourcing proposal from Brunel, which would be considered by its Oversight Board at the end of January 2023 before being considered by shareholders including Wiltshire, along with other updates relating to Brunel operations and potential asset allocations.

At the conclusion of discussion, it was,

Resolved:

- 1) That the Committee supported the Treasurer to the Fund/Corporate Director, Resources, as Shareholder representative, in raising concerns around the proposed Brunel Pension Partnership budget.**
- 2) That the Committee supported the officers' approach to implementation of the strategic allocation to renewable infrastructure and climate solutions.**

(Duration of meeting: 10.00 am - 1.00 pm)

The Officer who has produced these minutes is Kieran Elliott of Democratic Services, direct line 01225 718504, e-mail kieran.elliott@wiltshire.gov.uk

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