

## Local Pension Board

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**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

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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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