

AGENDA

Meeting: Wiltshire Pension Fund Committee
Place: Kennet Room - County Hall, Bythesea Road, Trowbridge,
BA14 8JN
Date: Thursday 6 October 2022
Time: 10.00 am

Please direct any enquiries on this Agenda to Kieran Elliott of Democratic Services, County Hall, Bythesea Road, Trowbridge, direct line 01225 718504 or email kieran.elliott@wiltshire.gov.uk

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 Jonathon Seed

Substitute Members

Cllr Pauline Church
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 Steve Heyes
Cllr Kevin Small

Substitute Members

Cllr Vijay Manro

Employer Body Representatives

Tracy Adams
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.

For extended details on meeting procedure, submission and scope of questions and other matters, please consult [Part 4 of the council's constitution](#).

The full constitution can be found at [this link](#).

For assistance on these and other matters please contact the officer named above for details

Items to be considered

Time

PART I

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

1 **Apologies**

To receive any apologies for absence or substitutions for the meeting.

10.00

2 **Minutes of Previous Meetings** *(Pages 7 - 12)*

To approve and sign as a true and correct record the Part I (public) minutes of the previous meeting held on 5 September 2022.

3 **Declarations of Interest**

To receive any declarations of disclosable interests or dispensations granted by the Standards Committee.

4 **Chairman's Announcements**

To receive any announcements through the Chairman.

5 **Review of actions arising from previous meetings** *(Pages 13 - 14)*

To review progress on any actions requested by the Committee in previous meetings.

6 **Review of the Minutes of the Local Pension Board** *(Pages 15 - 24)*

To receive the minutes of the meeting of the Local Pension Board held on 18 August 2022. To review the summary of the recommendations made by the Board.

7 **Public Participation**

The Council welcomes contributions from members of the public.

Statements

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.

Questions

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 29 September 2022 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 3 October 2022. 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 25 - 60)* **10.05**
- A report for the committee's ongoing oversight of:
- Scheme, Regulatory, Legal and Fund Update
 - Key Performance Indicators (KPIs)
 - a) Period – 1 July 2022 to 30 September 2022.
 - b) ABS issuance update
 - Risk Register
 - Internal audit update
 - Training update
- 9 **Business Plan 2022-2023** *(Pages 61 - 66)* **10.15**
- The Head of Wiltshire Pension Fund will present a report updating members on progress against the Plan's objectives.
- 10 **Key Financial Controls** *(Pages 67 - 76)* **10.25**
- Budget Monitoring 2022/23 & AVC Performance review
- 11 **AVC Performance Review** *(Pages 77 - 80)* **10.35**
- To receive an update report on the Fund's AVC providers
- 12 **Pension Payroll Database Reconciliation** *(Pages 81 - 84)* **10.45**
- A receive an update report on the progress of the project.
- 13 **Committee Forward Work Plan** *(Pages 85 - 92)* **10.55**
- To review the work plan for the committee 2022-23.
- 14 **Date of Next Meeting**
- To confirm the date of the next administration focused committee meeting on 14 Decmeber 2022.
- 15 **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.

16 **Exclusion of the Public**

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 17-20 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 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

17 **Minutes of Previous Meetings** (Pages 93 - 98) **11.05**

To approve and sign as a true and correct record the Part II (private) minutes of the previous meeting held on 5 September 2022.

18 **Local Pension Board Minutes** (Pages 99 - 106)

To receive the Part II (Private) minutes of the meeting of the Local Pension Board held on 18 August 2022.

19 **Cyber Security Review** (Pages 107 - 128) **11.15**

A report presenting Aon's cyber security analysis and recommendations.

20 **Brunel Governance Update** (Pages 129 - 130) **11.35**

To receive a verbal update regarding ongoing Brunel governance arrangements.

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Wiltshire Pension Fund Committee

PART I MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 5 SEPTEMBER 2022 AT THE COUNCIL CHAMBER, COUNTY HALL, BYTHESEA ROAD, BA14 8JN.

Present:

Cllr Richard Britton (Chairman), Cllr Steve Heyes (Vice-Chairman),
Cllr George Jeans, Cllr Jonathon Seed, Cllr Kevin Small, Mike Pankiewicz and
Claire Anthony

170 **Apologies**

Apologies were received from Tracy Adams and Councillor Gordon King.

171 **Minutes**

The minutes of the meeting held on 28 July 2022 were presented for consideration, and it was,

Resolved:

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

172 **Declarations of Interest**

There were no declarations.

173 **Chairman's Announcements**

With the agreement of the Committee, it was determined that Agenda Item 13 on the agenda, Presentation from Magellan, would take place as the first substantive item.

174 **Public Participation**

There were no statements or questions submitted.

175 **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 the items at Minute Numbers 176, 182 and 183, 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.

176 **Presentation from Magellan**

The Committee received a presentation from representatives of Magellan Financial Group.

This provided updates on organisational changes, fund performance, risk analysis and impact of various factors impacting the investments managed by Magellan.

The Committee thanked Magellan for the update, which would be further discussed in relation to the Investment Quarterly Progress Report.

177 **Responsible Investment Update and Progress Report**

A report was presented by Liam Robson, Pension Fund Accounting and Investment Officer, along with Jennifer Devine, Head of Wiltshire Pension Fund and other officers, to update the Committee on Responsible Investment issues and actions agreed at previous meetings.

The Fund Annual report had included a climate change report, in line with the requirements of the Task Force on Climate-related Financial Disclosure (TCFD). It was also reported the Fund had submitted a full stewardship report to the Financial Report Council as directed to apply for signatory status to the 2020 Stewardship Code. This had been successful and would be formally confirmed shortly.

Details were also provided on the investment theme of education as determined by the Committee as one of its three themes. There had been engagement with investment managers to understand how they would incorporate this theme, for example whether they were investing in companies providing educational services, or involved in reskilling and upskilling with new technology.

The Committee sought additional details from officers. It was confirmed whilst delivering on the themes including a positive social approach was aimed for, financial returns was the priority of any investment. It was stated the managers took the factors and themes chosen seriously when making their decisions.

Questions were raised relating to affordable housing portfolios, with Mercer working to find appropriate managers and help identify appropriate metrics, such as number of houses and type of houses delivered as well as financial returns. Details were also sought on moving to a data baseline of 2019 instead of 2020 for decarbonisation, with this being to align with Brunel and other funds as well as provide further data points for comparison.

Resolved:

To note the progress made against the responsible investment plan actions.

178 **Climate Update and Progress Report**

The Head of Wiltshire Pension Fund, Jennifer Devine, presented a report in relation to the Fund's goal to protect investments from climate change risk, and safeguard the financial future of the Fund.

The report set out progress toward the target of net zero carbon emissions by 2050. On decarbonisation the Fund was on track with its target as measured by the carbon footprint, but it was noted absolute emissions was more challenging. The Fund was working with Brunel on developing a climate solutions portfolio, and the Committee considered a proposed response to Brunel in relation to its Climate Stocktake.

It was noted that there was not a standardised measurement for monitoring environment, social and governance factors, with managers often having their own scoring methodologies.

The Committee discussed the report and presentation. Queries were raised on engagement with education on the subject, and in relation to innovation with infrastructure as contributing toward targets. The Committee agreed that the proposed statement on climate change should be sent to Brunel, for inclusion in the Brunel climate stocktake, with the addition of the Fund's priority Sustainable Development Goals.

Mercers also provided a detailed update relating to the net zero target, as set out in the report. In response to queries it was stated the Fund had set slightly more ambitious targets than Brunel due to more exposure to utilities and having more opportunities to divest, but it was not significantly different from other comparable funds.

Details were sought on the work being undertaken by companies to more 'green' solutions, and harmonisation of requirements for funds in this area. Questions were also raised on affordable housing allocations, with additional details in the Mercers report.

At the conclusion of discussion, it was,

Resolved:

- 1) To note the progress being made towards the Fund's target of net zero emissions across all portfolios by 2050;
- 2) To approve the statement to be provided to Brunel for the climate stocktake, with the addition of the Committee's priority Sustainable Development Goals;
- 3) To approve the plans for reporting on climate risk via a single report in early 2023

A break was taken from 1155-1200

Councillor Jonathon Seed left the meeting at 1200.

179 **Responsible Investment Policy**

The Head of Wiltshire Pension Fund, Jennifer Devine, presented a brief report on updates to the Responsible Investment Policy.

It was then,

Resolved:

To approve the Responsible Investment Policy 2022.

180 **Date of Next Meeting**

The date of the next meeting was confirmed as 6 October 2022.

181 **Urgent Items**

There were no urgent items.

182 **Investment Quarterly Progress Report**

Chris Moore, Pension Fund Accounting and Investment Officer, presented the investment quarterly progress report.

Following discussion, it was,

Resolved:

- 1) To agree to use this report to monitor private markets investment progress quarterly and to use the appended Brunel private market report 6 monthly;
- 2) To delegate the Head of Wiltshire Pension Fund, after consultation with the Chairman, to explore the feasibility of appointing external specialists

to undertake a review of the estimated fee savings accrued through the creation of the Brunel Pension Partnership , and to make an appointment if appropriate.

183 **Minutes**

The Part II (Private) minutes of the meeting held on 28 July 2022 were presented for consideration, and it was,

Resolved:

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

(Duration of meeting: 10.00 am - 12.40 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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Wiltshire Pension Fund Committee - Actions Log

Minute reference	Section	Meeting Action	Task owner	Target date for completion	Date completed
227 (17/12/20)	Investments (Stewardship Code)	Confirmation to Committee that the Fund has been signed to the 2020 Stewardship Code during 2021	JD	31/12/22	15/09/22
24 (24/06/21)	Procurement (New Payroll System)	Updates on the integrated payroll and payments system project to be brought back to committee	AC	31/07/22	28/07/22
80 (16/12/21)	Governance (Audit)	For non-standard audits covering the Fund's Pensioner Payroll reconciliation, Investment governance, Cyber Security, Statutory Returns and Administering Authority internal arrangements to be completed	RB	14/12/22	
90 (16/12/21)	Governance (Cyber Security)	To take the following cyber security actions over the next 12 months. 1) Liaise with the Council's ICT department to establish an appropriate approach to the Fund's cyber security requirements 2) Conclude the recommendations agreed by the Committee at their meeting in September 2020 3) Receive an annual ICT cyber security report 4) Work with ICT & the Council's Emergency Planning team concerning its IT recovery practices and Business Continuity Planning 5) Gain approval from an independent source on the Fund's cyber security strategy 6) Address the items recorded as "lower quartile" within the Aon's cyber scorecard 7) Liaise with Aquila Heywood in respect of the points in 1 to 3 within the "Recommendations for the Fund" section in Appendix 2 8) Create a common framework of compliance borders, with ICT's own compliance requirements & 9) ICT provide an update on progress made relating to the two areas of concern (Red) and the areas marked as (Amber) highlighted in their 2021 cyber security SWAP audit.	RB	14/12/22	On agenda
100 (03/03/22)	Responsible Investment (SDG)	Agreed that the conclusions of the SDG investigative research be placed on hold until after the strategy review	LR	17/11/22	

107 (03/03/22)	Investment (Affordable Housing)	Officers & Mercer to work on a final tranche of committing affordable housing portfolio capital. A further updated is then to be provided to the Committee	JD	31/12/22	
117 (05/04/22)	Actuarial (Valuation)	CPI assumption approved, subject to the successful outcome of a discussion between the Independent Adviser and the Actuary	AF	26/05/22	28/07/22
152 (28/07/22)	Governance (Council Recharge)	A report concerning the Council's recharging arrangements with the Fund would be received by the Committee	CM	14/12/22	
157 (28/07/22)	Accounts (AR&As)	Requested an explanation be included within the Annual Report & Accounts 2021/22 setting out why the report would be published, although the accounts are expected to be unaudited	JD	17/11/22	
178 (05/09/22)	Investment (Climate update)	To approve the plans for reporting on climate risk via a single report in early 2023 and receive an update to that effect.	JD	02/03/23	
182 (05/09/22)	Investment (Quarterly Report)	To explore the feasibility of appointing external specialists to undertake a review of the estimated fee savings accrued through the creation of the Brunel Pension Partnership. To make an appointment, if appropriate and report back the findings of the fee savings.	JD	02/03/23	

Wiltshire Council

Wiltshire Pension Fund Committee

06 October 2022

Recommendations of the Local Pension Board 18 August 2022

Minute at Board	Recommendation	Committee Agenda
Minute 135 – Audit Update	To recommend the revised target dates in connection with the completion of SWAP Audit actions.	Item 8 – Headlines and Monitoring – Internal Audit update
Minute 136 – Risk Register Update	To note the Risk Register and to recommend the Committee accept the proposed changes as set out in the HAM Report.	Item 8 – Headlines and Monitoring – Risk Register
Minute 141 – Cyber Security review	To recommend that the s151 officer attend the next Committee meeting and respond to questions raised on the subject by members	Item 18 – Cyber Security review

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Local Pension Board

MINUTES OF THE LOCAL PENSION BOARD MEETING HELD ON 18 AUGUST 2022 AT THE KENNET ROOM – COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

Present:

Mark Spilsbury (Chairman), Marlene Corbey, Paul Smith, Asifa Ashraf and Mike Pankiewicz

Also Present:

Jennifer Devine, Andy Cunningham, Richard Bullen, Cllr Richard Britton, Cllr Steve Heyes, Juliet Weimar, Ben Fielding and Tara Shannon

122 **Membership**

Said my pThe Chairman welcomed Asifa Ashraf and Juliet Weimar to their first meeting of the Local Pension Board, with it noted that Asifa Ashraf was present as a Scheme Member Representative and that her position had now been ratified by Wiltshire Council.

It was stated that Juliet Weimar was a Scheme Employer Representative, however her position would have to be ratified by Wiltshire Council following the endorsement of the Local Pension Board.

Resolved:

The Board agreed to endorse the addition of Juliet Weimar to the Membership of the Local Pension Board as an Employer Representative to be ratified by Wiltshire Council.

123 **Apologies**

Apologies for absence were received from Laura Fisher.

It was noted that Jennifer Devine, Marlene Corbey and Paul Smith all joined the meeting in a hybrid capacity via Microsoft Teams.

124 **Minutes**

The Part I (public) minutes of the meeting held on 5 May 2022 were presented for consideration, and it was;

Resolved:

The Board approved and signed the Part I (public) minutes of the previous meeting held on 5 May 2022 as a true and correct record, and the Board's action log was noted.

125 **Declarations of Interest**

There were no declarations of disclosable interest or dispensations granted by the Standards Committee.

126 **Chairman's Announcements**

The Chairman informed the Board that on 28 September 2022 there would be a Brunel Partnership Investment Day in Bristol, which could also be attended via Microsoft Teams. The Chairman recommended that Board Members attend.

127 **Public Participation**

No questions had been received from councillors or members of the public.

128 **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 held on 26 May 2022 and 28 July 2022 were considered. Following which, it was;

Resolved:

The Board noted the Part I (public) minutes from the last ordinary meeting of the Wiltshire Pension Fund Committee held on 26 May 2022 and 28 July 2022.

129 **Scheme, Legal, Regulatory and Fund Update**

The Board received an update from Andy Cunningham, Pension Administration Lead and Jennifer Devine, Head of Wiltshire Pension Fund. The update covered the following matters:

It was stated that it had been a tricky period for investments and the performance within the second quarter had been challenging, though there were indications of improvement in July and August. Attention was drawn to the appendix within the agenda pack which included a link to education reforms, with it acknowledged that further education colleges are currently in an uncertain state and that Wiltshire Council has two of them. Work is being conducted investigating the reclassification of further education colleges in order to improve security and reduce risk.

Information was provided that GAD had completed a review and that the cost cap which had been breached in 2016 was to no longer be deemed as breached due to the McCloud remedy of the costs. Unions are however looking

to act and challenge the conclusion and the way that the McCloud judgement was used.

It was clarified in regard to i-Connect that there is still data to be collected and people to be onboarded. In addition, it was noted that around 95% of employers who have onboarded with i-Connect have provided data, however, there has been difficulty retrieving some data due to some employers having to engage with previous payroll providers, who they no longer have a contract with. It was stated that the gap analysis would be brought to the next meeting of the Board.

Resolved:

The Board noted the information included within the report and the attached appendix.

130 **Business Plan 2022-2023**

The Board received an update from Jennifer Devine, Head of Wiltshire Pension Fund. The update covered the following matters:

Attention was drawn to the report attached to the agenda which outlined important Business Plan actions for 2022/2023. Further information was provided on, but not limited to that the strategic asset allocation review was on track with timelines and would come to the November meeting rather than September; the KPI improvement plan; that a new outsourcing project had been agreed for payroll reconciliation and backlogs.

It was clarified that regarding i-Connect and Swindon, the main reason for delays was challenges to Swindon's payroll system as well as other complications. Regular conversations are however taking place with key officers from Swindon every two weeks and once able to, work would be restarted to onboard them with i-Connect.

The Chairman noted that there were plenty of positive outcomes within the report, especially in regard to outsourcing which had been the right decision made by officers and the Committee.

Resolved:

The Board noted the information included within the report.

131 **Training Update**

The Board received an update from Richard Bullen, Fund Governance and Performance Manager. The update covered the following matters:

Officers had been liaising with Hymans-Robertson with the view of issuing a Member effectiveness and knowledge assessment review, with the former being last conducted in 2018. The member effectiveness review had been delayed by 12 months due to the new intake of Councillors. In addition, it is anticipated

that an annual training questionnaire will shortly be issued, as well as information on a new member induction training session set to take place on 3 November 2022, which would be aimed at new Board and Committee members.

An introduction and background to the draft the TPR new Code of Practice was provided, with the content of the new Code of Practice outlined, comprising of 5 key areas and containing 51 shorter modules. In addition, key LGPS content and future updates was outlined, with it noted that such changes would require consultation and parliamentary approval. The importance of expectations and having clear lines of responsibility was stressed, with a new requirement for most occupational schemes to have and operate an effective system of governance (ESoG), with the modules listed that Wiltshire Council should be compliant with.

The Own Risk Assessment (ORA) was introduced, with it stated that Wiltshire Council would have to initially write a policy and then challenge itself against various items such as audit reports. Furthermore, the Wiltshire Pension Fund's next steps were outlined, which included but were not limited to undertaking its first ORA and agreeing upon the range of data points by which the Fund's ESoG would be monitored.

Clarity was provided that regarding responsibility, within each module an appropriate body would be chosen in order to decide who has clear responsibility. It was also stated that if an area arose outside of the scope, parties would work together to agree upon a correct way forward. In addition, it was stated that decision making and scrutiny roles of the Pension Fund would remain respected.

Resolved:

The Board noted the information and requested a further update on publication of the Regulator's final guidance.

132 **Administration Quarterly Key Performance Indicator**

The Board received an update from Andy Cunningham, Pension Administration Lead. The update covered the following matters:

It was covered that new reporting software had allowed information to be extracted much easier than previously, which had allowed for more regular reviews. It was stated that the KPIs achieved were significantly below target, and that the team would be looking to report more regularly. It was further acknowledged that internal targets had been set, with more cases processed and data being covered than before. Attention was also drawn to the tables within the agenda pack, which outlined reported scores.

Terminology of the report was discussed with it noted that "ready to go" cases were those which could be processed without having to wait for a third-party response. It was also acknowledged that there was an aim to reduce the

number of cases to a working level. Additionally, it was outlined that i-Connect onboarding has made the process slower than had been hoped, with the number of onboard employers up to 73%.

It was also noted that an annual benefit statement had been taken place with deferred statements having been sent out in batches, with a completion rate expected of 99%, similar to that of last year and that a paper could be expected at the next Board meeting.

Resolved:

The Board noted the information included within the update.

133 **Key Financial Controls**

The Board received an update from Jennifer Devine, Head of Wiltshire Pension Fund. The update covered the following matters:

It was noted that work from Deloitte was still delayed and that the Committee had discussed in their last meeting at the end of July to write to Andy Brown, which Cllr Richard Britton had since sent. Furthermore, as there had been delays, Wiltshire Pension Fund had to publish the respective reports unaudited. Reconciliations between SAP and Altair were discussed with a key problem area being unallocated transfers with money coming in, that is then booked onto a ledger but not booked onto Member accounts. In addition, it was noted that late payments had been up by 63% in May with larger employers paying late. These have since been made, but there are now some resulting payments in June with are consequentially late.

It was acknowledged that the long-term plan is to have an integrated payroll and one-off payments system within Altair and that there should not be resource implications other than paying for software, which was included within the budget. Additionally, this would create an offsetting effect, which would effectively pay for itself with there not anticipated to be a net cost increase through completing payroll in house.

Resolved:

The Board noted the information included within the report.

134 **Pension Payroll Database reconciliation**

The Board received an update from Andy Cunningham, Pension Administration Lead. The update covered the following matters:

It was stated that a number of cases had been found which had not been identified correctly at an early stage and therefore meant that case numbers had increased significantly rather than decreasing. Initially there were thousands of records that did not match; however this has reduced to a smaller percentage level and differences can be accounted for on a monthly basis.

Furthermore, a tender documentation has been produced and has been awaiting final approval to be sent out and once published, external expertise will be used to progress through cases and there is confidence that using one of the national frameworks, there will be a supplier that can deliver what is wanted. Additionally, the planned move to an integrated payroll system will help ensure that these problems do not reoccur.

Regarding overpayments, it was clarified that the Pension Fund is only proceeding with attempting to recover overpayments in cases where it is obvious that overpayment had taken place where the Member involved reasonably knew.

Resolved:

The Board noted the information included within the report.

135 **Audit Update**

The Board received an update from Richard Bullen, Fund Governance and Performance Manager. The update covered the following matters:

It was noted that the strategy commissioned in December 2021 for the Scheme Year 2022/23 had been altered following approval of the Business Plan objectives in April 2022. The table included within the covering report to this update reflected the original strategy, what changes had been made, as well as - demonstrating progress on the current range of audits. This included but was not limited to areas such as cyber security and the TPR self-assessment. It was stated that the tabling of this item was driven by Board's terms of reference in order to enable the Board to monitor progress of audits through the year.

The second part of the update presented the positive progress in relation to the actions arising from the SWAP audit for the 2021/22 Scheme Year. However there had been some areas with complexities and therefore the report suggested the revision of deadlines to make them more realistic. The monitoring action, relating to the monitoring of work was a particularly complex area, with a new system introduced by Andy Cunningham which allowed the KPI results from the Insight reporting tool to be applied to the workflow management tool in order to enable targeted allocation of work and improve the Fund's KPIs.

Resolved:

The Board noted the progress by officers against the SWAP audit recommendations dated March 2022, as outlined on the actions log and to endorse the revised target dates recommended by officers.

136 **Risk Register Update**

The Board received an update from Richard Bullen, Fund Governance and Performance Manager. The update covered the following matters:

It was stated that a new Risk Register Framework had been requested by Members of the Board and Committee earlier in the year and that progress had been made by the compliance group established to investigate it. It was outlined that the idea was for the new Risk Register Framework to be embedded into the operational side of the Fund and allow officers to report risks to the Board and Committee. It was noted that the introduction of the new Risk Register was taking longer than anticipated to implement, which would then feed into 20 Risk areas at a Board and Committee level. Emphasis was placed on the management of filtering risks in order to ensure the weighting of risk areas properly reflected. It was also stated that the current - process would not be removed and would run parallel with the new Risk Register until new arrangement was approved.

The Chairman stated the importance of capping the Risk Register at 20 areas in order not to overwhelm those involved and that there was a need to examine PEN037 and PEN022 at an on-going basis.

Resolved:

The Board noted the attached Risk Register and recommended that the changes/actions by officers in points 6 to 8 should be submitted to the Committee.

137 **Urgent Items**

There were no urgent items.

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

The next ordinary meeting of the Local Pension Board would be held on 27 October 2022.

Resolved:

The Board reviewed and approved its new Scheme Year Forward Work Plan.

139 **Exclusion of the Public**

The Board considered the recommendation to exclude the public. After 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 24 - 26 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.

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

The Part II (private) minutes from the last ordinary meetings of the Wiltshire Pension Fund Committee held on 26 May 2022 and 28 July 2022 were considered.

It was agreed that the words “investing in sustainable companies” on Page 112 of the agenda pack should be removed from the minutes.

Following which, it was;

Resolved:

The Board noted the Part II (private) minutes from the last ordinary meeting of the Wiltshire Pension Fund Committee held on 26 May 2022 and 28 July 2022.

141 **Cyber Security Review**

The Board received an update from Richard Bullen, Fund Governance and Performance Manager and Jennifer Devine, Head of Wiltshire Pension Fund.

142 **Minutes**

The Part II (private) minutes of the meeting held on 5 May 2022 were presented for consideration, and it was;

Resolved:

The Board approved and signed the Part II (private) minutes of the previous meeting held on 5 May 2022 as a true and correct record.

(Duration of meeting: 10.00am – 12.10pm)

The Officer who has produced these minutes is Ben Fielding of Democratic Services, direct line 01225 718656, e-mail Benjamin.Fielding@wiltshire.gov.uk
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WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE

06 October 2022

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) Key Performance Indicators (KPIs)
 - 1) Period – 1 July 2022 to 31 August 2022
 - 2) ABS issuance update
 - c) Risk Register
 - d) Internal Audit update
 - e) Training update
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 Jun-22 was -6.3%, compared to a benchmark return of -3.5%. The fund value at the end of Jun-22 was just over £3bn. Performance has continued to be challenging over the second quarter of 2022, due to global events, with the dominating theme being recession concerns. The value of the Fund's investments at the end of Aug-22 (the latest audited figures at the time of writing) was £3.14bn.
 - b) In very recent days, the tax cuts announced by the Government have sent sterling to record lows, and gilt yields have risen significantly (the biggest movement in the 10-year gilt yield since 1979). This has dominated the movement in the Fund's funding position, as gilt yields are used to discount the future liabilities, and consequently the funding level is currently around 120% (verbal update to be provided at the meeting).
 - c) Work has continued on the Actuarial Valuation. Initial discussions have been held with the finance directors of Wiltshire Council and Swindon Borough Council, and officers are continuing to develop comms with the employers to keep them engaged in the process. Valuation results will be presented to the Committee, along with the updated strategic asset allocation, at the meeting on 17 November 2022.
 - d) Some progress has been made regarding the two large outsourcing projects. A provider has been selected for the backlogs outsourcing, but there have been significant delays in getting the contract signed. The tender for the pensioner payroll reconciliation project has now closed, with several credible bids, which are currently being evaluated.
 - e) The tender for a provider of a new liquidity solution to maximise investment returns in line with the Fund's strategy, via a liquidity solutions portfolio, called the Strategic Allocation to Liquid Asset-Matching Investments (SALAMI), has now closed, and bids are being evaluated.
 - f) The Fund's 2022 Responsible Investment Policy has now been published, and the Fund has also achieved signatory status of the 2020 Stewardship Code.

- g) Significant progress has been made against other Business Plan 22/23 actions, covered in full detail elsewhere on this agenda, and noted below in this HAM report is the progress on risk management and weekly KPIs.

Scheme, Regulatory and Legal Update (Appendix 1)

4. As mentioned at the meeting on 28 July, Aon have been commissioned to provide some advice on McCloud and pensions dashboards, to give a summary of what work a standard LGPS fund should have completed to date in order to be prepared. These reports have now been received, and officers are currently reviewing the reports and preparing a gap analysis. There is work to be done at this stage, including analysis to be able to report against progress, and to assess the potential resource implications. Due to the time needed to complete this analysis, the status will be reported to the Committee during the next cycle of meetings.
5. Other than this, there are no material changes in this area but officers have added minor updates to the appendix.

Administration KPIs (Appendix 2)

6. The high priority administration KPIs show an improved picture with refunds in green, retirements and deaths in amber, however this has coincided with a worsening picture for medium priority cases.
7. Officers are now introducing a new work allocation system (called IWAS), which operates off the back of the standard KPI dashboard produce by our Systems provider, in their new reporting software (Insights). As context, it was not possible to configure the previous work allocation system to work exactly in line with the administration strategy but this replacement system is able to do this which will help with one of the Fund's key goals: to improve KPI performance.
8. i-Connect onboarding progress has slowed in the last couple of months due to a mixture of Fund end of year work pressures and key employers continued difficulties in being able to produce the necessary report in the required format (although some progress has been made). Officers will now start escalating the matters with more senior staff at the remaining employers in order to seek quicker progress.

Annual Benefit Statement (ABS) progress

9. The Fund is required to produce annual benefit statements for active and deferred members by 31 August 2022.
10. Deferred ABSs were produced for all members and made available earlier this year whilst the final percentage for active members by this deadline was 98.7% (a slight reduction from last year). The missing 1.3% was due to employers (mostly Swindon Borough Council) failing to provide the necessary data in time.
11. The end of year (and ABS) process is significantly quicker if an employer is on i-Connect and therefore the focus remains on onboarding the remaining employers to the platform.

Risk Register (Appendices 3 & 4)

LPB Recommendation – Minute 136

12. The Local Pension Board reviewed the risks of the Pension Fund at their meeting on 18 August 2022 and recommended the following alterations should be submitted to the Pension Fund Committee, with the exception of the risk identified in paragraph 17.
13. Since 18 August the following “new risk” had been identified.
 - **PEN062: Failure to consider the implications on the Fund of the Cost-of-Living crisis and the geopolitical energy situation:** (From Amber) Due to the war in Ukraine and the global economy emerging from the Covid-19 pandemic, a surge in inflation has occurred across the UK and the world. As a result, the cost-of-living crisis and concerns around energy stability may lead to a number of unanticipated outcomes.
14. That the evidence-based review of the register identified the following risks had changed or need to be recategorized.
 - **PEN002: Failure to collect and account for contributions from employers and employees on time:** (From Green to Amber) An increase in the number of late employer contribution payments and payments not made in accordance with the rates and adjustments certificate recorded on the breach log has led to an increase in this risk rating.
 - **PEN023: Further resources of officers and Members to meet the expansion of business items:** (From Green to Amber) Due to the volume of work/projects being processed by the Pension Dept, the outsourcing of work and the seasonal activities affecting staff resource allocations, a review of the Fund’s resourcing requirements may be required. Move from Closed to Ongoing.
 - **PEN025: Further academisation of Schools, the possibility of MAT breakups and cross fund movements:** (From Green to Amber) Guidance received from the Fund’s actuarial advisors suggests an increase in activity in the education sector will lead to an increase in employer liabilities. As a result, this risk has heightened and should be monitored.
 - **PEN061: Failure of internal auditors to conduct audits commissioned by the Committee in accordance with an agreed term of reference:** (From Amber to Green) Internally commissioned audits have moved with greater pace and with greater direction in 2022. The completion of the Key Financial Controls audit in March and the Pensioner Payroll in July have brought assurance to the Fund’s audit programme. A clearer timetable is also available in respect of the remaining audits during 2022/23.
15. “Red”, high risks are summarised in Appendix 3, and the full risk register in Appendix 4.
16. It is recommended that the following risk is deleted from the register on the basis that it is no longer relevant.
 - **PEN057: Failure to implement the Accessibility Regulations:** No longer relevant (Green)

Internal Audit update (Appendix 5)

LPB Recommendation – Minute 135

17. SWAP Audit recommendations – March 2022:

- a) Appendix 5 sets out Fund officer progress against the recommendations made by the SWAP auditor in March 2022 in relation to their Key Financial Controls audit.
- b) Substantial progress has been made in all areas with one exception. This relates to transfers into the Fund, where resourcing constraints have limited progress.
- c) However, whilst progress has largely been made, the Board did agree with officers at their meeting on 18 August, that several target dates should be extended. These revised dates are included within Appendix 5. The primary reason for extending these dates is due to logistical issues beyond officer control such as resource availability, not just within the Pension Dept., but elsewhere.
- d) Members are asked to note the progress being made against the actions, including the revised target dates. Officers will take questions from members on any of the content within Appendix 5.

Training update

18. Please note the following reminder.

- a) By now all members and key officers should have received an effectiveness review questionnaire from Hymans. The purpose of this being to receive feedback on the management of the Fund. This should have been accompanied by Hymans National Knowledge Assessment. All candidates are asked to complete both surveys.
- b) 3rd November – Officers will be holding new member induction training for those members who have started in the last 12 months.
- c) From 18th October the LGA will commence its Fundamental training courses. These will finish just before Christmas and are aimed at new members.
- d) Members are reminded that they have access to an officer managed training folder held on the Council's SharePoint system. The folder contains a variety of training material and guidance across all CIPFA practice areas.
- e) Members are encouraged to complete the modules provided by Hymans on-line Academy. The service also offers up to date guidance on a wider variety of pension fund related subjects: and finally
- f) Members are asked to complete and return their MiFID II self-assessment forms.

Financial Implications

19. No direct implications.

Legal Implications

20. There are no known implications from the proposals.

Environmental Impacts of the Proposals

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

22. There are no known implications currently.

Proposals

23. The Committee is asked to:

- a) use the information in the report as a basis for monitoring the Fund's core activities
- b) to approve the changes to the Risk Register recommended by officers and the Board.

JENNIFER DEVINE
Head of Wiltshire Pension Fund

Report Authors: Richard Bullen (Fund Governance & Performance Manager), Andy Cunningham (Pension Administration Lead) and Jennifer Devine (Head of Wiltshire Pension Fund)

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

Appendices:

- Appendix 1 – Scheme, Legal, Regulatory and Fund updates
- Appendix 2 – Administration KPIs
- Appendix 3 – Risk register – background and “red” risks
- Appendix 4 – Full risk register
- Appendix 5 – SWAP Audit Actions log

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Scheme, legal, regulatory and Fund update

Organisation	Subject	Link	Status	Comments	Risk Ref
HM Treasury	Reforms to public sector exit payments.		No change since the last meeting	After revoking the Restrictions on Public Sector Exit Payment Regulations in early 2021 but promising replacement legislation, we are yet to hear what type of replacement regulations will be implemented or when this may apply.	PEN021
DLUHC	McCloud	Please see below the table for more information from Aon	No (material) change since the last meeting	<p>The Fund's software provider continues to release software updates in stages in anticipation of the final remedy legislation being laid before parliament. Primary legislation is currently being finalised but no draft changes to the LGPS Regulations have been released.</p> <p>It is anticipated that the remedy legislation will apply from 1 October 2023, with backdated affect across the remedy window of 1 April 2014 to 31 March 2022.</p> <p>In preparation of this, as part of i-Connect onboarding, officers continue to update part-time hours histories for active staff. Officers have also requested part-time hour history for all other employers which are not currently on i-Connect. Correcting part-time hours histories remains a Fund priority.</p> <p>As part of the 2022 Triennial Valuation, there will be an assumption about the impact of remedying legislation and therefore the financial impact will be 'baked in'. At Fund level, the financial impact is likely to be small but the employer level impact will vary depending on each employer's membership profile.</p>	PEN042
	Fair Deal Consultation	https://www.gov.uk/government/consultations/local-government-pension-scheme-fair-deal-strengthening-pension-protection	No change since the last meeting	Officers have responded to the consultation but have yet to hear anything further from MHCLG. The next step is likely to be either another consultation or the introduction of legislation. Due to the Parliamentary backlog, further progress may not be seen until 2022 or 2023.	PEN040

Organisation	Subject	Link	Status	Comments	Risk Ref
	<p>Education Sector reforms</p> <p>&</p> <p><i>Changes to the Local Valuation Cycle and the Management of Employer risk Consultation</i></p>	<p>Sixty Second Summary - Education sector in the LGPS - Hymans Robertson</p> <p>https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/800321/LGPS_valuation_cycle_reform_consultation.pdf</p>	Minor updates	<p>Education sector reforms: These are outlined in the helpful 'sixty second summary' link to the left. Some of these discussions related to point 5 of the Consultation outlined below.</p> <p>One positive area being considered by Government is the introduction of guarantee to protect Funds against FE Colleges defaults.</p> <p>Scope:</p> <p>1). Amendments to the local fund valuations from the current three-year (triennial) to a four-year (quadrennial) cycle.</p> <p>2). A number of measures aimed at mitigating the risks of moving from triennial to quadrennial cycles.</p> <p>3). Proposals for flexibility on exit payments.</p> <p>4). Proposals for further policy changes to exit credits</p> <p>5). Proposals for policy changes to employers required to offer LGPS Membership (allowing further education, sixth form colleges to close entry to new employees)</p> <p>Reform progress:</p> <p>The Government has introduced legislation in relation to items 3 and 4. The changes resulting from item 4 are already embedded in the Fund's cessation policy and the changes from item 3 were covered in a paper revising the Fund's cessation policy in the December 2020 committee pack.</p> <p>We are unaware of any further developments on the other areas.</p>	PEN044
	Consultation: Taking action on climate risk	https://www.gov.uk/government/consultations/taking-action-on-climate-risk-improving-governance-and-reporting-by-occupational-	No change since the last meeting	MHCLG are shortly expected to release draft regulations and statutory guidance for consultation on how schemes will need to take action on climate risk. The DWP have already issued a consultation for occupational pension schemes – this is the link provided – and the MHCLG consultation will apply to the LGPS and is expected to be virtually identical.	PEN041

Organisation	Subject	Link	Status	Comments	Risk Ref
		pension-schemes-response-and-consultation-on-regulations		The Fund is in a good place here as the Committee has already done significant work to address this risk, via modelling, education (both of Committee members and the wider scheme membership), transparent reporting and meaningful actions.	
The Department of Work and Pensions (DWP)	Pension dashboard project	https://pensionsdashboardproject.uk/industry/about-the-pensions-dashboard-project/ Please see below the table for more information from Aon	Updated	<p>DWP consulted on draft regulations earlier this year, and the consultation closed on 13 March 2022. A further consultation was issued in June 2022, and this closed on 19 July 2022.</p> <p>The consultation raises some issues due to the different rules that apply in the LGPS in comparison to other schemes. Such as: excluding deferred refunds, issues around missing starter notifications and the value of benefits if the vesting period is not met etc.</p> <p>The public sector staging date is April 2024.</p> <p>The Fund's software provide, Aquila Heywood, is designated as an 'Integrated Service Provider' and is part of the national working party to help deliver the Pensions Dashboard. The Fund intends to work with Aquila Heywood to provide the data required.</p>	PEN038
Financial Reporting Council	Proposed revision to the UK Stewardship Code	https://www.frc.org.uk/investors/uk-stewardship-code	Updated	<p>The Financial Reporting Council (FRC) published the revised Stewardship Code on 24th October 2019 which sets substantially higher expectations for investor stewardship policy and practice.</p> <p>During April 2022, officers submitted an application to gain signatory status of the new Code, to the FRC.</p>	
Scheme Advisory Board (SAB)	Goodwin Case		No change since the last meeting	With some similarities to McCloud, another discrimination case affecting public service schemes including the LGPS, this time on the grounds of sexual orientation whereby it has been shown that it is discriminatory for female partners of members	PEN056

Organisation	Subject	Link	Status	Comments	Risk Ref
				<p>who are in a same sex or opposite sex marriage to receive different survivor benefits from one other.</p> <p>Although the funding costs will be small, this will be a further administration and communication burden to address.</p> <p>Little information has still been provided of the impact on the LGPS, but the DfE has started a consultation in relation to the Teacher's Pension Scheme to start the process of altering the scheme rules. It is expect MHCLG will undertake a similar process for the LGPS in due course.</p>	
	Good Governance Project (formerly known as the Separation Project)	http://www.lgpsboard.org/images/PDF/BoardFeb18/PaperBItem50218.pdf	No change	<p>Hymans-Robertson, on behalf of the SAB, has released its report on phase II which outlines a number of specific recommendations.</p> <p>Hymans Robertson and SAB are now moving towards Phase III of the project and a proposal is going to MHCLG to implement the proposals.</p> <p>The timeframes for implementation are still unclear.</p>	PEN039
The Pension Regulator (tPR)	Single code of practice		No change	<p>tPR have released a consultation concerning its intention to produce a single code of practice covering all pension schemes (rather than over 15 at the moment).</p> <p>Whilst some of the exercise is merely one of administrative consolidation, tPR have also used this as an opportunity to make some changes.</p>	PEN050
	Finance Act 2022		New	<p>The normal minimum pension age will increase from 55 to 57 from 6 April 2028 (the general intention was the minimum age would always be 10 years less that the state pension age).</p> <p>Act allows certain pension age protections to apply but DLUHC are yet to advise how these might apply in the LGPS.</p>	None

Organisation	Subject	Link	Status	Comments	Risk Ref
				The Stage Pension Age is due to be reviewed again next year (under the Pensions Act 2014, it should be reviewed every 6 years). As a reminder, the LGPS normal pension age for post 2014 service is set as being equal to the State Pension Age.	

McCloud – more info

In December 2018 the Government lost a Court of Appeal case (the 'McCloud/Sargeant' judgement) which found that the transitional protection arrangements put in place when the judges/firefighters' pension schemes were reformed, which applied to all active members who were within 10 years of their Normal Pension Age on 1 April 2012, amounted to illegal age discrimination. The Government's application to the Supreme Court for permission to appeal the Court of Appeal judgement was subsequently denied on 27 June 2019.

Government accepted that any changes would need to apply to all public service schemes with these protections and in July 2020, MHCLG (now DLUHC) consulted on changes to the LGPS in England and Wales. On 13 May 2021 MHCLG confirmed the key elements of the expected changes to the LGPS to implement the McCloud judgement in a Written Ministerial Statement, principally the extension of the final salary underpin (better of both promise) to all qualifying members in active service on 31 March 2012 with post-2014 career average benefits. The Public Service Pensions and Judicial Offices Act 2022 sets out the framework for scheme regulations and confirmed that the new final salary underpin will apply to membership from 1 April 2014 to 31 March 2022. It also extended the qualification criteria for the LGPS to qualifying members in active service on or before 31 March 2012 (not just in active service on 31 March 2012). A full consultation response from DLUHC is not expected until later this year and final LGPS Regulations are not expected to be come into force until 1 October 2023.

Although there is still some time before the Regulations are expected to be in place, implementing the McCloud judgement is expected to take up significant time and resource at administering authorities due to the need to:

- collect data from employers relating to members active between 1 April 2014 to 31 March 2022 which is required to calculate final salary benefits for that period
- plan for the calculation of the underpin benefits and potential rectification of benefits for members leaving since 1 April 2014 (up to the date the Regulations are in place)
- plan for the necessary updates to the administration system to enable the new underpin to be calculated where required for future benefit calculations
- communicate with stakeholders, including members and employers and including updating all template letters etc
- monitor the progress of the project to ensure regulatory requirements are met

A recent update from Technical Group suggested around 60% of the c50 administering authorities who responded have collected over half of the additional data required to calculate the new underpin and over a third of respondents have loaded that data to the pensions administration system. In addition, 80% have communicated with scheme members and 98% with employers about McCloud; over 60% have recruited or intend to recruit extra resource to help implement McCloud and nearly 15% have outsourced or plan to outsource implementation.

Aon has suggested that the Fund should move forward with its own preparations as soon as possible, and not only collect data when employers are onboarded onto i-connect. They recommend:

- establishing an Implementation Project with strands including a project charter, consideration of risks and mitigation, roles and responsibilities, workstreams required to implement McCloud and their key deliverables and planning for when draft regulations are available
- identifying how much data has already been collected and widening the data collection process to all employers as soon as possible (having regard to the i-connect roll-out programme)
- validating and uploading data to the pensions administration system in respect of the remedy period
- considering what resources/budget will be needed to successfully implement McCloud and how that might be achieved, i.e. in-house or outsourced (bearing in mind that the data collected will need to be validated before uploading onto Altair)

Dashboards – more info

The Pensions Dashboard is a Government initiative first announced in the Budget 2016. The idea behind the Dashboard is to allow all UK pension savers the ability to view all of their pensions, including state pension, via a single platform. DWP first consulted on the proposal in early 2019, asking for views on the potential phased introduction of the pensions dashboards as well as on the architecture, funding and governance arrangements. The Pension Schemes Act 2021 provides the legal framework for implementing the dashboard and a further consultation on regulations closed on 13 March 2022 which clarified that public sector pension schemes are expected to onboard between October 2023 and April 2024. A consultation response is expected before recess (so later this month) although DWP unexpectedly issued a further consultation on 28 June 2022 on (i) the period between dashboards becoming law and the requirement for them to be up and running and (ii) proposals to enable the Money and Pensions Service and Pensions Dashboard Regulator to share information relating to dashboards.

The Pensions Regulator has recently published guidance strongly advising schemes to start preparing as soon as possible, regardless of their connection deadline, noting that they will typically need to work with several organisations to get connected. Wiltshire Council as administering authority is ultimately accountable for ensuring connection, and we will need to work with our suppliers including Heywood to progress the work needed. TPR's guidance highlights the need for scheme managers to set the criteria for matching data and taking any steps necessary to ensure they have sufficient confidence in the accuracy of their data. Our recent decision to outsource our aggregation backlog should support us in our preparation for Dashboards but we need to put in place plans to ensure we will be ready on time. TPR states that it will take action if it sees intentional or reckless non-compliance.

A recent LGA survey suggested around 45% of funds who responded have recruited or intend to recruit extra resource to help implement dashboards; just over half have engaged with an integrated service provider to connect to the dashboard system and nearly 60% have cleansed their data in preparation for pensions dashboards.

Aon has suggested that the Fund should move forward with its own preparations as soon as possible, including specifically considering or confirming:

- Whether there are any procurement implications of connecting via the Heywoods ISP solution (this is potentially a slightly grey area so will need to be properly checked).
- That all key data fields are populated within Altair (such as Date of Birth, National Insurance Number, Address, Employer Name, Date Joined Fund, Date Left Fund).
- Data matching convention – the consultation suggests schemes can select which data items are used to identify members.
- That the timeframe for addressing the backlogs fits with the Dashboard timetable. (if a member whose deferred benefit has not been calculated logs in to the dashboard and MaPS realise there is a benefit pending the Fund will have 10 days to calculate the benefit and notify the member or we could face fines.)
- What resource/budget we may need to ensure we can comply with the requirements. (we will need to check what Heywoods are going to be charging for dashboard activity and ensure this is included in the business plan for 2023/24.)

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1. tPR Data performance measures

(Note: There is no change since the last meeting, but data has been included for completeness)

Measure	Score	Change since last period
Common Data	98.7% (at 1 Nov 2021)	-0.5% since July 2021
Conditional (Scheme Specific) Data	95.0% (at 1 Nov 2021)	+0.1% since July 2021
Annual Benefit Statement production rate	98.7% (at 31 Aug 2022)	-0.8% from the previous year

Explanatory

The Pension Regulator (tPR) helps regulate each LGPS's Fund compliance with various legislation. It has various enforcement powers such as setting improvement plans and fining.

In respect of administrative performance, tPR focuses on two types of measures as explained separately below. The Fund is required to submit its scores against this measures each year as part of its Scheme Return.

tPR target's for all of these scores is 100% although there is an informal acceptance that scores are likely to often be slightly less.

a). Common and Conditional/Scheme Specific data scores

Common data scores test the Fund's data quality (existence and accuracy of data) against various data measures it expects all Pension Funds to hold (e.g. name, address etc). 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.

Note: It was somewhat onerous and costly to do this analysis so at present the Fund only revisits these scores annually, normally in August-October, in order to complete it's annual return to the tPR.

b). Active Annual Benefit Statement (ABS) production

The Fund is required under the LGPS Regulations to produce active ABSs by the 31 August of each year (related to the member's pension as at 31 March of that same year). The Fund currently uploads all ABSs to the MSS member portal (My Wiltshire Pension). It only sends out paper statements to members who have opted in to receiving paper statements.

Both sets of scores are reviewed annually

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.

However, this score is still relatively high compared to 2018-2020.

2021: 99.5%

2020: 96.9%

2019: 95.0%

2018: 93.9%.

2. Internally set targets (Fund)

The Fund's internally set administration targets are set to help met 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).

a). Administration payment processing scores (higher priority administrative tasks)

The following table shows the Fund's process times against the timeframes set out in the administration strategy. It covers the high priority tasks, processing data on lower priority administrative tasks (such as deferrals and aggregations) will be shared at a later date. The tasks which are deemed as higher priority are the ones which relate to making a payment to the member (or a beneficiary). Members are now able to instantly access benefits estimates and therefore there is no longer a disclosed target related to this.

Table 1: Performance over the period 1 July to 31 August 2022

Performance over the period 1 July to 31 August
2022

Priority Category	Process	SLA (Working days)	Tolerable Performance	Cases Open at Start	Cases received	Cases processed	Cases open at end	Case change	Completed on target	Change
High	Deaths	5/10/20 days	95%	322	315	290	347	↑	83%	+20%
High	Retirements	10/20 days	95%	355	607	477	485	↑	87%	+6%
High	Refunds	10 days	95%	6	111	102	15	↔	99%	+2%
Medium	Transfers Out	10/20 days	90%	155	199	107	247	↑	50%	-20%
Medium	Transfers In	10/15/20 days	90%	29	23	18	34	↔	50%	-18%
Medium	Aggregations	23 days - 1 year	90%	3618	388	417	3589	↓	65%	-11%
Medium	Leavers	23 days - 46 days	90%	3466	1074	840	3700	↑	57%	-2%
Medium	Divorce	20 - 25 days	90%	6	28	21	13	↔	81%	-11%

Table 2: Monthly breakdown of completion on target percentage

Priority Category	Process	SLA (Working days)	Tolerable Performance	July	August	September
				Completed on target	Completed on target	Completed on target
High	Deaths	5/10/20 days	95%	82%	79%	Not available in time for the meeting.
High	Retirements	10/20 days	95%	91%	82%	
High	Refunds	10 days	95%	100%	98%	
Medium	Transfers Out	10/20 days	90%	45%	63%	
Medium	Transfers In	10/15/20 days	90%	69%	0%	
Medium	Aggregations	23 days - 1 year	90%	59%	71%	
Medium	Leavers	23 days - 46 days	90%	64%	52%	
Medium	Divorce	20 - 25 days	90%	88%	77%	

Table 3: 'Ready to go' aging analysis

Priority level	Age analysis (working days)						Total
	1-5	5-10	10-15	15-20	21-40	2+ months	
High	4	6	5	8	17	22	62
Medium	2	4	3	13	543	613	6695

Commentary:

Table 1 & 2: Shows improvements in the KPIs relating to high priority tasks but a worsening in the percentages for medium priority tasks. The

Table 3: Whilst the KPI performance is at an undesirable level, this table shows that only 62 high priority cases were currently ‘in office’ (i.e. “ready to go”) and therefore workloads are at a level that KPIs could increase materially with moderate actions over the next few months. Table 1 and 3 also illustrates the volume of the backlog cases. This will mostly be addressed by outsourcing this work.

Table 4: Shows the aging of ‘ready to go’ cases, which highlights the backlogs sit in medium priority areas and that many of those cases are significantly overdue.

b). i-Connect onboarding progress (31 August 2022)

The following table shows the progress in onboarding employers on to i-Connect. The long-term target is now to onboard all employers on to i-Connect as soon as possible.

	Number onboarded	Number left to onboard	Completion rate
Active members	13816 (-300)	c9,000 (total =c 23,000)	61.6%
Employers	133 (-1)	47 (total = 180)	73.9% (+0.3%)

The comparison figure is to 17 July 2022.

Outstanding employers updates (major employers):

*Swindon Borough Council (SBC) and FS4S (a payroll provider), Wiltshire Police and New College covering nearly all of the remaining active membership not already onboarded. In all cases, their onboarding has been complicated by changes they have made to their payroll system.

Officers are supporting each of these organisations but will also be escalating matters to more senior staff should good progress not be made soon.

c). MSS (My Wiltshire Pension) take up

RECORDS	
ACTIVE	31 August 2022
Registered	10,687
Total	22,656
Percentage	47.2% (+0.7%)
DEFERRED	
Registered	12,760
Total	31,537
Percentage	40.1% (+0.3%)
TOTAL	
Registered	23,447
Total	54,193
Percentage	43.3% (+0.5%)



4. Internal targets - Employers

a). i-Connect submission performance

Note: 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.

i). Timeliness measure of submissions

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.

Month		Jun 2022			Jul 2022			Aug 2022		
		On-time	Late	% on time	On-time	Late	% on time	On-time	Late	% on time
iConnect Submissions	Large (250>)	6	0	100%	6	1	86%	6	0	100%
	Medium (50-250)	24	1	96%	26	1	96%	24	2	92%
	Small (10-50)	31	0	100%	31	0	100%	31	1	97%
	X Small (<10)	50	0	100%	56	2	97%	50	1	98%
Total		111	1	99%	119	4	97%	111	4	97%

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Risk Register – Appendix 3

Red Risks

Risks remaining “red”, high risk:

- **PEN018: Failure to set in place appropriate Cyber Security measures:** (Red) In accordance with Committee Minute 90, dated 16 December 2021, the Fund’s cyber security risk rating was increased to red until the Fund receives sufficient assurance from the Council’s IT Dept. that this risk is being fully managed. Whilst measures are believed to be in place, active assurance is still required. An external consultant is being appointed to provide members with an independent professional opinion on how this risk should be managed.
- **PEN022: Rectification of records with GMP and non GMP issues – Time-consuming, costly & may causes reputational damage:** (Red) Potentially incorrect liabilities being paid by the Fund because of GMP and other pension component values missing, incorrectly recorded, or incorrectly valued. Consequently, progress with the Pensioner Payroll Database reconciliation project may impact on the Fund’s liabilities and its reputation.
- **PEN037: Failure to implement a strategy to address the administration backlogs:** (Red) Based on the findings of the SWAP audit report published in March 2022 the strategy to review the administration backlogs was reconsidered and an updated strategy included within the Fund’s 2022/23 business plan. The primary aim of the new strategy will be to outsource the backlog to 3rd party administrator, with a view to clearing it over the next 12 months.
- **PEN042: Significant retrospective legislation changes related to the McCloud case:** (Red) Following the release of the Government’s consultation document in July 2020 analysis of the Scheme’s members who may be affected was undertaken. Indications suggest that potentially c27k members may be affected, as well as increasing the work on several supplementary administrative tasks. The impact actuarially speaking is likely to be minimal. Final regulation is expected by October 2023 and officers have put in place a project plan to gather the data required to fulfil the regulations. Members requested that it be kept as a red risk until the administrative impact is completely clear.
- **PEN048: The transition of the pooling of LGPS assets with BPP fails to deliver the projected savings:** (Red) Progress and updates should continue to be regularly reported to Committee. An independent audit was conducted in 2021 and has been presented to the Board & Committee for consideration. Whilst a further audit was commissioned for 2022, it is noted that the Fund’s audit plan was altered by the business plan approved in April 2022 suspending this audit. At the Committee meeting on 5 September this audit was recommissioned.

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Ref.	Risk	Cause	Impact	Primary Risk Category (CIPFA)	Risk Owner	Level of risk (Inherent)	Impact	Likelihood	Inherent risk score	Controls in place to manage the risk	Impact	Likelihood	Residual risk score	Further Actions necessary to manage the risk	Level of risk (Residual)	Direction of Travel	Risk Action Owner	Date for completion of action	
Horizon Risks																			
PEN062	Failure to consider the implications on the Fund of the Cost of Living crisis and the geopolitical energy situation.	Due to the war in Ukraine and the global economy emerging from the Covid-19 pandemic, a surge in inflation has occurred across the UK and the world.	It is anticipated that the cost of living crisis and concerns around energy stability may lead to the following potential outcomes: 1) Member behaviour e.g. opting out of the Scheme 2) Staffing issues such as recruitment and absenteeism 3) Service disruption due to power cuts 4) Impacts on employers such as insolvency, maintaining contributions payments & delays in new joiners starting caused by delays in auto-enrolment changes 5) Impacts on the Fund's investment strategy and performance & 6) Service continuity issues from the Fund's providers.	GOVERNANCE	Jennifer Devine	Medium	2	3	6	A review of the Fund's Emergency Response arrangements will take place by managers. The Fund will also monitor industry wide responses to the situation as winter develops.	1	1	1		Low	↕	Jennifer Devine	Apr-23	
PEN061	Failure of internal auditors to conduct audits commissioned by the Committee in accordance with an agreed terms of reference	The Committee & Board must ensure that audits they commission are being executed as originally prescribed in terms of their scope, quality and timeliness. Both groups need to satisfy themselves that all audits are being carried out on a best value basis, by internal auditors appropriately skilled to conduct those audits and that any signing off of audits are not being unduly delayed	Commissioned audits which are delayed, whether they be financial, procedural, compliance or otherwise driven can carry significant risk to the integrity of the Fund. New processes require robust review by suitably skilled internal auditors and 3rd party delays whether arising from the audit partnerships themselves, or secondary approvals can create a consequential impact on the operational effectiveness of the Fund. Both the Committee & the Board require robust independent assurance to ensure that their oversight can remain comprehensive	ACCOUNTING & AUDITING	Jennifer Devine	Medium	2	3	6	As part of the Fund's oversight of its IT services, it is recommended that the Committee request periodic strategic updates during the course of 2022 from the Fund's s151 Officer to be able to assess the level of risk & whether any mitigations need to be identified.	1	1	1	Auditors to be involved to oversee the controls being put in place concerning non-pension payroll transfers of software, notably Accounts Payable & general accounting practices. The project plan should be discussed with the Auditor. Evolve risks remain for the Fund in all aspects of the Evolve Programme.	Low	↕	Andy Brown	Oct-22	
PEN059	Service disruption is created during the implementation of the Council's Evolve Programme - Pension Payroll software	Wiltshire Council intends to introduce a replacement for SAP. The intended procurement process is due to be completed by September 2021 & the implementation by December 2022.	SAPs replacement could have a significant impact on the Fund's ability to pay its pensioners, particularly where the project management of the de-implementation and implementation are not synchronised	GOVERNANCE	Andy Brown	Medium	3	2	6	As part of the Fund's oversight of its IT services, it is recommended that the Committee request periodic strategic updates during the course of 2022 from the Fund's s151 Officer to be able to assess the level of risk & whether any mitigations need to be identified.	1	1	1	Auditors to be involved to oversee the controls being put in place concerning non-pension payroll transfers of software, notably Accounts Payable & general accounting practices. The project plan should be discussed with the Auditor. Evolve risks remain for the Fund in all aspects of the Evolve Programme.	Low	←	Andy Brown	Nov-22	
PEN058	Service disruption is created during the implementation of the Council's Evolve Programme - Non Pension Payroll software	Wiltshire Council intends to introduce a replacement for SAP. The intended procurement process is due to be completed by September 2021 & the implementation by December 2022	SAPs replacement will impact on multiple services areas provided by the Council to the Fund. For the Fund's non-pension payroll functions this will most notably include HR, AP & IT services. However, it could affect all service relationships the Fund has with the Council.	GOVERNANCE	Andy Brown	Low	1	1	1	As part of the Fund's oversight of its IT services, it is recommended that the Committee request periodic strategic updates during the course of 2022 from the Fund's s151 Officer to be able to assess the level of risk & whether any mitigations need to be identified.	1	1	1	Auditors to be involved to oversee the controls being put in place concerning non-pension payroll transfers of software, notably Accounts Payable & general accounting practices. The project plan should be discussed with the Auditor. Evolve risks remain for the Fund in all aspects of the Evolve Programme.	Low	→	Andy Brown	Dec-22	
PEN056	Failure to implement the findings of the Goodwin vs the UK case in relation to discrimination which will affect public service pension schemes on the grounds of sexual orientation	Following a male to female trans-sexual post operative procedure the claimant stated that her human rights had been infringed when she was still treated as a man for National Insurance contributions purposes, as she continued to make payments after the age at which a woman would have ceased payments, thus causing harassment. A second similar claimant stated she was unable to obtain work as she was unable to provide her birth certificate revealing her gender history.	There is no remedy proposed yet, although some auditors are pressing for an allowance to be included in 2020 IAS19/FRS102 reports. Whilst the funding costs are expected to be small, this will be a further administration and communication burden to address.	ADMINISTRATION	Andy Cunningham	Low	1	1	1	The implementation of risk controls will be introduced on communication of remedies.	1	1	1		Low	→	Andy Cunningham	N/A	
PEN050	Failure to comply with TPR's anticipated new Single Code of Practice Statement	The new requirements for pension scheme governance came into force on 13 January 2019 as part of the transcription of the IORP II Directive into UK law. The new EU Directive covers the activities and supervision of institutions for occupational retirement provision (IORP)	Consequently the TPR is simplifying its codes of practice as part of its 'clearer, quicker, tougher' campaign and in response to new requirements for scheme governance, the Occupational Pension Schemes (Governance) (Amendment) Regulations 2018. Codes combined notably relate to 9, 13, 14 & 15.	GOVERNANCE	Richard Bullen	Low	2	2	4	It is anticipated that early focus will be on the codes that are most affected by the new regulations, starting with internal controls & effective governance. Trustees will need to be able to demonstrate that they have an effective system of governance within 12 months of its publication	3	1	3	None, until the Single Code of Practice Statement is released which not anticipated until Summer 2022.	Low	→	Richard Bullen	N/A	
PEN044	Change to valuation cycle	The Government is consulting on changing the fund valuation cycle. The next valuation will be in 2022 but it is unclear when the next one will follow.		GOVERNANCE	Andy Cunningham	Low	1	3	3	Officers will respond to the consultation stating they are not in favour of such a change	1	3	3		Low	→	Andy Cunningham	N/A	
PEN042	Significant retrospective legislation changes related to the McCloud case	An age discrimination case taken to Court by a group of firefighters and Judiciary employees	Increased contribution rates for employers and high levels of administration time and complication.	ADMINISTRATION	Andy Cunningham	High	3	4	12	None - Whilst it now appears almost certain that a change will take place, it is still unclear exactly what the change will be, its magnitude and how the Fund can mitigate it. It is noted that the Valuation results have made no allowance for the consequences of the McCloud case, primarily due to the prudence applied to the investment return expectations of 75%, but also due to the implementation of actuarial guidance.	2	4	8	a) On actuarial guidance it is anticipated that whilst a review will be required the financial impact may be minimal as in most cases the underpin check for a member's benefits will not bite. b) Following the release of the Government's consultation document in July analysis of the Scheme's members who may be affected has been undertaken. Early indications suggest that c27k members from all status types will need to be reviewed, however cases where the underpin bites continues to be considerably less. Supplementary impacts such as the Annual Allowance, transfers & dependent benefits will also need to be considered, as well as changes to the Fund's internal controls to ensure that cases are reviewed as the liability falls due & that those which have been reviewed are marked accordingly.	Medium	→	Andy Cunningham	N/A	
PEN039	The Fund's inability to implement the reforms associated with the Good Governance Project	SAB has requested a review of governance structures for the LGPS using a criteria of four possible governance models which might help funds to deliver good governance for their employers and members. A final consultation report is due in July 2019	Poor governance has a reputational risk impact, leading to poor service for Fund stakeholders, a lack of clarity of roles & responsibilities and potential conflicts of interest emerging	GOVERNANCE	Andy Cunningham	Low	2	2	4	Officers have contributed feedback to the consultation exercise in May 2019 and taken part in various discussions. This has helped officers gain an understanding of the likely direction of travel and help ensure the Fund is aligned and prepared (for example by making certain adjustments to the terms of reference).	2	2	4	Officer to introduce a statement of Fund principles, beliefs & precedents.	Low	→	Richard Bullen	N/A	

Dynamic Risks

PEN060	Failure to complete the review into potential conflicts of interest between the Fund and its Administering Authority	Wiltshire Council is experiencing a period of immense strain on its services, exacerbated by limited central government funding and the pandemic. In response to this strain it has undertaken a review of its services and formulated a strategy of restructure	Areas of potential conflict include 1) Senior AA officers not recognising that they may be conflicted when taking a decision 2) Not ensuring the AA has in place protocols to manage a conflict of interest with its Pension Fund 3) Not ring fencing the services paid for by the Fund from when wider AA policy changes occur, such as staff re-deployments 4) Not quantifying the corporate recharge, or that financial distribution between service areas & introducing SLAs to enable performance measurements of the AA services procured 5) Not enabling the Fund greater freedom relating to best value procurement and employment 6) Viewing the Pension Fund as an equal partner concerning its own requirements & 7) Not embracing changes to improve Fund governance published by outside bodies such as SAB	GOVERNANCE	Andy Brown	Medium	3	2	6	The Committee & the Board should seek to identify and address potential conflicts of interest with the Committee being willing to actively manage situations with the AA where it considers that the membership of the Fund, or the Fund itself is not being appropriately served	1	1	1	Engagement in connection with the scoping of services is seen as a priority by the Committee, along with linking the services provided to the corporate recharge fee requested by the Administering Authority.	Low	↑	Andy Brown	On-going
PEN053	Failure to implement Fund's Data Retention Strategy	Poorly implemented strategies agreed by the Board & Committee to ensure that the retention of data is properly executed in respect of both the Fund & Scheme Employers may occur.	A failure to adhere to the strategy could potentially breach GDPR compliance & create service issue in the event of data being inadvertently minimised or deleted.	ADMINISTRATION	Mark Anderson	Low	1	3	3	Heywood (Altair Database manager) to introduce a tool to minimise & delete records. Includes an export function to identify records managed via this process which can be reported on. This can be cross referenced against the membership statistics if required.	1	2	2		Low	→	Mark Anderson	N/A
PEN045	GMP legislative changes	The Government has been planning to make a number of changes to way that GMPs work which brings about certain risks. In particular, changes to the indexation approach (which have been repeatedly delayed) and equalisation between males and females.	Both sets of plans could increase scheme costs and cause material amounts of additional administrative work.	ADMINISTRATION	Andy Cunningham	Low	2	2	4	HMRC undertook a consultation in the last quarter of 2020 requesting responses by 30 December 2020. The WPF along with many other organisations responded to that consultation and on publication of the results the Fund will seek guidance from its professional advisers in respect of both its equalisation & indexation responsibilities on the next steps it should take.	2	2	4	None	Low	→	Andy Cunningham	N/A
PEN041	The Fund's inability to implement a strategy to ensure Climate Change considerations are integral to its investment strategy	Climate change is a key environmental risk which could have a material financial impact on the Fund's returns, and as such needs to be considered, managed & monitored as part of the Committee's fiduciary duty, and to protect the investment returns of the Fund.	Failure to embed climate change considerations in the investment strategy could cause a negative impact on investment returns over the long term.	FINANCIAL MARKETS & PRODUCTS	Jennifer Devine	Medium	3	2	6	The Committee is engaged in ongoing work to help determine the most appropriate direction of travel, with expert consultancy support. Significant progress has been made so far, with the introduction of a climate change policy, amendments to the investment strategy, a flight path to enable change and a considerable amount of training and development of members by professional advisers. Work is also being done within the Brunel pool to address this risk.	2	2	4	Additional resource continues to be required, likely by the way of specialist consultancy support.	Low	↓	Jennifer Devine	On-going
PEN038	The Fund's inability to implement the DWP's Dashboard within a notified timescale.	Late communication by the DWP to specify their requirements for the Fund to comply with this new nationwide Dashboard. Potential for unexpected implementation costs and/or the Fund being unable to meet the reporting requirements.	Non-compliance would lead to a reputational risk for the Fund. A statutory requirement to contribute may also be created.	ADMINISTRATION	Andy Cunningham	Low	1	2	2	Senior officers to keep themselves apprised of developments and seek more detailed information as the project develops.	1	2	2	None	Low	→	Mark Anderson	N/A
PEN037	Failure to implement a strategy to address the administration backlogs	Failure of effectively administration the scheme could result in incorrect payments, inefficiencies in the process, failure to meet disclosure timeframes, complaints and inadequate oversight over the fund.	Poor administration resulting in incorrect payments and can lead to reputational risk issues. The mitigation of this risk is contingent on the mitigation of other risks such as PEN034 & PEN036	ADMINISTRATION	Andy Cunningham	High	4	3	12	The implementation of PEN034 & PEN036 along with addressing the internal auditors comments in their 2018/19 Key Controls report should mitigate this risk. As part of the 2022/2023 budget approval, the outsourcing of the backlog to help mitigate this risk was agreed	3	2	6	Employer training to be enhanced to assist the provision of information to officers & efficient management of backlogs. Improving peer review policy to enhance their way work is checked.	Medium	→	Betty Chirpanhura	On-going
PEN034	Failure to implement Lean process review	Low KPI performance has been identified, particularly in relation to the disclosure requirements, as a result of inefficient processes and insufficient training and support.	An end to end processing review of all repeatable processes with the key objectives of improving the customer experience and identifying and realising efficiencies. Semi-automated work allocation is required to target key items of casework more quickly	ADMINISTRATION	Andy Cunningham	Medium	3	2	6	As at April 2022, work continues to be ongoing in relation to completion of the lean processing review. This has taken longer than expected due to the considerable amount of change management, which has caused additional reviews.	3	1	3	Officer training to be enhanced to assist with the efficient processing practices. Officers have introduced a 2nd line of review strategy, where experienced officers conduct internal audits at a technical level, not just at a process level.	Low	→	Samantha Paines	On-going
PEN022	The rectification of records with both GMP and non GMP issues is time-consuming, costly & causes reputational damage.	From 1 April 2016, State Second Pension ceases and HMRC no longer provides GMP data on members to Funds. The Fund is looking to complete the reconciliation of its pensioner payroll to include GMP as well as all other data differences.	If records for members are inaccurate there is the potential for incorrect liabilities being paid by the Fund.	ADMINISTRATION	Andy Cunningham	High	3	4	12	Large project is still ongoing and software from Heywood's is being used to process amendments to Altair on bulk. Progress was delayed due to the Fund trying to engage with Government to agree on a nationwide approach and in order to undertake further analysis of the problems identified.	2	4	8	A common approach between south-west Funds has been reached with feedback from SAB. Several papers were submitted to the Committee setting out the situation and outlining a proposed strategy. A regular update is being provided to Committee concerning member record reconciliation.	Medium	→	Mark Anderson	u/k
PEN021	Ineffective implementation of the Public Sector Exit Cap	The Treasury is consulting on draft regulations to introduce a cap of £95,000 on exit payments in the public sector, in response to concerns about the number of exit payments that exceed or come close to £100,000 and the need to ensure they represent value for money. This will include changes to LGPS regulations. Introduction of exit cap will require an additional burden on the administration team as it is likely to effect all redundancy calculations. Funds are often given little time to implement changes which brings about this risk.	Changes need to be communicated to individuals and employers and systems adapted once the revised regulations have been approved. LGPS Funds could be in breach of the legislation in they are logistically unable to implement the cost cap mechanism once introduced. Engagement with the relevant public service HR depts in relation to the implementation of the Exit will be essential.	LEGISLATIVE	Andy Cunningham	Low	2	1	2	The consultation is due to be completed on 9th November. Key risk controls should include: 1) Fund officers should ensure that relevant HR officers understand the implications of the Cap. 2) Review the Compensatory Regulations after they've been re-written and LGPS Regulations too as a priority 3) Ensure Fund officers understand the new regulations & draft proforma to manually calculate options, prior to the delivery of automated calculation routines 4) Consider any TUPE transfer implications 5) Liaise with HR department concerning potential redundancy exercises in 2021 & 6) Undertake a review of Fund's documentation to include disclaimers	2	3	6	Legislation was introduced concerning the Exit Cap at the end of 2020, however this legislation is now in conflict with the LGPS regulations. Guidance is being sought to resolve these conflicts. A further review of resources may still be needed following a review of the final details & feedback from HR departments.	Medium	→	Andy Cunningham	N/A
PEN018	Failure to set in place appropriate Cyber Security measures	Over reliance by Fund is potentially being place on its Administering Authority's IT security arrangements & that of its key software database providers without proper scrutiny/reporting of their security arrangements	Impact is significant concerning the operational effectiveness of the Fund, notably in relation to the data held and the ability to calculate and process member benefits	ADMINISTRATION	Andy Cunningham	High	4	3	12	Cyber security reports to be requested on an annual basis from both Wiltshire Council's IT department & the main database manager Heywood's. Following the Committee meeting on 16/12/21 a range of recommendations were approved by the Committee due to the assurance levels received. This included the appointment of an external auditor to assess the Fund's cyber security risk.	4	1	4	During 2021 Heywood's provided a suite of documents concerning their cyber security arrangements & ICT provided a report to the Committee in December.	Low	→	Andy Cunningham	N/A
Ongoing Risks																		
PEN055	Failure of the Brunel Pension Partnership to properly address shareholders concerns via the governance review	Governance arrangements set in place at the outset of Brunel are due for review and it is vitally important that Wiltshire and all shareholders are satisfied with the breadth and depth of the review, and the resulting changes.	With the Wiltshire Pension Fund & other stakeholders being required to invest significant sums of money with BPP, robust governance arrangements are vital to ensure that shareholders are able to take assurance over the running of the partnership	GOVERNANCE	Andy Brown	Medium	3	2	6	Brunel's governance review is ongoing. Wiltshire has actively engaged with Brunel, by sending a letter on behalf of Committee members, to make Wiltshire's expectations clear, and also via the Head of Pension Fund Investments' input at a client group level.	3	2	6	Officers will regularly monitor the progress of the governance review and engage at all possible opportunities. Committee members will be kept informed of all developments.	Medium	→	Andy Brown	N/A

PEN052	COVID-19	COVID-19 is an infectious global virus which WHO has classed as a pandemic. The UK could be taking similar actions to other countries bad affected by this virus such as China & Italy which will cause significant business continuity issues to the pension fund	In a worst case scenario the Council's officers & service provider offices will be closed making remote working essential but difficult. In addition, it is expected that up to 20% of people will be off sick & needing to self-isolate causing service issues. Consequently issues around staffing, investment returns, employers supplying data, management of employer covenants, support from suppliers & contractors are all likely to be factors in the management of the Fund.	GOVERNANCE	Andy Cunningham/ Jenny Devine	Low	2	2	4	The Council's/Fund's Business Continuity Plan will need to be activated. Regular communication with key services & service providers should be maintained. Fund officers have already taken a series of steps to ensure ongoing service & are giving consideration to the daily government updates & Council policy in the taking of those decisions. 01/02/2022 - With Govt. rules relating to the pandemic being relaxed and the majority of the population vaccinated, risks to the operation of the Fund caused by the pandemic are considered reduced. Monitoring will continue, however there appears to be no immediate risk to ongoing service.	2	2	4	The series of steps have been specifically identified to manage this risk. In particular, maintaining the movement of money, communication with all stakeholders & essential operating practices; Consequence of the following risks were focussed upon; Movement of money PEN001, PEN002, PEN003, PEN015 & PEN033. Communication with stakeholders PEN013, PEN030 & PEN033 & Essential operating practices PEN004, PEN010 & PEN037. A survey was also sent to Employers requesting information about their circumstances & a close monitoring of actual employer behaviour has been adopted & will continue to be in relation to their service obligations.	Low	↓	Andy Brown/ Andy Cunningham/ Jenny Devine	N/A
PEN048	The transition to pooling of LGPS assets with BPP fails to deliver the projected savings	The Fund needs to pool its LGPS assets with other Funds using the Brunel Pensions Partnership.	Poor implementation could be costly in terms of unanticipated costs and/or savings less than projected.	INVESTMENT PERFORMANCE & RISK	Jennifer Devine	High	4	3	12	The Fund is working with Brunel Pension Partnership on pooling arrangements. Progress and updates regularly reported to Committee. The Fund's passive portfolios have been pooled with significant fee savings, but a budget increase is also currently being proposed. The final position is still uncertain.	3	3	9	Significant amount of resource still required by officers to progress this project. On 13th February 2020 the Board recommended that a monitoring & reporting timetable being put in place concerning BPP's transition to help mitigate this risk.	Medium	→	Jennifer Devine	On-going
PEN043	Administration disruption and employer cost pressures cause by the Cost Cap review	The cost cap floor has been breached meaning the Scheme rules need to be adjusted.	Administration: Some impact on administration processes and communications - unknown at the moment as the details have not been finalised. Cost: Higher costs for employers	ADMINISTRATION	Andy Cunningham	Low	2	2	4	None until further information is available. Note: this is unlikely to happen until the McCloud case changes are finalised, as McCloud will already increase costs in itself.	2	4	8	GAD have indicated that the LGPS is in a strong financial position based on March 2019 information. GAD have made recommendations concerning consistency which will be reviewed by SAB. These include widening the cost corridor from 2% to 3% and a wider economic check on the outlook of the economy	Medium	↓	Andy Cunningham	N/A
PEN036	Failure to implement a Dashboard of KPIs for regular monitoring	Difficulties in extracting the required data from the workflow section of the administration system. Improve the range of Key Performance Indicators (KPIs) produced for the Committee and Local Pension Board to help provide transparency and clearer oversight & management of administration performance.	Failure to implement a dashboard of comparable benchmarks, will be counter to the Pension Regulator's requirements on factors such as data quality measures	ADMINISTRATION	Andy Cunningham	Low	1	2	2	Officers have implemented a suite of KPIs to be utilised at different levels. Namely, at a Statutory level, for the Committee & the Board, for use between Employers & the Fund & at management level for use at an operational level within the Pension's dept. The introduction of a new PAS document will enhance the flow of KPI information to members. Further work is required to introduce a suite of customer service based KPIs.	3	2	6		Medium	→	Mark Anderson	On-going
PEN035	Failure to maintain the Pension Administration Strategy as an effective strategy document.	The Pension Administration Strategy has not been reviewed since 2019.	To improve the administration performance of the Fund and of its participating employers. If this does not improve the Fund will be in breach of compliance requirements laid down by the Regulator.	ADMINISTRATION	Andy Cunningham	Low	2	1	2	A new Pension Administration Strategy has been approved in December 2019. It will relate to the Fund's business plan. A management dashboard is being developed in addition to the Committee & Board monitoring to ensure that the requirements of the PAS are executed effectively	2	1	2	None.	Low	→	Denise Robinson	31/03/22
PEN033	Failure to manage AVC providers	The Fund is a Data Controller with four AVC providers under management who operate to a system of policies & endorsements rather than service provider contracts. Consequently, there is a risk due to the mismatch between Fund responsibility & control in relation to the assets under management.	Failure of a AVC provider can lead to issues of reputational risk to the Fund, as well as being exposed to adverse governance & financial implications.	ACCOUNTING & AUDITING	Jennifer Devine	Low	2	2	4	A minimum of annual service review reviews have been implemented with all AVC providers, managed by the Investment & Accounting team. The review will cover customer service & investment performance.	2	1	2	None.	Low	→	Jennifer Devine	On-going
PEN030	Failure to procure & contract manage service providers appropriately	GDPR adherence, the migration of Investment Managers to BPP & external service providers all form part of the existing Contract Management strategy. Many undertaken in conjunction with the AA's Procurement dept. In addition, with approximately 1/3 of services provided by the AA, good & complete governance would require contract reviews the Fund's internal services too.	A lack of a contract management framework, including a complete suite of documents by which to measure performance against will create an inability to manage both internal & external service providers. In addition, it will limit the updating of service scopes so that the Fund's requirements remain consistent with new legislation & regulations. This will lead to increased costs & risks to the Fund.	PROCUREMENT & RELATIONSHIP MANAGEMENT	Andy Cunningham	Medium	2	3	6	A contract management framework has been developed by officers to anticipate the review of Fund contracts as they fall due. Fund officers have also attended Contract Management training provided by the Council's Procurement Department.	3	1	3	To ensure that a comprehensive best value service is being provided to the Fund the contract management framework needs to be extended to cover regular reviews of internal service providers to the Fund. Such an extension will allow suitable measurement of performance against the corporate re-charge levied by the Fund's AA.	Low	→	Richard Bullen	On-going
PEN028	Failure to introduce new administration software effectively	Implementation of new software including i-connect, payment instruction automation and a new member website. All to be completed during 2021/2022.	Delay in the payment of member benefit, poorer data quality, sub-standard communication arrangements with members & employers & slower delivery times leading to a more costly service	ADMINISTRATION	Andy Cunningham	Low	2	2	4	Individual project plan have been prepared for each implementation of software, including their GDPR implications, with individual project issue logs and risk registers. A bespoke Project team has also been established within the pension's dept. who initiate formal handovers to officers on completion of the new implementation. i-Connect, which will have the largest impact, is partially delivered with around a third of active members onboarded.	2	1	2	SQL capability to be developed within team to enhance reporting & verify effective implementation. Nova Sail will also be introduced to leverage & optimise the software capability employed by the Fund.	Low	→	Samantha Paines	On-going
PEN026	A lack of effectiveness of Committee meeting due to the impact of MiFID II Regulations	MiFID 2 investment regulations from Jan 2018 will classify LGPS Funds as "retail" investors. They will need to opt up to professional status	If Wiltshire Pension Fund is unable to maintain "professional" status it will limit the range of investments available and may lead to the forced sale of assets.	INVESTMENT PERFORMANCE & RISK	Jennifer Devine	Medium	3	2	6	Wiltshire Fund is now being treated as a Professional Client, having followed due process. Maintenance of the Fund's Professional Client status will require on-going compliance with the requirements including competence	2	2	4	Guidance received from officers & the Independent Adviser to the Fund has mitigated the impact of MiFID II. Officers implemented a self-assessment return completed by members concerning their competence to maintain "professional client status". A member training strategy for 2020/21 includes MiFID II related training	Low	→	Jennifer Devine	On-going
PEN025	Further academisation of Schools, the possibility of MAT breakups and cross fund movements.	Potential for further schools to convert to academy status, MATs to breakdown	Additional governance and administration risk. If all schools were to convert then the number of employers in the Fund could jump from 180 to between 400 and 500.	GOVERNANCE	Andy Cunningham	Medium	2	3	6	Regular communications with schools to understand their intentions. Revised cessation policy aims to address some of the risks relating to MAT breakups.	2	2	4	The Fund is monitoring the SAB review of academies roles in the LGPS and will take actions (e.g. respond to consultations) as necessary to try to mitigate this risk further.	Low	→	Andy Cunningham	N/A
PEN023	Further resources of officers and Members to meet the expansion of business items	The recent expansion of business items resulting from continued consultations, pooling of assets, and additional governance requirements.	It is increasingly difficult for officers to thoroughly consider issues and to deliver concise agenda papers covering all the relevant issues, while members are faced with larger report packs trying to cover the pertinent details.	GOVERNANCE	Andy Cunningham	Medium	3	2	6	More use of web links within the Committee papers to reduce the size of the packs. The adequacy of officers resources to support the Fund's 3 committees, the on-going pooling agenda and the additional complexities arising from regulatory scheme changes is still being monitored through work planning and appraisals. Staff training to be aligned & all training to be provided in a consistent way.	1	2	2	Staff realignment due in May 2020 to target staff resources to changing work priorities. The 2020/21 business plan approved a recruitment options to address the business need.	Low	→	Ellen Ghey	On-going
PEN017a	A lack of knowledge and expertise on the Pension Fund Committee	Lack of structured training and continuous self assessment of skills gap to ensure knowledge levels are adequate to carry out roles to the best of their ability	Bad decisions made may be made in relation to any of the areas on this register, but particularly in relation to investments. There is also a requirement for Funds to 'Comply or Explain' within their Annual Report on the skills knowledge of members of the Committee	GOVERNANCE	Andy Cunningham	Medium	2	3	6	Members are given Induction Training when they join the Committee, as well as subsequent opportunities to attend courses/seminars and specialist training at Committee ahead of key decisions. There is a Members' Training Plan and Governance Policy. Further training and advice can be called on from our consultants, independent advisors and investment managers too.	2	1	2	The results of the external knowledge assessment were presented to the Board on 11 Nov 2021 & the Committee on 16 Dec 2021. Based on the assessment a new 4 year training strategy was agreed and a training policy. Pensions is a complex subject, so the training needs of the Committee will need to be continually reviewed. Generally both Committee & Board members are taking a more active approach to training and requesting structured training in key areas.	Low	→	Richard Bullen	On-going
PEN017b	A lack of Committee Member compliance with all regulations	Lack of Member willingness or awareness to be compliant with new or existing regulations leading to breaches of legislation and reportable offences	Over reliance on officers & advisers to ensure compliance leading to a lack of oversight challenge	GOVERNANCE	Andy Cunningham	Medium	2	3	6	Member attendance at conferences & seminars enables independent information sources. Update the Look forward plan to include the introduction of an annual audit plan to ensure the fund's compliance requirements are implemented & the results of the audit reported to Committee	2	1	2	None	Low	→	Richard Bullen	On-going

PEN016	A lack of effectiveness in respect of the Fund's Treasury Management Services	The Fund's treasury function is now segregated from Wiltshire Council. This includes the investment of surplus cash in money markets.	Exposure to counterparty risk with cash held with external deposit holders could impact of Funding level of the Fund	INVESTMENT PERFORMANCE & RISK	Jennifer Devine	Low	3	1	3	The Pension Fund will review an updated Treasury Management Strategy annually. The Fund has reviewed the Treasury Management Agreement and the Committee approved a new strategy in April 2022.	2	1	2	The Council uses Sector's credit worthiness service using ratings from three rating agencies to provide a score. Surplus cash is transferred to the Custodian at month end ensuring cash balances are minimal. A minimum of annual updates by the Council need to be presented to the Committee	Low	→	Jennifer Devine	N/A
PEN015	Failure to collect payments from ceasing employers	When an employer no longer has any active members a cessation valuation is triggered and a payment is required if a funding deficit exists to meet future liabilities. The impact of COVID-19 on financial markets means the likelihood is currently increased.	Failure to collect cessation payments means the cost of funding future liabilities will fall against the Wiltshire Pension Fund	ACTUARIAL METHOD	Andy Cunningham	Low	2	2	4	The Pension Fund Committee approved a revised cessation policy on 26 March 2020 to address regulatory changes made in March 2020 (backdated to May 2018). Furthermore, all new admitted bodies require a guarantor to join the Fund which means that a stable Scheme Employer is required to act as the ultimate guarantor. Due to the current impact on COVID-19 situation on investment returns, we are currently encouraging employers to delay cessation crystallisation events where possible to avoid crystallise a large deficit.	2	1	2	A new employer cessation policy was approved in March 2020, however since then further guidance has been published nationally setting out Fund discretionary payment plans already introduced by Wiltshire. It should be noted that whatever determination the Fund makes there is a risk it will be open to challenge. In summary the Fund needs to amend our FSS & consider how this should work best and communicate out to employers accordingly. Furthermore, with regards to the spreading of exit payments & deferred debt agreements officers need to consider what changes to the existing cessation policy (sections 7 and 9) are needed for the Fund to be compliant	Low	→	Andy Cunningham	On-going
PEN013	Failure to communicate properly with stakeholders	Lack of clear communications policy and action, particularly with employers and scheme members.	Scheme Members are not aware of the rights and privileges of being in the scheme and may make bad decisions as a result. Employers are not aware of the regulations, the procedures, etc, and so the data flow from them is poor.	GOVERNANCE	Andy Cunningham	Low	2	2	4	The Fund has a Communications Manager and Employer Relationship Manager posts dedicated to these areas full-time, including keeping the website up-to-date, which is a key communications resource. The Fund also has a Communications Policy.	2	1	2	None	Low	→	Denise Robinson/ Samantha Paines	N/A
PEN012	Over-reliance on key officers	The specialist nature of the work means that there are inevitably relatively experts in investments and the local authority pension regulations	If someone leaves or becomes ill, a large knowledge gap could be left behind.	GOVERNANCE	Andy Cunningham	Medium	3	2	6	Key people in the team are seeking to transfer specialist knowledge to colleagues by documenting procedures and notes. In the event of a knowledge gap, however, we can call on our external consultants and independent advisors for help in the short-term.	2	1	2	None - the risk will reduce once the existing team increases its level of knowledge and experience through greater time in their roles. A knowledge hub is being developed within the Fund and the LGA may create a practitioners bible which would work as a reference document for officers. Following the Accounting & Investment team restructure a key person risk has emerged in relation to supporting the Head of Pension Fund Investments.	Low	↑	Andy Cunningham/ Jennifer Devine	On-going
PEN011	Lack of expertise of Pension Fund Officers and Service Director, Finance	Lack of training, continuous professional development and continuous self assessment of skills gap to ensure knowledge levels are adequate to carry out roles to the best of their ability.	Bad decisions may be made in relation to any of the areas on this register, but particularly in relation to investments. Risk of being unable to fulfill statutory obligations and/or maintain key financial controls.	GOVERNANCE	Jennifer Devine	Medium	3	3	9	Officers ensure that they are trained and up-to-date in the key areas through attendance at relevant courses and seminars, reading, discussions with consultants and peers, etc. Formulated annual Training Plans relevant to officers are also reviewed against the CIPFA Knowledge & Skills Framework to ensure adequate expertise exists. A Fund knowledge hub is being developed.	2	3	6	The Director of Finance & Procurement is now filled on a permanent basis and other senior officer roles in the Pension Fund are now filled by permanent staff for a significant period of time. Officer training to be enhanced to assist knowledge & understanding.	Medium	↑	Andy Cunningham/ Jennifer Devine/ Corporate Directors	On-going
PEN010	Failure to keep pension records up-to-date and accurate	Poor or non-existent notification to us by employers and members of new starters, changes, leavers, etc.	Incorrect records held, leading to incorrect estimates being issues to members and incorrect pensions potentially being paid.	GOVERNANCE	Andy Cunningham	Medium	3	3	9	Data & systems Team constantly working to improve data quality, data validation checks carried out through external partners (e.g. the Fund's actuaries and tracing agencies), pro-active checks done through national fraud initiative and the Fund's Data Improvement Plan.	3	1	3	The Fund is currently addressing new data issues identified by a review of the TPR two key data standards and other data reviews while ensuring data is of high quality is an on-going responsibility.	Low	→	Mark Anderson	On-going
PEN009	Failure to comply with Data Protection Legislation (GDPR & Data Protection Act 2018)	Poor procedures for data transfer to partner organisations, poor security of system, poor data retention, disposal, backup and recovery policies and procedures.	Poor data, lost or compromised, fines from the Information Commissioner, reputational risk of failure to meet Data Protection legislation.	LEGISLATIVE	Andy Cunningham	Medium	3	2	6	Compliance with Wiltshire Council's Data Protection & IT Policies. Annual Data Protection training given to the team. On-going cleansing of data undertaken by Systems Team. The Fund has produced a new suite of procedures and controls following the introduction of GDPR.	2	1	2	Further reviews and changes in relation to the GDPR. First internal audit (Key Controls - April 2019) identified a lack of clarity in relation to the Fund's Data Retention strategy, where no justification for retaining personal data can be made, notably Exit No-liability records. Data Cleaning must be carried out. Officers to agree with IG Data Cleaning approach. The 2nd internal audit identified the need for improvements to the Fund's DPIA arrangements.	Low	↑	Mark Anderson	On-going
PEN008	Failure to comply with LGPS and other regulations	Lack of technical expertise / staff resources to research regulations, IT systems not kept up-to-date with legislation, etc	Wrong pension payments made or estimates given. Investment in disallowed investment vehicles or failure to comply with governance standards. Effect: Unhappy customers, tribunals, Ombudsman rulings, fines, adverse audit reports, etc	ADMINISTRATION	Andy Cunningham	Low	2	2	4	*Sufficient staffing, training and regulatory updates. *Competent software provider and external consultants. *Technical & Compliance post reviews process and procedures and maintains training programme for the team. *KPIs against statutory standards *Imbedding checks and controls into all processes. *Audits & internal reviews to maintain best practice	2	2	4	Review of ABS requirements to ensure on-line delivery is compliant with disclosure requirements	Low	→	Luke Webster/ Betty Chiripanhura	N/A
PEN007b	Significant rises in employer contributions for non-secure investment returns	Poor economic conditions, wrong investment strategy, poor selection of investment managers, poor consideration of all financial & non-financial risks including ESG issues.	Poor/negative investment returns, leading to increased employer contribution rates	FINANCIAL MARKETS & PRODUCTS	Jennifer Devine	Low	2	2	4	Use of expert consultants in the selection of investment strategy and investment managers, regular monitoring of investment managers (1/4ly), regular reviews of investment strategy (annually). Monthly review of % of Fund held in each mandate. Also a flight path strategy implemented to take off risk as funding levels improve. Fund member of LAPFF & uses PIRC to proxy vote on shares in line with agreed policy for ESG issues. Compliance with Stewardship code.	2	2	4	A risk based framework is now in place to review employers long term financial stability. This informs the policy for stepping in contribution rates to assist in affordability issues where requested by an employer. It will be continuously reviewed, as part of the updating of the investment Strategy Statement. Query over covenant reviews following expiry of PWC contract.	Low	→	Jennifer Devine	On-going
PEN007a	Significant rises in employer contributions for secure employees due to poor/negative investment returns	Poor economic conditions, wrong investment strategy, poor selection of investment managers, poor consideration of all financial & non-financial risks including ESG issues.	Poor/negative investment returns, leading to increased employer contribution rates	INVESTMENT PERFORMANCE & RISK	Jennifer Devine	Low	2	1	2	Use of expert consultants in the selection of investment strategy and investment managers, regular monitoring of investment managers (1/4ly), regular reviews of investment strategy (annually). Monthly review of % of Fund held in each mandate. Also a flight path strategy implemented to take off risk as funding levels improve. Fund member of LAPFF & uses PIRC to proxy vote on shares in line with agreed policy for ESG issues. Compliance with Stewardship code.	2	1	2	The implementation of the Stabilisation Policy limits increases for secure employees.	Low	→	Jennifer Devine	On-going
PEN006b	Significant rises in employer contributions for non-secure employees due to increases in liabilities	Scheme liabilities increase disproportionately as a result of increased longevity, falling bond yields, slack employer policies, etc. The current price of gilts lead to a worsening Funding Position.	Employer contribution rates become unacceptable, causing upward pressure on Council Tax and employers' costs.	ACTUARIAL METHOD	Andy Cunningham	Low	2	2	4	As above	2	2	4	As above	Low	→	Andy Cunningham	On-going
PEN006a	Significant rises in employer contributions for secure employees due to increases in liabilities	Scheme liabilities increase disproportionately as a result of increased longevity, falling bond yields, slack employer policies, etc. The current price of gilts lead to a worsening Funding Position.	Employer contribution rates become unacceptable, causing upward pressure on Council Tax and employers' costs.	ACTUARIAL METHOD	Andy Cunningham	Low	2	2	4	Longevity and bond yields are generally beyond the control of the Fund as are the values of the liabilities in general. However, the Fund has started the 2019 Triennial Valuation process and it is concurrently reviewing its investment strategy and implementing separate employer investment strategies. Furthermore, the Fund and each employer must have a Discretions Policy in place to help control discretionary costs (e.g. early retirements, augmented service, etc).	2	2	4	None	Low	→	Andy Cunningham	On-going
PEN005	Loss of funds through fraud or misappropriation	Fraud or misappropriation of funds by an employer, agent or contractor	Financial loss to the Fund	ACCOUNTING & AUDITING	Jennifer Devine	Medium	4	2	8	Internal Audit regularly test that appropriate controls are in place and working. Regulatory control reports from investment managers, custodian, etc. are also reviewed by audit. Due Diligence is carried out whenever a new manager is appointed. Reliance is also placed in FCA registration.	4	1	4		Low	→	Jennifer Devine	On-going
PEN002	Failure to collect and account for contributions from employers and employees on time	Non-availability of SAP systems, key staff error, omission, failure of employers' financial systems, failure to communicate with employers effectively. LGPS 2014	Adverse audit opinion for failure to collect contributions by 19th of month, potential delays to employers' FRS17 year-end accounting reports and to the Fund's own year-end accounts.	ACCOUNTING & AUDITING	Jennifer Devine	Medium	3	2	6	Robust maintenance and update of Altair and SAP systems, sufficient staff cover arrangements, sufficient staff training and QA checking of work. Officers regularly work with employers to ensure they understand their responsibilities to pay by 19th of the month. The Breaches framework now require the Fund to log material late payments.	2	2	4	The 2022 SWAP internal audit report highlighted a Priority 2 risk requesting officers ensure that a review of the member contribution processes raised in their report are undertaken promptly & to future-proof those processes to ensure appropriate efficiencies are made	Low	→	Jennifer Devine	On-going

PEN057	Failure to implement the Accessibility Regulations	For the Fund to comply with the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018, the Equality Act 2010 & subject to understanding the Web Content Accessibility WCAG 2.1 guidelines which came into full force from September 2020.	Government Digital Service (GDS) monitors public sector bodies' compliance on behalf of the Minister for the Cabinet Office. If GDS decides that a public sector body has failed to publish an accessibility statement, or that the accessibility statement is incorrect, it will publish the name of that body & a copy of the decision. In addition organisations in breach of the Equality Act 2010 and the Disability Discrimination Act 1995 may be liable to investigations, unlawful act notices and court action leading to reputational damage.	GOVERNANCE	Andy Cunningham	Low	1	1	1	Although not strictly a Pension Fund responsibility, the Administering Authority determined that as the Pension Fund operated a separate URL in respect of the Pension Fund's website it would view it as a separate entity & therefore required the Fund to make its own compliance arrangements. Fund officers have therefore initiated a project team to implement website compliance which will include an independent audit of its website compliance. The Fund's initial accessibility meeting took place on 5th November to scope its strategy.	1	1	1	An audit of the Fund's website took place against the Accessibility Regulations and a positive outcome was achieved. Officers will address a small number of technical points raised by the audit Shaw Trust, however it was felt that this risk could move to a dormant status.	Low	→→	Krystie Waterhouse	N/A
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Appendix 1:

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

No	Priority score	Issue	Recommendation	Agreed management action	Agreed management timescale	Est. Progress	Progress at 12 September 2022
1	2	New Enrolments	<p>1 new joiner spreadsheet received from an employer outside of i-Connect had not been saved in the SharePoint repository. Another 2 were entered into the Altair system after the expected SLA deadline.</p> <p>12 new joiner enrolments were sent activation keys and new joiner letters after the expected SLA deadline</p> <p>Reconciliations should be signed off by the Employer Services and Systems Manager</p> <p>Reconciliations could be time-consuming, taking up to 2 weeks to complete</p>	<p>We will remind staff to ensure new joiner spreadsheets are saved in the SharePoint repository.</p> <p>We will monitor the timeliness of the distribution of new joiner letters and activation keys and take further action if this is not improved.</p> <p>We will ensure reconciliations are appropriately signed off. We will also review the reconciliation process itself to see if efficiency improvements can be made.</p>	31 May 2022 Revised 31 Mar 2023	90%	<p>Spreadsheet storage</p> <ol style="list-style-type: none"> 1) All staff have been reminded to consistently save spreadsheets in the appropriate place. 2) The new pensioner reconciliation process is now being signed off, as recommended, by the Employer Services and Systems Manager. 3) The possibility of evidencing the consistent saving of spreadsheets & sign-off via an exceptions report was considered as not viable. Note: It is anticipated that this process will be superseded with the full introduction of i-Connect, but in the interim Managers will make periodic checks. <p>New Joiner process</p> <ol style="list-style-type: none"> 4) The starter process has been updated. 5) Evidence of completion of the new joiner process was provided via the CIPFA KPI table and submitted to Board/Committee and a new report is being developed by officers to facilitate this. Managers will now monitor compliance and report to the Board/Committee on an exception's basis. <p>Pensioner reconciliation</p> <ol style="list-style-type: none"> 6) The new pensioner reconciliation process has been altered to speed it up and now takes 1-2 days. This process will not be necessary once an integrated payroll system is in place, so no further action is planned. 7) A reconciliation with control totals is taking place. Enhancements to this process are being added to improve the quality of reporting. The creation of workflows will track this work.
2	2	Contributions	Finalise the process which states the contribution rates each employer should pay and develop a mechanism to ensure the correct rates are	We will ensure the employer contribution rates schedule is finalised and procedures are put in place to make sure it is well controlled going forward.	31 May 2022 Revised 31 Dec 2022	80%	<p>Employer contribution rates</p> <ol style="list-style-type: none"> 1) A mechanism is in place to ensure the correct contribution rates are shared amongst all relevant team members. The mechanism will be documented into a procedure and an agreed

			<p>recorded and controlled going forward</p> <p>No clear ownership within the Fund for resolving contributions issues</p>	<p>We will discuss roles and responsibilities with the team to ensure there is clear ownership with raising and resolving issues.</p>			<p>accurate schedule will be adopted in conjunction with Actuarial updates. New employers will be added to the bottom of this schedule.</p> <p>Resolving issues</p> <p>2) A process for resolving issues has been agreed as part of the review of the Administration Strategy. The appendix covering the escalation policy, clearly sets out the roles and responsibilities of each party.</p>
3	2	Lumpsum Payments	<p><u>Death Payments:</u> Supporting information letters & final payment authorisations issued after the SLA deadline A death grant decision form not on file & 1 payment sign off processed by the same person involved in the calculation</p> <p><u>Transfers Out:</u> Letters of calculation were generated after the SLA deadline & letters of calculation were not peer reviewed</p> <p><u>Retirements:</u> Members were contacted after the SLA deadline & payments were not followed up in a timely manner when documents had not been received from the member. In addition, payments were authorised by the same person involved in producing the actual calculation or peer reviewing it. My Wiltshire Portal - Form filled out and returned to the</p>	<p>We will monitor the timeliness of processing lumpsum payments and take further action if this is not improved.</p> <p>We will remind staff of the importance of saving necessary documentation to support transactions on members files.</p> <p>We will review the payments approval process and structure to ensure payments are always approved independently by someone who has not been involved in calculating the payment.</p> <p>We will investigate the bug in the My Wiltshire Portal which is preventing members from submitting documents and ensure any forms received from members via email are signed.</p> <p>We will advise staff which date should be used when processing retirement</p>	31 October 2022	80%	<p>Saving documentation</p> <p>1) All staff have been reminded to save all required supporting documentation. Note: To be added to the Risk Register to act as an ongoing reminder to staff.</p> <p>Timeliness</p> <p>2) SLA/KPI deadlines has been identified in the Business Plan and various actions are underway to make improvements. Weekly KPI reporting has been introduced.</p> <p>Independent payment approval</p> <p>3) We have reviewed the approval process and advised staff to not peer review and authorise the same case. Key policies have also been signed-off to support this approach. Note: It is recognised that the introduction of the immediate payments' module will resolve any monitoring constraints.</p> <p>4) A new workflow has been created to monitor the spot checking of work, including the possibility of a RAG report to highlight the quality of peer review.</p> <p>My Wiltshire Pension</p> <p>5) The issue with the My Wiltshire Pension portal has been resolved. Further improvements are planned over the next few months.</p>

			Fund via email, unsigned, however the payment was still processed. Plus, bank details will soon be auto populated to the Altair database, but this is not yet in place. It isn't clear what date should be used for retirement calculations, the retirement date, or the date payable.	payments and update process notes accordingly			
4	2	Transfers into the Fund	Money received from members previous funds is recorded in the SAP system on the general ledger as an asset, but the corresponding liability is not always recorded on the members file in the Fund's Altair system. This can result in a false representation of assets and liabilities in the Fund's accounts.	We will carry out a reconciliation to identify transfers in that have been processed in the SAP system but not in Altair. We will ensure Altair is updated with any missing liabilities and embed the new process to monitor transfers in are accurately processed going forward.	31 May 2022 Revised 31 Dec 2022	25%	Transfer-in allocations to Altair 1) Quarterly financial reconciliations are carried out and reported to the Local Pension Board and Committee. (£3.9m outstanding at 31 July 2) A new process has been developed and has been communicated to the relevant team members. 3) Workflows exist to track the completion of the administration. To discuss priorities with the Member Services Manager.
	2	Amendments	Name change Name changes did not have a marriage certificate saved on the file to evidence the name change. Nomination change Nomination changes were processed after the expected SLA deadline. Address change Address changes were processed after the expected SLA deadline. Target notifications occasionally not saved on the members file as evidence.	We will remind staff of the importance of saving evidence to support any changes made in Altair. We will monitor the timeliness of processing amendments and take further action if this is not improved.	31 October 2022	90%	Saving documentation 1) All staff have been reminded to save all required supporting documentation. Levels of spot checking will be increased to ensure that the quality of record keeping is maintained. Timeliness 2) Staff deployed to high priority casework. As this is classed as low priority casework which Members can complete themselves through a 'self-serve' arrangement adherence to SLA timeframes are currently less stringent. 3) A review of the Administration Strategy has been undertaken to reflect the Members 'self-serve' arrangement.
6	1	Monitoring	Workflow backlog tasks go back to 2013, see further details under finding H below.	We will review the process of distributing tasks to team members and ensure there is	31 July 2022 Revised 31 Dec 2022	60%	Work monitoring & distribution 1) Altair's new Insights reporting tool will be used to monitor work (Termed the Surrey Report). With

			<p>The Fund was unable to quantify how much work was in the backlog or clarify if the status of tasks was correct. This makes managing deadlines difficult and prevents the Fund from producing forward looking KPIs.</p> <p>A monthly performance dashboard needs to be finalised and updates should be reported to the Pensions Committee. A one-off payments module should be purchased so BACs payment runs can be directly produced out of the Altair system. In our previous reports we have raised actions to carry out a full reconciliation between Altair and SAP, this has not been done.</p> <p>No quality assurance over the Fund's processing is conducted by management to ensure work is carried out correctly.</p> <p>The Fund maintains its own operating budget. Some services are provided by the Council and then recharged to the fund. However, the Fund does not receive underlying data from the Council to substantiate the amounts recharged.</p>	<p>a robust process to monitor SLAs and team capacity / backlog. KPIs will be reported to the Pensions Committee regularly.</p> <p>We will finalise the monthly performance dashboard and report updates to the Pensions Committee regularly.</p> <p>We will carry out a full reconciliation between Altair and SAP and ensure this is done on a regular basis.</p> <p>We will consider if the one-off payments module in Altair should be purchased.</p> <p>We will review and embed the formal quality assurance process to help ensure work is carried out by the team correctly.</p> <p>We will liaise with the Council to obtain underlying data to support the amounts recharged to the Fund by the Council yearly.</p>			<p>work allocation managed via an auto-allocation tool and relevant line managers who will spot check work & prioritise, based on the Insights reporting. Weekly reviews will take place to focus on SLAs however, the process is expected to take time to bed in.</p> <ol style="list-style-type: none"> 2) Officers have internally developed IWAS, a process designed to link Insights report results with workflows, with a view to prioritising casework. 3) Necessary "house-keeping" is taking place, however further work is still required to cleanse historic issues, particularly the incorrect setting up of workflows. A summary of outstanding cleaning is to be reported. 4) Insights (the Surrey Report) will act as the basis of a dashboard and be reported to Committee/Staff on a regular basis. <p>Payment's module</p> <ol style="list-style-type: none"> 5) A one-off payments module has been purchased. Officers are waiting for Heywood's to implement system. Access to Paygate is still required, with IT needing to complete the licencing requirements. <p>Altair/SAP Reconciliations</p> <ol style="list-style-type: none"> 6) A full reconciliation has been completed; however numerous variances were identified. Work continues to reduce the number of variances between the databases. <p>Council recharge and SLAs</p> <ol style="list-style-type: none"> 7) The Council has provided an initial proposal to determine the level of the recharge and associated service. The fee suggested is c£600k. Progress on this work is reported quarterly to the Local Pension Board and Committee. 8) Discussion is ongoing concerning the service for the fee.
7	2	Projects	There is not a formal project plan, issues or risk log for the	We will review the project methodology used to manage	31 July 2022 Revised	80%	Project methodology

			<p>i-Connect Enrolments project and further work could be done to proactively bring the project to a close</p> <p>The Pensions Payroll Reconciliation project Gantt chart does not include task statuses, so project slippages are unclear. Meeting actions are not formally captured, and progress reports not produced or communicated to the Pensions Committee</p>	<p>the Funds projects and implement changes to help improve oversight and efficiency.</p> <p>We will consider ways to proactively progress the i-Connect project, for example employer site visits.</p>	31 Dec 2022		<p>1) Officers have reviewed the way these projects are managed and made several minor alterations.</p> <p>i-Connect onboarding</p> <p>2) i-Connect continues to be proactively managed to maximise onboarding, including escalating matters with employers. This goal also forms part of the Business Plan.</p> <p>3) Officers have reviewed the remaining employers who have not onboard by year-end (Mar-22) and have determined a tailored approach for each employer. This is also being dealt with through the revised Administration Strategy.</p> <p>4) A project plan to complete i-Connect onboarding has been developed and actively managed by Fund officers. Whilst constraints concerning completion remain with the employers themselves, Fund officer propose to actively manage employers in overcoming those constraints.</p>
8 Page 59	1	Operational Backlog	<p>Aggregations</p> <p>The Fund has accumulated processing backlogs for aggregations, clearing it remains an ongoing issue. Updates are reported to the Committee but an improvement plan to help clear the back log has not been drafted</p> <p>Frozen refunds</p> <p>If a member leaves the scheme in the vesting period they can be entitled to a refund of their contributions. Where a member doesn't opt to be refunded their fund remains as a frozen refund The backlog of frozen refunds now amounting to circa 2 million pounds and dating back to 1974.</p> <p>Retired members</p>	<p>We will review the backlog of aggregations, frozen refunds and retired members and take necessary steps to ensure this is progressed where possible.</p> <p>We will develop controls to monitor backlog in these areas going forward and report updates to the Pensions Committee regularly.</p> <p>We will review the data stored for status 3 members and determine a way to remove any personal data which is no longer necessary.</p>	31 May 2022 Revised 31 Mar 2023	60%	<p>Aggregations</p> <p>1) It was agreed to outsource casework (prior to 31 March) as part of the Business Plan, A tender process and subsequent appointment has been completed. Arrangements to commence the project are now taking place.</p> <p>Frozen Refunds</p> <p>2) A working group is managing this area. Where members have reached or are about to reach 5 years (the timeframe by which they must take the refund and can no longer transfer out), officers are writing to members with a view to concluding those refunds.</p> <p>3) Officers will also send out a reminder communication for less than 5-year cases. However, during this timeframe the member is entitled to seek to transfer out in this timeframe (and it is often financially beneficial for them to do so), and therefore no further action is possible</p> <p>4) Some of the oldest cases are unlikely to reach a resolution due to difficulties in tracing the member (or because they may have died in the meantime) in which case the refund will be unable to be paid.</p> <p>Retired members</p>

			<p>There are 107 members on the Altair system who are over 75 years old and therefore have reached an age that their pension must be paid. The Fund are currently looking at the ones overdue and determining the next steps required.</p> <p>Status 3 members</p> <p>Exit-No liability members still have personal member data recorded in the Altair system. This can be a breach of data protection regulations. In the Funds Data Retention Policy, it is stipulated that members' personal data should be minimised after 7 years of leaving the Fund and deleted after 15 years. There are 4652 member files where the information should be minimised and 14809 member files which should be deleted.</p>			<p>5) Officers are working through these cases and contacting all members concerned.</p> <p>6) Workflows called RET75ACT (for actives reaching 75) and DEFPAY75 (for deferreds) have been created to monitor progress more easily.</p> <p>Status 3 cases</p> <p>7) Officers have reviewed its Data Retention Policy and will propose a revised policy is implemented which would result in fewer deletions. In the meantime, officers have processed minimising and deleting of records where it is safe.</p> <p>8) Consultation on the final draft of the policy is yet to be concluded.</p>	
9	2	System Access Review Follow Up	<p>The Fund carried out a systems access review and several actions were raised. Progress against the actions raised had occurred apart from one. Issue 1.6 of the report remains outstanding, this states that the Fund should create a schedule of software licenses used by the Fund.</p>	<p>We will create a schedule of software licenses for systems used within the Fund. Going forward the results of the annual access review will be reported to the Head of Service</p>	31 May 2022	100%	<p>Schedule of software licenses</p> <p>1) Officers have contacted the auditor stating that the schedule already exists (within IT), and no further work is required.</p> <p>2) Going forward it is considered that the Fund's cyber security review will clarify roles and responsibilities, including the wider remit of system access reporting.</p>

Business Plan Actions for 2022/23

	Action	Description	Target SVGs	Priority	Progress update as at 30 Sep 2022
	1 Actuarial valuation	The triennial actuarial valuation of the Fund, as at 31 March 2022, needs to be carried out over the next year.	1, 9, 10, 16	Mandatory	Work is underway in line with a slightly revised timetable. The results will be presented at the Committee meeting on 17 November 2022.
Page 61	2 Strategic Asset Allocation (SAA) review	A review of the SAA needs to be carried out triennially, in conjunction with the actuarial valuation, in order to ensure that the Fund is set to deliver the required investment returns for an appropriate level of risk.	1, 9, 10, 11, 12	Mandatory	Work is underway in line with a slightly revised timetable. The results will be presented at the Committee meeting on 17 November 2022.
	3 Hit as close to 100% as possible of legal requirements and develop improvement plan for achieving KPI targets	Once the standardised weekly KPI reporting (action 7) is up and running, we will be able to identify specific processes to focus on and develop a detailed plan. The focus will initially be on aiming to achieve 100% of the legal requirements, and prioritising cases like retirements and deaths.	5, 6, 7, 16	High	The team are working towards the development of an improvement plan. This will include the launch of a new work allocation system, a review of the level of checking carried out on i-Connect returns, launching staff productivity targets and monitoring, and targets linked to turning individual KPIs “green” by specified dates.
	4 Complete the payroll reconciliation project	The long-running reconciliation project between the administration system and the ledger needs to be concluded, so that we have assurance that all pensioners are being paid the correct amount.	5, 6, 7, 16	High	The tender for this piece of work has closed, with several reputable bidders. Evaluation work is now taking place.
	5 Outsource the backlogs	The Aon review indicates that the backlogs could take 6 years to clear at the current rate. Additional resource is needed to clear these, and outsourcing would be the preferred option (i.e. not recruitment).	2, 6, 7, 16	High	Hymans have been appointed to carry out this work, with an estimated 11 month timeframe, and are ready to begin as soon as the contract has been finalised.

	Action	Description	Target SVGs	Priority	Progress update as at 30 Sep 2022
6	Review the resourcing of the team	The Aon review carried out analysis of resourcing levels and made various recommendations. Further internal analysis is required here, taking into consideration actions 8 and 14 at the same time.	1-16	High	Work is underway.
7	Launch weekly KPIs	The Fund has historically produced KPIs for admin processes on a quarterly basis. Moving to weekly will be a key driver in improving performance. Weekly stats will show performance and movements in caseloads, and aging of open cases. Forward looking KPIs will identify cases about to go out of date, so that preventative action can be taken. Stats will be used by managers to identify issues and plan workloads, and shared with teams for awareness of their impact on the Fund's vision.	5, 6, 7, 16	High	Weekly KPIs have now been launched, both for in-depth management review, and a separate (more concise) version to be shared with the wider team.
8	Implement integrated payments	Adopting integrated payroll and one-off payments (e.g. lump sums, refunds etc) systems will create efficiencies and improve controls.	2, 5, 7, 9, 13, 16	High	The contract has been signed with Heywoods, and work has begun to set a project plan for the implementation. One-off payments will be rolled out over this financial year, with the payroll going live in summer 2023.
9	Implement renewable infra and affordable housing portfolios	The Fund has made strategic allocations to renewable infrastructure and affordable housing, which need to be implemented over the next year in consultation with advisers.	1, 9, 10, 11, 12	High	Work is ongoing with Brunel and the client group to see whether a new portfolio can be developed to deliver the renewable infrastructure allocation via the pool. The affordable housing portfolio will be completed towards the end of 2022.

	Action	Description	Target SVGs	Priority	Progress update as at 30 Sep 2022
10	Complete iConnect onboarding	Onboarding of all employers onto iConnect was targeted to complete by 31 March 2022, but there are still several employers outstanding. Although the Fund does not have full influence over this, we will work collaboratively with employers to ensure all are onboarded by 31 March 2023 and that we can realise the control and data benefits of iConnect.	2, 3, 6, 7, 13, 14	High	There are 49 employers left to onboard (of 180). Escalations are in place with the remaining employers. A change to the administration strategy has made i-Connect mandatory with charges for not signing up, something which is being communicated to employers.
11	Treasury management (TM) strategy implementation	The new TM strategy needs to be fully implemented, and a new liquidity portfolio implemented.	9, 10, 13	Medium	The tender for this piece of work is now live, closing at the end of September 2022.
12	Performance measurement reporting improvements	In order to improve visibility of the Fund's overall performance for Local Pension Board, Committee, and senior officers, a new whole Fund performance report will be developed, to show standardised, concise information on KPIs, projects, key financial controls, customer service measures etc.	3, 5, 6, 7, 10, 13, 16	Medium	Work is underway here, with the aim to launch the new reporting during Q4 2022.
13	Become signatories of the 2020 Stewardship Code	The Fund developed plans for reporting in line with the 2020 Stewardship Code during 2021/22, and will make a submission to achieve signatory status during 2022/23.	9, 10, 11, 15, 16	Medium	The Fund has published a report in line with the requirements of the 2020 Code, and has been awarded signatory status.
14	Systems review	The Aon review recommended that a detailed review is carried out to determine the exact responsibilities of the Systems and Data team, which should also incorporate a review of all systems procedures and controls and the Fund's overall objectives in this area.	2, 5, 6, 7, 13, 16	Medium	This piece of work has been completed and has been used to inform part of the work done against action 6.
15	Participate in Brunel climate stocktake	The Brunel climate stocktake will help inform the partnership's approach to climate risk, including how the portfolios are shaped going forward. We will be actively involved in this review in order to represent Wiltshire's position.	9, 10, 11, 12	Medium	The Fund is very actively involved in the Brunel climate stocktake, and is working with other client funds to set the agenda.

	Action	Description	Target SVGs	Priority	Progress update as at 30 Sep 2022
Page 64	16 Collaborating with investment managers to ensure climate risk is appropriately addressed	It is necessary to ensure the investments are safeguarded from potential financial losses as a result of climate risk, and that the portfolios are positioned to take advantage of any investment opportunities as a result of transition to a low-carbon economy. We will collaborate with legacy managers and the Brunel pool to ensure that portfolios are fit for purpose from a perspective of sustainability and climate risk, can be aligned to our broader climate objectives, and that data provision is adequate to allow for a meaningful assessment of progress against targets.	9, 10, 11, 12, 15, 16	Medium	The Fund is actively working with investment managers to ensure that the Fund's investments are safeguarded against financial losses due to climate risk. This work is underway and a full report (including actions and outcomes) will be provided to the Committee once work is complete.
	17 Employer report cards	Employer report cards will address the quality and timeliness of data submitted via iConnect and in relation to contributions, as well as timeliness of payment of contributions. The full member experience is partly our service KPIs, but also partly determined by the employer's provision of the relevant data in a timely manner - this will also be covered by the report cards. This will help to clarify roles and responsibilities.	2, 3, 5, 6, 15, 16	Lower	An employer report card has now been developed, and will be initially send to employers in Q1 2023. The initial template includes information related to i-Connect returns and contribution receipts. More information may be added in the future.
	18 Risk monitoring and reporting improvements	The framework around risk monitoring and reporting needs improving, to improve ownership taken for specific risks, to integrate consideration of risks more fully operationally, and to improve clarity in reporting risks to Committee and the Local Pension Board.	13, 15, 16	Lower	Significant progress has been made here, and a new risk register will first be presented to the Local Pension Board and Committee in Q4 2022.
	19 Review internal audit arrangements	The Committee has approved various specialist audits as part of the audit plan. We will investigate potential providers to deliver these audits, as well as any other high-priority areas where we need specialist advice. Action 23 is part of this, so the potential budgetary impact for that review is included under that action.	3, 6, 7, 9, 13	Lower	Internal audits are ongoing as planned.

	Action	Description	Target SVGs	Priority	Progress update as at 30 Sep 2022
20	Complete Member Self Service (MSS) sign-up campaign	The Fund's strategy is to write out to members who have not signed up to MSS every 3 years. We will complete this campaign, and investigate options to further promote MSS through use of email signatures, the website, and campaigns through the scheme employers.	4, 8, 14, 15	Lower	The initial mailout campaign has been completed. Another significant piece of work here will take place as part of Pensions Awareness Week, which has been postponed to November 2022.
21	Customer service excellence review	An independent customer service assessment will provide evidence of good practice and recommendations for improvement.	2, 3, 4, 5, 6, 7, 16	Lower	As assessor has been appointed and the team are working to complete the initial self-assessment, before the independent review which is likely to be in November 2022. A report on findings will be shared with the Committee in due course.
22	Employer training and engagement (carried forward)	We will develop the training materials on the employer website, including videos, simple guides etc. We will expand the approach to direct interaction with employers, to proactively address issues with fulfilling requirements, welcome new contacts, and help with any iConnect issues.	2, 3, 4, 14	Lower	This work is ongoing.
23	Good governance review compliance	In advance of the recommendations of the Good Governance Review becoming mandatory, an independent review will map current arrangements to the new requirements, and make recommendations to ensure compliance.	16	Lower	This work will be carried out internally by officers, and will be presented to Committee in the form of a gap analysis with recommendations on any necessary changes at the 14 December 2022 meeting.
24	Collaborate with partner funds to define the direction of travel for the Brunel Pension Partnership	We will be actively involved in setting the direction of travel for the Brunel pool, to ensure that Brunel delivers the intended fee savings and investment performance in a cost-efficient way, evidenced through meaningful reporting in line with client requirements, and retains a focus on ensuring that all activities deliver value and map to positive outcomes for the partner funds.	9, 10, 11, 12	Lower	This work has now concluded, and a letter has been sent to Brunel summarising the WPF position.

	Action	Description	Target SVGs	Priority	Progress update as at 30 Sep 2022
25	Complete lower priority actions from the improvement plan	The improvement plan (Annex 1 of the Business Plan) sets out recommendations from the Aon review and SWAP's latest internal audit. High priority actions have been mapped to specific Business Plan actions, however all actions need to be completed.	5, 6, 7, 9, 13	Lower	This work is ongoing, and covered in more detail elsewhere on this agenda, in Appendix 5 of the HAM report.

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE 6 October 2022

KEY FINANCIAL CONTROLS REPORT

Purpose of the Report

1. The purpose of this report is to highlight the significant issues in relation to the Fund's key financial controls.

Background

2. Officers in the investments and accounting team have been reporting on various key accounting measures for some time and have developed a program of planned improvements to various processes and controls. The purpose of this report is so that the Committee and Local Pension Board can easily review key areas and monitor progress against planned improvements.

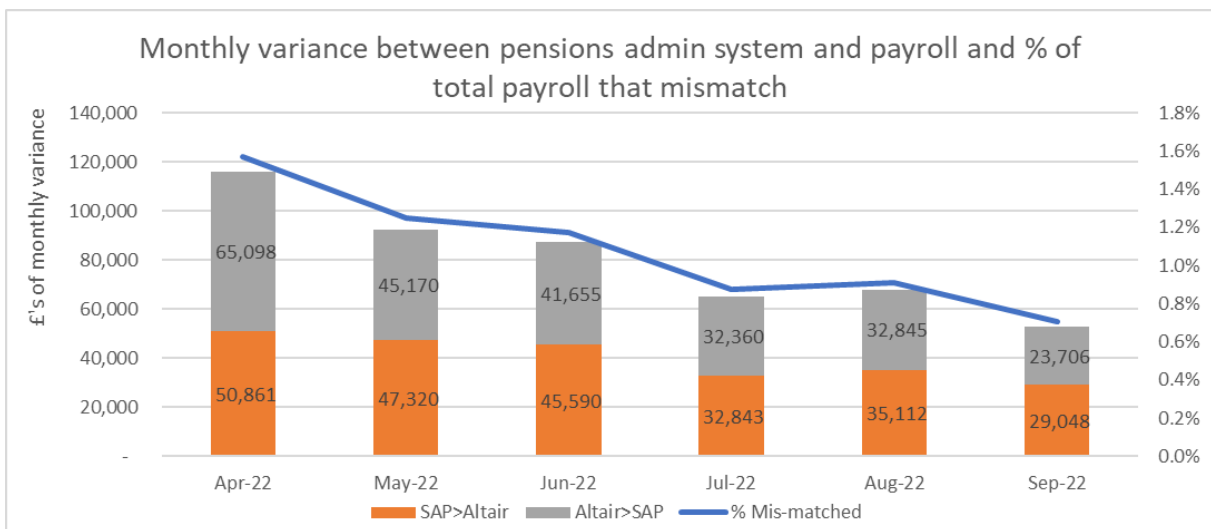
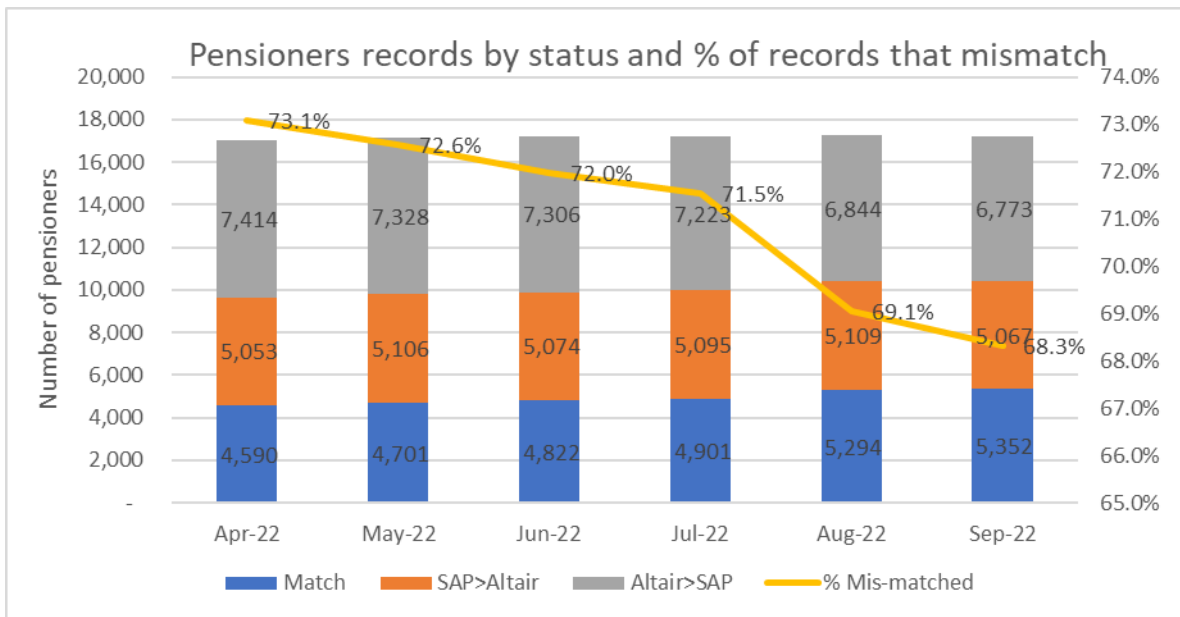
Key Considerations for the Committee / Risk Assessment / Financial Implications

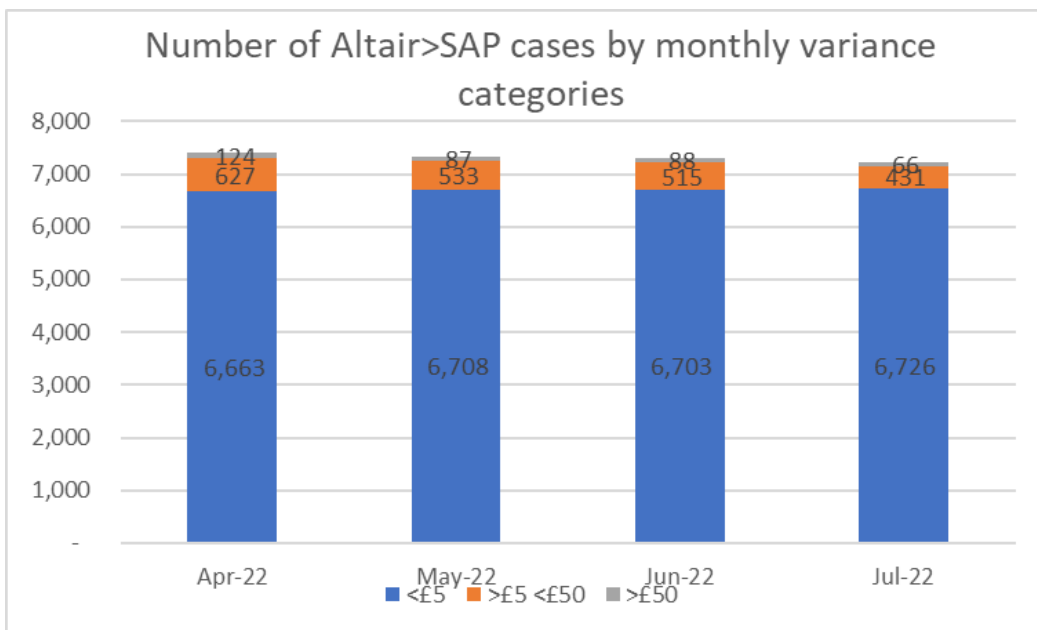
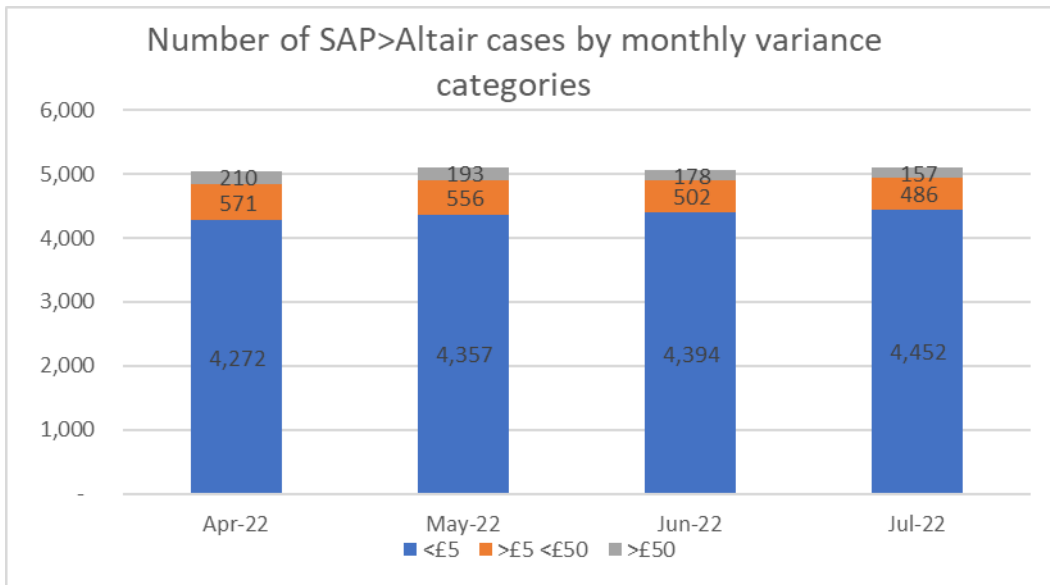
Accounts and Annual Report

3. Final sign off for the full Wiltshire Council Accounts for 2019/20 and 2020/21 continues to be delayed, the Pension fund accounts form a part of the full Council accounts and the delay, which is due to an issue within the Wiltshire Council figures, has meant the pension fund accounts have not received their final audit opinion for inclusion in the annual report. All work has been completed by the auditors on the Pension Fund accounts for 2019/20 and 2020/21. To ensure we comply with The Pensions Regulator (TPR) requirement to publish the report, it is available on the website with a note stating the audit opinion will be included when available.
4. Officers have continued to monitor progress towards final publication and sign off for the Wiltshire Council Accounts through dialogue with the Council Finance team and via the Audit Committee papers. Sign off for 2019/20 accounts was expected in April 2022 following delegation of authority by the Wiltshire Council Audit Committee on 1st March 2022 to Officers and the Chair of the Audit Committee. However, this has been further delayed due to a national issue regarding the values held against 'infrastructure assets'. The issue was of a technical accounting nature and was specifically in relation to the value held in local authority accounts for 'infrastructure assets' which, in the Councils accounts are mainly roads. This may mean there will be extra work for the Council finance team and auditors to address the problem. It is not known how long it would take to resolve the national issue. This was reported at the previous committee meeting and the national delay remains. Given the extended national delay this will have further delayed the audit of the councils 2020/21 and 2021/22 accounts.
5. The external auditors have commenced their audit of the pension fund accounts and annual report for 2021/22, this is planned to be completed by the end of November 2022 and be reported to the Committee in December 2022.

Payroll reconciliations

- Work to reconcile and correct discrepancies between the Altair pension admin system and SAP payroll records continues. A separate update is provided on this project elsewhere on this agenda. The reconciliation process to track the variance between the Altair pension admin system and the payroll has been running since April 2022. The reconciliation compares the annual pension payable on each system and quantifies the number of cases and value of discrepancies. In the last quarter improvements have been made to this process to exclude known or allowable variances to enable focus on real issues.
- The following graphs show the extent of the variances between the two systems. There can be multiple reasons for the discrepancies which can range from a fundamental incorrect payment to data mismatch problems. Therefore the gross value of SAP>Altair or SAP<Altair figure represents the extent of the mismatch. Because all of these issues require resolution for the fund to move to a single integrated payroll it is relevant to report all such discrepancies.





8. This report categorises all cases <10p p/a as matching. The graphs show the number of cases at variance within three categories of monthly variance total. The majority of cases are below £5p/m however there are still a significant number of cases >£5p/m different, these cases will be resolved through the outsourcing project.
9. The reconciliation data shows a positive trend with the number and value of differences between the two systems reducing over time. The improvement has mainly come from work to develop and correct data issues between the two systems and how the reconciliation is built. Work to finalise cases being resolved by the administration team has also reduced the variance. Once the outsourced payroll reconciliation project commences these graphs will track the progress being made.

Integrated Systems

10. Project Evolve is ongoing within Wiltshire Council, this will deliver a replacement to the existing SAP payroll and accounting software. The pension team are members of implementation working groups, officers are working with the payroll and Evolve implementation teams to transfer existing pensioners to the new payroll system. Following a recent evaluation of the timeline by the project team implementation has been delayed beyond the planned commencement date of April 2023. A revised start date is being worked on by the project team.
11. Officers have commenced work with Heywoods, who provide the Altair system, to implement integrated payments. This will provide a new process for making all one-off payments to pensioners, e.g. lump sums, without the need to run reports and send separate information to the council accounts payable team. Initial training on how to use the system will take place in October 2022 and following this a phased roll out plan will be developed to commence making one off payments via this new system.
12. Following implementation of the new Evolve payroll a plan will be prepared to transfer pensioners onto the new integrated payroll within Altair. This would take place once the reconciliation process between Altair and payroll is completed and post implementation of Evolve when the Council payroll team would have available resources. More detail on these plans will be included in the business plan and future papers.

Quarterly Financial Performance Dashboard

Wiltshire Pension Fund - Key Financial Controls Dashboard				
Control Area	RAG	Items reviewed under this control area	Comments on Performance	Ongoing Actions
	Aug-22			
1. Employer Contributions	Green	Timely and accurate payment of employer contributions each month.	See summary performance table for full details. Almost all employers paying on time and with the correct rate.	Work ongoing to consolidate a single schedule of employers contribution rates and formalise the process for ensuring this remains up to date.
2. Payroll	Yellow	Monthly payroll sign off process checking starters and leavers plus reconciliation of Altair to Payroll	New reconciliation process designed and implemented to monitor discrepancies between the pension admin system and payroll, reported on within this paper.	Large amount of work required to be completed to resolve discrepancies between the two systems. Outsourced provider appointed to resolve discrepancies above £5p/m. Process being developed to resolve issues below £5p/m
3. Cashflow, banking and capital calls	Green	Maximum and minimum cash balances, private markets capital calls and distributions and treasury performance.	See summary performance table for full details. All capital calls met on time.	Procurement for a manager to deliver the investment portfolio to allow implementation of the treasury management policy is almost complete, new provider expected in November 2022.
4. Balance Sheet Reconciliations	Green	All balance sheet control codes are reviewed for accuracy and outstanding issues.	All control codes have been reviewed and checked, no unexplained balances.	None
5. Altair Checks	Yellow	Check between the ledger and pension admin system (altair) that any transactions, such as payments or receipts match the admin system.	All reconciliations have been undertaken and discrepancies have been found across all items.	Administration team working with finance team to resolve discrepancies.
6. Financial Budget Reporting	Green	Review of year to date and forecast operating budget performance, or any unusual monthly movements on the overall fund account.	Budget forecast within plan, see detailed schedule later in this paper for information on assumptions.	Continued review of forecast .
No material concerns	Green			
Minor issues outstanding	Yellow			
Major issues outstanding	Red			

13. The following table provides further details for performance dashboard item 1. Employer contributions.

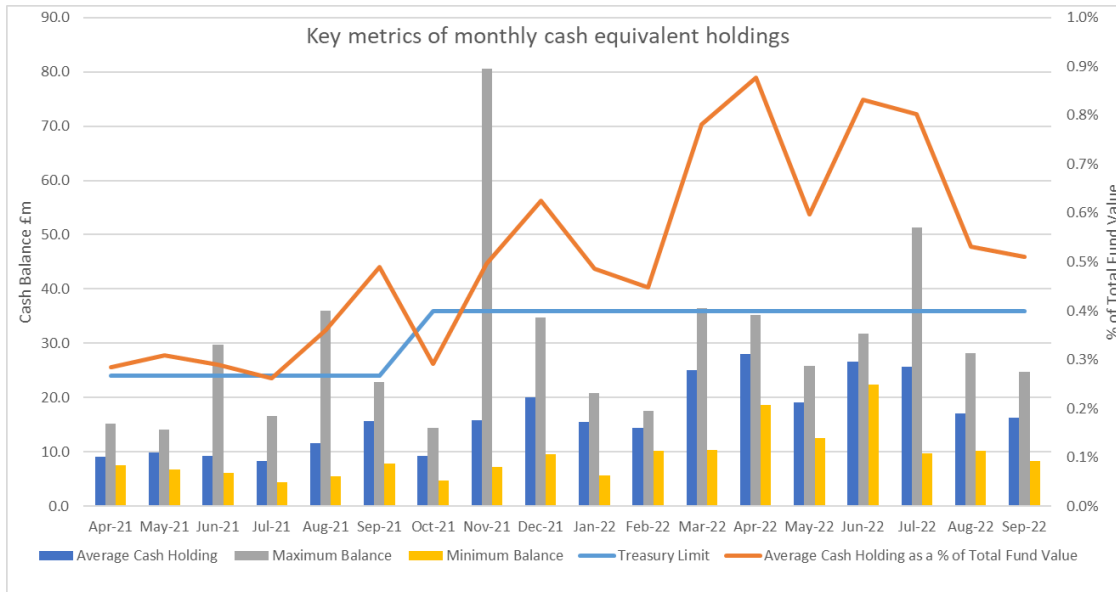
Quarter	Payroll Month	Paid contributions £000's				Average late and overdue contributions total days		Number of employers payments status		
		Total Payment	On Time Payment	Late Payment	Late Payment %	Days Late Recd	Days Overdue	On time	Late	Not Received
Q1	Apr-22	8,099	5,256	2,842	54.1%	19.4	-	156	18	-
Q1	May-22	7,732	4,723	3,003	63.6%	7.9	-	154	20	-
Q1	Jun-22	7,815	7,794	22	0.3%	18.9	-	164	10	-
Q2	Jul-22	7,836	6,993	66	0.9%	5.8	-	167	6	-
Q2	Aug-22	7,516	7,265	250	3.4%	1.0	8.8	162	2	8
Total	Q1	23,646	17,773	5,867	33.0%	15.4	-	474	48	-

14. Eight payments remain outstanding as at 26th September 2022, these are being actively chased by the fund. The majority of the late payments are received within a day or two of the deadline and all employers who have not paid are contacted immediately after the deadline day to remind them to pay. Persistently late payments or employers where we have problems are escalated to the employer relationship manager for resolution.

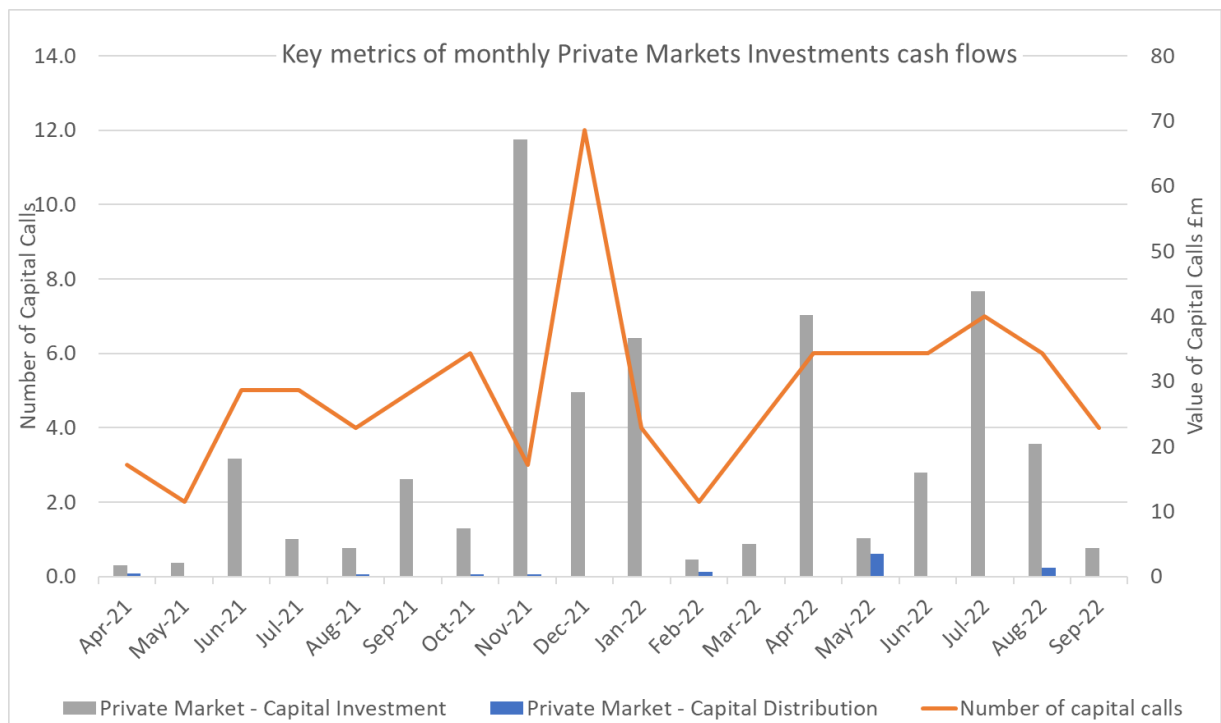
15. The following table provides further details for performance dashboard item 3. Cashflow, banking and capital calls. This table sets out the actual and forecast cashflow movements for 2022/23. The table separates the cashflow between operating cashflow, such as income from employers and payment of pensions and investing which includes rebalancing strategies or meeting private markets capital calls.

Summary Cashflow statement for Wiltshire Pension Fund													
£m equivalent	Actual	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	2022/23
Opening Cash Balance	28.7	18.9	25.9	22.5	10.1	11.9	16.1	(4.3)	5.3	3.2	4.2	5.5	28.7
Operating Income	39.9	6.9	11.6	8.8	8.7	8.6	7.8	7.8	7.8	7.8	7.7	7.8	131.2
Operating Expenditure	(9.5)	(10.9)	(9.1)	(11.4)	(10.0)	(10.1)	(9.8)	(10.1)	(13.2)	(10.1)	(9.8)	(10.1)	(124.3)
Investing Private Market - Capital Investment	(40.1)	(5.9)	(15.9)	(43.8)	(20.4)	(4.3)	(20.0)	0.0	(10.9)	(10.9)	(10.9)	(10.9)	(193.9)
Investing Private Market - Capital Distribution	0.0	3.5	0.0	0.0	1.3	0.0	1.6	0.0	2.2	2.2	2.2	2.2	15.3
Investing Listed Market - Capital Withdrawal	0.0	13.3	10.0	34.0	23.0	10.0	0.0	12.0	12.0	12.0	12.0	12.0	150.3
Investing Listed Market - Capital Investment	0.0	0.0	0.0	0.0	(0.8)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.8)
Investing Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Closing Cash Balance	18.9	25.9	22.5	10.1	11.9	16.1	(4.3)	5.3	3.2	4.2	5.5	6.5	6.4
Maximum Balance	35.2	25.9	31.8	51.4	28.1	24.7	17.0	13.3	11.4	12.4	13.4	14.7	
Minimum Balance	18.6	12.6	22.4	9.7	10.2	8.3	(4.4)	5.3	3.2	4.2	5.5	6.5	
Average Cash Holding	28.0	19.1	26.6	25.7	17.0	16.4	6.9	8.2	5.9	7.1	8.3	9.3	
Average Cash Holding as a % of Total Fund Value	0.9%	0.6%	0.8%	0.8%	0.5%	0.5%	0.2%	0.3%	0.2%	0.2%	0.3%	0.3%	
Number of capital calls	6	6	6	7	6	4	1	0	0	0	0	0	36
Number of listed market withdrawals	0	1	1	1	2	1	0	0	0	0	0	0	6
Maximum Balance	35.2	25.9	31.8	51.4	28.1	24.7	17.0	13.3	11.4	12.4	13.4	14.7	
Minimum Balance	18.6	12.6	22.4	9.7	10.2	8.3	(4.4)	5.3	3.2	4.2	5.5	6.5	
Net Cashflow from Operating	30.4	(3.9)	2.4	(2.6)	(1.3)	(1.5)	(2.0)	(2.3)	(5.4)	(2.3)	(2.1)	(2.3)	7.0
Net Cashflow from Investing	(40.1)	10.9	(5.8)	(9.8)	3.2	5.7	(18.4)	12.0	3.3	3.3	3.3	3.3	(29.1)

16. The average cash equivalent holding as a % of total fund assets remains small at around 0.8% - 0.5% to minimise the detrimental effect of cash drag on overall performance. Procurement of an investment manager to run the SALAMI (Strategic allocation to Liquid asset matching investments) portfolio is underway, appointment is expected by the end of Q4 2022/23. This portfolio will allow the fund to maintain a smaller cash balance.



18. Cashflow activity for private markets capital calls have continued to be met as commitments made to Brunel Cycle 2 portfolios (Private Debt, Private Equity, Infrastructure & Secured Income) are called.



Planned improvements and key items to monitor

19. The team has been making improvements to accounting processes in several areas. A summary of planned improvements, current issues and progress to date, is shown below:

Improvement / Issue	Last RAYG* rating	Current RAYG* rating	Comments
Payroll reconciliation			Reconciliation process is implemented and recording a gradual reduction in variances. This is reported on within this report. It shows the large number of discrepancies between the two systems. Work on procuring an outsource provider to address cases over £5p/m is complete and they will commence work soon. A process to resolve cases under this value needs to be designed and implemented.
Integrated systems			New plans are now being worked on to implement an integrated payroll and a one-off payments system within Altair. The payroll will be set-up, tested etc. and then pensioners would transfer to the new Evolve system and be moved to the Altair payroll in batches when the reconciliation work is complete and the payroll team have capacity. One-off payments will be implemented this year, in order to quickly realise control and efficiency benefits.
Evolve			SAP financial system will be replaced by Q1 2023. The pension fund is now a member of the finance implementation working group. The new system is in development to meet the Council and pension fund needs.
An overall review of reconciliations, and improved management information			Reconciliations are being reviewed monthly within the finance team and reported on. Cases causing discrepancies are being passed to the administration team for investigation. The finance team are working with the administration team to resolve issues, improvement have been seen in transfer in cases outstanding over the last quarter.
Wiltshire Council – Wiltshire Pension Fund SLA charge			LPB Action Point – SLA Recharge Pension Fund Officers have received and reviewed a freshly calculated SLA charge from the Council finance team. Further work is required to revise some of these calculations and then produce a full SLA document, officers are awaiting a response from the council team.
*RAYG = Red/Amber/Yellow/Green			
			Significant concern
			Not started
			Work has commenced
			Significant progress made
			Completed/situation under control

Wiltshire Pension Fund Running Costs 2022-23

20. The pension fund is forecasting an underspend of £43k versus the operating budget for 2022/23, based on known expenditure to the end of August 2022.
21. The operating budget includes core running costs of the fund; administration, governance and investment officers. The operating budget excludes fees for investment managers, these are reported annually and considered alongside investment returns.
22. The main item of overspend relates to a small number of high value systems contracts incurring inflationary increases greater than included in the plan. This overspend is offset by lower than expected advisory fees, notably a saving on reporting previously provided by Mercer now provided by officers. Also no expenditure forecast for a selection process for a new renewable infrastructure manager.
23. The current forecast shows pay costs in line with plan, there is a risk of additional unbudgeted costs pending the outcome of national pay award negotiations. The staffing budget included a pay award of 2%, the current proposal; an increase for all staff of £1,925, would increase staffing costs by £64k for the year. Officers will continue to monitor the outcomes of this negotiation.
24. The fund is also commencing work to trial overtime to tackle operational backlogs not covered by the backlog clearance project. This will incur additional costs depending on uptake.
25. The budget for 2022/23 included large one off costs for the following projects, payroll reconciliation £350k, backlog clearance £450k, payroll implementation £308k. The forecast included expenditure matching the budget for these projects in 2022/23. Separate updates on the projects are included elsewhere on this agenda. Due to timing of the project start not all costs are expected to be incurred in 2022/23, therefore it is inevitable some costs will run into the 2023/24 budget.

Wiltshire Pension Fund Budget 2022/23							
£000's	Prior Year			2022/23			
	2019/20	2020/21	2021/22	Forecast	Budget	Variance	% Variance
Investment administration staffing costs	119	114	206	198	198	0	0%
Investment administration travel/conferences/training costs	0	2	24	8	8	(0)	-6%
Total investment administration costs	120	116	230	206	206	(0)	0%
Pension scheme administration staffing costs	996	1,036	1,152	1,267	1,267	0	0%
Staff training	19	22	18	28	28	0	0%
Corporate charges	311	311	311	311	311	0	0%
Pension administration systems and data cleansing	310	354	328	635	622	(13)	-2%
Other administration costs	107	51	28	971	970	(1)	0%
Total scheme administration costs	1,743	1,775	1,838	3,213	3,199	(14)	0%
Oversight & governance staffing costs	246	180	225	238	238	0	0%
Training and conferences	8	0	24	28	28	0	0%
Subscriptions, memberships and levies	34	32	44	36	36	0	0%
Actuarial services	214	154	147	319	319	(0)	0%
Audit	10	37	27	83	83	0	0%
Legal fees	13	11	28	49	49	0	0%
Advisory fees	142	196	276	222	279	57	20%
Corporate charges & other costs	149	165	144	146	146	0	0%
Total oversight & governance costs	815	775	916	1,121	1,178	57	5%
Local Pension Board costs	14	14	15	25	25	0	0%
Total operational running costs	2,692	2,679	2,998	4,565	4,608	43	1%
Number of Members	80,824	82,454	82,454	82,454	82,454		
Total Running Cost per member (Admin & Governance)	£ 31.83	£ 31.09	£ 33.58	£ 52.87	£ 53.39	£ 0.52	1%
SF3 Average Cost Per member			£ 48.47				
Underlying Running Costs Per member 22/23							
Valuation & SAA				207	207	0	
Altair Payroll & Implementation				308	308	0	
Payroll Reconciliation				350	350	0	
Backlog Clearance				450	450	0	
Systems Review				20	20	0	
Exclude One off Costs				1,335	1,335	0	
Underlying Running Costs				3,230	3,273	43	
Revised Running costs per member				£ 39.18	£ 39.69	£ 0.52	

Environmental Impacts of the Proposals

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

27. There are no known implications at this time.

Proposals

28. The Committee is asked to use this report to monitor progress against resolving the issues which have been identified, and the progress made to develop accounting and control improvements.

Report Author: Chris Moore, Pension Fund Accounting and Investments Officer

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

Wiltshire Council

Wiltshire Pension Fund Committee

6 October 2022

AVC REPORT

Purpose of the Report

1. The purpose of this report is to provide an overview of (Additional Voluntary Contribution) AVC activity during 2021/2022.
2. This report also provides an update on the standard and level of service provided by Prudential, the main Pension Fund AVC provider, since the last report on 24 June 2021.

Key Considerations for the Committee / Risk Assessment / Financial Implications

Background

3. The Committee approved the appointment of Prudential in February 2010 as the Fund's AVC provider from 1 April 2010. The AVC facility allows members to top up their current LGPS pension provision by paying additional contributions into one of several funds Prudential offer which best fits the member's risk profile and time to retirement.
4. Members that had previously paid into closed schemes run by Clerical Medical, Utmost Life and Pensions (formerly Equitable Life Assurance Society) and Phoenix Group (formerly NPI Funds) could either continue paying into these funds or transfer their accumulated benefits into one of the new funds provided by Prudential.
5. The AVC option is taken up by a relatively small proportion of membership. Assuming 3% of members opt to pay AVCs, of around 1,500 retirements that occurred during 2020/2021, approximately 45 of these would have included those with AVC funds.

Prudential Service update

6. During the last quarter of 2020 and into 2021, there were significant service level issues at Prudential; these were not isolated to Wiltshire Pension Fund or the LGPS. This was brought to the attention of the Pension Fund Committee at its 24 June 2021 meeting, and Prudential has engaged with the LGPS collectively and with the Pensions Regulator directly to address these issues and implement an improvement plan.
7. At the 28 July 2022 Pension Fund Committee meeting, a further update was given and a [Letter from Prudential to the Head of Pensions, LGA](#), was shared with the Committee. It is understood that as at September 2022, service levels for all clients, including Wiltshire Pension Fund, have returned to expected levels for retirements and disinvestment requests and are currently acceptable.

Provision of information for annual accounts

8. Additional Voluntary Contributions (AVCs) are not included in the Fund's financial statements as they do not form part of the Fund's assets. Disclosure in the Fund Report and Accounts is a summary of AVC holdings by provider and value. Decisions on paying AVCs, levels of contribution, selection of investments and how funds are used at

retirement, are made by the member; no advice can be given by the pension fund or employer. Contracted AVC providers set up personal accounts for members, but contributions, governance and periodic review of AVC arrangements are the responsibility of the Fund.

9. Note 19 (in respect of AVCs) of the 2020/2021 accounts was drafted to state that information was not available due to a system issue affecting all Prudential AVC funds. An up-to-date valuation for 2020/2021 and 2021/2022 is given in Appendix 1. Phoenix Group (formerly NPI Funds) are yet to provide a valuation statement.

AVC market and other providers

10. Prudential hold a majority share for AVCs (over 70 LGPS funds) in quite a captive market. Only a very small number of occupational pension arrangements retain activity in this space. Scheme based AVCs have largely been replaced in the private sector by personal pensions which offer the same contribution flexibility and tax efficiency.
11. Since the major review in 2010, the choice of funds was reviewed in 2018 and compared with other LGPS funds. 'With Profits' funds have associated transfer penalties, terminal bonuses, market value adjustments and other conditions that mean assessing value or transferring provider before retirement is complicated. Accounts with legacy providers will continue to be held for some time even when policies are paid up.

Regulatory update

12. The [National LGPS Technical Group](#) of the Local Government Pensions Committee discussed AVC provision in general terms at its 17 June 2022 meeting. The outcome of this was an opinion from DHLUC that "[their] lawyer does not think that the [LGPS regulatory] provisions [in regulation 17] would require life assurance benefits to be offered by administering authorities." This was caveated with the usual "interpretation of law is ultimately for the courts". Amendments to the LGPS regulations to clarify this may be a long way off and are complicated further where employers have used salary sacrifice shared cost AVCs.
13. The Occupational and Personal Pension Schemes (Disclosure of Information) (Requirements to Refer Members to Guidance etc) (Amendment) Regulations 2022 (SI 2022/30), known as the '[Nudge to Pensions Guidance Regulations](#)', require that members requesting taking payment of their AVCs, or transferring their AVCs to another scheme, may need to be referred to taking guidance from Pension Wise.
14. The Department for Work and Pensions (DWP) intend for the new legislative framework for the [Pension Dashboards Programme \(PDP\)](#) to come into place from April 2023 (subject to staging proposals applying to pension providers). Earlier consultation responses have stated that in practice, DWP expects AVC information to be made available to the dashboards by the AVC provider. However, scheme managers are still legally accountable for ensuring this happens and should work with their AVC provider(s) accordingly.
15. LGPS Officers are collaborating on these at a national level on behalf of all Funds within the Scheme.

Environmental Impacts of the Proposals

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

17. There are no known implications at this time.

Proposals

18. The Committee is asked to:

- note the update regarding the level of service being provided by Prudential and valuation of AVC accounts.

Report Author: Liam Robson (Pension Fund Accounting and Investments Officer)

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

Appendices:

Appendix 1 – AVC valuation as at 31 March 2022

Appendix 1 – AVC valuation as at 31 March 2022

	Value of Funds @ 31.3.22	Value of Funds @ 31.3.21	Value of Funds @ 31.3.20
Utmost Life and Pensions (formerly Equitable Life Assurance Society)			
- With Profits Fund	500,937.19	596,604.35	656,434.42
- Unit Linked Managed Fund			
- Building Society Fund			
	500,937.19	596,604.35	656,434.42
Clerical Medical Funds			
- With Profits Fund	68,691.52		149,800.97
- Unit Linked Managed Fund	871,418.28		792,558.30
	940,109.80	-	942,359.27
Prudential			
Prudential With-Profits Cash Accumulation Fund	2,129,695.07	1,719,277.21	1,627,502.19
- With Profits Cash Accumulation Fund Series 2	295,330.71	110,770.20	33,848.54
- Deposit Fund	211,417.35	276,349.66	377,478.00
- Cash	135,497.70	196,094.12	79,795.86
- Discretionary	466,023.99	537,752.90	450,722.16
- Diversified Growth Fund			
- Equity Passive	141,598.82	124,720.37	91,427.19
- Global Equity	19,040.28	12,566.48	6,625.60
- UK Equity	27,046.10	5,136.04	2,505.66
- International Equity	12,348.14	3,548.88	17,059.70
- Index Linked	18,772.11	10,908.54	5,606.62
- Long Term Growth Fund	803,081.61	659,437.35	461,513.32
- Pre-Retirement Fund			
- Ethical			
- Property Fund	-	160,836.36	166,821.52
HSBC Islamic Global Equity Index	16,518.51	10,428.64	5,569.19
Prudential Dynamic Growth I	181,311.31	-	-
Prudential Dynamic Growth II	415,235.57	253,267.88	178,527.15
Prudential Dynamic Growth IV	351,074.19	285,816.29	192,669.52
Prudential Fixed Interest	16,440.31	7,658.57	22,319.77
Prudential Long Term Bond	301,104.19	295,454.43	375,087.33
Prudential Long-Term Gilt Passive	4,057.10	2,561.93	1,801.76
Prudential Positive Impact	144,220.69	104,191.50	64,099.70
	5,689,813.75	4,776,777.35	4,160,980.81
Grand Total, all AVC providers	7,130,860.74	5,373,381.70	5,759,774.50

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE

6 October 2022

PENSIONER PAYROLL DATABASE RECONCILIATION PROJECT UPDATE

Purpose of the Report

1. The purpose of this report is to provide for the Committee's consideration, a further update on the detailed, and ongoing reconciliation project between the pension administration system (Altair) and pensioner payroll system (SAP).

Background

2. This paper provides an update on the progress of this ongoing project.

Current situation

3. The current situation of the rectification project is as follows, for the greater than £5 per month cases:

Membership type	Stage 1: GMP reconciliation with HMRC records	Stage 2: Altair consistency between initial and current pension values	Stage 3/4: Cross comparison between Altair/SAP at an initial individual record level review & Peer Review
Pensioners	Complete	18 (-22)	776 (-65)
Dependants	Complete	4 (-103)	211 (+93)
Totals	Complete	22 (-125)	987 (+28)

4. The following notes provide some additional context to the numbers stated above:
 - a). Only cases where the initial analysis suggested a payment discrepancy of £5 per month or more are currently included in the above analysis. A recommended approach for dealing with the under £5 cases on mass was agreed at a previous meeting.
 - b). As a previous Committee meeting it was decided that remaining stage 3 or 4 cases will be passed to a third party administrator to free up the strain on internal resources (with the exception of a small number of started but not completed cases).

Considerations for the Committee

5. As reported to the Committee on 28 July 2022, the Fund's Treasurer commissioned SWAP to carry out an internal audit review into the project, due to the high priority of the project and the ongoing issues. This report has now been finalised, and is attached as Appendix 1. SWAP have made several recommendations, and have provided an overall assurance rating of "limited assurance".
6. The Fund's tender invitation, to invite a third party administrator to complete the remaining cases, has now closed and officers are currently reviewing responses with

view to making an appointment during October. It is not possible to share further details on this within this paper until the tender process is complete.

7. However, since the last meeting, unfortunately a new issue was identified in the way that 15 pensions were altered on the payroll system which in some cases has resulted in incorrect adjustments. These are being investigated further at the time of writing and we anticipate making corrections in time for the October payroll.
8. Officers continue to undertake a full monthly reconciliation between the Altair and SAP to act as a key control to ensure no new cases arise and ensure that the overall gaps between Altair and SAP are being closed. This reconciliation started in April 2022.
9. Information on the full picture of the scale and magnitude of the differences between the two systems is covered in detail in the KFC report (item 10). At the current time, 68.3% of records have a difference between the two systems (over a threshold of 10p p.a.). It is important to note that these do not all represent an actual incorrect payment, but nevertheless are an administrative problem for the Fund and need to be corrected before moving to an integrated payroll. The vast majority of the differences are low value. The overall magnitude of the difference is around £53k per month (gross value of all unders and overs), representing around 0.8% of the total payroll. The variances can be categorised as follows:
 - Difference of <£5pm – 10,878 records (92%)
 - Difference of £5-50pm – 758 records (6%)
 - Difference of >£50pm – 204 records (2%)
10. The corrections to the under £5 per month cases (on Altair or SAP), as referred to in paragraph 4a, is planned to take place before the end of the calendar year. As per the breakdown, shown in paragraph 8, this should significantly reduce down the discrepancies.

Environmental Impact

11. There is no environmental impact from this report.

Financial Considerations

12. There are no new financial considerations related to this update paper.

Risk Assessment

13. There are no new risks related to this paper.

Legal Implications

14. There are no new legal implications related to this paper.

Safeguarding Considerations/Public Health Implications/Equalities Impact

15. There are no implications at this time.

Proposals

16. Committee is asked to note this update and is invited to make any comments or recommendations that it has in relation to this piece of work.

Jennifer Devine

Head of Wiltshire Pension Fund

Report Author: Andy Cunningham (Pensions Administration Lead)

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

Appendices:

Appendix 1 – SWAP Report

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Wiltshire Pension Fund Committee - 2022/23

Meeting:	26/05/21	28/07/22	05/09/22	06/10/22	17/11/22	14/12/22	02/03/23	23/03/23	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 Good Governance review and new Single Code of Practice published, a review in 2022/23 is anticipated.
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

Members Hand Book				✓					Hyman's standard Member Hand Book
Committee effectiveness review				✓					4 year plan last raised with the Committee on 12/12/2018. The Committee should also compare itself against its own 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. Redesign register on publication of code of practice
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
LPB Annual Report - Review recommendations		✓							Ensure that Committee minutes during the past year have either actioned the recommendations, or commented on why the recommendations were not accepted
Review Governance Compliance Statement				✓					4 year plan last approved on 30/03/2021.

Review tPR Code of Practice 14 annual internal assessment		✓						Annual exercise of Self-assessment by officers & reviewed by Members. Every other year the self-assessment will be independently audited. Scope to form part of the single tPR Code of Practice
Review Fund Training Programme						✓		Complete 4 year training plan last approved on 16/12/2021. Annual reviews undertaken in Q4 each year
Actual Valuation		✓			✓	✓	✓	Valuation 2022 timetable a) Q1 '22 - Assumption setting, b) Q2 '22 - Data submitted & Council rate set, c) Q4 '22 - Preliminary results, whole Fund & by employer & FSS Consultation d) Q1 '23 - Valuation sign off & FSS finalised & e) Q2 '23 New rates implemented
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 by 30th September & published by statutory deadline of 1st December
Approve Internal Audit Report scope						✓		Annual review - In 2022/23 - Report 1: Brunel Cost Savings, Report 2: Key Financial Controls, Report 3: Payroll Reconciliation.

Monitor Internal Audit Report				✓				✓	Audit recommendations actioned
Monitor External Audit Report				✓				✓	Audit recommendations actioned
Input to Annual External Audit Plan						✓			Committee to liaise with the Audit Committee concerning the scope of Council's AR&A's audit
Input to Annual Internal Audit Plan						✓			Committee to commission it own internal audit plan & liaise with the CLT/Audit Committee concerning the SWAP audit scope
Treasury Strategy	✓								Annual review of strategy. To include performance report of short-term cash investments & setting of preferred bank account balance to maintain business cashflow needs
Review service providers. Include advisor appointments, processes, controls & SLAs						✓			Committee to receive an annual update from the Board on the effectiveness of the Fund's advisers
Review internal SLA effectiveness, processes & controls						✓			Covers services connected with the Wiltshire Council recharge. Namely, Legal, Procurement, IG, Payroll, Treasury Management, Internal & External Audit, Democratic Services, FM, ICT, HR & Communications
Review Actions from previous meetings	✓	✓	✓	✓	✓	✓	✓	✓	Addressed primarily during pre-meeting planning meeting
GOVERNANCE - Fund Plans, policies & strategies									Comments

Review Business Plan								✓	3 year plan last approved on 05/04/2022. Interim review due on 23/03/2023
Review Pension Administration Strategy		✓							3 year plan last approved on 17/12/2019
Review Communication strategy								✓	3 year plan last approved on 16/12/2021. E-communication strategy update and customer service assessment
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 13/02/2020
Review Admin Charging Policy		✓							2 year plan last approved on 17/12/2019
Review Admin Authority Discretions									3 year plan last approved in 30/03/2021. No review required in 2022/23
Review Cessations policy									3 year plan last approved in 17/12/2020. No review required in 2022/23
Review Funding Strategy Statement					✓				3 year plan last approved on 17/12/2019. Next Fund Valuation 31/03/2022
Review Compliance with FRC stewardship code							✓		Last approved on 05/04/2022. Annually - Consider TCFD requirements as part of the process
Review Investment Strategy Statement					✓				3 year plan last approved on 30/03/2021 (Ensure inclusion of MiFID II arrangements)

Responsible Investment Plan					✓				To be reviewed in conjunction with the Investment Strategy Statement. To cover Climate Change Statement.
Review Fund "Responsible Investment Strategy"					✓				To be reviewed in conjunction with the Investment Strategy Statement. To cover Climate Change Statement.
ADMINISTRATION									Comments
Review Fund fraud risk prevention and mitigation measures								✓	Completed every 2 years and will be an update of the Fund's NFI & Certificate of Existence exercises. Last reviewed April 2020. To include Whistleblowing policy in 2022
Review Fund website contents/resilience				✓					Also cover Cyber Security reporting on an annual basis. Cyber security last reviewed 16/12/2021
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 set out the arrangements in place & when they were last tested. BCP last reviewed 26/03/2020. Sept. 21 Interim GDPR document updates
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, if required
Review employers compliance (data)						✓			Ideally incorporate with ABS review process & update on Fund's Data Improvement Plan. Establish Report Cards
Employer Engagement Update								✓	Update Committee on the implementation of an employer engagement strategy
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 30/03/2021. To cover topical changes relating to BPP & ESG
Review individual employer investment strategies	✓								Monitoring the alternative investment strategy for certain employer, not covered by the main strategy
Governance update relating to BPP	✓		✓		✓		✓		Quarterly (generally verbal) update on Brunel governance and operational issues
Cost transparency of BPP, Managers & the Custodian		✓							To be presented in conjunction with the draft Annual Report & Accounts

Total Number of Agenda Items	10	19	7	16	14	20	7	19
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BPP

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