

## **Wiltshire Council**

### **Wiltshire Pension Fund Committee**

**5 April 2022**

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## **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 July 2021 to 30 September 2021, including Employer Data Compliance
  - c) Risk Register
  - d) Budget monitoring
  - 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 in the investments and accounting team over the last quarter:
  - a) Investment performance for the quarter to Dec-21 was +4.4%, compared to a benchmark return of +4.8%. The fund value at the end of Dec-21 was £3.3bn. However Q1 22 to date has been an extremely eventful quarter – high inflation, base rate rises, a rotation from growth stocks into value, and of course the situation in Ukraine, which has led to commodity price rises, market falls and volatility. The value of the Fund's investments at the end of Feb-22 was £3.18bn.
  - b) Work has begun on the Actuarial Valuation. Hymans will be attending this meeting to provide training on assumption setting, and an initial communication has been sent out to all employers.
  - c) SWAP have completed their annual review of the Fund's key financial controls. Officers provided SWAP with additional areas to look at this year, which has led to an increase in recommendations. In addition, in part due to the ongoing situation with the backlogs, SWAP have raised two "priority 1" recommendations. Combined with the increased recommendations, this has led to an overall rating of "No assurance". Actions to remedy this situation are included in the Fund's business plan and budget, elsewhere on this agenda. SWAP will attend this meeting to present their findings.
  - d) Aon have completed a review into the Fund's administration function, which has helped to identify priority areas for inclusion in the new business plan and budget. Aon will attend this meeting to present their findings.

- e) Work has continued on the payroll reconciliation project, albeit at a slower pace than would have been anticipated. Some arrears payments have now been made. Support to complete this project is proposed in the budget and business plan, elsewhere on this agenda.
- f) iConnect onboarding continues, although there are still delays with two large employers. Once year end has passed, officers will review the employers yet to onboard, and develop a tailored approach to encourage onboarding.
- g) Committee members have attended training on private markets, and approved commitments to Brunel's next round of private equity and private debt portfolios.
- h) The cashflow model is now fully operational, and the information gained from this has enabled the development of a new Treasury Management Strategy, which is elsewhere on this agenda for approval.
- i) Officers have completed the Fund's first Stewardship Report, for submission to obtain signatory status of the 2020 Stewardship Code. This is included elsewhere on this agenda for full information.

## Risk Register

### *LPB Recommendation – Minute 90*

4. The Local Pension Board reviewed the risks of the Pension Fund at their meeting on 17 February 2022 and recommended the following alterations should be submitted to the Pension Fund Committee.
5. During the last quarter no “new risks” were identified.
6. The evidence-based review of the register identified the following risks had changed or need to be recategorized:
  - **PEN043: Administration disruption and employer cost pressures cause by the Cost Cap review:** (From Amber to Green) GAD have indicated that the LGPS is in a strong financial position based on March 2019 information. GAD have made recommendations concerning the consistency of monitoring the cost pressures 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. Move from Horizon to Ongoing.
  - **PEN052: COVID-19:** (From Amber to Green) COVID-19 is an infectious global virus which WHO has classed as a pandemic in 2020. Since March 2020 significant strides have been made in the management of this pandemic with Govt. rules starting to be relaxed and the majority of the population vaccinated. As a result, risks to the ongoing operation of the Fund caused by the pandemic are now considered to be reduced. Officers will continue to monitor the situation however there appears to be no immediate risk to the ongoing service the Fund provides.
  - **PEN057: Failure to implement the Accessibility Regulations:** (From Amber to Green) An independent audit of the Fund's website took place in 2021 against the Accessibility Regulations and a positive outcome was received. Whilst the auditor, Shaw Trust, raised a small number of technical

points, it is considered that the implementation of the regulations has been completed. Move from Dynamic to Closed.

7. "Red", high risks are summarised in Appendix 1, and the full risk register in Appendix 1.1.
8. Only one risk, PEN057 on the risk register is recommended for removal from quarterly presentation to the Board. PEN057 is highlighted in paragraph 6 above.
9. In addition, the Board requested that work should be undertaken regarding **PEN030: Failure to procure & contract manage service providers appropriately & PEN060: Failure to manage potential conflicts of interest between the Fund and its Administering Authority**, concerning the corporate recharge for implementation in the 2023-24 financial year. Regular updates on progress should be received in the Key Financial Controls reports.

### **Administration KPIs (Appendix 2)**

10. The Disclosure Regulations KPIs are now close to 100% except for transfer out quotes (which members can self-serve anyway) and starter notifications, due to a lingering reporting issue which is hopefully resolved now.
11. The high priority administration KPIs have also improved overall and are highlighted as amber (over 70%) or green (over 90%) in all cases.
12. i-Connect onboarding now exceeds over half of employers. Officers are in regular contact with several key larger employers, such as Swindon Borough Council, to resolve the remaining issues preventing them from onboarding. There are also some minor improvements in the member service portal take up rate.

### **Scheme, Regulatory and Legal Update (Appendix 3)**

13. There are no material changes in this area but officers have added minor updates to the appendix.

### **Budget Monitoring**

14. In this reporting cycle, budget monitoring is included in the report to set the budget and business plan for 2022/23, elsewhere on this agenda.

### **Training**

#### *LPB Recommendation – Minute 82*

15. To recommended that:
  - a) the Fund's breach policy be reviewed every three years, instead of every year
  - b) To request that reminders be sent to Members who had not completed their mandatory tPR toolkit training.

## **Financial Implications**

16. No direct implications.

## **Legal Implications**

17. There are no known implications from the proposals.

## **Environmental Impacts of the Proposals**

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

## **Safeguarding Considerations/Public Health Implications/Equalities Impact**

19. There are no known implications currently.

## **Proposals**

20. The Committee is asked to:

- a) use the information in the report as a basis for monitoring the Fund's core activities
- b) use the report as a basis to discuss training requirements, discuss whether any additional training needs to be arranged, and share feedback from any recent training events attended
- c) to approve the changes to the Risk Register and accept the recommendations for changes submitted by the Board
- d) to approve the recommendations in the training update concerning the change in review period for the Fund's breach policy.

## **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)

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

## **Appendices:**

- Appendix 1 – Risk register – background and “red” risks
- Appendix 1.1 – Full risk register
- Appendix 2 – Administration KPIs
- Appendix 3 – Scheme, Legal, Regulatory and Fund updates