

## Wiltshire Pension Fund Committee

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**MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 28 MARCH 2024 AT KENNET ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.**

**Present:**

Cllr Richard Britton (Chairman), Cllr Kevin Small (Vice-Chairman), Cllr George Jeans, Cllr Gordon King, Cllr Vijay Manro, Cllr Stuart Wheeler and Claire Anthony

**Also Present:**

Cllr Nick Botterill

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20 **Apologies**

Apologies for absence were received from Karl Read, Co-Optee (Local Pension Board).

The Chairman noted that Jodie Smart was in attendance of the meeting with a view to being appointed a Non-educational Employer Representative at the next meeting of Full Council.

21 **Minutes**

The minutes of the meeting held on 29 February 2024 were presented for consideration, and it was,

**Resolved:**

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

22 **Declarations of Interest**

There were no declarations of disclosable interests.

23 **Chairman's Announcements**

There were no Chairman's Announcements.

24 **Review of Actions Log**

The Committee reviewed the Actions Log.

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

The Committee reviewed the minutes of the Local Pension Board meeting held on 13 February 2024, and it was,

## **Resolved:**

**To note the minutes of the Local Pension Board meeting on 13 February 2024.**

### 26 **Public Participation**

No statements or questions were submitted.

### 27 **Headlines and Monitoring (HAM)**

Jennifer Devine, Head of Wiltshire Pension Fund, supported by other officers, presented the Headlines and Monitoring report.

The Committee received a presentation from Nat Harrison, Acting Employer Services Work Management Officer, which provided an update on iConnect for 2024. The presentation covered the following points, including but not limited to:

- An overview of iConnect related highlights for 2024.
- Work which had been conducted to improve provision for new employers, including an online video and updates to the existing online resource guide.
- New developments for the EST Officers were outlined, including a bitesize reference library folder and personal training and development plans.
- An outline of the new controls in place was provided, including a mandatory pre-onboarding checklist for new employers.
- Strategic documents including an Employer Data Quality Categorisation Policy and Employer Data Quality Checking Guide had been approved in January 2024.
- An overview of what was coming soon was provided, including further website updates, iConnect functionalities and a 2024 Employer Forum.

The Committee discussed the presentation, with reference made to whether the Fund was reliant on employers' controls, which the Fund had no control over. Clarification was provided that there were several controls in place at the time of submission that were embedded into iConnect, allowing the system to refer to existing records for a particular member. Additionally, there were checks in place at many levels and areas, which would prompt employers to check their submissions if incorrect. It was further clarified that data submissions were checked and confirmed before being added to the system.

Reference was made to the error rate of checks, to which it was outlined that there are tolerances set and thresholds to ensure that over checking does not take place at an administration cost. Over the last 6 months the error rates of checking have decreased with much less submissions being referred back and it was expected that data is 99% correct. It was also clarified that when employers outsource payroll, it would be up to them who they delegate their

payroll to and that a lot of payment providers are those used by other funds using iConnect.

Further clarity was sought regarding how things were progressing with the onboarding process for Swindon, with it noted that there had been some teething problems, including some issues with the cancellation of payments in the accounting department and issues with previous submissions being a thousand out, which would need to be accurate to be aligned. It was assured that the team was working closely with Swindon to resolve issues with it hoped that the issues could be resolved as soon as possible.

The Committee received a presentation from Matt Thorpe, Service Improvement Lead Analyst, which provided an update on aggregations and backlog. The presentation covered the following points, including but not limited to:

- An overview of the Service Improvement team was provided, with it noted that the team often seconds other members of staff into the team on a temporary basis depending on skills.
- There was a big project to clear out old cases and clean data, which within 6 months led to the case backlog being reduced by 3,500 cases as well as being able to identify what had caused the backlog.
- Work was conducted on the letters used by the team, after it had been identified that they were complicated. Currently work is being conducted to sign off on having 32 letters rather than the 197 previously used.
- An overview of other work which had been achieved was provided, including work relating to bulk processing and automation.

The Committee discussed the presentation, with it clarified that there were currently 20 processes guides in place and that a further 4 would be required to finish the work. Detail was provided that one of the seconded members of staff had been completing a pensions degree and had expertise in linguistics and language, which therefore allowed her to head up the letters project and look at it from a member's perspective. It was noted that there was a desire for the letters to be simplified and that this would go through a comms manager to enable the letters to take a simplified form. It was clarified that though the backlogs and aggregations work had been completed, the team had not been on top of the business-as-usual work, however this would be able to be cleared in time.

The Committee received an update from Richard Bullen, Fund Governance Manager on the Risk Register, which noted that there had been three areas of change recommended by the Local Pension Board, including fund governance, investment and performance. The Fund Governance manager also provided detail on audit, with it noted that there would be a transition to a new external auditor, Grant Thornton. Regarding performance, it was noted that at the end of last year there had been increased risk through transition payments from SAP to Oracle, with a number of payments not paid or duplicated. Additionally, since February the risk regarding outsourced projects had been downgraded as this had been completed and brought back in house. A further change was that finance had been identified as an increased risk due to the migration to Oracle.

The Fund Governance Manager also provided details on the KPI audit, which had been commissioned last year and completed in December. There had been a lot of progress in this area, however as the recommendations were yet to be fully implemented, Officers requested an extension to the target date from 31 March to 30 June 2024.

An update was provided in respect of changes to the risk register for the period to 31 December. The Committee discussed the updates provided by the Fund Governance Manager, with further clarification provided that there was not a risk associated with pensions relating to the unaudited Wiltshire Council accounts and that many conversations had taken place with Deloitte and Grant Thornton regarding this area. It was hoped that there would be progress made by Deloitte to get the outstanding accounts published and signed off by 30 September 2024.

The Committee received an update from James Franklin, Pension Administration Lead on administration KPIs, with it noted that from the period of 1 December 2023 to 29 February 2024 the backlog had increased. There had been a focus for the administration team on training in office, which has occurred for every team member every Wednesday. Feedback for the training had been positive. It was outlined that the transfer to Altair payroll had improved processing times and the processing team had also welcomed two new starters with the member services team also set to welcome a new starter. As per the report in the agenda pack, the number of cases older than 2 years was now down to 101 with it hoped that these would be down to 0 by the end of the next quarter. It was noted that the team was slightly not staying on top of business-as-usual work due to the training focus however this would expect to change in the future.

The Committee discussed the update with it clarified that every member of the team has been receiving training and that this has helped existing staff to better follow processes and procedures as well as enabling better practices.

At the conclusion of debate, it was,

**Resolved:**

**The Committee agreed to:**

- **Approve the risk register recommendations made by the Board and the officer assessment of risk as presented in the December version of the risk register.**
- **Note progress in the SWAP KPI audit update and approve an extension to the target deadline to 30 June 2024.**

28 **Business Plan 2024/27 & Budget 2024/25**

Jennifer Devine, Head of Wiltshire Pension Fund, presented the Fund's Business Plan and Budget to Committee for approval. The presentation outlined

the Business Plan for the next three years with it written to match the style of the Wiltshire Council Business Plan with aims and actions for each area and measures of success. The plan had been split with managers who had all written regarding their own areas and the plan would act as their action plan to deliver against.

The Committee discussed the Business Plan with it suggested that the word “tirelessly” be removed from page 61. Clarity was provided that the intention for the Plan was to bring the Fund together with individual managers having written their own sections. It was suggested that the Business Plan could have been more actions orientated, however it was noted that the purpose of the Business Plan was to set the strategic contextual environment for business to be conducted in. Lower-level documents such as Service Plans and Appraisals would then determine actions to be completed, with the main Business Plan acting as a strategic document.

Christopher Moore, Investment and Accounting Team Lead provided an overview of the operational budget of £4,623k, which was a decrease of 3.3% from the prior year, with the cost per member decreasing to £49 from £51. Attention was drawn to page 63 of the agenda pack, which provided a summary of the key features of the proposed 2023/24 budget as well as the estimated costs for the next 3 years. It was outlined that the key reason for the overall decrease was the ending of non-recurring projects such as the backlog and payroll reconciliation. It was stated that benchmarking had been undertaken to set the context of the budget against other LGPS funds with the proposed budget sitting within comparative funds. Additionally, the process to arrive at the proposed budget had been more inclusive of managers who would better understand the costs of the areas they were responsible for running.

The Committee discussed the proposed budget with clarity provided that each year a new proposed budget would be taken to the Committee and that continuous benchmarking would take place with the goal of providing value for money. Further attention was drawn to page 63 of the agenda, which attempted to identify reasonable assumptions.

At the conclusion of debate, it was,

**Resolved:**

**The Committee agreed to:**

- **Approve the Business Plan 24/27, including the Committee’s foreword.**
- **Approve the Pension Fund operating budget for 2024/25 of £4.623m (0.14% of total fund value).**

Christopher Moore, Investment and Accounting Team Lead provided an update concerning the operational accounting arrangements, which included budget monitoring. Other points raised included that previously reference had been made to additional resource for the backlog, which had now had two members of staff allocated to it on a temporary basis, who had done a good job and had made progress. It was noted that there had still been issues with the Oracle system including difficulty in producing the report which would be key for the Annual Report and monitoring.

New external auditors, Grant Thornton had been on site during the week of the meeting and work had begun for them to understand the processes in place as well as building a good relationship with them. The Pensions team had demonstrated the new processes from payroll to employer contributions and had received positive feedback. It was planned that Grant Thornton would return in the summer when the final reports had been produced.

Reference was drawn to a graph within the report which demonstrated the variance between payroll and the Altair system. It was outlined that the graph showed a downwards trend from October to January and that the final stage of the reconciliation process would be the go live of the system. It was stated the team was now down to the final discrepancies and that the new payroll implementation would be a key step in resolving this.

Regarding cashflow, it was outlined that large cash movements had taken place because of the investments in the Climate Opportunities fund and that the Salami portfolio had been invaluable for holding cash.

The Committee discussed the report with it noted that the funds divested from Magellan had been received in December and had since been used to fund Wessex Gardens. Further detail was provided on the cashflow of overnight business with clarity also provided that the Pension Fund had been cashflow neutral for the past months.

At the conclusion of debate, it was,

**Resolved:**

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

30 **Stewardship Report**

Jennifer Devine, Head of Wiltshire Pension Fund, presented the draft Stewardship Report for approval by members. The report included that as the Fund was a signatory to the Financial Reporting Council's (FRC) UK Stewardship Code 2020, signatory status would have to be maintained by

submitting an annual report once a year in May, with the FRC marking the report. It was noted that some of the information which would be included within the report could not be obtained until the end of the month, such as membership demographics but the report was nearing completion. It was outlined that there were 12 areas to report against within the report and that a highlights magazine would be produced alongside the report to summarise important points.

The Committee discussed the report with an amendment suggested that reference to the CLOPs portfolio had been made on page 5 of the report without explaining what it was. It was also noted that a breakdown of Equality, Diversity, and Inclusion (EDI) would be completed as well as analytics of how the data was split. Further detail was provided that membership information was held on record and that staff had been asked anonymously for their data, to which they responded.

At the conclusion of debate, it was,

**Resolved:**

**The Committee agreed to approve that the draft report is subject to final edits and submitted to the FRC.**

31 **Administering Authority Discretions Policy**

Richard Bullen, Fund Governance Manager, presented an updated version of the Administering Authority Discretions Policy for approval by members. The presentation noted that the policy had reached its three yearly review and that the Fund was afforded discretion over how the rules of Scheme operate, allowing a degree of localised decision making. The Fund summarised its approach to all these areas of discretion in an Administering Authority Discretions Policy, which was last reviewed and approved by the Committee on 31 March 2021. It was outlined that the changes to the policy were on page 155 of the agenda pack, with further clarity provided on how discretion was exercised.

At the conclusion of debate, it was,

**Resolved:**

**The Committee agreed to approve the recent amendments to the Administering Authority Discretions Policy.**

32 **Employer Update**

Matt Allen, Employer Funding & Risk Lead presented an update on employer related activities. The update included that there had been developments in the following five areas:

1. Employer Scorecards – the aim was to produce a way to track employer performance against their responsibilities and obligations. Work was progressing well, and a draft report had been produced and was now under review, with the aim for employers to receive their scorecard each quarter. It was outlined that unfortunately the officer leading on this area was on sick leave therefore there would be a slight delay to the work.
2. Employer Compliance (Data Sharing Agreements – DSAs) – These would allow the Fund to share membership data with third party payroll providers or an outsourced HR provision. As of 15th January 2024, 78% of the these had been completed and were held by the Fund. Of the remaining 22%, 3% were in progress and 19% were awaiting a response.
3. Employer Review (Internal Working Practices) – Since Matt Allen came into post, reviews had taken place to consider how the current processes and practices could be improved. A new employer database had been created which was a single point of contact resource which contains all contractor information, where previously this had been difficult to access. Work regarding admission agreements was outlined and how new admission agreements would now be tracked via Eversheds Sutherland to enable to quicker turn around compared to previously. The TUPE Tracker and Cessation Tracker had also been overhauled to enable the Fund to track an employer from start to finish.
4. Employer Forum – On 16 November 2023, the Fund held its first face to face Employer Forum, which 30 employers attended. There was an intention to hold more in 2024 in Trowbridge, Swindon, and Salisbury. This work had however been paused due to the lead officer being on sick leave.
5. Employer Changes – An overview of employer changes was provided with reference drawn to the report for a detailed outline of the changes involving Imperial Cleaning Services Ltd, Aster, The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Diocese of Bristol MAT (DBAT).

The Committee discussed the report with it suggested that some of the cases outlined must produce a disproportionate amount of work, to which it was clarified that there was not a policy for writing stuff off and that a pragmatic and fair approach was taken to each employer change. It was clarified that the cost to establish the final position of employer changes varied and that the costs were included within the charging policy.

A question was raised regarding the ability for companies to go into administration and then set up another company and how likely it would be for the new company to be admitted into the scheme if they had the same directors. The officer provided assurance that it was his role to protect the Fund and that if there was enough security in place such a company could be admitted and that it would be the employers position to accept the risk.



At the conclusion of debate, it was,

**Resolved:**

**The Committee agreed to note the report and to seek from Officers such clarifications or further information as they require.**

33 **Employer Covenant Risk Policy**

Matt Allen, Employer Funding & Risk Lead presented an update on the Employer Covenant Risk Policy. The update included that this was a new policy as it had been identified that the Fund had not previously had a formal policy on employer covenant risk management. Officers had worked with Fund actuaries Hymans Robertson on the drafting of the proposed Employer Covenant Risk Policy to ensure it met the needs of the Fund and its Scheme employers.

The new policy would aim to set out the Fund's approach to assessing employer covenant risks and the impact of the employer risks within the funding strategy; this would therefore enable the Fund to give a rating to each covenant and decide on the implications. It was outlined that initially employers would be rated as "high" or "low" risk, with examples of "high" risk cited as colleges, universities, town, and parish councils, with "low" risk examples including the Police, Fire Service and Academies. It was outlined that "low" risk employers would likely receive this categorisation due to their government backing and tax raising powers. Once an initial assessment was completed, further analysis would take place with key financial information requested, which could potentially mitigate risks and lower the initial rating, with these then being categorised as red, amber, and green. The policy would have the aim of setting out the intentions of the Fund and if approved would need to go to the Local Pension Board, with this aimed to be conducted by the end of the year ahead of valuation in 2025.

The Committee discussed the report with clarification provided that if a high-risk employer was to miss contributions over a long-term period this would affect their assessment. Further clarity was provided that the policy would focus future employers when joining the Fund and would contribute to the ongoing monitoring and scorecards.

It was suggested that a simplified document be sent out to Councillors, with it likely that they would experience questions regarding the implications of the policy for town and parish councils. Assurance was provided that it would be very surprising for town and parish councils to be rated as red and that a consultation had taken place with town and parishes quite happy with the draft policy. Additionally, as town and parishes would currently be pooled, the policy would have minimal impact. It was also clarified that the policy would not have an impact on employees unless the Fund decided it was a high risk and then placed the employer on a path to exit the fund.

At the conclusion of debate, it was,

**Resolved:**

**The Committee agreed to approve the Employer Covenant Risk Policy and sought from Officers such clarifications or further information as they required.**

34 **Committee Forward Work Plan**

The Committee reviewed the Forward Work Plan with it noted that now that the Business Plan had been approved, the respective items for this would be included in the next iteration of the Forward Work Plan. It was noted that the Training Plan for next year had not been brought forward yet as Member feedback was still being collected and analysed before being brought to the next meeting.

35 **Date of Next Meeting**

The date of the next meeting was confirmed as 13 June 2024.

36 **Urgent Items**

There were no urgent items.

*The Chairman called the meeting to a break at 12.05pm and resumed at 12.10pm.*

37 **Exclusion of the Public**

It was,

**Resolved:**

**To agree that in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the business specified in Minute Numbers 19 - 23 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraphs 1 & 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.**

38 **Minutes**

The private minutes of the meeting held on 29 February 2024 were presented for consideration, and it was,

**Resolved:**

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

39 **Review of the Part II Minutes of the Local Pension Board**

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

**Resolved:**

**To note the minutes as a true and correct record.**

40 **Integrated payroll system project update**

James Franklin, Pension Administration Lead, presented a “payroll migration” update from SAP to Oracle, which included the PI exercise.

At the conclusion of debate, it was,

**Resolved:**

**The Committee noted the information provided to them and commented that they would see the outcome of the migration.**

41 **Brunel Governance update**

Andy Brown, Brunel Shareholder Representative provided a verbal update summarising the ongoing Brunel governance arrangements.

42 **Procurement update**

Richard Bullen, Fund Governance Manager provided members with a verbal update on the procurement of strategic service providers.

(Duration of meeting: 10.00 am - 12.50 pm)

The Officer who has produced these minutes is Ben Fielding - Senior Democratic Services Officer of Democratic Services, direct line: 01225 718656 , e-mail:

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