

WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD
23 September 2024

WILTSHIRE PENSION FUND HEADLINES AND MONITORING REPORT

Purpose of the Report

1. The purpose of this report is to provide the Board with information in relation to various standard issues, to enable the Board to fulfil its monitoring role.
 - a) Headlines
 - b) Scheme, Regulatory, Legal and Fund Update
 - c) Health Check Dashboard
 - d) Risk Register
 - e) Audit update – KC actions 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-24 was +1.0%, slightly underperforming the combined benchmark for all portfolios. The fund value at the end of Jul-24 was £3.4bn.
 - b) The funding level at the end of May-24 was 134.0% (based on a roll-forward of the 2022 funding level). As we are transitioning to a new actuary it is not possible to obtain up to date figures at the current time.
 - c) The migration of the pensioner payroll from Oracle to Altair is in testing phase, with good progress being made.
 - d) The actuarial contract, investment advisor contract, and investment consultant tenders are now all finalised.
 - e) The Annual Report and Accounts have been completed for 2023/24, although audit work is still ongoing. The Annual Report will be published pending approval by the Committee on 19 September (verbal update to be provided at the meeting).
 - f) The Government has now issued a call for evidence as part of the pension review. This is due by 25 September and a verbal update on the Fund's response will be provided at the meeting.
 - g) Progress continues to be made against the KPI Improvement Plan, and at the current time the team are on track to deliver against the Plan's next milestone at 31 December 2024.
 - h) Pension Awareness Week took place from 9-13 September, as part of this national initiative the Fund conducted a campaign to connect members with the financial futures. This involved informative factsheets, drop-in sessions and webinars.
 - i) The salary benchmarking review has now been enacted, and this has led to being able to recruit a new principal officer in the member services team, starting soon. We are currently recruiting for some other roles. There is also significant other engagement and cultural work going on with the team, including the annual employee engagement survey. A verbal update can be provided if members would like more information.

Scheme, Regulatory and Legal Update (Appendix 1)

4. A scheme update is included in paragraph 3 of this report. Regulatory & legal updates have been provided via Barnett Waddingham August 2024 LGPS Pulse circular (Appendix 1). Key additional strategic Fund updates have been incorporated within the Fund's risk register section of this report.

Health Check Dashboard (Appendix 2)

5. The Health Check Dashboard is a new tool to provide a snapshot of the Fund's performance against its Business Plan objectives and these are shown under the Fund's seven pillars of customer service. Service Delivery KPIs, Investment performance, Funding level, Customer Service Excellence, Internal audit ratings, Cost per member and Staff engagement. Future updates will provide commentary on trends from Quarter to Quarter.

Risk Register (Appendix 3)

6. The version of the risk register presented in Appendix 3 relates to the month of July 2024. The July 2024 version will be the version submitted to the Committee meeting on 10 October. The officer led CROC Group continue to process and moderate ratings of monthly manager reviews in a consistent manner in the interim period.
7. A summary table is provided below for members to be able to monitor the key changes between versions submitted to their meetings. The purpose of this summary is to assist Board members in making their recommendations to the Committee.
8. The summary of risk rating changes between April and July, since the Board last reviewed the risk register in May are:

Risk Section	Section rating change	Key notes and mitigations during the period
Fund Governance	Red to Green	a) The key reason for the decrease in this risk rating relates to the range of strategic procurements completed in the name of the Fund. The actuarial, independent investment adviser and investment management consultant services procurements have now been effectively concluded and have moved into a business-as-usual phase.
Compliance and Regulations	Green to Amber	a) Communications concerning the Govt's proposed Pensions Review, including potentially significant changes to the LGPS have raised this risk to an Amber rating. Fund officers are issuing communications of their own and liaising with professional advisers to establish the facts.
Data Management	Green to Amber	a) During the period this risk increased from Green to Red, falling to Amber by the end of the period. The key factor attributed to this fluctuation in data management was the provision of data from Wiltshire Council from its Oracle system. April, May and June i-Connect data were all late, as well as data in respect of scheme employers who use the Council as their 3 rd party payroll agent. All data has now been received, however delayed

		notification of membership movements and changes has impacted the Fund's administration. This included data to the Fund's AVC provider, Prudential. b) Delays in the provision of information from Oracle for the Fund's Accounts team has also impacted their ability to monitor and manage the Fund's budgets and complete the year end annual accounts on a timely basis.
Resourcing	Red to Amber	a) During the period several staff vacancies were filled with only a couple of key appointment left to fill. Inductions and staff training has also taken place over the period leading to a reduction in this risk. This process to make appointments to the outstanding vacancies continues.

9. Please note that a risk entitled "Reputation" was added to the risk register with effect from the May version. This risk was introduced with an Amber rating and its aim is to consider any failure to manage the Fund's reputation due to factors such as government policy, press attention, poor service delivery, controversial investments, achieve our climate targets, achieve statutory reporting requirements, breaches of law and regs, and other factors beyond the Fund's control.

Administration KPIs (Appendix 4)

10. Tables 1 & 2 show the admin performance over the period from 1 June 2024 to 31 August 2024. The Admin KPI picture has slightly improved over the period to the level we reported at the end of May 2024. The backlog has decreased by 377 cases since our last report. These figures now include cases on Reply Due (cases that could not be actioned as we did not have all if the information) previous reports did not include these cases as it was unclear what actions, if any, were needed. We have now audited these cases and the ones that remain are cases that need further work. The first part of 2024 has been focused on training which has resulted in this increase. Incoming cases are at an expected level for this time of year.
11. Table 3 provide some analysis of the open cases. Table 3 shows the number of cases older than 2 years has remained at the same level and there are no cases older than 4 years and 14 cases older than 3 years (this is due to including reply due cases in the figures). The graph under the table shows the difference between completed and received cases which shows a slight difference between the cases competed to cases we have received. The second graph shows the continued trend of cases over SLA decreasing over the period with a slight increase in August.
12. We have now included a section detailing the current position onboarding employers onto iConnect. As you can see, we now have 137 employers onboarded and we expected this number to increase once the 2023/24-year end checks have been completed and the data verified in respect of the current membership. Training has been rolled out to employers and Swindon Borough Council will the next employer onboarded, and we expect a significant uptake now year-end has been completed.

SWAP Audit KC Audit Update 2024/25 (Appendix 5):

13. During May and June SWAP conducted their Key Controls (KC) audit of Fund processes and increased the Fund's assurance rating from "Limited" to "Reasonable".
14. This improvement in rating is welcomed by Fund officers who have committed considerable time and effort in completing the recommendations set out in SWAP's last

full audit, as well as implementing a restructure of the Fund's operational working practices and KPI Improvement Plan. However, whilst an improvement rating was welcomed, officers have noted the recommendations made by SWAP as part of this audit. These are:

- Risk Register – That elements of the Fund's current risk management system require improvement, including integration with the Council's risk management framework and some gaps identified which need to be corrected (Priority 2 rating):
- Quality Assurance – To address weaknesses in the existing QA process, such as sample checking and trend analysis. (Priority 2 rating):
- i-Connect", the Employer Scorecard and Administrative Charging – To complete the implementation arrangements for these employer related activities (Priority 3 rating):
- Complaints Monitoring & Reporting - To improve Altair reporting in this area (Priority 3 rating): &
- KPIs, Reports & Monitoring of Staff Productivity – To address weaknesses in KPI accuracy and gaps in reporting areas, as well as improve data quality reporting and complete the rollout of staff productivity reporting. (Priority 2 rating)

15. The Committee approved the recommendations made by SWAP and requested an action log be prepared (Appendix 4), in order that the recommendations can be completed by the final target date of 31 December 2024. The action log states the progress made by officers, to date.

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 Board is asked:

- a) to note the Fund updates.
- b) to endorse the risk, register in Appendix 3 & the summary of risk changes since the last review, as a true and fair view and to recommend those changes to the Committee:
- c) To note the progress against the SWAP KC audit recommendations

JENNIFER DEVINE
Head of Wiltshire Pension Fund

Report Authors: Richard Bullen (Fund Governance Manager), James Franklin (Pension Admin 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 – Health Check Dashboard

Appendix 3 – Full risk register

Appendix 4 – Admin KPIs

Appendix 5 – Key Controls Audit action log