

WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD
07 November 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) Administration KPIs, including a strategic projects update
 - f) 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 Sep-24 was +1.9%, outperforming the combined benchmark for all portfolios of +1.3%. The fund value at the end of Sep-24 was £3.4bn.
 - b) Our new fund actuaries, Barnett Waddingham, have re-run the 2022 valuation and have arrived at a broadly similar funding position at that data compared to the previous actuaries of 103%. Rolling this forward to 31 May 2024, the funding level is around 100% under BW's methodology.
 - c) The migration of the pensioner payroll from Oracle to Altair has now successfully completed.
 - d) Following a thorough revision of checks and controls and the roll out of extensive training for fund employers, several employers are currently being onboarded to iConnect.
 - e) The Annual Report and Accounts have been completed for 2023/24, although audit work is still ongoing. The Annual Report has been published online pending audit sign off.
 - f) The Fund has responded to the Government's call for evidence and attended several roundtables with ministers and officials as part of the pension review. At the time of writing, the direction of travel is still unknown.
 - 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. This was a highly successful campaign: Pension Awareness Week 2024 Member Engagement Activity - Wiltshire Pension Fund.
 - i) The salary benchmarking review has now been enacted, and this has led to being able to recruit two new officers 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 September 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 tool to provide a snapshot of the Fund's performance against its Business Plan objectives demonstrated by performance against the 7 key measures of success defined in the Business Plan, i.e. Service Delivery KPIs, Investment performance, Funding level, Customer Service Excellence, Internal audit ratings, Cost per member and Staff engagement.
6. Since Q2 2024, the only RAG rating which has changed is for investment performance, which has dipped into amber. It is worth noting that this is not a significant concern, as the threshold for green is 4.1% p.a. over 5 years, and this quarter this is 4.0% p.a. over 5 years, so only just outside green.
7. Although service delivery KPIs are still red, this is as expected while work is still being cleared from the backlog, as these cases will fail to meet target due to the fact they are already overdue by definition. However, excellent progress is being made in reducing the backlog, which will be covered in more detail elsewhere on this agenda.
8. The funding level measure is still unavailable while we transition between actuaries, but early work done by the new actuaries indicates that the funding level has remained stable since the 2022 valuation, and therefore this measure is anticipated to the green once we have official information.
9. Finally, while internal audit ratings and staff engagement are still both amber overall, there has been positive progress on these measures over the last quarter. Progress is on track against the internal audit recommendations (see more later in this report under the Risk Register section). Regarding staff engagement, the annual staff engagement survey was carried out in September, and the overall level of "agreement" rose from 68% to meet the target of 80%. Additional team building work is ongoing, which should hopefully further boost this score over time.

Risk Register (Appendix 3)

10. The version of the risk register presented in Appendix 3 relates to the month of September 2024. The September 2024 version will be the version submitted to the Committee meeting on 12 December. The officer led CROC Group continue to process and moderate ratings of monthly manager reviews in a consistent manner in the interim period.
11. 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 their oversight to ensure that risks are appropriately scored and managed.

12. The summary of risk rating changes between July and September, since the Board last reviewed the risk register in September are:

Risk Section	Section rating change	Key notes and mitigations during the period
Fund Governance	Green to Amber	<p>a) The Pension Regulator has indicated that the pace of change to comply with the new general code of practice should quicken. Fund changes have been identified, however implementation via the constitution has been delayed due to member concerns.</p> <p>b) Member engagement with the approved training plan is also inconsistent.</p>
Projects	Green to Amber	<p>a) Procurement of an interface to assist with the implementation of the Pension Dashboard project has been slower than expected. The target deadline is December 2024.</p> <p>b) The Fund's external providers have announced that they will not support MSS after October 2025. A project plan is to be created to migrate the Fund's services to the new platform.</p>

13. Officers can advise that they held a workshop with the Council's Corporate Support team on 14 October. The workshop is intended to cover the wording of risks, the scoring of risks and risk appetite. Following this meeting the Fund officers have started to update their risk register design prior to wider presentation to the rest of the management team. A further meeting is due to be held on 18 November with a view to this exercise being completed by the end of November.

Administration KPIs (Appendix 4)

14. Tables 1 & 2 show the admin performance over the period from 1 July 2024 to 30 September 2024. The Admin KPI picture has improved over the period to the level we reported at the end of June 2024. The backlog has decreased by 47 cases since our last report. However, these figures now include cases on Reply Due (cases that could not be actioned as we did not have all of 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. Incoming cases are at an expected level for this time of year. The October data is not available at time of writing.
15. Table 3 provides 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 completed 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.
16. We have now included a section detailing the current position onboarding employers onto iConnect. As you can see, we now have 151 employers with 4 more due to be on

boarded by the end of October. This leave 28 employers not on yet on iConnect and we expect to complete this exercise by the end of the scheme year.

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

17. 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".

18. 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)

19. 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

20. No direct implications.

Legal Implications

21. There are no known implications from the proposals.

Environmental Impacts of the Proposals

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

23. There are no known implications currently.

Proposals

24. 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.

c) To note the progress against the SWAP KC audit recommendations

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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