

AGENDA

Meeting: Local Pension Board

Place: Kennet Room, County Hall, Bythesea Road, Trowbridge, BA14 8JN

Date: Thursday 18 August 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:

Mark Spilsbury (Chair)

Marlene Corbey (Vice-Chair)

Paul Smith

Laura Fisher

Asifa Ashraf

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 1

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

1 **Membership** **10.00**

To note any changes to the membership of the Board.

2 **Apologies**

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

3 **Minutes** (*Pages 7 - 18*)

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

The Board's action log is also attached for information.

4 **Declarations of Interest**

To receive any declarations of disclosable interests or dispensations.

5 **Chairman's Announcements**

To receive any announcements through the Chairman.

6 **Public Participation**

The Board 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 above for any further clarification.

Questions

Those wishing to ask questions are required to give notice of any such questions in writing to the officer named above (acting on behalf of the Corporate Director), no later than 5pm on 11 August 2022 in order to be guaranteed a written response prior to the meeting. Any question received between the above deadline, and no later than 5pm on 15 August 2022 may only receive a verbal response at the meeting.

Please contact the officer named on the first page 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 Board members prior to the meeting and made available at the meeting and on the Council's website.

- 7 **Minutes and Key Decisions of the Wiltshire Pension Fund Committee** *(Pages 19 - 30)*
- To consider the Part I (public) minutes, and recommendations arising, from the last meetings of the Wiltshire Pension Fund Committee held on 26 May 2022 and 28 July 2022.
- 8 **Scheme, Legal, Regulatory and Fund Update** *(Pages 31 - 40)* **10.15**
- A report providing an update on the latest Scheme, Legal, Regulatory and Fund developments for the Board's information by the Head of the Wiltshire Pension Fund.
- 9 **Business Plan 2022-2023** *(Pages 41 - 46)* **10.25**
- A report updating members on the progress against the Plan's objectives by the Head of the Wiltshire Pension Fund.
- 10 **Training Update** *(Pages 47 - 58)* **10.35**
- Training – National Knowledge Assessment, Member effectiveness review and Annual questionnaire.
- TPR Single Code of Practice
- 11 **Administration Quarterly Key Performance Indicator** *(Pages 59 - 66)* **10.45**
- A report presenting the Fund's administration Key Performance Indicators for review by the Board from the Pension Administration Lead.
- 12 **Key Financial Controls** *(Pages 67 - 76)* **10.55**
- An update by the Senior Investment and Accounting officer concerning the operational accounting arrangements. To include an update on the internal governance review.
- 13 **Pension Payroll Database reconciliation** *(Pages 77 - 80)* **11.05**
- An update from the Pension Administration Lead concerning the Pension Payroll reconciliation.
- 14 **Audit Update** *(Pages 81 - 90)* **11.15**
- An update on 2022/23 audit plan activity and audit recommendations for 2021/22. Presented by the Head of the

Wiltshire Pension Fund & the Fund Governance and Performance Manager.

SWAP Key Financial Controls 2021/22 actions

15 **Risk Register Update** (Pages 91 - 100) **11.25**

A report presenting the Risk Register for the Wiltshire Pension Fund for review by the Board. Presented by the Fund Governance and Performance Manager.

To update members on the new Risk Register design.

16 **Urgent Items** **11.35**

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.

17 **Date of Next Meeting and Forward Work Plan** (Pages 101 - 106) **11.45**

To note that the next ordinary meeting of the Board will be held on 27 October 2022.

The Board to review and approve its new Scheme Year Forward Work Plan which is attached for members' consideration

18 **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 19 onwards 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.

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.

19 **Minutes and Key Decisions of the Wiltshire Pension Fund Committee** (Pages 107 - 122) **11.55**

To consider the Part II (private) minutes, and recommendations arising, from the last meetings of the Wiltshire Pension Fund Committee held on 26 May and 27 July 2022.

- 20 **Cyber Security Review** **12.05**
- An update on the progress of this review by the Fund Governance & Performance Manager.
- 21 **Minutes** *(Pages 123 - 132)* **12.15**
- To approve and sign as a true and correct record the Part II (private) minutes of the previous meeting held on 5 May 2022

Local Pension Board

**MINUTES OF THE LOCAL PENSION BOARD MEETING HELD ON 5 MAY 2022
AT COUNCIL CHAMBER - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE,
BA14 8JN.**

Present:

Mark Spilsbury (Chairman), Marlene Corbey, Laura Fisher and Mike Pankiewicz

Also Present:

Cllr Richard Britton, Cllr Gordon King, Jennifer Devine, Christopher Moore, Richard Bullen, Andy Cunningham and Stuart Figini

96 **Membership**

Officers noted that there were now two vacancies on the Board for both an Employer and Scheme Member representative due to Ian Jones resigning, the Chairman thanked Ian for all his input in Board meetings and wished him well for the future.

Richard Bullen, Fund Governance and Performance Manager, briefly detailed the recruitment process and noted that a suitable candidate had been found for one of the vacancies and proposed that the Board appointed them ahead of Full Council so that they could be ratified.

Resolved

The Board recommended that Asifa Ashraf be appointed to the Board as a Scheme Member representative.

97 **Apologies**

Apologies for absence were received from Paul Smith and Ian Jones.

98 **Minutes**

The Part I (public) minutes of the previous meeting held on 17 February 2022 were considered. Following which, it was:

Resolved

The Board approved and signed the Part I (public) minutes of the previous meeting held on 17 February 2022 as a true and correct record, and the Board's action log was noted.

99 **Declarations of Interest**

There were no declarations of interest.

100 **Chairman's Announcements**

The Chairman congratulated the Fund and officers on winning the award for “Best Approach to Responsible Investment” at the LAPF awards (the LGPS main awards event of the year) and commended officers for all their hard work in the area. It was highlighted that the awards were judged by a panel of industry experts and as such, it was a big kudos to have won an award.

Board insurance was then raised, and officers noted that they had been in regular talks with Aon and that the insurance was paid up until the end of April 2022, however an unpaid extension was agreed until the middle of May 2022. Officers were still working on drafting the policy documents but that the changes to the premiums were still not confirmed. The Chairman reaffirmed his opinion that he felt the insurance was unnecessary due to the nature of the Board as a non-decision-making body. Officers stated that they would follow up with the Administering Authority to see if they would be willing to take a parental view in case a situation arises in which Board insurance would be used.

101 **Public Participation**

There were no statements or questions from the public or Councillors.

102 **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 3 March 2022 and 5 April 2022 were considered. Following which, it was:

Resolved

The Board noted the Part I (public) minutes from the last ordinary meetings of the Wiltshire Pension Fund Committee held on 3 March 2022 and 5 April 2022.

103 **Business Plan and Budget 2022/23**

Jennifer Devine, Head of Wiltshire Pension Fund, introduced the item and began by explaining that the report had been approved by the Committee in their previous meeting and as such, this agenda item was for information only.

Reference was made to Page 41 of the agenda pack which detailed the Business Plan actions. It was noted that officers had only planned for one year as they felt there were many key improvements to focus on first before creating

a longer-term plan, however the long-term aspirations of the Fund were outlined on Page 37 of the agenda pack. The Chairman welcomed the Committee's decision to approve additional resources to tackle the backlog issues and asked officers to confirm how the action plan would be monitored and brought forward to both the Board and Committee. Officers noted that a lot of the information would be included in internal emails throughout the year but that a paper detailing what had been completed or taken forward would be brought forward to both the Board and Committee at the end of the year.

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

Andy Cunningham, Head of Pension Administration and Relations, updated the Board on the various Scheme, Legal, Regulatory and Fund updates.

The timeframes for the pension dashboard project were noted as still being unclear but the public sector staging date was confirmed as April 2024. Furthermore, officers informed Members that they were intending to work with Aquila Heywood, the Fund's software provider, to provide and submit the data required for the dashboard. It was highlighted that the project was still in the early days and that more clarification was needed on the specifications. Reference was also made to the new item, Finance Act 2022, but that officers were awaiting further advice on how these changes might apply in the LGPS.

Resolved

The Board noted the report.

105 **Training Update**

Richard Bullen, Fund Governance and Performance Manager, updated the Board on the Hymans Robertson six monthly report.

Officers congratulated and thanked Board Members on almost completing all of their training. Officers further noted that good progress had been made by all Committee Members since March but highlighted that there were still 2 Members who were yet to complete their mandatory tPR toolkit training despite being sent a reminder. The Chairman asked that officers continue to follow up until completion.

Resolved

The Board requested that officers send a further reminder to Members who had not completed their mandatory training.

106 **Key Performance Indicators (KPIs)**

Andy Cunningham, Head of Pension Administration and Relations, introduced the report presenting the Fund's administration KPIs.

The disclosure requirements were raised, and it was noted that most of the figures were close to 100% but that officers were struggling to make improvements to the Joiners figures due to technical difficulties in producing these on time. Additionally, the figure of 68.2% for Deferments had dropped due to lagging and backlog issues but those issues had been resolved in Q2 and as such, the figure was expected to be much higher in the future. The table on Page 58 was then referenced and it was explained that officers were looking closely at the data in relation to deaths and where improvements could be made, and it was highlighted that actions in the Business Plan would help these figures. Furthermore, it was noted that the Death Implication Process had changed and as such, officers were expecting to see the figures improving easily due to the amount of work undertaken. i-Connect was highlighted as the real priority with officers regularly speaking to the remaining outstanding employers. Progress was being made but the onboarding had been delayed due to the largest employers changing payroll providers at the same time, however officers were unable to provide an accurate time frame due to these technical issues.

The Chairman commended officers on the improvement to the Annual Benefit Statement production rate but questioned why most of the percentages on Page 58 had dropped. Officers clarified that the previous quarter had been high and that members of staff had been working on different projects. Moreover, the details of those figures were being reviewed on a weekly basis and officers were working alongside Aquila Heywood to produce a report evaluating how to monitor more effectively internally.

Resolved

The Board noted the current situation and the Fund's plans for improvement.

107 **Low Volume Performance Report**

Richard Bullen, Fund Governance and Performance Manager, introduced and explained the purpose of the report; namely, to update the Board on the Fund's performance measures for 2021/22 in connection with the following areas:

- a) ICO Data Protection breaches
- b) tPR breaches
- c) Freedom of Information (FOI) requests
- d) Complaints
- e) Internal Dispute Resolution Procedures (IDRPs)
- f) Subject Access Requests (SAR)

Appendix 1 was referenced, and it was explained that it set out turn around times for completion alongside officer's comments that provided further insight into each area. The payroll reconciliation project was raised, and the hard work undertaken by Andy Cunningham was highlighted. tPR breaches were then explored and it was explained that a new more robust method of contribution monitoring had been introduced and as such, more breaches had occurred than expected by re-evaluating these processes. Furthermore, with regard to FOI requests it was explained that officers had received a few and a transition moving from fully responding to referring people to a webpage was taking place as the Fund migrated towards Brunel. Officers acknowledged that the response times for complaints were slower than desired but emphasised that it was an area of focus for officers.

The Chairman asked for further clarity with regard to reporting data breaches to which officers explained it was an area of focus which was not picked up in the business plan but that officers were aware and thus on top of the issue to ensure its properly managed. A further question was asked with regard to IDRPCs, and officers explained the process for both a Stage 1 and Stage 2 dispute. It was clarified that consultancy advice was always sought when making these decisions but that officers felt the process was as robust as possible.

Resolved

The Board noted the findings of the low volume performance report being monitored by officers on behalf of the Fund.

108 **Draft LPB Annual Report 2021/22**

The Chairman thanked Richard Bullen, Fund Governance and Performance Manager, for his hard work in producing the draft report.

Officers noted that there were cosmetic issues to change such as references to Committee minutes and links to other documents which would be updated. It was also noted that officers were working to reduce the number of pages and to make it a tighter more evidence-based document. Officers further highlighted that there were ongoing discussions between the Committee and Administering Authority on finalising the report but that the Committee itself had accepted it.

Resolved

The Board approved the attached draft LPB Annual Report.

109 **Pension Administration Strategy**

Andy Cunningham, Head of Pension Administration and Relations, introduced the report and updated the Board on the proposed changes to the Fund's Administration Strategy.

It was explained that the strategy was reviewed to reflect the changing administration strategies with regard to i-Connect and so forth. The key changes were to make it clear that onboarding onto i-Connect was compulsory for employers and those failing to do so would be opening themselves up to escalation. It was stated that officers were intending to circulate the updated document to employers for consultation and any feedback received would be taken into account before the finalised document was submitted to the Committee.

The Chairman expressed his support of the changes and requested a change to the wording in the last sentence of Page 99 to the first sentence of Page 100 of the agenda pack to make it clear the full additional costs will be implemented if employers do not use i-Connect. A further question was asked as to if there was a limit for a number of estimates per member to which officers explained that as the My Wiltshire Pension portal was self-service, there was no policy on how many they requested.

Resolved

The Board noted the proposed, revised Pensions Administration Strategy.

110 **Employer Charging Policy**

Andy Cunningham, Head of Pension Administration and Relations, updated the Board on the updated administration charging policy.

Officers stated that the changes were minor such as changing the wording around ill-health insurance and updating the risk rate charges which were outdated. It was explained that the changes were more to clarify how charges were calculated rather than state the charges themselves as there were different approaches depending on the situation. Additionally, it was noted that the intention behind charging was not to levy more money but to instead cover the Fund's own cost for the extra work.

Resolved

The Board noted the proposed, revised Employer Charging Policy.

111 **Audit Update**

Richard Bullen, Fund Governance and Performance Manager, updated the Board on activity arising from the 2022/23 audit plan, notably:

- Key Financial Controls
- Cyber Security
- Risks PEN030 and PEN060

It was explained that Appendix 1 set out all the recommendations and the progress made toward them with movement already being made with regard to outsourcing backlogs. Jennifer Devine, Head of Wiltshire Pension Fund, reassured Members that SWAP's audit report for no assurance did not mean the worst, but instead it was due to including the backlog issues in combination with detailed discussions with SWAP to increase the recommendations.

With regard to cyber security, Members were informed that officers had a meeting with Aon the day before the Board meeting which set out the timetable and it was stated that the intention was to have a report and a presentation brought forward to the July meeting of the Committee. In response to a question, officers confirmed that Aon would provide an independent comment on the work and that a copy of the report would be circulated to Members of the Board before the Committee meeting for an opportunity to provide comments.

Finally, the risks were then discussed with officers explaining that there were ongoing negotiations between the Committee and Administering Authority on how to progress the issues and trying to establish what the re-charge figure would be. The Chairman expressed disappointment that the issue was not resolved and proposed that a further recommendation be made to request an update from the Wiltshire Council finance team at the next meeting of the Board. The Chairman then sought further clarity with regard to the Contributions issue detailed in Appendix 1 to which officers explained that there had been changes to the contribution certificates which made that a lot of employers had been inadvertently paying the wrong rate for a long time, but that there was a project team dedicated to rectifying the issue.

Resolved

The Board noted the progress made by officers in respect of the recommendations made by SWAP.

The Board noted the verbal updates provided by officers in connection with other key activities requested by the Board.

The Board requested an update from the Wiltshire Council finance team, which they present at the August meeting of the Local Pension Board, on the proposals to determine the level of the Council recharge to the Wiltshire Pension Fund in a more robust way.

112 **tPR Code of Practice 14 Self Assessment for 2021/22**

Richard Bullen, Fund Governance and Performance Manager, updated the Board on the findings of an internal review of the Wiltshire Pension Fund's compliance with the Pension Regulator's (tPR) Code of Practice 14 for the Fund year 2021-22.

Officers decided to undertake a self-assessment in anticipation of the Single Code of Practice coming into force in the Summer of 2022. The two-stage review process was explained, and it was noted that 8 areas for improvement

were identified which were largely reflected within the March 2022 SWAP audit report and the recommendations made by Aon. The Chairman noted his disappointment that those areas were falling below the required standard and asked for confirmation that a specialist audit would be undertaken with regard to PEN30 – failure to procure and contract manage service providers appropriately. Officers confirmed that was included within the good governance review and that the fee and what they represented would be made explicit to the Wiltshire Council Finance Team.

Resolved

The Board noted the internal self-assessment undertaken.

Officers noted that they would ensure that all non-compliant areas identified in the SWAP audit report recommendations would be included within a Fund action plan for improvement.

113 **Key Financial Controls**

Christopher Moore, Pension Fund Accounting and Investments Officer, presented the report to Members.

Officers updated Members with regard to the continuing delay in signing off the 2020-21 Wiltshire Council accounts and reaffirmed that there were no issues with the Pension Fund accounts themselves. Members were reassured that officers were working with the auditors to publish the accounting information for year ending 2022 accounts. Regarding the payroll reconciliation work, officers noted that they were working to ensure that a standardised report for both the Board and Committee to detail the discrepancies and how they are dealt with to show Members the progress being made. Officers then briefly updated Members on the integration between the payroll and pension administration systems and introduced the quarterly financial performance dashboard detailed on Page 157. The single large late payment as detailed within the employer contribution control area was discussed and officers informed the Board that they had met with the employer and that payment would be made on the following week, but Members were reassured that the employer was small and as such the financial impact of the late payment was immaterial.

The Chairman again expressed his disappointment that the situation with the Wiltshire Council accounts was still to be resolved. He also reiterated that all relevant potential training courses should be forwarded to Board Members to utilise the training budget as much as possible.

Resolved

The Board noted the progress made against resolving the issues identified within the report, and the progress made to develop accounting and control improvements.

114 **Fund Annual Report & Accounts and Audit Update**

Jennifer Devine, Head of Wiltshire Pension Fund, introduced the item and noted that a lot of the information in the report had already been covered in previous agenda items. There were no questions from Board Members.

115 **Risk Register Update**

Richard Bullen, Fund Governance and Performance Manager, updated the Board in relation to the changes made to the Fund's Risk Register.

Officers thanked Cllr Richard Britton, Chairman of the Wiltshire Pension Fund Committee, for his feedback in relation to the Risk Register and combined with the recommendations made by SWAP in their March 2022 audit report, officers had made changes to how they manage the Risk Register to make it a more living document. The Chairman noted his support of Cllr Britton's feedback and emphasised the importance of undertaking the review and making the appropriate changes.

Resolved

The Board noted the attached Risk Register and recommended the changes/actions made by officers in points 8 – 10 to the Committee.

116 **Urgent Items**

There were no urgent items.

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

The next ordinary meeting of the Local Pension Board would be held on 18 August 2022.

118 **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.

119 **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 3 March 2022 and 5 April 2022 were considered.

Following which, it was:

Resolved

The Board noted the Part II (private) minutes from the last ordinary meetings of the Wiltshire Pension Fund Committee held on 3 March 2022 and 5 April 2022.

120 **Brunel Governance Review Update**

An update was provided by Jennifer Devine, Head of Wiltshire Pension Fund.

121 **Minutes**

The Part II (private) minutes of the previous meeting held on 17 February 2022 were considered. Following which, it was:

Resolved

The Board approved and signed the Part II (private) minutes of the previous meeting held on 17 February 2022 as a true and correct record.

(Duration of meeting: 10.00 - 11.40 am)

The Officer who has produced these minutes is Kieran Elliott of Democratic Services, direct line 01225 718504, e-mail kieran.elliott@wiltshire.gov.uk

Press enquiries to Communications, direct line ((01225) 713114 or email communications@wiltshire.gov.uk

Wiltshire Pension Fund Board - Actions Log

| Minute reference | Section | Meeting Action | Task owner | Target date for completion | Completed and reported to last meeting |
|-------------------------|--|---|-------------------|-----------------------------------|---|
| 118 (18/02/21) | Governance (GCS) | Officers should change the Governance Compliance Statement to include external assurance in conjunction with any confirmed changes arising from the Scheme Advisory Board's Good Governance Review | RB | 27/10/22 | |
| 61 (11/11/21) | Administration (Payroll Reconciliation) | To request future monitoring reports every 6 months on the reconciliation project and the move to an integrated pensioner payroll system | AC | 05/05/22 | 05/05/2022 Minute 105 |
| 66 (11/11/21) | Governance (LPB Insurance) | To wait for the new quote for the Scheme Year 2022/23 and consider the Board's protection arrangements at that time | RB | 05/05/22 | 07/06/22 |
| 85 (17/02/22) | Governance (Key Controls - Cyber Security) | The Terms of Reference for the Cyber Security Review should include a technical examination from an independent IT consultant who should review the information provided to date by the two key providers. The independent opinion should quantify the adequacy of the current cyber security arrangements. | RB | 05/09/22 | |
| 89 (17/02/22) | Governance (Scheme of sub-Delegation) | To propose changes be made to the structure of delegations and controls & consider the breakdown of responsibilities outlined in the "Guidance to Delegations" | RB | 27/10/22 | |
| 105 (05/05/22) | Governance (Training) | The Board requested that officers send reminders to Members who had not completed their mandatory training | RB | 18/08/22 | 04/07/22 |
| 111 (05/05/22) | Governance (Audit update) | To provide an update from Wiltshire Council finance team on the determination of the level of the Council recharge to the Fund, including details of the service relating to that charge. | RB | 18/08/22 | Agenda |

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Wiltshire Pension Fund Committee

MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 26 MAY 2022 AT WEST WILTS COMMITTEE ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

Present:

Cllr Richard Britton (Chairman), Cllr Steve Heyes (Vice-Chairman), Cllr Gordon King, Cllr Jonathon Seed, Mike Pankiewicz and Cllr Pauline Church (Substitute - Part II)

132 Membership

It was noted that there were two impending changes to the membership of the Wiltshire Pension Fund Committee; firstly, the requirement to elect a Vice-Chair for the forthcoming year, and secondly, Cllrs Elizabeth Threlfall and Vijay Manro's departure from the Committee. It was further noted that Cllrs George Jeans and Kevin Small would be taking their positions henceforth.

Resolved:

The Committee elected Cllr Steve Heyes as the Vice-Chair of the Wiltshire Pension Fund Committee for the forthcoming year, 2022-23.

133 Apologies

Apologies were received from Claire Anthony and Cllr Christopher Newbury with Cllr Pauline Church attending as a substitute.

134 Minutes

The Part I (public) minutes of the previous meeting of the Wiltshire Pension Fund Committee held on 5 April 2022 were considered.

The Chairman requested that a change to the wording of Minute Item 117 to make clear that the report provided assumptions and not an "actuarial valuation" as quoted.

Following which, it was:

Resolved:

The Committee approved the Part I (public) minutes of the previous meeting of the Wiltshire Pension Fund Committee held on 5 April 2022 as a true and correct record.

135 **Declarations of Interest**

There were no declarations of interest.

136 **Chairman's Announcements**

The Chairman noted that there had been changes to the way that the Risk Register would be monitored and presented and invited Jennifer Devine, Head of Wiltshire Pension Fund, to explain further. It was explained that as one of the Business Plan actions, officers were exploring how best to adapt the Risk Register to make it more streamlined, focussed and operationally embedded, work which was also in line with feedback received from the Chairman. Once the format had been agreed and developed by officers the updated document would be brought forward to the Committee for review.

137 **Public Participation**

There were no statements or questions from the public or Councillors.

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

The Part I (public) minutes of the previous meeting of the Local Pension Board held on 5 May 2022 were considered. Following which:

Resolved:

The Committee noted the Part I (public) minutes of the last meeting of the Local Pension Board held on 5 May 2022.

139 **Responsible Investment Update**

Jennifer Devine, Head of Wiltshire Pension Fund, updated the Committee on responsible investment issues.

It was noted that the Stewardship Report had been submitted to the Financial Reporting Council but that due to the depth of analysis undertaken, it would likely take quite a few months before finding out if Signatory Status had been awarded. However, officers noted that if it was not awarded then officers would still receive valuable feedback. Furthermore, it was noted that Faith Ward from Brunel was attending the meeting during the Part II session to discuss the relationship between responsible investment and fiduciary duty.

Resolved:

The Committee agreed to use the report as a basis for monitoring the progress that is being made towards implementing responsible investment policy.

The Committee noted the progress made against the Responsible Investment Plan 2022/23 actions.

140 **Date of Next Meeting**

The next ordinary meeting of the Wiltshire Pension Fund Committee focusing on administration matters will be held on 28 July 2022.

The next ordinary meeting of the Wiltshire Pension Fund Committee focusing on investment matters will be held on 5 September 2022.

141 **Urgent Items**

There were no urgent items.

142 **Exclusion of the Public**

The Committee 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 Minute Numbers 143 – 146 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.

143 **Investment Quarterly Progress Report**

Chris Moore, Pension Fund Accounting and Investments Officer, and Jennifer Devine, Head of Wiltshire Pension Fund, presented the investment quarterly progress report.

Resolved:

- 1) **The Committee agreed to use the investment report and the update provided by officers and advisers at the meeting as a basis for monitoring the investment performance and implementation of the strategic asset allocation.**
- 2) **The Committee endorsed the position taken regarding implementation of the renewable infrastructure portfolio.**

144 **Presentation from Brunel - Listed Equalities**

Representatives from Brunel delivered a presentation to the Committee.

145 **Presentation from Brunel - Responsible Investment**

Representatives from Brunel delivered a presentation to the Committee.

146 **Minutes**

The Part II (private) minutes of the previous meeting of the Wiltshire Pension Fund Committee held on 5 April 2022 were considered. Following which, it was:

Resolved:

The Committee approved the Part II (private) minutes of the previous meeting of the Wiltshire Pension Fund Committee held on 5 April 2022 as a true and correct record.

(Duration of meeting: 10.00 am - 1.20 pm)

The Officer who has produced these minutes is Ellen Ghey of Democratic Services, direct line 01225 718259, e-mail ellen.ghey@wiltshire.gov.uk

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Wiltshire Pension Fund Committee

MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 28 JULY 2022 AT KENNET ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

Present:

Cllr Richard Britton (Chairman), Cllr George Jeans, Cllr Gordon King, Cllr Christopher Newbury, Cllr Kevin Small, Mike Pankiewicz, Tracy Adams and Cllr Vijay Manro (Substitute)

Also Present:

Cllr Nick Botterill

147 **Apologies**

Apologies were received from Councillors Jonathan Seed and Steve Heyes.

Councillor Heyes was substituted by Councillor Vijay Manro.

148 **Minutes of the Previous Meeting**

The public minutes of the meeting held on 26 May 2022 were presented for consideration, and it was,

Resolved:

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

149 **Declarations of Interest**

There were no declarations.

150 **Chairman's Announcements**

There were no announcements.

151 **Review of Actions**

The Committee reviewed the update on ongoing actions as detailed in the agenda.

It was,

Resolved:

To note the action log.

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

The Committee received the public minutes of the Local Pension Board meeting on 5 May 2022, and reviewed the recommendations of that meeting, which related to the Headlines and Monitoring and Key Financial Control items of the agenda.

Further detail was sought on the review of the level of council recharge to the fund. It was stated Fund officers had met with Finance to cost services received from the council and had provided comment. A report would be taken to the Committee with details of any new charge.

It was then,

Resolved:

To note the minutes of the Local Pension Board.

153 **Public Participation**

No questions or statements were received.

154 **Headlines and Monitoring (HAM) Report**

The Committee considered the report presented by Jennifer Devine, Head of Wiltshire Pension Fund, Richard Bullen, Fund Governance & Performance Manager and Andy Cunningham, Pension Administrative Lead, which provided information highlighting key issues and developments to enable the Committee to fulfil its monitoring role.

Details were provided regarding investment performance with a 2.6% reduction for the quarter to the end of March 2022, with a challenging second quarter predicted due to global events. Further updates would be provided at the meeting on 5 September 2022.

There was discussion of the auditing of accounts which was behind schedule due to national resourcing issues with Deloitte. It was requested the Treasurer of the Pension Fund be contacted on behalf of the Committee for clarification on the situation and any plans to improve the service.

Details were sought on expectations of reasonable and adequate investment returns during a short and medium period of higher inflation. The importance of cashflow management during that period was highlighted.

The Committee also discussed the Pensions dashboard and impact of the McCloud case, with it currently being stated there would be more of an administrative than cost impact for the Fund, with historical data being collected for any future need to make corrections.

There was discussion of key performance indicators, how the data was being generated, and ongoing monitoring of current as well as historical information. It was also noted that reporting arrangement to the Committee would be reviewed to ensure the required information was received in the most appropriate manner and timescale.

The Committee also reviewed the risk register, and sought clarification on the rating of risks relating to disruptions due to the Evolve programme to replace the SAP system used for payroll and other financial administration.

At the conclusion of discussion, it was,

Resolved:

To approve the changes to the Risk Register and accept the recommendations for changes submitted by the Board.

155 **Business Plan 2022-2023**

A report was received from the Head of Wiltshire Pension Fund on the progress toward actions set out in the Fund Business Plan for 2022/23.

It was then,

Resolved:

To note the progress against actions set out in the Business Plan.

156 **Key Financial Controls**

A report was received regarding significant issues in relation to the Fund's Key Financial Controls.

It was stated the draft accounts and working papers had been provided to auditors ahead of deadlines, although due to delays with the council accounts being audited there had not been signoff for the previous two years.

There was discussion of the ongoing payroll reconciliation to correct discrepancies between the SAP Payroll records and Altair pension administration system, with concern raised that the number identified had increased.

There was discussion of the growing backlog of unallocated transfers in, i.e. where the money had been received but had not been credited to the member's account on Altair, also an action identified by SWAP during the internal audit. In these cases the member would receive their benefits in due course but the Annual Benefit Statements being sent out would be incorrect at this time. Officers confirmed that this matter would be addressed as a priority.

There was also discussion of running costs.

It was then,

Resolved:

To note the Key Financial Controls update.

157 **Fund Annual Report and Accounts**

The Head of Wiltshire Pension Fund, Jennifer Devine, presented the draft Fund Annual Report and accounts. Details were provided on updated communications materials and strategies to engage members and stakeholders.

The Committee discussed the report, and requested an explanation be included setting out why the report would be published although the accounts were at present unaudited, due to ongoing issues with the auditing of the council accounts separate to the Fund and nationwide audit resourcing issues.

At the conclusion of discussion, it was,

Resolved:

- 1) **To approve the proposed publication of the unaudited annual report and accounts 2021/2022 and summary documents, and authorise officers to make any necessary minor amendments following the conclusion of the audit after consultation with the Chairman of the Wiltshire Pension Fund Committee;**
- 2) **To approve the going concern statement in Appendix 1**

158 **Pensions Administration Strategy**

The Pensions Administration Lead, Andy Cunningham, presented a report on proposed revisions to the Pensions Administration Strategy. This included a service level agreement to apply to all employers in the Fund, who had been consulted as part of the review of the strategy.

At the end of discussion, it was,

Resolved:

To approve the revised Pensions Administration Strategy.

159 **Employer Charging Policy**

The Pensions Administration Lead, Andy Cunningham, presented proposed changes to the Fund's Employer Charging Policy. Details of costs were provided in the appendix to the report.

In response to queries it was confirmed the policy would be provided to employers alongside the updated administration strategy.

It was then,

Resolved:

To approve the revised Employer Charging Policy.

160 **Pension Payroll Database Reconciliation**

The Pensions Administration Lead, Andy Cunningham, presented a report on the ongoing pensioner payroll database reconciliation project.

The number of cases had been updated, and the intention was to appoint an outside provider to work through the remaining material cases.

The Committee sought details that though there had been an increase in cases, officers were confident the level of cases was now correct. It was stated that identification of errors was now a more known process, and the tender for the outside provider included the possibility of some further cases being identified.

At the end of discussion, it was,

Resolved:

To note the update on the project.

161 **Committee Forward Work Plan**

The forward work plan was received, and it was,

Resolved:

To note the committee forward work plan.

162 **Date of Next Meeting**

The date of the next meeting was confirmed as 5 September 2022.

163 **Urgent Items**

There were no urgent items.

164 **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 165-169 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.

165 **Minutes of the Previous Meeting**

The Part II private minutes of the meeting held on 26 May 2022 were presented for consideration, and it was,

Resolved:

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

166 **Review of Local Pension Board Minutes**

The Committee received the Part II private minutes of the Local Pension Board meeting on 5 May 2022.

It was then,

Resolved:

To note the minutes of the Local Pension Board.

167 **Cyber Security Review**

A report was received on the Cyber Security Review requested by the Committee. A workshop had been held on 21 July 2022 to identify how cyber security could affect Pension Funds, and assessing compliance with the Pension Regulator's guidance.

The Committee discussed the report, how compliance could be achieved, and the need for ongoing discussions with the council's IT services.

It was then,

Resolved:

To note the progress of the review and to receive an additional report at a future meeting.

168 **Investment Management Fees and Costs for 2021/22**

A report was received setting out the Fund investment management annual fees and costs for 2021/22.

The Committee sought additional details on the process by which fees were calculated and reviewed, and of any ongoing costs.

It was then,

Resolved:

To note the Fund investment management fees and costs for 2021/22.

169 **Brunel Governance Update**

A verbal update was received from Jennifer Devine, Head of Wiltshire Pension Fund and the Chairman.

Details were provided of recent discussions with the Brunel Oversight Board and future development of a five year strategy.

(Duration of meeting: 10.00 am - 12.20 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 COUNCIL

WILTSHIRE LOCAL PENSION BOARD
18 August 2022

WILTSHIRE PENSION FUND HEADLINES AND MONITORING REPORT

Purpose of the Report

1. The purpose of this report is to provide the Board with highlights on key issues and developments covering Scheme, Regulatory, Legal and Fund Updates.

Report from Head of Wiltshire Pension Fund

2. This section summarises key events across the Pension Fund over the last quarter.
 - a) Investment performance for the quarter to Mar-22 was -2.6%, compared to a benchmark return of -2.1%. The fund value at the end of Mar-22 was £3.2bn. Performance has continued to be challenging over the second quarter of 2022, due to global events. The value of the Fund's investments at the end of May-22 (the latest audited figures at the time of writing) was £3.12bn.
 - b) 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.
 - c) Progress has been made regarding the two large outsourcing projects. The backlog outsourcing tender is now live and is being let via the LGPS framework. The same framework is being used for the pensioner payroll rectification outsourcing, and it is hoped that this will be live shortly.
 - d) Committee members have attended training on the strategic asset allocation (SAA), on which work is ongoing, and amended SAA will be coming to the Committee for approval at the meeting on 5 September 2022.
 - e) Officers have begun work with procurement to put out a 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).
 - f) The annual report and accounts have been completed for 2022/23, although due to national resourcing issues, Deloitte have been unable to deliver against the agreed audit timetable, and consequently the audit will not be happening until later this year. This is covered in detail elsewhere on this agenda.
 - g) Significant progress has been made against other Business Plan 22/23 actions.

Scheme, Regulatory and Legal Update (Appendix 1)

3. Using available consultancy budget, the Head of Wiltshire Pension Fund has asked Aon to report in more detail on two large and emerging areas, McCloud and dashboards. Aon will provide short reports on what they would expect an LGPS fund to be doing/have already done at this stage on these areas. The intention is that the Fund is fully prepared (given the evolving situation) and the Committee and senior Fund officers can obtain full assurance that all that is needed to be done is being done. The Aon reports will need to be reviewed by officers to identify gaps and put in place additional measures, if needed. The findings of this piece of work will be presented at the next cycle of Board and Committee meetings. In the meantime, Aon have provided some short text to set the scene in a little more detail, which is included in Appendix 1.

Financial Implications

4. No direct implications.

Legal Implications

5. There are no known implications from the proposals.

Environmental Impacts of the Proposals

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

7. There are no known implications currently.

Proposals

8. The Board is asked to:

- a) Note the information included within this report and attached appendix.

JENNIFER DEVINE
Head of Wiltshire Pension Fund

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

Appendix 1 – Scheme, Legal, Regulatory and Fund updates

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 | | <p>The Fund's software provider is currently releasing 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. 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> | Updated | <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>Officers are currently considering what actions it may take.</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-pension-schemes-response-and- | No change since the last meeting | <p>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.</p> <p>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</p> | PEN041 |

| Organisation | Subject | Link | Status | Comments | Risk Ref |
|--|--|---|----------------|---|----------|
| | | consultation-on-regulations | | 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) | Cost cap mechanism | | Updated | GAD have recently announced (July 2022) that the cost cap floor, which was breached in 2016, is no longer deemed as breached because the McCloud remedy increases the notional cost. However, the Unions are seeking to take legal action to dispute this conclusion, and specifically the way the McCloud judgement was used. | PEN042 |

| Organisation | Subject | Link | Status | Comments | Risk Ref |
|-----------------------------|--|---|----------------------------------|---|----------|
| | Goodwin Case | | No change since the last meeting | <p>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 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> | PEN056 |
| | 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 |

| Organisation | Subject | Link | Status | Comments | Risk Ref |
|--------------|-----------------------|---|--------|--|----------|
| | 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 than 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> <p>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.</p> | None |
| Fund update | Prudential AVC update | https://lgpslibrary.org/assets/bulletins/2022/223AppA.pdf | New | <p>As has been reported to this Committee previously, representatives from Prudential attended the SAB meeting in December 2021 to discuss the performance issues experienced by administering authorities since November 2020. At that meeting, Prudential agreed to produce a communication to explain the issues that have arisen, the steps that have and are being taken to resolve the situation, and the expected timescales for normal service to be resumed.</p> <p>Prudential have since written to Jo Donnelly, Head of Pensions at the LGA, to provide this update. Robert Holloway shared the letter with pension managers by email on 13 May 2022.</p> | None |

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.)

Business Plan Actions for 2022/23

| | Action | Description | Target SVGs | Priority | Progress update as at 30 Jun 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 timetable. Initial modelling received and discussions around rates held with WC and SBC. |
| Page 41 | 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 the timetable. The Committee have received training in preparation for the September Committee meeting. |
| | 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 | Critical “housekeeping” work is taking place to remove unnecessary cases on reply due, as well as ready-to-go cases which actually need to be terminated. Once this has been done (over the summer), a more detailed plan will be developed in Sept-22. |
| | 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 is close to being able to go out via the LGPS framework. |
| | 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 | The tender for this piece of work is currently out via the LGPS framework, with a response deadline of 22 July 2022. |

| | Action | Description | Target SVGs | Priority | Progress update as at 30 Jun 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. Work is underway to find a way to embed forward-looking KPIs into the work allocation process, and to agree a suitable format to share with the wider pension fund team on a weekly basis. |
| 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 Jun 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 57 employers left to onboard (of 182). Escalations are in place with the remaining employers, and a change to the administration strategy will make i-Connect mandatory with charges for not signing up. |
| 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 | This piece of work is currently with procurement, and it is hoped will go out soon. |
| 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, now that weekly KPIs are running we can customise this report for the Committee to ensure consistency and meaningful information. Further development is required on other areas. |
| 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 made a submission, and will hear whether signatory status has been obtained in late 2022. |
| 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 is currently underway with Aon, with results expected late July 2022. |
| 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 Jun 2022 |
|---------------|---|--|-----------------------|----------|---|
| Page 17 44 | 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. |
| | 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 | This piece of work has not yet started, and is scheduled to be developed for the end of September 2022. |

| | Action | Description | Target SVGs | Priority | Progress update as at 30 Jun 2022 |
|----|---|--|----------------|----------|---|
| 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. A workshop has been held with the Pension Fund managers, and a new working group has been set up, to cover Compliance, Risk and Operational Controls (the CROC group). Operational risk registers are being set up for each team, and the controls to mitigate the risks will be evidenced via dashboard reporting. The CROC group will review that controls are appropriate and are operating as expected, and that all actions (either set by the group or internal audit) are being followed up and progressed. This work will feed into a high-level risk register and reporting to Committee and the Local Pension Board. |
| 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. |
| 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 in September. |

| | Action | Description | Target SVGs | Priority | Progress update as at 30 Jun 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 this work will take place over the summer/autumn. 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. |
| 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 | Work is ongoing, officers and the oversight board have completed workshops on this area, and the shareholder workshop is scheduled for September 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. |

TPR's New Code of Practice August 2022



Content

- The Purpose of the Codes of Practice
- Introduction
- Background
- The New Code of Practice
- Key LGPS content and future updates
- Expectations & Internal Controls
- Effective System of Governance (ESoG)
- Own Risk Assessment
- The Fund's next steps

The Purpose of the Codes of Practice (COP)

- The COPs are not statements of the law, except in certain circumstances set out in legislation. Instead, they **set out the tPR's expectations** for the conduct and practice of those who must meet the requirements set in pensions legislation
- In most cases there is no specific penalty for failing to follow a COP, or to meet the expectations set out in it.
- However, tPR may rely on COPs in **legal proceedings** as evidence that a requirement has not been met. In those situations, a court must take a COP into account when considering their verdict
- Similarly, if tPR find grounds to issue an improvement or a compliance notice, it may be worded in relation to COP text

Introduction



Annex 1
Full draft of the new
code of practice

Page 50

March 2021

- TPR's **15 existing codes of practice** are set to be transformed into a new online code providing one up-to-date and act as a consistent source of information on scheme governance and management
- TPR is nearing the completion of its consulting phase on its draft content to bring 10 of the current 15 codes together into one
- Appropriate changes will then be made before laying the new code in Parliament. TPR will also undertake work to adjust guidance in relation to its new code

Background

➤ The OPS (Governance) (Amendment) Regulations (2018)

a) Required tPR to draft new expectations in relation to an effective systems of governance

b) On review of its current code tPR found many issues of outdated, duplicate and inconsistent expectations


c) TPR therefore took the opportunity to clarify existing expectations and modernise the way in which it communicates these through a new web based code of practice

d) The Codes transposed include....

| Code of Practice | Code in force | Part of the new Code |
|---|--------------------------------|----------------------|
| 01: Reporting breaches of the law | Apr-05 | ✓ |
| 02: Notifiable events | Apr-05 | ✗ |
| 03: Funding defined benefits | July 2014 (GB), July 2015 (NI) | ✗ |
| 04: Early leavers | May-06 | ✓ |
| 05: Reporting of late payment of contributions to occupational pension schemes | Sep-13 | ✓ |
| 06: Reporting of late payment of contributions to personal pension schemes | Sep-13 | ✓ |
| 07: Trustee knowledge and understanding (TKU) | Nov-09 | ✓ |
| 08: Member nominated trustees/member nominated directors – putting arrangements in place | Nov-06 | ✓ |
| 09: Internal controls | Nov-06 | ✓ |
| 10: Modification of subsisting rights | Jan-07 | ✗ |
| 11: Dispute resolution – reasonable periods | Jul-08 | ✓ |
| 12: Circumstances in relation to the material detriment test | Jun-09 | ✗ |
| 13: Governance and administration of the occupational trust-based schemes providing money purchase benefits | Jul-16 | ✓ |
| 14: Governance and administration of public service pension schemes | Apr-15 | ✓ |
| 15: Authorisation and supervision of master trusts | Oct-18 | ✗ |

The New Code of Practice

- Separates content into **5 key areas**:
 - a) The Governing Body
 - b) Funding & Investment
 - c) Administration
 - d) Communication & disclosure
 - e) Reporting to TPR
- Within these there are now a total of **51 shorter modules** representing content from 10 of tPR's existing codes as well as new expectations required by the regulations
- The new code is designed to be a **web-based product**



| | |
|--|---|
| <p>Introduction</p> <p>Who the code of Practice applies to, how governing bodies of pension schemes should use it and our powers</p> | <p>The Governing Body</p> <p>What the governing body of a pension scheme needs to know and the structure, systems and controls it should have in place</p> |
| <p>Funding and Investment</p> <p>Investment governance and strategy requirements, environmental and social duties and funding of defined benefit schemes</p> | <p>Administration</p> <p>Handling information, keeping records and data and maintaining and monitoring contributions to the pension scheme</p> |
| <p>Communications and disclosure</p> <p>The communication that governing bodies must produce for pension scheme members and information they should make publicly available</p> | <p>Reporting to TPR</p> <p>What governing bodies must report to us including scheme returns and breaches of the law</p> |

Key LGPS content and future updates

➤ LGPS Content

- a) Cyber Security
- b) Environmental, social and governance (ESG)
- c) Financial transactions

➤ Future updates

- a) Although the new code may be simpler to update than older COPs, tPR will not deliver updates without warning
- b) All changes to tPR's COPs will require consultation and Parliamentary approval before it comes into force
- c) These requirements will not change with the new code. Schemes and advisers will still have time to comment on, and adapt to, new expectations

Expectations & Internal Controls

Expectations

- The term ‘**Governing bodies**’ is used throughout the code to refer to scheme managers and pension boards of public service schemes
- Within each module, tPR has attempted to ensure that any responsibility is clear to those on whom it falls. Governing bodies should then decide if they are within that audience.

Internal Controls

- Internal controls are the policies, processes and procedures designed to carry out the running of the scheme
- Although governing bodies may delegate operational tasks, they’ll **retain accountability** for those functions
- To help governing bodies establish relevant internal controls, the new code contains several modules on risk management and the specific controls that should be in place.
- The modules to the right contain systems, arrangements or procedures that governing bodies should have in place (as a minimum) to comply with the requirements for internal controls.

Internal Controls

- * Identifying and assessing risks
- * Managing risks using internal controls

Internal Controls

- * Financial transactions
- * Scheme records
- * Data Monitoring
- * Receiving contributions
- * Monitoring contributions
- * Maintenance of IT systems

Effective System of Governance

- The new governance regulations have introduced a **new requirement** for most occupational schemes to have and operate an effective system of governance (ESoG).
- An effective system of governance should include processes and procedures to ensure compliance with the following modules

| Management of activities | Organisational structure | Investment matters | Communications & disclosure |
|---|---|------------------------------|--|
| * Role of the governing body | * Role of the Chair | * Investment governance | * General principles for member communications |
| * Meetings and decision-making | * Conflicts of Interest | * Investment decision-making | |
| * Remuneration policy | * Managing advisers & service providers | * Investment monitoring | |
| * Working knowledge of pensions | | * Stewardship | |
| * Governance of knowledge & understanding | | * Climate change | |
| * Building & maintaining knowledge | | | |
| * Dispute resolution procedures | | | |
| * Continuity planning | | | |

Own Risk Assessment

- The governance regulations introduce another new requirement for private sector schemes with 100 or more members. This is the introduction of the **Own Risk Assessment (ORA)**
- The ORA is then a regular process that requires the governing body to assess the effectiveness and risks of the effective system of governance
- The governing body should prepare and document its first ORA **within one year of this code coming into force**. Each subsequent ORA should be carried out and documented within 12 months of the last. It should also be reviewed whenever there is a material change in the risks facing the scheme or to its governance processes
- As with effective systems of governance, we have created a module that acts as an index for the elements we expect the ORA to consider

The Fund's next steps

- Review the new code and determine which modules the Fund must/should adhere to
- Complete the mapping of the Fund's existing documentation hierarchy and identify "gaps"
- Agree the range of data points by which the Fund's ESoG will be monitored
- Agree the challenges, targets & thresholds that those data points will be subjected to, in order to establish the Fund's required level of "effectiveness"
- Draft the Fund's Own Risk Assessment (ORA) Policy
- Prepare a Project Plan to draft, update, amend or merge the Fund's existing documentation hierarchy and make those changes which are necessary
- Undertake its first ORA



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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 | 99.5% (at 31 Aug 2021) | +2.6% |

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 for this year has exceeded the business plan target of 99% and it follows a pattern of steady improvement since 2018 (2020: 96.9%, 2019: 95.0%, 2018: 93.9%). Due to improved systems (e.g. i-Connect) and processes, and despite additional checks being added, this has also been achieved using reduced levels of resources from previous years.

2. Internally set targets (Fund)

The Fund's internally set administration targets are set to help meet 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 April to 30 June 2022

Performance over the period 1 April to 30 June 2022

| Priority Category | Process | SLA (Working days) | Tolerable Performance | Cases Open at Start | Cases received | Cases processed | Cases open at end | Case volume difference | Completed on target |
|-------------------|---------------|--------------------|-----------------------|---------------------|----------------|-----------------|-------------------|------------------------|---------------------|
| High | Deaths | 5/10/20 days | 95% | 350 | 349 | 374 | 325 | -25 | 63% |
| High | Retirements | 10/20 days | 95% | 382 | 821 | 826 | 377 | -5 | 81% |
| High | Refunds | 10 days | 95% | 1 | 124 | 119 | 6 | 5 | 97% |
| Medium | Transfers Out | 10/20 days | 90% | 177 | 179 | 208 | 148 | -29 | 30% |
| Medium | Transfers In | 10/15/20 days | 90% | 16 | 42 | 28 | 30 | 14 | 68% |
| Medium | Aggregations | 23 days - 1 year | 90% | 3788 | 622 | 610 | 3800 | 12 | 76% |
| Medium | Leavers | 23 days - 46 days | 90% | 2914 | 1595 | 822 | 3687 | 773 | 59% |
| Medium | Divorce | 20 - 25 days | 90% | 24 | 42 | 59 | 7 | -17 | 92% |
| All | All | Various | Various | 7652 | 3774 | 3046 | 8380 | 728 | |

Table 2: Monthly breakdown of completion on target percentage

| Priority Category | Process | SLA (Working days) | Tolerable Performance | April 2022 | May 2022 | June 2022 |
|-------------------|---------------|--------------------|-----------------------|---------------------|---------------------|---------------------|
| | | | | Completed on target | Completed on target | Completed on target |
| High | Deaths | 5/10/20 days | 95% | 72% | 48% | 60% |
| High | Retirements | 10/20 days | 95% | 73% | 40% | 86% |
| High | Refunds | 10 days | 95% | 98% | 79% | 100% |
| Medium | Transfers Out | 10/20 days | 90% | 62% | 10% | 29% |
| Medium | Transfers In | 10/15/20 days | 90% | 100% | 41% | 80% |
| Medium | Aggregations | 23 days - 1 year | 90% | 77% | 31% | 72% |
| Medium | Leavers | 23 days - 46 days | 90% | 48% | 48% | 68% |
| Medium | Divorce | 20 - 25 days | 90% | 95% | 41% | 100% |

Table 3: Cases volumes analysis

| Priority level | Open at start | Open at end | Ready to go | Of which: Within SLA | Of Which: Already beyond SLA | Pipeline percentage |
|----------------|---------------|-------------|-------------|----------------------------|------------------------------------|------------------------|
| High | 733 | 708 | 115 | 80 | 35 | 70% |
| Medium | 6919 | 7672 | 7097 | 1329 | 5768 | 19% |

Table 4: '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 | 35 | 32 | 13 | 12 | 10 | 13 | 115 |
| Medium | 35 | 93 | 392 | 63 | 548 | 5966 | 7097 |

Commentary:

Table 1: Shows the Fund is working within tolerance for Refunds and Divorce cases over the quarter but below tolerance for other areas. The Fund has a strategy in place to improve all performance areas but focussing on the high priority ones first however in the short-term this has been hampered by staff shortages due to sickness leave amongst several key staff in the processing team.

Table 2: Shows the performance dipped most in May, which was again related to the staff shortages experience during this time.

Table 3: Whilst the KPI performance is at an undesirable level, this table shows that only 115 high priority cases are 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. The tender is currently out and ready for responses.

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

b). i-Connect onboarding progress (18 July 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 | 14,166 (+ 1,123) | c9,000 (total =c 23,000) | 61.6% (+5.1%) |
| Employers | 134 (+12) | 48, -9 (total = 182, +3) | 73.6% (+5.4%) |

The comparison figure is to 22 April 2022.

Outstanding employers updates (major employers)

***Swindon Borough Council (SBC) and FS4S** joined and then left i-Connect initially due to reporting issues and then to changing payroll system. Officers are still working closely with both organisations to resolve the remaining issues. If these two organisations were added again, this would add an additional 21 employers, as they provide payroll services for other employers, and around another 25% of active members.

SBC has also been experiencing other payroll issues, which has meant i-Connect has been de-prioritised, but good recent progress has been made which suggests it may be possible to onboard them with the next 2-3 months.

***New College** has also merged payroll systems, which has delayed onboarding and officers are escalating matters with **Wiltshire Police** over the delays to date (also related to changing payroll systems)

***Other smaller employers** are gradually being onboarded but each one requires a significant amount of support and hence progress is slow.

c). MSS (My Wiltshire Pension) take up

| | RECORDS |
|-----------------|----------------------|
| ACTIVE | 13 July 2022 |
| Registered | 10,834 |
| Total | 23,298 |
| Percentage | 46.5% (+0.3%) |
| DEFERRED | |
| Registered | 12,665 |
| Total | 31,606 |
| Percentage | 40.1% (+1.6%) |
| TOTAL | |
| Registered | 23,499 |
| Total | 54,904 |
| Percentage | 42.8% (+0.8%) |

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 | | Apr | | | May | | | Jun | | |
|-------------------------|-----------------|------------|----------|------------|------------|-----------|------------|------------|----------|------------|
| | | 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) | 21 | 3 | 88% | 23 | 2 | 92% | 24 | 1 | 96% |
| | Small (10-50) | 29 | 2 | 94% | 26 | 3 | 90% | 31 | 0 | 100% |
| | X Small (<10) | 47 | 4 | 92% | 48 | 8 | 86% | 50 | 0 | 100% |
| Total | | 103 | 9 | 92% | 103 | 14 | 88% | 111 | 1 | 99% |

ii). Quality measures

Data quality gradings: The Fund categorises each employer into one of three quality measures depending on the quality of the returns being produced. The middle category of Silver is the starting category. Gold means good quality returns are consistently produced, Silver means that good quality returns are mostly produced by some issues and errors occur while Bronze means that there are a number of concerns with the quality of data produced which requires frequent intervention, more checks and escalation with the employer. These categories are regularly monitored internally but not reported here.

Contributions vs data comparisons: Additionally, as part of its control checks, officers undertake a cross comparison between the data and the contributions received. A failure of this check for an employer indicates that either the contribution payment or the membership data submitted was incorrect (or both are incorrect) and further investigation with the employer is required.

The current breakdown of employers against this measure is as follows:

| Month | | Apr | | | | May | | | | Jun | | | |
|--|-----------------|-------------------------|------------------------|-----------|------------|-------------------------|------------------------|-----------|------------|------------------------|-----------------------|-----------|------------|
| | | Incorrect, Underpayment | Incorrect, Overpayment | Correct | Accuracy % | Incorrect, Underpayment | Incorrect, Overpayment | Correct | Accuracy % | Incorrect Underpayment | Incorrect Overpayment | Correct | Accuracy % |
| Monies Received Contributions total Comparison | Large (250>) | 2 | 2 | 2 | 33% | 2 | 2 | 3 | 43% | 3 | 1 | 2 | 33% |
| | Medium (50-250) | 1 | 6 | 16 | 70% | 3 | 7 | 14 | 58% | 1 | 6 | 17 | 71% |
| | Small (10-50) | 2 | 6 | 23 | 74% | 3 | 0 | 21 | 88% | 1 | 4 | 26 | 84% |
| | X Small (<10) | 8 | 5 | 37 | 74% | 7 | 0 | 45 | 87% | 6 | 6 | 41 | 77% |
| Total | | 13 | 19 | 78 | 71% | 15 | 9 | 83 | 78% | 11 | 17 | 86 | 75% |

WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD
18 August 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. This report will be an evolving format, with the aim that it will develop into a dashboard over time.

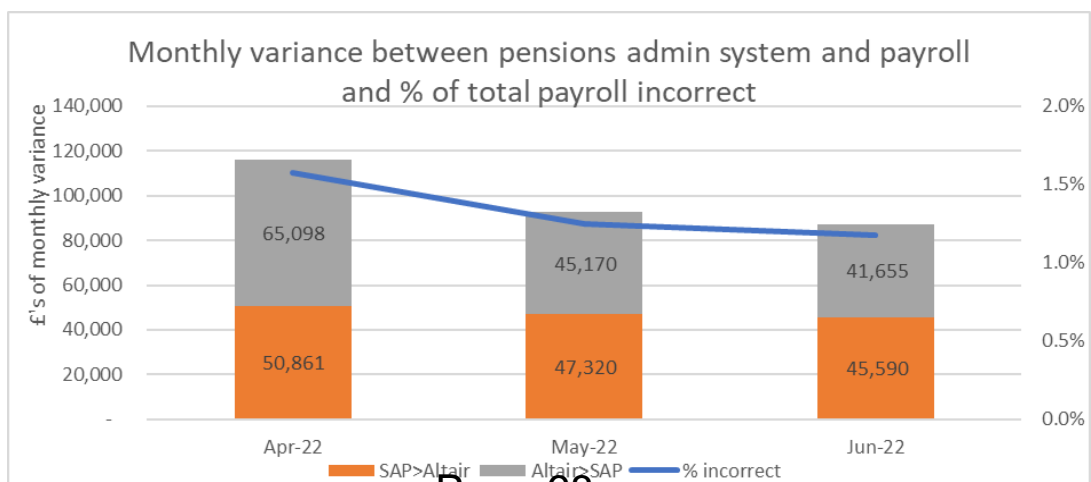
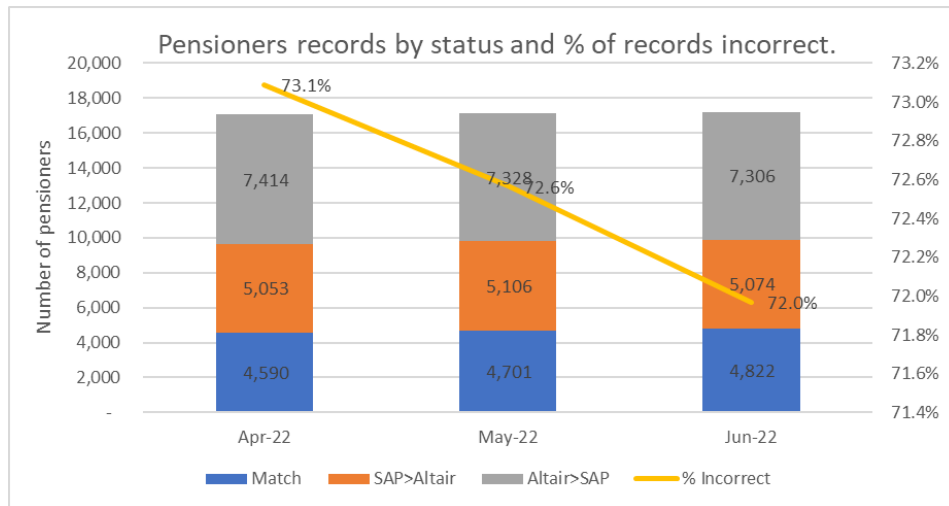
Key Considerations for the LPB / Risk Assessment / Financial Implications

Accounts and Annual Report

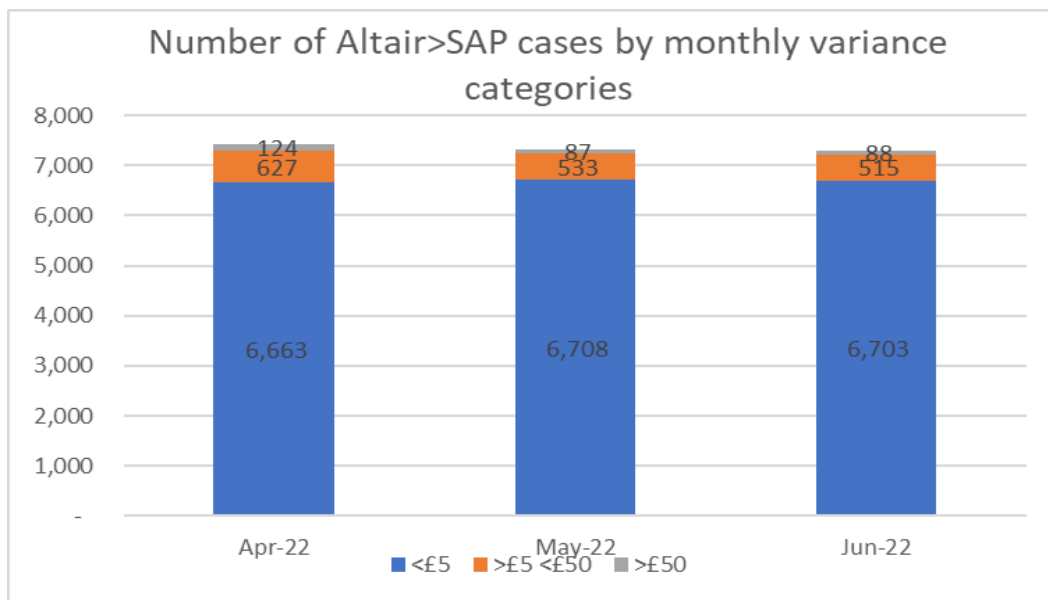
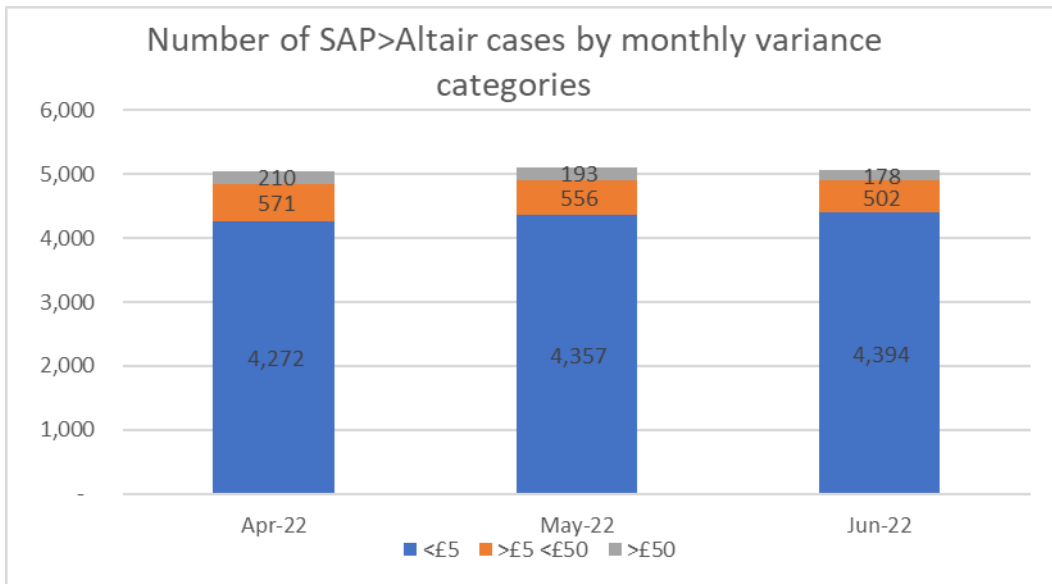
3. Final sign off for the full Wiltshire Council Accounts for 2019/20 and 2020/21 continues to be delayed, the Pension fund accounts form a part of the full Council accounts and the delay, which is due to an issue within the Wiltshire Council figures, has meant the pension fund accounts have not received their final audit opinion for inclusion in the annual report.
4. 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.
5. 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. Once this has been completed audit work can be completed on the 2020/21 accounts which are planned to be signed off at the same time as the 2021/22 accounts, which is planned for 23rd November 2022.
6. The unaudited annual report and accounts for the pension fund 2021/22 are presented at this Committee under agenda item 11. Deloitte will conduct their audit work in September and October 2022. All working papers and document requests have been provided to them for their work.

Payroll reconciliations

7. 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.
8. The £8.25m provision made for this discrepancy was disclosed in the accounts for 2020/21 and accounted for as an extra cost in year. This same provision remains on the balance sheet of the 2021/22 accounts, this reflects the slow progress made in reconciling discrepancies and resolving payments. Data was extracted on all differences and re-run to calculate a new provision which was similar to the existing provision so it was not felt material enough to revise the value in the accounts.
9. A new reconciliation process has been designed and implemented to track the variance between the Altair pension admin system and the payroll. It is completed as part of the payroll sign off process prior to the payment of pensions each month. The reconciliation compares the annual pension payable on each system and quantifies the number of cases and value of discrepancies. This new reconciliation will allow the fund to track the reduction in variances over time as discrepancies are resolved.
10. 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.



11. This report categorises all cases <10p p/a as matching. The following 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.



Integrated Systems

12. Project Evolve is ongoing within Wiltshire Council, this will deliver a replacement to the existing SAP payroll and accounting software by December 2022. 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.

13. 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 implementation is expected in Q3.

14. 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 |
| | May-22 | | | |
| 1. Employer Contributions | Yellow | 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. Issue with a single large employer has been partially resolved with payments being received. | Work ongoing to consolidate a single schedule of employers contribution rates and formalise the process for ensuring this remains up to date. Process being established to ensure all payments received in year reconcile to annual data submissions from employers. This will be carried out once all employer returns have been received and finalised in August 2022 |
| 2. Payroll | Red | 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. Work on procuring an outsourcing provider for cases over £5p/m has begun. |
| 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 has commenced. |
| 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 | Red | 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. Most notably deterioration in transfers in and pension strains. Unallocated transfers in have reached £4.9m, this will have a material impact on many individual members records. | Escalation required with Administration team to ensure discrepancies identified are resolved. |
| 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. | Annual expenditure under budget for operational items for the 2021/22 year. Budget set for 2022/23. | Review of forecast following closure of Q1 accounts. |
| No material concerns | Green | | | |
| Minor issues outstanding | Yellow | | | |
| Major issues outstanding | Red | | | |

15. 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 | Not On time | Late | Not Received | |
| Q1 | Apr-22 | 38,492 | 35,650 | 2,842 | 8.0% | 13.6 | 54.0 | 159 | 15 | 1 | |
| Q1 | May-22 | 7,722 | 4,731 | 2,985 | 63.1% | 3.7 | 30.7 | 157 | 15 | 3 | |

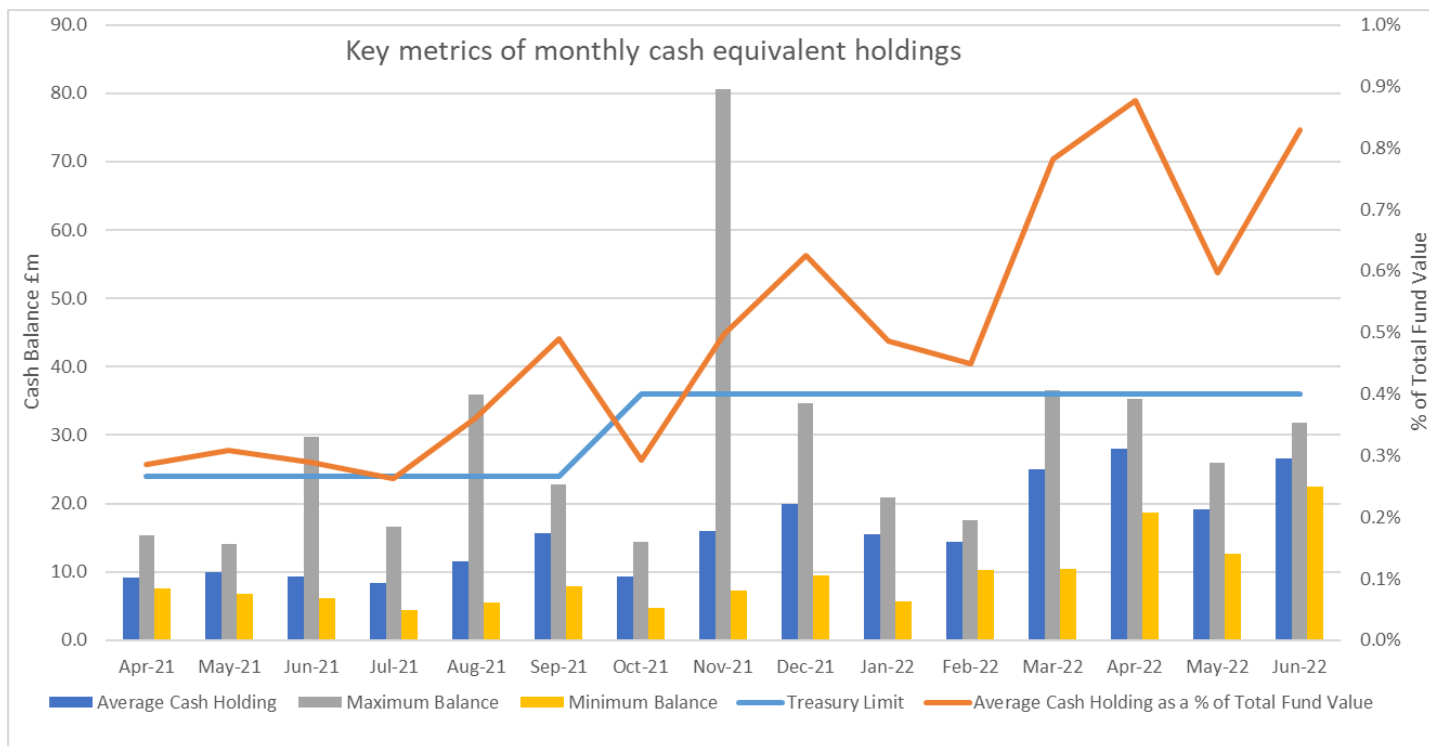
16. Four payments remain outstanding as at 12th June 2022, these are being actively chased by the fund. The majority of the late payments are received within a day or two of the deadline and all employers who have not paid are contacted immediately after the deadline day to remind them to pay. Persistently late payments or employers where we have problems are escalated to the employer relationship manager for resolution or further training.

17. 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 each month for 2021/22 and 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.

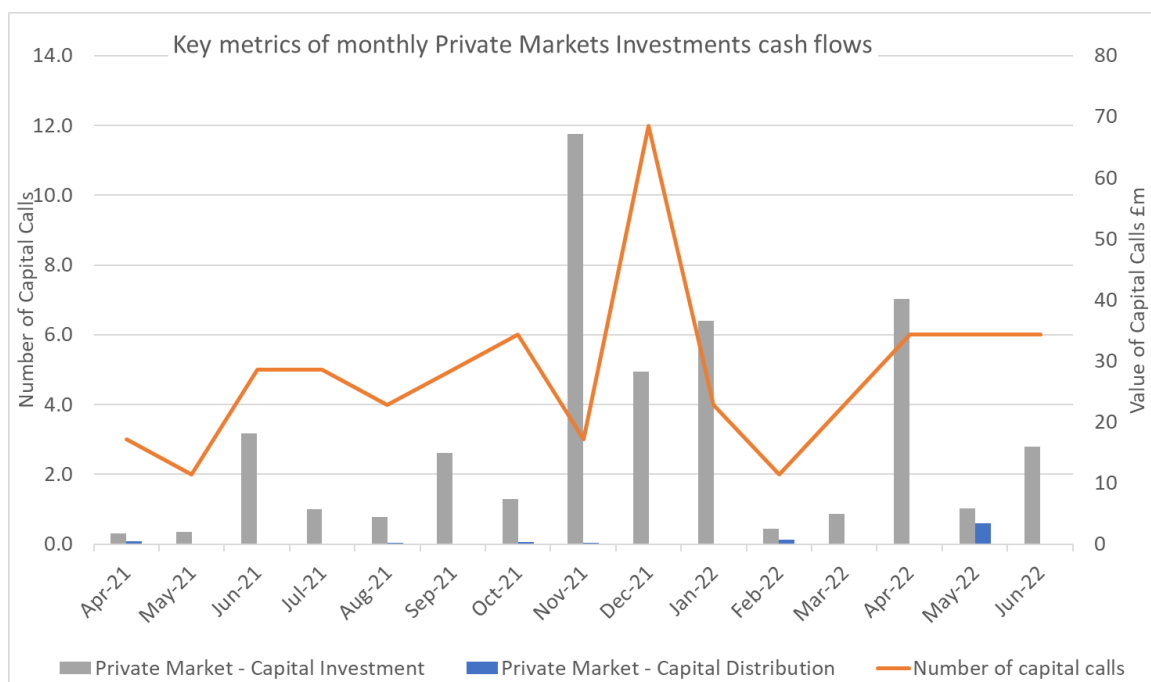
| Summary Cashflow statement for Wiltshire Pension Fund | | | | | | | | | | | | | | | |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|---------|---------|
| | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | 2021/22 |
| £m equivalent | Apr-21 | May-21 | Jun-21 | Jul-21 | Aug-21 | Sep-21 | Oct-21 | Nov-21 | Dec-21 | Jan-22 | Feb-22 | Mar-22 | 2021/22 | 2021/22 | |
| Opening Cash Balance | 6.8 | 9.9 | 7.1 | 7.6 | 8.4 | 20.0 | 8.0 | 7.8 | 11.7 | 20.4 | 15.5 | 10.5 | 10.5 | 6.8 | |
| Operating Income | 37.1 | 8.9 | 8.5 | 8.5 | 8.5 | 8.3 | 8.3 | 9.1 | 9.3 | 8.7 | 7.2 | 14.0 | 14.0 | 136.5 | |
| Operating Expenditure | (9.5) | (11.7) | (9.8) | (10.1) | (9.8) | (11.0) | (11.0) | (9.3) | (12.6) | (9.0) | (10.3) | (10.0) | (10.0) | (124.1) | |
| Investing Private Market - Capital Investment | (1.7) | (2.1) | (18.2) | (5.7) | (4.4) | (14.9) | (7.4) | (67.2) | (28.3) | (36.6) | (2.6) | (5.0) | (5.0) | (193.9) | |
| Investing Private Market - Capital Distribution | 0.5 | 0.0 | 0.1 | 0.0 | 0.3 | 0.0 | 0.4 | 0.3 | 0.0 | 0.0 | 0.7 | 0.0 | 0.0 | 2.3 | |
| Investing Listed Market - Capital Withdrawal | 0.0 | 2.0 | 20.0 | 8.0 | 63.0 | 5.6 | 9.3 | 71.1 | 40.0 | 32.0 | 0.0 | 119.0 | 119.0 | 370.0 | |
| Investing Listed Market - Capital Investment | (25.0) | 0.0 | 0.0 | 0.0 | (46.0) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (100.0) | (100.0) | (171.0) | |
| Investing Other | 1.7 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.1 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 2.0 | |
| Closing Cash Balance | 9.9 | 7.1 | 7.6 | 8.4 | 20.0 | 8.0 | 7.8 | 11.7 | 20.4 | 15.5 | 10.5 | 28.6 | 28.6 | 28.6 | |

| Summary Cashflow statement for Wiltshire Pension Fund | | | | | | | | | | | | | | | |
|---|--------|--------|--------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|---------|
| | Actual | Actual | Actual | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | 2022/23 |
| £m equivalent | 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 | 2022/23 | |
| Opening Cash Balance | 28.6 | 18.9 | 25.9 | 22.4 | 13.4 | 14.5 | 15.5 | 16.8 | 17.8 | 15.7 | 16.7 | 17.9 | 17.9 | 28.6 | |
| Operating Income | 39.9 | 6.9 | 11.6 | 8.2 | 7.8 | 7.8 | 7.8 | 7.8 | 7.8 | 7.8 | 7.7 | 7.8 | 7.8 | 129.0 | |
| Operating Expenditure | (9.5) | (10.9) | (9.1) | (10.9) | (10.1) | (10.1) | (9.8) | (10.1) | (13.2) | (10.1) | (9.8) | (10.1) | (10.1) | (123.8) | |
| Investing Private Market - Capital Investment | (40.1) | (5.9) | (15.9) | (20.6) | (10.9) | (10.9) | (10.9) | (10.9) | (10.9) | (10.9) | (10.9) | (10.9) | (10.9) | (169.5) | |
| Investing Private Market - Capital Distribution | 0.0 | 3.5 | 0.0 | 2.2 | 2.2 | 2.2 | 2.2 | 2.2 | 2.2 | 2.2 | 2.2 | 2.2 | 2.2 | 23.3 | |
| Investing Listed Market - Capital Withdrawal | 0.0 | 13.3 | 10.0 | 12.0 | 12.0 | 12.0 | 12.0 | 12.0 | 12.0 | 12.0 | 12.0 | 12.0 | 12.0 | 131.3 | |
| Investing Listed Market - Capital Investment | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| 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 | 0.0 | 0.0 | |
| Closing Cash Balance | 18.9 | 25.9 | 22.4 | 13.4 | 14.5 | 15.5 | 16.8 | 17.8 | 15.7 | 16.7 | 17.9 | 18.9 | 18.9 | 18.9 | |

18. The fund has been holding a higher level of cash equivalent assets since the treasury limit was raised in October 2021 to ensure capital calls can be met in a timely manner. The average cash equivalent holding as a % of total fund assets remains small at around 0.8% to minimise the detrimental effect of cash drag on overall performance. The new investment portfolio of strategic allocation to liquid asset matching investments, once procured will further reduce cash drag and lower the cash balance required. No treasury breach has occurred in the previous quarter.



19. Cashflow activity for private markets capital calls have steadily increased over the year as commitments made to Brunel Cycle 2 portfolios (Private Debt, Private Equity, Infrastructure & Secured Income) begin to be called. Activity increased in April 2022 following a lull over February and March. The following capital call values have been paid since the start of April 2022, Private Equity £7.4m, Private Debt £11.9m, Affordable Housing £20m, Secured Income £18.3m and Infrastructure £13.8m.



Planned improvements and key items to monitor

20. 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 | Red | Amber | New reconciliation process has been designed and implemented, 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 has begun. A process to resolve cases under this value needs to be designed and implemented. |
| Integrated systems | Amber | Amber | 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 | Green | Green | 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 | Yellow | Red | Reconciliations are being reviewed monthly within the finance team and reported on. Cases causing discrepancies are being passed to the administration team for investigation. However these have not been resolved and notably some reconciliation items, such as transfers in have deteriorated. The value of unallocated transfers in has reached £4.9m which will have a material financial impact to many members. A meeting will be held with the administration team to understand why cases are not being resolved. |
| Treasury management | Green | Green | New Treasury Management Policy has been agreed. A draft tender document has been produced and is being reviewed prior to publication in July / August 2022. |
| Wiltshire Council – Wiltshire Pension Fund SLA charge | Amber | Yellow | 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. |

*RAYG = Red/Amber/Yellow/Green

| | |
|-------------|-----------------------------------|
| Red | Significant concern |
| Amber | Not started |
| Yellow | Work has commenced |
| Light Green | Significant progress made |
| Dark Green | Completed/situation under control |

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 at this time.

Proposals

23. The LPB 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

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WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD
18 August 2022

PENSIONER PAYROLL DATABASE RECONCILIATION PROJECT UPDATE

Purpose of the Report

1. The purpose of this report is to provide 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 in scope:

| 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 | 40 cases remain | 841 |
| Dependants | Complete | 107 | 118 |
| Totals | Complete | 147 | 959 |

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 the under £5 cases was agreed at the last meeting. This has not been actioned yet officers are seeking to reduce down stage 2 cases first to limit the risk of error.
 - b). As per the last Committee meeting it was decided that remaining stage 3/4 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).

Commentary on progress and the overall situation

5. After the Committee meeting on 5 April 2022, officers carried out a comparison between Altair and SAP for the entire payroll. As part of this process, it was identified that there were significantly more differences than expected between the two systems. In the table above, there are now **53 additional cases at stage 2, and 361 additional cases at stages 3/4**. Given the seriousness and high priority of the project and the ongoing worsening of the position that has been reported, the Head of Wiltshire Pension Fund escalated the issue to the Fund's Treasurer, who has commissioned an urgent internal audit review from SWAP. The scope of this review is to:

- Look at the underlying reason as to why the position keeps moving and deteriorating from previously reported
 - Reviewing the governance and controls on the oversight of the project
 - To make recommendations on what controls should be put in place moving forward to ensure completion of the project with sound oversight. Particular consideration being given to what controls and assurance need to be developed to stop errors occurring once the Fund moves towards an integrated payroll.
6. The review is being finalised and is expected to report back in August.
7. Information on the full picture of the scale and magnitude of the differences between the two systems is covered in the KFC report sent to Committee on 28 July. At the current time, 72% 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 £90k per month (gross value of all unders and overs), representing around 1.25% of the total payroll. The variances can be categorised as follows:
- Difference of <£5pm – 11,097 records (90%)
 - Difference of £5-50pm – 1,017 records (8%)
 - Difference of >£50pm – 266 records (2%)

Observations for the Board

8. Officers have now introduced 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. In relation to the stage 3 and 4 cases, the tender documentation has been drafted and it is anticipated that it will be released in August with work commencing in autumn time (depending the availability of successful provider).
10. The corrections to the under £5 per month cases (on Altair or SAP) is also planned to take place in the Autumn.

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. Board 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

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WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD

18 August 2022

Fund Audit Plan – 2022/23 & Action Log Progress – 2021/22

Purpose of the Report

1. To update Board members on the progress of audits commissioned by the Pensions Committee in December 2021.
2. To update Board members on the progress of recommendations made within the SWAP Key Financial Controls audit dated March 2022.

Background

3. At the Committee meeting last December the following list of internal & external audits/reviews were commissioned, based on recommendations made by the Local Pension Board.

| Audit | Auditor | Status/Timetable | Comments |
|--|-------------------------|--|---|
| Standard Annual Audits – 2022/23 | | | |
| Annual Report & Accounts | Deloitte | In progress | Statutory deadline for 2021/22 - 30 Nov 2022 |
| Key Financial Controls* | SWAP | Scheduled for Oct-Dec 2022 | Reviews the Fund's internal controls |
| BPP Pension Transfers | n/a | Audit Cancelled | Covers the migration of Fund assets from IMs to BPP. Transfers all complete |
| BPP Cost Transparency | n/a | Scheduled for Jul-Sep 2022, but may be postponed | Independent appointment suggested via Client Group |
| tPR Code of Practice 14 | Officer self-assessment | Completed May 2022 | 3 recommendations identified |
| Audits targeting Fund innovations, progress improvements & new regulations, based on a risk identification approach | | | |
| Payroll Reconciliation | SWAP | In progress | Scope determined by s151 Officer |
| Investment governance | n/a | Scope to be reviewed | Holistic review of investment governance arrangements |
| Cyber security | Aon Consulting | In progress | Specialist review to ensure the Fund's compliance with tPR guidance |
| Statutory returns | Officer self-assessment | Scheduled for Oct-Dec 2022 | A process review based on officer assessment |
| Administering Authority internal arrangements | Officer self-assessment | In progress | To cover the re-charge & services between the AA & Fund |

*A separate Treasury Management Financial Controls audit has been outlined with SWAP to be scheduled for Jan-Mar 2023.

4. However, during the process of setting the Fund's business plan objectives for 2022/23 it was determined that a number of the audits/reviews would need to be postponed, have their scopes reconfigured, or be added to enable alignment with the objectives approved by the Committee at their meeting in April 2022.
5. Based on that realigned audit programme highlighted in the table above members will be able to note that the Fund's audit programme is broadly speaking on schedule.

Considerations for the Board

Commissioned Audits 2022/23

6. In 2021/22 Members expressed concern at the delays in the completion of both internal and external audits. Whilst delays appear to be ongoing in relation to the Fund's external auditor Deloitte, improvements in the executions of audits commissioned by the Committee have been noted in other areas, particularly with regard to SWAP. As instructed, officers discussed SWAP's terms of reference with them and agreed a framework going forward. Consequently, officers have recommended a reduction to risk register risk PEN061: Failure of internal auditors to conduct audits commissioned by the Committee in accordance with an agreed terms of reference, from Amber to Green.
7. TPR self-assessment has been completed with 3 recommendations identified, progress of which will be submitted to the Board at their October meeting. In addition, it is anticipated that a report, including recommendations in connection with the cyber security review will be presented to the Committee at their meeting on 5 September. However, with regard to the realignment of audit requirements identified in April, specific deadlines for completion of other audit/reviews currently in progress are unspecified.
8. For information the 3 recommendations identified by tPR self-assessment review were:
 - a) Review of the Fund's tPR Breach policy
 - b) Formalisation of the Fund's Contract Management review arrangements
 - c) Introduction of regular reporting on system access controls

SWAP Key Financial Control audit - March 2022

9. SWAP audit recommendations – March 2022 (Appendix 1):
 - a) Substantial progress has been made in all areas with one exception. This relates to transfers into the Fund. To date, resourcing constraints have limited progress in this area, however this work has now been given high priority.
 - b) Three of the 5 actions to be completed by 31 May, have made good progress with the transfers into the Fund and the operational backlogs falling a little behind target.
 - c) Of the remaining four recommendations, "Monitoring", with a target date of 31 July has probably been the most noteworthy exercise which has not been completed by its target date. Whilst a number of actions have been taken, it is anticipated that the results of those actions will take several months to come to fruition.
 - d) Consequently, revised target dates highlighted in blue, under the original target dates have been set in place on the actions log to reflect the long tail of work identified on some of SWAPs recommendations.

Environmental Impact of the Proposal

10. Not applicable.

Financial Considerations & Risk Assessment

11. There are no known implications at this time.

Legal Implications

12. There are no material legal implications from this report.

Safeguarding Considerations/Public Health Implications/Equalities Impact

13. There are no known implications at this time.

Proposals

- 14. In conjunction with the risk register recommendation, the Board is asked to recommend to the Committee that risk PEN061 is reduced from Amber to Green.
- 15. To request that the Committee seek a timetable from SWAP/Wiltshire Council regarding the completion of "In progress" audits associated with them and listed above.
- 16. To note 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.

Jennifer Devine
Head of Wiltshire Pension Fund

Report Author: Richard Bullen, Fund Governance & Performance Manager

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

Appendix 1 – SWAP Audit – March 2022 actions log

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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 26 July 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. <i>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.</i> <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. 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) Whilst a reconciliation with control totals is taking place, completion of adjustments needs further controls. 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 | 70% | <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. <i>The mechanism will be documented into a procedure and an agreed accurate schedule will be adopted in conjunction with Actuarial</i> |

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| | | | <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><i>updates. New employers will be added to the bottom of this schedule.</i></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 Fund via email, unsigned,</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 payments and update process notes accordingly</p> | 31 October 2022 | 80% | <p>Saving documentation</p> <p>1) All staff have been reminded to save all required supporting documentation. <i>Note: The development of an exceptions report is being explored to monitor staff adherence to the requirement.</i></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. <i>Note: Whilst the monitoring of this approach is currently unclear, it is recognised that the introduction of the immediate payments' module will resolve any monitoring constraints.</i></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> |

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| | | | <p>however the payment was still processed.</p> <p>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.</p> | | | | |
| 4 | 2 | Transfers into the Fund | <p>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.</p> | <p>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.</p> | <p>31 May 2022 Revised 31 Dec 2022</p> | 25% | <p>Transfer-in allocations to Altair</p> <ol style="list-style-type: none"> 1) Quarterly financial reconciliations are carried out and reported to the Local Pension Board and Committee. (£4.9m currently outstanding) 2) A new process has been developed and has been communicated to the relevant team members. 3) <i>Workflows exist to track the completion of the administration; Resource to be prioritised during August. To discuss priorities with the Member Services Manager.</i> |
| Page 87 | 2 | Amendments | <p>Name change Name changes did not have a marriage certificate saved on the file to evidence the name change.</p> <p>Nomination change Nomination changes were processed after the expected SLA deadline.</p> <p>Address change Address changes were processed after the expected SLA deadline.</p> <p>Target notifications occasionally not saved on the members file as evidence.</p> | <p>We will remind staff of the importance of saving evidence to support any changes made in Altair.</p> <p>We will monitor the timeliness of processing amendments and take further action if this is not improved.</p> | <p>31 October 2022</p> | 90% | <p>Saving documentation</p> <ol style="list-style-type: none"> 1) All staff have been reminded to save all required supporting documentation. <i>Managers will make periodic checks, possibly through exception reports to ensure evidence of changes is being properly saved. To discuss with the Member Services Manager.</i> <p>Timeliness</p> <ol style="list-style-type: none"> 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 | <p>Workflow backlog tasks go back to 2013, see further</p> | <p>We will review the process of distributing tasks to team</p> | <p>31 July 2022 Revised</p> | 60% |

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| | | | <p>details under finding H below. 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>members and ensure there is 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> | 31 Dec 2022 | | <ol style="list-style-type: none"> 1) Altair's new Insights reporting tool will be used to monitor work (Termed the Surrey Report). With 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. 2) <i>Officers have internally developed IWAS, a process designed to link Insights report results with workflows, with a view to prioritising casework. However, IWAS still requires further development.</i> 3) <i>Necessary "house-keeping" is taking place, however further work still required to cleanse historic issues, particularly the incorrect setting up of workflows.</i> 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. <i>Officers are waiting for Heywood's to implement system. Access to Paygate is still required, with IT needing to complete the licencing requirements.</i> <p>Altair/SAP Reconciliations</p> <ol style="list-style-type: none"> 6) <i>A full reconciliation has been completed; however numerous variances were identified. Work continues to reduce the number of variances between the databases.</i> <p>Council recharge and SLAs</p> <ol style="list-style-type: none"> 7) <i>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.</i> 8) <i>Discussion is ongoing concerning the service for the fee.</i> |
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| 7 | 2 | Projects | <p>There is not a formal project plan, issues or risk log for the 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>We will review the project methodology used to manage 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> | <p>31 July 2022 Revised 31 Dec 2022</p> | 80% | <p>Project methodology</p> <ol style="list-style-type: none"> 1) Officers have reviewed the way these projects are managed and made several minor alterations. <p>i-Connect onboarding</p> <ol style="list-style-type: none"> 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. 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. 4) <i>A project plan to complete i-Connect onboarding is to be 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.</i> |
| Page 89 | 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> | <p>31 May 2022 Revised 31 Mar 2023</p> | 60% | <p>Aggregations</p> <ol style="list-style-type: none"> 1) <i>It was agreed to outsource this work as part of the Business Plan, A tender process and subsequent appointment should be completed by mid-August.</i> <p>Frozen Refunds</p> <ol style="list-style-type: none"> 2) <i>A working group is currently reviewing 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.</i> 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 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>Retired members</p> |

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| | | | <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) <i>Officers are working through these cases and contacting all members concerned.</i></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. <i>In the meantime, officers are in the process of minimising and deleting records.</i></p> <p>8) <i>Consultation on the final draft of the policy is yet to be concluded.</i></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> |

WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD
18 August 2022

WILTSHIRE PENSION FUND RISK REGISTER

Purpose of the Report

1. The purpose of this report is to update the Board in relation to changes to the Fund's Risk Register (see Appendix).

Background

2. The Committee approved a Risk Register for the Wiltshire Pension Fund at its meeting on 12 May 2009. A reconfiguration of the Risk Register took place during 2019 to make it more dynamic and the new design was approved by the Committee on 18th July 2019. Members requested that whilst a full Risk Register is maintained by officers only the following risks need to be highlighted to Committee on a quarterly basis.
 - New risks;
 - Risks which have changed or been re-categorised;
 - Risks which are rated red; and
 - Risks which are considered to have been mitigated & stabilised & can be recommended for approval to the register's ceased/dormant category for continued monitoring by officers only.
3. Under the reconfigured Risk Register strategy, the identification of risks will be more evidence based using the Scheme update, Business Plan, Audit recommendations, Minutes of meetings, the Fund's KPI dashboard and the Brunel and investment pooling data as sources of information for risk identification.

Key Considerations for the Committee / Risk Assessment

4. The significance of risks is measured by the interaction of the likelihood of occurrence (likelihood) and the potential impact of such an occurrence (impact). This register uses the Council's standard "4x4" approach, which produces a risk status of Red, Amber, or Green (RAG).
5. During the last quarter no "new risks" were identified.
6. The evidence-based review of the register identified the following risk 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 lead 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 terms 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.

7. 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. No independent audit for 2022 is now anticipated.

8. It is recommended that the following risk is removed from Dormant/Closed status and deleted from the register on the basis that it is no longer relevant.

- **PEN057:** Failure to implement the Accessibility Regulations: No longer relevant (Green).

Financial Implications

9. No direct implications.

Legal Implications

10. There are no known implications from the proposals.

Environmental Impacts of the Proposals

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

12. There are no known implications currently.

Proposals

13. The Board is asked to note the attached Risk Register and recommend the changes/actions made by officers in points 6 to 8 to the Committee.

Jennifer Devine
Head of Wiltshire Pension Fund

Report Author: Richard Bullen, Fund Governance & Performance Manager
Unpublished documents relied upon in the production of this report: NONE

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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 | |
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| Horizon Risks | | | | | | | | | | | | | | | | | | | |
| 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 | Commissioned audit plans by the Fund should not just cover the scope and content of the audit, but require internal auditors to submit a clear process and timescale to the Committee and the Board who can reassure themselves that audits are being carried out to the standards believe. | 1 | 1 | 1 | | Low | ↑ | Jennifer Devine | On-going | |
| 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 Payroll, it is recommended that the Committee request periodic strategic updates during the course of 2021 & 22 from the Fund's s151 Officer to be able to assess the level of risk & whether any mitigations need to be identified. Consideration by the Fund concerning the migration of its payroll to its own separate payroll software service is being undertaken, however this may be at odds with the Council's priorities | 1 | 1 | 1 | The current payroll system is to be phased out and a new integrated system with the Pensions Administration database is approved & is set to be introduced. However, the Council requires the Fund to use the new payroll system which isn't necessary designed for the purpose. Auditors to be involved to oversee the reconciliations and controls to be put in place. The project plan should be discussed with the Auditor. Project management completion timelines are increasing the risk of success of this migration. | Low | → | Andy Brown | Dec-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 effect 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 c27% 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 | | | | | | | | | | | | | | | | | | | |

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| 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 |

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| 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. <i>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.</i> | 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; Consequently 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. | <u>Administration:</u> Some impact on administration processes and communications - unknown at the moment as the details have not been finalised. <u>Cost:</u> 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 an 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 management 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 Sall 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 |

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| 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 fulfil 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 Chiripanura | 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 |

Ceased/Dormant Risks

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| 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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LOCAL PENSION BOARD - WORK PLAN 2022-23

| Meeting: | LPB Term of Reference item | Description of scope as defined by the LPB ToR | 05/05/22 | 18/08/22 | 27/10/22 | 01/02/23 | May-23 | Guidance comments |
|---|----------------------------|---|----------|----------|----------|----------|--------|---|
| GOVERNANCE - Board Specific | | | | | | | | Comments |
| Election of Vice Chair | 42 | Appointments made as defined in the Board's Term of Reference | | | | ✓ | | Annual appointment between Member & Employer Reps. Member reps to be appointed in odd years |
| Board Annual Report | 85 | Recommendation under the legislation | ✓ | | | | ✓ | Draft submission to the Board for their approval |
| Board Budget setting | 78 | Review & recommend to the Committee the budgetary requirements for the Board during the next Scheme year | | | | ✓ | | Review in conjunction with the Look Forward plan in order to anticipate future costs |
| Review Board's Terms of Reference (if and as required) | 81g | Provide advice and make recommendations when required to the Committee on areas that may improve the effectiveness and efficient operation and governance of the Fund. | | | ✓ | | | This review should be in conjunction with the Committee 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. |
| Effective System of Governance (ORA document) | 81g | Provide advice and make recommendations when required to the Committee on areas that may improve the effectiveness and efficient operation and governance of the Fund. | | | | ✓ | | To prepare on publication of tPR Single Code of Practice |
| Board Annual Training Plan Update (To include Member training policy) | 80i | Review arrangements for training of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme. | | | ✓ | | | To be completed each Scheme year for subsequent inclusion in the Board's Annual Report & the Fund's AR&A. Officer training strategy attached too. |
| Member Training review | 80i | Review arrangements for training of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme. | ✓ | | ✓ | | ✓ | To receive a six monthly update of both Committee and Board member training. |
| Effectiveness review | 81g | Provide advice and make recommendations when required to the Committee on areas that may improve the effectiveness and efficient operation and governance of the Fund. | | | ✓ | | | 3 year plan last raised with the Board on 12/12/2018. The LPB should also compare itself against its own core functions as set out in its ToR. Last completed on 24/01/2019 |

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| Training Item relevant to agenda | 80i | Review arrangements for training of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme. | ✓ | ✓ | ✓ | ✓ | ✓ | To be consistent with Member's training & development strategy |
| Code of Conduct & Conflicts of Interest Policy | 80d | Review such documentation as is required by the Regulations including the Single Code of Practice and Good Governance Review | | | ✓ | | | 3 year plan last approved on 15/10/2020. Annual reviews should be undertaken by Democratic Services in each Q4 |
| Review Actions from previous meetings | n/a | Maintained by officers to enable Members manage their responsibilities | ✓ | ✓ | ✓ | ✓ | ✓ | Address primarily during pre-meeting planning meeting |
| Forward Work Plan Review | 87 | Maintained by officers to enable Members manage their responsibilities | ✓ | ✓ | ✓ | ✓ | ✓ | Officers to update the next Scheme year's plan in time for the new Scheme year. Annual reviews to therefore be undertaken in Q2 |
| GOVERNANCE - Fund Specific | | | | | | | | Comments |
| Review of Risk Register | 81e | Review the risk register as it relates to the scheme manager function of the Administering Authority | ✓ | ✓ | ✓ | ✓ | ✓ | Quarterly review. Recommendations are made to the Committee, via LPB minutes. Redesign register on publication of code of practice |
| Fund update & comments on minutes of the Pension Fund Committee | 80a | Review regular compliance monitoring reports which shall include reports to and decisions made under the Regulations by the Committee. | ✓ | ✓ | ✓ | ✓ | ✓ | Amongst other purposes Members should use the minutes to identify risks which can be added to the register |
| Review Governance Compliance Statement | 80d | Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles. | | | ✓ | | | 4 year plan last approved on 30/03/2021. |
| Review Fund Training Programme | 80i | Review arrangements for training of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme. | | | ✓ | | | Complete 4 year training plan last approved on 16/12/2021. Annual reviews undertaken in Q4 each year. |
| Review all Fund Declarations of Interest | 80d | Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles. | | | ✓ | | | 2 year plan last approved on 12/12/2020. Annual reviews should be undertaken by Democratic Services in each Q4 |
| tPR Code of Practice 14/record keeping compliance survey results | 80b | Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, Relevant Legislation and in particular the Code. | ✓ | | | | ✓ | 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 |

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| Review Fund Scheme of sub-Delegations and internal controls. This should consider the Fund's internal escalation strategy | 80b | Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, Relevant Legislation and in particular the Code. | | | | ✓ | | 3 year plan last raised with the Board on 17/02/2022. To review again in the 2022/23 to include changes arising from the new Single Code of Practice and SAB Good Governance Review. |
| Scheme Legal, Regulatory & Fund update | n/a | A summary for Board members the latest legal, regulatory and Fund issues affecting the Pension Fund | ✓ | ✓ | ✓ | ✓ | ✓ | Quarterly update by the Head of Pensions |
| Review service providers, both internal & external. Include advisor appointments, processes, controls & SLAs | 81b | Review the effectiveness of processes for the appointment of advisors and suppliers to the Administering Authority. | | | ✓ | | | Committee requested Board annually review advisors & services providers. Plus the Procurement framework by which it is done |
| Monitor Internal Audit Report | 81d | Monitor internal and external audit reports | | ✓ | | ✓ | | Audit recommendations actioned |
| Monitor External Audit Report | 81d | Monitor internal and external audit reports | | ✓ | | ✓ | | Audit recommendations actioned |
| Input to Annual External Audit Plan | n/a | Recommend to Committee the audit scope & timetable to be commissioned in the next Scheme year | | | ✓ | | | Committee to liaise with the Audit Committee concerning the scope of Council's AR&A's audit |
| Input to Annual Internal Audit Plan | n/a | Recommend to Committee the audit scope & timetable to be commissioned in the next Scheme year | | | ✓ | | | Committee to liaise with the Audit Committee concerning the scope of SWAP's audit |
| GOVERNANCE - Fund Plans, policies & strategies | | | | | | | | Comments |
| Review Business Plan | 80d | Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles. | | | | ✓ | | 3 year plan last approved on 05/04/2022. Interim review due on 23/03/2023 |
| Review Pension Administration Strategy | 80d | Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles. | ✓ | | | | | 3 year plan last approved on 17/12/2019 |
| Review Communication strategy | 80e | Review scheme members and employers communications as required by the Regulations and Relevant Legislation | | | | | | 3 year plan last approved on 16/12/2021. E-communication strategy update and customer service assessment |
| Review Data Improvement Plan | 80d | Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles. | | | | | ✓ | 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 | 80d | Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles. | ✓ | | | | | 2 year plan last approved on 17/12/2019 |
| Review Admin Authority Discretions | 80j | Review the complete and proper exercise of employer and administering authority discretions | | | | | | 3 year plan last approved in 30/03/2021 |

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| Review Cessations policy | 80d | Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles. | | | | | | 3 year plan last approved in 17/12/2020 |
| Review Funding Strategy Statement | 80d | Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles. | | | | ✓ | | 3 year plan last approved on 17/12/2019. Next Fund Valuation 31/03/2022 |
| Review Compliance with FRC stewardship code | 80d | Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles. | | | | | | Last approved on 05/04/2022. Annually - Consider TCFD requirements as part of the process |
| Review Investment Strategy Statement | 80d | Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles. | | | | ✓ | | 3 year plan last approved on 25/11/2021 (Ensure inclusion of MiFID II arrangements) |
| Review Fund "Responsible Investment Strategy" | 80d | Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles. | | | ✓ | | | To be reviewed in conjunction with the Investment Strategy Statement. To cover Climate Change Statement. To also cover topical changes on policy relating to BPP & ESG |
| Review the Fund's Annual Report & Accounts | 80l | Review draft accounts and Fund annual Report | | ✓ | | | | To ensure CIPFA compliance requirements have been applied |
| Review Internal Audit Reports | 80k | Review the outcome of internal and external audit reports | | ✓ | | ✓ | | Three Reports in 2022/23 - Report 1: Brunel Cost Savings, Report 2: Key Financial Controls, Report 3: Payroll Reconciliation. |
| Review External Audit Report | 80k | Review the outcome of internal and external audit reports | | ✓ | ✓ | | | Three Reports in 2022/23 - Report 1: AR&A's - Published by 1st December, Report 2: Cyber Security, Report 3: Good Governance Review. Recommendations to feed into the commissioning of the 2023/24 audit plan |
| Employer Admissions Policy | 80d | Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles. | | | | | | 3 year plan last approved in 16/07/2020 |
| Staff & Employer Training Policy | 80d | Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles. | | | | ✓ | | Both every 3 years. Staff plan last approved in 14/11/2019 & Employer plan last approved in 06/08/2020 |
| ADMINISTRATION | | | | | | | | Comments |

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| Review Fund fraud risk prevention and mitigation measures | 80b | Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, Relevant Legislation and in particular the Code. | | | | | ✓ | 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 | 80b | Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, Relevant Legislation and in particular the Code. | | ✓ | | | | Also cover Cyber Security reporting on an annual basis. Cyber security last reviewed 16/12/2021 |
| Payroll migration, i-Connect & Members Self-service update | 80b | Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, Relevant Legislation and in particular the Code. | | ✓ | | | | Present as part of a Fund digital platform update. Progress report on take up and functional developments |
| Receive an annual report of an complaint & IDPR cases, including a review of the Fund's procedures | 80f, 80g & 80h | Monitor complaints and performance on the administration and governance of the scheme & review the Internal Dispute Resolution Process & Pensions Ombudsman cases | ✓ | | | | ✓ | Covered in Low Volume Performance Report. |
| Review of Data Security & Business Recovery | 80b | Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, Relevant Legislation and in particular the Code. | | | ✓ | | ✓ | Report set out the arrangements in place & when they were last tested. BCP last reviewed 26/03/2020. Sept. 21 Interim GDPR document updates 18/08/2022 |
| Review GMP Rectification | 81a | Monitor performance of administration, governance and investments against key performance targets and indicators | | ✓ | | | ✓ | Regular update concerning SAP & Altair database reconciliation. To consider migration to new payroll system. |
| Board KPIs to monitor | 81a | Monitor performance of administration, governance and investments against key performance targets and indicators | ✓ | ✓ | ✓ | ✓ | ✓ | Quarterly Administration performance reporting. Including outsourced backlog KPIs |
| Benchmark KPIs in Annual Report & Accounts information with other Funds | 80f | Monitor complaints and performance on the administration and governance of the scheme | | | | | ✓ | Annual Report & Accounts must be disclosed each 1st December |
| Review of Annual Benefit Statement process | 81a | Monitor performance of administration, governance and investments against key performance targets and indicators | | | ✓ | | | Percentage issued, action plan to issue outstanding ABSs & process improvement review |
| Review employers compliance (data) | 80c | Review the compliance of scheme employers with their duties under the Regulations and Relevant Legislation | | | ✓ | | | Ideally incorporate with ABS review process & update on Fund's Data Improvement Plan. Establish Report Cards |
| FUNDING & INVESTMENTS | | | | | | | | Comments |
| Review Triennial Valuation Process | n/a | Consider how the whole valuation exercise was executed & what recommendations may be made to improve the process next time | | | | | ✓ | Next valuation currently due 31/03/2022 |
| Review Triennial Valuation Results | 81f | Review the outcome of actuarial reporting and valuations | | | | | ✓ | Verify that the FSS, ISS & Valuation results are consistent |

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| Brunel Governance review | 81g | Provide advice and make recommendations when required to the Committee on areas that may improve the effectiveness and efficient operation and governance of the Fund. | ✓ | | | ✓ | | To receive an annual update on Brunel governance and operational issues |
| Pension Fund budget outturn | 81c | Monitor investment costs including custodian and transaction costs. | | ✓ | | | ✓ | To receive a monitoring update on the Fund's actual expenditure against its budget for the previous Scheme Year |
| Treasury Management Strategy | 81c | Monitor investment costs including custodian and transaction costs. | | | | | ✓ | Annual review, including cashflow forecasting and preferred bank account maintenance (Last reviewed 05/04/2022) |
| Cost transparency of BPP, Managers & the Custodian | 81c | Monitor investment costs including custodian and transaction costs. | | ✓ | | | | To be presented in conjunction final Annual Report & Accounts |
| Review Investment performance against Fund's benchmarking criteria | 81a | Monitor performance of administration, governance and investments against key performance targets and indicators | | | | ✓ | | To be presented in conjunction final Annual Report & Accounts |

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| Total number of Agenda Items: | 14 | 17 | 23 | 24 | 16 |
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