

Wiltshire Pension Fund Committee

MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 16 DECEMBER 2021 AT COUNCIL CHAMBER - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

Present:

Cllr Richard Britton (Chairman), Cllr Steve Heyes, Cllr Gordon King, Cllr Elizabeth Threlfall, Mike Pankiewicz, Tracy Adams and Claire Anthony

71 **Apologies**

Apologies were received from Cllr Jonathan Seed.

72 **Declarations of Interest**

There were no declarations of interest.

73 **Minutes of Previous Meetings**

The Part I (Public) minutes of the meeting held on 25 November 2021 were presented for consideration, and it was,

Resolved:

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

74 **Chairman's Announcements**

The Chairman announced that Item 8 would be deferred until the next meeting.

75 **Review of actions arising from previous meeting**

There were no comments on the actions log.

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

The Committee considered the minutes and recommendations of the Local Pension Board meeting held on 11 November 2021.

The Committee suggested that as the recommendations arise throughout the meeting, they should be situated after the minutes within the agenda pack, rather than before.

It was then,

Resolved:

To note the minutes of the Local Pension Board meeting and the recommendations as set out in the report.

77 **Public Participation**

There were no questions or statements submitted.

78 **Staff Restructure**

This item was deferred to the next meeting.

79 **Triennial Valuation 2022**

Representatives from Hymans Robertson provided a detailed presentation on valuation, as well as commentary on the Employer Investment Strategy. This covered the investment return assumption and choosing a level of prudence, setting funding strategy and longer-term planning. It was noted that longer-term planning included the use of Club Vita for the prediction of life expectancy, which over the last three of four valuation cycle has been very accurate.

Life expectancy was discussed as during the last half of the 20th Century there had been a significant increase in life expectancy, which had peaked at a 3 year improvement per decade as a result of innovation, particularly in public health. It was possible that COVID could impact this improvement with people dying sooner due to the pandemic. Whether this would affect future life expectancy would need to be assessed and any effects on the scheme reported back to the Committee.

The Committee posed a range of questions to their professional advisers which included, how accurate had historic valuations been, why the issue of a strong balance sheet was important, particularly for Colleges, how assumptions were set, how the range of assumptions/scenarios was narrowed to enable practical decisions to be made and how prudence was established and was there a margin of error in assumption setting. In addition, questions were also received concerning the regulatory obligations and what data checks were undertaken.

Whilst many of these were responded to by Hymans Robertson during the meeting it was also agreed that training on assumptions setting would be useful at the next Committee meeting.

The Chairman thanked the representatives for their presentation. It was,

Resolved:

For officers to liaise with Hymans Robertson to provide further training on the setting of Valuation assumptions at the next Committee meeting.

The Chairman called a 10 minute recess from 11am to 11.10am.

Note: Minute item 79 was taken at the start of the meeting in the Kennet Room, County Hall. The meeting then moved to the Council Chamber, County Hall.

80 **Headlines and Monitoring**

At the Chairman's invitation Andy Cunningham presented a report which highlighted key issues and developments and included details from the Head of the Wiltshire Pension Fund, the Pension Administration Lead, Fund audits, the risk register, administration KPIs, scheme, legal, regulatory and Fund update and a budget update.

The Committee discussed the onboarding of employers onto i-Connect and the problems experienced, how recruitment to the vacancies was progressing and the deferred online process.

The Committee also discussed at length the proposed audit plan. As part of the discussion the Committee felt that Pension Fund officers and the Committee should be responsible for defining the scope and timings of the internal audit programme. It was agreed that the matter should be raised with Andy Brown (Corporate Director Resources, Deputy Chief Executive and s151 Officer) to investigate options and propose a new way forward

With reference to risk register: Risk PEN041 – The Fund's inability to implement a strategy to ensure Climate Change considerations were integral to its investment strategy. The Committee asked for clarity on the reasons why this red risk had been reduced to amber. In response it was stated that a lot of work had been completed, changes in policy had been made and the investment strategy rewritten. It had been a suggestion of the Board to change the status to amber. Risk PEN018 was also altered from Amber to Red. For details see minute 90 relating to Cyber security.

The Committee also asked questions regarding death benefits when the Fund was unable to contact the next of kin. In response the officer stated that there was an HMRC tax requirement to pay the benefit within 2 years or face a tax charge. However, the money remained in the Fund and the death grant would always remain available. The Fund could still pay out years later although there were tax implications at the beneficiary's marginal rate of income. It was stated that this was not a situation which occurred frequently.

At the conclusion of the debate, it was,

Resolved:

- a) To use the information in the report as a basis for monitoring the Fund's core activities.
- b) To approve the changes to the Risk Register, apart from Risk PEN018 which would increase to Red, and accept the recommendations for changes/actions made submitted by the Board.
- c) To approve for the Scheme Year 2022/23 the proposed plan of audits which were;
 - i. The standard audits of the Fund's Annual Report & Accounts, Key Financial controls, BPP Pension transfers, BPP Cost transparency and compliance against tPR Code of Practice 14; &
 - ii. Non standard audits covering the Fund's Pensioner Payroll reconciliation, Investment governance, Cyber Security, Statutory Returns and Administering Authority internal arrangements.
- d) To note that within the 2022/23 budget additional provision is made for the appointment of specialist auditors in relation to ad-hoc or on-going strategic audits; &
- e) The Committee reaffirms the terms of reference it expects the Fund's appointed auditors to adhere to.
- f) To approve that officers liaise with SWAP regarding ideal requirements and timescales.

It was stated that training requirements would be discussed under the next agenda item.

81 **Training Update**

Richard Bullen, the Fund Governance & Performance Manager, recommended CIPFA training. He requested approval of a new training policy, largely aligned with CIPFA guidance, but which did not include the Committee's substitute Members. The policy expected Members to take responsibility for their own training and development, however guidance could be provided to Members if specifically requested. The Chair noted the comprehensiveness of the document, but also queried the alignment of the knowledge assessment and training plan. It was clarified that the training plan was a living document over four years and would be updated if required. It was noted the Hymans Robertson report covered only one year, but the 4 year plan attempted to set out a long term training pathway, addressing gaps in knowledge and understanding over each Members entire term of office.

In response to questions the Fund Governance & Performance Manager outlined that although the training plan was generic, in practice tailored individual Member needs could be discussed separately with that Member. It was noted that the policy also included a process if Members did not maintain their training. A minimum of 6 hours per year of training was agreed to be proportionate. The training strategy was updated annually by means of self-assessment questionnaires being filled out by Members.

It was then,

Resolved:

- a) **For the Committee to approve of the new member training policy**
- b) **For the Committee to adopt and approve the 4-year knowledge & skills framework covering both members and senior officers of the Fund.**
- c) **For the Committee to approve the training plan for the Scheme Year 2022/23.**

82 **Pensioner Payroll Data Base Reconciliation**

An update was provided on the Pensioner Payroll database reconciliation project. This detailed the decision to postpone the transition to an integrated payroll system (on Altair) until after the Evolve programme was completed, around 2023/24 as opposed to 2022/23 as initially planned. The completion of case work on the reconciliation project itself was going slower than planned due to the complexity and extension of the scope of the review to cover newer pensioners and dependents.

The main impact of delaying the transition to an integrated pensioner payroll system for the Pension Fund was that they would need to work on two separate payroll systems for longer and therefore it would take longer to mitigate the inherent control and efficient issues previously presented to the Committee. It was also clarified that there would be an ongoing need to have access to SAP data post transition which could either be imported into the SAP replacement system or be held in archive (this decision would need to be made by the Evolve programme team).

In response to queries about the risk of a continuing dependence on SAP it was explained that there was a risk but not one that can be avoided completely. However, it was partly mitigated due to the current data cleanse. There would be costs related to maintaining the old system, this was an issue for pension funds because they needed more historical data for much longer time frames. Some other implications of the delay were outlined. As the control frameworks needed regarding two systems were much more complex the risk of things slipping through was increased. It also meant that it takes a longer time to gain benefits from the switch.

At the conclusion of discussion, it was,

Resolved:

To note the update.

83 **Business Plan Objectives**

An update was received on progress on the business plan objectives. Compliance with accessibility regulations was questioned and it was clarified

that when moving to a new website, checks were undertaken to ensure that it worked appropriately for phones, tablets and other devices. However, the work on accessibility was mainly about ensuring that the information was accessible to people with disabilities (rather than for personal or technological preferences).

84 **Communications Strategy**

It was outlined that the strategy aimed to modernise communications, whilst remaining flexible about traditional forms of communication. The length of the strategy was queried and this was explained as necessary for compliance but also to set out sufficient detail on the approach the Fund was taking. It was highlighted that the strategy was accepted by the Employer Strategic Focus Group.

It was then,

Resolved:

To approve the Communications strategy.

85 **Forward Work Plan**

The Committee considered the forward work plan. The members had no comments.

It was then,

Resolved:

To approve the Forward Work Programme.

86 **Date of Next Meeting**

The next ordinary meeting of the Committee would be held on 3 March 2022, to be focused on investment matters.

The next meeting focused on administration matters would be held on 31 March 2022.

87 **Urgent Items**

There were no urgent items.

88 **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 Item 19-23 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraphs 1 & 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

89 **Minutes of the Previous Meeting**

The Part II (private) minutes of the meeting held on 25 November 2021 were presented for consideration, and it was,

Resolved:

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

90 **Fund Cyber Security and Business Continuity**

The Committee received a report that provided an update on Fund Cyber Security and Business Continuity.

It was,

Resolved:

1. **To increase the cyber security risk (PEN018) from an “Amber” risk rating to a “Red”.**
2. **To approve the Board’s recommendations to take all actions over the next 12 months to mitigate the cyber security risk as outlined below:**
 1. **Liaise with the Council’s ICT department to establish an appropriate approach to the Fund’s cyber security requirements;**
 2. **To conclude the recommendations agreed by the Committee at their meeting in September 2020, in particular;**
 - i. **To receive an ongoing annual cyber security report from Wiltshire Council’s ICT team; &**
 - ii. **To work with ICT & the Council’s Emergency Planning team concerning its IT recovery practices and ensure a beneficial outcome of any updated Business Continuity Plan;**
 3. **Compliment any guidance received from ICT by gaining approval, if required, from the sourcing of independent guidance on the results highlighted within Aon’s Cyber scorecard; &**
 4. **Focus on addressing the items recorded as “lower quartile” within the Aon’s cyber scorecard;**

5. To delegate to officers in consultation with the Chair the commissioning of an independent audit, subject to a fee cap of £35,000.
3. That officers liaise with Aquila Heywood in respect of the points in 1 to 3 within the “Recommendations for the Fund” section in Appendix 2.
4. To approve the Board’s recommendation that Wiltshire Council’s ICT function, works jointly with the Funds officers, to address key recommendations and additional comments set out in the SWAP audit, namely.
 - a. That ICT work with Fund officers to establish a common framework of compliance borders, particularly where they may be beyond ICT’s own compliance requirements, for inclusion within the report.
 - b. That ICT provide an update on progress made relating to the two areas of concern (Red) and the areas marked as (Amber) highlighted in their last cyber security SWAP audit, highlighting how these concerns might specifically impact the Pension Fund, for inclusion within the report.

That any future reporting contains:

- c. An update on the mitigation of risks.
- d. Agreed arrangements between the Fund and ICT, under which the full ICT audit reports provided by SWAP to Wiltshire Council can be accessed via a separate folder.
- e. A Wiltshire Pension Fund IT security and resilience policy which is drawn up between ICT and the Funds officers.
5. To approve the Board’s recommendation, that going forward officers provide a summary to Members of any software provider cyber security reports they receive, on an exception basis, or where a provider has not provided evidence of their cyber security resilience as required by the Fund.

91 Key Financial Controls

The Committee received an update outlining the operational accounting arrangements. It was,

Resolved:

To note the report and that the Committee would use the report to monitor progress against resolving the issues which had been identified, and the progress made to develop accounting and control improvements.

92 **Brunel Budget**

The Committee received a report summarising the Brunel budget proposals. It was,

Resolved:

- 1. To support the budget increase of 5.3%.**
- 2. To request that officers feedback to Brunel the Committee's comments.**

93 **Brunel Governance Review Update**

This item was considered under the previous item.

(Duration of meeting: 10.00 am - 1.35 pm)

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