

AGENDA

Meeting: Wiltshire Pension Fund Committee
Place: Kennet Room, County Hall, Trowbridge, BA14 8JN
- County Hall, Bythesea Road, Trowbridge, BA14 8JN
Date: Thursday 28 July 2022
Time: 10.00 am

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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:

Voting Membership

Wiltshire Council Members:

Cllr Richard Britton (Chairman)
Cllr George Jeans
Cllr Gordon King
Cllr Christopher Newbury
Cllr Jonathon Seed

Substitute Members

Cllr Pauline Church
Cllr Ernie Clark
Cllr Sarah Gibson
Cllr Gavin Grant
Cllr Carole King
Cllr Dr Nick Murry
Cllr Ian Thorn
Cllr Robert Yuill

Swindon Borough Council Members

Cllr Steve Heyes
Cllr Kevin Small

Substitute Members

Cllr Vijay Manro

Employer Body Representatives

Tracy Adams
Claire Anthony

Non-voting Membership

Observers

Stuart Dark
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
details

Items to be considered

Time

PART I

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

1 **Apologies** **10.00**

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

2 **Minutes of the Previous Meeting** *(Pages 7 - 10)*

To approve and sign as a true and correct record the Part I (public) minutes of the previous meeting held on 26 May 2022.

3 **Declarations of Interest**

To receive any declarations of disclosable interests or dispensations granted by the Standards Committee.

4 **Chairman's Announcements**

To receive any announcements through the Chairman.

5 **Review of Actions** *(Pages 11 - 12)*

To review progress on any actions requested by the Committee in previous meetings.

6 **Review of the Minutes of the Local Pension Board** *(Pages 13 - 24)*

To receive the minutes of the meeting of the Local Pension Board held on 5 May 2022.

To review the summary of the recommendations made by the Board.

7 **Public Participation**

The Council 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 on the front of the agenda for any further clarification.

Questions

To receive any questions from members of the public or members of the Council received in accordance with the constitution.

Those wishing to ask questions are required to give notice of any such questions in writing to the officer named on the front of this agenda no later than 5pm on **21 July 2022** in order to be guaranteed of a written response. In order to receive a verbal response questions must be submitted no later than 5pm on **25 July 2022**. Please contact the officer named on the front 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 Committee members prior to the meeting and made available at the meeting and on the Council's website.

8 **Headlines and Monitoring (HAM) Report** *(Pages 25 - 60)* **10.05**

To receive a report for the committee's ongoing oversight of:

- Scheme, Regulatory, Legal and Fund Update
- Key Performance Indicators (KPIs)
 - a) Period – 1 January 2022 to 30 June 2022
 - b) New Fund reporting structure
- Risk Register
- Internal audit update
- Training update

9 **Business Plan 2022-2023** *(Pages 61 - 66)* **10.15**

The Head of Wiltshire Pension Fund will present a report updating members on progress against the Plan's objectives.

10 **Key Financial Controls** *(Pages 67 - 76)* **10.35**

A update by the Senior Investment and Accounting officer concerning the operational accounting arrangements and the 2021-22 Budget Outturn.

11 **Fund Annual Report and Accounts** *(Pages 77 - 82)* **10.45**

Presentation of the draft Annual Report and Accounts 2021/22 and an update on any external audit finding.

12 **Pensions Administration Strategy** *(Pages 83 - 132)* **10.55**

To approve the updated Pension Administration Strategy document. To be presented by the Pension Administration Lead

13 **Employer Charging Policy** *(Pages 133 - 140)* **11.05**

To review the updated administration charging policy. To be presented by the Pension Administration Lead.

14 **Pension Payroll Database Reconciliation** (Pages 141 - 144) **11.15**

To receive an update report on the progress of this project.

15 **Committee Forward Work Plan** (Pages 145 - 152) **11.25**

To review the work plan for the committee 2022-23.

16 **Date of Next Meeting**

The next ordinary meeting of the Committee will be held on 5 September 2022.

17 **Urgent Items**

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.

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 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.

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 of the Previous Meeting** (Pages 153 - 160) **11.40**

To approve and sign as a true and correct record the Part II (private) minutes of the previous meeting held on 26 May 2022.

20 **Review of Local Pension Board Minutes** (Pages 161 - 170)

To review the private (Part II) minutes of the meeting of the Local Pension Board on 5 May 2022.

21 **Cyber Security Review** (Pages 171 - 174) **11.50**

A report by officers setting out the scope and timetable for this

review. To receive feedback from members following the cyber security workshop

22 **Investment Management Fees and Costs for 2021/22** (Pages **12.00**
175 - 182)

To receive a report on the annual investment management fees for the previous financial year.

23 **Brunel Governance Update** **12.10**

To receive a verbal update on the report from officers summarising the ongoing Brunel governance arrangements.

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 - Actions Log

Minute reference	Section	Meeting Action	Task owner	Target date for completion	Date completed
227 (17/12/20)	Investments (Stewardship Code)	Confirmation to Committee that the Fund has been signed to the 2020 Stewardship Code during 2021	JD	31/12/22	
24 (24/06/21)	Procurement (New Payroll System)	Updates on the integrated payroll and payments system project to be brought back to committee	AC	31/07/22	On agenda
80 (16/12/21)	Governance (Audit)	For non-standard audits covering the Fund's Pensioner Payroll reconciliation, Investment governance, Cyber Security, Statutory Returns and Administering Authority internal arrangements to be completed	RB	14/12/22	
90 (16/12/21)	Governance (Cyber Security)	To take the following cyber security actions over the next 12 months. 1) Liaise with the Council's ICT department to establish an appropriate approach to the Fund's cyber security requirements 2) Conclude the recommendations agreed by the Committee at their meeting in September 2020 3) Receive an annual ICT cyber security report 4) Work with ICT & the Council's Emergency Planning team concerning its IT recovery practices and Business Continuity Planning 5) Gain approval from an independent source on the Fund's cyber security strategy 6) Address the items recorded as "lower quartile" within the Aon's cyber scorecard 7) Liaise with Aquila Heywood in respect of the points in 1 to 3 within the "Recommendations for the Fund" section in Appendix 2 8) Create a common framework of compliance borders, with ICT's own compliance requirements & 9) ICT provide an update on progress made relating to the two areas of concern (Red) and the areas marked as (Amber) highlighted in their 2021 cyber security SWAP audit.	RB	14/12/22	On agenda
100 (03/03/22)	Responsible Investment (SDG)	Agreed that the conclusions of the SDG investigative research be placed on hold until after the strategy review	LR	17/11/22	

106 (03/03/22)	Investment (Quarterly Report)	Officers & Mercer to carry out a investment manager selection exercise to appoint a replacement manager another IM. A cost to be provided at the meeting	JD	26/05/22	26/05/22
107 (03/03/22)	Investment (Affordable Housing)	Officers & Mercer to work on a final tranche of committing affordable housing portfolio capital. A further updated is then to be provided to the Committee	JD	31/12/22	
117 (05/04/22)	Actuarial (Valuation)	CPI assumption approved, subject to the successful outcome of a discussion between the Independent Adviser and the Actuary	AF	26/05/22	26/05/22

Wiltshire Council

Wiltshire Pension Fund Committee

28 July 2022

Recommendations of the Local Pension Board 5 May 2022

Minute at Board	Recommendation	Committee Agenda
Minute 105 - Training Update	1) The Board requested that officers send reminders to Members who had not completed their mandatory training.	Item 8 – Headlines and Monitoring – Training Update
Minute 111 – Audit Update	1) 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.	Item 10 – Key Financial Controls
Minute 115 – Risk Register Update	1) To note the Risk Register and to recommend the Committee accept the proposed changes as set out in the HAM Report.	Item 8 – Headlines and Monitoring – Risk Register

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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

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WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
28 July 2022

WILTSHIRE PENSION FUND HEADLINES AND MONITORING REPORT

Purpose of the Report

1. The purpose of this report is to provide the Committee with information in relation to various standard issues, to enable the Committee to fulfil its monitoring role.
 - a) Scheme, Regulatory, Legal and Fund Update
 - b) Key Performance Indicators (KPIs)
 - 1) New Fund Reporting Structure
 - 2) Period – 1 January 2022 to 30 June 2022
 - c) Risk Register
 - d) Internal Audit update
 - e) Training update
2. This report is intended to highlight key issues and developments. Full detail is provided in the Appendices.

Report from Head of Wiltshire Pension Fund

3. This section summarises key events across the Pension Fund over the last quarter.
 - a) Investment performance for the quarter to 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 backlogs 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, covered in full detail elsewhere on this agenda, and noted below in this HAM report is the progress on risk management and weekly KPIs.

Scheme, Regulatory and Legal Update (Appendix 1)

4. 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 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.
5. Other than this, there are no material changes in this area but officers have added minor updates to the appendix.

Administration KPIs (Appendix 2)

6. The Disclosure Regulations KPIs are now close to 100% and therefore officers have decided to only report this table in future on an exception basis – i.e. if the performance drops, noting these targets are less challenging to meet than the internally set targets.
7. Officers have also made other changes to the information provided to reflect changes in the reporting system being used and the way work is being managed. The main changes have been made to section 2 of the KPI appendix and use the administration strategy targets which are outlined elsewhere on this agenda.
8. The high priority administration KPIs show a mixed picture with refunds in green, retirements in amber and deaths in red. A previous period comparison is not shown because the methodology has changed. Medium priority admin KPIs are now also included, which highlights to position of the two main backlog areas.
9. i-Connect onboarding continues to progress with nearly 75% of employers now covered and over 60% of members. Officers continue to be in regular contact with several key larger employers, such as Swindon Borough Council, to resolve the remaining issues preventing them from onboarding. The membership being covered should increase substantially once the remaining larger employers are onboarded.
10. During the last quarter, weekly KPI reporting has now been developed, and is being shared with the teams. This enables review and action with a much faster turnaround. The weekly KPI report used will be demoed at the Committee meeting.

End of year and Annual Benefit Statement (ABS) progress

11. The Fund is required to produce annual benefit statements for active and deferred members by 31 August 2022.
12. Deferred ABSs have already been produced for all members. Deferred members without one or more active record have already been notified. Active ABSs are reliant on the end of year process being completed first, which is more lengthy and time consuming for employers which are not on i-Connect than for those employers which are on i-Connect.
13. As at 18 July, the situation was as follows:

Type	Employers	Members affected (approx.)	Percentage of membership
Not received	7	45	0.2%
With officers	37	2,911	12.4%
Queries with the employer	28	442	1.8%
Complete	110	20,172	85.6%
Total	182	23,570	

14. The 'Not received' cases have been chased multiple times and are now being escalated to senior management. The members covered by the 'With Officers' line are being worked upon and it is anticipated that a high percentage of these will be completed within the next few weeks (based on experience from other employers) and the remainder will be queried with employers. It is also anticipated that most existing employer queries will be completed by the deadline.
15. Last year, 99.5% of active member statements were produced on time. The target is to produce greater than 99% which may well still be achievable but is likely to be largely dependant on employer turnaround times.

Risk Register (Appendices 3 & 4)

LPB Recommendation – Minute 115

16. The Local Pension Board reviewed the risks of the Pension Fund at their meeting on 5 May 2022 and recommended the following alterations should be submitted to the Pension Fund Committee.
17. As covered in Item 9, the Business Plan 22/23 update, progress has been made to improve the framework around risk management. A new working group is being set up, the Compliance, Risk and Operation Controls group (CROC group), which will review operational risk registers, controls in place to mitigate risk, progress on improvement actions (which may be identified by the CROC group or third parties such as internal audit). Effective operation of controls will be evidenced by management dashboards. Key strategic risks will be filtered from the operational risk registers to be shared at Committee level.
18. That during the last quarter no “new risks” were identified.
19. That the evidence-based review of the register identified the following risks had changed or need to be recategorized;
- **PEN009: Failure to comply with Data Protection Legislation (GDPR & Data Protection Act 2018):** (From Green to Amber) Based on the findings of the SWAP audit report published in March 2022, this rating has been increased to reflect progress concerning the execution of the Fund’s data retention and system access practices.
 - **PEN011: Lack of expertise of Pension Fund Officers and Service Director, Finance:** (From Green to Amber) Based on a Committee Chair recommendation, following a review of the risk register this risk rating has been increased. The recommendation appears to consider that there is a likelihood that there may be gaps in officer expertise due to the outsourcing of casework and other strategic projects to 3rd party administrators. Move from Closed to Ongoing.

- **PEN012: Over-reliance on key officers:** (From Green to Amber) Based on a Committee Chair recommendation, following a review of the risk register this risk rating has been increased. The recommendation appears to consider that there is a likelihood that there may be gaps in officer expertise generally, placing an over-reliance on certain officers to cover for colleagues. Move from Closed to Ongoing.
- **PEN030: Failure to procure & contract manage service providers appropriately:** (From Green to Amber) Based on a Committee Chair recommendation, following a review of the risk register this risk rating has been queried. The recommendation appears to consider that there is a likelihood that this risk is not being appropriately rated, when considering against the potential failure of oversight which may exist, where the charges levied by the Authority, as one of the Fund's top five service providers are not being quantified appropriately by means of service level agreements, or measures of performance. Move from Closed to Ongoing.
- **PEN037: Failure to implement a strategy to address the administration backlogs:** (From Amber to 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.

20. "Red", high risks are summarised in Appendix 3, and the full risk register in Appendix 4.

21. Two risks were recommended to remove from the Dormant/Closed & Dynamic statuses and be deleted from the register on the basis that they are no longer relevant. These risks are.

- **PEN047: There is uncertainty around the ability of Brunel to resource its property portfolio offering:** No longer relevant (Green).
- **PEN024: The implementation of Brexit causes investment volatility or unexpected legislative changes:** No longer relevant (Green)

Internal Audit update (Appendix 5)

22. SWAP Audit recommendations – March 2022:

- a) Appendix 5 sets out Fund officer progress against the recommendations made by the SWAP auditor in March 2022 in relation to their Key Financial Controls audit.
- b) Substantial progress has been made in all areas with one exception. This relates to transfers into the Fund, where resourcing constraints have limited progress.
- c) 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 behind target.
- d) Of the remaining four recommendations, "Monitoring", with a target date of 31 July is probably the most noteworthy exercise which may not be 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.

23. **Good Governance Review**

a) **SAB Good Governance review recap**

- 1) Unfortunately, the long-awaited Good Governance Review is still outstanding. Phase III is currently with DLUHC for implementation.
- 2) By way of a reminder the key proposals in Hymans Phase III report published in February 2021 include:

- a) To adopt an “Outcomes based approach” to governance and setting minimum standards:
 - b) That the critical features of an outcome-based approach should include clarity on roles*, responsibilities, conflict management and decision-making. Plus to assure sufficient administration, a policy on stakeholder engagement and governance and an enhanced governance compliance statement with independent governance reviews are in place:
 - c) Training for key officers and Committee members: &
 - d) Updating relevant guidance and better signposting.
*WPF has already introduced its Senior Officer role
- 3) It is noteworthy that many of Hymans recommendations are already in place within the WPF.
- b) **TPR’s Effective System of Governance (ESoG)**
- 1) A presentation outlining the Fund’s proposal for an ESoG is planned for the LPB meeting on 18 August.
 - 2) The ESoG is a requirement of the Regulator’s new single code of practice, a new code drafted because of the enactment of the OPS (Governance) (Amendment) Regulations (2018)
 - 3) In short, the Fund will need to undertake an annual review of its system of governance to measure its effectiveness. This will be via a framework known as a “Own Risk Assessment” (ORA).
 - 4) The ORA will evaluate the Fund’s ESoG by monitoring a range of data points. A gap analysis of the Fund’s documentation hierarchy is underway to identify areas of weaknesses in relation to the Fund’s data points.
 - 5) It is proposed that the evidencing of effectiveness of data points will be via the implementation of a scorecard of identifiable challenges
 - 6) Where required, identified weaknesses will be recorded on the Fund’s risk register and mitigations put in place.

Training update

LPB Recommendation – Minute 105

24. Please note the following items.

- a) A training workshop on cyber security was held on 21 July. All Committee and Board members are invited.
- b) Hymans have been asked to circulate to all members and key officers an effectiveness review, to receive feedback on the management of the Fund. In addition, Hymans will also ask members to complete their National Knowledge Assessment. All candidates are asked to complete both surveys.
- c) During Q3 Fund officers will be circulating the Fund’s training questionnaire, to prepare a training plan for the 2023/24 scheme year.

25. The Committee are encouraged to use this item as an opportunity to share feedback on any training undertaken (conferences, webinars, reading of training materials etc) with other Committee members, and to discuss whether there are any areas where additional training would be beneficial.

Financial Implications

26. No direct implications.

Legal Implications

27. There are no known implications from the proposals.

Environmental Impacts of the Proposals

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

29. There are no known implications currently.

Proposals

30. The Committee is asked to:

- a) 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 recommended by officers and the Board

JENNIFER DEVINE
Head of Wiltshire Pension Fund

Report Authors: Richard Bullen (Fund Governance & Performance Manager), Andy Cunningham (Pension Administration Lead) and Jennifer Devine (Head of Wiltshire Pension Fund)

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

Appendices:

- Appendix 1 – Scheme, Legal, Regulatory and Fund updates
- Appendix 2 – Administration KPIs
- Appendix 3 – Risk register – background and “red” risks
- Appendix 4 – Full risk register
- Appendix 5 – SWAP Audit Actions log

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> <ol style="list-style-type: none"> 1). Amendments to the local fund valuations from the current three-year (triennial) to a four-year (quadrennial) cycle. 2). A number of measures aimed at mitigating the risks of moving from triennial to quadrennial cycles. 3). Proposals for flexibility on exit payments. 4). Proposals for further policy changes to exit credits 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>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	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. 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. The public sector staging date is April 2024. 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.	PEN038
Financial Reporting Council	Proposed revision to the UK Stewardship Code	https://www.frc.org.uk/investors/uk-stewardship-code	Updated	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. During April 2022, officers submitted an application to gain signatory status of the new Code, to the FRC.	
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.)

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 met 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		
		On-time	Late	% on time	On-time	Late	% on time
iConnect Submissions	Large (250>)	6	0	100%	6	1	86%
	Medium (50-250)	21	3	88%	23	2	92%
	Small (10-50)	29	2	94%	26	3	90%
	X Small (<10)	47	4	92%	48	8	86%
Total		103	9	92%	103	14	88%

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			
		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%
	Medium (50-250)	1	5	16	73%	2	7	14	61%
	Small (10-50)	2	6	23	74%	4	0	20	83%
	X Small (<10)	8	5	37	74%	8	0	43	84%
Total		13	18	78	72%	16	9	80	76%

Risk Register – Appendix 3

Red Risks

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.
- **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. A further audit has been commissioned for 2022.

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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
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	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
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
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	Low	1	2	2	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	3	1	3	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 transsexual 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	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 c27k 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	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

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
PEN047	There is uncertainty around the ability of Brunel to resource its property portfolio offering	It is intended that property assets will transfer to Brunel in late 2020.	If Brunel are not adequately resourced, this could result in the portfolio not being effectively managed, and/or costs being higher than expected.	INVESTMENT PERFORMANCE & RISK	Jennifer Devine	Low	4	1	4	Officers are working with Brunel to ensure that the transition plan is appropriate before proceeding with this transition. Define reporting metrics for the Committee to make a decision.	4	1	4	BPP to build resilience in their private markets team by outsourcing more, so that there is less key person risk and the portfolios are scalable. BPP want to add several members of staff to their team and do more in house as well. I The best way forward might be to commission an independent review of the best model to deliver private markets via pooling, to best serve our client requirements.	Low	→	Jennifer Devine	Jun-20
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 and 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 they way work is checked.	Medium	→	Jennie Green	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 Wooster	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 Fund's 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 dept's 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	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
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. 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.	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.	Pool 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.	Administration: Some impact on administration processes and communications - unknown at the moment as the details have not been finalised. Cost: 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 a 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 manage 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 Sail will also be introduced to leverage & optimise the software capability employed by the Fund.	Low	→	Samantha Wooster	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	Low	2	2	4	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
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
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 Wooster	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. Early indications suggest the likelihood is increased due to the impacts of COVID-19 on employers and Fund officers.	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 IPR 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/ Jennie Green	N/A
PEN007b	Significant rises in employer contributions for non-secure employers 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	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 employers 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 employers.	Low	→	Jennifer Devine	On-going
PEN006b	Significant rises in employer contributions for non-secure employers 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 employers 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	Low	3	1	3	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

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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 22 June 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	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 is being investigated via the running of an exceptions report. <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 is provided via the CIPFA KPI table. Managers and the Board/Committee can monitor whether this has had the desired impact through regular KPI report (disclosure table). <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	<p>Finalise the process which states the contribution rates each employer should pay and develop a mechanism to ensure the correct rates are recorded and controlled going forward</p>	<p>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.</p> <p>We will discuss roles and responsibilities with the team to ensure there is clear</p>	31 May 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. However, further work is required to agree an accurate schedule with the actuary. <p>Resolving issues</p> <ol style="list-style-type: none"> 2) A process for resolving issues has been agreed as part of the review of the Administration Strategy.

			No clear ownership within the Fund for resolving contributions issues	ownership with raising and resolving issues.			The appendix covering the escalation policy, clearly sets out the roles and responsibilities of each party.
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, however the payment was still processed. Plus, bank details will soon be auto populated to the Altair database, but this is not yet in</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	100%	<p>Saving documentation 1) All staff have been reminded to save all required supporting documentation.</p> <p>Timeliness 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 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.</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 5) The issue with the My Wiltshire Pension portal has been resolved. Further improvements are planned over the next few months.</p>

			place. It isn't clear what date should be used for retirement calculations, the retirement date, or the date payable.				
4	2	Transfers into the Fund	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.	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.	31 May 2022	25%	Transfer-in allocations to Altair 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.
5	2	Amendments	Name change Name changes did not have a marriage certificate saved on the file to evidence the name change. Nomination change Nomination changes were processed after the expected SLA deadline. Address change Address changes were processed after the expected SLA deadline. Target notifications occasionally not saved on the members file as evidence.	We will remind staff of the importance of saving evidence to support any changes made in Altair. We will monitor the timeliness of processing amendments and take further action if this is not improved.	31 October 2022	100%	Saving documentation 1) All staff have been reminded to save all required supporting documentation. Timeliness 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	Workflow backlog tasks go back to 2013, see further 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	We will review the process of distributing tasks to team members and ensure there is a robust process to monitor SLAs and team capacity / backlog. KPIs will be reported to the Pensions Committee regularly.	31 July 2022	60%	Work monitoring & distribution 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.

			<p>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>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>			<p>2) Necessary "house-keeping" has taken place, particularly in relation to out of date workflows.</p> <p>3) Insights (the Surrey Report) will act as the basis of a dashboard and be reported to Committee/Staff on a regular basis.</p> <p>Payment's module</p> <p>4) A one-off payments module has been purchased. It is a project that is anticipated to take 2-3 months to go live.</p> <p>Altair/SAP Reconciliations</p> <p>5) Clarification of the process is still ongoing</p> <p>Council recharge and SLAs</p> <p>6) Progress on this work is reported quarterly to the Local Pension Board and Committee.</p>
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</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-</p>	31 July 2022	80%	<p>Project methodology</p> <p>1) Officers have reviewed the way these projects are managed and made several minor alterations.</p> <p>i-Connect onboarding</p> <p>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.</p>

			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	Connect project, for example employer site visits.			<p>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.</p> <p>4) However, whilst a project plan is set up to complete i-Connect onboarding, constraints concerning completion remain with the employers themselves. Solutions to those constraints are being considered.</p>
8	1	Operational Backlog	<p>Aggregations 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 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 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>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>	31 May 2022	60%	<p>Aggregations 1) 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.</p> <p>Frozen Refunds 2) 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 will issue a reminder letter to members.</p> <p>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</p> <p>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> <p>Retired members 5) Officers are working through these cases and contacting all members concerned.</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 7) Officers have reviewed its Data Retention Policy and will propose a revised policy is implemented which would result in fewer deletions.</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.				
9	2	System Access Review Follow Up	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.	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	31 May 2022	100%	Schedule of software licenses 1) Officers have contacted the auditor stating that the schedule already exists (within IT), and no further work is required. 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.

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.
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 64	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.
	17 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.

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
28th July 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.

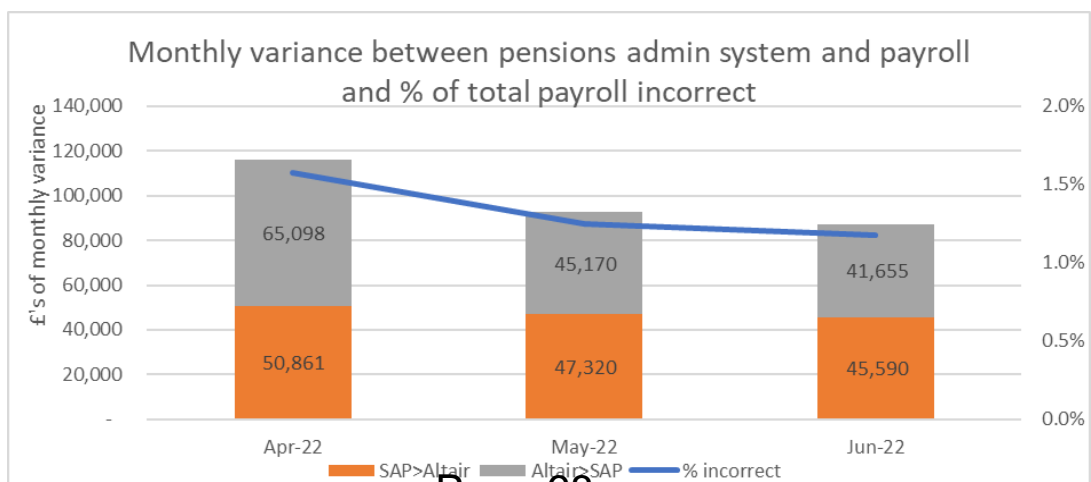
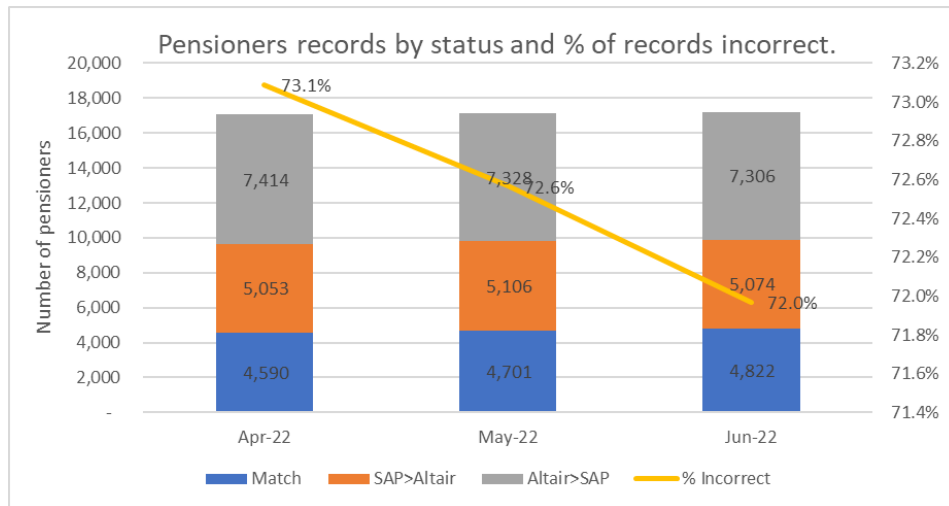
Key Considerations for the Committee / Risk Assessment / Financial Implications

Accounts and Annual Report

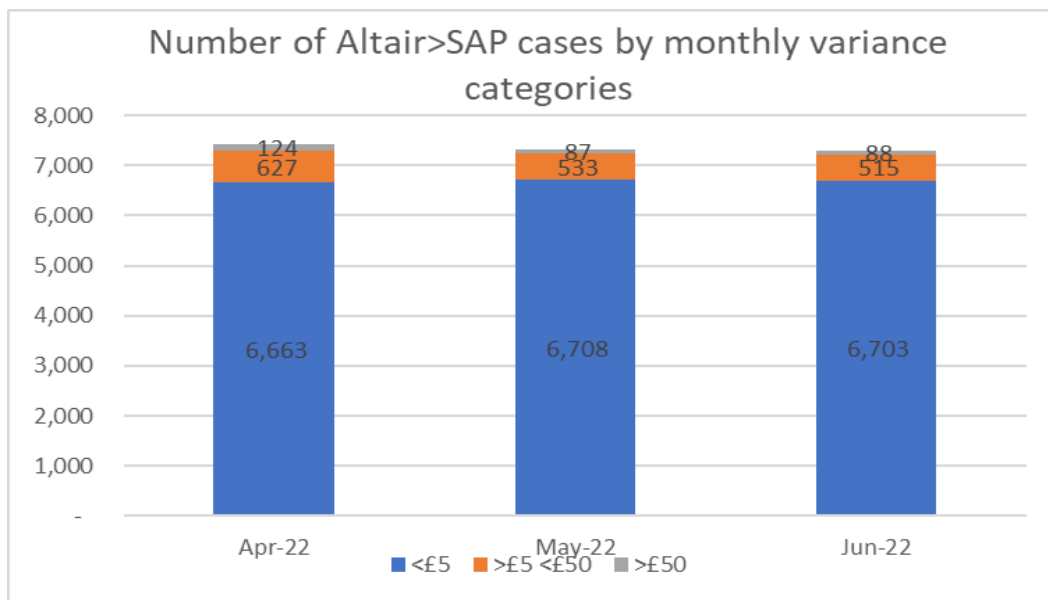
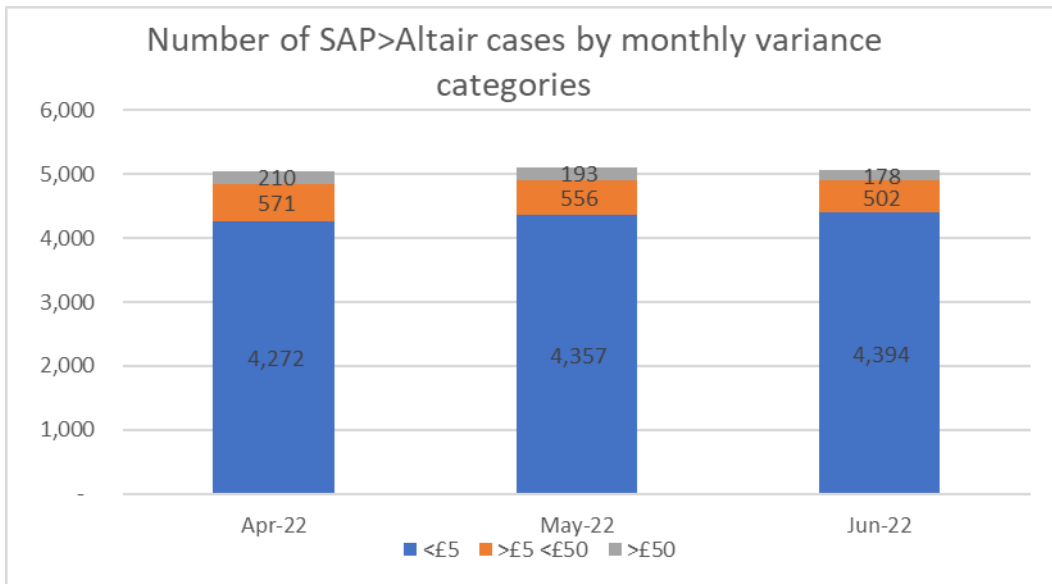
3. Final sign off for the full Wiltshire Council Accounts for 2019/20 and 2020/21 continues to be delayed, the Pension fund accounts form a part of the full Council accounts and the delay, which is due to an issue within the Wiltshire Council figures, has meant the pension fund accounts have not received 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				
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		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

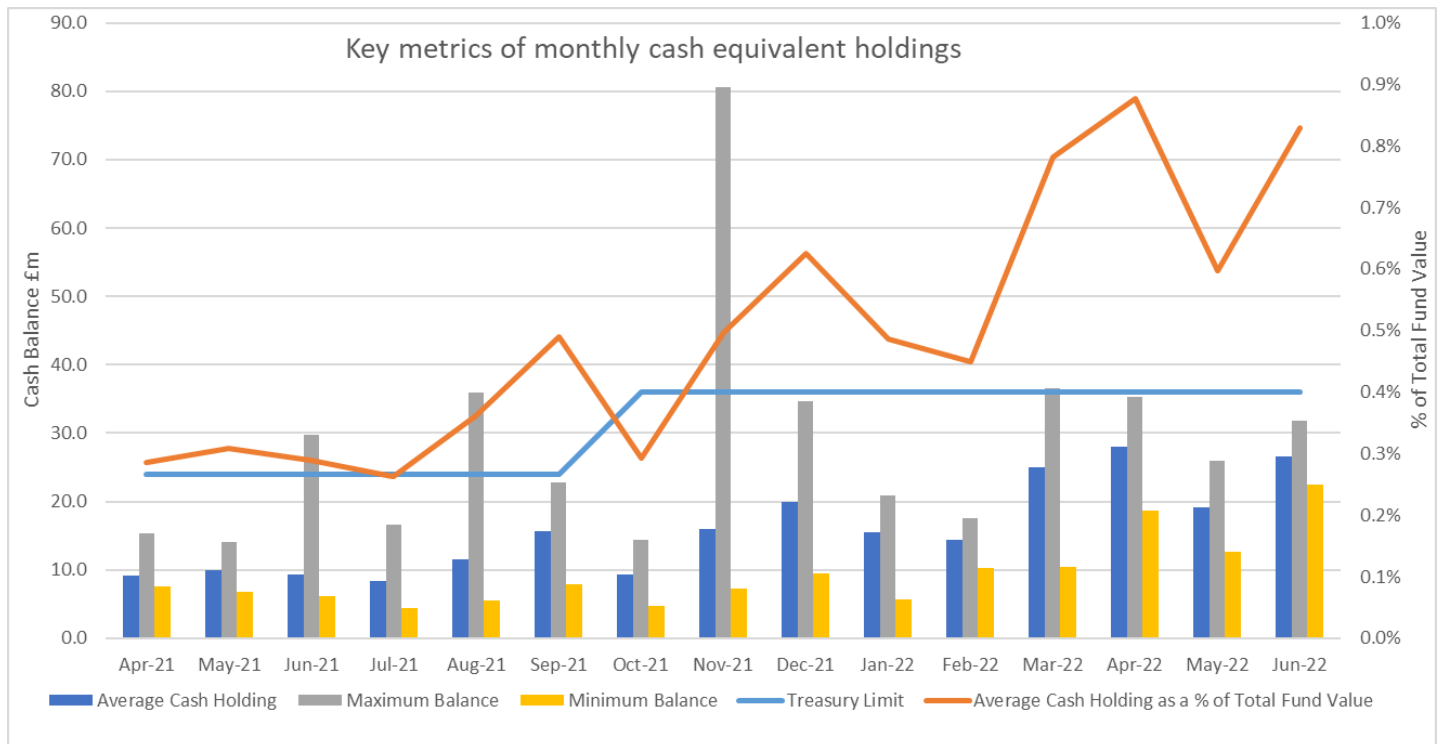
16. Four payments remain outstanding as at 12th June 2022, these are being actively chased by the fund. The majority of the late payments are received within a day or two of the deadline and all employers who have not paid are contacted immediately after the deadline day to remind them to pay. Persistently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

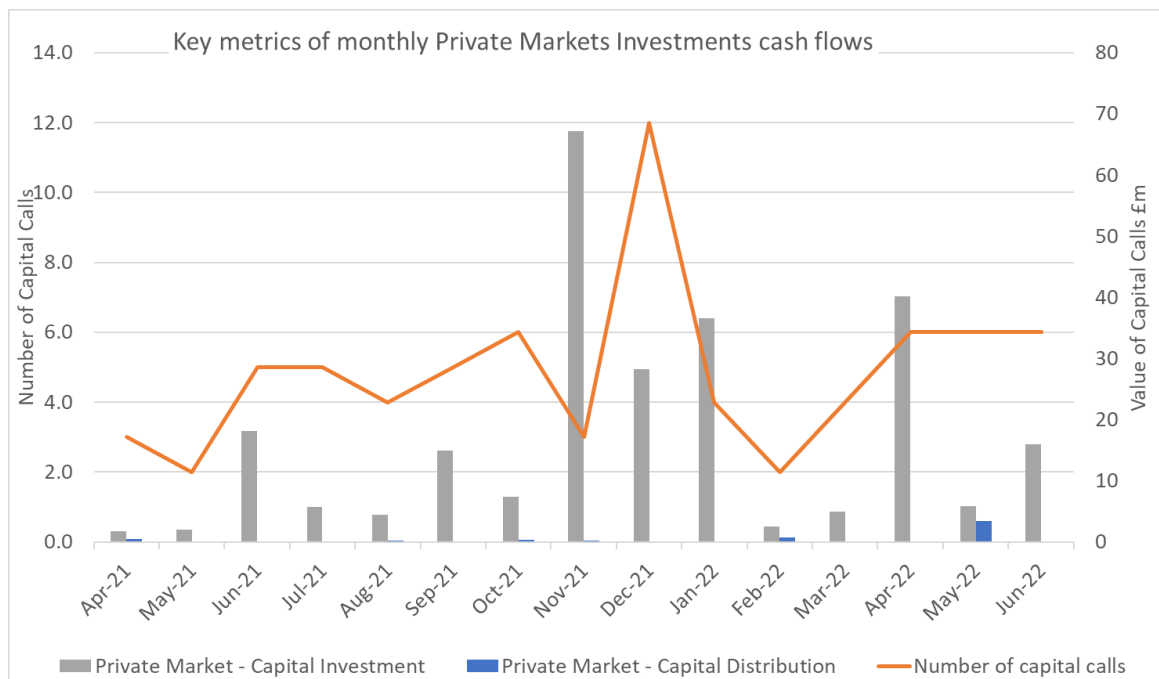
Summary Cashflow statement for Wiltshire Pension Fund															
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	2021/22
£m equivalent	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22			
Opening Cash Balance	6.8	9.9	7.1	7.6	8.4	20.0	8.0	7.8	11.7	20.4	15.5	10.5		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		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)		(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)		(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		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		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)		(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		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	

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			
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		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		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)		(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)		(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		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		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	
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	
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. 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			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			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			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			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			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			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

	Significant concern
	Not started
	Work has commenced
	Significant progress made
	Completed/situation under control

Wiltshire Pension Fund Running Costs Outturn 2021-22

Key variances against 2021-22 budget

21. There was a net underspend £202k (7.2%) against the Fund's controllable budget. The controllable budget which is reported to Committee excludes all costs of investment managers, including Brunel, as these fees are much larger than the controllable running costs of the fund, they vary depending on investment performance and can make following the operational budget performance harder. These costs are set out in a separate paper (item 22) of this Committee.
22. The summary table below sets out the prior year's expenditure, the in-year actual compared to plan and the budget agreed by Committee for the controllable costs. Annual cost per member was £32.79 for the administration and running of the fund.
23. The underspend versus budget was mainly due to lower than expected expenditure within administration, the largest variance being lower spend on agency staff to cover backlog clearance and vacancies within the team, other non-pay items such as fewer internal dispute resolution cases and less benefits consultancy.
24. Investment management fees are considered outside of the controllable budget total as they vary in relation to investment performance over the year. Given their scale and variability no budget is set for these costs.

Wiltshire Pension Fund Budget 2021/22

£000's	Prior Year		2021/22			
	2019/20	2020/21	Actual	Budget	Variance	% Variance
Investment administration staffing costs	119	114	206	210	4	2%
Investment administration travel/conferences/training costs	0	2	4	8	4	52%
Total investment administration costs	120	116	210	217	8	3%
Pension scheme administration staffing costs	996	1,036	1,152	1,208	55	5%
Staff training	19	22	18	23	5	22%
Corporate charges	311	311	311	311	(0)	0%
Pension administration systems and data cleansing	310	354	328	357	29	8%
Other administration costs	107	51	28	89	61	68%
Total scheme administration costs	1,743	1,775	1,838	1,988	150	8%
Oversight & governance staffing costs	246	180	225	221	(4)	-2%
Training and conferences	8	0	24	27	3	10%
Subscriptions, memberships and levies	34	32	60	48	(12)	-25%
Actuarial services	214	154	131	153	22	14%
Audit	10	37	27	27	0	0%
Legal fees	13	11	48	48	0	0%
Advisory fees	142	196	276	298	22	7%
Corporate charges & other costs	149	165	144	146	3	2%
Total oversight & governance costs	815	775	936	969	33	3%
Local Pension Board costs	14	14	15	25	10	41%
Total operational running costs	2,692	2,679	2,998	3,200	202	6%
Number of Members	80,824	82,454	84,434	84,434		
Total Running Cost per member	£ 31.83	£ 31.09	£ 33.03	£ 35.32	£ 2.30	6.5%

Environmental Impacts of the Proposals

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

26. There are no known implications at this time.

Proposals

27. The Committee 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

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
28 July 2022

ANNUAL REPORT AND ACCOUNTS

Purpose of the Report

1. The purpose of this report is to update the Committee regarding the Wiltshire Pension Fund annual report and accounts for the year ended 31 March 2022.

Background

2. As originally set out in Regulation 34 of the LGPS (Administration) Regulations 2008, the Pension Fund is required to produce an annual report, and the draft 2021/22 version is provided as Appendix 2.

Considerations for the Committee

3. This year's annual report largely follows the same format in terms of statutory disclosures as last year, as the CIPFA guidance has not changed. However, there are significant additions in terms of case studies, narrative and graphically designed content making this report even snazzier than the last one.
4. Furthermore, to provide more engaging and accessible information for a wider range of stakeholders and members, the annual report has been distilled into a one page summary and a highlights report. These documents focus on key headlines from the full report and will be shared with members as part of our communications strategy and published on our website. These documents will be made available to the Committee separately prior to the meeting.
5. Last year, for the first time, the Fund reported in line with TCFD (Task Force on Climate-related Financial Disclosures). This set out the Fund's approach to climate risk, from a perspective of governance, strategy, risk management, and carbon metrics. It is strongly anticipated that this will become mandatory for LGPS funds imminently. The Fund is well prepared for this and demonstrating best practice by making the disclosures for a second year, building on coverage and detail. This report can be found within the annual report, pages 74 to 85, for the Committee's information.
6. It is proposed that the Committee approve publication of the unaudited annual report and accounts for 2021/22 in July 2022. As this report has not been subject to audit review it will be clearly stated on the financial statements that the figures are unaudited. It is not expected that any material misstatements will be identified and in the best interest of providing timely information to stakeholders a publication should be made. The auditors will be commencing their work in September 2022. The KFC report, agenda item 10, sets out further details on the audit progress for this year's and prior years' reports.
7. On conclusion of the Pension Fund audit, officers will ask for Committee approval of the accounts and recommend them to the audit committee.
8. In compiling financial statements any organisation must consider whether they anticipate being able to continue operating for at least the next 12 months, or a longer time period, from the date of signing the accounts. This is a key assumption for making accounting assessments and is stated explicitly as using the Going Concern Basis. The Committee

are requested to review information provided in Appendix 1 to inform their approval of the going concern assessment.

Environmental Impact of the Proposal

9. Environmental impact is dealt with in the TCFD report, pages 74 to 85, of the annual report and accounts.

Safeguarding Considerations/Public Health Implications/Equalities Impact

10. There are no known implications at this time.

Financial Considerations & Risk Assessment

11. There are no financial considerations resulting from this proposal.

Proposals

12. The Committee is asked to:

- a) 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; and
- b) approve the going concern statement in Appendix 1

JENNIFER DEVINE
Head of Wiltshire Pension Fund

Report Author: Jennifer Devine, Head of Wiltshire Pension Fund

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

Appendices:

Appendix 1 – going concern statement

Appendix 2 – annual report and accounts (unaudited) 2021/22

Wiltshire Pension Fund Committee – Statement of Going Concern

Introduction

In compiling financial statements any organisation must consider whether they anticipate being able to continue operating for at least the next 12 months, or a longer time period, from the date of signing the accounts. This is a key assumption for making accounting assessments and is stated explicitly as using the Going Concern Basis.

Management, when making this assessment should consider factors that relate to the entity's current and expected profitability, the timing of repayment of existing financing facilities and potential sources of replacement financing, taking into account all available information about the future.

The Pension Fund is required to make this assessment annually and this paper provides supporting evidence in making this statement.

Going Concern Requirement

The LGPS is administered by individual "administering authorities", these being prescribed in statute. Wiltshire Council is the administering authority for the County area of Wiltshire, including Swindon. It has delegated this function to the Wiltshire Pension Fund Committee (the Committee).

Administering authorities are responsible for the administration of a Pension Fund established on behalf of all employer bodies in their Scheme. The Funds are not separate legal entities from administering authorities and therefore are not covered by trust law. Nevertheless, the role of the administering authority is very similar to that of a trustee and members of the Committee therefore act in a quasi-trustee role.

In the capacity described above, the Committee confirms that members have considered the evidence set out below, as well as their knowledge of the legislative framework surrounding the LPGS, and confirm that the Wiltshire Pension Fund is a going concern as at 31 March 2022.

Supporting evidence

Funding level

The Funding level (i.e. the ratio of the Fund's asset to liabilities) as at the last actuarial valuation (31 March 2019) was 96.6%. With positive investment performance since this formal valuation the funding level has reached 103.1% (31 March 2022). The strategic asset allocation is set in order to deliver the investment returns which the Fund requires over time, in order to achieve full funding, and was modelled over a wide range of possible market environments.

The Fund is undertaking work to review the strategic asset allocation as part of the triennial valuation from March 2022. This work will include detailed work to assess resilience under a variety of market conditions and under a variety of climate change scenarios. This will provide further assurance of the fund's ability to maintain a sustainable ongoing funding level.

Liquidity

As set out in the Investment Strategy Statement, the Fund's approach to Liquidity risk is as follows:

“Liquidity risk – the Committee recognises that there is liquidity risk in holding assets that are not readily marketable and realisable. Given the long term investment horizon, the Committee believes that a degree of liquidity risk is acceptable, given the potential return. The majority of the Fund’s assets are realisable at short notice.”

The Fund maintains a balance of cash sufficient to meet operational requirements, and this is reviewed on a regular basis. If cash balances fell (for example, due to payment of a large invoice, or from employers failing to make contribution payments), the Fund has sufficient liquid assets which can be liquidated to fund benefit payments, for example the gilts portfolio (which is currently over 14% of the Fund’s total assets). As an illustration, the gilts portfolio at the end of March 2021 was valued at £462m. Total benefits payable for 2021/22 was £102m. Using the liquid gilts portfolio alone, the Fund has sufficient assets to pay the benefits for 4 years.

Currently the cash flow position of the Fund is broadly neutral, which is to say that contributions from employers and employees are sufficient to meet the payments of benefits due without needing to utilise investment income, or liquidate investment assets.

Employer contributions

The Fund actively monitors timeliness of receipt of employer contributions on a monthly basis, and this data is reported to the Committee. The latest set of data reported to the Committee was up to 31 January 2021, 89.6% by value of contributions were received on time. For all late payments the outstanding contributions were received on average, within 13 days.

Value of assets

During the year to 31 March 2020, the Fund experienced negative investment performance, mainly due to market turbulence during March 2020 due to the emergence of Covid-19. The fund started the year with £2.5bn of assets, during the year to 31 March 2021 investment values rebounded significantly and grew to reach £3.0bn. In the financial year to 31 March 2022 investments have outperformed the actuarial rate and the benchmark delivering a net return of 8.5%. Despite more recent market volatility following the war in Ukraine and interest rate rises, the investment portfolios are performing in line with expectations and providing suitability diversification.

Arrangements with employers

The majority of the Fund’s employers by liability, are public sector bodies, such as councils and academies, who are long term secure, tax backed employers, where the covenant is strong and backed by statute or the Department of Education guarantee. These types of bodies are unlikely to pose an insolvency risk to the Fund. Similarly, they are likely to be able to make contributions when they fall due.

The most significant impact on covenant is in respect of other employers including those who are close to exit and/or are not public sector. However, it should be noted that from 1 October 2012, the LGPS 2012 Miscellaneous Regulations introduced mandatory new requirements for all Admission Bodies brought into the Fund from that date; the regulations required Admission Bodies to provide some form of security, such as a guarantee from the letting employer, an indemnity or a bond. The security is required to cover some or all of the following:

- the strain cost of any redundancy early retirements resulting from the premature termination of the contract;
- allowance for the risk of asset underperformance;
- allowance for the risk of a greater than expected rise in liabilities;

- allowance for the possible non-payment of employer and member contributions to the Fund;
and/or
- the current deficit

Employer support for the scheme is crucial to the ongoing success of the fund, maintaining an open fund with a mix membership profile is essential to allow the fund to maintain a long term investment strategy. Valuing the fund on a Gilts/cessation basis leaves the Fund at a 65.4% funded level, the ongoing investment returns which can be accessed from an open fund maintain the well funded position. The recently set strategic vision goal of ensuring employers are advocates for the scheme will partially address this risk, and is supported by clear employer and member communications. Current legislation also makes offering the LGPS scheme to employees a mandatory requirement for the funds largest employers, (Councils, Academies, Colleges, Police)

Operational concerns

Wiltshire Council itself is experiencing some budgetary difficulties, but this does not affect the Pension Fund, as it is funded by its own budget, which is agreed by the Committee. However due to staff in the Pension Fund being employed on Wiltshire Council terms and conditions the impact of incremental pay freezes and negotiated national pay settlements does impact the pay of Fund employees.

Signed on behalf of the Wiltshire Pension Fund Committee:

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WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
28 July 2022

PENSION ADMINISTRATION STRATEGY REVIEW

Purpose of the Report

1. The purpose of this report is to present proposed changes to the Fund's Administration Strategy to the Committee and seek approval.

Background

2. Under the Local Government Pension Scheme (LGPS) Regulations 2013, each LGPS Fund in England and Wales is empowered to produce and implement a Pension Administration Strategy, with an accompanying Service Level Agreement, which will apply to all employers in its Fund.
3. The aim of this attached strategy is to set out the quality and performance standards expected of all Scheme employers within the Wiltshire Pension Fund (WPF) and of the Fund itself. It seeks to promote good working relationships, improve efficiency and enforce quality between Scheme employers and the Administering Authority. It also provides details on how performance levels will be monitored and the action that might be taken if they fall below the stated expectations.
4. This strategy is updated from its December 2019 version and ensures the governance and administration requirements of the Pension Regulator (tPR) are properly addressed which now fall to the Fund and its employer organisations.

Considerations for the Committee

5. The revised Pensions Administration Strategy has been revised in conjunction with other planned key aspects of pensions administration, in particular to ensure:
 - a). All (high volume) targets outlined within the strategy are easily, accurately and efficiently measurable using appropriate reporting software (i.e. Altair Insights), allowing for managers to frequently monitor performance (at least weekly) and report to the Board and Committee on the normal quarterly basis. At a management level, this allows for a timely review of case failures and to determine what future corrective action would be desirable.
 - b). A work allocation system can be implemented which allocates work out in accordance with aiming to meet these turnaround times (replacing the current system). A new system is currently being tested.
 - c). The targets reflect the split of cases used within the 'office', making the figures highly relevant and meaningful to processing staff, and the variation of case types.
6. Officers will now begin to report the performance of employers to them using Employer Report Cards on a frequency which is suitable for their size.
7. The following key changes have been made to this Strategy:

- a). The revised strategy now states that all employers are required to use i-Connect to submit data to the Fund and that the Fund considers a failure to do so as a form of poor performance. Furthermore, as such, all relevant employers target now only refer to i-Connect submissions.
- b). The strategy also outlines that member self-service, wherever possible, is at the centre piece of the Fund's administration strategy and therefore processes which a member could conceivably self-serve, if they wished to do so, are treated as lower priority to those where Fund officers must complete the required work.
- c). Employer and Fund targets have been split out into different appendices, a summarised list has been created for employers of higher volume tasks, a tolerable threshold (minimum acceptable KPI level) has been introduced and work has been split into high, medium and low priority levels.
- d). Various miscellaneous updates have been made to the escalation policy, to align the strategy to the new Business Plan, the way work is actually managed within the pension administration team and updates to workflows have also been made.
8. Officers have self-assessed the compliance of this Strategy against Regulation 59 of the LGPS Regulations 2013.
9. A draft of this strategy was presented to the Local Pension Board in May. Some feedback was received and some minor changes to the Strategy were made as a result.
10. The current draft of the Pension Administration Strategy has also already gone out to consultation with employers over email and was presented to the Employer Strategic Focus Group. No responses were received to the email and the Focus Group just resulted in some questions of clarity rather than any requests or suggestions for changes to the strategy.
11. The planned implementation date is from 1 August 2022 and will be published on the WPF website and circulated to all Scheme employers and external payroll providers.

Environmental Impact

12. There is no environmental impact from this report.

Financial Considerations

13. There are no direct financial implications involved with the implementation of this Strategy. However, in the longer term this Strategy should lead to more efficient benefits administration operation and the ability to redirect resources for the benefit of scheme members.

Risk Assessment

14. There are no risks identified at this time.

Legal Implications

15. There are no immediate legal implications arising from this report.

Safeguarding Considerations/Public Health Implications/Equalities Impact

16. There are no implications at this time.

Proposals

17. The Committee is asked to approve the revised Pensions Administration Strategy.

Jennifer Devine
Head of the Wiltshire Pension Fund

Report Author: Andy Cunningham – Pensions Administration Lead

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Wiltshire Pension Fund
Administration Strategy
2022

DRAFT

Implementation date: TBC

Contents

1. Introduction
2. Objectives
3. Our commitment to members
4. Working with our Employers

Appendix 1: Service Level Agreement (Employers)

Appendix 2: Service Levels (Fund only)

Appendix 3: Employer Escalation Policy

Appendix 4: Oversight, scrutiny and continuous improvement

DRAFT

1). Introduction

This is the Pension Administration Strategy of the Wiltshire Pension Fund (“WPF” or “The Fund”), administered by Wiltshire Council (the “Administering Authority”). The WPF is one of 89 Local Government Pension Scheme (LGPS) Administering Authorities nationwide. The WPF comprises of around 180 Scheme employers and approximately 81,000 Scheme members. WPF mainly administers the LGPS for employers located in the Wiltshire geographical area, although it also administers the scheme on behalf of a number of organisations located elsewhere but with links to the county. WPF’s administration costs are funded from a small proportion of the assets of the Fund (i.e. from employee and employer contributions and investment returns).

This strategy outlines the administrative policies and performance standards the Fund and its sponsoring employers need to achieve to enable the provision of a cost-effective and high-quality pension administration service, in line with its Business Plan, and to meet statutory requirements. It seeks to promote good working relationships, improve efficiency and establish a culture of quality between Scheme employers and the Fund. It also provides details of how performance levels will be monitored and the actions that might be taken if they fall below the stated expectations.

It has been finalised following consultation with sponsoring employers of the WPF and will be kept under review and revised to reflect changes to LGPS regulations and the Fund’s policies as necessary. It has been formulated in keeping with the requirements of regulation 59 of the Local Government Pension Scheme (LGPS) Regulations 2013 (as amended).

A number of bodies oversee, support and provide scrutiny of administration officers. For instance, the Local Pension Board, Wiltshire Pension Fund Committee, internal and external auditors, Scheme Advisory Board, MHCLG and the Pension Regulator.

The Pension Regulator (tPR) has enforcement powers in relation to breaches of legislation.

In recent years, there has been an ever-increasing demand on Pension Funds to maintain high quality data, demonstrate the ability to process work in timely manner and meet increasing customer expectations (for example, in relation to having instantly available data and to be able to self-serve). This updated Administration Strategy reflects these changing demands as well as a desire to meet pension practice and deliver an excellent service.

i-Connect and Self-service

Two key aspects of the Fund’s Administration Strategy are as follows:

i-Connect: From the effective date of the Administration Strategy, the Fund **requires** all employers to use i-Connect to submit LGPS pensions data, on a monthly basis, to the Fund. i-Connect has many benefits in terms of automatically cross-checking and validating basic data at the point of submission, allowing the Fund to maintain up to date, high quality data, enabling Scheme members to self-serve effectively across a range of processes and receive timely information and for the Fund to ensure it is compliant with a range of data quality and processing requirements.

Fund officers can provide extensive support to employers to help them to onboard. In exceptional circumstances, if an employer is unwilling to engage with this requirement, the Fund will use

escalation measures and the application of an administration surcharge in reflection of the additional work required for employers which do not use i-Connect.

My Wiltshire Pension: The Fund encourages all active and deferred members to use *My Wiltshire Pension* wherever possible (and in future, it will encourage pensioner members too once additional functionality becomes available). *My Wiltshire Pension* has a wide range of benefits for members: it not only allows members to see their current pension benefits at any given point in time, it also enables members to run forecasts, submit documents securely, run quotes and replaces the need for paper communications in many instances, speeding up processing times. As *My Wiltshire Pension* allow members to self-serve on a range of tasks, the Fund will generally treat tasks where the member chooses not to self-serve as being of lower priority than under tasks it is required to do.

Further information on this is available on the Fund's website.

Future Fund Administration aspirations

The Fund is planning to move towards an integrated pension payroll and pension administration system. From a member's perspective, this will enable an improved service and the administration will be contained within a single team and all pensioner data will be visible on *My Wiltshire Pension* (rather than a separate system). There are also significant process benefits which help with the administration of pensioner benefits.

Other Fund administration improvements will be outlined in the Fund's Business plan on its website, as updated from time to time.

Application of this policy

The Administration Strategy applies to WPF and all its participating employers (at any given point in time). It automatically applies to all new employers.

2). Objectives

The Fund's overall vision, as stated in its business plan, is to: "...deliver an outstanding service to our scheme employers and members"

The Administration Strategy aims to help the Fund achieve many of its strategic goals:





In particular, the Pension Administration Strategy objectives are that:

- The WPF and its Scheme employers are aware of and understand their respective roles and responsibilities as defined in the Service Level Agreement targets (Appendices 1 & 2);
- The strategy aligns itself with its compliance and governance requirements;
- Accurate records are maintained for the purpose of calculating pension entitlements and Employer liabilities, ensuring that all information and data is communicated accurately, on a timely basis and in a compliant manner;
- Performance standards are clear and easily measurable to help identify areas for improvement; and
- All parties are clear on the approach that the Fund takes to escalating any administration issues and dealing with any cases of poor performance.

3). Our commitment to members

Outlined below are the areas of work we will administer on behalf of each group of members.

The target timeframes for each are reviewed from time to time in order to seek to achieve an optimal balance between customer expectation, achievability, legal requirements and cost.

The latest timeframes and their effective dates can be found in Appendix 2.

3.1. New Members

a). New Joiner Information: Upon receipt of notification from the member's employer that the member has started a new employment, we will send each member a starter pack and My Wiltshire Pension registration details (if the member is not already registered) in the post

b). Transfers in from previous pension schemes: All members* have the right to transfer in benefits to the Scheme within the first 12 months of starting a new employment.

If a member has built up a pension elsewhere in the LGPS, or in another employment within Wiltshire Pension Fund, in most cases the aggregation of membership will become automatic after 12 months. As necessary, we will work with the other Fund to complete the aggregation in a timely manner. In some cases, the member needs to make an election. The options available will be outlined in the starter pack.

If the member has built up a non-LGPS pension elsewhere, we will provide them with a quote, if requested, and confirmation of the final transfer if they decide to go ahead with the transfer. These types of transfers are not automatic.

*Subject to employer's agreement for non-club transfers in.

3.2. Existing members: change of details

We encourage all members to use My Wiltshire Pension to update their personal details such as their address and their expression of wish details. This allows their details to be updated instantly and securely. However, members can contact us separately to perform these updates if they do not use My Wiltshire Pension.

Some details such as change of name, for example due to marriage, need to be accompanied by appropriate evidence.

3.3. Leaving members

a). Leaver options notification

Upon receiving notification from the employer that a member has left, we will email or write to the member to outline the options available to them. These could include to take a refund of benefits (if the member has minimal service), deferred benefits or to transfer out.

b). Deferred benefits

If you are entitled to a deferred benefit, we will update their pension record and we will then produce deferred benefits statements each year for you (see section 3.4 for further details).

c). Refunds

If a member is eligible to receive a refund, we will contact them to advise of this and ask them to complete an option form either via post or on *My Wiltshire Pension*. Upon receiving the correct documentation and confirming eligibility, we will make payment of the refund to their bank account.

d). Transfer Out quote and completion

In most cases, members are able to obtain a transfer value quote on *My Wiltshire Pension*. If a transfer out quotation has been requested by a Financial Advisor on your behalf, then the quotation will be issued directly to you rather than to the financial advisor.

Subject to WPF being satisfied that the new provider meets the eligibility requirements under the relevant legislation, following the member's instruction and other scheme's confirmation, the Fund will then make a transfer out to the other scheme.

e). Estimates of retirement benefits

For all estimates of retirement benefits, we encourage members to use *My Wiltshire Pension* wherever possible. By exception, the Fund is able to provide estimates by other means.

f). Retirement quotations

i). From active status: Upon notification that a member wishes to retire, we will either send a quotation of the benefits payable upon receiving all the relevant information from the employer; or

Provide a quote using *My Wiltshire Pension* (as this new service becomes available)

ii). From deferred status: When the benefits are payable in full, we will write or email the member and invite them to use *My Wiltshire Pension* Fund to access their quote. By exception, we will issue a quote via the post or email.

In all the scenarios outlined above, if the member has an AVC this timeframe is likely to be longer as we will need to wait for the AVC fund value from the provider before we can send the member the necessary figures.

g). Retirement payments

Lump sums: We will process the payment of any lump sum upon receiving all the required documentation and after the retirement date has passed.

First monthly pension: The first monthly pension will be paid on the next available payroll run.

Note: In both cases, if the member has an AVC this timeframe is likely to be longer as we will need to wait for their AVC to have been disinvested by the provider and for payment to be made from the AVC provider to us.

h). Death benefits

Upon receiving notification of a member's death, we will contact the next of kin (or another appropriate contact) once established and request further information in the form of a family questionnaire. If we are only notified of the death by a third party, we may use a tracing agent to receive a copy of the death certificate and attempt to establish the next of kin.

We will use the information on the family questionnaire to help establish if a death grant or dependant pensions are due. Once all required information is received, we pay out any death benefits due.

We encourage members to complete their expression of wish information on *My Wiltshire Pension* (or by sending us a form) to provide clarity to the Fund over the member's wishes.

3.4. Existing members: Annual Communications

a). Annual Benefit Statements (ABSs)

We will produce an Annual Benefit Statement by 31 August each year, showing the value of the member's benefits at 31 March of the same year. In all cases, we will publish the statement onto member's *My Wiltshire Pension* account.

All members are able to opt in to receive a paper version of the statement in addition to this. We will only send out paper statements if members opt into paper correspondence (this only needs to be done once).

b). Pension Saving Statements (PSS)

If you exceed the Annual Allowance, we will issue you a PSS by the 6 October following the end of the relevant tax year, showing your Pension Input Amount as at the previous 5 April for the pension

benefits you hold with us, including any impact of any unused allowance from the previous 3 years which can be used to offset the amount by which it exceeded the annual allowance.

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4). Working with our employers

Engagement with our employers is key to helping us deliver an effective service for both members and employers and to meet our statutory requirements. The Fund is committed to working closely with employers to build positive working relationships to ensure we work together to create efficiencies and meet service standards. As part of the Fund's Business Plan 2022, it plans to introduce 'Employer Report Cards', which is basically a way of feeding back on employer's performance so that all employers are able to identify where any issues may lie. The Business Plan, also adds focus to implementing i-Connect and improving employer training and engagement as set out below.

The Fund **requires** all employers to use the i-Connect portal to submit monthly data because of the advantages it brings to all parties, including members. The Fund reserves the right to treat an unwillingness to use the i-Connect portal as a form of poor performance and to apply administration surcharges to employers relative to excess work involved (if all other avenues to resolve the failure to onboard have been exhausted).

4.1. Communication, training and support

The Fund has a dedicated Employer Relationship Manager who helps coordinate and oversee all employer matters and provide support and information. The Fund is committed to delivering resources which meets the needs and demands of its employer base. As such, the Fund undertook a survey last year to help understand employer preferences and it used the feedback to help determine its offering. The current range of approaches used is outlined below:

- a). Employer Strategic Focus group: The group is an informal way for the employers to engage with the Fund (via the officers and the employer representatives on the Pension Fund Committee) on strategic issues. The group has been established to facilitate a 2-way dialogue, and to enable the employer representatives to feedback employers' views to the Committee. Further information can be found on the Fund's website.
- b). Employer newsletters: The Fund will periodically send employer newsletters with the purpose of:
 - Advising employers when there are any changes to policies, strategies, scheme rules, procedures or forms;
 - Informing employers of key events or members communications; and
 - Making employers aware of other important Fund developments.
- c). Employer forums and webinars: Employer forums also take place periodically and have a similar purpose to newsletters, but they also provide an opportunity to ask questions and to meet colleagues.
- d). Employer's Guide: The employer's guide is produced and maintained as a technical reference point, training tool and outlines roles and responsibilities. It is currently held on the Fund's website.
- e). Employer website: As well as the website hosting the employers guide, it also provides employers with access to the Fund's templates, forms and other supporting information about the Fund.

f). Face to face/Teams meetings, email and phone: Individual employer meetings are available on request by either the employer or WPF. We will also seek to proactively engage with employers to aid understanding and to resolve issues. Pension team members are also always available during office hours to provide support over email or phone.

g). Training sessions: WPF will provide training sessions for employers on a quarterly basis and upon request, if required. These training sessions will be aimed at staff in the following areas:

Payroll – In areas such as Pensionable Pay, Assumed Pensionable Pay and monthly contributions.

HR - New staff, policies, absences and retirements. The support will also cover the role of the external payroll provider, what you are asking of them and making sure there are no gaps in an employer's processes.

Finance – Triennial valuation, setting contribution rates and assumptions and strain costs.

Further information on the Fund's approach to communications can be found on the website in the Fund's Communication Strategy.

4.2 Nominated contacts

To enable the WPF to communicate efficiently with employers, we require all employers to nominate a lead person in each key area related to Fund administration:

- a) Payroll
- b) HR
- c) Finance
- d) Communications

*Smaller employers, or employers with few active members, may use one person to receive all the communications in all areas, to pass on to the relevant parties within their organisation.

4.3. Service standards

In order to meet the vision, set out in the Fund's Business Plan and the Fund's statutory requirements, the Fund has developed a set of service standards for both the Fund and employers split down by process.

All employers are required to meet the timeframes outlined in Appendix 1 and to use i-Connect for monthly data submissions.

The Fund will monitor employer's performance against the standards set out in the relevant appendix and report these back to employers at appropriate intervals after taking account the size of the employer's active membership and whether any performance issues or concerns have been identified. Where issues arise, the Fund will follow the processes outlined in the Fund's escalation policy. If the Fund decides to apply surcharges, these will be in line with the details of 4.7.

4.4. Other responsibilities

In order to fulfil an employer's general statutory roles and responsibilities, the Fund requires employers to:

- Enter in a Memorandum of Understanding with the Fund (to cover data protection matters) using the Fund's standard format, as amended from time to time;
- Ensure their approach to data retention maintains data which may be required for pension administration purposes for a sufficient time as advised by the Fund;
- Formulate and maintain an employer's discretion policy; and
- Formulate and maintain any other documents which may be required from time to time in relation to the fulfilment of an employer's legal requirements to assist with the administration of the pension scheme.

4.5. External payroll providers

The WPF is willing to exchange data directly with any employer's external payroll provider, but ultimately the responsibility for the accurate and timely submission still sits with the participating employer. The Fund may require that certain employer approves major data submissions from an external payroll provider, such as end of year submissions or information submitted on i-Connect.

However, if the Fund is unsatisfied with the performance of an external payroll provider, it will initially raise issues with the payroll provider concerned but then revert back to the employer if these prove unsuccessful, as the per the details of the escalation policy outline in the appendix.

Furthermore, if the Fund continues to remain unsatisfied with the ability and willingness of the external payroll provider to provide the information necessary, the Fund may require that the employer approves all data submissions from the payroll provider prior to receipt by the Fund.

4.6. Ensuring compliance with statutory requirements and levels of performance

It is the responsibility of the Administering Authority, Scheme employers and WPF to ensure compliance with all statutory requirements.

tPR imposes a statutory obligation on Administering Authorities, as scheme managers, and the Local Pension Board to report failures which are likely to be of material significance. All breaches of statutory requirements are recorded in the Fund's breaches log and material breaches are reported quarterly to the Pension Fund Committee and Local Pension Board. Where particular employers are consistently failing to meet the standards required, these employers will also be notified to the Board.

This log may also be published on the WPF website within the WPF's Annual Report. Where there is a material breach which represents a reportable event to tPR then tPR would also expect to see an improvement plan implemented to rectify this position. Each Scheme employer's performance is monitored against the standards set out in this document, in particular in Appendix 1. Reporting to Committee and Board will include both quality and timeliness of each Scheme employer's data provision.

Where the Fund identifies areas of improvement or poor performance for one of more employers, the Fund will use the Employer Escalation policy outlined in the Appendix. In all cases, the Fund will offer support to help the employer make the improvements required.

The Fund's own administration performance is overseen by the Pension Fund Committee and Local Pension Board and the Fund is required to self-report breaches of legislation and data quality scores to the Pension Regulator. The Fund's targets are outlined in the appendices.

4.7. i-Connect onboarding requirements and surcharges

The submission of monthly data via the i-Connect portal is now a mandatory requirement of the Fund to enable us to meet our statutory requirements in relation to data quality and processing times.

We require:

- Existing employers to onboard on to i-Connect by as soon as possible.
- New employers to onboard on to i-Connect within 3 months of joining the Fund.

For smaller employers, the process does not involve any special reporting requirements as the system relies on manual data entry onto i-Connect and then adjustments each month afterwards as necessary. For larger employers, a specific report is required.

The Fund has a dedicated Employer Services team on hand to support employers through every step of the process.

In exceptional circumstance, where employers do not engage with the Fund and officers have exhausted all other avenues of support and attempts to engage the employer, the Fund will consider the application of the surcharges, proportionate to the size of the employer and in line with the provisions for employer poor performance outlined with the LGPS Regulations.

The Fund will also consider reporting the matter to the Pension Regulator.

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Appendix 1: Service Level Agreement - employers

Important: A failure to meet the timeframes stated may result in the Fund's applying the process outlined in its Escalation Policy.

1). High level Summary of key responsibilities:

Task	Deadline
Pay contributions and send remittance	19 th of calendar month following the date of contribution deduction
Submit i-Connect return	19 th of calendar month following the date of contribution deduction
Pay any AVC/APC/ARC/Added Years contributions to AVC provider and additional contributions to the Fund.	19 th of calendar month following the date of contribution deduction
Retirement forms: Complete and send to the Fund	At least two working days before the date of retirement
Death in Service form: Complete and send to the Fund	Within 5 working days of the death
Fund individual member additional data requests: Respond to the relevant officer	5/10 working days depending on priority level of the task.
Refund contributions through payroll (less than 3 month opt outs)	Next available payroll
Advise the Fund of a change payroll provider and TUPE transfers	At least 3 months before the changes occur.
Other tasks (infrequent) – See below for detail.	Other tasks – See below for further detail.

Note: For any employer which is still in the process of transitioning to i-Connect, the Fund will outline the additional data requirements and deadlines that will apply until the employer is fully onboarded on i-connect.

2). More detailed explanation (by task)

A). Paying contributions, submitting i-Connect returns, refunds through payroll (All employers – monthly)

Description	Performance Target
<p>1a). (All employers) Paying employee and employer contributions to the Fund.</p> <p><u>Note:</u> Employee contributions: Employee contributions should be deducted based on the relevant year's contributions bands, as advised by the Fund each year. Employer contributions: Employer contributions are outline on the Fund's website and are set by the actuary.</p> <p>1b). Submit remittance advice, in the format determined by the Fund and revise from time to time, to accompany the payment</p>	<p>19th calendar day of the month following the month of deduction.</p>

<p>2). (All employers) Submit an i-Connect return through the i-Connect portal.</p> <p>Further information is available on our website regarding the exact data requirements. Note: This process replaces the need to provide starter, leaver and change of details notifications.</p> <p>Important: It is essential that the information provided is checked before submission to ensure the Fund is able to calculate and maintain members' pensions correctly. Any errors or suppressions, i.e. the target update file cannot be applied because of the issue, should be resolved prior to processing.</p>	<p>19th calendar day of the month (following the month of deduction)</p>
<p>3. (If applicable) Pay any other additional payments due to the Fund</p> <p>Payment of additional fund payments (for example strain costs) in relation to early payment of benefits from flexible retirement, redundancy, business efficiency retirement and any other payment due under Wiltshire Pension Fund charging policy as stated on our website.</p>	<p>To be received within 30 calendar days of receipt of the invoice from Wiltshire Pension Fund, or within the timescales specified if different.</p>
<p>4. (If applicable) Pay across Additional Voluntary Contributions (AVC) and other Additional contributions:</p> <p>Arrange payment of contributions to the relevant AVC provider(s) and all other additional contributions (added years, APCs and ARCs should be payable to the Fund.</p>	<p>Pay over contributions to the AVC provider(s) and the Fund by the 19th calendar day of the month</p>

B). Other key employer responsibilities (currently performed outside of i-Connect)

Currently, the following regular information needs to be submitted outside of i-Connect as and when the relevant situation arises:

Task	Employer Target timeframe
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<p>Retirement Form: Submit a fully completed and accurate retirement form for voluntary retirements*, redundancies age 55+, ill health retirements and members reaching age 75. Ill Health retirement forms should also be accompanied by an ill health certificate.</p> <p><i>*Officers are investigating changing the process for voluntary retirements which may alter this requirement.</i></p>	<p>At least 2 days <u>before</u> the member's retirement date</p>
<p>Death in service form: For any deaths of LGPS members whilst still employed, complete and submit a death in service form to the Fund.</p>	<p>5 working days.</p>
<p>Data requests: Provide accurate and timely pay figures and other data. Most commonly this would be CARE or Pension Remuneration figure requests but it could also relate to any other key data needed to process a case.</p>	<p>5 working days, if the data requested relates to a process which will result in a payment to the member (or a beneficiary) – e.g. a retirement process, or a requirement to meet a statutory deadline (for example, send a pension saving statement).</p> <p>10 working days otherwise.</p> <p>For larger data requests, a timeframe will be set at the time of the request.</p>
<p>Refunds through payroll: If a member opts out within 3 months of starting, the contributions deducted should be refunded through payroll (as required by the LGPS Regulations).</p>	<p>As per description.</p>

C). Other ad-hoc employer responsibilities

Other ad-hoc and less frequent employer responsibilities are outlined below:

1). Review of Tier 3 Ill Health Benefits

Description		Employer target (working days)
1.1	To review Tier 3 ill-health pensions in payment after 18 months of commencement and, if required after 3 years.	As per description
1.2	To notify member in writing if Tier 3 pension ceases.	As soon as is reasonably practical after IRMP advice.
1.3	To notify member of any uplift from Tier 3 to Tier 2 benefits.	Provide Fund with relevant ill health certificate signed by IRMP within 10 days and notify the member as soon as is reasonably practical

2. Early payment of deferred benefits on grounds of ill health

Description		Employer target (working days)
2.1	Acknowledge any request for early payment on ill-health grounds made by the member (and former employee)	Request acknowledged within 5 days.
2.2	Employer to arrange for IRMP referral	Within 15 days
2.3	Notification to member of any award determined.	Within 10 days of decision being made following IRMP assessment.

3). Additional Pension Contributions (APCs)

Description		Employer responsibility and target (working days)
3.1	Send any new, completed APC contacts to the Fund.	Employer to deduct extra contributions from member's pay based on the instructions set out on the form within 10 days of instruction from the Fund or the next available payroll, whichever is soonest
3.2	Lost pension contract (enquiry/application sent to scheme employer) Note: Applications for buying back the lost pension must be within 30 days of the member returning to work for the member to only pay 1/3 and the employer to contribute 2/3. (If there is an administrative delay the employer can extend the 30 day limit to share the cost)	Employer to provide a quote to the member detailing the amount of lost pay/pension as soon as the members return to work is confirmed. Employer to provide application to the Fund within 10 days of receipt of members election to proceed.

4. Internal Dispute Resolution Procedure (IDRP) Stage 1 Appeal against determination of scheme employer

Description		Employer target (working days)
4.1	Acknowledgement sent to applicant on receipt of Stage 1 application	Within 5 days of request
4.2	Forms to be issued to the employer's Stage 1 adjudicator	Within 2 days

4.3	Stage 1 adjudicator to give written notice of the decision to the applicant and a copy to the employer and to the Fund (this should also include information on further appeal rights under Stage 2)	Within 2 months of the date on which the application was received If no such notice can be given by this date an interim reply should be issued with an explanation as to the reasons for the delay and an expected decision date
4.4	The Employer to act on any actions arising from the Stage 1 decision The Fund to act on any actions arising from the Stage 1 decision, if appropriate after the employer has carried out their actions (this could include recalculation of the applicant's benefits)	Within 10 days of receiving the decision

5. Internal Dispute Resolution Procedure -Stage 2 – Appeal against the employer

	Description	Employer target (working days)
5.1	Acknowledgement sent to applicant on receipt of Stage 2 application	Within 5 days of request
5.2	Forms to be issued to the fund/employer's Stage 2 adjudicator	Within 2 days

5.3	Stage 2 adjudicator to give written notice of the decision to the applicant and a copy to the employer and to the Fund (this should also include information on further appeal rights)	<p>Within 2 months of the date on which the application was received</p> <p>If no such notice can be given by this date an interim reply should be issued with an explanation as to the reasons for the delay and an expected decision date</p>
5.4	<p>If applicable the Employer to act on any actions arising from the Stage 2 decision</p> <p>The Fund to act on any actions arising from the Stage 2 decision, if applicable after the employer has carried out their actions (this could include recalculation of the applicant's benefits)</p>	Within 10 days of receiving the decision

6. TUPE and Employer Discretions

6.1	<p>TUPE transfers out (if they occur):</p> <p>Inform WPF of all cases where a prospective new employer or admitted body may join the fund as the result of reorganization or TUPE transfers and to pay all charges due under WPF charging policy.</p>	<p>Notify the Employer Relationship Manager at least 3 months before the date of the transfer or reorganisation and ideally before any tender process commences (if relevant).</p>
6.2	<p>Change of payroll provider: Advise the Fund of the change and work with Fund officers to put appropriate processes in place and to enable staff to be trained.</p>	At least 3 months before the change occurs
6.3	<p>Employer Discretions Policy</p>	To produce and maintain an employer's discretion policy with 3 months of joining the

		Fund and within 3 months of being advised of any changes to legislation.
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Appendix 2: Fund Service Targets

The Fund has split its processes into three different priorities levels, which are defined as follows, in order to manage its resources effectively.

Priority Level	Definition
High priority	<ul style="list-style-type: none">• The process is expected to result in a payment directly to the member (or a beneficiary) in the near future; or• Key statutory deadlines exist.• Answering queries related to high priority case work.
Medium priority	<ul style="list-style-type: none">• The process does not result in a payment directly to the member, but the task still needs to be completed by Fund officers and a failure to complete the task in a timely manner could result in subsequent complications or delays (for example to high priority cases).• All standard queries (except those related to high priority cases).
Low priority	<ul style="list-style-type: none">• The member is able to self-serve this information using My Wiltshire Pension but has requested for the Fund to provide this information instead.

Note: All timeframes stated below exclude 'out of office' time, whether that is waiting for a response from the employer, member or an (independent) third party such as another Pension Fund.

The priority levels help determine the Fund's management of tasks in busy times and inform the setting of target levels, the approach to governance reporting and the level of urgency assigned to taking remedying action.

Overview and 'tolerable' thresholds

In recognition, of the complexity that exists in certain cases and the reliance the Fund sometimes has on other parties, the Fund is aware there will be occasions where it is unrealistic for these targets to be met for certain cases. Therefore, the Fund has set a tolerable performance threshold (the minimum acceptable levels) which includes an allowance for these exceptions. The tolerable percentage is defined as the percentage of successful completions in each category that the Fund considers to be the minimum acceptable level of performance without further action being required.

A summary of all higher volume processes is outlined in the table below. This is followed by a more detailed description for each target (which also includes the lower frequency events).

Task number	Priority Level	Task Description	Turnaround time (Working days) – excludes 'out of office' query time)	KPI (Minimum Acceptable level)	Disclosure Regulations requirement
1.1/1.2	High	Active to retirement quotes	5 days (unless the request is received before the retirement date, in which case, 10 days)	95%	1 month after NPA
1.3	High	Process actual retirement	10 days	95%	None
2.1	High	Retirement from deferred status – issue quote from request (only applicable if online process not used)	10 days	95%	1 month
2.2	High	Retirement from deferred status – process benefits from date of instruction.	10 days	95%	None
5.1	High	Death benefits – acknowledgement of death	5 days / 10 days	95%	None
5.2	High	Notification of benefits payable to dependants – process and sending letter	10 days	95%	None
5.3	High	Death grants – make determination and process	10 days / 20 days	95%	None
6.1	High	Refund payment requests – process	10 days	95%	None
7.1	High	Scheme employer led estimate requests (redundancy) – issue quote	10 days	95%	None
11.1	High	Produce Annual Benefit Statements	31 August	99%	31 August
11.2	High	Send out AVC statements (legacy providers only)	31 August/within 4 weeks of receipt	100%	31 August
11.3	High	Issue Pension Saving Statements for Annual Allowance	6 October	95%	6 October
12.1	Medium	Issue starter packs	1 month from date of receipt	95%	1 month

13.1	Medium	Early leaver disclosure notification	2 months from date of receipt	95%	2 months
14.1	Medium	Deferral of benefits – process	20 days from the date deferred benefits are established	90%	None
15.1	Medium	Internal aggregation: A1, B1, D1	2 months from date that need to aggregate occurs (a new starter or leaver)	90%	None
15.2	Medium	Internal aggregation: D2, D3	1 month from the date of the member's election	90%	None
15.3	Medium	Internal aggregation: A2, B2 & C2	1 month from election or 13 months from starting otherwise	90%	None
15.4	Medium	External aggregation – transfer in	1 month from receiving payment and all required information.	90%	None
15.5	Medium	External aggregation – transfer out	1 month from all information being in place	90%	None
17.1	Medium	Divorce – issue quote	20 days	90%	3 months from request
17.2	Medium	Divorce – Implement Pension Sharing Order	25 days from receipt of all required information	90%	4 months from receipt of all information
18.1	Medium	Transfer in – quotation	15 days	90%	2 months from date of request
18.2	Medium	Transfer in – Issue member with letter	20 days	90%	None
19.1	Medium	Transfer out – Make payment	20 days	90%	None
20.1	Medium	Respond to general enquiries	5 days / 10 days	90%	None
21.1/21.2	Low	Member led estimate – issue estimate	20 days	80%	2 months
21.3	Low	Transfer out quote – provide quote	20 days	80%	3 months
21.4	Low	New Expression of wish completion	20 days	80%	None
21.5	Low	Change of name or address	20 days	80%	None

High priority processes – more detailed explanation

1. Retirements (from active status)

	Description	Fund target (working days)	Disclosure Legal Requirement
1.1	Voluntary Retirement: Quote and options issued	The Fund will issue the member with a quote and claim forms within 5 days of receipt of all the required retirement information (and AVC fund value if applicable), or 10 days if the request is received before the retirement date. <i>(Note: This process is currently being reviewed and may be replaced with a member-led process)</i>	No later than 1 month after Normal Pension Age. OPPS Regs 2013 20(2)
1.2	Ill Health and redundancy retirement: Options issued	The Fund will issue the member with a quote and claim forms within 5 days of receipt of the retirement notification and ill health certificate (and AVC fund value if applicable).	No later than 1 month after Normal Pension Age. OPPS Regs 2013 20(2)
1.3	Retirement benefits paid (all active retirement types)	The Fund will process benefits for payment within 10 days of receipt of correctly completed member forms (and receipt of AVC funds, if applicable). The lump sum will be paid on next council pay run (usually a further 5 working days after the Fund has processed the benefits). The first monthly pension will be paid on next available pensions payroll run. Note: No retirement benefits can be paid out before the retirement date.	N/A

2). Retirements from deferred status (excluding ill health) early payment

Description		Fund target (working days)	Legal Requirement
2.1	Retirement quote and options issued	The member will be issued with a quote and claim forms within 10 days of request (if member has an AVC then fund value will also need to be received by the provider) Note: This process is also available online.	1 month
2.2	Retirement benefits paid	Benefits processed for payment within 10 working days of correctly completed forms (and receipt of AVC fund, if applicable). Lump sum payment made on next council pay run (usually a further 5 working days after the Fund has processed the benefits) First monthly pension paid on next available pensions payroll run	N/A

3. Early payment of deferred benefits on grounds of ill health

Description		Fund target (working days)	Legal Requirement
3.1	Member notified of benefits due, in relation to the award determined by the employer	The Fund will send a letter or email within 10 days of the fund obtaining all relevant information required by the employer	N/A
3.2	Retirement benefits paid.	The Fund will process the benefits for payment within 10 days of receipt of correctly completed member forms. The lump sum will be paid on next council pay run (a further 5 days) The first monthly pension will be paid on next available pensions payroll run.	N/A

4. Review of Tier 3 Ill Health Benefits

Description		Fund target (working days)	Disclosure Legal Requirement
4.1	To review Tier 3 ill-health pensions in payment after 18 months of commencement and, if required after 3 years.	The Fund will issue a reminder letter to the employer 25 days prior to the 18-month review.	N/A
4.2	To notify member in writing when Tier 3 pension ceases.	(If applicable) The Fund will stop the Tier 3 pension in payment and notify the member within 10 days of all required documents from employer.	N/A
4.3	To notify member of uplift to Tier 2 benefits.	(If applicable) The Fund will award and notify the member of the Tier 2 uplift within 10 days of receipt of the all required documents from the employer.	N/A

5. Death benefits

Description		Fund target (working days)	Legal Requirement
5.1	Acknowledgement of death and request for further information made	Next of Kin/Family member notifications: The Fund will send an acknowledge and request for further family details within 5 days of being notified of the death.	N/A

		<p>Third party notifications (e.g. tracing agents, National Fraud Initiative): The Fund will write to the last known address of the deceased within 10 days of receiving the third-party notification, to try to establish the next of kin.</p> <p>If no response is received, the Fund will contact a tracing agent within 3 months of the third party notification to establish the next of kin and executor of the estate (if any).</p>	
5.2	Notification of benefits payable to dependants	<p>The Fund will send a final confirmation letter of amounts payable and process the payments within 10 days of receipt of all required information.</p> <p>The first monthly payment will be paid on the next available pay run.</p>	<p>2 months from date of notification of the death.</p> <p>OPPS Regs 2013 – Reg 21.</p>
5.3	Death grant paid	<p>Complex cases: Determination and payment instruction made within 20 working days of the Fund receiving all required information (excludes query time)</p> <p>Non-complex cases: Determination and payment instruction made within 10 working days of the Fund receiving all the required information (excludes query time)</p>	N/A

6. Refund payments

Description		Fund target (working days)	Legal Requirement
6.1	Refund payments	The Fund will process the refund ready for payment within 10 days of receipt of all necessary information from the member/employer. The actual payment will be made within a further 5 days.	None

7. Estimate requests (employer led)

Description		Fund target (working days)	Legal Requirement
7.1	Scheme employer led estimate requests (redundancy/flexible retirement)	<p>The Fund will issue the employer with the strain costs and a summarised member quote within 10 days of receipt of all the required information.</p> <p>If the employer requests that the Fund issues a detailed quote direct to the member, this will be issued within 5 days.</p>	N/A

8. Complaint management

Description		Fund target (working days)	Legal Requirement
8.1	Responding to scheme members complaints	The Fund will issue an acknowledgement of the complaint within 5 days of its receipt.	None
8.2	Issuing full response to members complaints	A full response to the complaint will be issued within 25 days	None
8.3	Monitoring IDRPs cases in accordance with Stage 1 and Stage 2 reviews	An IDRPs response will be issued within 2 months (see the Fund's full IDRPs procedure)	None

9. Internal Dispute Resolution Procedure (IDRP) Stage 1 – Appeal against determination of WPF

Description		Fund target (working days)	Legal Requirement
9.1	Acknowledgement sent to applicant on receipt of Stage 1 application	Within 5 days of request	N/A
9.2	Forms to be issued to the Fund's stage 1 adjudicator	Within 5 days of request	N/A
9.3	Stage 1 adjudicator to give written notice of the decision to the applicant and a copy to the Fund (this should also include information on further appeal rights under Stage 2)	<p>Within 2 months of the date on which the application was received</p> <p>If no such notice can be given by this date an interim reply should be issued with an explanation as to the reasons for the delay and an expected decision date</p>	<p>Within 2 months of the date on which the application was received</p> <p>If no such notice can be given by this date an interim reply should be issued with an explanation as to the reasons for the delay and an expected decision date</p> <p>LGPS Regs 2013 75 (1)</p>
9.4	The Fund to act on any actions arising from the Stage 1 decision	Within 10 days of determination of receiving the decision	N/A

10. Internal Dispute Resolution Procedure (IDRP)- Stage 2

Description		Fund target (working days)	Legal Requirement
10.1	Acknowledgement sent to applicant on receipt of Stage 2 application	Within 5 days of request	N/A

10.2	Forms to be issued to the fund/employer's stage 2 adjudicator	Within 10 days	N/A
10.3	Stage 2 adjudicator to give written notice of the decision to the applicant and a copy to the employer and to the Fund (this should also include information on further appeal rights)	Within 2 months of the date on which the application was received If no such notice can be given by this date an interim reply should be issued with an explanation as to the reasons for the delay and an expected decision date	Within 2 months of the date on which the application was received If no such notice can be given by this date an interim reply should be issued with an explanation as to the reasons for the delay and an expected decision date
10.4	If applicable the Employer to act on any actions arising from the Stage 2 decision The Fund to act on any actions arising from the Stage 2 decision, if applicable after the employer has carried out their actions (this could include recalculation of the applicants benefits)	Within 10 days of receiving the decision	Within 2 months of receiving all documentation from member/employer or to provide a holding reply for a further 2 months with explanation as to why no decision can yet be reached. LGPS Regs 2013 75(1)

11. Annual member statements

	Activity	Fund (and legal) target
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11.1	<p>Annual Benefits statements (ABS) All active and deferred members are issued an ABS for the year ending 31st March</p>	All ABSs to be published on My Wiltshire Pension by 31 st August or sent via post if the member has requested paper statements.
11.2	<p>Additional Voluntary Contribution (AVC) annual statements The Fund's is required to send out year end statements from the legacy AVC providers to relevant members. The legacy AVC provider produces the statements.</p>	All legacy AVC statements to be issued by 31 st August following the most recent year or within 4 weeks of receipt if later. Prudential are responsible for issuing their own statements.
11.3	<p>Pension Saving Statements (PSS) for Annual Allowance All members who have exceeded the standard Annual Allowance are issued a PSS for the year ending 5th April</p>	All PSSs to be issued by 6 th October following the tax year end date (providing the employer has submitted all required data)

Medium priority processes

12). Starters Packs

Description		Fund target (calendar days)	Legal Requirement
12.1	To issue a starter pack	To issue a starter pack with one calendar month of the date starter notifications were due to be uploaded to i-Connect (19 th of the month following submission)	1 month from receipt of data from the employer. (OPPS Regs 2013 6(5)) Also, 2 months from the start date (OPPS Regs 2013 6(6))

13). Early leaver disclosure information

Description		Fund target (working days)	Legal Requirement
13.1	Early leaver options letter	To provide a generic statement of the member's rights within 2 months of receipt of the leaver information (unless specific leaver information has already been provided). For members eligible to receive a refund, to advise members of the refund and transfer amount within 2 months of receipt of the leaver information.	2 months from date of leaving OPPS Regs 2013 16(3)

14). Deferred benefits

Description		Fund target (working days)	Legal Requirement
14.1	Confirmation of deferral of benefits.	Member notified of deferred benefit entitlement within 20 days of the leaver notification (excluding any time where WPF is waiting for a query response from the employer)	None

15). Internal and external (intra-fund) aggregation of LGPS benefits

Description		Fund target (working days)	Legal Requirement
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15.1	Internal aggregation of active member benefits with frozen refund benefits (A1, B1, C1, D1)	The Fund aggregate these benefits within 2 months of receiving notification from the employer of the new starter or leaver information (as relevant). Note: the member has no other option in these circumstances.	None
15.2	Internal aggregation of active member benefits with pre-2014 benefits (D2 & D3)	The Fund will notify the member of the option to aggregate these benefits as part of the starter pack issued by the Fund. The Fund will aggregate these benefits within 1 month of receiving a positive election form.	None
15.3	Internal aggregation of active member benefits with pre/post or post 2014 benefits (A2, B2 & C2)	The Fund will notify the member of the option to aggregate or keep these benefits as part of the starter pack issued by the Fund. If the Fund does not receive an election from the member, the Fund will formally aggregate these benefits within one month of 12 month election window expiring (i.e. after 13 months from starting) If the Fund does receive a positive election within the 12 month window, the Fund will aggregate the benefits within 1 month of receiving that election. If the Fund receives a negative election, no further action will be required.	None
15.4	Intrafund/external aggregation – transfer in	The Fund will process the aggregation with 1 month of receiving the required data and payment from the other Fund. The Fund will attempt to identify such aggregations, using the NI database, on a quarterly basis.	None
15.5	Intra-fund/external aggregation – transfer out	The Fund will process the aggregation and make payment within one month of receiving all the required information, including a positive	None

		election. If no election is received, the Fund will make the payment within one month of the 12 month election window expiring.	
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16). Additional Pension Contributions (APCs)

Description		Fund target (working days)	Legal Requirement
16.1	Extra pension contract (application sent direct to the fund)	On receipt of extra pension application from a member, to issue the employer with an instruction to deduct extra contributions within 10 days of application from the member and to update the pension record within 10 days of application.	N/A
16.2	Lost pension contract	To set up a contract on the pension database within 10 days of receiving the application from the employer	N/A

17. Divorce: Provision of quote

Description		Fund target (working days)	Legal Requirement
17.1	Issue pension quotation to member.	Within 20 days of all required information being received	3 months from date of request. (Source: The Pensions on Divorce etc. (Provision of Information) Regulations 2000)
17.2	Implementation and notification of Pension Sharing Order (PSO).	Within 25 days of receipt of all required information being received	4 months from receiving all required information and admin charges.

18). Transfers in

Description		Fund target (working days)	Legal Requirement
18.1	Transfer in quotation	Member issued with a quotation within 15 days of receiving CETV of previous pension benefits.	2 months from date of request OPPS Regs 2013 14(4)
18.2	Transfer in completion confirmation	Member issued with confirmation letter within 20 days of receiving all Funds and other information required.	N/A

19). Transfer out payments

Description		Fund target (working days)	Legal Requirement
19.1	Transfer out payments	Payment made to new pension scheme within 20 days of receipt of all relevant documents	N/A

20). General enquiries

Description		Fund target (working days)	Legal Requirement
20.1	Responding to scheme members email and written requests	Response issued within 10 days <u>Note:</u> In some circumstances this may be an acknowledgement of receipt with next steps outlined rather than a full resolution.	None

Low priority processes

These tasks are treated as lower priority processes, because in all cases, members can generate this information themselves using the member self-service portal, My Wiltshire Pension.

21. My Wiltshire Pension tasks

Description		Fund target (working days)	Disclosure Legal Requirement
21.1	Member led estimate requests (active members)	Member issued with quotation within 20 days of the Fund receiving all required information.	2 months from date of request (automatically fulfilled through self-service) OPPS Regs 2013 Reg 16(3)
21.2	Member led estimate requests (deferred members)	Member issued with quotation within 20 days of completion of estimate request form	2 months from date of request (automatically fulfilled through self-service) OPPS Regs 2013 Reg 16(3)
21.3	Transfer out quotation (including requests from Financial advisors)	Member issued with required information within 20 working days of receiving all the required information.	3 month from the date of request (automatically fulfilled through self-service functionality) OPPS The Occupational Pension Schemes (Transfer Values) Regulations 1996, 11 (1B)
21.4	Entering or altering expression of wish details.	Within 20 working days of receiving of receiving all the required information.	
21.5	Change of name or address	Within 20 working days of receiving of receiving all the required information.	

Appendix 3: Employer escalation policy

1. Introduction

The purpose of this policy is to outline the Fund's approach to resolving any data, processing and payment issues with employers.

The Fund wishes to work closely in partnership with all its participating employers to enable it to efficiently and effectively administer their employees and former employees' pensions. The Fund also works in a highly legislated, complex environment which means that its data requirements are not always straightforward, yet it is required to process data within certain timeframes to remain compliant with legislation and also to provide high quality customer service to members. The Fund also considers onboarding on to i-Connect to be a mandatory employer requirement and therefore, a failure of an employer to onboard onto i-Connect will also be considered under this policy

The aspiration of the Fund is always to focus on preventative approaches with employers, such as training and support, to limit the occasions when an escalation of issues is necessary. As part of the Fund's 2022 business plan, the Fund is committed to providing improved employer training materials and periodic performance reporting to employers.

2. Scope of this policy

The policy covers the Fund's approach to all data and payment issues outlined within the Pension Administration Strategy.

3. Approach

The Fund will monitor employers' performance against the targets set out within the Pension Administration Strategy and will use the approach outlined in section 4 where the timeframes are breached.

In all cases, the Fund wishes to work closely and support the employer to resolve the issues identified.

The approaches outlined in section 4 are a guide to the approach the Fund will use, and the Fund reserves the right to take an alternative approach where it is necessary and proportionate to do so.

4. Escalation approaches by process

a). i-Connect administration submissions (if relevant) and payment of contributions – indicative process

	Issue identified	
	Return or contributions not received by the deadline	Materially incorrect or a poor-quality return is received
<p>i). Monthly i-Connect upload</p> <p>ii). Rectifying queries identified by i-Connect.</p> <p>iii). Payment of employer and employee contributions (Starts at step 2).</p>	<p>Step 1: <u>7 days prior to deadline (i-Connect only)</u> A reminder email will be sent by the i-Connect system to the appropriate i-Connect employer contact, as identified by the employer.</p> <p>Step 2: <u>3 Working days after deadline</u> If an i-Connect file has still not been processed, then a late reminder email will be sent by the i-Connect system. For late contribution payments, the Fund’s accounts team will contact the designated contact.</p> <p>Step 3: <u>7 Working days after deadline</u> If no response is received, the Employer Services/Accounts team will make further contact with the employer and escalate the matter to more senior roles within the employer’s structure.</p> <p>Step 4: <u>If step 3 does not promptly resolve the matter</u> If issues remain, the Fund will consider and apply further steps such as:</p> <ul style="list-style-type: none"> • Escalation to more senior roles within the employer and/or the Fund; and/or • The implementation of an administration surcharge; • Write to Scheme members (employees to make them aware of the issues) and/or • Reporting the matter to the Pension Regulator. 	<p>1.) The Fund’s Employer Services team will highlight any errors or suppressions that have not been resolved prior to processing. They will send an email to the appropriate employer contact, as identified by the employer within 10 working days of submission. Issues must be resolved by the employer prior to the next monthly submission.</p> <p>2.) If issues are not resolved by the employer prior to the next monthly submission the matter will be referred to the Employer Relationship Manager who will phone and/or email the employer contacts, escalating to more senior roles within the employer’s and Fund’s structure as necessary.</p> <p>3). If errors persist, the Fund will consider and apply further steps such as:</p> <ul style="list-style-type: none"> • Escalation to more senior roles within the employer and/or the Fund; and/or • The implementation of an administration surcharge; • Write to Scheme members (employees to make them aware of the issues) and/or • Reporting the matter to the Pension Regulator.

Repeated issues:

In addition to the escalation approach above, if after resolving the issues relating to a particular month, similar issues occur again on more than one occasion, the Fund reserves the right to move towards the final steps on the escalation process labelled above.

b). Individual benefit administration cases and other ad-hoc requests – indicative process

Note: For particularly urgent cases, the timeframes outlined below may be condensed.

Issue identified	
Information not received by the deadline or in the stated timeframe	Materially incorrect or poor-quality information is received
<p>Step 1: <u>Deadline missed</u> A member of the Employer or Member Services team will send a reminder email and, if appropriate, a phone call.</p> <p>Step 2: <u>5 working days after the reminder in step 1</u> If no response is received, a further email will be sent to the same email address and also to the employer's main pension contact. A phone call may also be made.</p> <p>Step 3: <u>10 working days later</u> If no response is received, the matter will be referred to the Employer/Member Services Manager or Employer/Member Services Work Management Officer who will phone and email the employer contacts, escalating to more senior roles within the employer's structure.</p> <p>Step 4: <u>If step 3 does not resolve the matter</u> If issues remain, the Fund will consider and apply further steps such as:</p> <ul style="list-style-type: none">• Escalation to more senior roles within the employer and/or the Fund; and/or• The implementation of an administration surcharge;• Write to Scheme members (employees to make them aware of the issues) and/or• Reporting the matter to the Pension Regulator.	<p>1). A member of staff will summarise the area of concern and email the appropriate employer contact with these, offer further explanation and support and set out a timeframe for re-submission.</p> <p>2). If problems persist, the team will offer further support and assistance, including if appropriate and practical, a face to face visit.</p> <p>3). If the employer does not engage with the support offered or fails to respond, steps 2 onwards from the adjacent column will apply.</p>

Repeated issues:

In addition to the escalation approach above, if after resolving the issues relating to a particular month, similar issues occur again on more than one occasion, the Fund reserves the right to move towards the final steps on the escalation process labelled above.

d). General data and employer engagement issues

Where general data or employer engagement issues arise, normally as highlighted by the Fund analysis of an employer's data submission against the timeframes within this document, the Employer Relationship Manager, or a suitable colleague, will initially offer support and training and seek the engagement of a senior member of the employer concerned. If the approached outlined is unsuccessful, the matter will be raised internally with the Fund and the Fund will take an approach which is proportionate with the issue faced which could be further support or the levy of additional administration charges, as outlined in section 5 below, and reporting to the Pension Regulator.

5). Administrative charges

In conjunction with the Fund's charging policy, where the Fund considers that it has incurred additional costs (including officer's time) as a result of an employer's poor level of administrative performance, Regulation 22 of the Local Government Pension Scheme Regulations 2013 allows the Fund to recover these costs.

The Fund very much considers this approach a last resort which it will only use if it feels it has exhausted all other reasonable means of improving the employer's performance.

Where such a situation arises, the Fund will apply a charge based on a double of the hourly rate of staff involved multiplied by the estimated number of hours involved. The Fund will raise an invoice for such a charge and provide a breakdown of the charge and send it to the employer accordingly.

Note i: Where orders or instructions issued by The Pensions Regulator, the Pensions Ombudsman or other regulatory body require financial compensation or a fine to be paid by Wiltshire Pension Fund, or by any officer responsible for it, and it is due to the default, omission or otherwise negligent act of the employer, the sum concerned will be recharged to the employer.

Note ii: In addition, where the Fund incurs costs related to the stage 1 review of the Internal Dispute Resolution Procedure (IDRP) which are due to an employer's action or lack of action, these costs will be charged to the employer. Similarly, the employer will pay for all costs where the IDRP is aimed solely at the employer and the costs will be apportioned between employer and Fund where the IDRP is targeted at both the Fund and employer.

Appendix 4: Overriding legislation

Introduction

Overriding legislation dictates the minimum standard by which the WPF and Scheme Employers must meet in providing various items of information. In addition, regulatory guidance sets out a number of requirements for the Fund and scheme employers to provide information to each other, scheme members, prospective scheme members and dependants.

Relevant legislation

In discharging their roles and responsibilities under the LGPS Regulations, the Administering Authority and scheme employers are required to comply with the following regulations, which require scheme employers to supply information on time.

- The Occupational Pensions Schemes (Disclosure of Information) Regulations 1986;
- The Pensions Act 1995;
- The Disability Discrimination Act 1995;
- The Data Protection Act 2018;
- The Freedom of Information Act 2000;
- The Pensions Act 2004;
- The Finance Act 2004;
- The Discretionary and Compensation Regulations 2006;
- The Age Discrimination Act 2006;
- The Pensions Act 2008;
- Employment Rights Act 2010;
- Public Services Pension Act 2013;
- The Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014;
- The Pensions Regulators Code of Practice no.14 Governance and Administration of Public Service Pension Schemes

The Pensions Acts provide for fines to be levied on Pension Scheme Administrators, where information is not processed in a timely manner.

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WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
28 July 2022

EMPLOYER CHARGING POLICY REVIEW

Purpose of the Report

1. The purpose of this report is to propose changes to the Fund's Employer Charging Policy and to seek approval.

Background

2. This policy is updated from its October 2018 version and seeks to minimise the amount of employer cross-subsidies, and employer-led Pension administration costs, incurred by the Fund by charging certain costs directly to employers in addition to their employer contributions.

Considerations for the Committee

3. The principles of this policy are similar to the original policy and there have been only two main changes:
 - a). A removal of quoting any specific figures in the appendix and instead describing the method for determining the costs. It is also anticipated that costs will align better with the actual incurred costs rather than stating flat fees which inevitably change over time.
 - b). Some minor changes to reflect the Fund's new ill-health insurance approach.
4. The policy was also reviewed by the Local Pension Board and no recommendations for changes were made.

Environmental Impact

5. There is no environmental impact from this report.

Financial Considerations

6. There are some limited financial impacts of this charge although it is still anticipated the employer costs charged will broadly align with the costs spent and therefore no budgetary impact is envisaged.

Risk Assessment

7. There are no risks identified at this time.

Legal Implications

8. There are no immediate legal implications arising from this report.

Safeguarding Considerations/Public Health Implications/Equalities Impact

9. There are no implications at this time.

Proposals

10. The Committee is asked to approve the revised Employer Charging Policy.

Jennifer Devine
Head of the Wiltshire Pension Fund

Report Author: Andy Cunningham – Pensions Administration Lead

Wiltshire Pension Fund– Charging Policy

1. Introduction

This is the policy of Wiltshire Pension Fund (“the Fund”) for charging its participating employers (“Employer”) for services provided by the Fund. It covers what charges apply, which Employer(s) is liable, when charges should be paid and how much. The purpose of this policy is to restrict the level of participating Employer cross-subsidies that occur within the administration costs of the Fund and to hence to provide greater clarity as to the standard costs. This policy splits costs into three, initial categories:

- ‘Standard costs’: Costs which occur in running the Fund on a day-to-day basis, normally apply to all Employers and employers are required to pay (i.e. employers have no discretion over).
- ‘Non-standard costs’: Costs which normally result from an optional or ad-hoc employer action and tend to just affect some Employers.
- Administrative Performance, Complaints and Legislative recharges

Immaterial non-standard costs (e.g. less than £250) will not normally be recharged to individual Employers due to the inefficiencies involved in invoicing for relatively small payments.

The Policy has been prepared by the Administering Authority and was approved by the Wiltshire Pension Fund Committee on [DATE]. This Policy replaces all previous policies on Employer charges and is effective from its date of approval.

The policy applies to all past, current and future Employers participating in the Fund.

A full breakdown of costs is shown in Appendix 1.

2. Terminology

LGPS: Local Government Pension Scheme

Regulations: The LGPS Regulations 2013

‘Participating Employer’, ‘Scheme Employer’ or ‘Employer’: All Schedules bodies, Designating/Resolution bodies and Admitted bodies which currently participate within the Wiltshire Pension Fund (with each term as defined with the LGPS Regulations 2013)

Admission Agreement: An agreement outlines the terms of admission for an Admitted Body.

Transferor Employer: If a group of staff transfer across to another employer under TUPE, the original or source employer.

3. Regulatory Framework & Contractual Context

The LGPS Regulations 2013 outline the general framework for employees and employers participating in the LGPS in England and Wales and defines Wiltshire Council as the administering authority for the Wiltshire area, and uses the term Wiltshire Pension Fund to distinguish between

the Council's role as an employer and as the Fund. As part of administering the LGPS, the Fund will incur a variety of costs which can normally be classified as legal, actuary, governance, investment and administration costs. Where indicated under this policy, the Fund will invoice individual employers as and when required.

For some admitted bodies, the admission agreement is explicit on which party is responsible for fees incurred; if the agreed terms of the admission agreement contradict a part of this policy, then the admission agreement terms shall apply. The Fund will not abide by any agreements which it is not a party to.

4. Categories of charges

a). Standard Costs

Most Fund costs will continue to be absorbed centrally by the Fund and then apportioned to all employers according to their size thus forming a portion of each Employer's contribution rate. Employers have no choice in incurring these costs and the benefits are received by all Employers, approximately proportionate to their size and hence the Fund considers this approach to be appropriate for costs which broadly affect all Employers.

Costs included in this category are:

- All Governance costs: Including the running of the Local Pension Board and Wiltshire Pension Fund Committee;
- Staffing, systems and other general running costs;
- Actuarial fees associated with completing the triennial valuation;
- All investment related costs;
- Most other administrative and Communications work and officers' time; and

b). Non-standard costs (see appendix 1 for a list of current fees)

i). Contribution rates and Unitisation adjustments: When a new Employer joins the Fund, the Fund's actuary will normally need to calculate and employer contribution rate and perform a unitisation calculation. If the new Employer has joined the Fund following a transfer of staff from an existing employer, the Fund will charge all costs to the Transferor Employer, with the exception of transfers of staff from a Local Authority to an Academy whereby the Academy will be responsible for all the costs incurred relating to their transfer.

If a new Employer body has applied and been accepted to join the Fund without a transfer of staff, the new Employer body will pay all fees applying.

ii). Admission Agreement (including accompanying guarantee and bond arrangements): An Admission Agreement is required for all Admitted Bodies. Where a transfer of staff has occurred, all costs incurred in completing an Admission Agreement to the point of signature will be passed to the

Transferor Employer. For all other types of new Admitted Body, the new Employer will be required to pay the fees.

iii). Other Guarantee or Security Arrangements: If the Fund needs to draft a guarantee or security arrangement outside of the normal process for setting up an Admission Agreement, including all renewals, these costs will be charged to the employer which requires the arrangement to be put in place.

iv). Cessations Fees: When an Admitted Body leaves active participation of the Fund, our actuary is required to calculate if a deficit or surplus exists and what payments are required to be made by the Admitted Body or the Fund to the other party. If the ceasing body entered the Fund as an Admitted Body following a TUPE transfer, then the Transferor Employer will be responsible for the costs. In all other cases, including for academies, the ceasing employer will pay the costs.

v). FRS102 and similar: Accounting Reports are supplied by the Fund Actuary once a year at each Employer's accounting year end date. Bespoke quotes will be issued at the time.

vi). Mergers and Demergers (within the Fund): Any actuarial, legal and officer costs relating to these exercises will be equally shared by the employers concerned.

vii). Bulk transfers (within the Fund): Any actuarial, legal and officer costs related to transfer from one employer to another will be the responsibility of the ceding employer.

viii). Bulk transfer calculations (between different Funds): As required under Regulations 103, and if necessary under Regulation 98, of the LGPS Regulations 2013, where a bulk transfer of assets occurs the Fund's actuary will be required to agree a transfer value with an actuary from another Fund. In such circumstances, Wiltshire Pension will recharge all actuarial and officer costs to the Scheme Employer concerned (which is either transferred out or in the staff).

ix). Additional actuarial work (including actuarial modelling): Every 3 years, the Fund is revalued and new employer contribution rates are issued for the following 3 years. The valuation work is paid for as mentioned above in the standard charging. However, any additional work requested and incurred by the Fund, including during the triennial valuation cycle, will be charged to the employer requesting it.

x). Strain Costs: All Employers have certain benefits administration discretions available to them which include:

- Redundancy (for members aged over 55)
- Augmentation (granting additional service or pension)
- Waiver of actuarial reductions*

These costs will arise from an Employer exercising one of its discretions, which should be covered by their Employer Discretion Policy and will be charged on an Ad Hoc basis.

xi) Employer movements across Funds: If an employer wishes to change LGPS Funds, the Fund will charge for all direct costs involved including an estimate for officer time.

Administrative performance, complaints & legislative recharges:

i). Poor administration recharges (as identified by the Fund): Where the Fund considers that it has incurred additional costs (including officer's time) as a result of an employer's poor level of administrative performance, Regulation 22 of the Local Government Pension Scheme Administration Regulations 2013 allows the Fund to recover these costs. The Fund's general approach to dealing with employers which are not performing their responsibilities, as outlined in its administration strategy and in legislation, is to work closely with that employer to make the necessary improvements. If the employer is unwilling or unable to make the necessary changes, the Fund reserves the right to charge employers accordingly if it feels it has exhausted all other avenues to resolve the situation. Further details are available in the Administration Strategy.

ii). Internal Dispute Resolution Procedure (IDRP): If a Scheme Member enters into a dispute with the Fund and this dispute is taken down the IDRP route to be resolved, the Fund will need to incur costs to refer the matter on to third party to review the matter independently. If the dispute mainly relates to a Scheme Employer action or inaction, then the Fund may recharge the costs involved to the Scheme Employer concerned. If the dispute relates to the actions or inaction by the Fund, then the Fund will absorb the costs.

iii). Fines by a third party relating to an employer's performance: If the Fund is fined by a third party mainly for the action or inaction of one or more employers, the Fund at its absolute discretion will invoice the employers concerned accordingly.

5. How and when employers will be charged (non-standard costs)

When an employer requests for a service to take place, which falls under a non-standard cost, the Fund will normally ask the employer concerned to raise a purchase order number. Once the service is complete, the Fund will issue an invoice containing the purchase order number provided.

The Fund's normal invoice payment terms are 30 days from the date of issue. If payment is not received the Fund will follow the recovery processes set by Wiltshire Council. If payment is still not received the Fund will reserve the right to charge the outstanding debt against unitisation pot of the employer concerned and included an allowance for any costs incurred by trying to recover the amounts due.

Further Information

If you have any further questions or comments about this charging policy, please contact Denise Robinson, the Fund's Employer Relationship Manager: Telephone: 01225 713505 Email: denise.robinson@wiltshire.gov.uk

Policy approved by Wiltshire Pension Fund Committee on [Date].

Appendix 1

Table of Charges relating to sections 4b and 4c: Costs will typically be highly variable, and therefore this table does not state specific fixed costs and, instead, outlines the approach to determining the appropriate amount.

Some of the costs below include an allowance of expected officer time.

The payment terms for all invoice costs is 30 days from the date of invoice.

Section	Charge	Amount	Who is responsible for paying?
4b)i	Employer Contribution Rates and Unitisation report	Standard actuarial costs + 25%	If a transfer, the Transferor Employer unless a local authority to academy transfer, in which case the academy. For other new Employers, the new Employer*
4b)i	Actuary Work when joining the Pension Fund – Unitisation Report only	Standard actuarial costs + 25%	If an academy or MAT is expanding and taking on new schools, the academy/MAT inheriting the schools*
4b)ii	Admission Agreement – Legal Work	A quote will be provided based on the expected work involved and this fee will be charged.	Transferor Employer if relevant, otherwise the new Employer*
4b)iii	Guarantee & security Arrangements	A quote will be provided based on the expected work involved and this fee will be charged.	The Employer which requires the guarantee agreement to be put in place.
4b)iv	Cessations report	Standard actuarial costs + 25%	If the admitted body following a staff transfer, the transferor Employer for all other cases the ceasing Employer*
4b)v	FRS102 Accounting Report	A quote will be provided based on the expected work involved and this fee will be charged.	The Employer commissioning the report
4b)vi	Mergers and Demergers (within the Fund)	A quote will be provided based on the expected work involved and this fee will be charged.	Costs will be split evenly between the parties concerned
4b)vii	Bulk transfers (within the Fund)	An estimate will be provided based on the expected work involved but all actual costs will be recharged.	Costs will be due from the ceding employer
4b)viii	Bulk Transfers In/Out (between different Funds)	An estimate will be provided based on the expected work involved but all actual costs will be recharged.	The Wiltshire Pension Fund employer either undertaking a bulk transfer in or out.

4b)ix	Additional Valuation & Modelling work	An estimate will be provided based on the expected work involved and this fee will be charged.	The Employer making the request.
4b)x	Strain Costs (e.g. redundancy or efficiency over age 55)	An estimate will be provided at the time but the final fee due will be based on the calculation from the final data used.	The Employer exercising its discretion
4b)xi	Employer movements between Fund	An estimate will be provided based on the expected work involved but all actual costs will be recharged.	The Employer joining or leaving the Fund.
4c)i	Poor administration performance	A fee will be calculated based on the cost of estimated officer time involved.	The Employer concerned.
4c)ii	IDRP	A quote will be provided based on the expected work involved but all actual costs will be recharged.	The Employer concerned.
4c)iii	Fines	The amount of the fine plus the cost of any officer time involved.	The Employer concerned.

*If the Fund is a party to an admission agreement which states an alternative approach to charging these costs, the terms of the admission agreement shall apply.

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
28 July 2022

PENSIONER PAYROLL DATABASE RECONCILIATION PROJECT UPDATE

Purpose of the Report

1. The purpose of this report is to provide for the Committee's consideration, 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 last 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 detail in the KFC report (item 10). 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%)

Considerations for the Committee

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 early 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. Committee 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 Pension Fund Committee - 2022/23

Meeting:	26/05/21	28/07/22	05/09/22	06/10/22	17/11/22	14/12/22	02/03/23	23/03/23	Guidance comments
GOVERNANCE - Committee Specific									Comments
Confirmation of annual election of Chair & Vice Chair	✓								Annual appointments made by Full Council
Review Committee's Terms of Reference (if and as required)				✓					This review should be in conjunction with the Board 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.
Fund's annual budget setting								✓	Prior to 31st March each year
Budget Monitoring		✓		✓		✓		✓	Quarterly spend & allocation of costs review against budget
Budget Outturn		✓							Annual actual review of financial pension fund spend against the previous year's budget
Committee Annual Training Plan Update								✓	To be completed following each Scheme year for subsequent inclusion in the Fund's AR&A
Training Item relevant to agenda	✓	✓	✓	✓	✓	✓	✓	✓	To be consistent with Members training & development strategy

Members Hand Book				✓					Hyman's standard Member Hand Book
Committee effectiveness review				✓					4 year plan last raised with the Committee on 12/12/2018. The Committee should also compare itself against its own core functions.
Forward Work Plan Review		✓		✓		✓		✓	Quarterly review of Committee's work plan. Officers to update the next Scheme year's plan with annual reviews undertaken in calendar Q2
GOVERNANCE - Fund Specific									Comments
Scheme Legal, Regulatory & Fund update		✓		✓		✓		✓	Quarterly update by the Head of Pensions
Review of Risk Register		✓		✓		✓		✓	Quarterly review. Request risks to be added & changes made by Board prior to Committee approval. Redesign register on publication of code of practice
Updates & comments on the previous Committee & Board meeting minutes	✓	✓	✓	✓	✓	✓	✓	✓	Amongst other purposes Members should use the minutes to identify risks which can be added to the risk register
LPB Annual Report - Review recommendations		✓							Ensure that Committee minutes during the past year have either actioned the recommendations, or commented on why the recommendations were not accepted
Review Governance Compliance Statement				✓					4 year plan last approved on 30/03/2021.

Review tPR Code of Practice 14 annual internal assessment		✓						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
Review Fund Training Programme						✓		Complete 4 year training plan last approved on 16/12/2021. Annual reviews undertaken in Q4 each year
Actual Valuation		✓		✓		✓	✓	Valuation 2022 timetable a) Q1 '22 - Assumption setting, b) Q2 '22 - Data submitted & Council rate set, c) Q4 '22 - Preliminary results, whole Fund & by employer & FSS Consultation d) Q1 '23 - Valuation sign off & FSS finalised & e) Q2 '23 New rates implemented
Club Vita update				✓				As at 31st August each year & to be submitted by 1st week of October to Hymans. Purpose - statistical analysis
Review the Fund's Annual Report & Accounts		✓						Annual Report & Accounts to be completed by 30th September & published by statutory deadline of 1st December
Approve Internal Audit Report scope						✓		Annual review - In 2022/23 - Report 1: Brunel Cost Savings, Report 2: Key Financial Controls, Report 3: Payroll Reconciliation.

Monitor Internal Audit Report				✓				✓	Audit recommendations actioned
Monitor External Audit Report				✓				✓	Audit recommendations actioned
Input to Annual External Audit Plan						✓			Committee to liaise with the Audit Committee concerning the scope of Council's AR&A's audit
Input to Annual Internal Audit Plan						✓			Committee to commission it own internal audit plan & liaise with the CLT/Audit Committee concerning the SWAP audit scope
Treasury Strategy	✓								Annual review of strategy. To include performance report of short-term cash investments & setting of preferred bank account balance to maintain business cashflow needs
Review service providers. Include advisor appointments, processes, controls & SLAs						✓			Committee to receive an annual update from the Board on the effectiveness of the Fund's advisers
Review internal SLA effectiveness, processes & controls						✓			Covers services connected with the Wiltshire Council recharge. Namely, Legal, Procurement, IG, Payroll, Treasury Management, Internal & External Audit, Democratic Services, FM, ICT, HR & Communications
Review Actions from previous meetings	✓	✓	✓	✓	✓	✓	✓	✓	Addressed primarily during pre-meeting planning meeting
GOVERNANCE - Fund Plans, policies & strategies									Comments

Review Business Plan								✓	3 year plan last approved on 05/04/2022. Interim review due on 23/03/2023
Review Pension Administration Strategy		✓							3 year plan last approved on 17/12/2019
Review Communication strategy								✓	3 year plan last approved on 16/12/2021. E-communication strategy update and customer service assessment
Review Data Improvement Plan								✓	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		✓							2 year plan last approved on 17/12/2019
Review Admin Authority Discretions									3 year plan last approved in 30/03/2021. No review required in 2022/23
Review Cessations policy									3 year plan last approved in 17/12/2020. No review required in 2022/23
Review Funding Strategy Statement				✓					3 year plan last approved on 17/12/2019. Next Fund Valuation 31/03/2022
Review Compliance with FRC stewardship code							✓		Last approved on 05/04/2022. Annually - Consider TCFD requirements as part of the process
Review Investment Strategy Statement					✓				3 year plan last approved on 30/03/2021 (Ensure inclusion of MiFID II arrangements)

Responsible Investment Plan					✓				To be reviewed in conjunction with the Investment Strategy Statement. To cover Climate Change Statement.
Review Fund "Responsible Investment Strategy"					✓				To be reviewed in conjunction with the Investment Strategy Statement. To cover Climate Change Statement.
ADMINISTRATION									Comments
Review Fund fraud risk prevention and mitigation measures								✓	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				✓					Also cover Cyber Security reporting on an annual basis. Cyber security last reviewed 16/12/2021
Receive an annual report of an complaint & IDPR cases, including a review of the Fund's procedures		✓							Covered in Low Volume Performance Report. To be managed by LPB with issues submitted to the Committee on an exceptions basis
Review of Data Security & Business Recovery						✓			Report set out the arrangements in place & when they were last tested. BCP last reviewed 26/03/2020. Sept. 21 Interim GDPR document updates
Review GMP Rectification		✓				✓			Regular update concerning SAP & Altair database reconciliation. To consider migration to new payroll system.

Committee KPIs to monitor		✓		✓		✓		✓	Quarterly Administration performance reporting. Including outsourced backlog KPIs
Benchmark KPIs in Annual Report & Accounts information with other Funds								✓	Annual Report & Accounts must be disclosed each 1st December
Review of Annual Benefit Statement process						✓			Percentage issued, action plan to issue outstanding ABSs, if required
Review employers compliance (data)						✓			Ideally incorporate with ABS review process & update on Fund's Data Improvement Plan. Establish Report Cards
Employer Engagement Update								✓	Update Committee on the implementation of an employer engagement strategy
Payroll migration, i-Connect & Members Self-service update				✓					Present as part of a Fund digital platform update. Progress report on take up and functional developments
INVESTMENT PERFORMANCE & RISK									Comments
Investment Quarterly Progress Report	✓		✓		✓		✓		Provided by each Investment Manager & the Investment Adviser, Mercer, who summarise the information and offer independent assessment of the market generally
Review Investment performance against Fund's benchmarking criteria	✓		✓		✓		✓		To be presented quarterly and in conjunction with the draft Annual Report & Accounts

Investment Strategy Review / Asset Allocation Review	✓		✓		✓		✓		Quarterly review of strategy, plus an annual document last updated in 30/03/2021. To cover topical changes relating to BPP & ESG
Review individual employer investment strategies	✓								Monitoring the alternative investment strategy for certain employer, not covered by the main strategy
Governance update relating to BPP	✓		✓		✓		✓		Quarterly (generally verbal) update on Brunel governance and operational issues
Cost transparency of BPP, Managers & the Custodian		✓							To be presented in conjunction with the draft Annual Report & Accounts

Total number of Agenda Items	10	18	7	19	11	20	7	19
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