

AGENDA

Meeting: Wiltshire Pension Fund Committee
Place: Kennet Room - County Hall, Bythesea Road, Trowbridge,
BA14 8JN
Date: Thursday 10 October 2024
Time: 10.00 am

Please direct any enquiries on this Agenda to Ben Fielding - Senior Democratic Services Officer of Democratic Services, County Hall, Bythesea Road, Trowbridge, direct line: 01225 718656 or email: Benjamin.fielding@wiltshire.gov.uk

Press enquiries to Communications on direct lines (01225) 713114/713115.

This Agenda and all the documents referred to within it are available on the Council's website at www.wiltshire.gov.uk

Membership:

Voting Membership

Wiltshire Council Members:
Cllr Richard Britton (Chairman)
Cllr Gavin Grant
Cllr Gordon King
Cllr Stuart Wheeler
Cllr Robert Yuill

Substitute Members

Cllr Sarah Gibson MP
Cllr Carole King
Cllr Christopher Newbury
Cllr Ian Thorn

Swindon Borough Council Members

Cllr Kevin Small (Vice-Chairman)
Cllr Vijay Manro

Employer Body Representatives

Jodie Smart
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](#).

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For assistance on these and other matters please contact the officer named above for details

Items to be considered

Time

PART I

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

1 **Apologies** 10.00am

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

2 **Minutes** (Pages 7 - 12)

To approve and sign as a true and correct record the Part I (public) minutes of the previous meeting held on 19 September 2024.

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 Arising from Previous Meeting(s)** (Pages 13 - 14)

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

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

To receive the Part I (public) minutes of the meeting of the Local Pension Board held on 23 September 2024. To review the summary of the recommendations made by the Board.

Please note that this report will follow as a supplementary paper.

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 **Thursday 3 October 2024**, 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 **Monday 7 October 2024**. 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 **Welcome to the Actuarial Consultants** (Pages 15 - 30) **10.10am**

Barnett Waddingham actuarial team will provide updates to the Committee covering the following items:

- a) Introducing Barnett Waddington
- b) Section 13 GAD Report
- c) Valuation 2022 results
- d) Valuation 2025 – pre-valuation plan

Please note that Appendices 1 & 3 will be provided on the day.

9 **Headlines and Monitoring (HAM)** (Pages 31 - 62) **11.00am**

A report for the committee's ongoing oversight of:

- Scheme, Regulatory, Legal and Fund Update
- Health Check Dashboard – To 30 September 2024
- Administration update
 - a) Administration KPI update – 1 April 2024 to 30 September 2024
 - b) An update on the issuance of the Fund's ABSs & PSSs
- Risk Register
- Audit update – SWAP KC actions

10 **Key Financial Controls** (Pages 63 - 68) **11.20am**

An update by the Investment and Accounting Team Lead concerning the operational accounting arrangements.

11 **Employer Under Performance Charging** (Pages 69 - 72) **11.30am**

The Employer Funding & Risk Lead will present a paper covering the Fund officers proposed administration charging strategy.

12 **Covenant Risk Document** (Pages 73 - 82) **11.40am**

The Employer Funding & Risk Lead to update members on the progress of the covenant review and provide Councillors with a

simplified Covenant Risk document of answers to questions they may experience at Town & Parish Council meetings.

13 **Constitutional Amendments** (Pages 83 - 98) **11.50pm**

A two-part update by Democratic Services the Fund Governance Manager on proposed changes to the Council's constitution and associated documents.

- a) Democratic Services – proposed changes to the Council's constitution
- b) Fund officers – Equivalent changes to Committee's terms of reference and Governance Compliance Statement

14 **TPR Breach Policy** (Pages 99 - 108) **12.00pm**

An update by the Fund Governance Manager on changes to the Fund's TPR Breach Policy requiring approval.

15 **Committee Forward Work Plan** (Pages 109 - 110) **12.10pm**

To review the work plan for the Committee.

16 **Date of Next Meeting(s)**

To determine the date of the next Committee meeting dates:

- Investment focused meeting 21 November 2024
- Administration focused meeting 12 December 2024

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** **12.15pm**

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 20 – 22 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.

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** *(Pages 111 - 120)* **12.20pm**
- To approve and sign as a true and correct record the Part II (private) minutes of the previous meeting held on 19 September 2024.
- 20 **Review of the Part II Minutes of the Local Pension Board**
- To consider the Part II (private) minutes, and recommendations arising, from the last meeting of the Local Pension Board held on 23 September 2024.
- Please note that this report will follow as a supplementary paper.
- 21 **Integrated Payroll System Update** *(Pages 121 - 122)* **12.30pm**
- The Pension Administration Lead will present a payroll migration update.
- 22 **Integrated Immediate Payments Update** *(Pages 123 - 124)* **12.40pm**
- The Pension Administration Lead will present immediate payments update covering Oracle reporting & debt recovery arrangements.

Wiltshire Pension Fund Committee

MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 19 SEPTEMBER 2024 AT KENNET ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

Present:

Cllr Richard Britton (Chairman), Cllr Kevin Small (Vice-Chairman), Cllr Gavin Grant, Cllr Gordon King, Cllr Vijay Manro, Cllr Stuart Wheeler, Cllr Robert Yuill, Mike Pankiewicz, Jodie, Karl Read, Fletcher and Cllr Nick Botterill

Also Present:

Karl Read, Anthony Fletcher and Cllr Nick Botterill.

82 **Apologies**

Apologies for absence were received from Claire Anthony and Lizzie Watkin.

83 **Minutes**

The minutes of the meeting held on 11 July 2024 were presented for consideration, and it was,

Resolved:

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

84 **Declarations of Interest**

There were no declarations of disclosable interests.

85 **Chairman's Announcements**

The Chairman noted that at the last Committee meeting feedback had been requested from Members to align the constitution with the practice of two separate themed meetings taking place rather than one large general Committee meeting. No comments had been received, therefore the Chairman and Members now happy to proceed with the required changes.

86 **Review of Actions Log**

The Committee reviewed the actions which had arisen from previous meetings.

87 **Public Participation**

No statements or questions were submitted.

88 **Investment Manager**

Jennifer Devine, Head of Wiltshire Fund introduced the Fund's new Investment Management Consultant, Redington.

The Fund were joined by Kieran Harkin (Managing Director) and Charlie Sheridan (Vice President) from Redington, who expressed that they were happy to be working with the Wiltshire Pension Fund. Mr Harkin noted that he had previously worked alongside the Wiltshire Pension Fund in another advisory role for four years which concluded with the 2022/23 Investment Strategy Review. It was outlined that Redington had a significant back-office team and would deliver advice linked to the Fund's aims, particularly with sustainability and member engagement. An overview of the work of Redington was provided including examples.

Following the introduction, there was time for the Committee to ask questions and raise points, which included but were not limited to a request for Redington's initial observations of the Wiltshire Pension Fund and an overview of their relationship with the Brunel Pension Partnership. It was also clarified that the appointment of Redington would be for a five-year period, with the working relationship of the Fund and Redington also discussed. Detail was also provided on Redington's views on NetZero.

89 **Fund Annual Report and Accounts**

Chris Moore, Investment and Accounting Team Lead presented the draft Fund Annual Report and Accounts 2023/24. The presentation covered the following points including but not limited to that the report aimed to be as engaging as possible with the inclusion of case studies. Reference was also drawn to the process of auditing accounts, with it further noted that at the previous Committee meeting, the Committee had approved the Going Concern Report. It was outlined that a further mini-magazine and one page summary would be produced for engagement purposes.

The Committee discussed the report with feedback provided that the document was attractive, informative and accessible. Clarity was provided regarding costs savings from Pooling table on page 100 of the agenda pack, with it suggested that the figures reported by the Fund were different to that of Brunel. Officers clarified that the figures reported by Wiltshire were consolidated by Brunel to report a pool wide total.

A discussion took place regarding the audit programme, which included that the Fund was now working with new auditors, Grant-Thornton and that their requests and sample list had been long, therefore creating extra work for the team. It was further outlined for the accounts going back to the year ending 2020, these accounts were still outstanding and waiting to be signed, with the Fund having previously answered all queries raised, with further queries being raised. Cllr Nick Botterill, Cabinet Member for Finance, Development

Management and Strategic Planning explained that delays experienced on the unsigned accounts was due to the Council waiting for an asset valuation company to complete the valuation of assets.

The reputational risk to the Wiltshire Fund was discussed because of the delays, with it suggested that Deloitte no longer wanted to conduct local authority audits. Assurance was provided that this had been repeatedly flagged for concern to the Section 151 Officer, who had attempted to drive the process forward by contacting organisations involved.

At the conclusion of debate, it was,

Resolved:

The Committee agreed to approve the proposed publication of the unaudited annual report and accounts 2023/24 and summary documents, and authorised officers to make any necessary minor amendments following the conclusion of the audit.

90 **Responsible Investment Update**

Chris Moore, Investment and Accounting Team Lead presented a report on the Funds responsible investment activities. The presentation covered the following points including but not limited to that this was a regular report on the actions of the Responsible Investment Plan for the year that showed many tasks green rated for progress and contained links to publications and case studies. It was noted that the phrase “Levelling Up” had now been dropped and therefore the report planned would be rebranded as an “investing in the UK” report, with research taking place to identify case studies.

The Committee discussed the update, with a discussion taking place on the consultation and engagement of younger members. It was outlined that though the Fund had attempted to run a focus group, only one member under the age of thirty signed up to attend. Furthermore, a review of the Member section of the Fund website was set to take place with this potentially being tailored to new joiners which might tap into the younger demographic. A point was raised that it would be important to understand how young people would like to be communicated with rather than the Fund thinking on their behalf. Possible ideas to improve engagement included speaking to unison, local universities and colleges.

At the conclusion of debate, it was,

Resolved:

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

91 **Responsible Investment Policy**

Jennifer Devine, Head of Wiltshire Fund presented the Fund's updated Responsible Investment policy. The presentation covered the following points including but not limited to that a covering paper had been included within the agenda that covered the main changes within the policy. It was outlined that structurally the policy aimed to state who the Pension Fund was, what it was trying to achieve and then detail of how it would achieve this.

The Committee discussed the report with clarity provided on impact investing statement, that the committee has not and will not sacrifice long term investment returns when achieving impact investing objectives. A discussion took place regarding how the differing age demographics within the Fund may have different perspectives and desires for investments, with it referenced that those under 30 years old tended to be more worried about environmental and social impacts. The level of risk involved with investing in oil and gas companies was discussed.

The separation of the policy from the Fund's Investment Strategy Statement (ISS) was discussed, with it suggested that it would be positive for the integration of the documents to be made obvious. It was suggested by officers that the reason for the separation of the documents was to highlight the strong work being conducted in this area by the Fund and that separation would allow for frequent updating.

At the conclusion of debate, it was,

Resolved:

The Committee agreed to approve the Responsible Investment Policy 2024.

92 **Date of Next Meeting**

The dates of the next meetings were confirmed as:

- Administration focused meeting 10 October 2024
- Investment focused meeting 21 November 2024

93 **Urgent Items**

There were no urgent items.

94 **Exclusion of the Public**

It was,

Resolved:

To agree that in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the business specified in Minute Numbers 14 - 18 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.

95 **Minutes**

The private minutes of the meeting held on 11 July 2024 were presented for consideration, and it was,

Resolved:

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

96 **LGPS Pension Review**

Jennifer Devine, Head of Wiltshire Fund presented a paper concerning the Government's proposed LGPS Pension Reforms.

At the conclusion of debate, it was,

Resolved:

The Committee:

- a) Discussed the potential changes resulting from the pensions review and decided on a "house view".
- b) Discussed and approved the draft response to the call for evidence.
- c) Delegated to the chair, in consultation with officers, to make any decision on how to respond to any consultation about or participation in the pensions review where timescales prevent involvement of the full Committee.
- d) Delegated the production of a cover letter for the response, to be signed off by the Chairman and Vice-Chairman of the Wiltshire Pension Fund Committee summarising the principles discussed under this agenda item.
- e) Instructed that the submission and cover letter be sent to other local authority members of the Brunel Pension Partnership.
- f) Instructed that the submission and cover letter be sent to the Chairman and Chief Executive of the Brunel Pension Partnership to remind them of Wiltshire Pension Fund's status and what the Fund expected of them when formulating their response to reflect the views of the shareholders of the Brunel Pool Fund.

The Chairman called the meeting to a break at 11.41am and then resumed the meeting at 11.46am.

97 **Quarterly Investment Update**

Chris Moore, Investment and Accounting officer presented a report on the Fund quarterly investment performance.

At the conclusion of debate, it was,

Resolved:

The Committee agreed to:

- a) Use the investment reports 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.
- b) Defer approving the direction of travel around investing locally;
- c) Approve that a training session is arranged on the topic of social/local investment.

98 **Investment Manager Fees and Costs**

Chris Moore, Investment and Accounting officer provided an update on Investment Advisor fee costs.

At the conclusion of debate, it was,

Resolved:

The Committee agreed to use the report as a basis to monitor the Fund's investment management fees and costs for the year to 31 March 2024.

99 **Brunel Governance Update**

Jennifer Devine, Head of Wiltshire Fund provided a verbal update summarising the ongoing Brunel governance arrangements.

(Duration of meeting: 10.00 am - 1.00 pm)

The Officer who has produced these minutes is Ben Fielding - Senior Democratic Services Officer of Democratic Services, direct line: 01225 718656 or e-mail:

Benjamin.fielding@wiltshire.gov.uk

Press enquiries to Communications, direct line 01225 713114 or email

communications@wiltshire.gov.uk

Agenda Item 5

Wiltshire Pension Fund Committee - Actions Log					
Minute reference	Section	Meeting Action	Task owner	Target date for completion	Date completed
27 (28/03/24)	Governance (Audit)	The Committee agreed to extend the completion of the KPI audit recommendations to 30 June 2024	JF	11/07/2024	11/07/2024
33 (28/03/24)	Scheme Employers (Covenant Risk)	For Officers to provide Councillors with a simplified Covenant Risk document of answers to questions they may experience at Town & Parish Council meetings	MA	10/10/2024	Agenda
66 (11/07/24)	Administration (Charging)	Officer to produce an administration charging paper for consideration by members.	JF	10/10/2024	Agenda
67 (11/07/24)	Governance (Risk Management)	To develop a plan to align & embed the Fund's current operational risk register with Wiltshire Council's over the next 12 months, taking account of internal audit recommendations and to advise members of its implementation	RB	11/07/2025	
96 (19/09/24)	Investment (Local Investment)	To receive confirmation that all instructions in relation to the Pension Review submission and cover letter have been sent to other local authority members and the Brunel Pension Partnership	JD	21/11/2024	
97 (19/09/24)	Investment (Local Investment)	To consider approving the direction of travel around investing locally to a late meeting.	CM	27/02/2025	
97 (19/09/24)	Investment (Training)	To receive a training session on the topic of social/local investment	CM	12/12/2024	

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Agenda Item 8

Transition and 2025 Valuation Project Plan

Key	
Wiltshire Pension Fund	
Barnett Worthingham team	
Wiltshire/BW	
Hymans Robertson	
Employers	

See link for meeting dates

<https://onms.wiltshire.gov.uk/tdl/tdlMeetings.aspx?Act=atree&CId=142&D=202407111000&D=tdlmeetings>

	Member Data	Cashflow Data	Results	Documentation	Meetings	Interaction with employers	Comments
May-24	BW to request membership data as at 31 March 2022	BW to request cash flow and individual employer asset data as at 31 March 2022	BW to request Fund and employer 2022 valuation results and post-2022 results	BW to request other relevant information			Fund to provide Data Sharing Agreement
Jun-24	Fund to provide membership data requested						
Jul-24	Hymans to provide data requested in initial transition data request	Hymans to provide data requested in initial transition data request	Hymans to provide data requested in initial transition data request	Hymans to provide data requested in initial transition data request	29 July meeting with various advisers and Fund representatives Meeting to discuss transition/data quality		
Aug-24					Meeting to discuss progress on transition		
Sep-24	BW to check data and attempt to replicate 2022 employer valuation results using not-final data BW to issue queries to Hymans relating to 2022 valuation data provided				BW/Fund kick off valuation meeting on 19 September and to discuss changes to funding approach	Employers complete the questionnaire for the employer covenant review	From contract commencement, BW and the Fund will be having regular monthly catch up calls, along with fortnightly Richard/Mel calls, which will incorporate regular valuation discussions
Oct-24	Fund to send membership data as at 31 March 2024 and longevity data (from 1 April 2019 to 31 March 2024)	Fund to send employer cashflow data for year to 31 March 2023 and 31 March 2024	BW to carry out member movements analysis for the two years to 31 March 2024 BW to request 2024 accounting disclosures	BW to set up employers on LGPS Manage LGPS Manage - confirmation of internal transfers to date	Pre valuation meeting - to agree timetable and key 'staging posts' in valuation process, as well as discussing any changes to funding strategy and covenant approach		
Nov-24	Hymans to provide further responses relating to 2022 valuation data BW to carry out membership data cleanse as at 31 March 2024	BW to carry out cash flow review for 2023 and 2024 against member data	Hymans to provide further data requested including August 2024 accounting	Hymans to provide any further data or information requested	Committee meeting on 21 November: training for Committee/Board on valuation approach Employer forum 22 November	Consider approach to self-insurance/IHU for protection benefits	
Dec-24			Fund to provide details on long-term investment strategy to feed into assumption setting process	BW to provide summary report on 2022 valuation reconciliation		Fund may be required to engage with employers to get LGPS Manage items agreed Fund to confirm the covenant review gradings to employers in their scorecards.	Consider early draft of revised FSS to take account of any proposed changes to funding strategy as part of 2025 valuation
Jan-25			Employer covenant review at 31 December 2024 to feed into funding strategy				
Feb-25				Agree and document approach to employer covenant review for 2025	Fund/BW to liaise with investment adviser on expected returns and discount rate	Engage with relevant employers following employer covenant review	
Mar-25				Agree and document approach to climate change modelling for 2025	20 March Committee meeting		
Apr-25				LGPS Manage - Confirmation of employer events to 31 March 2025 (new employers, cessations etc)			
May-25		Fund to send over cashflow data for year to 31 March 2025		Method and assumptions paper (optional) - based on unsmoothed assumptions at 31 March 2025			
Jun-25							
Jul-25	Submission of 2025 membership data to Online Data Checker				Attend Pension Committee meeting on 11 July		
Aug-25	Membership data cleansing & finalise Member data submitted to GAD	BW to carry out full cashflow review for 24/25 against member data	Initial results - select employers (based on roll-forward approach)				
Sep-25	Provide draft fund accounts to 31 March 2025		Initial results - Whole Fund and individual employers (based on 2025 valuation membership data)	Initial results - Whole Fund and individual employers (based on 2025 valuation membership data) plus climate change modelling	Initial results to be discussed with Fund and possibly present at committee meeting		Please note, the individual employer results may be provided in batches as we work through them
Oct-25				Individual employer reports / Illuminate ME Draft Funding Strategy Statement updated		Meeting with Fund to discuss individual employer results	
Nov-25			Final results - individual employers			AGM and meetings with individual employers to agree contributions FSS Consultation with employers	
Dec-25	Provide signed fund accounts to 31 March 2025			Finalise Funding Strategy Statement	Possible committee meeting		BW are happy to assist at any employer briefing sessions
Jan-26			Final results - whole Fund	Draft valuation report with R&A certificate			
Feb-26				Review valuation report		Confirm post 2025 employers to include on R&A certificate	
Mar-26				Finalise valuation report and R&A certificates			
Apr-26				Valuation information provided to GAD		New contribution rates applied from 1 April 2026	

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**BARNETT
WADDINGHAM**
beyond the expected

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Wiltshire Pension Fund

Section 13 summary report

Melanie Durrant | Partner

22 August 2024



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Introduction

This paper has been requested by Wiltshire Council, as administering authority to the Wiltshire Pension Fund (the Fund).

This paper summarises the review of the actuarial valuations of LGPS funds as at 31 March 2022 as carried out by the Government Actuary's Department (GAD), under Section 13 of the Public Service Pensions Act 2013 (the Section 13 valuation) which was published on 14 August 2024¹. This paper sets out the results of this review in relation to the Fund.

For the avoidance of doubt, the formal actuarial valuation is still carried out by ourselves as the Fund actuary based on assumptions set locally and agreed with the Fund. The key objectives of the formal valuation are to check the financial position of the Fund and to set employer contribution rates for the subsequent three years. The Section 13 valuation does not directly impact employer contribution rates but is an influencing factor.

Page 19 Background

The Section 13 valuation carried out by GAD, is based on the results of the formal actuarial valuations of the 87 English and Welsh LGPS funds, as carried out by their fund actuary.

Standardised vs best estimate bases

For the purposes of comparing funding levels, GAD use a standardised basis consistent with the basis used by the Scheme Advisory Board (SAB) for comparing funds. This is not the same as the local funding basis but it is calculated by the local fund actuary. The standardised basis provides a level playing field so that funds can be compared on more of a like for like basis.

¹ Full report is published here: <https://www.gov.uk/government/publications/lgps-ew-review-of-the-actuarial-valuations-of-funds-as-at-31-march-2022>

For some of the other tests GAD undertake, they use their own "best estimate" basis across all funds which is determined by GAD. The key difference between the two is that the financial assumptions in the standardised basis is not market related or based on market conditions.

Section 13 objectives for identifying outliers

The main purpose of the Section 13 valuation is for GAD to identify any outlying funds measured against the following four aims:

- 1 Compliance** – whether, in their view, the actuarial valuation has been carried out in accordance with the Regulations;
- 2 Consistency** – whether, in their view, the actuarial valuation has been carried out "not inconsistently" with other funds;
- 3 Solvency** – whether, in their view, a fund has sufficient assets together with employer and employee contributions to pay all the benefits due over the long term; and
- 4 Long term cost efficiency** – whether, in their view, a fund is receiving sufficient contributions to meet the cost of benefits accruing and to repair any existing deficit over an appropriate period.



As part of the Section 13 valuation, GAD calculate measures to help consider the above aims and use a coloured flag system to identify any outlying funds.

Flag	Meaning
Red	A material issue that may result in the aims of Section 13 not being met. In such circumstances remedial action to ensure solvency and/or long term cost efficiency may be considered.
Amber	A potential material issue that we would expect funds to be aware of. In isolation this would not usually contribute to a recommendation for remedial action in order to ensure solvency and/or long term cost efficiency.
White	An advisory flag that highlights a general issue but one which does not require an action in isolation. It may have been an amber flag if GAD had broader concerns.
Green	There are no material issues that may contribute to a recommendation for remedial action in order to ensure solvency or long term cost efficiency.

Having been identified as an outlier, the outlying fund would be expected to put a plan in place to help improve their position.

However, this application of measures is not helpful when each is considered in isolation and a more holistic view is required. For example, a reader may conclude that significant contribution increases may be required for a particular fund at the next formal funding valuation, when in fact, this might not be the case.

Moreover, as flags usually indicate deviations from other funds this does not necessarily mean there are problems with the fund itself as each fund is different and requires a tailored approach to funding and setting contribution rates. Some funds will also have seen an improvement on individual measures, but this categorising does not provide that level of detail, and therefore where improvements have been made, they are not necessarily recognised as improvements.

Summary of overall results

Most funds reported a funding level improvement at 2022 compared to 2019, with an aggregate funding level of 119% at 2022, compared to 109% at 2019. These funding levels are calculated on GAD's best estimate basis. The main reason for this improvement has been the asset outperformance in 2020/21, as well as the secondary (deficit reduction) contributions paid by employers.

Average total contribution rates decreased although primary rates generally increased, which reflects the increase in funding levels on funds' local funding bases. As previously noted, the Section 13 valuation is not used to set employer contribution rates but functions as a comparator between the individual LGPS funds.

Progress since 2019 review

Following the 2019 valuation, GAD made a series of recommendations to be considered as part of the 2022 valuation. We have summarised the 2019 recommendations and the noted progress made on each. Please note these are not specific to the Fund.

1. SAB should consider the impact of inconsistency, particularly regarding academy conversions and assessing impact of McCloud.
 - SAB have prepared guidance on academy conversions; more detail is provided in the Consistency section below. In relation to McCloud liabilities, all funds quantified the estimated impact as a percentage of liabilities on the dashboard. Regulations to equalise for McCloud remedy have since been introduced, therefore GAD make no further recommendations in this area.
2. SAB should consider how funds should ensure their deficit recovery plan can be demonstrated to be a continuation of the previous plan.

- SAB is engaging with stakeholders to update guidance on Funding Strategy Statements (FSS) and the inclusion of principles underlying deficit recovery plan. New guidance should be out later this year which we will incorporate as part of the next FSS review.
3. Fund actuaries provide additional information about total contributions, discount rates and reconciling deficit recovery plans in the dashboard.
 - This was provided and noted.
 4. SAB should review asset transfer arrangements from local authorities to ensure appropriate governance to achieve long term cost efficiency.
 - Not aware of any new asset transfers arrangements put in place. SAB intend to consider this point as part of their review of the FSS guidance.

In the 2019 report, GAD also made a general risk comment about acknowledging the strain of the pension fund on local authority budgets and resources and the possibility of increased pension contributions in the future. GAD noted that they understand that administering authorities are generally aware of these risks and have factored this into the principles for setting contributions, with a particular focus on stability.



Key findings under the four aims

The following section summarises each of GAD's objectives and the key takeaways for each as part of the 2022 review.

Compliance

GAD reported that all LGPS actuarial valuation reports complied with Section 13, meeting the requirements of the LGPS Regulations.

Consistency

GAD did not raise any flags for any fund under the objective of consistency.

GAD's interpretation of the consistency requirement (or lack of inconsistency) is such that valuations should have "consistent" rather than "not inconsistent" assumptions unless local circumstances justify something different.

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GAD reports on two types of consistency criteria:

- Presentational consistency:** Information may be presented in different ways in different reports, and sometimes information is contained in some reports but not others, so readers may have difficulties in locating the information they wish to compare. GAD call this presentational inconsistency and expect this to include sufficient rationale.
- Evidential consistency:** When the reader has located the relevant information (e.g. funding levels), differences in the underlying methodology and assumptions mean that it is not possible to make a like for like comparison. GAD call this evidential inconsistency. They believe that local circumstances may merit different assumptions, but wherever possible, information should be presented in a way that facilitates comparisons.

Compared to 2019, GAD believe presentational consistency has improved due to the additional dashboard information provided. However, GAD's view is that there is no indication of any significant improvement in evidential consistency since the 2019 valuation.

As expected, there are differences in financial and demographic assumptions across LGPS funds. This is valid and appropriate as funds have different investment strategies, which affects the assumed discount rate, and different membership profiles, which affects the demographic assumptions.

The report does acknowledge that assumptions can be expected to vary between funds and that this is not a problem in itself as long as the local circumstances driving the assumptions are made transparent.

GAD advised that the valuation dashboard should be reviewed again prior to the 2025 valuation to consider if any additional information should be provided. BW will be part of that review process.

The report also puts a strong focus on emerging issues where consistency between the funds is considered to be useful and dialogue between actuarial advisors is encouraged. The main issues addressed were climate risk, treatment of academies, and the emergence of surpluses.

Climate risk

It was noted that significant progress had been made to improve consistency in the presentation of climate risk since 2019. This is due to the engagement with the fund actuaries and DLUHC (now renamed the Ministry of Housing, Communities & Local Government (MHCLG)) to agree broad principles on which to base the analysis. Of the 87 funds, 82 carried out climate risk analyses in line with these broad principles. The Fund was included in the 82 funds.



MHCLG has consulted on proposals for new requirements in line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) but has not yet responded. GAD strongly promote the further development of climate risk analysis and its integration in decision-making by funds. The broad principles will be reviewed in advance of the 2025 valuation which BW will also feed heavily into.

Academies

GAD continue to mention the known inconsistencies around academy conversions between funds. A working group was set up to consider this issue and SAB have produced guidance on academy conversions but funds continue to take different approaches.

It is a complicated issue and in our view, this commentary falls outside the remit of the Section 13 valuation.

Surpluses

GAD are encouraging SAB's Funding Strategy Statement (FSS) working group, to consider consistency of how LGPS funds may approach the use of any surplus when reviewing the FSS guidance.

GAD recommendations

GAD made two formal recommendations in the Section 13 report.

Recommendation 1

"We recommend that the Scheme Advisory Board consider whether greater consistency could and should be achieved to allow easier comparison between funds and better understanding of risks."

Recommendation 2

"We recommend that the Scheme Advisory Board continue to consider emerging issues and, where appropriate, whether guidance would be helpful to support greater consistency."

"As part of great consistency on climate risk, we recommend that work continues to refine the climate change principles document in advance of the 2025 fund valuations."

BW recommendations to the Wiltshire Pension Fund

GAD have made a number of recommendations within the report which link into the two formal recommendations. These include reviewing the valuation dashboard in advance of 2025, reviewing the FSS guidance and reviewing the approach to climate risk analysis.

We are already engaging with GAD on these subjects or sit on the relevant working groups. We consider the valuation dashboard to be a useful addition to the valuation report but we do not foresee a significant number of changes at 2025.

We are happy to feedback any of your comments into those reviews.



Solvency

Where a fund achieved a green flag on solvency, this demonstrates that, in GAD's opinion, the fund's assets and contribution levels should be sufficient to meet all the benefits over the long term. Most funds demonstrated they met the objective of solvency, with 76 out of the 87 funds as at 2022 achieving green flags across all measures. This has slightly improved since 2019 and no fund received an amber or red flag so no action in isolation is required for any fund.

The Fund received all green flags on solvency measures.

The measures used are the following:

- *SAB funding level:* The SAB funding level for the Fund has improved (from 111.6% in 2019 to 115.3% in 2022). The Fund received a green flag. White flags were awarded to the five funds with the lowest funding levels. For funds with white flags, GAD expected no specific action other than a general review.

Non-Statutory Employees: The proportion of active members employed by employers without tax raising powers or statutory backing. This is a proxy for the proportion of higher risk employers and therefore liabilities the fund has, as these employers do not have any form of guarantee. A low percentage is a good result as it means the fund is less exposed to default risk from employers who may not be able to pay any shortfall if they leave the fund or become insolvent. **The Fund received a green flag.**

- *Asset shock:* This measures the change in the average employer pension costs (as a percentage of what is called "core spending") if there was a fall in markets and the fund's "growth" assets – essentially non-bonds - fell by 15% and never recovered. A lower percentage is regarded as good here as it indicates that employer contributions are more resilient to market volatility. **The Fund received a green flag.**

- *Employer default:* This is the change in average employer contributions if all employers without tax raising powers/statutory backing cannot repay their deficit amount as calculated at the 2022 valuation. A low percentage means the fund is less exposed to the default of more risky employers and the impact on employer contribution rates would be low. **The Fund received a green flag.**

The results for the Fund are set out below:

SAB Funding level	Non-Statutory employees	Asset shock	Employer default
115.3%	4.0%	2.4%	N/A - Surplus

GAD chose not to engage with funds that received a white flag for *SAB funding level* as it is a purely relative measure and the actual overall improvement in funding levels was a positive outcome. Please see the Appendix for the distribution of the individual SAB funding levels of all funds.

GAD recommendations

GAD did not make any specific recommendations under their solvency objective.

Long term cost efficiency

Where a fund achieved a green flag under *Long Term Cost Efficiency*, this demonstrates that the contributions being paid are, in GAD’s view, sufficient to meet the cost of benefits accruing and to repair any deficit over an “appropriate period”. In particular, it demonstrates the fund is not deferring payments excessively so that they unfairly impact future generations.

In 2022, three funds received an amber flag in relation to long term cost efficiency, with four funds receiving a white flag. At 2019, four funds received an amber flag and 18 received at least one white flag.

The Fund received all green flags in terms of long term cost efficiency.

The measures used are the following:

- *Implied deficit recovery period:* This measures the time it will take to pay off the Section 13 best estimate deficit at the current level of deficit contributions. **The Fund received a green flag.**
- *Required return:* This determines the return the fund’s assets need to achieve to be fully funded in 20 years time on the Section 13 best estimate basis. A lower required return means a lower bar for the fund to exceed and so a greater chance of doing so. **The Fund received a green flag.**
- *Repayment shortfall:* The difference between the fund’s actual total contributions (primary and secondary) and the total contributions that GAD calculate on a best estimate basis. This measures the affordability of the best estimate deficit and the higher this figure is the better. **The Fund received a green flag.**
- *Return scope:* The estimated return that the fund’s investment strategy is expected to deliver, in excess of the required return. **The Fund received a green flag.**
- *Deficit reconciliation:* This is a check on whether the current deficit recovery period is a continuation of the previous deficit recovery period. **The Fund received a green flag.**

The results for the Fund are set out below, alongside the rank (where relevant) amongst the other LGPS funds:

Implied deficit recovery period (GAD basis)	Required return	Repayment shortfall	Return scope	Deficit reconciliation
Surplus	3.0% (Rank 34)	Surplus	1.6% (Rank 39)	Green

Deficit reconciliation

In the report, GAD comment that administering authorities should aim to, where possible and appropriate:

- maintain the levels of contributions and/or
- reduce deficit recovery periods by maintaining the end point of the recovery period.

GAD noted that most funds maintained their deficit recovery end point in accordance with the above recommendation.

Surplus considerations

Since the 2022 valuation, an emerging issue is the increase in funds with surpluses, with over 70% of funds being in surplus on their local funding basis at 2022, well over double of that seen at 2019. This is largely been driven by funds using a gilts-based discount rate, which is not the BW approach.

GAD noted that there are a range of reasonable uses of fund surpluses, namely:

- reduction in contributions
- revisions to investment strategies and
- reviewing the level of prudence used.

GAD notes that their focus will be on contribution rate outcomes and intergenerational fairness. They note that there needs to be a balance between funds:

- using up surpluses too quickly; and
- retaining large surpluses.

GAD has not flagged any funds on their utilisation of surplus at this review but note that it will be reviewed as part of future Section 13 valuations.

GAD recommendations

Recommendation 3

"We recommend that the Scheme Advisory Board consider the following:

- *Where funds are in surplus, whether additional guidance can be provided to support funds in balancing different considerations.*
- *Where deficits exist, how can all funds ensure that the deficit recovery plan be demonstrated to be a continuation of the previous plan.*
- *Whether additional guidance is required in relation to the treatment of asset transfers from local authorities."*

BW recommendations to the Wiltshire Pension Fund

A lot of LGPS funds are reporting improved funding positions and surpluses on their local funding basis since the 2022 valuation. This is largely been driven by funds using a gilts-based discount rate, which is not the BW approach.

However, GAD have provided some recommendations to funds around dealing with surpluses which should be considered as part of the 2025 valuation process. They note that there needs to be a balance between paying out surpluses too quickly and retaining large surpluses. We will pick up this issue with the Fund as part of the pre-valuation discussions and as part of the contribution rate setting process.

Conclusion

The Wiltshire Pension Fund has met all the criteria of the Section 13 valuation. The key aim of the review is to ensure that the contributions are set at a suitable level to target 100% funding, over an appropriate period, using suitable assumptions for the fund.

The Fund will shortly be considering its Funding Strategy and Investment Strategy as part of the 2025 valuation process and we suggest that the results of this review are considered. However, it is equally important to ensure that decisions taken by the Fund are taken for the right reasons and meet:

- the Fund's own objectives,
- Funding Strategy Statement; and
- Investment Strategy Statement.

Although the Section 13 valuation is a useful check on the health of the LGPS and its funds, it should not be a key driver for the Fund in making decisions.

We would be pleased to answer any questions arising from this report.

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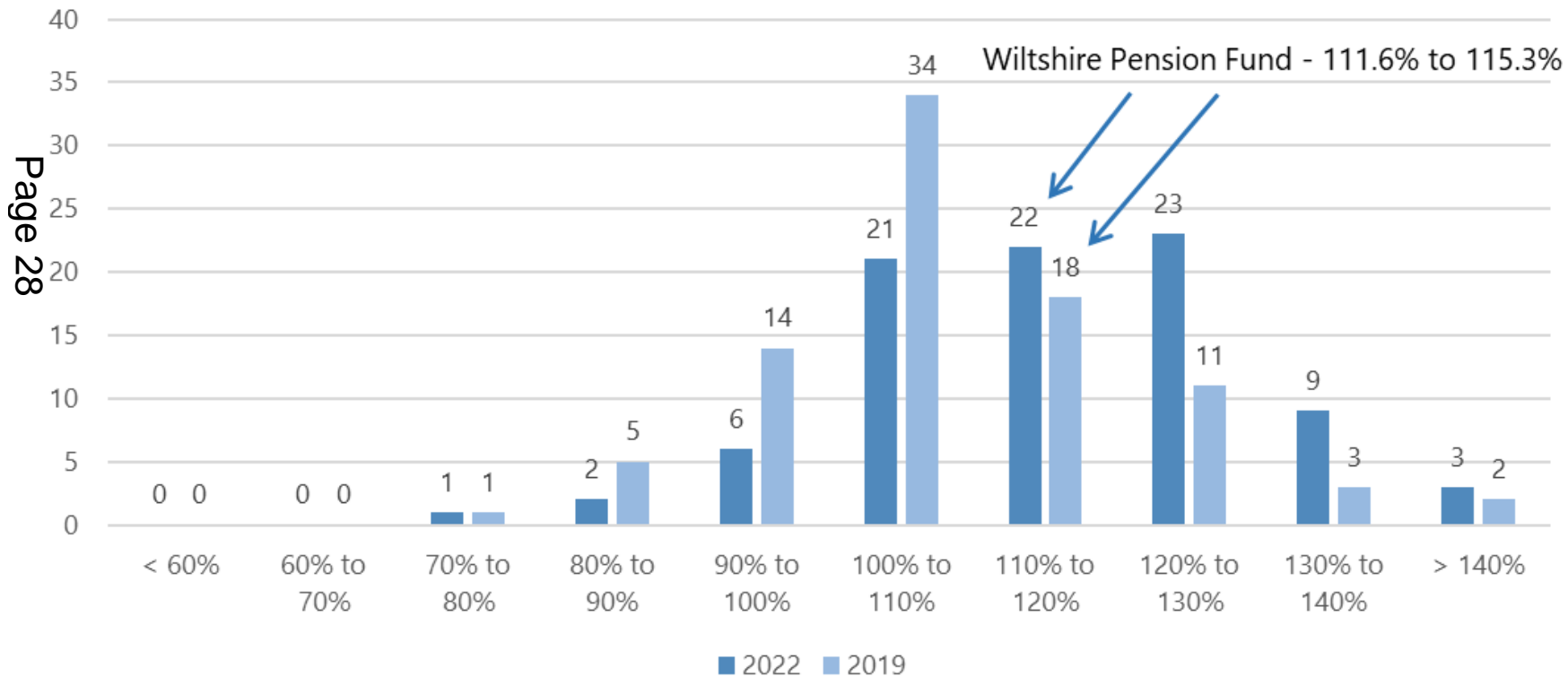
Melanie Durrant FIA CERA
Partner
Barnett Waddingham LLP



Appendix

The charts below shows the distribution of the funding levels on the SAB standardised basis at 2019 and 2022 and where the Wiltshire Pension Fund sits on each chart. The unweighted average has increased from 108% in 2019 to 117% in 2022.

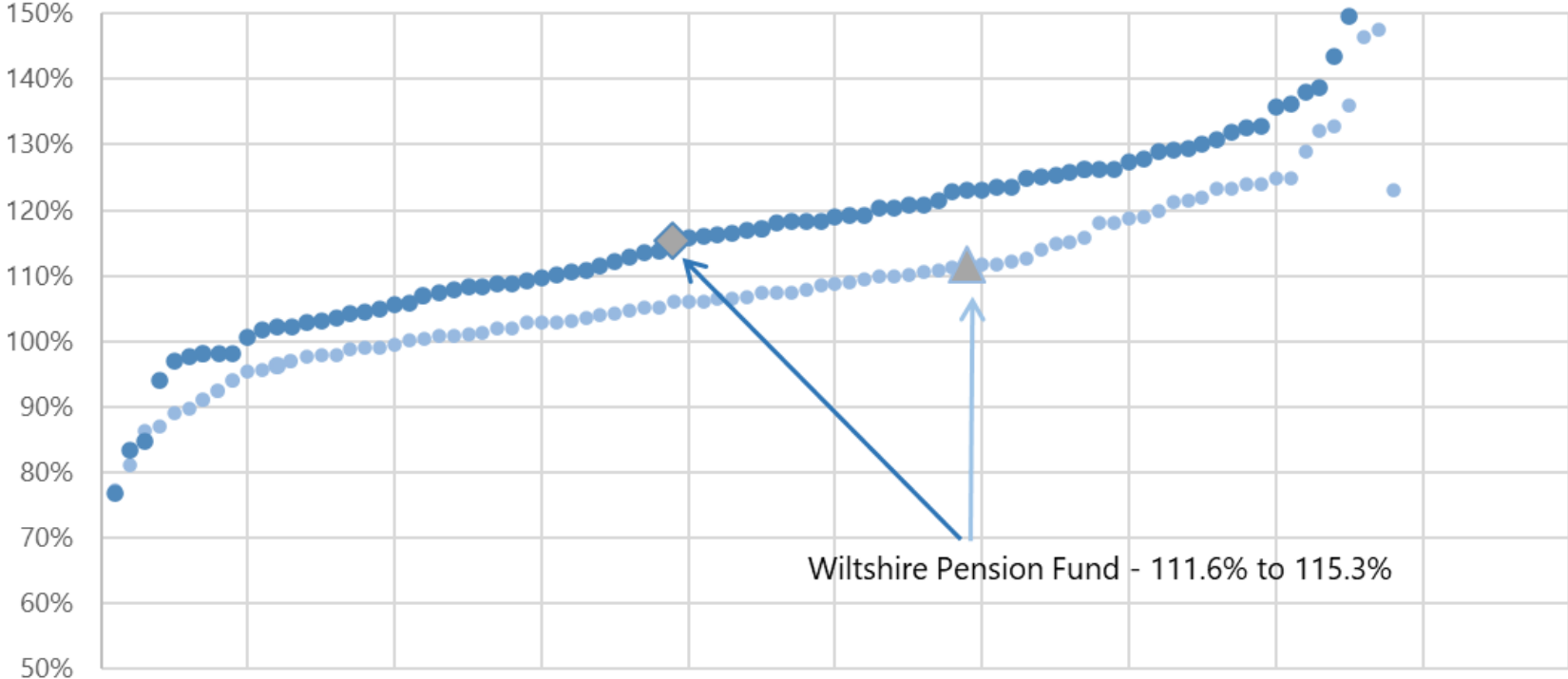
Distribution of standard funding levels (2019 vs 2022)



Source : Section 13 report



Standardised funding levels



Wiltshire Pension Fund - 111.6% to 115.3%

2019 unweighted average - 108%
 2022 unweighted average - 117%

● 2022 ● 2019

Source : Section 13 report





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However, this report is not intended to provide and must not be construed as regulated investment advice. Returns are not guaranteed, and the value of investments may go down as well as up, so you may get back less than you invest.

The information in this report is based on our understanding of current taxation law, proposed legislation and HM Revenue & Customs practice, which may be subject to future variation.

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE

10 October 2024

Unchanged text in blue

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) Headlines
 - b) Scheme, Regulatory, Legal and Fund Update
 - c) Health Check Dashboard
 - d) Risk Register
 - e) Audit update – SWAP Audit KC action log 2024/25
2. This report is intended to highlight key issues and developments. Full detail is provided in the Appendices.

Report from Head of Wiltshire Pension Fund

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

Scheme, Regulatory and Legal Update (Appendix 1)

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

Health Check Dashboard (Appendix 2)

- The Health Check Dashboard provides a snapshot of the Fund's performance against its Business Plan objectives, and these are shown under the Fund's seven pillars of customer service. Service Delivery KPIs, Investment performance, Funding level, Customer Service Excellence, Internal audit ratings, Cost per member and Staff engagement. This update provides commentary on trends from June to September.

Risk Register (Appendix 3a & b)

- The version of the risk register presented in Appendix 3 relates to the month of July 2024. However, at the Committee's request officers have also included the latest available version (the August version) in support of the July version reviewed by the Board at their last meeting.
- For members to be able to monitor the key changes between versions submitted to meetings officers have provided a summary table below. Please note that this summary provides changes reviewed by the Board at their September meeting and the summary of changes covers the period April to July. The purpose of this summary of changes is intended to assist Committee members by focusing on all the key recommended changes endorsed by the Board during the period.
- The summary of key changes between the April and July versions of the risk register are:

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

		<p>impacted the Fund's administration. This included data to the Fund's AVC provider, Prudential.</p> <p>b) Delays in the provision of information from Oracle for the Fund's Accounts team has also impacted their ability to monitor and manage the Fund's budgets and complete the year end annual accounts on a timely basis.</p>
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9. Resourcing: The Board noted a change to this risk rating area at their September meeting from Red to Amber, which was due to several staff vacancies being filled during the period particularly in the Accounting and Investment areas with only a couple of key appointments left to fill. However, since that meeting officers have altered this back to red due to the vacancies still to be filled within the Administration areas.
10. A brief summary of progress in relation to changes to the Fund's risk management framework are set out in the audit update section. To accompany that summary officers can advise that they will be holding a workshop with the Council's Corporate Support team on 14 October. The workshop is intended to cover the wording of risks, the scoring of risks and risk appetite. Following this meeting the Fund's updated risk register design will be presented to the wider management team so that they can reconsider risks within their own areas and update them by mid-November.

Administration KPIs (Appendix 4)

11. Tables 1 & 2 show the admin performance over the period from 1 July 2024 to 30 September 2024. The Admin KPI picture has improved over the period to the level we reported at the end of June 2024. The backlog has decreased by 47 cases since our last report. However, these figures now include cases on Reply Due (cases that could not be actioned as we did not have all of the information) previous reports did not include these cases as it was unclear what actions, if any, were needed. We have now audited these cases and the ones that remain are cases that need further work. Incoming cases are at an expected level for this time of year.
12. Table 3 provide some analysis of the open cases. Table 3 shows the number of cases older than 2 years has remained at the same level and there are no cases older than 4 years and 14 cases older than 3 years (this is due to including reply due cases in the figures). The graph under the table shows the difference between completed and received cases which shows a slight difference between the cases completed to cases we have received. The second graph shows the continued trend of cases over SLA decreasing over the period with a slight increase in August.
13. We have now included a section detailing the current position onboarding employers onto iConnect. As you can see, we now have 137 employers onboarded and we expected this number to increase once the 2023/24-year end checks have been completed and the data verified in respect of the current membership. Training has been rolled out to employers and Swindon Borough Council will be the next employer onboarded, and we expect a significant uptake now year-end has been completed. We have invited 32 employers to enrol and

Audit update (SWAP KC audit) (Appendix 5)

14. Officers have prepared an action plan covering the recommendations made by SWAP in June 2024 (Appendix 5). Since the Committee meeting in July a summary of the following progress against that action plan has recorded below:

- Risk Register – Elements of the Fund's current risk management system require improvement, including integration with the Council's risk management framework and that some gaps identified need to be corrected:
Progress: Officers have agreed and approach to integration with the Council's risk management framework and during October will review the structure of the Fund risk register, including the drafting of a policy.
- Quality Assurance – To address weaknesses in the existing QA process, such as sample checking and trend analysis:
Progress: Officers has drafted a presentation and QA log. A policy will be drafted on appointment of a QA Lead
- i-Connect", the Employer Scorecard and Administrative Charging – To complete the implementation arrangements for these employer related activities:
Progress: An administration charging strategy is included within the meeting pack and 35 employers have been invited to enrol onto i-Connect. It is intended to action the Employer Scorecard on appointment of an Employer Liaison officer.
- Complaints Monitoring & Reporting - To improve Altair reporting in this area: &
Progress: Changes to complaint reporting have been made and are currently in testing, however a small extension to the 30 September deadline is requested by officers to complete this work.
- KPIs, Reports & Monitoring of Staff Productivity – To address weaknesses in KPI accuracy and gaps in reporting areas, as well as improve data quality reporting and complete the rollout of staff productivity reporting.
Progress: Officers consider this reporting to be complete and are seeking to provide evidence to SWAP to support the completion of this action.

Financial Implications

15. No direct implications.

Legal Implications

16. There are no known implications from the proposals.

Environmental Impacts of the Proposals

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

18. There are no known implications currently.

Proposals

19. The Committee is asked:
- a) to approve the risk register recommendations made by the Board and the officer assessment of risk as presented in the July version of the risk register:
 - b) to note the SWAP Key Controls action log and approve an extension to the Complaints Monitoring & Reporting action to 31 December 2024:

JENNIFER DEVINE
Head of Wiltshire Pension Fund

Report Authors: Richard Bullen (Fund Governance Manager) and Jennifer Devine (Head of Wiltshire Pension Fund)

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

Appendices:

Appendix 1 – Legal & Regulatory update

Appendix 2 – WPF Heath Check Dashboard

Appendix 3a – Full risk Register 1 – July 2024 version.

Appendix 3b – Full risk Register 2 – August 2024 version.

Appendix 4 – Administration KPIs

Appendix 5 – SWAP Key Controls action log

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LGPS Pulse

August 2024

Melanie Durrant | Partner

31 August 2024



Welcome...

... to the August edition of BW's LGPS Pulse, our monthly news round up.

The purpose of this note is to provide you with a summary of what has been going on in the LGPS community in the past month and explain why it may be of interest to you.

Please do share it with other team members, Committee members and Board Members. The note is written to be shared with all stakeholders, so we hope you find it useful.

For more information on any topic please get in touch with your usual contact, or the team member mentioned in the relevant piece of news. An accessible version of this document is available on request.

Any feedback is welcome.

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What LGPS news has happened this month?

Section 13 report published

The Government Actuary's Department (GAD) released their review of the LGPS 2022 valuations under section 13 of the Public Service Pensions Act 2013, which can be found [here](#). The purpose of the Section 13 review is for GAD to report on whether the following aims are achieved for LGPS funds in England and Wales: Compliance, consistency, solvency and long term cost efficiency.

The key takeaways from the report are that the scheme appears to be in a strong financial position with funding positions improving (on average) and total contributions reducing (on average). Only a small number of flags were raised where GAD investigated a Fund in more detail.

The final report includes the following three recommendations for the LGPS Scheme Advisory Board:

"Recommendation 1: We recommend that the Scheme Advisory Board consider whether greater consistency could and should be achieved to allow easier comparison between funds and better understanding of risks."

"Recommendation 2: We recommend that the Scheme Advisory Board continue to consider emerging issues and, where appropriate, whether guidance would be helpful to support greater consistency.

As part of greater consistency on climate risk, we recommend that work continues to refine the climate change principles document in advance of the 2025 fund valuations."

"Recommendation 3: We recommend that the Scheme Advisory Board consider the following:

- Where funds are in surplus, whether additional guidance can be provided to support funds in balancing different considerations.
- Where deficits exist, how can all funds ensure that the deficit recovery plan can be demonstrated to be a continuation of the previous plan.
- Whether additional guidance is required in relation to the treatment of asset transfers from local authorities."

We will consider the results as part of the 2025 valuation and engage with GAD as appropriate. We know there will be a continued focus on climate risk as part of the 2025 valuation and will provide more detail as we have it.

If you would like your Fund specific results summarised in a user friendly report, please speak to your usual Barnett Waddingham contact.

Pensions Review

Following on from the Chancellor's meeting with the pensions great and good on 22 July 2024, an [HMT press release](#) and a briefing, resulting in [stories](#) of the Chancellor seeking a Canadian style model of pension schemes in the UK, we now have the [Terms of Reference](#) for the Pensions Review. The Terms of Reference make specific reference to the LGPS and the new Government are looking at: *"Improving the affordability and sustainability of the Local Government Pension Scheme in the interest of members, employers and local taxpayers."*

[Jeff Houston](#) circulated a note detailing the potential impact on the LGPS.

If you didn't get a copy of the note and would like one, please let your usual BW contact know.

Virgin Media vs NTL Trustees

Following the Court of Appeal's 25th July ruling on the Virgin Media vs NTL Trustees case, [Garry Smith](#) circulated a note discussing what this could mean for the LGPS.

Put simply, the case is around missing actuarial certificates which resulted in an amendment to a scheme's rules being invalid and therefore historic benefits will need to be amended.

At this stage it is unknown if the LGPS will be affected but GAD and HMT are currently investigating this. The main short term impact will be employers including some narrative in their accounting disclosures as required by their auditors.

If you didn't get a copy of the note and would like one, please let your usual BW contact know.

For further information, our original blog by [Mark Tinsley](#) can be found [here](#). Please note, the focus is on the potential impact on private sector schemes.

New publications

LGPS policy: is it about more than just the numbers?

The 2024 General Election has come and gone, and we have a new government in place. So what, if anything has changed so far for pensions, and in particular for the Local Government Pension Scheme (LGPS)?

[Melanie Durrant](#) and [Jeff Houston](#) explore some of those changes as well as covering what others we might still expect to see [here](#).

The changing role of investment consultancy for the LGPS

In [this](#) blog, [David Moreton](#) discusses the changing role of investment consultancy for the LGPS and how it might look different post April 2025 (the deadline for pooling assets).



LGPC Bulletin 254

The Local Government Association (LGA) have published Bulletin 254 (August 2024) [here](#). The bulletin includes important updates on how the McCloud issue around teachers with excess service is progressing, how to record extra payments due to the underpin in the GAD transaction data, improvements to tools on the LGPS member websites, dashboard guidance and template slides for Pension Awareness Week which can be used in member presentations.

LGPS Pensions Dashboards Connection Guide

The LGA published version 1.0 of the LGPS Pensions Dashboards Connection Guide & Version 1.0 of the AVCs and Pensions Dashboards Administrator Guide, both of which can be found [here](#). Both guides are specifically tailored to the LGPS.

The LGPS Pensions Dashboard Connection Guide is to help administering authorities identify the steps needed to connect to the pensions dashboards ecosystem. It provides a synopsis of each topic with hyperlinks to where the detailed information can be found online.

The aim of the AVC guide is to establish common approaches on the preparation and provision of AVC data to the pensions dashboards ecosystem.



What have the BW public sector team been up to this month?

Training

We recently circulated a flyer from [Gavin Paul](#) on LGPS training services on offer from Barnett Waddingham. As well as general governance, employer, and actuarial training, this training also covers the most recent update to the Pensions Regulator's General Code of Practice. This is a great opportunity for LGPS funds to take stock of how their governance processes match up with the Regulator's expectations.

If you didn't get a copy of the flyer, or would like to discuss it further, please let your usual BW contact know.

SAB Gender Pensions Gap (GPG) Working Group

Since the formation of a new government, there has been very positive interest in the Gender Pensions Gap project.

There has also been interest from LGPS employers to undertake further research into GPG, with meetings held to establish the scope of this research, and how best to proceed. Jo Donnelly (Scheme Advisory Board Secretary) is having discussions to join the Pensions Equity Group, as a representative for the LGPS, which will be a positive step to exchange information on their GPG work and industry wide initiatives. All four actuarial firms who work with LGPS funds met with representatives from the Scheme Advisory Board to discuss GPG reporting.

[Chris Morton](#) will be attending the next SAB Gender Pensions Gap Working Group and we will feedback any further updates. BW can support in Gender Pensions Gap analysis. For more information please get in touch with your usual BW contact.

LGC Investment Awards

We are also delighted to announce that Barnett Waddingham have been nominated for the Consultant/Actuary of the Year award at the LGC Investment Awards to be held on 29 November 2024. The full Shortlist can be found [here](#).

Congratulations to all our funds who were also shortlisted.

July/August Accounting

The July and August accounting exercises for 2024 are well under way. Each LGPS fund should have received a copy of the pre and post 31 July accounting briefing notes, as well as a pre-31 August accounting briefing note.

The most recent August 2024 briefing note includes information on asset ceilings and updating mortality assumptions to use the CMI 2023 core model.

In addition to this, the most recent briefing note was accompanied by an additional note on asset ceiling considerations for academies.

If you didn't get a copy of the note and would like one, please let your usual BW contact know.

BW Client survey 2024

Thanks to all of you who filled in our client survey last month. We are delighted with the results with you giving us an average rating of 9.4/10 for the quality of our service. We are working through the results and will be in touch with individuals funds to follow up as appropriate.

BW public sector team news

Kelly Steele recently celebrated her 30th birthday on holiday, along with a surprise engagement. Congratulations Kelly!



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Future Events

LGC Investment & Pensions Summit, Birmingham

[Barry McKay](#), [Gavin Paul](#) and [Melanie Durrant](#) will be attending the LGC Investment & Pensions Summit in Birmingham from 11-13 September. Barry will be taking part in a panel titled 'Aligning the valuation, cashflow, and investment strategy' on 12 September.

We hope to see you there!

DB Strategic Investment Forum, Loch Lomond

[Jeff Houston](#) and [Pete Smith](#) will be attending the DB Strategic Investment Forum at Cameron House, Loch Lomond from 17-18 September. Jeff will be acting as Devil's Advocate for the morning sessions on Wednesday, while Pete will be a participating in a panel on 'integrating natural capital into UK pension funds'.

Mallowstreet LGPS Congress 2024

David Moreton will be attending on 23-25 September.

Burns Night Conference 2025 – Save the date!

Our famous Burns Night Conference will be taking place on 23 January 2025. More information to follow but please save the date!



<https://www.barnett-waddingham.co.uk/comment-insight/public-sector/>

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However, this report is not intended to provide and must not be construed as regulated investment advice. Returns are not guaranteed, and the value of investments may go down as well as up, so you may get back less than you invest.

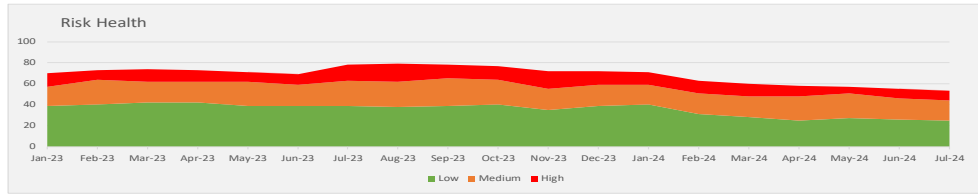
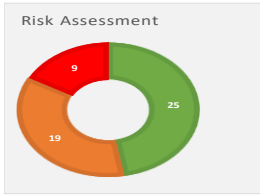
The information in this report is based on our understanding of current taxation law, proposed legislation and HM Revenue & Customs practice, which may be subject to future variation.

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Committee Risk Register

Owner: Richard Bullen

Medium Overall Risk



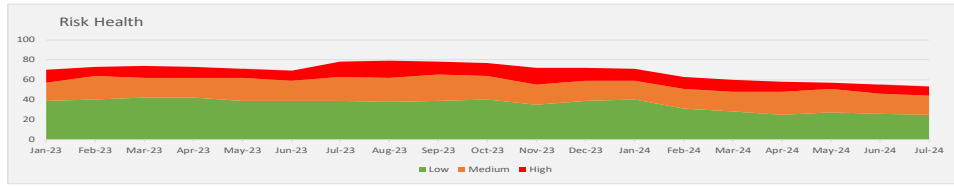
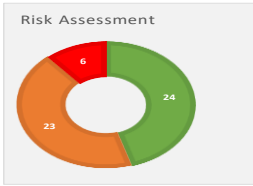
Risk Area	Key Risks	Risk Assessment	Updates to note
Service Delivery	A failure exists where levels of post and work volumes remain high creating a concern over the failure to meet the KPI targets. This includes the internal backlogs which staff are seeking to reduce. A failure exists where the late payment of benefits to members occurs, which in turn impacts the Fund's KPI targets. A failure to address casework backlogs in accordance with the KPI Improvement Plan. Inappropriate impact on service delivery due to network or system downtime: & Failure to meet customer service levels in line with external accredited standards	High	Regular KPI meetings are held by management to ensure work is processed in accordance with the KPI Improvement Plan. A casework log has been introduced "Principals and Precedent" to record a consistent treatment of complex cases. Weekly KPIs are now circulated and analysed and weekly insights reports have been published to the teams which show staff productivity. Embedding the use of bulk processing is better supporting Fund processes and output. Officers are working with key system providers and receiving quarterly reports in order to monitor system downtime. CSE & PASA accreditations are being project managed and will be introduced following signs that the KPI Improvement Plan has had a positive impact on delivery.
Financial Management	Failure to maintain an accurate employer contribution rate schedule, the Fund being unable to determine if it is receiving the correct contributions, or identify ceasing employers at an early stage is a key risk. Failure to pay correct pensions, lump sums and other one off payments to pensioners. Failure to process Treasury Management actions on a timely basis, impacting budgeting and forecasting too. Failure to ensure that the running costs of the Fund continue to be aligned with the approved budget. Failure to receive guidance relating to covenant reviews and processes could cause a financial risk to the Fund.	Medium	Officers maintain an Employer Contribution and Data Management Working Group to mitigate the risk of the contribution not being paid. An update is presented to members periodically. Officers ensure that the contributions rates are implemented & paid by all employers, and that this requirement is maintained. A covenant strategy is being implemented following approval of the Covenant policy. Officers are now able to access Oracle information to manage ledger coding & the recording of financial movements in the accounts. This has improved the Fund's ability to monitor payments and it running costs against its budget, however these arrangements still need to be embedded. Procedural notes are now being drafted.
Fund Governance	Failure to maintain the implemented risk and control framework and embed it into departmental culture. A failure to manage key procurements and ensure the completion of these procurements as a result of poor resources, knowledge and experience. This concern extends to the sourcing of existing contracts.	Low	Officer training on the risk and control framework has been completed and regular meetings are held to reinforce the concept. Discussions relating to the integration with the Council's new Corporate Risk Management framework have gone well and officers have started to consider their strategy to implement the changes. Officers are working with the procurement team to ensure that the strategic management of procurements are fulfilled.
Systems Management	Failure to maintain the Fund's cyber security in accordance with strategic requirement and the Fund's Business Continuity Plan.	Medium	Fund officers continue to liaise with the Council's Security Management and the review of its cyber security arrangements includes cyber insurance. Confirmation that the appropriate accreditations are in place as central to securing insurance.
Investment	Failure of BPP to operate effectively and ensure funds are well managed, with investments being made on a timely basis to deliver their objectives. Failure to maintain sufficient and appropriately skilled resource to undertake RI and stewardship strategy tasks.	Medium	The Fund is working with Brunel on pooling arrangements. A Central Govt. response on the future of pooling has been submitted by Fund officers concerning the strategic direction of BPP. A new arrangement with BPP is enabling face to face visits concerning portfolio discussions.
Compliance with Regulations	Anticipated changes in legislation could impact the Fund adversely, specifically regarding compliance and resourcing. Failure to achieve statutory requirements & deadlines due to work volumes	Medium	Regular updates to the Committee and Board enable all stakeholders to monitor any potential changes in legislation. This work is supported by adviser guidance. Project planning and the holding of regular management meetings ensures deadlines are achieved. Communications concerning the Govt's Pensions Review, including potential significant changes to the LGPS has caused concern. Fund officers are issuing communications of their own and liaising with Professional Advisers in order to establish the facts.
Performance	Failure to deliver good customer service by maintaining performance in line with the KPI Improvement Plan. This includes poor operational performance, communication and implementation of new software and working practices	Medium	Weekly and Monthly meetings are held to ensure performance is maintained in line with the KPI Improvement Plan. Objectives are set to keep the plan on track. Note: Resource levels may limit progress.
Employer Management	Failure of contact maintenance which requires ongoing improvement. Failure to effectively manage employer performance. Failure of employers not being set up, maintained or leaving the Fund correctly. This can affect the starting position for funding, unitisation adjustments, pooling or cessation arrangements due to untimely or incorrect information.	Medium	Exercises continue to be undertaken to update employer contacts, attend communication forums, review historic employer relationship issues and admission agreements and in particular employer scorecards. Where required and where empowered officers are also seeking to manage employer performance. New employer processes are now embedded however, ongoing resource issues are hampering progress. Officers have improved the tracking of information in relation to new set up and cessation.
Data Management	Failure to meet statutory deadlines due to poor data provision from individual employers, particularly large ones. This can heavily impact the Fund's data management. Failure to implement and maintain internal controls particularly in relation to i-Connect. Controls & checks by employers may impact data accuracy and timeliness, noting that information is posted through both i-Connect & employer spreadsheets and can be provided late. Failure to obtain good data in respect of TUPE transfers or external payroll changes.	Medium	To enable the i-Connect onboarding process officers continue to work with the outstanding employers, particularly major employers to obtain outstanding data. Relevant data quality checks associated with i-Connect submissions have been implemented and also passed to accounts to enable financial checks. Delays in the receipt of the backlog essential data and information via Oracle have largely been overcome however the processes still aren't fully embedded. The Fund's employer services, accounting and project teams continue to work together to acquire the essential data from Wiltshire Council. Where other employers or their payroll providers are not providing data (including TUPE data) on a timely basis, or correctly, officers are actively contacting those organisations. Officers have highlighted a resource concern in this area and are seeking support from their database administrator in order to prepare the relevant files.
Stakeholder Engagement	No material risks are current identified in this area	Low	
Funding	No material risks are current identified in this area	Low	
Resourcing	Failure to appropriately resource the Fund and adequately train staff to enable the service to be delivered in a sustainable and reliable way. In addition, key departures leading to a loss of crucial knowledge in the team. Failure to maintain an approved Committee training plan could increase the risk around a lack of knowledge and understanding in key areas	High	A recruitment campaign during the last few months has seen many of the vacancies filled. In addition, a training strategy is underway to bring new and existing officers up to speed within the department. Where a knowledge gap exists officers are still able to turn to external consultants and independent advisors for guidance; The Board/Committee are following their approved training plans and a new training plan for 2024/25 has now been approved.
Climate risk	Failure to manage the risks in the investment portfolios, and/or to take advantage of the investment opportunities which arise from transition to a low carbon economy could cause the Fund to suffer material negative financial impacts. Failure in receiving updated climate data reporting could lead to poor decision making	Medium	The Fund has a climate change policy (within the responsible investment policy), decarbonisation targets, and has assessed alignment of all portfolios. The Fund reports against the requirements of the Task Force on Climate-related Financial Disclosures (TCFD). The investments overall are close to the SAA. Officers continue to liaise with BPP and other Fund's in the group to ensure that the SAA of the Fund's climate change flightpath remains on track.
Projects	Failure of projects to be managed effectively, the key projects currently being McCloud and the Pensions Dashboard. Regular oversight is provided by the management team, Committee and Board to avoid projects failing.	Low	McCloud calculation routines have been run and it is anticipated that only about 200 potential members will be effected. Pension Dashboard interface procurement underway with a view to being completed by December 2024.
Reputational risk	Failure to manage the Fund's reputation due to factors such as government policy, press attention, poor service delivery, controversial investments, failure to achieve our climate targets, failure to achieve statutory reporting requirements, breaches of law and regs, and other factors beyond the Fund's control.	Medium	Officers are monitoring the Fund's public image to manage signs of increased scrutiny on the LGPS and its potential impact on Fund's reputation
Other External Risks	No "other" risks currently identified.	Low	

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Committee Risk Register

Owner: Richard Bullen

Medium Overall Risk



Risk Area	Key Risks	Risk Assessment	Updates to note
Service Delivery	A failure exists where levels of post and work volumes remain high creating a concern over the failure to meet the KPI targets. This includes the internal backlogs which staff are seeking to reduce. A failure exists where the late payment of benefits to members occurs, which in turn impacts the Fund's KPI targets. A failure to address casework backlogs in accordance with the KPI Improvement Plan. Inappropriate impact on service delivery due to network or system downtime: & Failure to meet customer service levels in line with external accredited standards	High	Regular KPI meetings are held by management to ensure work is processed in accordance with the KPI Improvement Plan. Success against the KPI Improvement plan is reaping rewards and work volumes are becoming more manageable. In addition, benefits continue to be correctly paid including the recovery of payments due to the migration to Oracle. Weekly KPIs are now circulated and analysed and weekly insights reports have been published to the teams which show staff productivity. Embedding the use of bulk processing is better supporting Fund processes and output. Officers are working with key system providers and receiving quarterly report in order to monitor system downtime. CSE & PASA accreditations are being project managed and will be introduced following signs that the KPI Improvement Plan has had a positive impact on delivery.
Financial Management	Failure to maintain an accurate employer contribution rate schedule, the Fund being unable to determine if it is receiving the correct contributions, or identify ceasing employers at an early stage is a key risk Failure to pay correct pensions, lump sums and other one off payments to pensioners. Failure to process Treasury Management actions on a timely basis, impacting budgeting and forecasting too. Failure to ensure that the running costs of the Fund continue to be aligned with the approved budget Failure to receive guidance relating to covenant reviews and processes could cause a financial risk to the Fund.	Medium	Officers maintain an Employer Contribution and Data Management Working Group to mitigate the risk of the contribution not being paid. An update is presented to members periodically. Officers ensure that the contributions rates are implemented & paid by all employers, and that this requirement is maintained. A covenant strategy is being implemented following approval of the Covenant policy. Officers are now able to access Oracle information to manage ledger coding & the recording of financial movements in the accounts. This has improved the Fund's ability to monitor payments and it running costs against its budget. Procedural notes are now being drafted.
Fund Governance	Failure to maintain the implemented risk and control framework and embed it into departmental culture A failure to manage key procurements and ensure the completion of these procurements as a result of poor resources, knowledge and experience. This concern extends to the sourcing of existing contracts. A failure to update strategic and constitutional documentation of the Fund in order to be consistent with the new General Code of Practice	Medium	Officer training on the risk and control framework has been completed and regular meetings are held to reinforce the concept. Discussions relating to the integration with the Council's new Corporate Risk Management framework have gone well and officers have started to consider their strategy to implement the changes. Officers are working with the procurement team to ensure that the strategic management of procurements are fulfilled. Officers are liaising with the Board and Committee concerning the sequencing of essential changes required in order to ensure strategic and constitutional documents are updated.
Systems Management	Failure to maintain the Fund's cyber security in accordance with strategic requirement and the Fund's Business Continuity Plan.	Medium	Fund officers continue to liaise with the Council's Security Management and the review of its cyber security arrangements includes cyber insurance. Confirmation that the appropriate accreditations are in place are central to securing insurance.
Investment	Failure of BPP to operate effectively and ensure funds are well managed, with investments being made on a timely basis to deliver their objectives. Failure to maintain sufficient and appropriately skilled resource to undertake RI and stewardship strategy tasks.	Medium	The Fund is working with Brunel on pooling arrangements. A Central Govt. response on the future of pooling has been submitted by Fund officers concerning the strategic direction of BPP A new arrangement with BPP is enabling face to face visits concerning portfolio discussions
Compliance with Regulations	Anticipated changes in legislation could impact the Fund adversely, specifically regarding compliance and resourcing. Failure to achieve statutory requirements & deadlines due to work volumes	Medium	Regular updates to the Committee and Board enable all stakeholders to monitor any potential changes in legislation. This work is supported by adviser guidance. Project planning and the holding of regular management meetings ensures deadlines are achieved. Communications concerning the Govt's Pensions Review, including potential significant changes to the LGPS has caused concern. Fund officers are issuing communications of their own and liaising with Professional Advisers.
Performance	Failure to deliver good customer service by maintaining performance in line with the KPI Improvement Plan. This includes poor operational performance, communication and implementation of new software and working practices	Medium	Weekly and Monthly meetings are held to ensure performance is maintained in line with the KPI Improvement Plan. Objectives are set to keep the plan on track. Note: Resource levels may limit progress.
Employer Management	Failure of contact maintenance which requires ongoing improvement. Failure to effectively manage employer performance. Failure of employers not being set up, maintained or leaving the Fund correctly. This can effect the starting position for funding, employer liability adjustments, pooling or cessation arrangements due to untimely or incorrect information.	Medium	Exercises continue to be undertaken to update employer contacts, attend communication forums, review historic employer relationship issues and admission agreements and in particular employer scorecards. Where required and where empowered officers are also seeking to manage employer performance. New employer processes are now embedded however, ongoing resource issues are hampering progress. Officers have improved the tracking of information in relation to new set up and cessation.
Data Management	Failure to meet statutory deadlines due to poor data provision from individual employers, particularly large ones. This can heavily impact the Fund's data management. Failure to implement and maintain internal controls particularly in relation to I-Connect. Controls & checks by employers may impact data accuracy and timeliness, noting that information is posted through both I-Connect & employer spreadsheets and can be provided late. Failure to obtain good data in respect of TUPE transfers or external payroll changes. Failure to correctly migrate the data associated with the pensioner payroll correctly, including a special exercise concerning unfunded pensions.	Medium	To enable the i-Connect onboarding process officers continue to work with the outstanding employers, particularly major employers. Relevant data quality financial checks continue. Backlogged essential data and information via Oracle has been largely overcome and all data in connection with the processing of Benefits Statements received. However, the Fund's employer services, accounting and project teams continue to work together to acquire the essential data from Wiltshire Council. ABSs have been issued and a small number of outstanding deferred statements will be issued shortly. Where other employers or their payroll providers are not providing data (including TUPE data) on a timely basis, or correctly, officers are actively contacting those organisations. Officers note that TUPE information is now steadily being received. Data in relation to the payroll migration from Oracle to Altair is being tested as part of parallel running. This includes a special exercise concerning unfunded pension benefits which will need to be returned to WC as a separate exercise.
Stakeholder Engagement	No material risks are current identified in this area	Low	
Funding	No material risks are current identified in this area	Low	
Resourcing	Failure to appropriately resource the Fund and adequately train staff to enable the service to be delivered in a sustainable and reliable way. In addition, key departures leading to a loss of crucial knowledge in the team. Failure to maintain an approved Committee training plan could increase the risk around a lack of knowledge and understanding in key areas	High	A recruitment campaign during the last few months has seen many of the vacancies filled. In addition, a training strategy is underway to bring new and existing officers up to speed within the department. Where a knowledge gap exists officers are still able to turn to external consultants and independent advisors for guidance; The Board/Committee are following their approved training plans and a new training plan for 2024/25 has now been approved.
Climate risk	Failure to manage the risks in the investment portfolios, and/or to take advantage of the investment opportunities which arise from transition to a low carbon economy could cause the Fund to suffer material negative financial impacts. Failure in receiving updated climate data reporting could lead to poor decision making	Medium	The Fund has a climate change policy (within the responsible investment policy), decarbonisation targets, and has assessed alignment of all portfolios. The Fund reports against the requirements of the Task Force on Climate-related Financial Disclosures (TCFD). The investments overall are close to the SAA. Officers continue to liaise with BPP and other Fund's in the group to ensure that the SAA of the Fund's climate change flightpath remains on track.
Projects	Failure of projects to be managed effectively, the key projects currently being McCloud and the Pensions Dashboard. Regular oversight is provided by the management team, Committee and Board to avoid projects failing. Failure of software applications being supported in the future requires a project to be put in place to manage change to a new platform	Medium	McCloud calculation routines have been run and its anticipated that only about 200 potential members will be effected. Pension Dashboard interface procurement underway with a view to being completed by December 2024. The external provider will not support MSS after October 2025. A project plan is to be created to migrate the Fund's services to the new platform.
Reputational risk	Failure to manage the Fund's reputation due to factors such as government policy, press attention, poor service delivery, controversial investments, failure to achieve our climate targets, failure to achieve statutory reporting requirements, breaches of law and regs, and other factors beyond the Fund's control.	Medium	Officers are monitoring the Fund's public image to manage signs of increased scrutiny on the LGPS and its potential impact on Fund's reputation
Other External Risks	No "other" risks currently identified.	Low	

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Appendix 3 – Administration KPIs

An analysis of the administrative performance over the period

1 July 2024 – 30 September 2024



Internally set targets

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).

Table 2 Performance over 1 July 2024 to 30 September 2024

Priority Category	Process	SLA (Working days)	Target KPI	Closing cases prior report	Terminated Cases	Cases Open at Start	Cases received	Cases processed	Cases open at end	Case Change	Completed on target
High	Deaths	5/10/20 days	95%	326	0	326	579	574	331	●	91%
High	Retirements	10/20 days	95%	378	0	378	933	911	400	●	43%
High	Refund	10 days	95%	2	14	2	232	220	14	●	99%
High	Complaints	5/46 Days	95%	4	0	4	2	5	1	●	60%
Medium	Transfer Out	10/20 days	90%	231	123	231	389	376	244	●	63%
Medium	Transfer In	10/15/20 days	90%	27	0	27	71	72	26	●	55%
Medium	Aggregation	23 days – 1 year	90%	1453	0	1453	793	651	1595	●	69%
Medium	Leaver	23 days – 46 days	90%	306	258	306	2446	2052	700	●	97%
Medium	Divorce	20 – 25 days	90%	21	9	21	67	68	20	●	83%
Medium	General	5/10/46/69 Days	90%	570	116	570	1400	1676	294	●	55%
Low	Starters	46 Days	80%	0	1	0	1799	1799	0	●	99%
Low	General – ABS	1/5 Days	80%	0	0	0	8	7	1	●	100%

*red alert shown for anything below 10% of tolerable performance and amber within 5%

Process	Reply Due	In Office	Of which: Currently within SLA	Of which: Already beyond SLA
Deaths	254	77	284	47
Retirements	161	239	319	81
Refund	12	2	14	0
Complaints	1	0	0	1
Transfer Out	90	154	188	56
Transfer In	11	15	20	6
Aggregation	456	1139	1127	468
Leaver	173	527	654	46
Divorce	4	16	18	2
General	128	166	225	69
Starters	0	0	0	0
General - ABS	1	0	0	1
Total	1291	2335	2849	777



*Table 1 shows the Fund's process times against the timeframes set out

in the administration strategy

Table 2: Monthly breakdown of completion on target percentage

Priority Category	Process	SLA (Working days)	Target KPI	Financial	Yearly	Yearly	Yearly	July	August	September
				QTR4 Oct - Dec 2023	QTR1Jan - Mar 2024	QTR2Apr - Jun 2024	QTR3Jul - Sep 2024			
				Completed on target	Completed on target	Completed on target	Completed on target	Completed on target	Completed on target	Completed on target
High	Deaths	5/10/20 days	95%	92%	77%	77%	91%	91%	93%	90%
High	Retirements	10/20 days	95%	70%	55%	63%	43%	75%	73%	46%
High	Refunds	10 days	95%	100%	99%	99%	99%	99%	99%	100%
High	Complaints	5/46 Days	95%					50%	100%	
Medium	Transfers Out	10/20 days	90%	66%	52%	68%	63%	53%	76%	65%
Medium	Transfers In	10/15/20 days	90%	68%	60%	44%	72%	64%	50%	81%
Medium	Aggregations	23 days - 1 year	90%	83%	77%	68%	67%	56%	64%	90%
Medium	Leavers	23 days - 46 days	90%	79%	84%	79%	97%	98%	95%	95%
Medium	Divorce	20 - 25 days	90%	80%	73%	66%	91%	81%	95%	100%
Medium	General	5/10/46/69 Days	90%			74%	80%	78%	75%	90%
Low	Starters	46 Days	80%			100%	100%	100%	100%	100%
Low	General - ABS	47 Days	80%				100%		100%	

*red alert shown for anything below 10% of target KPI

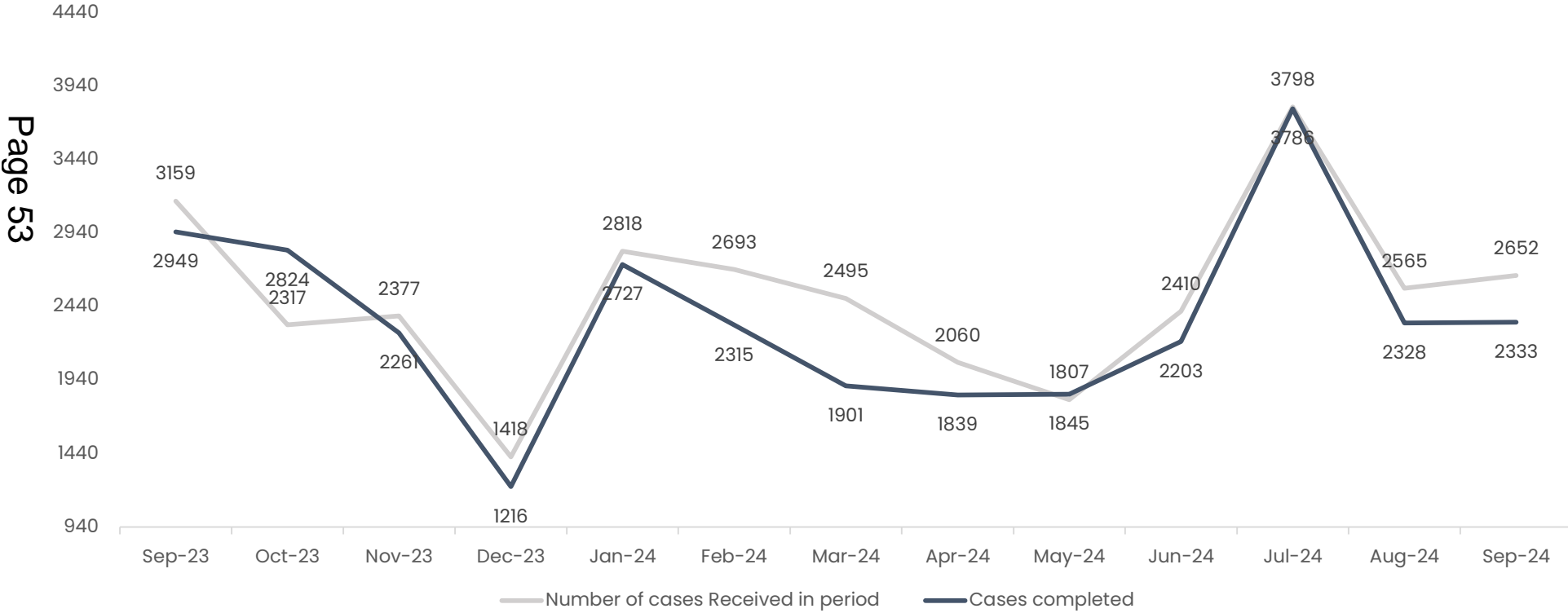
Table 3: 'In Office' (as at 30 September 2024)

*'In Office' refers to any cases that are currently ready to be worked on

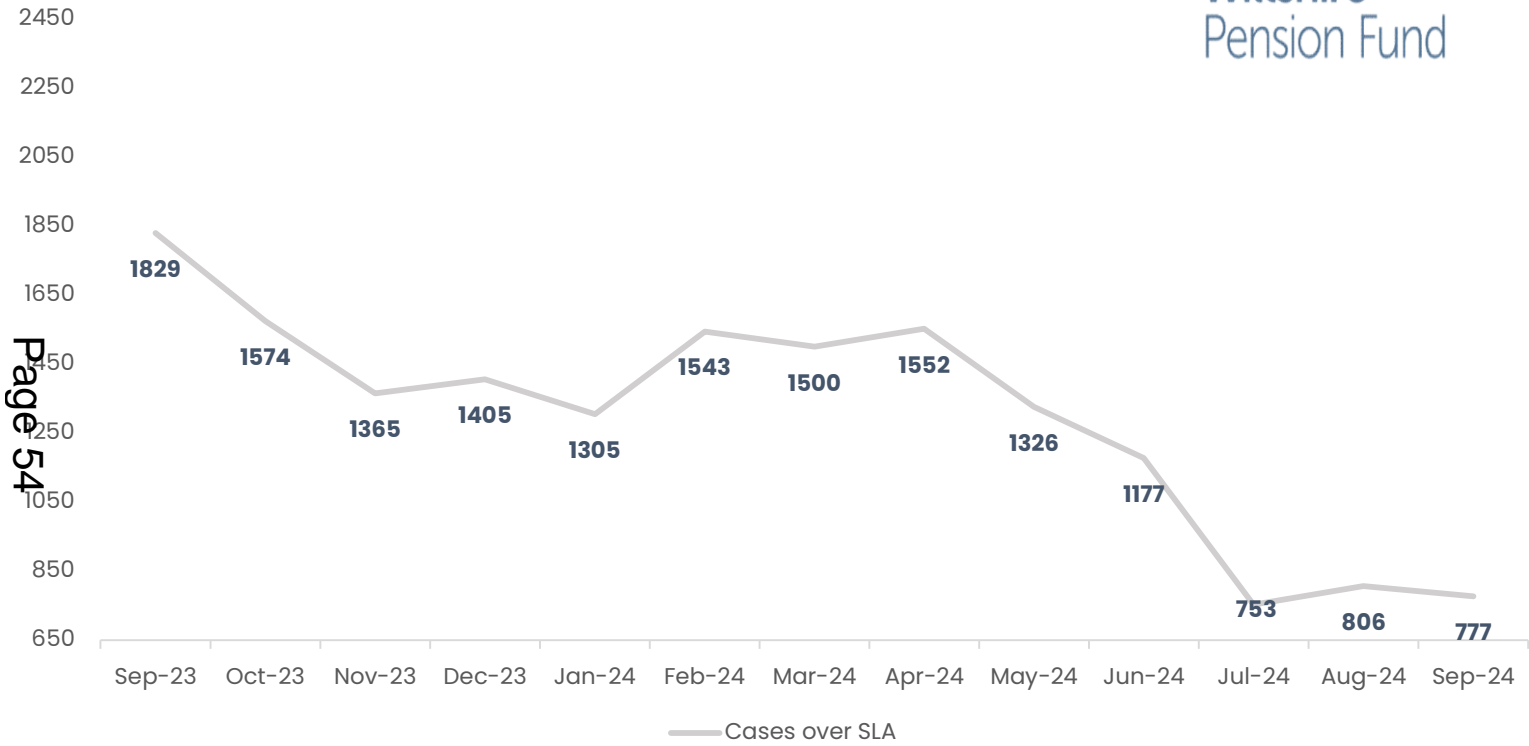
Priority level	Process	Age analysis (working days)							Total
		1-40	2-6 months	6-12months	1year +	2year +	3year +	4 year +	
High	Deaths	74	1	2	0	0	0	0	77
High	Retirements	223	11	4	1	0	0	0	239
High	Refunds	2	0	0	0	0	0	0	2
High	Complaints	0	0	0	0	0	0	0	0
Medium	Transfers Out	140	14	0	0	0	0	0	154
Medium	Transfers In	15	0	0	0	0	0	0	15
Medium	Aggregations	294	636	180	9	6	14	0	1139
Medium	Leavers	518	4	1	3	1	0	0	527
Medium	Divorce	15	1	0	0	0	0	0	16
Medium	General	150	13	1	1	1	0	0	166
Low	Starters	0	0	0	0	0	0	0	0
Low	General - ABS	0	0	0	0	0	0	0	0
	Total	1431	680	188	14	8	14	0	2335

*The leaver and aggregation scores are reliant on bringing case numbers down and therefore the existing KPI target scores are likely to worsen while older cases are cleared. With Officers and working on aggregations we can see that this is starting to have an impact on the statistics.

Comparison of cases completed in period vs cases received



Open cases over SLA



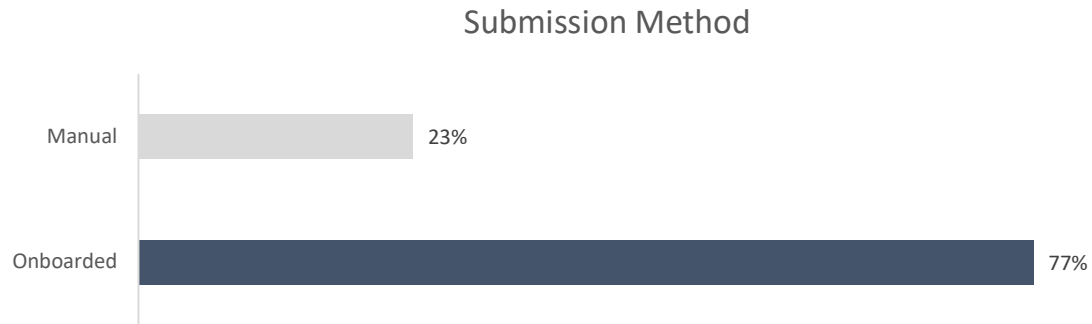
*August 2024 onwards includes all cases including cases on reply due



4. i-Connect onboarding progress figures at end of period

* I-Connect onboarding resumed with effect from 01/02/2024*

Manual Submissions	42	23%
Onboarded	137	77%
Total	179	100%



5. MSS (My Wiltshire Pension) take up

	Active	Deferred	Total
Registered	12,917	14,699	27,616
Percentage	47%	53%	100%

*Excludes members with password resets or disabled account.

Internal targets - Employers



6. i-Connect submission performance - as at 30/09/2024

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Size of Scheme	Jul			Aug			Sep		
	On-time	Late	Submitted on Target	On-time	Late	Submitted on Target	On-time	Late	Submitted on Target
Small	110	26	81%	108	26	81%	64	0	100%
Medium	9	3	75%	8	4	67%	2	0	100%
Large	4	6	40%	2	6	25%	2	0	100%
Total	123	35	78%	118	36	77%	68	0	100%

*size of scheme - small <250members, medium 250 members +, large >1000 members

*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.

*All employers onboarded on to i-Connect are required to submit their return by the 10th of the month following the month the data relates to.

*Figures pulled within the period required for the report - any submissions outside these dates will not be included

tPR Data performance measures

The Pension Regulator (tPR) helps regulate each LGPS's Fund compliance with various legislation. In respect of administrative performance, tPR focuses on Common and Conditional data measures. The Fund is required to submit its scores against these measures each year as part of its Scheme Return

98

tPR Common Data

Percentage score at 30 September 2024

Common Data various data measures it expects all Pension Funds to hold (e.g., name, address etc).

97

tPR Conditional Data

Percentage score at 30 September 2024

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.

98

Active Annual Benefit Statements (ABS)

Percentage score at 31 September 2024

*The Fund is required under the LGPS Regulations to produce active ABSs by the 31 August of each year The Fund currently uploads all ABS to the member portal. *stats for available data**

100

Pension Saving Statements

Percentage score at 30 September 2024.

All Pension Saving Statements for members with of Pension Input amount greater than £40,000 for the 2023/24 tax year were sent prior to the deadline of 5th October. 10 members had a Pension Input Amount greater than the Annual Allowance of £60,000.

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Appendix 1:

Table 1 – Key Controls Report 2024/25 - Progress against outstanding internal audit recommendations:

No	Priority score	Issue	Recommendation	Agreed management action	Agreed management timescale	Est. Progress	Progress at 26 September 2024
1	2	Risk Register	<p>There are elements of the Fund’s current risk management system that require improvement and some gaps identified, such as:</p> <ol style="list-style-type: none"> 1) No documented risk management policy in place: 2) No guidance for officers on risk wording: 3) No set risk appetite: 4) Dates missing from the risk register to identify when a risk was added, reviewed, or updated; and 5) No recording of inherent risk on the register. <p>The Council has recently launched a new risk management framework, and the expectation is that the Pension Fund should now be working towards compliance with the Council’s own risk management framework.</p>	<p>The Pension Fund’s arrangements will be further developed to align with the Council’s framework. Plans are in place to perform a gap analysis and identify the necessary actions with the Pension Fund Committee.</p> <p>Officers will work with the S151 officer to ascertain what the risks to the Council are and where these sit as they do not form part of the operational risk register.</p>	31 December 2024	60%	<p>Agreeing risk management arrangements</p> <ol style="list-style-type: none"> 1) A paper was submitted to the Pension Fund Committee on 11 July, outlining the overall risk management situation. The recommendations were approved by Committee. Officers liaised with the s151 Officer, and the Corp. services team concerning the scoping and implementation arrangements. These were agreed. <p>Updating the Fund’s risk register</p> <ol style="list-style-type: none"> 2) Officers will prepare a project plan. Step 1 involved drafting a revised template which will be presented to Fund Managers on 14 October. Fund Manager’s will then have one month to update their own risk areas before moderation. A policy will also be drafted and submitted to the Committee for their December meeting <p>Integration with the Council’s Risk Management framework</p> <ol style="list-style-type: none"> 3) As above.
2	2	Quality Assurance	<p>A new Quality Assurance (QA) process, with a QA and Sample Checking Guide was approved in April 2024. The new process addresses weaknesses, namely:</p> <ol style="list-style-type: none"> 1) The number of cases to be quality checked (25 per week); and 2) A clear separation between the quality assurance and authorisation process. <p>However, the following issues exist with the process:</p>	<p>Officers will create a log of the QA work that is taking place and will continue to develop this log and monitor the number of QA checks taking place each week.</p> <p>The policy has been updated to address the issue of quality checkers also carrying out authorisations.</p>	31 December 2024	70%	<p>Officers have prepared a presentation for the department setting out the purpose and scope of the Fund’s QA arrangements. Implementation of a QA log, monitoring of QA reviews and a QA policy will then follow.</p> <p>Creation of a QA log (see requirements)</p> <ol style="list-style-type: none"> 1) A QA log has been created however and improved version is currently under development. A policy will be prepared on appointment of a QA Lead. <p>Monitoring QA reviews</p> <ol style="list-style-type: none"> 2) A <p>QA policy update</p> <ol style="list-style-type: none"> 3) A

			<ol style="list-style-type: none"> 1) There is no separate record (log) of the quality checks that are being carried out. This would help provide assurances that samples are representative the data to allow trend analysis work: 2) There is no monitoring of how many QA checks are carried out against the target; and 3) It should be written into the guide that the authorisation & QA of work should be separated, so that one person cannot complete both functions on a case. 				
3	3	Introduction of "i Connect", the Employer Scorecard and Administrative Charges	<p>The Business Plan 2024-27 includes an objective to have all Employers using "i Connect" by 2027. In addition, the Fund should implement an Employer Scorecard and Administrative Charging for participating employers who are not using "i-Connect" correctly.</p> <p>The fund should also consider charging interest for late payments & completing the implementation of i-Connect before 2027.</p>	Officers will continue to encourage employers to join i-Connect. Officers have carried out research into how other Fund's administer interest for late payments and our own policy on this will be agreed as part of the overarching Administration Strategy.	31 December 2024	95%	<p>All employers migrated to i-Connect.</p> <ol style="list-style-type: none"> 1) Officers to prepare a project plan to complete the migration of scheme employers to i-Connect. 35 employers have been invited and SBC onboarding arrangements are actively in progress <p>Implement Employer Scorecards</p> <ol style="list-style-type: none"> 2) Officers to prepare a project plan and implement the regular issuance of scorecards on appointment of the Employer Liaison Officer <p>Administrative charging, including interest for late i-Connect submission.</p> <ol style="list-style-type: none"> 3) Officers have prepared a paper for the Committee (10th October) setting out the framework by which administrative charges will be made to Scheme Employers in order to recover the Fund's additional costs placed on it as a result of poor administration practices by employers. Is has been reviewed by the Board and recommended to the Committee.
4	3	Complaints Monitoring & Reporting	Audit noted that the report from Altair contained a different number of complaints in 23/24 from that published in the final performance report. This indicates that the process relies heavily on manual intervention to obtain accurate complaints data.	Officers agreed to update complaint reporting workflows to include clear column headings, mandatory field completions and closure determination statuses.	30 September 2024	95%	<p>Update Altair Complaints reporting.</p> <ol style="list-style-type: none"> 1) Changes to Altair workflows and Insights reporting has been made. In effect, the reporting output is now being tested/review to confirm if it fulfils the requirement.

			Altair reporting should be improved by upgrading Altair's existing workflows.				
5	2	KPIs, Reports & Monitoring of Staff Productivity (Outstanding 2023 action)	<p>We reviewed the KPI reports and identified the following issues:</p> <p>Inaccuracy of KPIs</p> <ol style="list-style-type: none"> 1) Aggregation KPIs were not accurate and excluded aggregations where a workflow had not been set up. 2) The Status 2 KPIs fall under the leavers data but did not include Status 2 members where a workflow had not been set up and did not include 'Status 2 Chase' workflows. 3) The backlog of transfers in allocations was not flagged as an issue. 4) The weekly KPI reports were not consistent with themselves as each week the closing position for the previous week did not agree to the new opening position. <p>KPIs not captured.</p> <ol style="list-style-type: none"> 1) No KPIs to monitor the progress of overpayment aged debt chasing. 2) No KPIs to monitor new joiners processing. 3) No KPIs to monitor amendments processing. <p>Data Quality reporting</p> <p>Active member data quality reporting is only completed on an ad hoc basis and the results are not reported to management to monitor.</p> <p>Staff Productivity</p> <p>The Member Services Team monitors staff productivity weekly through reporting however the same reporting has not yet gone live for the Employer Services Team.</p>	<p>Officers will review the KPIs and address the inaccuracy issues identified.</p> <p>Officers will introduce KPI monitoring for overpayments, new joiners, amendments.</p> <p>Officers will regularly monitor the data quality for active members and ensure the requirements set by The Pensions Regulator are met.</p> <p>Officers will implement the staff productively monitoring report in the Employer Services Team.</p>	31 October 2024	100% COMPLETED	<p>It is considered by officers that all the elements within this recommendation have been completed. It was recognised that evidence will need to be prepared to demonstrate to SWAP that this action has been completed.</p> <p>Inaccuracy of KPIs.</p> <ol style="list-style-type: none"> 1) To evidence that the recommendation has been fulfilled <p>KPIs not captured.</p> <ol style="list-style-type: none"> 2) To demonstrate the monitoring arrangements for overpayments and aged debt chasing. <p>Data Quality Reporting</p> <ol style="list-style-type: none"> 3) To evidence that the recommendation has been fulfilled <p>Staff Productivity Reporting</p> <ol style="list-style-type: none"> 4) To evidence that the recommendation has been fulfilled

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WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
10th October 2024

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. The purpose of this report is so that the Committee and Local Pension Board can easily review key areas of financial controls and monitor progress against planned improvements.

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 has progressed, subsequent to finalising the council accounts Deloitte raised new issues on the pension fund accounts for this period. Officers are responding to these new questions and are working to finalise these statements. Any agreed changes will be brought to committee.
4. Sign off for the accounts on periods ending 2020/21 and 2021/22, 2022/23 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. The council are making progress on these outstanding statements, the pension fund has not received any further queries yet from Deloitte on these periods.
5. To ensure we comply with The Pensions Regulator (TPR) requirement to publish the report, they are available on the website for all years with a note in the audit report section explaining the unaudited status.
6. A draft set of accounts for 2023/24 has been prepared, these were provided after the 31st May deadline due to issues caused by the Oracle system implementation. Interim audit work has been undertaken by Grant Thornton and fieldwork on final audit started in July. Auditors assessed audit risk as high this year, due to various factors (implementation of new financial system during year, GT auditing council for the first time and council not having previous financial year reports signed off). High audit risk is affecting materiality in the way that creates more testing and sampling. This is impacting workload of the team significantly. Work is progressing well with a final push being made to clear all sampling. The in depth review has identified some amendments which will be required to the statements of accounts.

Quarterly Financial Performance Dashboard

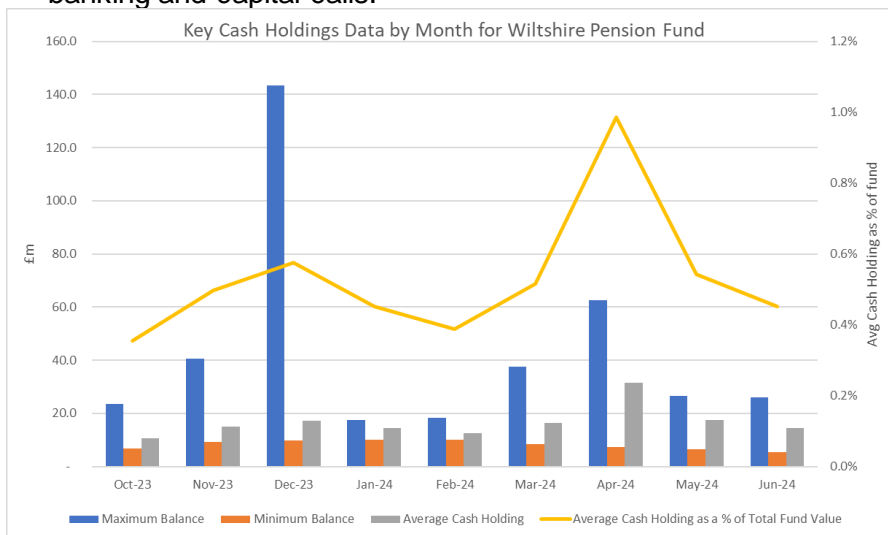
Wiltshire Pension Fund - Key Financial Controls Dashboard				
Control Area	RAG	Items reviewed under this control area	Comments on Performance	Ongoing Actions
	Aug-24			
1. Employer Contributions		Timely and accurate payment of employer contributions each month.	See summary performance table for full details. Almost all employers paying on time and with the correct rate. New reconciliation process established between I connect and banking	None
2. Cashflow, banking and capital calls		Maximum and minimum cash balances, private markets capital calls and distributions and treasury performance.	See summary performance table for full details.	None
3. Balance Sheet Reconciliations		All balance sheet control codes are reviewed for accuracy and outstanding issues.	All control codes have been reviewed and checked, no unexplained balances prior to Evolve implementation. Year end balance sheet balances have been reviewed and are all acceptable. New bank reconciliation set up with move to Oracle and moved from corporate finance team to pension accountancy	Refreshing working documents for future work with Oracle system and rolling forward previous year working papers.
4. Altair Checks		Check between the ledger and pension admin system (altair) that any transactions, such as payments or receipts match the admin system.	New integrated payments process removes the need for these checks. New control measures will be designed.	Development of new reporting checks.
5. Financial Budget Reporting		Review of year to date and forecast operating budget performance, or any unusual monthly movements on the overall fund account.	Issues with the new system have prevented reporting against the budget expenditure. New starters in the finance team will bring capacity to address this issue.	Get the processes up and running again following the evolve implementation.
No material concerns				
Minor issues				
Major issues				

7. The following table provides further details for performance dashboard item 1. Employer contributions.

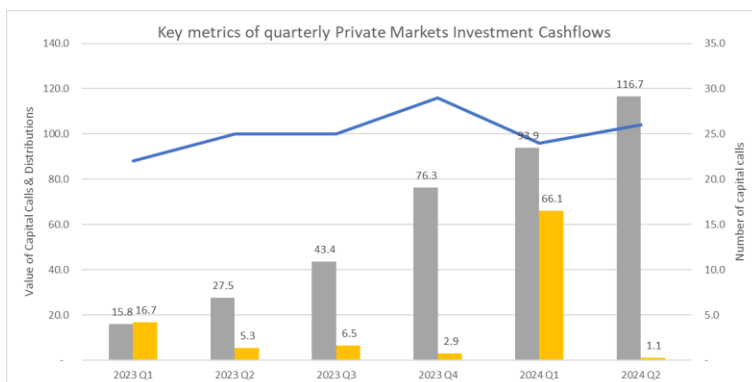
Quarter	Payroll Month	Paid contributions £000's				Average late and overdue contributions total days		Number of employers payments status		
		Total Payment	On Time Payment	Late Payment	Late Payment %	Days Late Recd	Days Overdue	On time	Late	Not Received
Q1	Apr-24	8,982	6,528	2,455	37.6%	3.0	-	156	9	-
Q1	May-24	8,958	8,127	831	10.2%	6.3	-	159	6	-
Q1	Jun-24	9,106	8,214	892	10.9%	5.6	-	160	5	-
Q2	Jul-24	9,142	9,118	24	0.3%	4.2	-	159	6	-

8. 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. A small number of employers increase the days late received, persistently late payments or employers where we have problems are discussed in the employer data and contributions working group are appropriate actions are agreed relevant to each employer.

9. The following graph provides further details for performance dashboard item 2. Cashflow, banking and capital calls.



10. Cashflow activity for private markets capital calls have continued to be met as commitments are called. The large investments in Q2 2024 are payments to a new investment commitment in Clops and to fund our existing commitment to an affordable housing fund.



11. Following the implementation of the evolve system the ability to report against the operational fund budget has been disrupted. Invoices to suppliers are being paid and staff are being paid, the issue has been getting the reporting up and running. Now the accounting team is fully resourced and our understanding of the new evolve system has improved, budget reporting will be re-established.
12. Officers are approving spend in line with how the budget was set and within the staffing establishment that was agreed. However, given the inability to report and accurately forecast there is a risk of an unexpected overspend. There are potential expenditure risks this year, with a new actuary, investment advisor and the payroll implementation project being just a few.
13. We expect to have budget reporting and forecasting available by the end of December 24 for reporting to the committee.

Environmental Impacts of the Proposals

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

15. There are no known implications at this time.

Proposals

16. The Committee is asked to use this report to monitor progress against resolving the issues which have been identified.

Report Author: Chris Moore, Pension Fund Accounting and Investments Team Lead

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

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WILTSHIRE COUNCIL

WILTSHIRE PENSION COMMITTEE

10 October 2024

Employer Underperformance Charges for Additional Administration Costs

Purpose of the Report

1. The purpose of this report is to present to Wiltshire Pension Committee an outline of the proposed charges applied to underperforming Scheme employers for additional administration costs. The Committee is asked to consider and approve the proposals..

Background

2. Regulation 70 (1) of The Local Government Pension Scheme Regulations 2013 provides pension funds with the ability to recover any additional administrative costs that have been incurred, because of a Scheme employer's underperformance.
3. Regulation 70 (2) of The Local Government Pension Scheme Regulations 2013 states that the Administering Authority may give written notice to the Scheme employer stating the reasons for underperformance, the amount should pay and detailing the parts of the Pension Administration Strategy which are relevant in reaching their decision.

Considerations for the Board

4. The Fund works to support employers in various ways to avoid underperformance such as remote/Teams support, a dedicated point of contact, training events, electronic newsletters, signposting guidance on the Fund's website.
5. Presently additional costs generated by underperforming employers are shared across all employers whereas, these should be met directly by that underperforming employer.
6. The proposed steps to recover administration costs for underperforming employers are detailed below:
 - a) **Write to the Scheme employer** – setting out the area(s) of non-compliance with performance standards outlined in the Pension Administration Strategy and offer to support them. The Fund may also request their attendance at a training session, if required
 - b) **Meeting with the Fund** – the Scheme employer will be asked to attend a meeting with representatives of the Fund to discuss area(s) of non-compliance with the performance standard outline in the Pension Administration Strategy and to agree an action plan, where they've not demonstrated improvement, taken agreed actions and/or responded to the initial letter in (a) above
 - c) **Formal written notice** – If no improvement is seen within one month of meeting with the Scheme employer or they decline to attend a meeting detailed in (b) above, the Fund will issue a formal written notice setting out the areas of non-compliance, how the the underperformance contributed to additional costs, the amount of costs incurred and provide notice that the additional costs as a result of their poor performance will now be reclaimed.

Where appropriate in respect of Admission Bodies, the outsourcing / letting / ceding employer will be informed and expected to work with the Fund to resolve the issues.

7. The proposed additional administration charges for underperformance for Scheme employers in the Wiltshire Pension Fund will be based on the “time spent” officer charges detailed below:

Time taken	Charge levels			
	Level 1 – Officer	Level 2 – Senior Officer	Level 3 – Principal Pensions Officer / Work Management Officer	Level 4 – Pension Administration Manager / Lead
Daily	£214	£233	£284	£548
Half day	£106	£116.50	£142	£274

Charges for ‘time spent’ on underperformance issues will be made on a half day basis, with the Fund rounding up to the nearest half day i.e. the minimum charge would be a half day per officer that undertook the work.

For example if a Level 1, Level 2 and Level 3 Officer time spent is 3 hours, this would be rounded up to a half day rate per Officer - £106 (Level 1), £116.50 (Level 2) and £142 (Level 3) giving a total charge to the underperforming employer of £364.50.

The above rates apply for 2024/2025 and are reviewed annually.

8. Where an employer fails to pay any amount due to the Fund within 30 days for the underperformance costs, interest for late payment will be charged accordingly. Regulation 71 of The Local Government Pension Scheme Regulations 2013 states that the Administering Authority may require a Scheme employer from which any payment is due under Regulation 70 is overdue to pay interest on that amount. The interest payable is stated within Regulation 71(4) of The Local Government Pension Scheme Regulations 2013 i.e. one per cent above base rate on a day to day basis from the due date of the date of payment and compounded with three-monthly rests.

Environmental Impact of the Proposal

9. There are no known environment implications from this report.

Financial Considerations & Risk Assessment

10. In general, the proposals will encourage employers to maintain good performance and avoid additional charges for underperformance.

Legal Implications

11. The Local Government Pension Scheme Regulations 2013 allow the Administering Authority to charge for additional costs where a Scheme employer is underperforming. These regulations also allow for interest to be charged for non or late payment of these costs.

Safeguarding Considerations/Public Health Implications/Equalities Impact

12. There are no known implications at this time.

Reasons for Proposal

13. To encourage employers to maintain good performance and avoid additional charges for underperformance..

Proposal

14. The Committee is asked to approve the charging of additional costs for underperforming Scheme employers in line with the above proposals and in line with the Local Government Pension Scheme Regulations 2013, and where necessary seeks from Officers such clarifications or further information as they require.

Matt Allen
Employer Funding and Risk Lead

Report Authors: Matt Allen, Employer Funding and Risk Lead

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

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WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE

10th October 2024

Covenant Risk Review

Purpose of the Report

1. The purpose of this report is to present to Wiltshire Pension Fund Committee an update on the Covenant Risk Review being undertaken by the Fund.

Background

2. The Employer Covenant Risk Policy (see Appendix 1) was agreed in May 2024. This set out the assessment and frequency of covenant reviews. A subsequent guide for Councillors was produced (see Appendix 2).
3. The Employer Funding and Risk Lead has completed the initial assessment of all employers in the Fund and identified potential employers whereby further information is required to ascertain the level of their covenant.

Considerations for the Committee

4. The Employer Funding and Risk Lead has been working with the new actuaries Barnett Waddingham to draft the questionnaire to obtain all the relevant information from “high risk” employers, ahead of the formal 2025 Triennial Valuation. The questionnaire requested projected cash flow information, key employer information and key financial metrics for the employer.
5. Barnett Waddingham issued the questionnaire to all the “high risk” employers on 9th September 2024, giving a closing date of 11th October 2024. Given the date of the Pension Committee and the closing date, Barnett Waddingham/Fund Officers can give a verbal update on responses received to date.
6. Once the closing date has passed, Barnett Waddingham will liaise with employers around missing data or data issues in October plus liaise with the Fund regarding any differing contract information provided to what is currently held – for them to confirm any changes.
7. Barnett Waddingham will analyse the results and feedback findings to the Fund in November 2024. They will also present their findings at the Employer Forum to be held on 27th November 2024.
8. In December 2024, Barnett Waddingham and the Fund will agree the covenant strengths to initially use in the 2025 Triennial Valuation and include these in the Employer Scorecards at the end of 2024.

Environmental Impact of the Proposal

9. There are no known environment implications from this report.

Financial Considerations & Risk Assessment

10. Ultimately, the Covenant Risk Review is aimed at protecting the Fund and other Scheme Employers against unforeseen risks or losses, from another employer failing in their responsibilities. This will also feed into the 2025 Triennial Valuation, which sets employer contribution rates from April 2026 for 3 years.

Legal Implications

11. There is currently no legal requirement to produce an Employer Covenant Risk Policy or conduct a Covenant Risk Review, but the application of this policy and review reduces the risk of significant legal costs needing to be incurred upon an employer ceasing unexpectedly or failing to maintain their liabilities in the Fund.

Safeguarding Considerations/Public Health Implications/Equalities Impact

12. There are no known implications at this time.

Reasons for Proposal

13. To ensure that employer covenants are reviewed for high risk employers.

Proposal

14. The Committee is asked to note the Covenant Risk Review update and where necessary seeks from Officers and Actuaries such clarifications or further information as they require.

Matt Allen
Employer Funding and Risk Lead

Report Authors: Matt Allen, Employer Funding and Risk Lead

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

Wiltshire Pension Fund

Policy on Employer Covenant Risk

Effective date of policy	22 nd May 2024
Date approved	22 nd May 2024
Next review	22 nd May 2027

1 Introduction

The purpose of this policy is to set out the administering authority's approach to assessing employer covenant risks and the impact of employer risks within the funding strategy.

1.1 Aims and objectives

The administering authority's aims and objectives related to this policy are as follows:

- To set out the framework within which the Fund seeks to identify, assess, monitor and mitigate employer risks.
- To provide employers with an outline of factors that will be considered in determining funding strategy, to ensure each employer is treated fairly and with respect to their own circumstances.

1.2 Background

The key risks to the Fund are detailed in Appendix C of the Funding Strategy Statement (FSS). Taking a holistic view on these risks is essential to meeting the Fund's objective of long term sustainability and paying member benefits. Assessing and monitoring employer covenant risk forms part of a robust integrated risk management framework.

The Pensions Regulator defines employer covenant as "*the extent of the employer's legal obligation and financial ability to support the scheme now and in the future*".

Each employer in the Fund presents a different degree of covenant risk to the Fund. If an employer defaults on its obligations to the Fund, the cost is spread amongst the remaining employers. Employer insolvency or cashflow issues can also present the Fund with potential operational or liquidity risks.

To provide protection to all stakeholders (and fairness to employers), it is important to assess and monitor covenant risks, providing mitigation where possible.

1.3 Guidance and regulatory framework

[Part 3 of Schedule 2](#) (para 6) states the requirement for an admission body to carry out *an assessment, taking account of actuarial advice, of the level of risk arising on premature termination of the provision of service or assets by reason of insolvency, winding up, or liquidation of the admission body*.

As set out in Section 5.5 of the FSS the administering authority may require the admission body to provide security, such as a guarantee from the letting employer, an indemnity or a bond.

The Pension Regulator code sets out further [guidance](#) on schemes assessing and monitoring covenant and that covenant should be considered when setting funding strategy.

2 Statement of principles

This statement of principles covers the Fund's approach to employer risk management. The Fund maintains discretion over the application of this policy, but in general:

- Employer risks will be assessed upon a new admission body joining the Fund and may require the body to provide a form of security against certain risks.
- The administering authority will seek to maintain up to date records of security and participation status (eg contract length, guarantors etc.) which may require employers to provide data on request of the administering authority.
- Employer covenant will be assessed triennially as part of the formal valuation, or more regularly depending on the nature of the employer risks or other circumstances.
- Employers may be required to provide financial or management data to support the Fund in carrying out covenant assessments.
- Where data is provided late, or not at all, the Fund may determine that the employer's covenant is weaker.
- Employer covenant may be used as a factor in determining employer funding strategy, which may result in an employer paying a higher or lower contribution rate.

3 Policy

3.1 Initial employer risk categorisation

There are various employer types that participate within the Fund from different sectors. These can be broadly categorised by those which have tax-raising powers or a government guarantee and those that do not.

Category A (lower risk)

- Local authorities including Police and Fire
- Academies (including multi-academy trusts)

Category B (higher risk)

- Colleges & Universities
- Charities
- Housing associations
- Town & Parish councils
- Contractors*

*Contractors with a guarantee from a Category A employer may be viewed as lower risk as the awarding authority would act as guarantor of last resort.

Note that the above would be an initial categorisation and subject to change following completion of the steps outlined in the remainder of section 3 of this policy.

3.2 Identifying covenant risks

The key employer covenant risks for the Fund to consider are:

1. Ability to make contributions – financial constraints leading to non-payment or underpayment of regular contributions.
2. Likelihood of exit – events leading to termination of the admission, as detailed in Section 7.1 of the FSS.
3. Outcomes in an exit – current pension deficit (on the employer's exit basis) relative to their financial strength. Other considerations include potential additional costs such as redundancy strains.

The administering authority will seek to assess and monitor these risks for each employer, and provide mitigation where possible. Although the primary concern is the default risk posed by (3), the administering authority is also concerned with risks associated with (1) and (2) to protect against other operational risks such as administration and cashflow management.

3.3 Assessment and monitoring of risks

To assess and monitor the risks identified under 3.2, the administering authority will do the following:

1. Maintain an up to date employer database, including key information on contract end dates, guarantors, and other forms of security. Employers may be asked to provide or check information is accurate at regular intervals (eg annually).
2. The administering authority will carry out a pension risk profiling exercise which focuses on quantitative pension risk metrics such as number of active employees, contract period, current deficit on exiting basis, deficit gearing (deficit vs payroll), initial risk categorisation (per 3.1). This exercise will be carried out triennially as part of the formal valuation process.
3. For any employer identified as potentially higher risk under (2), the administering authority will carry out analysis of key financial metrics (past and projected). The employer may be asked to provide data where necessary including completing a questionnaire (with information on cashflow projections, debt facilities, creditors and other financial constraints). This exercise will be carried out triennially as part of the formal valuation process.
4. The administering authority may also request that a covenant specialist carry out further analysis of specific employers or sectors to inform the covenant assessment. This work would consider both quantitative and qualitative analysis, including assessment of governance structures, management and exposure to climate related risks.
5. Based on the analysis carried out under (1-4), the administering authority will categorise employers into three risk categories, high, medium and low (or Red, Amber, Green), based on their covenant assessment.
6. Employer categorisation will be shared with employers and management will be encouraged to engage with the administering authority on the results and funding strategy implications (see Section 3.5).
7. The administering authority may change the risk categorisation after engaging with employers and/or being able to evidence stronger covenant. This could include the provision of additional information by the employer, or carrying out a full covenant assessment by a covenant specialist (depending on the circumstances the employer may be required to pay for the cost of this assessment).
8. Where financial data is provided late, or not at all, the Fund may determine that the employer's covenant is weaker.

9. Where an employer can provide any additional form of security (such as security over an asset), the administering authority may view the employer covenant to be stronger.

3.4 Frequency of monitoring

A full review of employer covenant will be carried out triennially as part of the formal valuation process. More regular updates may be required depending on circumstances, including:

- **Employer database** - will be reviewed annually to ensure the information is accurate and up to date. This will include a review of bond status and employers may be required to provide evidence that forms of indemnity remain in place and are up to date.
- **Higher risk employers** - may be asked to provide financial information via a questionnaire annually, as part of an annual review process. If there is judged to be a material change in covenant there is provision for contributions to be reviewed in line with the fund's contribution review policy (see [Wiltshire Pension Fund policies](#))
- **Employer approaching exit** - such as employers with contracts due to end before the next formal valuation, or those with few active members will be monitored more regularly. The administering authority will monitor these employers annually (or more frequently) using pension risk metrics, including monitoring the active membership and the funding position on the employer's exit basis. The administering authority will continue to engage with these employers as they approach exit to help manage the exit and ensure the employer is aware of their pension obligations and the exiting process.
- **Changes in economic or regulatory environment** – may require the administering authority to carry out ad-hoc reviews of employer covenant - recent examples include the Covid-19 pandemic or the reclassification of colleges.

3.5 Risk mitigations and impact on funding strategy

The Fund will seek to manage employer risks appropriately to protect stakeholders and ensure fairness to employers. Forms of risk management include:

- **Provision of security** – as outlined in Section 5.5 of the FSS, the administering authority will seek to obtain a form of security from bodies upon admission. Some employers may also provide security (such a charge over an asset) during their participation to evidence stronger covenant and enable more flexibility in funding strategy. As part of ongoing risk assessments, the Fund will also seek to ensure that bonds and other forms of security are up to date and maintained for the appropriate level of indemnity.
- **Guarantees** – certain employers participating in the Fund may have a guarantee from central government, a parent company or another employer within the Fund. The administering authority will seek to ensure that information relating to these guarantees is accurate and up to date. This may require employers to provide evidence such as risk sharing agreements or a copy of guarantees.
- **Insurance** (and other forms of risk transfer) - where appropriate, employers (or the Fund on behalf of employers) may also take out insurance against certain risks (such as ill health early retirements).
- **Termination policy** – employers with no guarantee will exit the Fund on the Fund's cessation basis (as described in Appendix D5 of the FSS). Where an employer is seeking to enter into a post cessation funding arrangement (such as a deferred debt arrangement), the Fund will consider the employer's covenant in agreeing to or in setting the terms of the arrangement.

- **Contribution policy** – while participating in the Fund, the administering authority will consider employer covenant when determining funding strategy and the level of employer contributions (and any flexibilities afforded).
 - **Funding target** – contributions may be set to target full funding on an employer’s cessation basis, to minimise the risk of underfunding on exit. Where a higher risk employer is approaching exit (eg few active members or approaching contract end date), the administering authority may begin to transition the funding target towards the exit basis.
 - **Time horizon** – a shorter funding time horizon may be adopted for higher risk employers when setting contributions.
 - **Likelihood of success** – a higher likelihood of success may be adopted for higher risk employers when setting contributions.
 - **Contribution flexibility** – employer covenant will be a factor when considering contribution flexibility, such as phasing of contribution increases or whether a reduction in contributions as a result of any funding surplus can be allowed. For example, employers with weaker covenant may be required to pay a minimum of the Primary Rate (cost of accruing benefits).

The administering authority will aim to provide all employers with a clear framework of how employer risk categorisation will be used in setting funding strategy, as detailed in section 2.2 of the FSS. However, the Fund has ultimate discretion over the application of this policy and associated funding strategy.

4 Related policies

The fund’s approach to setting regular employer contribution rates is set out in the Funding Strategy Statement, specifically “Section 2 – How does the fund calculate employer contributions?”.

The treatment of new employers joining the fund is set out in the in the Funding Strategy Statement, specifically “Section 5 – What happens when an employer joins the fund?”

The treatment of employers exiting the fund is set out in the in the Funding Strategy Statement, specifically “Section 7 – What happens when an employer leaves the fund?”

[Wiltshire Pension Fund policies](#)

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Employer Covenant Risk Policy

Wiltshire Pension Fund – Local Government Pension Scheme

What is covenant?

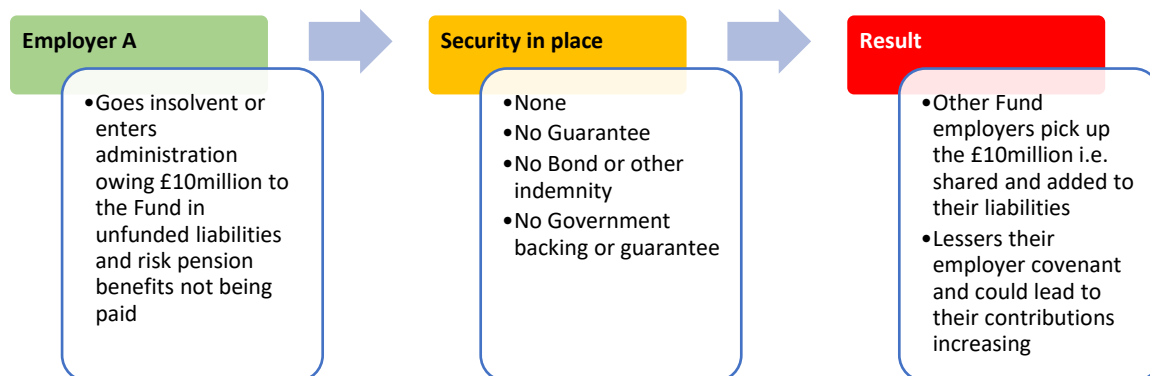
The Pensions Regulator defines employer covenant as “the extent of the employer’s legal obligation and financial ability to support the scheme now and in the future”.

Why have a policy?

To set out the framework within which the Fund seeks to identify, assess, monitor and mitigate employer risks.

To provide employers with an outline of factors that will be considered in determining funding strategy, to ensure each employer is treated fairly and with respect to their own circumstances.

Ultimately, if an employer “fails” in the Fund, their liabilities are shared amongst all the other employers in the Fund therefore, the Fund needs to ensure they reduce the risk of this happening. For example:



How?

An initial assessment of risk categorisation will be made based on the different sectors. This can initially be completed using the ability of the employer on having tax-raising powers or a government guarantee and those that do not.

Lower risk employers would initially be assessed as Local Authorities including Police and Fire, Academies and Multi-Academy Trusts.

Higher risk employers initially would be College and Universities, Charities, Housing Associations, Town and Parish Councils, Contractors such as catering and cleaning companies. Whilst Town and Parish Councils have some tax raising powers, the majority are pooled together, so as such another Council outside of their control could impact on their exposure to risk - however, the analysis detailed below would potentially move these into a lower risk.

The Fund will then carry out a pension risk profiling and assessment exercise which will consider such things as:

- The number of active employees
- Contract period
- Current deficit
- Governance structures
- Cashflow projections
- Debt facilities
- Creditors
- Exposure to climate risks

Based on the analysis employers will be categorised into either high, medium and low (or Red, Amber, Green).

Employers who were initially considered as a high risk, could be moved to a medium or lower risk based on the assessment and analysis carried out above.

An example of a high risk employer could be a contractor who has no guarantee or security in place, in the Fund for short period, have a large deficit, poor governance and poor cashflow projections plus possibly close to going into administration or even insolvent.

When?

The employer covenant risk analysis and assessment will be initially conducted ahead of the next triennial valuation (March 2025). Thereafter, high risk employers will be assessed and monitored annually.

If the covenant of a medium or low risk assessed employer has deemed to have changed, an assessment will also be conducted by the Fund.

Impact on High Risk Employers?

After all the analysis and assessments have been completed, any employers still deemed as high risk could be impacted by:

- Their contributions may be set at a higher level or flexibly increased
- Given a shorter time horizon, which means their liabilities are being fully funded sooner
- Raising their likelihood of success, meaning the Fund adopts a more prudent or less risky approach and thereby reduces the chance of leaving the Fund with outstanding liabilities or money owed to the Fund

Produced by – Matt Allen (Employer Funding and Risk Lead)

April 2024

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
10 October 2024

PROPOSED CONSTITUTIONAL CHANGES

Purpose of the Report

1. To bring before Committee members proposed changes concerning the Committee's terms of reference and the Fund's Governance Compliance Statement (GCS). Noting that:
 - a) Any changes to Part 3 of the Council's constitution will be notified to members and managed by Democratic Services as part of this item:
 - b) These changes to the Committee's terms of reference (Protocol 2a) are limited to the standing down of the Investment sub-Committee: &
 - c) These changes to the Fund's GCS are limited to the standing down of the Investment sub-Committee.

Background

2. The Pension Committee's terms of reference (Protocol 2a) and the GCS, introduced under the LGPS Regulations 2008, were last updated in July 2020. Since then, a number of operational practices have changed in the way the Fund is governed, leading to the summary of recommended changes below:
Committee's terms of reference changes
 - a) To remove all references to the Investment sub-Committee:
 - b) To ensure that all activities in the former Investment sub-Committee's terms of reference are incorporated into the Committee's terms of reference: and
 - a) To reflect that the Committee meets more frequently under the new Committee meeting structure.**Governance Compliance Statement changes**
 - c) To remove all references to the Investment sub-Committee: &
 - d) To reflect that the Committee meets more frequently under the new Committee meeting structure.
3. A further review of both of these documents will take place to consider relevant changes arising from the introduction of the Regulator's new general code of practice and the awaited SAB's good governance review when it is published.

Considerations for the Board

4. The Committee's terms reference (Appendix 1) and the GCS (Appendix 2) have been updated to reflect the changes outlined above. Members are asked to consider the changes and where required, recommend those changes be submitted to the Council's Constitution Focus group for their own consideration and onward implementation.
5. Members should note that the Board members have reviewed their own terms of reference (Protocol 2b) in September, prior to submission to the Council's Constitution Focus group.

Further review

6. As outlined in paragraph 3 the following broad areas of review and recommendation will likely be considered under a further review:

- a) The continued refinement of roles and responsibilities of both the Committee & Board members, so that each group can work effectively with the other: &
- b) To review a number of definitions and clarifications within the existing suite of documents to ensure the continued continuity between documents.

Conclusions

7. Officers consider these changes will lead to a better & stronger cooperation between all parties as well as be consistent with the prevailing legislation and regulations.

Environmental Impact

8. There is no environmental impact from this report.

Financial Considerations

9. There are no immediate financial considerations.

Risk Assessment

10. There are no risks identified at this time.

Legal Implications

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

12. There are no implications at this time.

Proposals

13. The Committee is asked to recommend those changes be submitted to the Council's Constitution Focus group for their own consideration and onward implementation.

Jenny Devine
Head of Wiltshire Pension Fund

Report Author: Richard Bullen – Fund Governance Manager

Appendix 1 – Committee Terms of Reference
Appendix 2 – Governance Compliance Statement

Wiltshire Pension Fund Committee

Protocol 2A

Pension Fund Committee of Wiltshire Council Terms of Reference

Introduction

1. This document sets out the terms of reference of the Wiltshire Pension Fund Committee of Wiltshire Council (the “Administering Authority”) being the scheme manager as defined under Section 4 of the Public Service Pensions Act 2013. The Committee is constituted as a Committee of the Administering Authority under Section 101 of the Local Government Act 1972 and has been assigned general duties, responsibilities and powers assigned to any sub-committees or officers under Wiltshire Council’s constitution.

Interpretations

2. The following terms have meanings as outlined below:

'the Regulations' means the Local Government Pension Scheme Regulations 2013 (as amended from time to time), the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended from time to time) including any earlier regulations as defined in these regulations to the extent they remain applicable and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (as amended from time to time);

'Relevant Legislation' means relevant overriding legislation as well as the Pension Regulator's Codes of Practice as they apply to the Administering Authority notwithstanding that the Codes of Practice are not legislation:

'the Scheme' means the Local Government Pension Scheme in England and Wales;

“Pension Fund Officers” shall mean the Director Finance, s151 & Head of Wiltshire Pension Fund as appropriate for the context, in line with their general roles and responsibilities;

“the Board” means the Local Pension Board established under Section 5 of the Public Service Pensions Act 2013 and regulation 106 of the Local Government Pension Scheme Regulations 2013 (as amended) and as set out in Protocol 2B of this constitution; and

“Treasurer of the Fund” shall mean the Director Finance, s151, or nominee where any conflict may arise.

Statement of purpose

3. The Committee is to act on behalf of the Administering Authority in its role as a scheme manager of the Scheme. In particular:

a) To have full decision-making responsibility on all aspects of the administration and management of the pension fund:

b) The power to delegate Pension Fund functions to Pension Fund officers, and other service areas within the Administering Authority as the Committee may consider appropriate to ensure the smooth administration of the Pension Fund having regard to the Scheme of Delegation to Officers as set out in Part 3 of the Wiltshire Council’s Constitution.

c) the Committee shall work with the Board considering all their recommendations and determine any appropriate action(s) to be taken, or provide a reason to the Board for not enacting a recommendation made by them; and

d) maintain a business plan and other key Wiltshire Pension Fund documents such as the Governance Compliance Statement, Funding Strategy Statement and Investment Strategy Statement to facilitate the delegation to officers of key strategic functions of the Scheme.

Duties of the Committee

4. The Committee should at all times act in a reasonable manner in the conduct of its purpose. In support of this duty all Committee members shall make declarations on the register of interests of the Administering Authority in accordance with its code of conduct.

Membership

5. The chair and vice chair will be appointed from one of five of the voting Wiltshire Council Members.

6. Committee membership may be terminated prior to the end of the Member's term of office if:

a) there exists a conflict of interest in relation to a committee member which cannot be managed within the internal procedures of the Committee:

b) a committee member becomes incapable of acting:

c) a member representative ceases to be a member of the body or scheme on which their appointment relied:

d) an employer representative ceases to hold the office, employment or membership of the body on which their appointment relied; and/or

e) a councillor ceases to represent their constituency.

Recruitment process and term lengths

Elected Member Representatives

7. Members elected from both Administering Authority and Swindon Borough Council will be appointed by Wiltshire Council's Full Council. Full Council should consider their appointments in terms of the Member's relevant experience of pension related matters and their willingness to exercise this specific function on behalf of the Administering Authority.

Employer Representatives

8. The voting Employer Representatives will serve a four-year fixed term from appointment. On expiry of the four-year term, applications for the position will be sought (from the incumbent and other applicable employer bodies) and an appointment process will be undertaken by the Committee. Should more than one application be received for the role, appointment will be made by interview.

9. All members may be re-appointed following a four-year term.

Non-voting Employee Representatives

10. Representatives will be sought from the recognised Trade Union bodies and be reviewed by the Unions after the representative has served a four-year fixed term from appointment. On completion of the review the Union may choose whether to put forward the same representative or choose to appoint another representative from one of their number.

11. For non-elected member representatives and employer representatives, appointments shall be made as follows:

- a) Nominations will be initially sought in a manner which seeks to fairly reflect the Scheme employers and membership of the Fund, however where no nominations are initially received, further requests for nominations can be sought from any appropriate representative:
- b) Successful nominations will be invited to interview by a panel of Committee members and Pension Fund officers; and
- c) Successful interviewees will be recommended to Full Council for approval and invited to become a member.

12. All representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.

Appointment of Chairman, Vice Chairman and Substitute Members

13. The Administering Authority will administer the appointment process of the Chairman, Vice Chairman and Substitute Members:

- a) Full Council will appoint a Chairman and Vice Chairman annually. The appointment of these roles will consider each individual's knowledge and understanding of pensions including any relevant professional qualification that the Councillors may hold:
- b) Substitute members – Full Council will appoint substitute members as required giving consideration to each individual's knowledge and understanding of pensions including any relevant professional qualification that the Councillors may hold.

Notification of appointment

14. When appointments to the Committee have been made the Administering Authority shall publish the name of Committee member. Appointments are not required under the Public Services Pension Act 2013 (formerly Pension Act 2004 section 248a) to maintain a sufficient level of knowledge and understanding. However, it is expected that good practice will be followed, in so far that appointees will abide by the requirements specified in the Pension Regulator's code of practice 14 and the Pension Act 2004 sections 247 to 249. It is expected that members knowledge and understanding will enable them to continue to comply with the FCA's MiFID II Regulations (or as amended from time to time) in relation to the Fund's professional investor status.

Duties of the Chair

15. The Chair:

- a) Shall ensure the Committee delivers its purpose as set out in these Terms of Reference and all relevant legislation:
- b) Shall ensure that meetings are productive and effective, and that opportunity is provided for the views of all members to be expressed and considered; and
- c) Shall seek to reach consensus and ensure that decisions are properly put to a vote, won by a simple majority and when it cannot be reached that the instances of a failure to reach a consensus position will be recorded and published.

Meetings

16. Meetings of the Committee will be held at least eight times a year. Four administration focused meetings and four investment focused meetings.

17. The Pension Committee will follow those parts of the Council procedure rules set out in Part 4 of Wiltshire Council's constitution as apply to them.

Quorum

18. A meeting is only quorate when at least 25% of voting members are present, subject to a minimum of 3.

19. A meeting that becomes inquorate may continue but any decisions will be non-binding.

20. Public Access to Committee meetings and information:

For the avoidance of doubt Part 5 of Wiltshire Council's constitution reflects the current statutory requirements set out in Section 100 Local Government Act 1972 and the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012. These rules apply to the Pensions Committee except where any particular issue is governed by other specific legislation.

Functions of the Committee

21. The Committee exercises the functions of the Council as Administering Authority. To fulfil its functions the Wiltshire Pension Fund Committee will operate within a framework of key Governance and Compliance documents which it will ensure are maintained. The key documents are:

- a) Governance Compliance Statement:
- b) Funding Strategy Statement:
- c) Investment Strategy Statement:
- d) Administering Authority Discretions Policy:
- e) Stewardship Code Statement:
- f) Communications Strategy:
- g) Business Plan:
- h) Administration Strategy:
- i) Cessations Policy; and
- j) Annual Report and Accounts.

22. The Committee shall be responsible for approving:

- a) The Fund's budget:
- b) The Triennial Valuation's key assumptions and results in relation to the Pension Fund; and
- c) For reviewing and approving the Annual Report and Accounts for final approval by the Audit Committee.

Delegations

23. Authority is delegated to the Treasurer of the Fund (or their nominated representative) to conduct urgent business between meetings, in consultation with the Chair and Vice Chair of the Committee. Any business conducted in this manner must be reported to the next ordinary meeting of the Committee. The scope of delegation is laid out in the Scheme of sub-delegation document.

24. Authority is delegated to the Chair to cast a Shareholder Vote in respect of Special Reserve Matters pertaining to Brunel Pension Partnership, following consultation with Pension Fund Officers and members of the Committee, where there is urgent business to be conducted between meetings.

25. Authority is delegated to the Head of Wiltshire Pension Fund to prepare the Fund's budgets, although approval of the budget shall remain with the Committee.

Reporting

26. Giving consideration to relevant law and good governance practice the Committee will:

- a) Publish a meetings attendance record in the Annual Report and Accounts;
- b) Invite the Local Pension Board to input into matters of governance and administration ; and
- c) Report to the Local Pension Board on action(s) it has taken concerning the Board recommendations.

Last updated: August 2024

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Wiltshire Pension Fund

Governance Compliance Statement

The Fund is required to publish a compliance statement under Regulation 55 of the Local Government Pension Scheme Regulations 2013.

In accordance with this requirement, the table below is the Fund's assessment of its compliance with those standards categorised by nine principles;

- Principle A – Structure
- Principle B – Representation
- Principle C – Selection & role of lay members
- Principle D – Voting
- Principle E – Training
- Principle F – Meetings
- Principle G – Access
- Principle H – Scope
- Principle I – Publicity

In addition to the nine required principles the Wiltshire Pension Fund Committee has included two further principles reflecting the changes to the Fund's structure since 2013 and in the interests of best practice. These are;

- Principle J – Assignments & delegations
- Principle K – Reporting

Under section 101 of the Local Government Act 1972, a local authority can delegate their statutory functions to the Council's committees, sub-committees or to officers. This delegation is laid out in Part 3B of Wiltshire Council's Constitution and the existing governance arrangements* of the Fund are provided for using the following structure;

- Pensions Committee – the role and responsibilities of which are set out in its own terms of reference within the Council's Constitution under Part 3B paragraph 2.7 and Protocol 2A;
- Local Pension Board – the role and responsibilities of which are set out in the Council's Constitution under Part 3B paragraph 7 and Protocol 2B (effective April 2015);
- Brunel Pension Partnership (BPP)** – an FCA regulated investment pooling company with its own governance structure in which the Fund seeks to integrate its own governance arrangements. The Administering Authority on behalf of the Fund has four distinct areas of relationship with the BPP, the first two of which are outlined within this compliance statement (effective April 2018). These areas of relationship are;
 - 1) Shareholder – The role and responsibilities of which are set out in a Shareholder Agreement dated 13 July 2017;
 - 2) Client – The role and responsibilities of which are set out in the Fund's Client Service Agreement 13 July 2017;
 - 3) Scheme Employer – The role and responsibilities of which are set out its Admission Agreement and the Fund's Pension Administration Strategy document; and
 - 4) Payroll service provider – The Administering Authority provides the BPP with a payroll service the scope of which is laid out within a separate contract 24 November 2017.

This compliance statement primarily seeks to set out the Pension Committee's compliance with the Regulations. Details of the terms, structure and operational procedures relating to

the Local Pension Board and Brunel Pension Partnership can be found via the following links;

Wiltshire Pension Fund Local Pension Board [Terms of Reference](#).

*The Board is established under Section 5 of the Public Service Pensions Act 2013 and Regulation 106 of the Local Government Pension Scheme Regulations 2013 and is not a committee constituted under Section 101 of the Local Government Act 1972.

Brunel Pension Partnership

- 1) Terms of Reference covering the governance of Shareholder & Services Agreements ([Terms of Reference](#))
- 2) Service Agreement [Service Agreement](#)

**BPP is established in accordance with the Companies Act 2006 and under its articles of association as submitted to Companies House. Its status as an investment pooling company are governed by the LGPS Investment Regulations 2016.

AREA	PRINCIPLE	LEVEL OF COMPLIANCE	REFERENCE
A) Structure	a) The management of the administration of benefits and strategic management of fund assets clearly rests with the committee established by the appointing council.	<p>FULL – The Council’s Constitution says that the Committee will “exercise the functions of the Council as Administering Authority under the Local Government Superannuation Act and Regulations and deal with all matters relating thereto”.</p> <p>The Wiltshire Pension Fund Committee has the power to “...make decisions on matters of significant policy...” (Part 3B, para 4).</p>	(Part 3, para 2.7 and Protocol 2A)
	b) That governance arrangements exist with the Brunel Pension Partnership, the Fund’s investment pooling company, in which the Administering Authority is both a Shareholder and a client and that the structure ensures effective communication in both capacities	<p>The governance arrangements include a Shareholder Agreement, Service Agreement & Terms of Reference detailing the relationship of each party which will form part of the Brunel Pension Partnership’s constitution.</p> <p>A separate representative will represent it as a shareholder and as a client.</p> <p>BPP will be responsible for the appointment of external investments managers to implement the Fund’s investment policy. All minutes of meetings and decisions taken by the BPP will be</p>	BPP Shareholder and Service Agreements and BPP’s Terms of Reference

AREA	PRINCIPLE	LEVEL OF COMPLIANCE	REFERENCE
	c) That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of the committee.	reported back to the next committee meeting. FULL – There are two voting representatives from Swindon Borough Council, two voting representatives from Admitted Bodies and 2 UNISON Observers (representing active, deferred and pensioner members), all of whom are members of the main committee.	Protocol 2A
B) Representation	a) That all key stakeholders are afforded the opportunity to be represented within the committee structure. These include: <ul style="list-style-type: none"> <li data-bbox="512 846 794 1077">i. employing authorities (including non-scheme employers, eg, admitted bodies); <li data-bbox="512 1350 794 1581">ii. scheme members (including deferred and pensioner scheme members); <li data-bbox="512 1653 794 1749">iii. independent professional observers; and <li data-bbox="512 1955 794 2051">iv. expert advisors (on an ad-hoc basis). 	<p data-bbox="831 846 1198 1312">FULL – four representatives in total, two from Swindon Borough Council and two from Scheduled bodies such as Academies/Colleges, or Admitted Bodies. The non-elected members will hold their office for a maximum of 4 years before a re-election process needs to take place.</p> <p data-bbox="831 1350 1198 1514">FULL – two non-voting representatives from UNISON, who represent active, deferred and pensioner members</p> <p data-bbox="831 1653 1198 1883">FULL – Our Independent Pension Adviser, who attends all meetings, fulfils this role and feeds back any observations to the Chief Finance Officer and/or Heads of Pensions</p> <p data-bbox="831 1955 1198 2085">FULL – The Fund’s Investment Consultant and the Fund’s Actuarial Consultant attends all</p>	<p data-bbox="1230 846 1406 875">Protocol 2A</p> <p data-bbox="1230 1350 1406 1379">Protocol 2A</p>

AREA	PRINCIPLE	LEVEL OF COMPLIANCE	REFERENCE
	b) That where lay members sit on the committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision-making process, with or without voting rights.	meetings where expert advice relating to their area is required FULL – All members of the Committee are given equal access to papers, meetings and training and can fully participate in debates.	Protocol 2A
C) Selection and Role of Lay Members	a) That committee members are made fully aware of the status, role and function they are required to perform on the committee.	FULL – Full Induction Training and Governance is given, and each member is given a Guide to the LGPS	Protocol 2A
	b) That at the start of any meeting, committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda.	FULL – this is a standard part of committee procedure.	Protocol 2A
	c) That Committee members selection is undertaken in accordance with the Local Government and Housing Act 1989.	FULL – selection will follow consultation between Wiltshire Council and the political groups.	Local Government and Housing Act 1989
	d) That Brunel Pension Partnership selection for the roles of Administering Authority Shareholder and Client representative will be made in accordance with the Shareholder and Services Agreements.	Unless by other agreement the Chair of the Committee will take the role of Shareholder representative and the Head of Wiltshire Pension Fund will take the role of Client representative	Shareholder and Service Agreements
	e) That substitute member selection will be undertaken in accordance with both Wiltshire and Swindon Borough Council's constitutions	FULL – All substitute members will be subject to the requirements of Committee members in terms of their selection, training and standards	Constitutions of Wiltshire and Swindon Borough Councils
D) Voting	a) The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or	FULL – The Committee has afforded each of its members voting rights, except the UNISON Observers who represent members. Being a statutory pension	Protocol 2A

AREA	PRINCIPLE	LEVEL OF COMPLIANCE	REFERENCE
	group represented on main LGPS committees.	scheme, the local committee has very little influence over benefits and the members are fully protected by statute. Therefore, there is very little that scheme members (or their representatives) can influence on the committee that has any direct impact upon them. Further, giving voting rights to the observers would mean increasing the size of the However, the Committee, because on behalf of the Administering Authority must legally be able to maintain a majority.	
	b) The role of the Administrating Authority's Shareholder representative on voting on behalf of the interests of the Authority in respective of the Brunel Pension Partnership.	The scope of the Shareholder representative's voting powers will be in accordance with the Agreement. The Shareholder representative will always only vote with the consent of the Administering Authority, who must receive written notification of all matters voted upon and how their vote was cast.	Shareholder Agreement
E) Training/Facility Time/Expenses	a) That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.	FULL – There is a Members' Training Plan which is fully implemented and is updated regularly. All members and substitutes (including observers) have full access to all training opportunities and can claim all reasonable expenses.	Protocol 2A
	b) That where such a policy exists, it applies equally to all members of committees.	FULL – see Members Training Plan	Protocol 2A
	c) That where a statutory training requirement exists, all members of committee, will ensure that they remain competent to fulfil their	See Members Training Plan	Protocol 2A

AREA	PRINCIPLE	LEVEL OF COMPLIANCE	REFERENCE
	role and responsibilities		
F) Meetings - Frequency	a) That an administering authority's committee meet at least quarterly.	FULL – The Committee meets eight times per year, plus on an ad-hoc basis for special issues (eg. Valuation & tenders) The annual meeting cycle will typically comprise of four investment focused and four non-investment focused meetings	Wiltshire Council Constitution
	b) That a representative of the administering authority will attend each Shareholder, Brunel Oversight Board and Client Group meeting held by the Brunel Pension Partnership.	The Shareholder, Brunel Oversight Board and Brunel Client Group will meet as often as required and should be attended by the relevant representative stated in the Structure Principle	Shareholder Agreement
	c) That administering authorities who do not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented.	FULL – From 1 April 2015, Wiltshire Council in its role of Administering Authority has established a Local Pension Board. It consists of 6 voting members (3 employer and 3-member representatives) along with a non-voting independent chair. The purpose of this Board is to review and ensure the Wiltshire Pension Fund secures compliance with the Scheme regulations and all other relevant legislation.	Protocol 2B
G) Access	a) That subject to any rules in the Council's Constitution, all members have equal access to committee papers, documents and advice that falls to be considered at meetings of the committee.	FULL – All members of the Committee (including non-voting and substitute members) receive all the papers for every meeting, including the confidential ones	Wiltshire Council Constitution
H) Scope	a) That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	FULL – All matters in relation to the Fund, whether Benefits, Governance, Investments, Communications, Employers, Financial, etc, are covered by the governance arrangements.	Protcocol 2A
I) Publicity	a) That administering authorities have	FULL – The Governance Compliance Statement is	Protocol 2A

AREA	PRINCIPLE	LEVEL OF COMPLIANCE	REFERENCE
	published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements.	available on the Wiltshire Pension Fund Website and in the Wiltshire Pension Fund Annual Report. This statement is approved by the committee which is held as a meeting open to public participation	
J) Assignments & delegations	a) That the Brunel Pension Partnership authority to make an investment decision has been delegated to it by the administering authority and that the Committee acts as the administering authority's decision-making forum	The BPP will act on the instructions of the Committee as advised to it by the Fund's Client representative (or their designated substitute). BPP will act subject to that instruction and in accordance with its mandates, Terms of Reference or any other recognised document.	Service Agreement
	b) That in the event of an emergency, the administering authority's emergency powers will allow officers to take decisions.	Where a Committee meeting cannot take place, the scheme of sub-delegation to the Director of Finance and Procurement allows that Director to take decisions on behalf of the Council, unless responsibility has not been specifically reserved. Subject to approval and after consultation with the Chair and Vice-chair the Director can make decisions on behalf of the Fund. All decisions must be reported back to the next Committee meeting.	Wiltshire Council Constitution, Part 3, Section D2, Paragraph 1. With reference to the Pension Committee minutes dated 26 March 2020 – Minute 124.
K) Reporting	a) The Committee will report to the Local Pension Board to the extent that the Board can fulfil its statutory function.	Reporting will include items specified within the Local Pension Board's Terms of Reference	Protocol 2B
	b) The Committee will ensure all external reporting is completed to the extent that it will fulfil its statutory function.	Reporting will include, but is not limited to the Scheme Return, GAD Financial reporting and HMRC Event reporting	

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WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
10 October 2024

TPR Breach Policy Guidelines

Purpose of the Report

1. The purpose of this report is for the Committee to approve the Fund's TPR Breach Policy which has been aligned to the requirements of TPR's new General Code of Practice.

Background

2. There is a legal requirement on all members, officers of the Fund, employers, and advisers to report any significant breaches of the law to the Pensions Regulator (tPR).
3. The Board reviewed tPR Breach Policy in February 2022 on behalf of the Committee during which it was agreed that it would further review the policy following the introduction of tPR's new general code of practice. The new code came into force on 27 March 2024.
4. This currently aimed to ensure that the policy (Appendix 1), continued to set out all the responsibilities of relevant stakeholders and provide a framework for the Fund which continues to align with the new code, identifying, managing and where necessary, making a decision to report breaches of the law to the Regulator. Noting that this framework applies to the management and administration of the Fund.
5. Under Sections 49 to 51 of the new Code of Practice the Fund is required to ensure that:
 - a) It recognises "who must report":
 - b) The process in relation to the "Decision to report": &
 - c) "How to report".

As well as incorporating a mechanism for the "Reporting of payment failures".

Considerations for the Committee

6. After reviewing the new code officers and Board are satisfied that no material changes were required to the exist policy. However, a number of associated activities are being completed in order to assist with the execution of this policy. These include:
 - a) The development of "material significance" examples to accompany the Pension Regulator's breach decision tree and assist officers in correctly categorising the severity of a breach:
 - b) The policy's alignment with the Fund's escalation arrangements, as set out in the LPB's terms of reference and the Pensions Administration Strategy document to ensure a consistent approach to escalation matters between policies. Clarifying that where a difference may occur, tPR breach policy's escalation approach for breaches of law will take primacy: &
 - c) Clarifications in relation to reporting arrangements to the Pensions Regulator, which in practice will allow for another senior officer, other than the s151 officer to submit a report to the Regulator, on behalf of the s151 officer.
7. Since this policy was introduced in October 2015 an established framework of documents is now in place to assist in the recording, managing and reporting of any breaches of law which may occur. This includes an annual summary of all recorded breaches in each

scheme year, which is set out in the Low Volume Performance Report, reviewed by the Board.

8. It is noted that it was originally agreed that all Fund breaches would be published in the Annual Report and on the Fund's website. However, in practice this approach has been modified so that the publication of breaches via the Fund's annual Low Volume Performance Report within Part 1 of the Board/Committee's meeting papers is seen as its preferred method of openness and transparency.

Environmental Impact of the Proposal

9. Not applicable.

Financial Considerations & Risk Assessment

10. There are no significant financial implications from this report.
11. The implementation of these Guidelines will mitigate the risk of the Fund breaching the Regulations and failing to report this or taking appropriate remedial action.

Legal Implications

12. The Guidelines will ensure compliance with tPR Code of Practice.

Safeguarding Considerations/Public Health Implications/Equalities Impact

13. There are no known implications at this time.

Proposals

14. The Committee is asked to:
 - a) to review the attached tPR Breach Policy Guidelines and approval their alignment with tPR's new general code of practice: &
 - b) to approve the practice of publishing the Fund's record of breaches via the annual Low Volume Performance Report as the preferred approach.

Jennifer Devine
Head of Wiltshire Pension Fund

Report Author: Richard Bullen, Fund Governance Manager

Appendix 1 – TPR Breach Policy

Wiltshire Pension Fund

Breaches of the Law Policy Guidelines for Wiltshire Council Officers, Councillors and Members of the Wiltshire Pension Fund Local Pension Board

1 Status of this document

This document contains the Committee’s policy guidelines on identifying, managing and where necessary reporting breaches of the law in relation to the management and administration of the Fund. The guidelines apply to Councillors, Council officers and Board members. The guidelines do not cover the responsibility of any other person required by law to report such breaches.

Please note that Board members must comply with the Reporting Policy set out at paragraphs 84 to 93 of their Terms of Reference. These guidelines complement the Reporting Policy in respect of Board members.

These guidelines will be reviewed and approved by the Committee at least every three years. The Committee will monitor all breaches and will ensure that adequate resources are allocated to managing and administering this process.

The Council’s Section 151 Officer will be responsible for the management and execution of these guidelines.

2 Definitions used in this document

“Board”	The Wiltshire Pension Fund Local Pension Board
“Code”	The Pensions Regulator’s Code of Practice no. 14: Governance and administration of public service pension schemes (as amended from time to time) (Currently the General Code of Practice)
“Committee”	The Wiltshire Pension Fund Committee
“Council”	Wiltshire Council
“Councillor”	An elected or co-opted member of the Council
“Fund”	The Wiltshire Pension Fund within the LGPS
“Regulations”	The Local Government Pension Scheme Regulations 2013 (as amended from time to time)
“Reporting Policy”	The Council’s policy on reporting matters including breaches of the law set out in this document and the Local Pension Board’s terms of reference (as amended from time to time)

3 Objectives of this document

- a) To set out the principles and procedures that all Councillors, Council officers and Board members are expected to follow in order to comply with the Board’s terms of reference, relevant legislation, codes of practice, government guidance and the Council’s and Pension Fund’s policies.
- b) To ensure that all Councillors, Council officers and Board members are aware of their duty to report relevant breaches of the law to the Pensions Regulator.
- c) To set out procedures for identifying, assessing, recording and reporting relevant breaches within appropriate timescales (including processes for clarifying the facts and applicable law where needed, referral

to Council staff of appropriate seniority, dealing with difficult cases and identifying promptly any breaches that are so serious that they must always be reported to the Pensions Regulator).

d) To ensure that a breaches log is kept and reviewed.

4 Relevant Legislation

Section 70 of the Pensions Act 2004 sets out the legal duty to report breaches of the law:

70. Duty to report breaches of the law

- (1) Subsection (2) imposes a reporting requirement on the following persons —
- (a) a trustee or manager of an occupational or personal pension scheme;
 - [(aa) a member of the pension board of a public service pension scheme;]
 - (b) a person who is otherwise involved in the administration of [an occupational or personal pension scheme];
 - (c) the employer in relation to an occupational pension scheme;
 - (d) a professional adviser in relation to such a scheme;
 - (e) a person who is otherwise involved in advising the trustees or managers of an occupational or personal pension scheme in relation to the scheme.
- (2) Where the person has reasonable cause to believe that—
- (a) a duty which is relevant to the administration of the scheme in question, and is imposed by or by virtue of an enactment or rule of law, has not been or is not being complied with, and
 - (b) the failure to comply is likely to be of material significance to the Regulator in the exercise of any of its functions,
- He/she must give a written report of the matter to the Regulator as soon as reasonably practicable.
- (3) No duty to which a person is subject is to be regarded as contravened merely because of any information or opinion contained in a written report under this section. [*i.e. Duty to report overrides other obligations like duty of confidentiality, except where legal professional privilege applies*]
This is subject to section 311 (protected items). [*Deals with exemption for legal professional privilege*]
- (4) Section 10 of the Pensions Act 1995 (c 26) (civil penalties) applies to any person who, without reasonable excuse, fails to comply with an obligation imposed on him by this section.

5 The Pensions Regulator's Code: Reporting breaches of the Law

The Pensions Regulator has responsibility for regulatory oversight of the governance and administration of public service pension schemes, including the LGPS. The Pensions Regulator has published guidance in the Code. Sections 49 to 51 of the General Code deals with reporting breaches of the law.

6 Overview

The identification, management and reporting of breaches is important. It is a requirement of the Pensions Act 2004 and the Code; failure to report a breach without “reasonable excuse” is a civil offence that can result in civil penalties.

At the same time, in addition to identifying, rectifying and where necessary reporting a particular breach, the process provides an opportunity to learn from mistakes and review and improve processes in the areas where the breach occurred.

All Councillors, Council officers and Board members are expected, indeed required, to take a pro-active approach to the identification, management and reporting of all breaches that have occurred, or are likely to occur.

The Head of Pensions will maintain a log of all breaches of the law as applicable to the management and administration of the Fund.

The Council, as Scheme Manager, and the Board cannot rely on waiting for other reporters to report a breach where it has occurred. Where a breach has occurred and has been identified by the Council or Board it should be recorded, assessed and where necessary reported as soon as reasonably practicable.

7 What is a breach of the law?

A breach of the law is “*an act of breaking or failing to observe a law, agreement, or code of conduct.*”. In the context of the Local Government Pension Scheme (LGPS) it can encompass many aspects of the management and administration of the LGPS, including failure:

- a) to do anything required under the Regulations;
- b) to do anything required under overriding legislation, applicable statutory guidance or codes of practice;
- c) to maintain accurate records;
- d) to act on any fraudulent act or omission that is identified;
- e) to comply with policies and procedures (e.g. the Fund’s Investment strategy statement, Funding strategy statement, discretionary policies, etc.);
- f) of an employer to pay over member and employer contributions on time;
- g) to pay member benefits accurately and in a timely manner; and
- h) to issue annual benefit statements on time or non-compliance with the Code.

8 Responsibilities in relation to breaches

Responsibility to report identified breaches of the law falls on the following reporters:

- a) Councillors and Council officers (on behalf of the Council as Scheme Manager);
- b) Board members;
- c) Scheme employers;
- d) Professional advisers (including the Fund actuary, investment advisers, legal advisers); and
- e) Third party providers (where so employed).

These guidelines only apply to Councillors, Council officers and Board members. It is for the other reporters to ensure their own adequate procedures and policies are put in place in order to identify, assess and where necessary report breaches. Both the Council and the Board will take all necessary steps to consider a breach and report to the Pensions Regulator, rather than having the breach solely reported by any of the other reporters

9 Requirement to report a breach of the Law

Breaches of the law which affect pension schemes should be considered for reporting to the Pensions Regulator in accordance with the Code.

The decision whether to report an identified breach depends on whether:

- a) there is reasonable cause to believe there has been a breach of the law;

b) and if so, is the breach likely to be of material significance to the Pensions Regulator?

It is important to understand that not every breach that is identified needs to be reported to the Pensions Regulator. For example, where it can be demonstrated that appropriate action is being taken to rectify the breach, or the breach has occurred due to teething problems with new or revised systems or processes, it may not be necessary to report the incident to the Pensions Regulator. It is still necessary that all incidents of breaches identified are recorded in the Fund's breaches log. This log will be reviewed on an on-going basis to determine any trends in the breaches log that might indicate any serious failings or fraudulent behaviour.

Where such failings or fraudulent behaviour are identified immediate action will be taken to agree and put in place a plan of action to rectify the matter and prevent such an occurrence in the future.

10 When is a breach required to be reported to the Pensions Regulator?

The Code requires that a breach should be notified to the Pensions Regulator as soon as is reasonably practicable once there is reasonable cause to believe that a breach has occurred and that it is of material significance to the Pensions Regulator. The time taken should reflect the seriousness of the breach. In any event, where a breach is considered to be of material significance it must be reported to the Pensions Regulator no later than **10 working days** after becoming aware of the breach or likely breach.

Where it is considered that a breach is of such significance that the Pensions Regulator is required to intervene as a matter of urgency (for example, serious fraud) the matter should be brought to the attention of the Pensions Regulator immediately (e.g. by calling them direct). A formal report should then be submitted to the Pensions Regulator, marked as "urgent" in order to draw the Pensions Regulator's attention to it.

11 Assessing "reasonable cause"

It is important that the Council and the Board are satisfied that a breach has actually occurred, rather than acting on a suspicion of such an event.

It will be necessary, therefore, for robust checks to be made by Councillors, Council officers and Board members when acting on any suspicion of a breach having occurred. Where necessary this will involve taking legal advice from the Head of Legal Services (who may recommend specialist external legal advice if necessary) as well as other advisers (e.g. the auditors, the Fund actuary or its investment advisers).

12 Deciding if a breach is "materially significant" and should be reported to the Pensions Regulator

The Pensions Regulator has produced a decision tree to assist schemes in identifying the severity of a breach and whether it should then be reported. When determining materiality of any breach or likely breach the following aspects are considered in all cases:

- a) cause – e.g. dishonesty, poor governance, incomplete or inaccurate information, acting or failing to act in contravention of the law;
- b) effect – e.g. ineffective internal controls, lack of knowledge and understanding, inaccurate records, potential for further breaches occurring;
- c) reaction – e.g. taking prompt and effective action to resolve a breach, notifying scheme members where appropriate; and
- d) wider implications – e.g. where a breach has occurred due to lack of knowledge or poor systems and processes making it more likely that other breaches will emerge in the future.

The decision tree provides a "traffic light" system of categorising an identified breach:

Green – not caused by dishonesty, poor governance or a deliberate contravention of the law and its effect is not significant and a plan is in place to rectify the situation. In such cases the breach may not be reported to the Pensions Regulator, but should be recorded in the Fund’s breaches log;

Amber – does not fall easily into either green or red and requires further investigation in order to determine what action to take. Consideration of other recorded breaches may also be relevant in determining the most appropriate course of action. The Council or Board will need to decide whether to informally alert the Pensions Regulator of the breach or likely breach, formally reporting the breach if it is subsequently decided to categorise the breach as red;

Red – caused by dishonesty, poor governance or a deliberate contravention of the law and having a significant impact, even where a plan is in place to rectify the situation. The Council or Board must report all such breaches to the Pensions Regulator in all cases;

Where a Councillor, Council officer or Board member is satisfied that a breach has actually occurred and it is significant, he or she must as soon as reasonably practicable report it to either the Head of Pension and the Chairman of the Board.

If it is unclear as to whether the breach or likely breach is significant, in the first instance full details should always be reported to the Board (through its chairman) to determine the appropriate course of action. The Board will then report full details to the Committee as soon as reasonably practicable and otherwise in accordance with the Reporting Policy, including escalation under paragraph 90 of the Board’s terms of reference where necessary.

It should be noted that failure to report a significant breach or likely breach is likely, in itself, to be a significant breach.

The Committee will use the Pensions Regulator’s decision tree as a means of identifying whether any breach is to be considered as materially significant and so reported to the Section 151 Officer for reporting to the Pensions Regulator. To assist the Committee in its consideration of “materially significant” Appendix I to this policy seeks to provide broad “traffic light” examples to accompany the decision tree and to enable the appropriate categorisation of identified breaches.

Any failure of a scheme employer to pass over employee contributions that are considered to be of material significance must be reported to the Pensions Regulator.

In order to determine whether failure to pay over employee contributions is materially significant or not the Committee will seek from the employer:

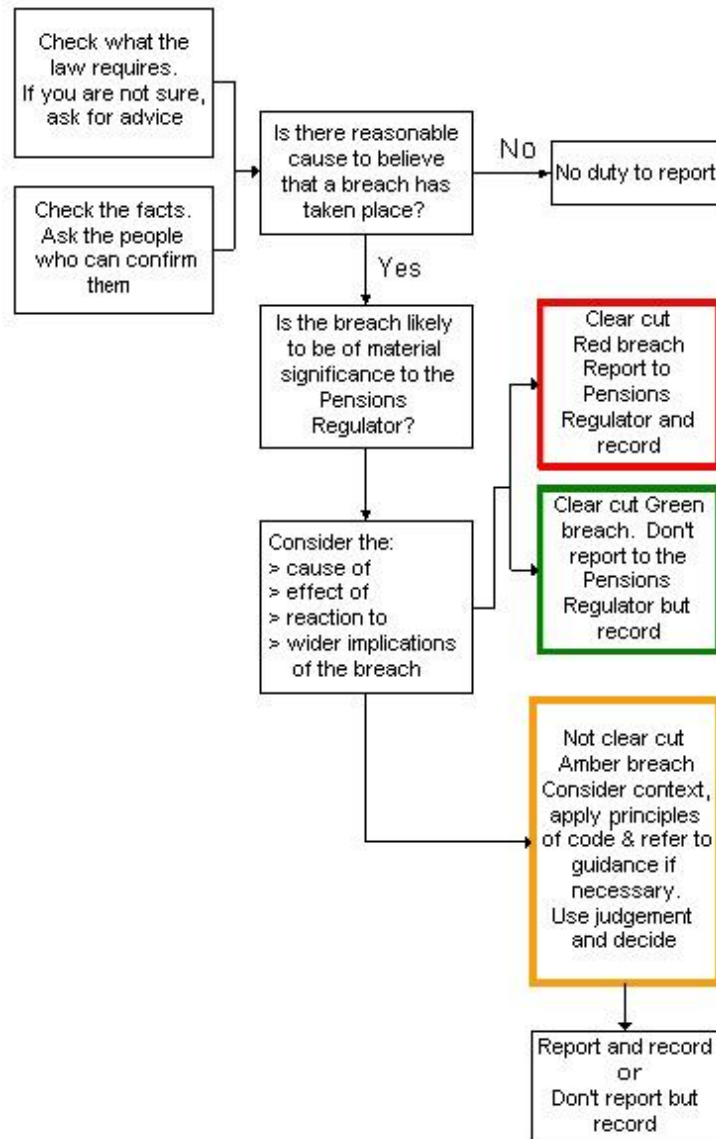
- a) the cause and circumstances of the payment failure;
- b) what action the employer has taken as a result of the payment failure, and
- c) the wider implications or impact of the payment failure.

Where a payment plan is agreed with the employer to recover outstanding contributions and it is being adhered to or there are circumstances of infrequent one-off late payments or administrative failures the late payment will not be considered to be of material significance.

All incidences resulting from the unwillingness or inability of the employer to pay over the employee contributions, dishonesty, fraudulent behaviour or misuse of employee contributions, poor administrative procedures, or the failure to pay over employee contributions within 90 days from the due date will be subject to a material significance test and where that test is failed, reported to the Pensions Regulator.

As soon as a breach or likely breach has been identified to the Committee, regardless of whether it needs to be reported to the Pensions Regulator, the relevant manager, in consultation with the Head of Pensions, must review the circumstances of the breach in order to understand why it occurred, the consequences of the breach

and agree the corrective measures required to prevent re-occurrence, including an action plan where necessary. All breaches must be recorded in the Fund's breaches log.



13 Process for reporting breaches

All Councillors, Council officers and Board members have a responsibility to:

- identify and assess the severity of any breach or likely breach;
- report all breaches or likely breaches to the Head of Pensions and Chairman of the Board, and in the case of Board members, escalate to the Section 151 officer (notifying the Committee too) where required under the Reporting Policy;
- in conjunction with relevant colleagues agree a proposed course of action to rectify the breach and put in place measures to ensure the breach does not re-occur, obtaining appropriate legal or other advice where necessary;
- ensure that the appropriate corrective action has been taken to rectify the breach or likely breach and to prevent it from re-occurring; and

- e) co-operate with, and assist in, the reporting of breaches and likely breaches to the Board, Committee, Section 151 Officer and where necessary the Pensions Regulator.

14 Responsibilities of the responsible officer

The Council will appoint one of its senior officers to be responsible for the management and execution of these guidelines. That officer will be the Section 151 Officer.

The Section 151 Officer will be responsible for ensuring that breaches and likely breaches are recorded and reported as follows:

- a) ensure that all identified breaches and likely breaches are recorded by the Head of Pensions in the Fund's breaches log;
- b) ensure investigation of the circumstances of all reported breaches and likely breaches;
- c) ensure, where necessary that an action plan is put in place and acted on to correct the identified breach and also ensure further breaches of a similar nature do not re-occur;
- d) ensure reporting to the Committee and Board of:
 - 1) all materially significant breaches or likely breaches that will require reporting to the Pensions Regulator as soon as practicable, but no later than **10 working days** after becoming aware of the breach or likely breach; and
 - 2) all other non-green breaches at least quarterly as part of the Committee cycle. Green breaches to be reported annually.
- e) report all materially significant breaches to the Pensions Regulator as soon as practicable but not later than **10 working days** after becoming aware of the breach.

The Section 151 Officer will make the final determination of whether any breach or likely breach is materially significant, having regard to the guidance set out in the Code and after consultation with the Head of Legal Services and were considered appropriate the Committee and Board.

If appropriate, the matter will be referred to an external party to obtain any necessary legal or other advice before deciding if the breach is considered to be of material significance to the Pensions Regulator. Where uncertainty exists as to the materiality of any identified breach the Section 151 Officer (or delegated officer) may informally notify the Pensions Regulator of the issue and the steps being taken to resolve the issue.

15 How should a breach be reported to the Pensions Regulator?

All materially significant breaches must be reported to the Pensions Regulator in writing. This can be via post or electronically. The Pensions Regulator encourages the use of its standard reporting facility via its Exchange on-line service.

The Section 151 Officer (or delegated officer) will report all material breaches to the Pensions Regulator via Exchange ideally within **10 working days** of being identified, or as soon as is reasonably practical.

To enable compliance with tPR's requirement to notify breaches within **10 working days** the process for reporting will be conducted by email with officers liaising with the Chairs of the Board and Committee prior to submission of any report by the s151 Officer. The decision to report will be included as an agenda item in the next cycle of meetings.

16 How are records of breaches maintained?

All breaches and likely breaches identified are to be reported to the Head of Pensions as soon as they are identified. The Head of Pensions will log all breaches on the Fund's breaches log, including the following information:

- a) date the breach or likely breach was identified;
- b) name of the scheme;
- c) name of the employer (where appropriate);
- d) any relevant dates;
- e) a description of the breach, its cause and effect, including the reasons it is, or is not, believed to be of material significance;
- f) whether the breach is considered to be red, amber or green.
- g) a description of the actions taken to rectify the breach;
- h) a brief description of any longer-term implications and actions required to prevent similar types of breaches re-occurring in the future.

The Section 151 Officer will be responsible for ensuring the effective management and rectification of any breach identified, including submission of any report to the Pensions Regulator. The collection of evidence and any documentation supporting the breach will be maintained by the Section 151 Officer.

17 Whistleblowing

It is a statutory duty to report breaches of the law. In rare cases this may involve a duty to whistle blow on the part of an employee of the Council or a member of the Board. The duty to report overrides any other duties a reporter may have, such as confidentiality. Any such duty is not breached by reporting to the Pensions Regulator. Given the statutory duty that exists, in exercising these guidelines the Council will ensure it adheres to the requirements of the Employment Rights Act 1996 in protecting an employee making a whistleblowing disclosure to the Pensions Regulator. The provisions of the Council’s whistleblowing policy apply.

The duty to report, however, does not override ‘legal professional privilege’, so oral and written communications between the Council, Committee or Board and a professional legal adviser must not be disclosed.

18 Training

The Head of Pensions will ensure that all Councillors, Council officers and Board members receive appropriate training on reporting breaches of the law and these guidelines at the commencement of their office, employment or appointment to the Board as appropriate and on an ongoing basis.

19 Associated guidance

- a) Material Significance – Appendix 1 (to assist in assessing the Pensions Regulator’s decision tree)
- b) Escalation – Escalation arrangements relating to breaches within the Pensions Administration Strategy document, the Board’s terms of reference and this TPR Breach policy should all be consistent. Where an inconsistency is identified between these documents the escalation arrangements for breaches of law set out within this TPR Breach policy will take primacy.

[Wiltshire Pension Fund policies](#)

Effective date of policy	10 th October 2024
Date approved	10 th October 2024
Current Version	XXXXXX
Next review	10 th October 2027

Wiltshire Pension Fund Committee - 2024/25										
Meeting:	21/03/2024	11/03/2024	21/03/2024	11/03/2024	21/03/2024	11/03/2024	21/03/2024	11/03/2024	21/03/2024	Guidance comments
GOVERNANCE - Committee Specific										
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's Triennial review and other strategic documents to ensure continuity. Lasted reviewed in July 2020.
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
Committee effectiveness review										4 year plan last undertaken with the Committee in Nov 2022, due next in 2026. The Committee should also compare itself against its own terms of reference 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										
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.
Updates & comments on the previous Committee & Board meeting minutes	✓	✓	✓	✓	✓	✓	✓	✓	✓	Amongst other purposes Members should use the minutes to identify risks for inclusion in the risk register
Review Governance Compliance Statement				✓						Five year plan last approved on 30/03/2021. To form part of the changes arising from the Good Governance review.
TPR General Code of Practice plan and self-assessment							✓			The self-assessment to be independently audited in 2025/26. Replaces TPR Code of Practice 14.
Review Fund Training Programme	✓						✓		✓	Complete 4 year training plan last approved on 16/12/2023. Annual reviews undertaken in Q4 each year
Review the Fund's Annual Report & Accounts	✓									Annual Report & Accounts to be completed & published by statutory deadline of 1st December
Approve Internal Audit Report scope							✓			Audits include: AR&A's - Published by 1st December. Key Controls, TPR GCOP assessment & Payroll Migration III.
Input into and monitor External & Internal Audit Reports		✓		✓		✓			✓	Committee to liaise with the Audit Committee concerning the scope of Council's AR&A's and SWAP audits. Ensure audit recommendations are actioned.
Treasury Management Strategy					✓					Annual review, including cashflow forecasting and pre-emptive account maintenance (Last reviewed 23/03/2023)
Review service providers, both internal & external, include advisor appointments, processes, controls & SLAs								✓		Committee to receive an annual update from the Board on the effectiveness of the Fund's advisers
Review Actions from previous meetings	✓	✓	✓	✓	✓	✓	✓	✓	✓	Addressed primarily during meeting agenda planning stage
GOVERNANCE - Fund Plans, policies & strategies										
Review Business plan (To include KPI Improvement Plan)		✓		✓			✓		✓	Business plan 24/27 approved on 28/03/2024. KPI Improvement Plan approved on 14/12/2023. 6 monthly checkpoints initially agreed
Review Pension Administration Strategy		✓								3 year plan last approved on 28/07/2022
Review Communication Strategy							✓			3 year plan last approved on 16/12/2021. E-communication strategy update and customer service assessment
TPR Breach Policy (Internal escalation strategy)				✓						Last reviewed on 17/02/2022. To review as part of new TPR GCOP requirements
Review Compliance with FRC stewardship code	✓								✓	Last approved on 28/03/2024. Annually - Consider TCFD requirements as part of the process
Review Triennial Valuation Process				✓					✓	Next valuation currently due 31/03/2025
Review Investment Strategy Statement						✓				Annual review, last approved on 02/03/2023 (Ensure inclusion of MIFID II arrangements)
Review Fund "Responsible Investment Strategy"			✓							To be reviewed in conjunction with the Investment Strategy Statement. To cover Climate Change Statement. To also cover topical changes on policy relating to BPP & ESG
Review Admin Charging Policy										3 year plan last approved on 28/07/2022. No reviewed expected in 2024/25
Review Admin Authority Discretions										3 year plan last approved in 28/03/2024. No reviewed expected in 2024/25
Review Employer Cessations policy (New Employer Policy)										3 year plan last approved in 13/07/2023. No reviewed expected in 2024/25
Review Funding Strategy Statement										3 year plan last approved on 17/11/2022. Next Fund Valuation 31/03/2025
ADMINISTRATION										
Receive an annual report of an complaint & IDPP cases, including a review of the Fund's procedures		✓								Covered in Low Volume Performance Report.
Review of Cyber, Data Security & Business Recovery							✓			Report sets out the arrangements in place & when they were last tested. Includes annual BCP review.
Review of Payroll					✓					Annual update on payroll administration following the PI exercise. To include reconciliations, cashflows and certificate of existence exercises
Committee KPIs to monitor		✓		✓			✓		✓	Quarterly Administration performance reporting, including outsourced backlog KPIs
Strategic Project reviews							✓		✓	Regular updates on strategic projects, for example McCloud and the Pensions Dashboard
Benchmark KPIs in Annual Report & Accounts information with other Funds									✓	Annual Report & Accounts must be disclosed each 1st December
Review of Annual Benefit Statement and Pension Saving Statement processes				✓						Percentage issued, action plan to issue outstanding ABSs & process improvement review
Review employers compliance (data)				✓						Ideally incorporate with ABS review process & update on Fund's Data Improvement Plan. Statistics on Employer Report Cards
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										
Investment Quarterly Progress Report	✓		✓		✓			✓		Provided by each Investment Manager, the Investment Adviser & the Investment Consultant 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 17/11/2022. To cover topical changes relating to BPP & ESC
Governance update relating to BPP, Managers & the Custodian	✓		✓		✓			✓		Quarterly (generally verbal) update on Brunel governance and operational issues
Cost transparency of BPP, Managers & the Custodian			✓							Usually presented in conjunction with the draft Annual Report & Accounts

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of the Local Government Act 1972.

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