

Wiltshire Pension Fund Committee

MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 12 DECEMBER 2024 AT KENNET ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

Present:

Cllr Richard Britton (Chairman), Cllr Kevin Small (Vice-Chairman), Cllr Gordon King, Cllr Vijay Manro, Cllr Stuart Wheeler and Mike Pankiewicz.

Also Present:

Cllr Nick Botterill

137 **Membership and Apologies**

Apologies for absence were received from Cllr Robert Yuill, Cllr Gavin Grant, Claire Anthony, Jodie Smart and Karl Read.

138 **Minutes**

The minutes of the meeting held on 21 November 2024 were presented for consideration.

After which, it was,

Resolved:

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

139 **Declarations of Interest**

There were no declarations of disclosable interests.

140 **Chairman's Announcements**

The Chairman noted that agenda supplement 1 had previously incorrectly contained the papers for Item 12 rather than Item 13 and that this had since been amended ahead of the meeting.

141 **Review of Actions Log**

The Committee reviewed the Actions Log with assurance provided that the Actions log worked on a rolling basis with items removed once they had been completed.

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

The Committee noted the minutes of the meeting of the Local Pension Board held on 7 November 2024.

143 **Public Participation**

It was noted that included within an agenda supplement was a question which had been received by Mr Sigurd Reimers. As per the deadlines within the agenda pack and Constitution, officers would provide Mr Reimers with a written response as though he had missed the deadline for a written response, he was not able to attend the meeting.

144 **Headlines and Monitoring (HAM)**

Jennifer Devine, Head of Wiltshire Pension Fund, supported by other officers, presented the Headlines and Monitoring report. The report included but was not limited to that the Investing in the UK report was almost complete with a final draft being worked on which would be circulated to Members once ready. Furthermore, that the Wiltshire Pension Fund recently won an award for Investment Innovation in relation to the Climate Opportunities Portfolio and an individual team member who had received an award for excellence within her area of work of communications.

Detail was provided regarding the Risk Register, with it noted that the Risk Register presented was for the month of September, However, at the Committee's request, officers included the latest available version (the October version) in support of the September version, which had been reviewed by the Board at their last meeting. It was noted that Fund Governance had been changed from a green to an amber rating as the Pension Regulator had indicated that the pace of change to comply with the new general code of practice should quicken. Projects had also been moved from a green rating to an amber rating as the procurement of an interface to assist with the implementation of the Pension Dashboard project had been slower than expected.

An update was provided on Audit, with it noted that there had been positive progress with the Key Controls Audit and that all that was needed now was to provide evidence in regard to complaints reporting and KPIs to SWAP and that a small extension be requested in respect of the other three audit recommendations. The Fund was also in the process of rolling out a new score card as well as appointing a Quality Assurance Officer.

Further detail was provided regarding The Pension Regulator's new Code of practice that the Fund was still undecided on whether SWAP or an external auditor would be used for this work, however an internal assessment would be conducted to identify the best fit.

The Committee discussed the report with clarity provided regarding the availability of SWAP and that Wiltshire Pension Fund was able to use SWAP as

well as seeking additional external audit support should SWAP not have availability. Such work would all be based on risk priority and the appointment of any external auditors would have to be undertaken through the procurement process due to public sector procurement rules. It was suggested by the Chairman that any proposal to seek external audit support should come to the Committee first.

A discussion took place regarding the end results of McCloud, with it noted that all onboarding and system work had been completed and that 42 affected members had been written to for uplifts in December, though this didn't have a big impact with the work. The criteria for being McCloud affected was also provided.

At the conclusion of debate, it was,

Resolved:

The Committee agreed:

- a) to approve the risk register recommendations made by the Board and the officer assessment of risk as presented in the September version of the risk register:**
- b) to note the SWAP Key Controls action log and approve an extension to all outstanding audit actions to 31 March 2025:**
- c) to approve the scope of audit recommendations for 2025/26.**

145 **TPR General Code of Practice plan and self-assessment**

Richard Bullen, Fund Governance Manager, presented an update on the progress for implementing changes to the Fund's internal controls as a result of the new general Code of Practice. The update included but was not limited to that The Pension Regulator's (tPR) General Code of Practice came into force on 28th March 2024 and that the Fund had a project plan in place for this which included training across the department and a gap analysis. The results of the gap analysis outlined that out of the 43 areas of the Code, the Fund was currently compliant in 24 areas, partially compliant in 13 areas with 6 areas requiring further review. It was suggested that the Fund was on track and that the appointment of a Quality Assurance Officer would further add pace to the project. It was outlined that in March 2025 the Fund would undertake an internal assessment of its effective system of governance against the Code and once completed this would be independently reviewed to ensure the assessment was fair.

The Committee discussed the update with it suggested that The Pension Regulator seemed more assertive than previously and whether this would affect the Fund, to which clarity was provided that these were general statements across the whole of the industry rather than being directed at the Wiltshire

Pension Fund. Further detail was sought regarding to the words “must” and “should” within the report in relation to legal duties and expectations. Clarity was provided that within the Code of Practice there were 43 modules which were relevant to public sector schemes, some being required and others being best practice.. The remaining modules related to private sector schemes and were therefore not all relevant.

At the conclusion of debate, it was,

Resolved:

The Committee agreed to note the progress of implementing changes to the Fund’s internal controls as a result of the new General Code of Practice.

146 **Review of Cyber, Data Security & Business Recovery**

Jennifer Devine, Head of Wiltshire Pension Fund, presented the Fund’s cyber security policy for consideration by the Board and recommendation to the Committee. The presentation also included a summary on the Fund’s Business Continuity Plan with it noted that this was produced using the Wiltshire Council template and had since received a gold rating for quality. Regarding the Cyber Security Policy, it was outlined that the Fund had taken on advice from Aon and had therefore used a framework of Seek, Shield, Solve and Review.

The Committee discussed the report with it noted that within the report there was reference to Committee and Board Members attending cyber training once a year and that this had been missed from the forward plan; to which its inclusion was subsequently agreed. The notion of the continuity arrangements for the cyber security of third parties was discussed, with it agreed that officers would take this away for a further response.

A discussion took place regarding emails being the biggest cyber risk threat, with it outlined that almost all cyber attacks took place through email and phishing, with offenders often intercepting and replicating emails. The Section 151 Officer stressed the importance of staff completing their mandatory online safety modules and provided assurance that there was comfort in the controls and firewalls in place at Wiltshire Council. Further clarity was also provided that part of any contract procured involved a self-assessment and a legal requirement to have controls against cyber threats in place.

Detail was provided that Aon looked at the systems provided by Heywood, and that i-Connect was an interface system in which data was checked in a separate and clean environment away from hard systems and that this was the responsibility of Heywood.

The Chairman expressed a need to seek reassurance from third parties to enable confidence that they have considered cyber security and have plans in

place. Officers noted that all providers have security policies available to access online.

At the conclusion of debate, it was,

Resolved:

The Committee agreed to approve the business continuity and cyber security policy.

147 **Risk Management framework update**

Jennifer Devine, Head of Wiltshire Pension Fund provided an update concerning the progress of the Fund's new Risk Management framework. The update included, but was not limited to that SWAP had recommended that the Pension Fund align with this new framework as part of the key controls audit in June 2024. It was outlined that work had been successful however an issue had been encountered in assessing the impact of risk using the Wiltshire Council impact framework, which had been set out in relation to the Wiltshire Council financial structure. As the Fund was financially separate to the Council it had been impossible for officers to assess risk in the same way, therefore a new framework with minor deviations whilst adopting the same standards had been created.

A second issue relating to the Council's proposed risk appetite score had been encountered as rather than scoring each risk, the Fund had badged each risk within a category and then applied the appetite gradings from the Council framework in order to create an overall risk appetite score akin to that of the Council.

The Committee discussed the update with particular reference drawn to risk appetite, and clarity was sought around the risks which had been added to the Council's own corporate risk register, regarding funding and reputation. To which it was clarified that the Council looked at these through a corporate lens, separate to the Fund's own risk register with examples of funding and reputational risk cited as if the Fund was to invest poorly this might affect the reputation of Wiltshire Council as the administering body.

It was suggested by Members that it would be positive for there to be a training session on how to understand the risk management framework, with it agreed that this would be brought to the next meeting.

Further assurance was provided by Officers that the Fund had fully committed to producing a corporate risk management framework that was aligned to the Council's framework and policies, whilst still retaining features of the Fund's previous framework that were beneficial, such as mapping of controls to risks, mapping risks to the Fund's own business plan, and mapping individual risks to

risk areas so risk can be assessed by theme. In addition, the Section 151 Officer stated that she was happy with the framework that had been produced and that it would give assurance in a robust way, with the corporate framework being the backbone for how Wiltshire Council was conducted and that the aligned framework was important given that the Fund was administered by Wiltshire Council.

At the conclusion of debate, it was,

Resolved:

The Committee agreed to approve the recommendations in paragraph 12:

- a) To note the progress made so far and endorse the approach taken as outlined in paras 8 to 10.**
- b) To approve the adoption of a Pension Fund specific impact framework as set out in Appendix 2.**
- c) To approve the methodology for applying risk appetite to risk areas, and the resulting risk appetite scores as set out in Appendix 3.**

148 **Key Financial Controls**

Chris Moore, Investment and Accounting Team Lead provided an update concerning the operational accounting arrangements. The update included, but was not limited to that final sign off for the full Wiltshire Council Accounts for 2019/20 had now been completed and that the signed annual report and accounts had been published on the Fund's website.

The Government had set a deadline of 13th December for all outstanding local government accounts up to 2022/23 to be published. It was hoped that at the next meeting it would be reported that the 2020/21 and 2021/22 accounts and annual report had been closed, with the 2022/23 almost completed. The focus of the team is on the 2023/24 accounts, with the unaudited accounts and annual report for 2023/24 having been published and that audit testing by Grant Thornton was well progressed with final samples and testing being undertaken.

It was hoped that financial budget reporting would be up and running after the December period end data, first draft reports had been produced, therefore meaning a report would likely to be brought to Committee on schedule along with a forecast expenditure figure.

Reference was made to a brief update within the report regarding an update on the payroll reconciliation, with variances between the Integrated Payroll System and Altair Administration system showing no discrepancies. It was hoped there would be more reporting in this area with a Payroll Monthly Working Group investigating payments made and signed off.

The Committee discussed the update with reference made to SLA and recharging, with it noted that a further piece of work would require further engagement with the Council team and Fund Officers with schedules in the process of being drafted for each service. A point was also raised about the qualification of accounts, with it noted that the qualification would be present for a number of years until the accounts no longer contained figures from 2023/24, such as in the prior year comparatives. Further detail was provided that in relation to the 2023/24 accounts, the Government had set a deadline of 28 February 2025 and that it was likely the accounts would not be clear of the qualification until 2026/27 and that it was hoped that the timelines were heading back on track.

It was questioned whether the Fund would be able to claim compensation from Deloitte for not completing the job sufficiently, to which it stated that Wiltshire Council procures external audit through the PSAA national framework and would therefore have to lodge a request through this means.

At the conclusion of debate, it was,

Resolved:

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

149 **Payroll migration update**

James Franklin, Pension Administration Lead provided report concerning the completion of the payroll migration. The report included, but was not limited to that full migration had now taken place with all pensioners having received their first payment and another since. It was outlined that discrepancies had been found when the live run payment for 25 October 2024 took place, including:

- There was 38 members where the gross payment did not match, amounting to £16,247.54,
- There was 4 suspended Members on Oracle who had since been reinstated.
- There was 32 members who were paying previous overpayments, and the repayment had been incorrectly ceased on Oracle and we corrected these on the first payment from Altair.
- There was 2 members who had been paid incorrectly due to data migration issues, which had since been corrected with investigations still taking place on why this occurred.

Further detail was provided that a serious issue had occurred with the 25 October payment, as Heywood were not planning to make one large payment but two payments, one in the liver environment and one in the test environment and did not inform the Fund, which meant and the system didn't truly go live until the 25 November payment. Additionally, Heywoods had to merge multiple

member records to enable the Fund to submit the RTI data to HMRC. However, this did not work, and the Fund had to make a manual payment to Heywood. This is due to be resolved with Heywood in the next release, until this happens all payments to HMRC would be manual.

Change of details since the September payment were not communicated by the WC payroll team to the Fund, this included changes of address and change of bank details. Due to the way bank accounts are transferred most of the payments automatically diverted but there were 15 pensioners who received their payments late. These issues have now been resolved. A further issue was also reported that some functionality in payments had been lost in relation to death grants, therefore these were having to be manual payments, with robust conversations taking place with Heywoods to find a solution.

The Committee discussed the report with assurance provided that it was hoped that the team would be working with BAU payroll in January rather than firefighting issues. Assurance was also provided that any manual payments were made directly by the Fund and in a quick manner. An update was also provided that in regard to the duplicate payments that had been reported, the Fund had almost received full payment back with all individuals engaged in the process.

At the conclusion of debate, it was,

Resolved:

The Committee agreed to note the progress concerning the migration to our Integrated Payroll System.

150 **Committee Forward Work Plan**

The Committee reviewed the forward work plan with it noted that an item regarding Members attending cyber training once a year would be added.

151 **Date of Next Meeting**

The following dates of the next meetings were confirmed:

- Investment focused meeting 6 March 2025
- Administration focused meeting 20 March 2025

152 **Urgent Items**

There were no urgent items.

153 **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 18 – 21 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.

154 **Minutes**

The private minutes of the meeting held on 21 November 2024 were presented for consideration, and it was,

Resolved:

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

155 **Review of the Minutes of the Local Pension Board (Part II)**

The Committee noted the Part II (private) minutes, and recommendations arising, from the last meeting of the Local Pension Board held on 7 November 2024.

An update was provided that the process for appointing a new Chairman of the Pension Board was underway with three applicants shortlisted to be interviewed on Wednesday 18 December 2024.

156 **KPI Improvement Plan**

James Franklin, Pensions Administration Lead provided an update concerning progress against the KPI Improvement Plan.

At the conclusion of debate, it was,

Resolved:

The Committee agreed to approve the revised checkpoint dates.

The Chairman called the meeting to a break at 11:42am and resumed the meeting at 11:50am.

157 **Pension Review and Consultation**

Jennifer Devine, Head of Wiltshire Pension Fund provided an update concerning anticipated changes to the LPGS.

At the conclusion of discussion, it was,

Resolved:

The Committee agreed that:

- a) The full consultation response is drafted in line with the discussions held at the meeting, that approval of this final draft is delegated to the Chair before being submitted, and that the final response be circulated to Committee members.**
- b) Any other actions resulting from the discussions are approved.**

(Duration of meeting: 10.00 am - 1.18 pm)

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