

## WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD

11 February 2025

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### **WILTSHIRE PENSION FUND HEADLINES AND MONITORING REPORT**

#### **Purpose of the Report**

1. The purpose of this report is to provide the Board with information in relation to various standard issues, to enable the Board to fulfil its monitoring role.
  - a) Headlines
  - b) Scheme, Regulatory, Legal and Fund Update
  - c) Valuation timetable
  - d) Health Check Dashboard
  - e) Risk Register
  - f) Administration KPIs, including a strategic projects update
  - g) Audit update – KC actions update and 2025/26 audit strategy
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 Dec-24 was +1.8%, behind the combined benchmark for all portfolios of +2.4%. The fund value at the end of Dec-24 was £3.5bn.
  - b) Planning work is underway for the 2025 actuarial valuation and review of the strategic asset allocation (see later in this report for a detailed timetable).
  - c) The Fund has responded to the Government's consultation on proposed reforms to the LGPS. To ensure that stakeholders are kept informed, a new post was published on the Fund's website, containing the full consultation response: [Fit for the Future - our response to the LGPS Pensions Review Consultation - Wiltshire Pension Fund](#).
  - d) In December 2024, we published a report on "Investing in the UK", demonstrating the significant amount that is already being done in this area: [2024 Investing in the UK Report - Wiltshire Pension Fund](#). The Committee will be considering this topic in more detail at a training session in early 2025, which will examine the topic of local investment.
  - e) At the Committee meeting in December 2024, officers flagged that the Dec-24 milestone in the KPI Improvement Plan would not be met, and the Committee approved adjusted milestones for the remainder of the plan, with the next milestone now being Mar-25. Progress against the plan is covered later in this report.
  - f) Katy Hutchinson has now been appointed (internal promotion) as the Fund's Operations Manager, with responsibility for projects, systems, improvements, data and reporting. Current key vacancies in the team include the Quality Assurance Lead, which is proving challenging to fill, Member Services Manager, and Data, Reporting & Performance Lead (backfill for Katy).
  - g) We are partnering with the HR&OD team to begin a big piece of work which will help develop the team culture and tackle important issues.
  - h) In December 2024 the Fund won the LGC Investment Award for Investment Innovation, in recognition of our Climate Opportunities portfolio.

## **Scheme, Regulatory and Legal Update (Appendix 1)**

4. A scheme update is included in paragraph 3 of this report. Regulatory & legal updates have been provided via Barnett Waddingham December 2024 LGPS Pulse circular (Appendix 1a). Key additional strategic Fund updates have been incorporated within the Fund's risk register section of this report.
5. A letter from SAB to Administering Authorities is included in Appendix 1b, recommending that Administering Authorities must include their Pension Committee and LGPS Senior Officer in their business planning and budget setting process.

## **Valuation Timetable**

6. The triennial valuation timeline is detailed below:

<b>Date</b>	<b>Activity</b>
<b>November 2024</b>	Pre-valuation meeting between Fund Officers and Barnett Waddingham  Pre-valuation Presentation to employers at the Employer Forum by Barnett Waddingham
<b>January 2025</b>	Fund shares inter-valuation year membership data i.e up to 31/03/2024 to Barnett Waddingham
<b>February 2025</b>	Barnett Waddingham, Redington and Fund Officer pre-valuation planning meeting  Fund agree and document approach to employer covenant review
<b>March 2025</b>	Barnett Waddingham attend Pension Committee
<b>May 2025</b>	Fund provides Barnett Waddingham of cashflow data for 31/03/2024 year ending
<b>July 2025</b>	Fund submits 2025 membership data to Barnett Waddingham  Barnett Waddingham attend Pension Committee
<b>August 2025</b>	Barnett Waddingham provide initial results for select employers, based on roll-forward approach  Member data submitted to GAD
<b>September 2025</b>	Barnett Waddingham provide initial results for whole Fund and individual employers, based on 2025 valuation membership data
<b>October 2025</b>	Draft Funding Strategy Statement updated  Barnett Waddingham meet with Fund to discuss individual employer results
<b>November 2025</b>	Employer Forum and meetings with individual employers to agree contributions  Funding Strategy Statement consultation with employers
<b>December 2025</b>	Finalise Funding Strategy Statement  Barnett Waddingham attend Pension Committee
<b>January 2026</b>	Barnett Waddingham provide draft Valuation Report and Rates & Adjustments Certificate

<b>February 2026</b>	Fund review Valuation Report and Rates & Adjustments Certificate  Fund confirm post April 2025 employers to include in Rates & Adjustment Certificate
<b>March 2026</b>	Rates and Adjustments Certificate finalised and communicated to employers
<b>April 2026</b>	New contribution rates as a result of the 2025 triennial valuation are applied  Valuation information provided to GAD by Barnett Waddingham

### **Health Check Dashboard (Appendix 2)**

7. The Health Check Dashboard is a tool to provide a snapshot of the Fund's performance against its Business Plan objectives demonstrated by performance against the 7 key measures of success defined in the Business Plan, i.e. Service Delivery KPIs, Investment performance, Funding level, Customer Service Excellence, Internal audit ratings, Cost per member and Staff engagement.
8. Since Q2 2024, the only RAG rating which has changed is for investment performance, which has gone green again having dipped into amber in the previous quarter.
9. Although service delivery KPIs are still red, this is as expected while work is still being cleared from the backlog, as these cases will fail to meet target due to the fact they are already overdue by definition. However, excellent progress is being made in reducing the backlog, which will be covered in more detail elsewhere on this agenda.
10. The funding level measure is now available on a regular basis from our new actuaries, Barnett Waddingham. As at 31 Dec 2024, the funding level was 106.1%, and therefore this measure is now officially green.
11. Finally, while internal audit ratings and staff engagement are still both amber overall, there has been positive progress on these measures over the last quarter. Progress is on track against the internal audit recommendations (see more later in this report under the Risk Register section). Regarding staff engagement, additional team building and culture work is ongoing, which should hopefully further boost this score over time.

### **Risk Register (Appendix 3)**

12. The risk register in Appendix 3 is the first presentation of the new risk register design incorporating the internal auditor recommendations dated June 2024, and intended to integrate with the Council's corporate risk register framework. In addition, to the new risk register officers can also advise that a draft WPF risk framework policy has been prepared and is under review prior to its presentation to members.
13. As a result of the migration to the new risk register design, all the risks have been reassessed using the new risk appetite scores for original, target and current risk and the 5x5 scoring matrix. Consequently, changes to risk assessment have fed through into the risk register submitted to the Board and Committee. To assist members with the transition from the old to the new risk assessments the table below illustrates the risks as they were last recorded on the old register in November 2024 and the risks as they are now scored on the new risk register as at December 2024. In addition, in the third column

officers have reviewed the risk scores in terms of whether the change in risk represents an actual change, or simply a change arising from the change in scoring matrix.

	<b>Old Fund Register</b>	<b>New Fund register</b>	<b>Movement</b>
<b>Risk Area</b>	<b>November' 24</b>	<b>December '24</b>	
Service Delivery	High	MAJOR	Formula realignment
Financial Management	Medium	MEDIUM	No change
Fund Governance	Medium	LOW	Actual movement
Systems Management	Medium	HIGH	Formula realignment
Investment	Medium	MAJOR	Actual movement
Compliance with Regulations	Medium	HIGH	Formula realignment
Performance	Medium	HIGH	Formula realignment
Employer Management	Medium	MEDIUM	No change
Data Management	Medium	MEDIUM	No change
Stakeholder Engagement	Low	LOW	No change
Funding	Low	LOW	No change
Resourcing	High	HIGH	No change
Climate risk	Medium	HIGH	Formula realignment
Projects	Medium	LOW	Actual movement
Reputation	Medium	HIGH	Formula realignment
Other External Risks	Low	LOW	No change

14. The December 2024 version will be the version submitted to the Committee meeting on 20 March. In addition, the summary table provided below is intended to monitor the actual changes as identified above between the versions submitted to members. The purpose of this summary is to assist Board members in their oversight to ensure that risks are appropriately scored and managed.

15. The summary of risk rating changes between November and December, since the Board last reviewed the risk register in November are:

<b>Risk Section</b>	<b>Section rating change</b>	<b>Key notes and mitigations during the period</b>
Fund Governance	Amber to Low	<ul style="list-style-type: none"> <li>a) A refocus on TPR general code of practice project plan has taken place and an update is included with this meeting pack.</li> <li>b) An audit strategy was approved for 2025/26, external audits are now being sign off and internal audit recommendations are progressing well.</li> <li>c) A number of contract arrangements with service providers have been concluded</li> </ul>
Investment	Amber to Major	<ul style="list-style-type: none"> <li>a) Uncertainty around national policy for LGPS pooling and fund mergers</li> </ul>
Projects	Amber to Low	<ul style="list-style-type: none"> <li>a) The procurement of an interface to assist with the implementation of the Pension Dashboard project has been refocused and it is now intended to be a direct award.</li> </ul>

16. Officers recognise that enhancements to the new risk register are still ongoing, notably the graphs and illustrations presented. These will be addressed in time for the next submission to members.

#### **Administration KPIs (Appendix 4)**

17. Tables 1 & 2 in Appendix 4 show the admin performance over the period from 1 October 2024 to 31 December 2024. The Admin KPI picture has improved over the period to the level we reported at the end of September 2024, however the targets set for the 31 December 2024 checkpoint were missed and the Committee have agreed to revised targets, we now expect to hit the targets set for 31 December 2024 by 31 March 2025 and all subsequent checkpoint dates have been adjusted however the end date for the entire KPI improvement plan of 31 December 2026 remains. The backlog has decreased by 395 cases since our last report. Part of the reason we have missed the targets is due to the fact so many cases are on Reply Due and despite several attempts we have been unable to close these cases, however we expect to close a significant number in the coming months as members have been given their final chasers. There are also a number of aggregations we will be unable to close as other Funds still have a number of months before they have to reply to us.
18. Table 3 in Appendix 4 provides some analysis of the open cases. Table 3 shows the number of cases older than 2 years has dropped to 9 cases. We are aiming for this to be zero by 31 March 2025. However, under the current Administration Strategy there will be cases older than 1 year due the regulations and the current KPI for Aggregations. 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 though there was sharp increase in November which contributed the latest checkpoint being missed.
19. Onboarding Employers onto iConnect continues and good progress was made in the last quarter. As you can see, we now have 153 onboarded. This leaves 26 employers not on yet on iConnect and we expect to complete this exercise by the end of the scheme year.

#### **SWAP KC Audit Update 2024/25 and strategy for 2025/26:**

##### **Audit Update 2024/25**

20. Two of the five audit recommendations for 2024/25, Complaints Monitoring & Reporting and KPIs, Reports & Monitoring of Staff Productivity are considered by closed by officers. Evidence of completion has been requested by SWAP. These include:
- Complaints Monitoring & Reporting – A copy of the Insights report generated and text summarising the report output against the recommendation specification.
  - KPIs, Reports & Monitoring of Staff Productivity – To provide evidence of the item not already provided to SWAP. Namely, a document evidencing the monitoring of overpayments and aged debts.
21. Three remaining risks have all had their target dates extended to 31 March 2025 by the Committee. These are the Risk Register, Quality Assurance and i-Connect, the Employer Scorecard and Administrative Charging. To bring these items to closure requires the following key activities to take place:
- Risk Register – The risk register is live and included within this meeting pack, subject to a few formulae updates, however the drafted Risk Framework policy needs to be approved and both Wiltshire Council and the Fund need to be satisfied that the arrangements are compliant and effective for each of them:

- Quality Assurance – Sample checking is taking place, and a QA log has been constructed. A policy still needs to be drafted on appointment of a QA Lead. The delay is subject only to the appointment of a suitable QA Lead:
- i-Connect, the Employer Scorecard and Administrative Charging – The administration charging strategy and i-Connect on-boarding are considered complete. The Employer Scorecard is designed, however due to software requirements beyond the control of officers this action remains outstanding. Officers are working with the service provider.

22. The three outstanding 2024/25 audit recommendations will be carried forward to SWAP's key controls audit for 2025/26, along with the outstanding Pension Administration Strategy document recommendation from the audit prior to 2024/25.

### **Audit strategy 2025/26**

23. For the Board's information, the Committee commissioned the Fund's package of audits below to ensure independent assurance that all the laws, regulations & practice by which the Fund operates are being appropriately adhered to.

<b>Audit</b>	<b>Proposed auditor</b>	<b>Proposed completion date</b>	<b>Comments</b>
<b>Standard Annual Audits – 2025/26</b>			
Annual Report & Accounts	Grant Thornton	30/09/2025	For sign off and publication by 1 <sup>st</sup> December 2025
Key Financial Controls	SWAP	30/06/2025	Review of the Fund's internal controls
<b>Audits targeting Fund innovations, progress improvements &amp; new regulations, based on a risk identification approach</b>			
TPR's General Code of Practice	Barnett Waddingham/ Internal	31/07/2025	A review against the changes made by the Fund relating to tPR's General Code of Practice.
Pension Dashboard	SWAP	30/09/2025	A "Go-live" ready review of internal controls prior to 31 October.
Payroll Migration – Unfunded Benefits	SWAP	30/09/2025	A review of internal controls relating to the migrated payroll from Altair to Oracle.
Customer Service Excellence	CSI	30/09/2025	To receive accreditation
Website Accessibility	Shaw Trust	30/11/2025	To receive accreditation

24. Officers are working with SWAP, to agree a schedule by which audits to be undertaken by them will be completed. Officers noted that in respect of TPR's General Code of Practice review, a final decision concerning who should be appointed to complete an independent assessment, should be brought back to the Committee for a final decision.

### **Financial Implications**

25. No direct implications.

### **Legal Implications**

26. There are no known implications from the proposals.

## **Environmental Impacts of the Proposals**

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

## **Safeguarding Considerations/Public Health Implications/Equalities Impact**

28. There are no known implications currently.

## **Proposals**

29. The Board is asked:

- a) to note the Fund updates.
- b) to endorse the risk register in Appendix 3 & the summary of risk changes since the last review, as a true and fair view.
- c) To note the update provided in respect of the SWAP KC audit recommendations 2024/25 and the audit strategy for 2025/26.

JENNIFER DEVINE

Head of Wiltshire Pension Fund

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

## **Appendices:**

Appendix 1a – BW Pulse update – Scheme, Legal, Regulatory and Fund updates

Appendix 1b – SAB letter – Budget setting

Appendix 2 – Health Check Dashboard

Appendix 3 – Full risk register

Appendix 4 – Admin KPIs