

# AGENDA

**Meeting:** Local Pension Board

**Place:** Kennet Room - County Hall, Bythesea Road, Trowbridge, BA14 8JN

**Date:** Wednesday 1 November 2023

**Time:** 10.00 am

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Please direct any enquiries on this Agenda to Stuart Figini of Democratic Services, County Hall, Bythesea Road, Trowbridge, direct line 01225 718221; email [stuart.figini@wiltshire.gov.uk](mailto:stuart.figini@wiltshire.gov.uk) or [committee@wiltshire.gov.uk](mailto:committee@wiltshire.gov.uk)

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

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## Membership:

James Nicholson

Mark Spilsbury (Chairman)

Marlene Corbey (Vice-Chairman)

Paul Smith

Laura Fisher

Mike Pankiewicz

George Simmonds

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## **Recording and Broadcasting Information**

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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

**PART 1**

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

**1 Membership**

To note any changes to the membership of the Board.

**2 Attendance of Non-Members of the Board**

To note the attendance of any non-members of the Board present.

**3 Apologies**

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

**4 Minutes (Pages 7 - 16)**

To approve and sign as a true and correct record the Part I (public) minutes of the previous meeting held on 10 August 2023.

The Board's action log is also attached for members' information.

**5 Declarations of Interest**

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

**6 Chairman's Announcements**

To receive any announcements through the Chairman.

**7 Public Participation**

The Board 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 above for any further clarification.

**Questions**

Those wishing to ask questions are required to give notice of any such questions in writing to the officer named above (acting on behalf of the Corporate Director), no later than **5pm on Wednesday 25 October 2023** in order to be guaranteed a written

response prior to the meeting. Any question received between the above deadline, and no later than **5pm Friday 27 October 2023**, may only receive a verbal response at the meeting.

Please contact the officer named on the first page 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 Board members prior to the meeting and made available at the meeting and on the Council's website.

8 **Minutes and Key Decisions of the Wiltshire Pension Fund Committee** *(Pages 17 - 22)*

To consider the Part I (public) minutes of the Wiltshire Pension Fund Committee held on 14 September 2023.

9 **Headlines & Monitoring (HAM) Report** *(Pages 23 - 64)* **10.15am**

A report for the Board's ongoing oversight of:

- Scheme, Regulatory, Legal and Fund Update
- Risk Register
- Administration KPI update – 1 July 2023 to 30 September 2023
  - a) Key business plan items – Aggregation Backlogs / i-Connect & Controls / Resourcing
  - b) Outsourcing updates
  - c) ABS & PSS updates
- Audit update 2022/23
  - a) SWAP Audit 2022/23
  - b) Audit schedule

10 **Training** **10.35am**

McCloud – The background, approach & remedy to "McCloud". To be delivered by the Operations Manager.

11 **KPI Improvement Plan** **10.50am**

The Head of Wiltshire Pension Fund and the Pension Administration Lead will update the Board on the draft KPI Improvement Plan.

12 **Key Financial Controls** *(Pages 65 - 72)* **11.00am**

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

of the quarterly budget.

13 **Responsible Investment Update** (Pages 73 - 104) **11.10am**

The Head of Wiltshire Pension Fund will provide an update concerning the Fund's Responsible Investment policy.

14 **Audit Plan 2024/25** (Pages 105 - 106) **11.20am**

The Fund Governance Manager will present a draft audit plan for the Fund for the Scheme Year 2024/25.

15 **South-West Unison Response to LGPS Investments** (Pages 107 - 116) **11.30am**

An update by the Vice-Chair of the Board concerning the South-West Unison Response to LGPS Investments.

16 **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.

17 **Date of Next Meeting and Forward Work Plan** (Pages 117 - 126) **11.45am**

To note that the next ordinary meeting of the Board will be held on 13 February 2024.

The Board to review its Scheme Year Forward Work Plan which is attached for members' consideration.

18 **Exclusion of the Public**

To consider passing the following resolution:

To agree that in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the business specified in Item Numbers 19-22 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraph 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

## **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 | <b><u>Minutes and Key Decisions of the Wiltshire Pension Fund Committee</u></b> <i>(Pages 127 - 134)</i>                                                            | <b>11.50am</b> |
|    | To consider the Part II (private) minutes of the Wiltshire Pension Fund Committee held on 14 September 2023.                                                        |                |
| 20 | <b><u>Integrated Payroll System Project</u></b> <i>(Pages 135 - 140)</i>                                                                                            | <b>12.00pm</b> |
|    | The Fund Operations Manager will present an update concerning the new Altair payroll system and the migration from SAP to Oracle. To include the SWAP audit report. |                |
| 21 | <b><u>Fraud Case</u></b>                                                                                                                                            | <b>12.10pm</b> |
|    | The Head of Wiltshire Pension Fund will update the Board on a case of customer fraud.                                                                               |                |
| 22 | <b><u>Local Pension Board Minutes</u></b> <i>(Pages 141 - 148)</i>                                                                                                  | <b>12.20pm</b> |
|    | To confirm the Part 2 (confidential) minutes of the meeting held on 10 August 2023.                                                                                 |                |

## Local Pension Board

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**MINUTES OF THE LOCAL PENSION BOARD MEETING HELD ON 10 AUGUST 2023 AT KENNET ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.**

**Present:**

Mark Spilsbury (Chairman), Paul Smith, Laura Fisher, Mike Pankiewicz and George Simmonds

**Also Present:**

Cllr Richard Britton and Cllr Nick Botterill

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208 **Membership**

The Board were informed of the following changes to its membership:

- Mike Pankiewicz's term of office being renewed by Unison for a further 4 years from July 2023
- The appointment of James Nicholson as the Active member of the Board.

**Resolved:**

1. **To note that Mike Pankiewicz had his term of office renewed by Unison for a further 4 years from July 2023.**
2. **To support the appointment of James Nicholson to be ratified by Full Council.**

209 **Attendance of non-members of the Board**

Cllr Nick Botterill attended the meeting in his capacity as the Cabinet Member for Finance, Development Management and Strategic Planning, and Cllr Richard Britton attended in his capacity as Chairman of Wiltshire Pension Committee.

210 **Apologies**

Apologies were received from Marlene Corbey (Vice-Chairman).

211 **Minutes**

The Part I (public) minutes of the previous meeting held on 24 May 2023 were considered.

In addition, the Board noted that the Key Performance Indicator Improvement Plan would be delayed from November 2023 until March 2024 to allow input from James Franklin (Pensions Administrative Lead).

**Resolved:**

**The Board approved and signed the Part I (public) minutes of the previous meeting held on 24 May 2023 as a true and correct record, and the Board's action log was noted.**

212 **Declarations of Interest**

There were no declarations of interest.

213 **Chairman's Announcements**

There were no Chairman's announcements.

214 **Public Participation**

There were no public statements or questions submitted.

215 **Minutes and Key Decisions of the Wiltshire Pension Fund Committee**

The Part I (public) minutes from the last ordinary meetings of the Wiltshire Pension Fund Committee meetings held on 15 June 2023 and 13 July 2023 were considered.

**Resolved:**

**The Board noted the Part I (public) minutes from the ordinary meetings of the Wiltshire Pension Fund Committee held on 15 June 2023 and 13 July 2023.**

216 **Headlines & Monitoring (HAM) Report**

The Board considered the report of Jennifer Devine - Head of Wiltshire Pension Fund which provided information highlighting key issues and developments to enable the Board to fulfil its monitoring role.

The report detailed updates in the following areas:

- Headlines
- Key business plan items – Aggregations backlog, i-Connect & controls and Resourcing.
- Scheme, Regulatory, Legal and Fund Update
- Risk Register
- Administration KPI update – 1 April 2023 to 30 June 2023.
- Audit Actions



- SWAP audit 2022/23
- ClearGlass audit – update
- SWAP KPI audit
- Effectiveness review update

In response to questions, officers explained that issues raised during the recent employee engagement survey could be eased with a return to working from County Hall, which the Board fully supported, particularly as a dedicated space had been secured for the Teams use; there was an expectation that the backlog of cases will continue to reduce significantly following a reorganisation of the Team; that the KPI Change column would be reintroduced in the Administrative KPI's Internally Set Targets (Fund) table for future reports, as requested by the Board; the Team would prioritise reducing the backlog in open cases for deaths and retirement; confirmed that Table 3 detailed the backlog of open cases; confirmed that actions 1 and 10 on the SWAP audit actions log should be paused due to material changes to actions since the SWAP recommendations were made (SWAP difficulties in acquiring staff and the training of new staff in a timely manner); and a schedule of SWAP audit priorities along with resources to be employed for each audit to be considered by the Wiltshire Pension Fund Committee.

**Resolved:**

- a) **to note the Fund updates and progress against the Business Plan 2023/24 key priorities.**
- b) **to endorse the risk register in Appendix 2 & the summary of risk changes since the last review, as a true and fair view of the risks currently being experienced by the Fund and to recommend that endorsement to the Committee.**
- c) **to note the progress recorded on the SWAP audit actions log and in light of material changes to actions since the SWAP recommendations were made endorse the pausing of actions 1 & 10.**
- d) **To prepare a schedule of SWAP audit priorities along with resources to be employed for each audit for consideration by a future meeting of the Wiltshire Pension Fund Committee.**

217 **Equity, Diversity and Inclusion**

The Board considered the report of Jennifer Devine – Head of Wiltshire Pension Fund which highlighted the important topic of equality, diversity and inclusion (EDI).

The Head of Wiltshire Pension Fund referred to guidance on EDI published by the Pensions Regulator in March 2023 explaining why EDI is an important topic and offering practical ways that pension schemes can improve EDI on the governing body. For Wiltshire this would incorporate the Wiltshire Pension Fund Committee and the Local Pension Board. The report highlighted ways in which

the topic could be taken forward by Wiltshire Pension Fund with the inclusion of additional wording in the Responsible Investment Policy, due for renewal in September 2023.

It was suggested that the first step would be for Committee and Board members to attend a joint training workshop, similar to the training being provided to staff of the Pension Fund Team.

**Resolved:**

1. That Wiltshire Pension Fund Committee is recommended to include the following wording in the next revision of the Fund's Responsible Investment Policy:

*'The Fund regards EDI as an important ESG factor, a stewardship priority, and an area where investment managers should focus their voting and engagement efforts, as several pieces of research have shown that diverse boards lead to better financial outcomes (for example, [this publication](#) by the FRC).*

*Consideration of EDI is embedded at an operational level, and has been [highlighted as an important area](#) in the running of pension funds by the Pensions Regulator. Training will be provided to the full Pension Fund team as well as the Committee and Local Pension Board, in order to improve the way we are run as a fund, and to deliver better outcomes for our employers and members.'*

2. That a joint training session on EDI is arranged for the Board and Committee
3. That the Wiltshire Pension Fund Committee be recommended that Committee members should attend training on the topic of EDI.

218 **Training**

The Board received an update presentation from Christopher Moore – Investment and Accounting Team Lead on Accounting and Audit Standards and the role of the internal and external auditor.

The Board noted that questions relating to the sign off of the Council's accounts and impact on key financial controls due to a recent fraud case would be covered in detail later in the meeting.

**Resolved:**

**To note the presentation update.**

219 **Key Financial Controls**

The Board considered the report of Christopher Moore – Pension Fund Accounting and Investment Officer, which highlighted the significant issues in relation to the Fund’s key financial controls.

Officers commented on pension increase in April 2023 and the impact on current systems, and the Evolve project which will deliver a replacement to the existing SAP payroll and accounting software and the transfer of existing pensioners to the new payroll system.

In response to questions, officers confirmed the Council have provided a new fee for 2023/24 based on reasonable methodology for all key items, which have been included in the agreed budget for the year and Fund officers would continue to seek the finalisation of a formal legal document outlining the Service Level Agreement Recharge from Wiltshire Council Finance Team. In addition, officers confirmed that they were processing the impact of the Evolve project and pension increases, and would include updates in future reports.

**Resolved:**

**To use the report to monitor progress against resolving the issues which have been identified, and the progress being made to develop accounting and control improvements.**

220 **Fund Annual Report and Accounts**

The Board considered the report of Jennifer Devine, Head of Wiltshire Pension Fund about the Wiltshire Pension Fund annual report and accounts for the year ended 31 March 2023.

Officers reported that the set of accounts have not been subject to audit review due to the auditors unable to resource a timely audit. The Board noted that if an audited set of accounts cannot be published then an unaudited set should be. This would be completed prior to the statutory deadline, with auditors expected to commence their audit in the autumn 2023.

In response to questions officers explained that the primary cause for an increase in management expenses is due to an increase in investment transaction costs mainly in the funds property portfolio, along with an increase in operational running costs as outsourced work to reduce operational backlogs of work to reconcile payroll differences commenced. A written response would be provided in relation to the reasons for a reduction in long term investments by Brunel.

**Resolved:**

**That the Board:**

- a) **Note the unaudited statement of accounts for 2022/23; and**

**b) Note and endorse the appended statement of going concern.**

**221 Employer Cessation & New Employer Policies**

The Board considered the report of Matt Allen, Employer Funding and Risk Lead which presented an updated Cessation Policy and New Employer Policy for approval.

Officers reported that following the appointment of the new Employer Funding and Risk Lead in June 2023, the two policies were reviewed to ensure that they were still relevant and met current regulation requirements and best practice.

**Resolved:**

**That the revised Cessation Policy and New Employer Policy be approved.**

**222 Urgent Items**

There were no urgent items.

**223 Date of Next Meeting and Forward Plan**

The next ordinary meeting of the Board will be held on 1 November 2023.

The Board additionally considered the Scheme Year Forward Work Plan for the new scheme year and approved its content.

**Resolved:**

**The Board noted the date of the next meeting and approved the Scheme Year Forward Plan.**

**224 Exclusion of the Public**

The Board considered the recommendation to exclude the public.

**Resolved:**

**To agree that in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the business specified in Item Numbers 18-23 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraph 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.**

**225 Minutes and Key Decisions of the Wiltshire Pension Fund Committee**

The Part II (private) minutes from the ordinary meetings of the Wiltshire Pension Fund Committee held on 15 June 2023 and 13 July 2023 were considered.

**Resolved:**

**The Board noted the Part II (private) minutes from the ordinary meetings of the Wiltshire Pension Fund Committee held on 15 June 2023 and 13 July 2023.**

226 **Swindon Borough Council Update**

The Board received a verbal update from Jennifer Devine, Head of Wiltshire Pension Fund, following consideration of an issue concerning the reporting arrangements of an employer to the Wiltshire Pension Fund.

**Resolved:**

**That the update be noted.**

227 **Fraud Case**

The Board received a verbal update from Jennifer Devine, Head of Wiltshire Pension Fund about the case of stolen identity of a Scheme member. SWAP had investigated the case, confirmed that fraud had taken place and the member had been fully recompensated. A more detailed report would be available at the next Board meeting.

**Resolved:**

**That the update be noted.**

228 **Employer GLL Bond**

The Board considered the report of Matt Allen, Employer Funding and Risk Lead, which provided an update on the Greenwich Leisure Limited Bond renewal issues.

**Resolved:**

**That the report update be noted.**

229 **Brunel Governance Update**

There was no update for this meeting.

230 **LPB Minutes**

The Part II (private) minutes of the previous meeting held on 24 May 2023 were considered.

**Resolved:**

**The Board approved and signed the Part II (private) minutes of the previous meeting held on 24 May 2023 as a true and correct record, and the Board's action log was noted.**

(Duration of meeting: 10.00 - 11.45 am)

The Officer who has produced these minutes is Stuart Figini of Democratic Services,  
direct line 01225 718221, e-mail [stuart.figini@wiltshire.gov.uk](mailto:stuart.figini@wiltshire.gov.uk)

Press enquiries to Communications, direct line 01225 713114 or email  
[communications@wiltshire.gov.uk](mailto:communications@wiltshire.gov.uk)

## Wiltshire Pension Fund Board - Actions Log

Minute reference	Section	Meeting Action	Task owner	Target date for completion	Completed and reported to last meeting
118 (18/02/21)	Governance (GCS)	Officers should change the Governance Compliance Statement to include external assurance in conjunction with any confirmed changes arising from the Scheme Advisory Board's Good Governance Review	RB	13/02/24	
89 (17/02/22)	Governance (Scheme of sub-Delegation)	To propose changes be made to the structure of delegations and controls & consider the breakdown of responsibilities outlined in the "Guidance to Delegations"	RB	13/02/24	
131 (18/08/22)	Governance (TPR Code of Practice)	The Board request a further update of the implementation of the new Single Code of Practice on publication of the Regulator's final guidance	RB	13/02/24	
150 (27/10/22)	Administration (KPI Improvement Plan)	Presentation of a KPI Improvement Plan to be submitted to the LPB meeting in February	JD	13/02/24	
174 (01/02/2023)	Accounting (Budget review)	Agreed to monitor their budget quarterly as this will form part of the quarterly budget reviewed by WPFC	CM	10/08/23	10/08/23
176 (01/02/2023)	Governance (Effectiveness review)	That proportionate actions outlined in the Member Effectiveness Report 2022 be implemented, which should include signposting of relevant information already on SharePoint	RB	10/08/23	10/08/23
178 (01/02/2023)	Accounting (Key Financial Controls)	To use the Financial Controls Report to monitor progress against resolving issues and to develop accounting and control improvements	CM	10/08/23	10/08/23

189 (24/05/2023)	Governance - (Terms of Reference)	To review the terms of reference, in terms of ensuring that the be appointment of a Vice Chair need no longer alternate annual between a member & employer representative	RB	13/02/24	
207 (24/05/2023)	Administration - (SBC Reporting)	To recommend a more detailed report be updated to the Wiltshire Pension Fund Committee on 13 July concerning a key Fund employer.	JD	13/07/23	Committee meeting 13/07/2023
216 (10/08/2023)	Governance - (Audit)	Prepare a schedule of SWAP audit priorities along with allocated resources for each audit for consideration by the Committee	RB	05/10/23	Agenda item
217 (10/08/2023)	Governance - (Training)	Board members to attend a joint training session with Committee members on EDI	DR	14/11/23	



## Wiltshire Pension Fund Committee

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**MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 14 SEPTEMBER 2023 AT WEST WILTSHIRE ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.**

**Present:**

Cllr Richard Britton (Chairman), Cllr Kevin Small (Vice-Chairman), Cllr George Jeans, Cllr Gordon King, Cllr Christopher Newbury, Mike Pankiewicz and Claire Anthony

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101 **Apologies**

Apologies for absence were received from Cllr Stuart Wheeler and Cllr Vijay Manro.

102 **Minutes**

The minutes of the meeting held on 13 July 2023 were presented for consideration, and it was,

**Resolved:**

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

103 **Declarations of Interest**

There were no declarations of disclosable interests.

104 **Chairman's Announcements**

The Chairman noted that Tracy Adams had recently resigned from her position as an Employer Body Representative with the process to recruit a replacement under way.

The Chairman and Committee placed gratitude towards Liam Robson, Investment and Accounting officer, who was set to leave his post.

It was noted that Cllr George Jeans would have to leave the meeting at 10:30am to attend another meeting.

105 **Local Pension Board minutes (Part I)**

The Committee reviewed the minutes of the Local Pension Board meeting held on 10 August 2023, and it was,

**Resolved:**

**To note the minutes of the Local Pension Board meeting on 10 August 2023.**

106 **Public Participation**

No statements or questions were submitted.

107 **Responsible Investment Update**

Jennifer Devine, Head of Wiltshire Pension Fund, provided an update on responsible investment. The update covered the following points, that following feedback, a table had been included to show progress. Additionally, an item around equality, diversity and inclusion had been taken to the August Pension Board meeting due to increased emphasis from the Pension Regulator, with a recommendation agreed to have a joint training session on the topic. It was also noted that the Q2 voting report had been appended to the agenda and that the Stewardship report had been submitted to the FRC and the Fund has had signatory status to the 2020 Stewardship Code renewed.

The Committee discussed the update with comments received on but not limited to, seeking clarity as to the extent in which the Committee was involved in voting on shares and investment, to which it was noted that this depended on who the investment was with.

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;**

**Noted the progress made against the Responsible Investment Plan 2023/24 actions and discussed whether any additional actions were needed at the current time;**

**Approved that a joint training session on equality, diversity and inclusion is arranged for the Local Pension Board and Committee.**

108 **Responsible Investment Policy**

Jennifer Devine, Head of Wiltshire Pension Fund, presented the draft responsible investment policy 2023. The presentation covered that this was the third annual revision of the policy with a summary provided within the report to what changes had been made.

The Committee discussed the report in detail, with the following comments received but not limited to how the report used the wording “well below 2 degrees”, to which it was clarified that this was to be in line with the Paris Agreement. In addition, clarity was provided that regarding the climate commitments within the report, commitments 1,2 and 3 had been in place for a couple of years and that commitments 4 and 5 were new with it outlined that these had been set with the best financial interests of the Fund in mind. An example was cited of improving the EPC ratings of residential properties as this in turn would mean lower vacancies due to having an incentive for residents to stay due to having lower bill costs. In turn from a selling perspective such properties would be attractive and add value to the local community. It was suggested by officers that climate modelling would be redone within the next year and brought back to the Committee to assess whether the objectives should be changed.

A further suggestion was made that commitment 5 was inline with the existing policy in place as it was concerned with helping the worst carbon emitting investments to improve. It was additionally clarified that within the report, the newest element was a framework on biodiversity, which was consistent with the existing climate commitments. Further clarity was also added in relation to how short term the Fund would monitor investments which would fall under a definition of a fossil fuel company, however if their activities were moving away from fossil fuel use, then the fund would be happy to continue to invest in them in order to help finance real-World change.

At the conclusion of debate, it was,

**Resolved:**

**The Committee approved the Responsible Investment Policy 2023.**

*Cllr Christopher Newbury voted against the recommendation.*

109 **Climate update and progress**

Jennifer Devine, Head of Wiltshire Pension Fund, provided an update on climate and progress. The presentation covered the following points that the report was in line with the TCFD requirements and included both progress and real examples in practice. It was noted that officers had been to visit some investments and work was taking place on the top ten emitters with transparency provided on where the Fund has got to and what is to follow.

The Committee received a presentation from Mercer on Analytics for Climate Transition (ACT), which had been included within the agenda pack. The presentation provided detail on ACT as well as a summary of the progress made towards the Net Zero approach and of the current fund commitments in place. In addition, two areas to strengthen targets were outlined as being

Stewardship/Engagement and Alignment. Furthermore, data was provided in relation to the decarbonisation path as well as engagement targets relating to the top ten contributors to carbon footprint. Enhancements and next steps were also outlined.

The Committee discussed the update with comments received on but not limited to how it was positive that the anonymised report from Mercer had been included within Part 1 of the agenda, as well as it clarified that the report would not be going back to the Wiltshire Council Climate Team unless requested, as it would be important to distinguish between work streams due to separate targets. It was suggested that it would be positive to see an introductory section in relation to why the Fund was involved in decarbonisation. Officers clarified that this was included in the Fund's own climate report.

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 the Fund's target of net zero emissions across all portfolios by 2050.**

**To approve the Climate Report for publication.**

110 **Annual Report and accounts**

Jennifer Devine, Head of Wiltshire Pension Fund, presented the draft annual report and accounts. The presentation covered the following points that officers had gone through the accounts in detail, with it noted that the numbers had not changed since the accounts were presented at the Committee's last meeting. It was noted that the report contained information on how the Pension Fund was run, and that due to length it would be published alongside a mini-magazine version as well as a one-page fact sheet. Additionally, it was stated that the report had not been audited.

The Committee discussed the report and accounts with comments received on but not limited to that it was suggested that an explanation be added to the report as to why the auditing had been delayed in order to be open and transparent. Additionally, clarity was provided in relation to benefits paid out and contributions received.

At the conclusion of the discussion, it was,

**Resolved:**

The Committee approved the proposed publication of the unaudited annual report and accounts 2022/2023 and summary documents, and authorise officers to make any necessary minor amendments following the conclusion of the audit.

111 **Office Space**

Jennifer Devine, Head of Wiltshire Pension Fund, presented a proposal for new office space.

After which, it was,

**Resolved:**

The Committee approved the new ways of working and associated spend of £84,605 per annum.

112 **Date of Next Meeting**

The date of the next meeting was confirmed as 5 October 2023.

113 **Urgent Items**

There were no urgent items.

114 **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 15 - 19 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.

115 **Minutes**

The private minutes of the meeting held on 13 July 2023 were presented for consideration, and it was,

**Resolved:**

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

116 **Local Pension Board minutes (Part II)**

The private minutes of the Local Pension Board meeting held on 10 August 2023 were presented for consideration, and it was,

**Resolved:**

**To note the minutes as a true and correct record.**

117 **Consultation Response**

Jennifer Devine, Head of Wiltshire Pension Fund, presented a draft response to the consultation on LGPS pooling.

At the conclusion of the discussion, it was,

**Resolved:**

**The Committee approved that the draft consultation response is submitted, subject to any amendments as discussed and agreed in the meeting.**

118 **Quarterly Investment update**

Chris Moore, Accounting and Investment officer, presented a report on the Fund quarterly investment performance. The presentation provided an outline of the investment performance of the fund to 30 June 2023.

At the conclusion of the discussion, it was,

**Resolved:**

**The Committee agreed to 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.**

119 **Manager Presentation - PineBridge**

The Pension Fund Committee received a presentation from Steven Oh and Kevin Wolfson, Managing Directors of PineBridge.

(Duration of meeting: 10.00 am - 1.35 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](mailto:Benjamin.fielding@wiltshire.gov.uk)

Press enquiries to Communications, direct line 01225 713114 or email [communications@wiltshire.gov.uk](mailto:communications@wiltshire.gov.uk)

## WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE  
01 November 2023

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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) Key business plan items – Aggregations backlog, i-Connect & controls and Resourcing.
  - c) Scheme, Regulatory, Legal and Fund Update
  - d) Risk Register
  - e) Administration KPI update – 1 July 2023 to 30 September 2023.
  - f) ABS & PSS updates
  - g) Audit update 2022/23
    - 1) SWAP Audit 2022/23
    - 2) Audit Schedule
2. This report is intended to highlight key issues and developments. Full detail is provided in the Appendices.

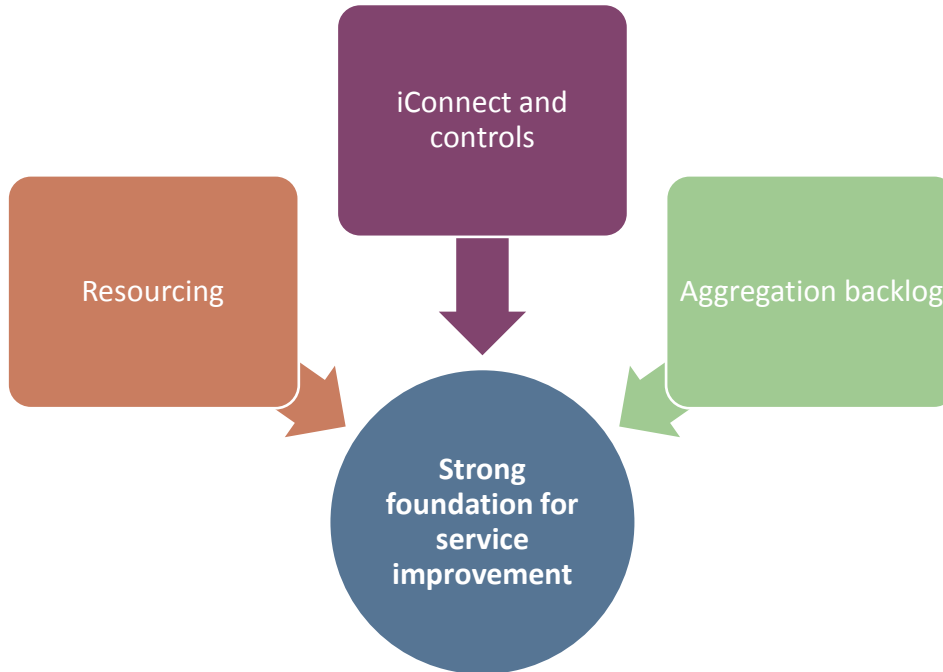
#### **Report from Head of Wiltshire Pension Fund**

3. This section summarises key events across the Pension Fund over the last quarter.
  - a) Investment performance for the quarter to Jun-23 was +1.4%, compared to a benchmark return of +1.8%. The fund value at the end of Aug-23 was just over £3.1bn. The audited Q3 2023 performance information is not available at the time of writing.
  - b) The funding level at the end of Aug-23 was 134.8% (based on a roll-forward of the 2022 funding level).
  - c) The backlogs project and the pensioner payroll rec projects are now close to completion. Hymans have now completed around 2.4k cases, and Aon just over 720. The Hymans project is going to run on for slightly longer than expected, and the team will be providing Hymans with a final batch of work shortly. The Aon project has now overrun its original deadline, specifically due to issues with the calculator for dependants, which make up the remaining c.200 cases. Aon are aware that they need to wrap up the project as a priority.
  - d) There is no update on resourcing, the Employer Services Manager role is still vacant, and recruitment is currently taking place at the junior levels in the team for several vacancies.
  - e) The new office space is now occupied, and we are encouraging staff to attend 2-3 days per week. We held a team building day in September which was productive.
  - f) We have had our signatory status for the Stewardship Code renewed.
  - g) The annual report has now been published, alongside a one-page factsheet and mini-magazine: <https://www.wiltshirepensionfund.org.uk/Annual-report-and-accounts>
  - h) Pension Awareness Week ran during September. We sent out daily factsheets to the members, to help them understand their benefits, be aware of scams, and engage with their pension: <https://www.wiltshirepensionfund.org.uk/article/8102/Pension-Awareness-Week-11-15-September-2023>

- i) The Fund has once again won the award for “Best Approach to Responsible Investment” at the LAPF Investment Awards. We previously won in 2021. Congratulations to the team!

### **Business Plan Priority Area Progress Updates**

4. As set out in the Business Plan 23/24, the priority areas where we need to focus in order to deliver the maximum improvements to our admin service are as follows:



#### ***Resourcing – progress rating red***

5. We have still not appointed to the Employer Services Manager role, where we have temporarily paused our recruitment efforts while we review the situation after several unsuccessful attempts. We are also currently recruiting for processing staff, following three departures from the team.
6. Staff training plans are still in development – this is a very high priority to address. We are promoting a wide range of training opportunities to staff, both internally and externally. However, there are still some clear skills gaps within the teams which need to be addressed.
7. More work still needs to be done to create a structured framework to use all the tools at our disposal to promote maximum efficiency in the processing teams. Our plan to develop “recipe cards” for all processes to streamline work is well underway.
8. A significant issue which needs to be dealt with is team morale, which is at a low level as reported by the Wiltshire Council staff engagement survey. We have recently held a team building day, as well as the move to bring staff back to the office more. We are currently running a dedicated WPF staff survey.

#### ***iConnect and related controls – progress rating red/amber***

9. This area has been improved from red to red/amber, to reflect the fact that significant progress has been made, but that this has not yet translated into any tangible results.



10. The monthly cycle of work for the employer services team is in draft, but will need to be finalised and rolled out to the team. Once this has been done, we should be in a position to begin onboarding employers to iConnect again, and will start with Swindon Borough Council.
11. Work on defining an efficient and effective control framework has not yet begun, but is strongly linked to the above point about recipe cards.

**Aggregation backlog – progress rating *amber***

12. As mentioned above (under para 3c), Hymans are making progress, and a final batch of work will shortly be provided to them.
13. The Service Improvement Team (SIT), as well as working on various initiatives to deliver efficiencies, has cleared a large number of old cases. Alongside Hymans work, this has led to a significant reduction in the number of open cases (as seen in the admin KPIs section of this report). However, in terms of the day-to-day, the teams have not been on top of BAU, and this has had an offsetting effect against the inroads made by Hymans and the SIT, which has made the reduction in open cases smaller than it might otherwise have been.
14. In order to take things forward, the next steps will be as follows:
  - a) Hymans to complete their project.
  - b) SIT to continue project work to reduce the backlog.
  - c) Work allocation to improve to ensure the teams are on top of the day-to-day.
  - d) A review of the remaining backlog to identify similar types of cases that can be dealt with in bulk/via project work.

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

15. A scheme update is included in paragraph 3 of this report. Regulatory & legal updates have been provided via Hymans October 2023 Current Issues circular (Appendix 1). Key additional strategic Fund updates have been incorporated within the Fund’s risk register section of this report.

**Risk Register (Appendix 2)**

16. The version of the risk register presented in Appendix 2 relates to the month of September 2023. The September 2023 version will be the version submitted to the Committee meeting on either 23 November or 14 December, depending on the agendas to be agreed. The officer led CROC Group continue to process and moderate ratings of monthly manager reviews in a consistent manner in the interim period.
17. A summary table is provided below for members to be able to monitor the key changes between versions submitted to their meetings. The purpose of this summary is to assist Board members in making their recommendations to the Committee.
18. The summary of key changes between the July and September versions, since the Board last reviewed the risk register in August are:

Risk Section	Section rating change	Key notes and mitigations during the period
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Fund Governance	Green to Amber	<p>a) It was noted that commissioned audits by the Fund had been delayed, as well as changes to the plan submitted to SWAP. Clarity around the process for approving work was also required and had been requested by both Board and Committee chairs.</p> <p>b) A fraud discovered during the scheme year has led to concerns over the quality of the Fund's internal controls and policy relating to such matters. Recommendations are to be considered.</p> <p>c) Resourcing of the Council's procurement department has led to concerns that procured services may not occur on a timely or co-ordinated basis. There is concern that a number of staff are also unclear about the process</p>
Investment	Amber to Green	<p>a) The Fund has received its climate analysis report from its Investment Consultant. Progress has been made in the implementation of changes to the strategic asset allocation.</p>
Performance	Green to Amber	<p>a) Concern has increased in relation to scheme employers not having effective administration processes in place, leading to data quality and submission issues. A review of the Fund's data quality and contribution work group processes was also carried out as gaps had been identified in the Fund's internal controls which could mitigate employer ineffectiveness.</p> <p>b) Oversight visibility of performance against targets and standards have been challenged and a bespoke KPI audit commissioned. Concerns around consistent reporting to the Committee were raised.</p>
Data Management	Red to Amber	<p>a) The introduction of clear procedures within the employer services team and the receipt of outstanding data from employers during had reduced this risk. However, it is noted that a bedding in of the procedures and checking arrangements is still in progress.</p> <p>b) The completeness and quality of data received has enable the successful issuance of annual benefit statements to members.</p>
Projects	Amber to Red	<p>a) Delays during the period concerning the implementation of the Fund's own Altair payroll system and completion of the payroll rectification project and payroll reconciliation have increased this risk area.</p> <p>b) This increase is coupled with the continued concerns in relation to the levels of risk of a number of the Fund's other strategic projects being completed as required, such McCloud, the Council's Evolve project, internal backlogs, and the outsourced backlog of aggregation cases.</p>

### **Administration KPIs (Appendix 3)**

19. Tables 1 & 2 show the admin performance over the period from 1 July to 30 September 2023. October statistics were unavailable at the time of drafting. Regarding the overall Admin KPI picture, this continues to be challenging but it is improving. This is due to the improved work allocation system (which prioritises work in line with meeting the KPIs whilst also working on backlog cases), the high priority administration KPIs remained at a

consistent level and we expect them to remain at this level until we clear the majority of the backlog. The backlog has reduced by 1964 cases since our last report. Open case volumes have come down by 1651 over the last three months, but it is advised to be cautious in interpreting this data. Most of the outstanding data queries have been resolved so the number of open cases is now more accurate than before. However, we are due to undertake a full audit of the open cases to ensure going forward this number is as accurate as possible.

20. Table 3 provide some analysis of the open cases. Table 3 shows a reduction of 1021 cases that are older than 2 years. The graph under the table shows the difference between completed and received cases. On average we are now completing more cases that we receive. The exception is September, but this was expected due the ABS and AA statements being issued. The second graph shows the continued trend of cases over SLA reducing.

#### **SWAP Audit review 2022/23 (Appendix 4):**

21. Progress against the SWAP's November 2022 KFC audit recommendations is presented by officers in Appendix 4. This was last assessed as at 16 October. This version of the actions log has also been passed to SWAP who will use it as the basis for undertaking a further KFC audit this November, at which time they will also undertake the KPI audit requested by the Chairs of the Board and the Committee. Based on the assessment by officers as at 16 October the following key points are noted.
22. Action 1 – New Enrolments and action 10 - KPIs, Reports & Monitoring of Staff Productivity have both been paused due to material changes in the completion of those actions. Action 1 was paused due to changes approved by the business plan objectives agreed in March 2023 and action 10, was suspended following the commissioning of the SWAP KPI audit, which is anticipated to result in revised recommendations.
23. Three actions, action 2 – Overpayments, action 3 – Lumpsum payments & action 9 – Workflow management have not been completed within the agreed target dates, albeit officers believe that good progress has been made in all areas. The predominant reason for all three areas remaining incomplete revolve around the non-completion of policies and procedures to a signing off stage. A documentation focus meeting was held on 27 September, at which officers challenged themselves to complete the document changes required by the end of October.
24. Following the 16 October review, it was agreed to make a request to the Board to extend the target date for action 6 – Aggregation processing and backlog, to 31 March 2024. This is to bring it into line with action 7 – Status 2 members, as many of the activities associated with both of these actions overlap. At that review officers also concluded that action 5 – Amendments, had been completed in accordance with the SWAP recommendations and have closed it.
25. Finally, with regard to the remaining outstanding actions, namely action 4 – Transfer-in into the Fund, and action 11 – Quality Assurance, action 4 was also considered largely complete subject to the signing off of its associated procedure and action 11, has remained resistant to closure, whilst checking and peer review activities continue to need to be enforced. In respect of action 11, officers have also challenged themselves to complete essential policy and procedures changes.

### **Audit update (SWAP KPI audit) (Appendix 5)**

26. SWAP Audit Strategy – At the Board meeting on 10 August members requested officers to prepare a schedule (Appendix 5) detailing the status of each of the Fund’s commissioned audits for presentation to the Committee. The request was made following concern that a lack of progress had been made concerning the Pension Fund KPI audit commissioned by the Chairs of the Board and the Committee.

27. Officers noted that the schedule requested by the Chairs should include:

- a) The SWAP auditor assigned to each audit:
- b) When an audit is scheduled to take place: &
- c) SWAP’s feedback on the commissioning arrangements and communication channels in respect of planned Pension Fund audits.

The feedback received from SWAP is included in Appendix 5.

28. In addition, a summary of SWAP’s responses to the Chairs request were received in August, in which they advised the following:

- a) It was not their practice to assign auditors to a piece of work in advance. Furthermore, more than one auditor would typically be assigned to an audit and that they take an agile approach to the conducting of their audits:
- b) The KPI audit, as well as the restructured payroll migration audits had not been part of the originally commissioned audits agreed with the Fund. In addition, the timetables for the payroll migration audits had been impacted by multiple considerations, including those outside the control of the Fund and SWAP: &
- c) Approval of audits undertaken by SWAP are made by the Deputy s151 officer. It recommended that the Fund should consult with the Deputy s151 officer concerning its commissioning arrangements for audits and the channels of communication by which the commissioning of audits should follow.

### **Financial Implications**

29. No direct implications.

### **Legal Implications**

30. There are no known implications from the proposals.

### **Environmental Impacts of the Proposals**

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

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

32. There are no known implications currently.

### **Proposals**

33. The Board is asked:

- a) to note the Fund updates and progress against the Business Plan 2023/24 key priorities;
- b) to endorse the risk register in Appendix 2 & the summary of risk changes since the last review, as a true and fair view of the risks currently being experienced by the Fund and to recommend that endorsement to the Committee:
- c) to note the progress recorded on the SWAP audit actions log and to recommend any extension to action 6’s target date to 31 March 2024:

JENNIFER DEVINE  
Head of Wiltshire Pension Fund

Report Authors: Richard Bullen (Fund Governance Manager), James Franklin (Pension Admin Lead) and  
Jennifer Devine (Head of Wiltshire Pension Fund)

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

**Appendices:**

Appendix 1 – Scheme, Legal, Regulatory and Fund updates

Appendix 2 – Full risk register

Appendix 3 – Administration KPIs

Appendix 4 – SWAP Audit Actions log

Appendix 5 – Audit Schedule

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# Current issues in the LGPS

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October 2023

## Consultation – next steps on investments

The deadline for parties to provide responses to the [consultation on LGPS investments](#) passed on 2 October. This was an opportunity to provide feedback on the government's potential future plans for the LGPS, covering important areas such as pooling, levelling up and private equity. Our formal [response](#) sets out our views on where we are supportive, where we believe more thought is required and where we disagree with proposals. And for further discussion, please click [here](#) to listen to our on-demand webinar.

## Scottish 2023 valuations – early results

The first few results are ready: watch our [video](#) to hear more. Funding levels are up across Scotland, driven by a combination of good investment returns and changing market conditions reducing liability valuations. Rising inflation is offsetting this slightly, but funding level improvements remain considerable – in excess of 50% for some! Discussions on contributions rates are also underway. Funds are generally passing on contribution rate reductions to employers, but this will of course vary with employer circumstances. Our [60 Second Summary](#) provides further detail, with more to come on this over the busy few months ahead.

## Dealing with accounting surpluses

As we climb over the mountain of 31 July and 31 August year-end FRS102 reporting, we continue to see net asset positions for many LGPS employers. These positive asset positions are also a focus of auditors beginning to look at 31 March figures. A decision may be required over the extent to which surplus can be disclosed in the employer's accounts. If you or your auditor have any questions on your year-end figures, please get in touch with our accounting specialists at [LGPSCentralAccountingTeam@hymans.co.uk](mailto:LGPSCentralAccountingTeam@hymans.co.uk).

## New McCloud regulations

On 8 September, the Department of Levelling Up, Housing and Communities (DLUHC) announced the [outcome](#) of the consultation on McCloud issues. It also laid before Parliament [The Local Government Pension Scheme \(Amendment\) \(No. 3\) Regulations 2023](#), which came into force on 1 October 2023. There are no real surprises - the LGPS Regulations 2013 are amended to include the new definition of the underpin and extend it to those groups who were previously excluded but are now in scope. Statutory guidance is expected shortly, providing funds with more information on how to implement the new underpin including advice on prioritising cases.

## Events, webinars & training

### Managing risk in the LGPS – a spotlight on longevity risk

The fourth webinar in our LGPS risk management series is available to [watch on-demand](#). Richard Warden is joined by Jill Jamieson, Head of Pensions at Club Vita UK, to explore longevity risk. We discussed whether the LGPS is seeing excess deaths, what it means for your fund and how to manage your longevity risk.

### **LGC Investment Seminar Scotland – 19-20 October 2023**

The LGC Investment Seminar Scotland is taking place later this month and the programme is packed full of insightful sessions, specifically relevant for those responsible for delivering the pensions of local authority employees now and in the future. Iain Campbell will be chairing the conference, and Steven Scott is delivering a session on what the valuation data is telling us about the LGPS. You can register your place [here](#).

### **LGC Investment & Pensions Summit, Leeds – 7-8 September 2023**

The [LGC Investment & Pensions Summit](#) took place at the New Dock in Leeds in September. The conference was expertly chaired by Dawn Turner and attended by a good mix of LGPS and Pool officers, advisers and investment managers. We've summarised the key points from each session in our [conference highlights](#).

### **LGPS Employer Training**

We're delighted to be continuing our LGPS employer training, with the next sessions taking place in October and November. Attendance will provide your employers with knowledge of important LGPS topics. With the implementation of the McCloud remedy and pensions dashboards on the horizon, and the administrative challenge of updating data, good employer engagement is needed more than ever. Register your interest [here](#), and if you require more information [get in touch](#).

### **Awards**

We're delighted to have won two industry awards in September:

- LAPF Investment Awards: Investment Advisory Service of the Year, alongside Redington.
- Workplace Savings & Benefits Awards: Pension Consultant of the Year.

### **Social infrastructure**

After the release of the 'next steps in investments' consultation – see above - the LGPS has been considering how to meet potential requirements from government to contribute towards its Levelling Up [agenda](#). Whilst many investments currently held will achieve this, considerations may also be required for new investments. Social infrastructure could be an obvious solution, but investors must be aware of the risks. Please read our [Briefing Note](#) to learn more.

### **Market Brief**

Click [here](#) for our review of the economy and markets over the third quarter of 2023. We consider the key developments for growth, inflation, and interest rates and their impact on fixed income, equity, property and commodity markets over the quarter.

### **Responsible Investing – protecting nature**

What role can investors play in helping to reverse the loss of nature and biodiversity? The Taskforce on Nature-related Financial Disclosures (TNFD) has laid out some meaningful recommendations and action points to consider. The TNFD is a market-led, science-based initiative. By building on the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations, it enables integrated nature and climate reporting. Our [Briefing Note](#) pulls out the key things you need to know, including metrics, targets and disclosures.

### **And finally...**

#### **Latest inflation figures**

The latest ONS figures recorded annual CPI for the year to August 2023 at 6.7%, marginally lower than the 6.8% in the prior month. The next monthly ONS release is due on 18 October and will be used to set the 2024 PI Order for the LGPS (the September 2022 to August 2023 CPI rate is 6.1%).



## Collaborating accountants

Two national accounting bodies, CIPFA and the ICAEW, have [announced](#) a tie-up and an accelerated route for newly-qualified chartered accountants to obtain dual membership of both bodies. One of the hopes is that the move will widen the candidate pool for public sector finance teams.

## TPR blogs...

The Pensions Regulator has [said](#) that it has been increasing its engagement with pension scheme administrators, in a bid to tackle the risks of poor administration and drive up standards. It also [revealed](#) that it received just seven whistleblowing disclosures in the year to 31 March 2023, mostly about suspected legislative breaches. The low number may be partly explained by a change of policy on how it defines 'whistleblower'.

## ... and a review of TPR

The DWP has published a [report](#) arising from an independent review of TPR. It concludes that the Regulator is '*broadly well-run and well-regarded*' but makes 17 recommendations grouped under three themes: risk and growth; compliance and enforcement; and digital transformation and value for money.

## Auto-enrolment (AE)

The Pensions (Extension of Automatic Enrolment) (No. 2) Bill, which allows the DWP to eliminate the lower earnings threshold for AE contributions and reduce the minimum age for eligibility, received Royal Assent on 18 September.

## Climate change

A [response](#) from the local government minister, Lee Rowley, about climate governance and the meaning of 'proper advice' said that the outcome of DLUHC's consultation exercise will be published 'in due course'. He also re-confirmed that DLUHC won't be imposing new climate-governance obligations (including TCFD) in 2023/24. And in other climate news, TPR has issued its first [fine](#) against a pension scheme for failing to meet new TCFD regulations.

## General Code of Practice

We understand that TPR's new Code is expected to be published before the end of October.

## Timmy Mallett

And finally, a blast from the past as the ABI and PLSA team up to hire the TV presenter, broadcaster and number one hit singer to front their 'Pay Your Pension Some Attention' [campaign](#).

## Appendix

### Consultation – next steps in investments

<https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-next-steps-on-investments>

[https://www.hymans.co.uk/media/uploads/LGPS\\_next\\_steps\\_on\\_investments\\_consultation\\_response.pdf](https://www.hymans.co.uk/media/uploads/LGPS_next_steps_on_investments_consultation_response.pdf)

<https://www.hymans.co.uk/insights/webinars/lgps-consultation-next-steps-on-investments/>

### Scottish 2023 valuations – early results

<https://vimeo.com/870653390/faaf1fc671?share=copy>

[https://www.hymans.co.uk/media/uploads/60-second\\_summary\\_-\\_LGPS\\_2023\\_valuation\\_results\\_%E2%80%93\\_early\\_insights.pdf](https://www.hymans.co.uk/media/uploads/60-second_summary_-_LGPS_2023_valuation_results_%E2%80%93_early_insights.pdf)

### Dealing with accounting surpluses

[LGPSCentralAccountingTeam@hymans.co.uk](mailto:LGPSCentralAccountingTeam@hymans.co.uk)

### New McCloud regulations

<https://www.gov.uk/government/consultations/mcccloud-remedy-in-the-lgps-supplementary-issues-and-scheme-regulations>

<https://www.legislation.gov.uk/ukxi/2023/972/made>

### Events, webinars & training

#### Managing risk in the LGPS – a spotlight on longevity risk

<https://event.on24.com/wcc/r/4333297/561146F3A466021CC70980D7E8FE841A>

#### LGC Investment Seminar Scotland – 19-20 October 2023

<https://investmentseminarscotland.lgcplus.com/scotland2023/en/page/book-now>

#### LGC Investment & Pensions Summit, Leeds – 7-8 September 2023

<https://investmentsummit.lgcplus.com/pensionssummit2023/en/page/home>

[https://www.hymans.co.uk/media/uploads/Conference\\_Highlights\\_-\\_LGC\\_Investment\\_Pensions\\_Summit,\\_Leeds\\_%E2%80%93\\_7\\_8\\_September\\_2023.pdf](https://www.hymans.co.uk/media/uploads/Conference_Highlights_-_LGC_Investment_Pensions_Summit,_Leeds_%E2%80%93_7_8_September_2023.pdf)

### LGPS Employer Training

<https://web.hymans.co.uk/hymanscouk-atwsv/pages/nlbjwl2weeypjwaisbsmta.html?PagelD=c249b034965dec118f8f0022481b0cb4>

[marketing@hymans.co.uk](mailto:marketing@hymans.co.uk)

### Social infrastructure

<https://www.gov.uk/government/publications/levelling-up-the-united-kingdom>

[https://www.hymans.co.uk/media/uploads/Putting\\_the\\_%E2%80%93\\_in\\_%E2%80%93\\_ESG%E2%80%93\\_investing\\_in\\_social\\_infrastructure.pdf](https://www.hymans.co.uk/media/uploads/Putting_the_%E2%80%93_in_%E2%80%93_ESG%E2%80%93_investing_in_social_infrastructure.pdf)

### Market Brief

[https://www.hymans.co.uk/media/uploads/Market\\_Brief\\_-\\_September\\_2023.pdf](https://www.hymans.co.uk/media/uploads/Market_Brief_-_September_2023.pdf)

## Responsible Investing – protecting nature

<https://www.hymans.co.uk/insights/research-and-publications/publication/taskforce-on-nature-related-financial-disclosures/>

## And finally...

### Collaborating accountants

<https://www.icaew.com/insights/viewpoints-on-the-news/2023/sep-2023/cipfa-and-icaew-announce-fast-track-pathway-to-dual-membership>

### TPR blogs...

<https://blog.thepensionsregulator.gov.uk/2023/09/13/why-we-are-building-relationships-with-pension-administrators/>

<https://www.thepensionsregulator.gov.uk/en/document-library/corporate-information/whistleblowing-disclosures>

### ...and a review of TPR

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1184422/independent-review-the-pensions-regulator.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1184422/independent-review-the-pensions-regulator.pdf)

### Climate change

<https://questions-statements.parliament.uk/written-questions/detail/2023-09-13/199529>

<https://www.thepensionsregulator.gov.uk/en/media-hub/press-releases/2023-press-releases/first-climate-change-reporting-fine-issued-by-tpr-as-use-of-powers-continues>

### Timmy Mallett

<https://pensionattention.co.uk/>

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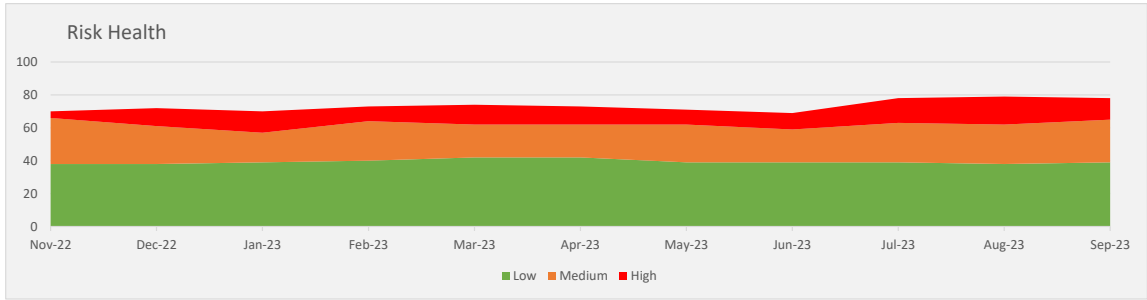
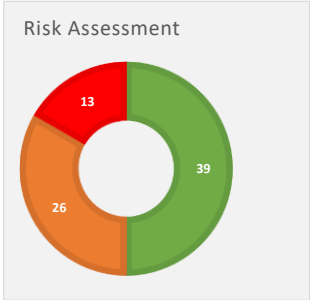
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# Committee Risk Register

Owner: Richard Bullen

Medium Overall Risk



Risk Area	Key Risks	Risk Assessment	Updates to note
Service Delivery	<p>Level of post and work volumes remain high and a concern remains over the failure to meet the KPI targets. This includes the internal backlogs which staff are seeking to reduce.</p> <p>Resourcing constraints means that work is not being received and allocated in a timely manner.</p> <p>Issues with post being received/sent and records updated in an accurate and timely manner.</p> <p>Associated risks following the processing of the pension increase exercise continue, due to an increase in discrepancies between databases arising from the increase exercise.</p> <p>A risk that frauds could occur if suitable internal controls are no implemented</p>	High	<p>As part of the business plan 2022/2023, the backlog was outsourced to Hymans. In March the Key activates of i-Connect and controls, the aggregations backlog and resourcing were identified as factors to overcome in order that the business plan 23/24 could improve on productivity. A Service Improvement team has been formed to facilitate data preparation and in turn productivity. The SIT Team are also focused on undertaking work to reduce the internal backlog.</p> <p>A work allocation system has been embedded for member services, with employer services managing their own work using different measures of reporting. This couples with changes to staff working practices.</p> <p>Weekly KPIs are now circulated and analysed and weekly insights have been launched for the member services team which show staff productivity.</p> <p>Embedding the use of bulk processing is now better supporting Fund processes.</p> <p>Work on reviewing payroll database discrepancies between Altair and SAP is to be treated as a high priority by officers.</p> <p>Arrangements will be reviewed following an independent investigation into fraudulent activity</p>
Financial Management	<p>The employer contribution rate schedule is not accurately maintained and the Fund is unable to determine if it is receiving the correct contributions, or identifying ceasing employers at an early stage.</p> <p>The Fund pays incorrect pensions, lump sums and other one off payments to pensioner members.</p> <p>Delays in Treasury Management processing could be caused by changes to approval limits</p> <p>A lack of guidance relating to covenant reviews and processes could cause a financial risk to the Fund.</p>	Medium	<p>Officers maintain an Employer Contribution and Data Management Working Group to mitigate the risk of the schedule not being maintained. Internal audit has highlighted further improvements over the internal controls in relations to financial management. An update will be presented to members at each meeting cycle.</p> <p>Officers are working to ensure that the new contributions rates are implemented &amp; paid by all employers, and that this requirement is maintained.</p> <p>Covenant guidance requested from Hymans and covenant training to be provided to Committee members. An employer process review has been undertaken with changes implemented, particularly in relation to the management of Admission Agreements which have ceased or lapsed.</p> <p>Officers are working with Wiltshire Council Finance to ensure that the appropriate approval limits are in place.</p>

Fund Governance	<p>Members and senior officers do not maintain their knowledge and understanding leading to poor decision making and poor governance. Although implemented, embedding the risk and control framework into departmental culture is an ongoing process</p> <p>An audit strategy is commissioned by the Committee each year, however the failure of auditors to implement audits due to resource limitations and others calls on their time is a cause for concern.</p> <p>The Fund has a number of key procurements due and there may be concern in completing these procurements due to resource levels in the Council's procurement team. This concern extends to the sourcing of existing contracts.</p>	Medium	<p>Approval of a Committee member training strategy for 23/24 remains under review. Details of the new strategy are yet to be published in order to mitigate issues in relation to insufficient knowledge and understanding.</p> <p>Officer training on the risk and control framework has been completed and regular meetings are held to reinforce the concept.</p> <p>Officers are working with both the procurement team and internal auditors to ensure that these strategic management issues of the Fund are fulfilled.</p>
Systems Management	<p>It is noteworthy to highlight that the Council's contract will SAP expires in December 2023. However, SAPs payroll function is currently planned to continue until April 2024.</p> <p>Changes to the transfer value guidance has caused a suspension to the processing of certain calculation routines. Factors and guidance have been received, however their use is being queried with the database provider.</p> <p>The Fund's ability to screen the mortality and tracing of members needs to be robust</p>	Medium	<p>The migration to new payroll databases is crucial. In addition, other SAP functions such as HR could also impact the Fund if not properly migrated. Implementation of the Altair payroll to mitigate the cessation of SAP will help, however the Fund remains reliant on the Council's Evolve programme to move forward as expected. The expected mitigation is due between October 2023 &amp; April 2024.</p> <p>The TV process review is largely completed and all TV calculations are able to recommence, however monitoring of the situation is ongoing.</p> <p>Delays in signing a new service provider concerning mortality screening has caused a cessation is the processing of this service. Such delays carry inherit risks, including the proper completion of key projects. Managers are risk assessing the implications as well as pursuing completion of the contractual negotiations.</p>
Investment	<p>Investment performance by managers is poor or misaligned with expectations leading to risk of funding level, achievement of investment strategy and poor benchmarking.</p> <p>BPP needs to operate effectively to ensure funds are well managed, investments are made on a timely basis and delivering their objectives.</p>	Low	<p>The Fund is working with Brunel on pooling arrangements, particularly in relation to stock holdings not consistent with the Fund's SAA. Progress is being made in this area.</p> <p>The Investment Consultant have updated the Fund's new SAA strategy.</p> <p>The Fund is currently benefitting from net fee savings, but costs are under constant pressure to rise with high budget increases.</p> <p>Officers are working with BPP and other authorities in the partnership to update BPP's constitution.</p>
Compliance with Regulations	<p>Anticipated changes in legislation could impact the Fund adversely, specifically regarding compliance and resourcing.</p> <p>Failure to achieve statutory requirements &amp; deadlines due to work volumes</p>	Low	<p>Regular updates to the Committee and Board enable all stakeholders to monitor any potential changes in legislations. This work is supported by adviser guidance.</p> <p>Project planning and holding of regular management meetings to ensure deadlines are achieved.</p>
Performance	<p>Employers not performing their roles effectively, such as not sending timely and accurate information in the required format.</p> <p>Employers not updating us on a timely basis concerning changes to 3rd party providers affecting the Fund.</p> <p>Poor data quality could lead to poor benefit calculations or incorrect benefits being paid</p> <p>Employers not following i-Connect processing correctly leading to data breaches</p> <p>Failure to have a clear Fund audit strategy and ensure that the audit plan commissioned each year by the Fund remains on schedule</p>	Medium	<p>Extra training is given to employers as part of the Fund's Employer training strategy. A new employer training strategy for 2023 has been prepared consistent with the needs of the Pension Administration Strategy document.</p> <p>An Pension Admin Strategy is in place to make it clearer to employers concerning the performance targets expected of them. The KPIs within this strategy are currently being reviewed.</p> <p>Data quality checks are introduced to prevent poor data and requests for outstanding data are regularly made to employers</p> <p>The internal auditors have been asked to undertake a review of Fund performance reporting. The recommendations will be incorporated into officer reporting practices.</p> <p>Officers are working with auditors to ensure that the commissioned audit strategy remains on schedule.</p>

Employer Management	<p>Contacts have inadequate knowledge, skills and experience to administer the Scheme correctly and effectively. In addition, current contact maintenance requires improvement.</p> <p>Employers are not set up, maintained or leaving the Fund correctly. This can effect the starting position for funding, unitisation adjustments, pooling or cessation arrangements due to untimely or incorrect information.</p>	Medium	<p>As mentioned under Performance the Fund offers training to employers to mitigate the risks highlighted.</p> <p>Implementation of the Stabilisation Policy provides a certain amount of increased security for employers. The Fund also works closely with our Actuarial advisers to ensure new sets up are managed correctly. In addition, officers need to maintain the Fund's unitisation database.</p> <p>An exercise updating the employer contacts is being reviewed.</p>
Data Management	<p>Information is posted through i-Connect or employer spreadsheets late which can delay processing. In addition, a lack of i-Connect checks may impact data accuracy.</p> <p>There's a risk that cessations are not advised resulting in delays to the start of this process.</p> <p>TUPE transfer are being delayed, but a new service using LGPS Create could resolves backlogs</p> <p>Employer asset and liability allocations should be monitored to avoid throwing out an employer's funding position.</p> <p>Poor data provision from large individual employers can heavily impact the Fund's data management</p>	Medium	<p>To enable the i-Connect onboarding process officers have worked closely with the outstanding employers, particularly major employers to obtain outstanding data. This process is ongoing even though actual onboarding has been temporarily suspended. Relevant data quality checks associated with i-Connect submissions have been implemented and then passed to accounts for financial checks. A clear plan is now in place.</p> <p>TUPE &amp; cessation reporting is in place and officers will migrate to the introduction of LGPS Create to enable more effecting process.</p> <p>Assignment of the responsibility to a specific officer as well as accurate transaction coding and Altair reporting will be implemented on the imminent appointment of a key staff member.</p>
Stakeholder Engagement	<p>Inaccuracy of communications by the Fund could result in reputational damage.</p> <p>There is a risk that as a Fund we are delivering poor customer service to our members, with slow response times and disclosure breaches.</p>	Low	<p>Peer review arrangements are in place prior to publication and a strategy to maintain the compliance and content on MSS &amp; the website has been implemented.</p> <p>A review of the Fund's Customer Service Excellence strategy is being considered following its initial assessment.</p> <p>Recent Customer Surveys have shown a small decrease in service quality. An investigation is underway to identify the cause of this reduction.</p>
Funding	<p>Pension payment adjustments caused by the Rectification project may impact the Fund.</p>	Low	<p>The Accounting team continue to work with the project manager to ensure Funding is not adversely impacted. A reconciliation between Altair &amp; SAP continues to be undertaken following the PI exercise.</p>
Resourcing	<p>The Fund is not appropriately resourced and staff all adequately trained to enable the service to be delivered in a sustainable and reliable way.</p> <p>In addition, key departures could lead to a loss of crucial knowledge in the team.</p>	High	<p>Key people in the team are seeking to transfer specialist knowledge to colleagues by documenting procedures and notes. In addition, a training strategy is under review for the department. However, in the event of a knowledge gap, we can call on our external consultants and independent advisors for help in the short-term;</p> <p>Key vacancies have been filled. With changes in staff, recruiting replacement also continues.</p> <p>Employer service staff continue to receive focussed training relating to their roles to mitigate processing errors and encourage i-Connect data checks.</p>
Climate risk	<p>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.</p> <p>Difficulty in receiving climate data reporting from the Fund's Investment consultants and pooling arrangement could lead to poor decision making</p>	Medium	<p>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).</p> <p>BPP continue to hold stock in the name of the Fund which is not in accordance with the Fund's climate change flightpath. This could lead to reputational damage. Officers are liaising with BPP and other Fund's in the group to ensure that the SAA of the Fund's climate change flightpath is back on track</p>

Projects	<p>Projects are managed by a designated Project Manager. Key projects currently being managed are the Backlog project, the rectification project and McCloud. The first two have been outsourced to 3rd party administrators. Regular updates are provided to the management team, Committee and Board in respect of the McCloud. Fourth &amp; fifth projects relating to internal backlogs &amp; the introduction of a new payroll system are also considered a risk area.</p> <p>The outsourced rectification project is progressing well, however the outsourced backlog &amp; McCloud projects are moving more slowly. Changes to the Evolve programme is also contributing to risk in this area. Payroll staff have been recruited to implement Altair's payroll system over the next few months.</p>	High	<p>As part of the oversight of Evolve Payroll Programme periodic strategic updates are received from the s151 Officer to assess level of risk.</p> <p>Mitigations relating to the Evolve project involve the implementation of Altair's payroll system, which has now been further delayed to December/January to take on new pensioners in a phased approach.</p> <p>Its noted that significant retrospective legislation changes related to the McCloud case could lead to higher levels of administration resource. From October McCloud calculation routines have been run and its is anticipated that only about 50 potential members may be effected.</p> <p>Officers continue to work with Hymans To mitigate delays on the backlog outsourced, particularly in relation to the timeliness of checking.</p> <p>Whilst completion of the Rectification project has been delayed slightly, testing of arrears payments has progressed, data provided and a new model for calculating dependent adjustments is being prepared.</p>
Other External Risks	No "other" risks currently identified.	Low	



Administrative use only

Risk Assessment		78
Low	39	50%
Medium	26	33%
High	13	17%

	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23
Low	38	38	39	40	42	42	39	39	39	38	39
Medium	28	23	18	24	20	20	23	20	24	24	26
High	4	11	13	9	12	11	9	10	15	17	13

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## Appendix 3 – Administration KPI's

An analysis of the administrative performance over the period

From 1 July 2023 – 30 September 2023



### Internally set targets (Fund)

The Fund's internally set administration targets are set to help meet 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 to 30 September 2023

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%	291	7	284	516	493	307	●	82%
High	Retirements	10/20 days	95%	363	62	301	742	702	341	●	75%
High	Refunds	10 days	95%	7	0	7	183	178	12	●	99%
Medium	Transfers Out	10/20 days	90%	288	25	263	294	285	272	●	61%
Medium	Transfers In	10/15/20 days	90%	24	1	23	29	26	26	●	69%
Medium	Aggregations	23 days - 1 year	90%	2211	650	1561	1930	1948	1543	●	78%
Medium	Leavers	23 days - 46 days	90%	2576	591	1985	2685	3015	1655	●	70%
Medium	Divorce	20 - 25 days	90%	54	5	49	75	97	27	●	80%

\*red alert shown for anything below 10% of tolerable performance

Open cases at end of period	Reply Due	In Office	Of which: Currently within SLA	Of which: Already beyond SLA
Deaths	266	41	24	17
Retirements	267	74	58	16
Refunds	12	0	0	0
Transfers Out	201	71	49	22
Transfers In	16	10	4	6
Aggregations	495	1048	406	642
Leavers	717	938	155	783
Divorce	15	12	12	0
<b>Total</b>	<b>1989</b>	<b>2194</b>	<b>708</b>	<b>1486</b>

\*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



				QTR 1 - Jan - Mar 2023	QTR2 - Apr - Jun 2023	QTR 3 Jul - Sept 2023	July	August	September
Priority	Process	SLA (Working	Tolerable	Completed on Target					
High	Deaths	5/10/20 days	95%	81%	85%	81%	75%	88%	81%
High	Retirements	10/20 days	95%	75%	81%	75%	80%	75%	69%
High	Refunds	10 days	95%	100%	97%	99%	98%	99%	100%
Medium	Transfers Out	10/20 days	90%	27%	37%	62%	58%	65%	63%
Medium	Transfers In	10/15/20 days	90%	59%	58%	60%	33%	73%	75%
Medium	Divorce	20 - 25 days	90%	62%	95%	80%	57%	89%	95%
Medium	Aggregations	23 days - 1 year	90%	79%	61%	79%	70%	80%	86%
Medium	Leavers	23 days - 46 days	90%	54%	51%	69%	59%	65%	84%

\*red alert shown for anything below 10% of tolerable performance

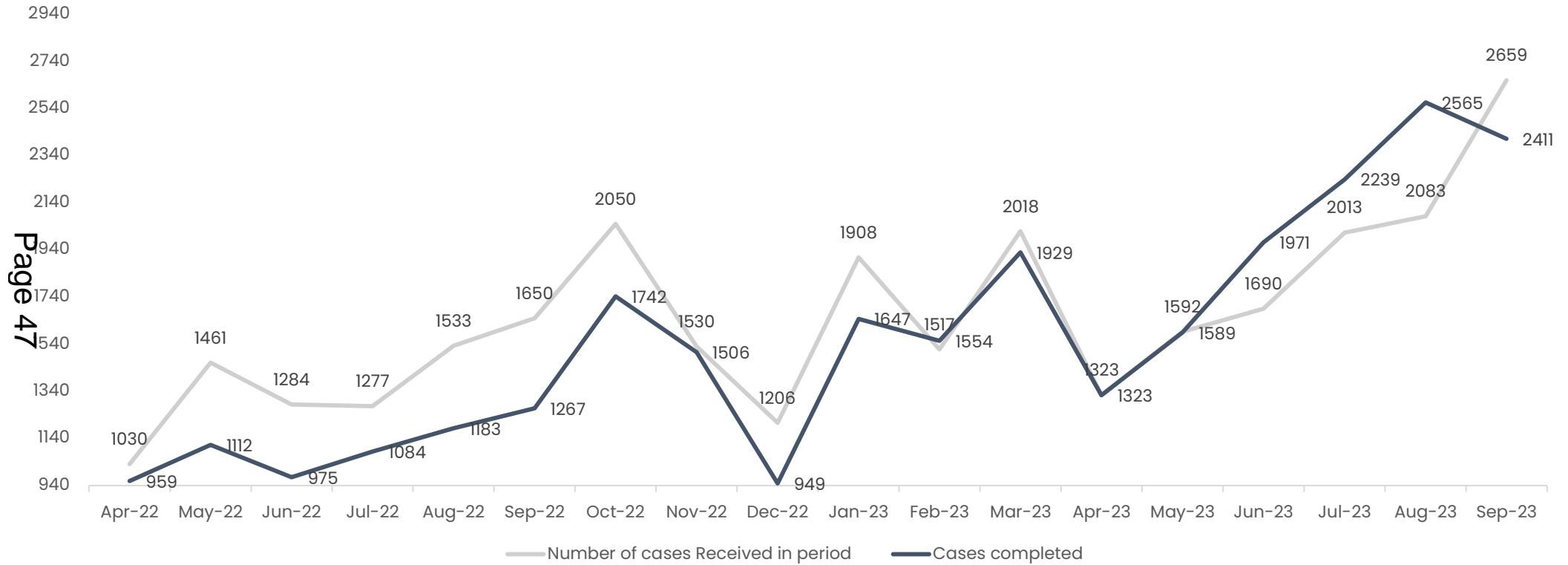
**Table 3: 'In Office' (as at 30 September 2023)**

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

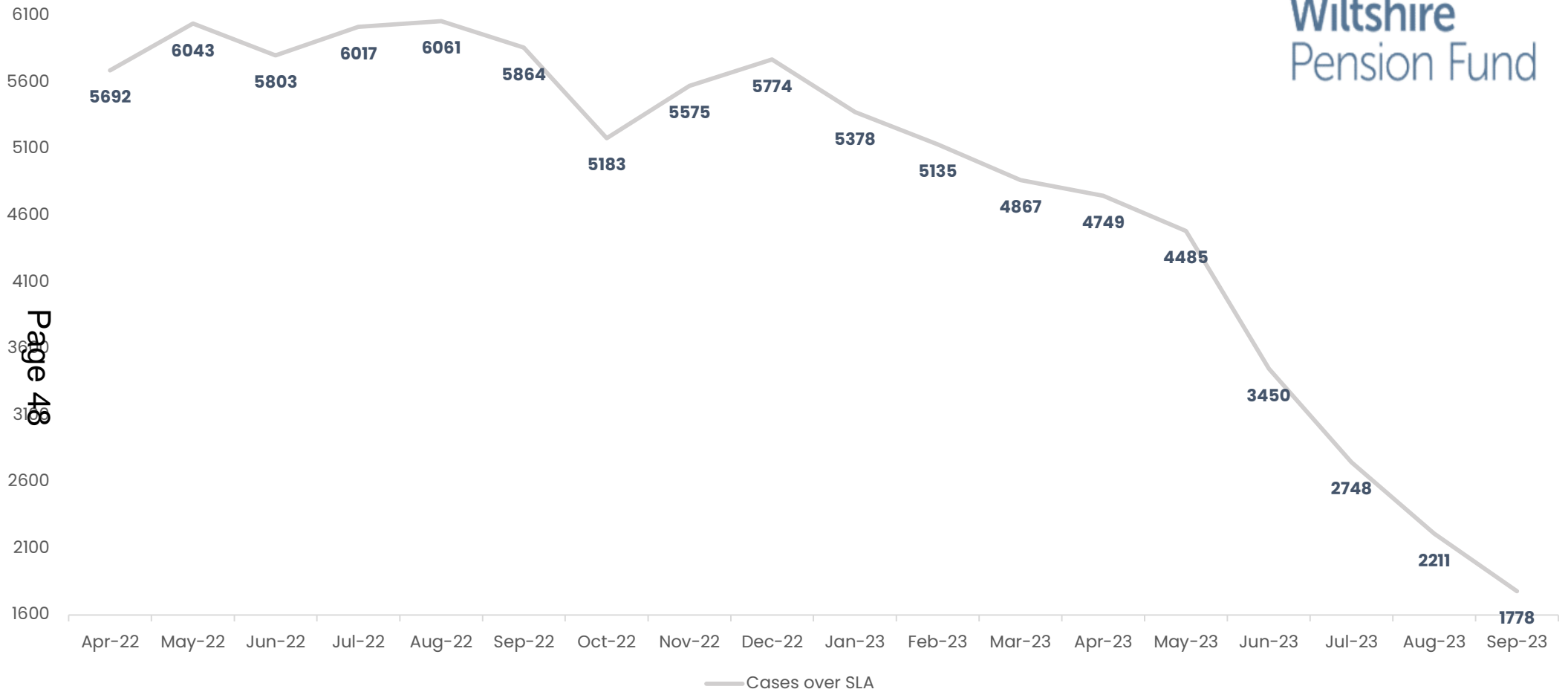
		Age Analysis (working days)							
Priority level	Process	1-40	2-6 months	6-12months	1year +	2year +	3year +	4 year +	Total
High	Deaths	31	10	0	0	0	0	0	41
High	Retirements	69	0	2	3	0	0	0	74
High	Refunds	0	0	0	0	0	0	0	0
Medium	Transfers Out	59	12	0	0	0	0	0	71
Medium	Transfers In	6	4	0	0	0	0	0	10
Medium	Aggregations	332	272	40	91	310	2	1	1048
Medium	Leavers	169	122	301	81	163	72	30	938
Medium	Divorce	12	0	0	0	0	0	0	12

\*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 both Officers and Hymans 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 including reply due cases





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

\* I-Connect onboarding is currently on hold while we establish solid foundations for the checking and monitoring of receipt of employer data.\*



5. MSS (My Wiltshire Pension) take up

	As at 19/10/2023		
	Active	Deferred	Total
Registered	11,824	13,677	25,501
Total	23,833	32,098	55,931
Percentage	49.61%	42.61%	45.59%

\*Excludes members with password resets or disabled account.

## Internal targets - Employers



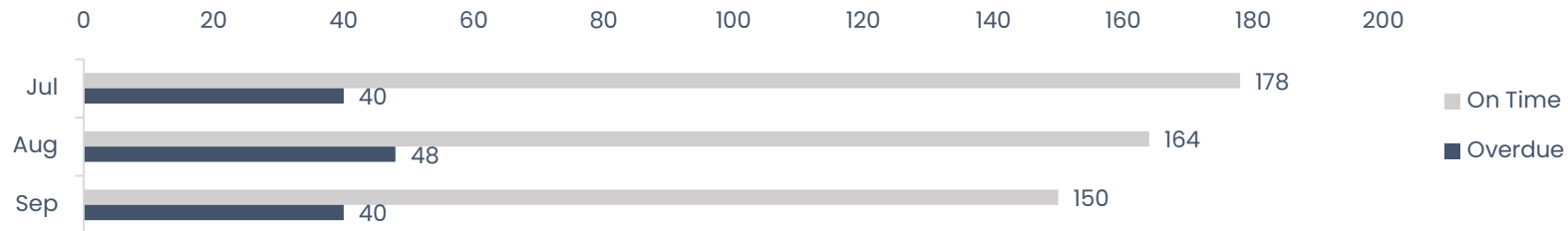
### 6. i-Connect submission performance

Size of Scheme	July			August			September		
	On-time	Late	Submitted on Target	On-time	Late	Submitted on Target	On-time	Late	Submitted on Target
Small	168	26	77%	152	36	72%	138	34	72%
Medium	10	8	5%	12	6	6%	12	4	6%
Large	0	6	0%	0	6	0%	0	2	0%
<b>Total</b>	<b>178</b>	<b>40</b>	<b>82%</b>	<b>164</b>	<b>48</b>	<b>77%</b>	<b>150</b>	<b>40</b>	<b>77%</b>

\*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 19<sup>th</sup> of the month following the month the data relates to.



### 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 1 November 2022  
-1% increase since 1 November 2021

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

96

#### tPR Conditional Data

Percentage score at 1 November 2022  
+1% increase since 1 November 2021

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.

98.8

#### Active Annual Benefit Statements (ABS)

Percentage score at 31 August 2023  
+0.1% increase since 31 August 2021

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. The active Annual Benefit Statement score is slightly short of the target of 99%. Most of failures relate to Swindon Borough Council employees, due to their ongoing administrative difficulties following their change of payroll system early this year.

However, this score is still relatively high compared to previous years:

2023: 98.7% 2021: 99.5%; 2020: 96.9%; 2019: 95.0%; 2018: 93.9%.

100

#### Pension Saving Statements

Percentage score at 5 October 2023

All Pension Saving Statements (relating to annual allowance tax charges) were sent on time despite a number of delays with receiving data from certain employers (in particular, Swindon Borough Council). All active members were analysed (c23,000) to see whether they exceeded the annual allowance limit and the final exercise resulted in 90 statutory statements being sent and 36 members being likely to need to pay a tax charge.

### Performance commentary for the year

The **common and conditional scores** for this year have remained close to last year.

The Fund is already above average and some of the remaining gap to 100% is hard to fill due to factors outside of the Fund's control.

For the Common Data metric, virtually all the remaining data issues relate to missing postal addresses, where the member has failed to keep us up to date when they have

changed address. Furthermore, as the Fund's main form of communication is now electronic, the member's postal address is becoming less important, and it is more difficult to identify if it is correct.

For the Scheme Specific measure, many of the errors are of a technical nature due to the way the metric is calculated but these require further review.

The **active Annual Benefit Statement** score (98.7%) for this year is slightly short of the target of 99%. Most of failures relate to Swindon Borough Council employees, due to their ongoing administrative difficulties following their change of payroll system early this year.

Most of the remaining failures are resolved but officers are still liaising with Swindon Borough Council to clear the last remaining issues.

However, this score is still relatively high compared to 2018-2020, albeit lower than 2021.

2021: 99.5%

2020: 96.9%

2019: 95.0%

2018: 93.9%.

All **Pension Saving Statements** were sent on time despite a number of delays with receiving data from certain employers (in particular, Swindon Borough Council). All active members were analysed (c23,000) to see whether they exceeded the annual allowance limit and the final exercise resulted in 90 statutory statements being sent and 36 members being likely to need to pay a tax charge.

## Plans for next periods report



To obtain and include email stats



To add any further changes as requested by the  
Committee



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## Appendix 1:

**Table 1 – Key Controls Report 2022/23 - Progress against outstanding internal audit recommendations:**

No	Priority score	Issue	Recommendation	Agreed management action	Agreed management timescale	Est. Progress	Progress at 16 October 2023
1	2	New Enrolments	<p>The Fund is having difficulty onboarding the remaining employers as they were unable and or unwilling to provide the data submissions in the required format to be uploaded into I-Connect. This has a negative effect on the Fund to process administrative duties and there is a greater risk of things being processed incorrectly.</p> <p>To encourage employers' administrative charges, need to be issued to cover the additional time and an employer score card finalised.</p>	<p>We will finalise the employer score cards to help identify employers which require additional administrative time and implement reasonable charges to address this.</p> <p>We will continue to encourage employers to join i-Connect, prioritising the largest remaining employers.</p>	30 September 2023	50%	<p><b>PROGRESS PAUSED – BUSINESS PLAN OBJECTIVES HAVE SUPERCEDED THIS AUDIT ACTION</b></p> <p><b>Scorecard</b></p> <p>1) Phase 1 of the scorecard to be published to employers, however the process has been paused into order to clarify data load requirements concerning timely contribution submissions.</p> <p><b>Administrative charging</b></p> <p>2) The right behaviours to be encouraged first, with the scorecard highlighting to key employer contacts any i-Connect failures and then escalating any issues with the contact through direct meetings. Charging to be considered a last resort. Consideration of the trigger points and arrangements for additional administrative charging to be determined, to avoid being contested. It is noted that this should form part of the monthly processing cycle.</p> <p><b>i-Connect onboarding pause.</b></p> <p>3) Data validations and clear processing instructions have been established and a timetable to recommence onboarding to i-Connect is be drafted. Training on the new processes is also underway. A target date is proposed by officers Note: Evolve project responsible for Oracle migration.</p>
2	2	Overpayments	<p>The review highlighted member overpayments since 2016 amounting to £153,509. Since 2021 £24,002 has been written off. We were informed that anything which is below £250 is automatically written off however, the</p>	<p>Outstanding overpayments to be reviewed and chased on a regular basis. The monitoring of this will form part of the KPI (Action J) below.</p>	30 April 2023	80%	<p><b>Outstanding overpayments</b></p> <p>1) The view is that cases have been on “reply due” and have therefore not been chased historically. Officers now ensure these cases are followed up on receipt of the monthly aged debt report. Finalisation of an</p>

			<p>Fund was not following the write off process for values above this amount.</p> <p>As mentioned in finding J below, there are no KPIs for chasing aged debt and as such it is not monitored in the management report</p>	<p>We will ensure the aged debt is reviewed on a regular basis to determine if anything should be written off. This will follow the write off process contained in the overpayment's procedure</p>			<p>overpayments policy will guide staff on the management of this work.</p> <p><b>Aged debt – write offs</b></p> <p>2) A monthly report of aged debt is issued by the Accounts team to the Member Services team. Cross referenced cases are reviewed to established whether the debt should be written off.</p> <p><b>The write off process.</b></p> <p>3) The Scheme of sub-delegation &amp; Payment Approval policy have both been redrafted with a view to being signed off. Cascading down from the Payment approval policy is the write off of overpayments on death procedure which needs to be reviewed.</p>
3	2	Lumpsum Payments	<p><b>Deaths:</b></p> <p>Cases closed without final letters being sent to the beneficiary or the estate. The Fund had identified this as a reoccurring issue during our audit and as such were determining if a quarterly report could be run to identify any anomalies.</p> <p><b>Transfers out:</b></p> <p>Lump sum payments made were signed off after the SLA deadline. This payment exceeded 100k. The Member Services Team were not aware that the Head of the Wiltshire Pension Fund has authority to sign off payments above this value and should be contacted if another staff member with authority is not available.</p>	<p>We will finalise the report to help identify death cases which have been closed without final letters being sent. We will ensure letters are sent for any cases identified and run the report to identify anomalies on a regular basis.</p> <p>We will ensure that all team members are aware of who has authority to sign off lump sum payments and to what level.</p>	30 April 2023 Revised date 31 July 2023	<b>70%</b>	<p><b>Death casework</b></p> <p>1) A report has been prepared by the Systems team. Member services have also finalised the letter.</p> <p><b>Transfer out – Sign offs.</b></p> <p>2) The implementation of the “Immediate payments” system will address any issues as it has segregation of duties built into it. Replacement Officers have been added to the Payment Approval policy authorisation list. Head of Pensions to liaise with s151 Officer in relation to authorisation limits. £250k was suggested.</p> <p>3) A review and update of all related procedures has taken place and will be ready for sign off in time for the introduction of the immediate payments system.</p>
4	2	Transfers into the Fund	<p>We were advised that any cases that are not allocated within 20 days of receipt of the money fall outside of the Fund's SLA deadline and as such should be flagged as an issue. We reviewed the aging analysis for unallocated transfers in and noted there were 153 cases which date back to 2018. This has not been flagged in the</p>	<p>We will ensure Altair is updated with any historical missing liabilities.</p> <p>Any delays will be accurately highlighted in the weekly KPI</p>	31 December 2023	<b>95%</b>	<p><b>Updating historical transfer-in liabilities on Altair</b></p> <p>1) Member Services receive a monthly report from the Accounts team. The set-up of IWAS was also considered appropriate. Embedding the existing process of cross referencing the Accounts report with IWAS was considered the best way forward to highlight the processing TV-in to the Fund cases on a timely</p>



			weekly KPI and performance reports which go to the Management team as an issue. There is therefore a risk of this going unresolved.	report. This action is also reflected in the Finding J below regarding KPIs.			basis (SLA 20 days). Whilst the outstanding value of unallocated TV-in remains at circa £1m (July) reinforcing administrative completion remains an ongoing process. The TV-in procedure has been redrafted and is intended for sign off by November to reflect the operational process. <b>Inclusion in the weekly KPI report</b> 2) A separate workflow in the KPI report was considered as overcomplicating the process.
5	3	Amendments	<b>Nomination change:</b> The Fund had not saved evidence in Altair to support the reason for the nomination change. <b>Address change:</b> Correspondence addresses had not been updated in Altair; the Fund had overwritten the address on a correspondence letter only. It was noted that the Fund had been trying to trace a member address since 2020 through a tracing agency. Whilst matches had been received from Target, a workflow had not been set up to schedule a full search	To remind staff of the importance of saving evidence to support any changes made in Altair.  To remind staff of the processes which should be followed when making address changes and ensure this is monitored as part of the Quality Assurance (Action K) below.	30 April 2023 Revised date 30 June 2023	<b>100% COMPLETED</b>	<b>Staff reminder</b> 1) It was confirmed that staff had been reminded to ensure evidence of a change is recorded and that changes cannot be made without evidence. 2) Sample reviews to be replaced with a more comprehensive peer review arrangement, built into Checklists. <b>Address &amp; nomination changes</b> 3) The Fund's current processes are designed to encourage members to either complete a form or go on-line via MSS. This acts as the evidence gathering. <b>Tracing Agency casework</b> 4) The Operation Manager and the Systems Manager to agree quality checking arrangements. Heywood's has been appointed as the new tracing Agent and contractual terms have been concluded. As a new Agent workflow will automatically be set up to monitor activity. It was noted that this work will ultimately be passed to the new payroll manager. 5) The delay in signing the mortality screening contract will mean the completion of a data quality exercise to ensure all records are up to date. This falls outside of the SWAP audit recommendation raised.
6	1	Aggregation processing and backlog	<b>Aggregations Historical Backlog:</b> Since our last audit the Fund has outsourced 3500 cases to work through over the next 11 months. However,	The identified 500 aggregation cases are analysed, and workflows updated to	30 September 2023 Revised date	<b>70%</b>	<b>Aggregations Historical Backlog</b> 1) The number of outsourced aggregations can be quantified and determining aggregation types has improved. Hymans have currently

			<p>during our review 500 additional cases were identified. We were advised that these had not been picked up as a workflow status had not been set against them.</p> <p><b>Aggregations Ongoing Backlog:</b> We reviewed the process to manage ongoing aggregations and if they are being processed in a timely manner. The Employer Services Team did not have a robust workflow allocation process to manage this work. Furthermore, no targets have been set for processing the work and the manager believed that the team saw the importance of it.</p>	<p>ensure a complete picture is reported in the weekly KPI reports. A plan will be developed to ensure timely completion of these tasks and progress updates reported to the Committee regularly.</p> <p>Determine if there are any other historical aggregations which have not been outsourced.</p> <p>Implement a process to ensure future aggregations are processed in a timely manner, defining SLAs for their completion. This action also forms part of the Workflow (Action I). Regularly monitor for adherence and include in the weekly KPI report. This action is also reflected in the Finding J regarding KPIs.</p> <p>Remind staff of the importance of completing the aggregations tasks will under performance addressed.</p>	31 March 2024		<p>cleared 2,350 although they are falling behind the project timetable as a whole. Officers are liaising with Hymans to keep completion of the project on track. However, it is anticipated to continue until 31 December.</p> <p><b>Additional pockets of work</b></p> <p>2) Reporting of Altair has identified additional areas of work, hampering the accurate analysis of cases. Officers continue to assess these areas and take action to resolve them as required. Typically, this involves bulk mailshots to members to establish if the work has actually been resolved.</p> <p><b>Aggregations Ongoing Backlog</b></p> <p>3) Officers continue to progress the management of the in-house aggregation backlog with the introduction of the SIT Team.</p> <p>4) SIT Team have a clear overarching strategy to progress casework along with Hymans. However, concern remains concerning BAU's capacity to clear the in-house backlog.</p> <p><b>KPI Improvement Plan</b></p> <p>5) A matrix of work for inclusion in the business plan is ongoing. Due to the restructure, the plan was delayed as a result of a number of dependencies. However, it is anticipated that drafting can commence shortly.</p> <p>6) Officers are attempting to upgrade the KPI reporting to split outsourced and in-house aggregations, as well as new aggregations. However, it should be noted that report design and report content should be discussed separately.</p>
7	2	Status 2 Members	A backlog of 4277 Status 2 cases currently exists. However, comparison against the KPIs reports identified only 3501 cases. We were advised that the figures differed	The KPI report will be amended to capture outstanding Status 2	30 September 2023 Revised date	70%	<p><b>Status 2's</b></p> <p>1) The analysis of Status 2 types initially involves barriers to completion. These include ceased employers or employers who are unable or</p>

			<p>as the KPI report does not include Status 2 cases where a workflow has not been set up or assigned a 'Status 2 Chase' workflow.</p> <p>The Employer Services Team does not have a robust workflow allocation process to manage this work and no targets have been set. Furthermore, a clear picture of the types of unprocessed leavers is not present. Forecasting clearance of outstanding work is therefore difficult.</p>	<p>cases &amp; form part of the KPI action in Action J.</p> <p>To ensure Status 2 cases are processed in a timely manner against defined SLAs is implemented. This will form part of the Workflow (Action I).</p> <p>To monitor performance and address underperformance.</p> <p>The leaver backlog is fully analysed as a priority, and a plan to clear cases not outsourced.</p>	31 March 2024		<p>unwilling to provide the required data. This is also being impacted by the Fund current inability to mortality screen its data. Exercises to overcome these barriers enabling record reconstruction are in place and good progress has been made by the SIT Team. Additionally, where data can't be acquired, the member is being informed of this.</p> <ol style="list-style-type: none"> <li>2) In addition to inclusion in the KPI Improvement Plan the actioning of Status 2's will also be included as a mini project within the business plan. Progress reporting &amp; monitoring the output and productivity of Status 2s has been put in place.</li> <li>3) The Operations Manager has prepared a report identifying the number of Status 2's cases. As at 12/10/23 the status 2s have reduced to 1294. That is a reduction in approximately 70% in the year. Further analysis is continually ongoing.</li> </ol>
	3	Retired members (Over 75's)	All retired members had been contacted; however, a report is to be written to enable bulk letters to be sent out to members on a regular basis. In the absence of this, each retired member has to be contacted individually. This was seen as inefficient.	Finalise a report to enable letters to be sent to retired members in bulk	31 March 2023	<b>100% COMPLETED</b>	<p><b>Retired members report</b></p> <ol style="list-style-type: none"> <li>1) Systems has drafted a report to enable bulk letters to be issued regularly. In addition, birthday emails and correspondence are being issued to members as a reminder, as they approach 75.</li> <li>2) Officers are managing the bulk processing of letters and regular reporting is occurring to future proof this process.</li> </ol>
9	2	Workflow Management	<p><b>Member Services Team:</b> IWAS helps the Member Services Team to distribute tasks by a pre-defined priority of high to medium. High tasks first followed by medium tasks once all high tasks have been completed. Medium tasks were now falling behind the SLA deadlines on a regular basis, noting that:</p> <p><b>Retirements</b> – 20% were not sent within the SLA deadline.</p>	<p>To review how medium tasks are managed and ascertain if any of these should be re prioritised. This will consider if the backlog of tasks is impacting compliance with the SLA deadlines.</p> <p>To introduce a process to manage</p>	30 June 2023	<b>85%</b>	<p><b>Review IWAS prioritisations</b></p> <ol style="list-style-type: none"> <li>1) IWAS is largely considered to be operating the right order of prioritisation, albeit limitations have been identified such as it is not recognising that aggregation checking should be prioritised.</li> <li>2) Although the IWAS tool identifies work priorities, as required, output remains sporadic. Officers are considering the root causes relating to this and manually allocating</li> </ol>

		<p><b>Transfers out</b> – Circa 50% were not sent out within the SLA deadline.</p> <p><b>Employer Services Team:</b> IWAS has not been implemented in the Employer Services Team, although this is planned. As a result, SLA adherence has not occurred namely:</p> <p><b>Name change</b> – Circa 40% of name changes.</p> <p><b>Nomination change</b> – 25% of nomination changes.</p> <p><b>Address change</b> – 10% of address changes.</p> <p>Findings in the Aggregations and Status 2 sections also highlighted this issue.</p>	<p>overpayments (see Finding B above).</p> <p>To implement a robust workflow system to manage the tasks completed by the Employer Services Team</p>			<p>daily task lists. Daily clearance of the email enquiry box also remains an area of progress.</p> <p><b>Implement IWAS into the Employer Services Team</b></p> <p>3) A strategy to manage Employer Services work has been put in place. Daily allocations of work being managed well, however the procedure for cyclical and non-cyclical task completion with monthly reports still needs to be signed off. Completion of aggregation casework still needs to be moved to an active (on joining) approach, rather than a reactive (on leaving) approach. On appointment of a Work Management Officer (currently suspended) the intention will be to prioritise the cyclical work first and then consider the non-standard tasks within the team.</p>
2	KPIs, Reports & Monitoring of Staff Productivity	<p><b>Inaccuracy of KPIs</b> The aggregations KPIs were not accurate. The Status 2 KPIs fall under the leavers data but this was not accurate. Transfers in backlog allocations was not flagged. The weekly KPI reports were not consistent with themselves. Closing and opening positions differed.</p> <p><b>KPIs not captured</b> No KPIs to monitor overpayment aged debt chasing. No KPIs to monitor new joiners processing. No KPIs to monitor amendments.</p> <p><b>Data Quality</b> A data quality report can be run but this is only done on an ad hoc basis and is not reported to management to monitor.</p> <p><b>Staff Productivity</b> Weekly report introduced for the Member Services Team, including determination of the average time it</p>	<p>To review the KPIs and address the inaccuracy issues identified.</p> <p>To introduce KPI monitoring for overpayments, new joiners, amendments.</p> <p>To monitor the data quality for active members and ensure tPR requirements are met.</p> <p>To implement the staff productively monitoring report in the Employer Services Team.</p>	30 April 2023 Revised date 30 September 2023	70%	<p><b>PROGRESS PAUSED – SWAP KPI AUDIT HAS SUPERCEDED THIS AUDIT ACTION</b></p> <p><b>Inaccuracy of KPIs</b></p> <p>1) A resolution concerning the opening and closing balances on the KPI reports had been found, through the removal of the deletion button and reporting on terminations. A separate SWAP review is planned to oversee that resolution; however, the scope is still to be determined. The Operations Manager will provide periodic updates concerning the reconciliation of cases. Separate Accounting team reporting exists for TV-in allocations, therefore there is no requirement for this to be included in the KPI reports.</p> <p><b>KPIs not captured.</b></p> <p>2) The outstanding new joiner reporting is assigned to the Systems Manager. In addition to this reporting, better controls around bulk processing are being enacted to address subordinate actions such as aggregations at an earlier stage and evidence that work through additional reporting. Overpayment aged debt</p>

			should take to complete a task. This is not yet live for the Employer Services Team but will be.				<p>chasing falls into two parts. Part 1 – The reporting is provided monthly by the accounting team and Part 2 – The procedure to chase up overpayments/ write off is under review. Due to resourcing &amp; special activities like SBC data the monitoring of amendments has been deferred.</p> <p><b>Data Quality reporting</b></p> <p>3) Initially monthly reporting of data quality will be completed. The Operations Manager to implement the process. It is noted that different grades of quality need to be defined in relation to its different uses.</p> <p><b>Employer Services Productivity reporting</b></p> <p>4) Reporting to be split into standard cyclical work and non-standard work. Performance levels now being reported &amp; circulated to team members. The impact of poor employer data and issuance of ABSs is also being assessed.</p>
	2	Quality Assurance	<p>The Member Services Manager and their deputy have been completing quality assurance reviews, but weaknesses were identified:</p> <p>Sampling may not be representative and not proportionality to the split by Officers and transaction types.</p> <p>The number of cases reviewed each month differed. To define how many cases should be reviewed each month.</p> <p>The quality assurance sign offs are not being independently assessed.</p> <p>No quality assurance reviews have been carried out by the Employer Services Team. The Fund is hoping to have this in place by the end of January 2023.</p>	<p>All samples to be representative. To define how many cases should be reviewed each month and ensure the reviewer has not been involved.</p> <p>Adherence monitored through the Risk register and management reports.</p> <p>A quality assurance process is implemented for the Employer Services Team and adherence monitored on a regular basis. To ensure the issues identified in Findings E are included.</p>	30 April 2023 Revised date 30 September 2023	<b>90%</b>	<p><b>Member Service Team Quality Assurance checks</b></p> <p>1) Sample reviews to be replaced with a more comprehensive peer review arrangement, built into Checklists. Checking is a requirement in the MS team in addition to daily allocations of work. The BCAS policy will be replaced with a new policy guide for all staff.</p> <p><b>Employer Service Team Quality Assurance checks</b></p> <p>2) Sample reviews to be replaced with a more comprehensive peer review arrangement, built into Checklists. When in place, time is required for the checklists to bed in and be finally signed off.</p> <p><b>Pension Administration Strategy review</b></p> <p>3) To assist in the finalisation of this QA action officers propose to review the PAS document. However, along with the BCAS review this is not considered as part of the original recommendation.</p>

12	1	Pensions Payroll Reconciliation Project	<p>Although outsourced it was noted that 35 outstanding cases still sit with the Fund to resolve:  11 cases are not in the correct payroll area, and they need to be altered by the Payroll Team.  4 cases have an issue on Altair which need to be resolved (not payment related); and  20 cases have payment discrepancies that need to be resolved.</p> <p>No deadlines had been set to resolve the above and resolution is not being monitored.</p>	To ensure the issues noted with the 35 outstanding cases still sat with the Fund are resolved	31 March 2023	<b>100% COMPLETED</b>	<p><b>35 outstanding payroll cases</b></p> <p>1) It is understood that all 35 cases have been dealt with. These appear to relate to non-pension Fund related pension payments (Employer ex-gratia payments) which Wiltshire Council have included on the Fund's payment. The payments need to be moved to another payment area.</p>
13	2	Pension Fund's Risk and Controls Register	Each month it is the managers responsibility to document and evidence in the Risk Register if their controls for the month have been completed. Not all managers have been updating the register and output on risks is not accurate.	To continue to embed the Risk Register and formally address managers performance when controls are not updated.	31 March 2023	<b>100% COMPLETED</b>	<p><b>Risk Register updates</b></p> <p>1) It was noted that embedding of the risk register had been completed, however it was agreed that this should be monitored for a couple of months before this item was closed.</p>

### SWAP Internal Audits - 2023/24

Audit	Purpose of the audit	Current Comment	Original fieldwork timetable	Completion of fieldwork anticipated to be:	Assigned SWAP auditor	SWAP Responses
Pension Fund Key Financial Controls	Full review of the Fund's internal controls, including outsourcing progress, McCloud & Dashboard readiness	Delayed until mid-October due to current progress against November 2022 KFC audit	July - September 2023	Nov-23	u/k	Auditor not assigned. Agreed to delay follow up work until late October due to 2022 report action implementation dates.
Pension Fund Key Performance Indicators	KPI setting process, including methodology for calculation, accuracy and review process. Plus, management oversight of reporting, monitoring of results and action plans	Delayed to an unspecified date	April - June 2023	-----	u/k	Audit team not assigned due to delay in start. Delayed start due to Pensions Officer start date and Cllr Brittons comments urging us to wait until after mid July. Subsequently Payroll Migration audit picked up and scope changed/increased. Discussion to be had with Deputy s151 Officer regarding resourcing of this increased scope of work.
Payroll Migration - Part 1	A payroll implementation audit of the project management. To cover overall readiness, testing plans, key controls for the integrated payroll process and user access controls	Audit completed - Please refer to agenda item 19 for a copy of the audit report.	July - September 2023	Sep-23	Pandora Saxby, Emily Hobbins, Becky Brook	Scope increased to cover system implementation and payroll migration - 1 audit in original agreed schedule.
Payroll Migration - Part 2	A pre-migration audit covering the transfer of payroll data from Oracle to Altair.	-----	-----	-----	u/k	Auditor not assigned. Work scoped as part of audit above but briefly on hold and to be reviewed due to Council deferring Payroll migration to Oracle.

						Subsequent impact on timing of SWAP work.
TPR Effective System of Governance	Implementation of the requirements of the new Code of Practice	Delayed as new code has not yet been published by the Regulator.	October - December 2023	-----	u/k	Will await contact from Pension Fund regarding new code.
Payroll Migration - Part 3	A post-migration audit of the Altair payroll system. Note: Specification to be determined.	-----	January - March 2024	-----	u/k	Auditor not assigned. This work will likely not be started until at least July 2024. The Council is unlikely to offboard Pensions Payroll until 3 month after the hyper care period - migration of payroll data from SAP to Oracle agreed for April 2024.



## WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD  
11th November 2023

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### **KEY FINANCIAL CONTROLS REPORT**

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

1. The purpose of this report is to highlight the significant issues in relation to the Fund's key financial controls.

#### **Background**

2. Officers in the investments and accounting team have been reporting on various key accounting measures for some time and have developed a program of planned improvements to various processes and controls. The purpose of this report is so that the Committee and Local Pension Board can easily review key areas and monitor progress against planned improvements.

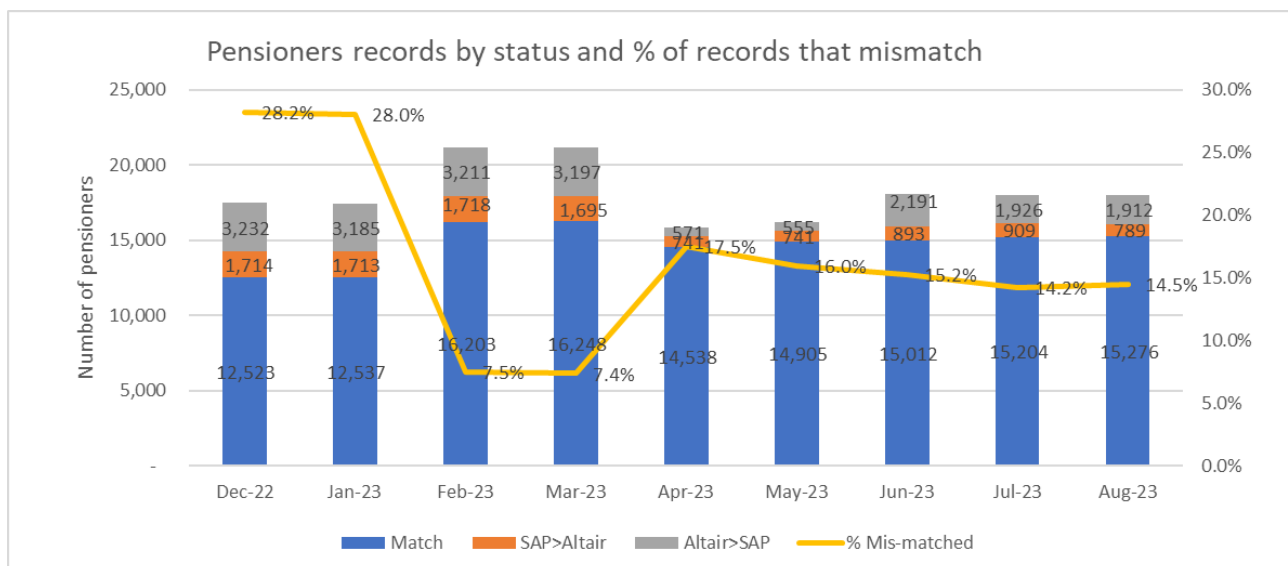
#### **Key Considerations for the Committee / Risk Assessment / Financial Implications**

##### *Accounts and Annual Report*

3. Final sign off for the full Wiltshire Council Accounts for 2019/20, 2020/21 and 2021/22 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. Officers have responded to all requests by the external auditors for information for all years of accounts. 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.
4. Work is completed on the accounts and annual report for 2022/23, the external auditors have commenced their work in October.

##### *Payroll reconciliations*

5. Work to reconcile and correct discrepancies between the Altair pension admin system and SAP payroll records continues. The reconciliation compares the annual pension payable on each system and quantifies the number of cases and value of discrepancies. The following graph shows the extent of the variances between the two systems. The reconciliation classifies anything >£1 per annum as a variance. There can be multiple reasons for the discrepancies which can range from a fundamental incorrect payment to data mismatch problems. Therefore the gross value of SAP>Altair or SAP<Altair figure represents the extent of the mismatch. Because all of these issues require resolution for the fund to move to a single integrated payroll it is relevant to report all such discrepancies.



- The reconciliation data shows a significant improvement in February, this is as a result of work to bulk correct cases <£5pm different. The overall mismatch by cases reduced to 7.5%. However following the application of the pension increase in April 2023 this has created an increase in the mismatch between the systems. The reconciliation has identified this issue which was caused by the application of the pension increase which highlighted errors in the way payroll records for GMP had been set up. Work is ongoing to correct this issue, which has mostly created a high number of small value underpayments.

### Integrated Systems

- Project Evolve is ongoing within Wiltshire Council, this will deliver a replacement to the existing SAP payroll and accounting software. The pension team are members of implementation working groups, officers are working with the payroll and Evolve implementation teams to transfer existing pensioners to the new payroll system.
- The new Evolve system is scheduled to go live in November 2023, the finance team are working hard to ensure all current processes can be carried out via the new system, making payments, accounting for income and costs.
- Officers have commenced work with Heywoods, who provide the Altair system, to implement integrated payments. This will provide a new process for making all one-off payments to pensioners, e.g. lump sums, without the need to run reports and send separate information to the council accounts payable team. Initial training and testing of the system is underway and new processes and procedures are being developed. Following implementation of the new Evolve payroll a plan will be prepared to transfer pensioners onto the new integrated payroll within Altair. Any new payment system will only go live following extensive review and establishment of clear procedures, and final sign off to proceed from the Head of Wiltshire Pension Fund and the Treasurer to the Fund.

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-23			
<b>1. Employer Contributions</b>		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.	Work ongoing to improve reconciliation process to i-connect submissions
<b>2. Payroll</b>		Monthly payroll sign off process checking starters and leavers plus reconciliation of Altair to Payroll	New reconciliation process being used to monitor discrepancies between the pension admin system and payroll, reported on within this paper.	Correction of errors created from the Pension Increase exercise required
<b>Cashflow, banking and capital calls</b>		Maximum and minimum cash balances, private markets capital calls and distributions and treasury performance.	See summary performance table for full details.	Issue with a single approval required by the banking provider for large payments has increased the risk to making timely payments. Treasury limit for operational cash temporarily exceeded due to higher employer contributions, review of treasury policy required.
<b>4. Balance Sheet Reconciliations</b>		All balance sheet control codes are reviewed for accuracy and outstanding issues.	All control codes have been reviewed and checked, no unexplained balances.	None
<b>5. Altair Checks</b>		Check between the ledger and pension admin system (altair) that any transactions, such as payments or receipts match the admin system.	All reconciliations have been undertaken discrepancies have reduced following active engagement with the Admin team to review old cases.	None
<b>6. Financial Budget Reporting</b>		Review of year to date and forecast operating budget performance, or any unusual monthly movements on the overall fund account.	Forecast inline with budget.	None
<b>No material concerns</b>				
<b>Minor issues</b>				
<b>Major issues</b>				

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

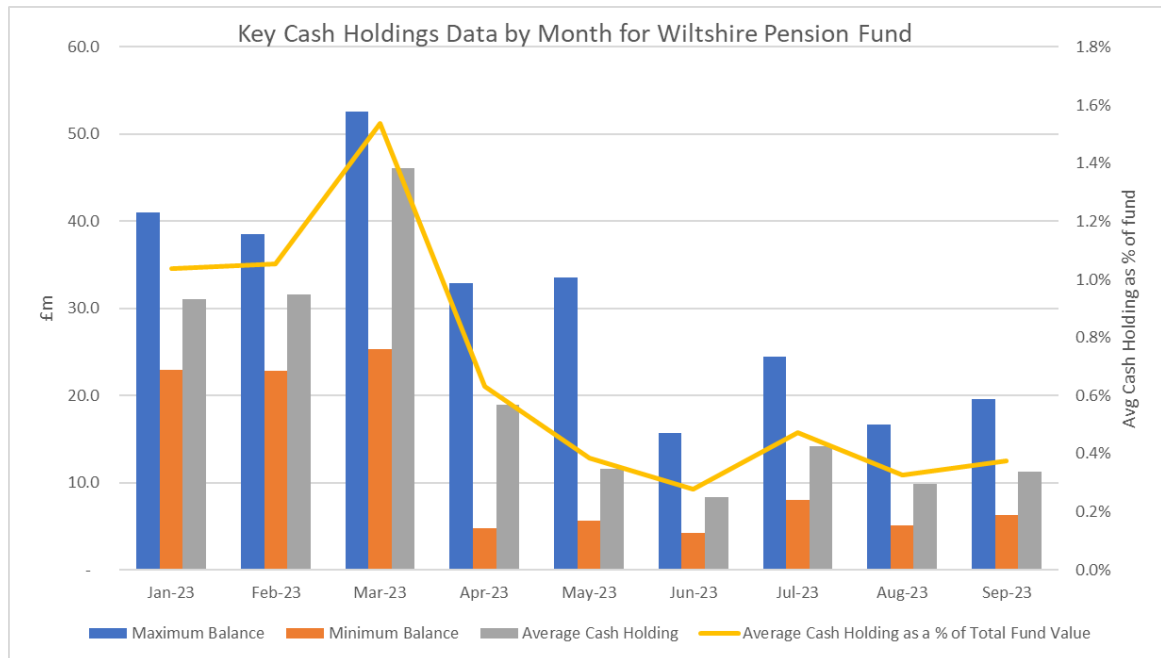
Summary of Contributions Payment Performance										
Quarter	Payroll Month	Paid contributions £000's				Average late and overdue contributions total days		Number of employers payments status		
		Total Payment	On Time Payment	Late Payment	Late Payment %	Days Late Recd	Days Overdue	On time	Late	Not Received
Q1	Apr-23	35,498	34,625	873	2.5%	6.6	-	167	7	-
Q1	May-23	8,281	6,267	2,014	32.1%	6.2	99.0	164	10	1
Q1	Jun-23	8,288	8,286	-	0.0%	-	69.0	174	-	1
Q2	Jul-23	8,267	5,998	2,269	37.8%	6.6	38.0	161	10	2
Q2	Aug-23	8,219	8,217	2	0.0%	1.3	10.5	167	4	2
<b>Total</b>	<b>Q1</b>	<b>52,067</b>	<b>49,178</b>	<b>2,887</b>	<b>5.9%</b>	<b>4.3</b>	<b>56.0</b>	<b>505</b>	<b>17</b>	<b>2</b>

11. The majority of the late payments are received within a day or two of the deadline and all employers who have not paid are contacted immediately after the deadline day to remind them to pay. Persistently late payments or employers where we have problems are escalated to the employer engagement and training officer for resolution. There remain a few payments which have not yet been received from small employers, the fund has received assurance these outstanding payments will be received soon.

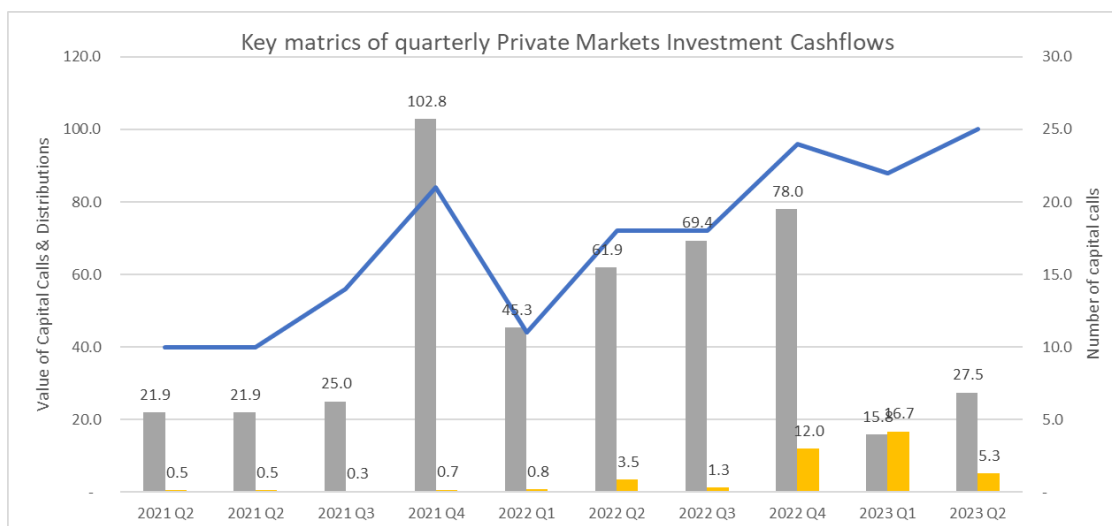
12. The following table provides further details for performance dashboard item 3. Cashflow, banking and capital calls. This table sets out the actual cashflow movements for 2022/23 and forecast for the year ahead. In April 23 the fund received a large prepayment of employer contributions from Wiltshire Council.

Summary Cashflow statement for Wiltshire Pension Fund													
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
£m equivalent	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	2023/24
<b>Opening Cash Balance</b>	<b>25.3</b>	<b>32.9</b>	<b>7.6</b>	<b>8.1</b>	<b>8.0</b>	<b>6.1</b>	<b>9.7</b>	<b>6.0</b>	<b>5.5</b>	<b>5.2</b>	<b>5.3</b>	<b>5.3</b>	<b>25.3</b>
Operating Income	38.2	9.6	9.9	13.2	11.0	13.7	8.8	8.8	8.8	8.8	8.8	8.8	148.3
Operating Expenditure	(11.7)	(11.9)	(12.3)	(11.5)	(11.9)	(12.1)	(11.3)	(11.3)	(11.0)	(10.8)	(10.8)	(10.5)	(137.0)
Investing Private Market - Capital Investment	(11.7)	(3.7)	(12.1)	(17.3)	(4.5)	(21.7)	0.0	(16.0)	(16.0)	(16.0)	(16.0)	(16.0)	(150.7)
Investing Private Market - Capital Distribution	0.8	2.6	1.9	1.7	0.0	4.8	0.0	4.2	4.2	4.2	4.2	4.2	32.7
Investing Listed Market - Capital Withdrawal	2.3	3.0	10.0	3.0	11.8	8.0	0.0	13.8	13.8	13.8	13.8	13.8	107.0
Investing Listed Market - Capital Investment	(11.0)	(25.0)	0.0	0.0	(10.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(46.0)
Investing Other	0.7	0.0	3.1	10.7	1.7	10.8	(1.1)	(0.0)	(0.0)	0.0	0.0	(0.0)	25.9
<b>Closing Cash Balance</b>	<b>32.9</b>	<b>7.6</b>	<b>8.1</b>	<b>8.0</b>	<b>6.1</b>	<b>9.7</b>	<b>6.0</b>	<b>5.5</b>	<b>5.2</b>	<b>5.3</b>	<b>5.3</b>	<b>5.6</b>	<b>(20.4)</b>
<b>Maximum Balance</b>	<b>32.9</b>	<b>33.5</b>	<b>15.7</b>	<b>24.5</b>	<b>16.7</b>	<b>19.6</b>	<b>15.4</b>	<b>14.9</b>	<b>14.6</b>	<b>14.1</b>	<b>14.1</b>	<b>14.4</b>	
<b>Minimum Balance</b>	<b>4.8</b>	<b>5.7</b>	<b>4.2</b>	<b>8.0</b>	<b>5.2</b>	<b>6.3</b>	<b>6.0</b>	<b>5.5</b>	<b>5.2</b>	<b>5.2</b>	<b>5.3</b>	<b>5.5</b>	
<b>Average Cash Holding</b>	<b>18.9</b>	<b>11.5</b>	<b>8.3</b>	<b>14.2</b>	<b>9.8</b>	<b>11.2</b>	<b>9.3</b>	<b>8.7</b>	<b>8.9</b>	<b>8.1</b>	<b>8.2</b>	<b>8.9</b>	
<b>Average Cash Holding as a % of Total Fund Value</b>	<b>0.6%</b>	<b>0.4%</b>	<b>0.3%</b>	<b>0.5%</b>	<b>0.3%</b>	<b>0.4%</b>	<b>0.3%</b>	<b>0.3%</b>	<b>0.3%</b>	<b>0.3%</b>	<b>0.3%</b>	<b>0.3%</b>	
<b>Number of capital calls</b>	<b>10</b>	<b>7</b>	<b>8</b>	<b>12</b>	<b>5</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50</b>

13. The operational cashflow is managed on a daily basis by the Wiltshire Council team, this covers all cash not held by the funds custodian or investment managers. This cash forms a part of the overall cash reported in the tables above. The pension fund officers work closely with this team to ensure sufficient liquidity is always available.
14. The new SALAMI (strategic allocation to liquid asset-matching investments) portfolio has allowed the fund to reduce the amount of cash it holds to meet capital calls, this can be seen from the lower average balances from April 2023, it has also improved operational efficiency in meeting call notices.



15. Cashflow activity for private markets capital calls have continued to be met as commitments made to Brunel Cycle 2 portfolios (Private Debt, Private Equity, Infrastructure & Secured Income) are called and the fund commitments to affordable housing.



Planned improvements and key items to monitor

16. The team has been making improvements to accounting processes in several areas. A summary of planned improvements, current issues and progress to date, is shown below:

Improvement / Issue	Last RAYG* rating	Current RAYG* rating	Comments
Integrated systems			New plans are now being worked on to implement an integrated payroll and a one-off payments system within Altair. The payroll will be set-up, tested etc. and then pensioners would transfer to the new Evolve system and be moved to the Altair payroll in batches when the reconciliation work is complete and the payroll team have capacity. One-off payments is in the process of being implemented.
Evolve			Implementation of the SAP financial system is now planned for November 2023. The fund will continue to have access to a functional finance system and payroll until the new system is established. The pension is represented on key implementation working groups. The new system is in development to meet the Council and pension fund needs.
Wiltshire Council – Wiltshire Pension Fund SLA charge			<b>LPB Action Point – SLA Recharge</b> The Council have provided a new fee for 23/24 based on a reasonable methodology for all key items, these costs have been included in the agreed budget for the year. Officers are drafting an SLA document to support all the charges,.
	Significant concern		
	Not started		
	Work has commenced		
	Significant progress made		
	Completed/situation under control		

**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 at this time.

**Proposals**

19. The Board is asked to use this report to monitor progress against resolving the issues which have been identified, and the progress made to develop accounting and control improvements.

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

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



## WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD  
1<sup>ST</sup> November 2023

### RESPONSIBLE INVESTMENT UPDATE REPORT

#### Purpose of the Report

1. The purpose of this report is to update members on responsible investment issues.

#### Key Considerations for Committee

#### Progress against recent decisions and the actions in the Responsible Investment Plan 2023/24

2. The road map from the Responsible Investment Plan 2023/24 is shown on the following page. Progress against the year is as follows:

Action	Work due	Progress status	Comments
Finalise the divestment statement	Q2 23	Complete	Complete – approved by Committee and included in the RI Policy 2023
Begin work to implement the renewable infra and climate solutions portfolio	Q2 23	In progress	In progress
Publish the stewardship report and mini-magazine	Q2 23	Complete	Complete - <a href="#">Summary - Wiltshire Pension Fund</a>
Publish the affordable housing impact report	Q2 23	Complete	Complete - <a href="#">Affordable Housing Impact Report 2023 - Wiltshire Pension Fund</a>
Research and publish the cement case study	Q2 23	Complete	Complete – included in the Climate Report and online shortly
Set net zero targets relating to climate solutions, transition alignment and stewardship	Q3 23	Complete	Complete – pragmatic approach taken and included in the RI Policy 2023
Set net zero targets related to property and infrastructure	Q3 23	Complete	Complete – included in the RI Policy 2023
Review and update the RI policy	Q3 23	Complete	Complete – elsewhere on this agenda
Publish an expanded Climate Report (including TCFD reporting)	Q3 23	Complete	Complete – elsewhere on this agenda
Conduct an engagement activity with the scheme's younger members	Q3 23	In progress	In progress
Progress the approach to net zero with the Fund's listed infrastructure manager	Q4 23	Work started	Work started
Investigate carbon offsets (as both an investment opportunity and as something used by our holdings)	Q4 23	Not started	Not started
Progress the water engagement via Brunel	Q4 23	Not started	Not started
Report on progress and developments against the theme of biodiversity	Q1 24	First stage done	First stage done by including a section in the RI Policy 2023
Launch a holdings transparency tool via the Fund's website	Q1 24	Not started	Not started
Use established industry tools to investigate the theme of health in our portfolios	Q1 24	Not started	Not started

**Responsible Investment Road Map**

**Q2 2023 -**

**Investments and strategy:** Finalise the statement around divestment, begin work to implement the renewable infra and climate solutions allocation.

**Reporting and disclosure:** Publish the Stewardship report and mini-magazine, and the affordable housing impact report.

**Training and engagement:** Research and write up case study on cement holdings.

**Q3 2023 -**

**Investments and strategy:** Set net zero targets related to climate solutions, transition alignment and stewardship, and property and infrastructure. Review and update the Responsible Investment Policy.

**Reporting and disclosure:** Publish an expanded Climate Report (including TCFD reporting), including information on our own operational emissions, and fossil fuel holdings.

**Training and engagement:** Conduct an engagement activity with the scheme membership, focussing on those in a younger age bracket, to promote pension saving and knowledge of how the Fund is invested.

**Q4 2023 -**

**Investments and strategy:** Progress the approach to net zero with the Fund's listed infrastructure manager.

**Training and engagement:** Investigate carbon offsets (as both an investment opportunity and as something used by our holdings), progress the water engagement via Brunel.

**Q1 2024 -**

**Investments and strategy:** Report on progress and developments against the theme of biodiversity.

**Reporting and disclosure:** Launch a holdings transparency tool via the Fund's website.

**Training and engagement:** Use established industry tools to investigate the theme of health in our portfolios.

3. **More detail on selected actions (and other issues) is provided below:**

- Progress has been made on a specific allocation to renewable infrastructure and climate solutions of 7%. Implementation options are currently being explored with Mercer and with a group of Brunel clients (outside the pool). £100m has been committed to a renewable infrastructure portfolio managed by Schroders Greencoat - Wessex Gardens, along with other Brunel client funds outside of the pool. This received considerable press coverage: [Wiltshire teams up with five other Brunel funds to back renewables in the South West \(room151.co.uk\)](#)
- Mercer are also reviewing the affordable housing fund market and will be advising on the remaining £30m to allocate against the allocation of 5%, with work having begun in September 2023.
- The [Stewardship Report 2023](#) was submitted to the Financial Reporting Council (FRC) on 9 May 2023. The fund has received continued confirmation of its signatory status.
- The [Affordable Housing Impact Report 2023](#) was published on 25 April 2023. This report, the first of its kind, is aimed at providing stakeholders with impact measures for this allocation. The metrics included in the report demonstrate that the portfolio is delivering against its social impact objectives. Financial performance is considered elsewhere.

4. **Responsible Investment Policy**

- The Committee recently approved the updated responsible investment policy. A Responsible Investment Policy is not a statutory document, and historically this information has been contained within the Fund's Investment Strategy Statement (ISS). However, it is becoming increasingly standard for Funds to present the relevant information into a separate document, which is to be considered as an integral part of the ISS, in order to improve transparency. The Committee first approved a Responsible Investment Policy in September 2021. The Responsible Investment Policy states that it will be reviewed annually, and this is the second such review. An annual review is necessary as this area is continuously undergoing a lot of change and development.

***Highlights of changes from the Responsible Investment Policy 2022***

5. The following updates and additions have been made to the 2022 policy:

- Update to the donut chart to reflect the new Strategic Asset Allocation.
- Minor addition to refer to the Fund's membership of Pensions for Purpose.
- Addition of two new climate commitments, around property and engagement.
- New section containing the statement and supporting information on divestment which was agreed by the Committee in March 2023.
- New section on biodiversity.
- New section on equality, diversity and inclusion, which was reviewed by the Local Pension Board in their August 2023 meeting, and which they have recommended for inclusion.
- Addition of Pensions for Purpose to the list of wider initiatives.
- Table updated to include new publications on affordable housing and stewardship

**Environmental Impacts of the Proposals**

6. This report includes information on actions and policies which directly deal with addressing climate change risk.

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

7. There are no known implications at this time.

**Proposals**

8. The Board is asked to
- use this report as a basis for monitoring the progress that is being made towards implementing responsible investment policy;

Report Author: Chris Moore (Accounting and Investment Team Lead)

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

**Appendix 1 – Responsible Investment Policy**

RESPONSIBLE INVESTMENT  
POLICY 2023



## RESPONSIBLE INVESTMENT POLICY 2022

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Christchurch Solar Farm, held in the Fund's secured income portfolio

## INTRODUCTION

Responsible investment is the strategy to incorporate ESG (environmental, social and governance) factors into investment decisions. The Wiltshire Pension Fund's position regarding ESG issues is as follows:

**The Pension Fund Committee believes that in order to carry out their fiduciary duty by acting in the interest of scheme members, that effective management of Environmental, Social & Corporate Governance management (ESG) issues, including climate change, which are financially material to the Fund is essential. In order to protect the Fund's investments into the future, the Fund supports a global warming scenario of well below 2°C, and states an ambition to achieve net-zero carbon emissions across all investment portfolios by 2050.**

**ESG risks should be taken into account on an ongoing basis and are an integral part of the Fund's strategy and objective of being a long-term investor.**

The Pension Fund's investment objectives are to achieve sufficient investment returns such that there are funds available to pay the pensions as they fall due, and to meet the liabilities over the long term whilst maintaining stable employer contribution rates.

Therefore, consideration of all factors (including ESG factors) which could affect the investment returns is a fundamental part of managing the investments and helping to mitigate the risk for employers that contribution rates need to be increased. Responsible investment practices can both help mitigate risks and also enhance returns.

The Fund has made significant progress in developing the approach to responsible investment, and has set a goal to be an example of best practice in this area. The Committee approves a Responsible Investment Plan each year, assessing progress made so far and setting out goals for the year ahead. There are also several actions addressing responsible investment in the Fund's Business Plan. The Fund's Responsible Investment Policy is reviewed annually, and is intended to bring all the information on the Fund's responsible investment activities into one place, to promote transparency and engagement with stakeholders. The Responsible Investment Policy also specifically addresses the high-priority risk of climate change, how this is being managed, and the targets and metrics which the Fund reports against.

Examples of actions and developments over the last year are as follows:

- Making an allocation of 7% of the Fund to renewable infrastructure and climate solutions
- Publishing our first Impact Report on our Affordable Housing portfolio
- Being awarded signatory status of the 2020 Stewardship Code
- Publishing a mini magazine for stakeholders on our responsible investment and stewardship highlights
- Winning the LAPF Investment Award 2023 for "Best Approach to Responsible Investment"
- And more.

## WILTSHIRE PENSION FUND AS AN INVESTOR

As the Fund is open to new members, who will not be retiring for many years into the future, the Fund has a very **long-term investment horizon**. The Fund therefore needs to consider long-term sustainability issues, and the importance of engagement with companies in which it is invested, in order to safeguard the investments into the future.

The Fund is a **large, diversified investor**, with exposure to the global economy. The Fund therefore needs to invest in a way that contributes to the success of the global economy and society as a whole, as this will have a positive financial impact on the Fund's investments.

“ Our vision is to deliver an outstanding service to our scheme employers and members ”

The vision is set to focus the team on delivering outcomes for the employers and members of the pension fund. The vision is supported by 16 outcomes-focussed strategic vision goals. The goals broadly map to outcomes for employers, members, investments, and governance, however, across the team staff are encouraged to think about how their work maps to different goals.

The **strategic goal 11, “Responsible Ownership and Stewardship”**, is particularly relevant to responsible investment activities. The goal focusses on ensuring that our responsible investment and stewardship activities are in line with best practice (which also contributes to **strategic goal 16, “Compliance and Best Practice”**), and that these activities are a central part of delivering an outstanding service to our scheme employers and members.

For these different groups this may mean different things:

- **Employers** will be best served by the delivery of long-term positive investment returns, which will help keep their contribution rates affordable (**strategic goal 1, “Stable and Affordable Contributions”**, is targeting this outcome), and responsible investment activities can help preserve capital and enhance value.
- **Members** may be concerned about how the funds held to pay their pensions are invested, and **goal 15, “Transparency and Information Sharing”** contributes to this outcome. Responsible investment has a role to play here in the information that is shared with members – for example, the Fund publishes its engagement and voting records online, as well as sharing investment case studies. The Fund also works to make information more accessible to a wider stakeholder group, through the use of one-page factsheets, mini-magazines, and engaging news stories.



1

Stable and affordable contributions



11

Responsible ownership and stewardship



15

Transparency and information sharing



16

Compliance and best practice

## OUR CULTURE

In order to help us achieve our strategic goals, and deliver our vision, we need to adopt certain outlooks and ways of working. This is set out in our values, which form part of our culture. The value most relevant to responsible investment and stewardship is “Long Term Thinking”, which runs through everything we do. As a long-term investor, we are able to participate in stewardship activities which can add value to the Fund's investments over the long term.

The complete set of our strategic goals and values are set out on our website: <https://www.wiltshirepensionfund.org.uk/Our-vision-goals-and-values>



### LONG TERM THINKING

We always act with the long term in mind, whether we are setting our investment strategy, planning improvements, or working towards our net zero by 2050 goal



## INVESTMENT BELIEFS

The following investment beliefs set by the Fund relate to responsible investment issues:

Investment belief	RI implication
The strategic asset allocation is the key factor in determining the risk and return profile of the Fund's investments	The Fund has embedded ESG issues and sustainability within the strategic asset allocation, and has set specific strategic allocations to Paris-aligned passive equities, sustainable active global equities, renewable infrastructure and impact affordable housing, in order to manage risk and secure returns into the future.
Investing over the long term provides opportunities to improve returns	Investing over the long term means that the Fund can take advantage of opportunities in long-term sustainability trends and/or growth style portfolios, as well as benefit from engagement activities with companies in which the Fund is invested.
Environmental, Social and Governance factors, including Climate Change are important factors for the sustainability of investment returns over the long term	The Fund's status as a long-term investor means that the Fund needs to consider the risks and opportunities presented by wider issues such as climate change and the potential impact on the investments. This can help the Fund avoid the risk of being exposed to stranded assets, and help ensure that the Fund can benefit from exposure to companies which are well prepared for transition to a low carbon economy.
In order to protect the Fund's investments into the future, the Fund supports a global warming scenario of 2°C or lower, and states an ambition to achieve net-zero carbon emissions across all investment portfolios by 2050	The Fund acknowledges that climate change is a material systemic risk which could have significant adverse impacts on the investment portfolio if not managed correctly. The Fund is actively working to mitigate this risk, and the Committee has reviewed scenario modelling and undertaken training, and the Fund is an early adopter of the TCFD reporting requirements, which discloses how the Fund manages climate change risk.
We seek to invest in a way that, where possible, aligns the interests of the Fund with those of the contributing employers and the Fund membership	This policy contains an employer and member engagement plan, and is actively advancing the approach in this area. Member and employer views formed part of the decision-making process when setting the net zero target. A recent survey of employers showed that in the majority of responses, employers believe that it is important that the Fund's investment strategy should, where possible, try to reflect the wider goals and philosophy of the employer organisations. A recent survey of the Fund's membership showed that from the 2,251 responses, 86% of members answered "Yes" or "Maybe" to the questions "Is it important to you that the Fund invests in low carbon and/or sustainable assets?"
Investing with a positive social and environmental impact is an increasingly important issue for investors, and can be achieved alongside competitive market returns. Investing with impact can also help incorporate risk and return drivers which would otherwise not be considered. The Fund wishes to invest in a way that minimises negative impacts on society and the environment and, where possible, makes a positive contribution	Impact investing is a rapidly growing area and the Fund has made a dedicated strategic allocation to Impact Affordable Housing. As part of the full review of the strategic asset allocation in 2022, the Fund will consider options for investing with impact in other areas of the strategy.
Stewardship and engagement are generally more effective tools than divestment in encouraging changes that will help safeguard the Fund's investments. The Fund values the benefits of working with other investors to strengthen these activities and achieve better outcomes.	The Fund is a signatory of the 2020 Stewardship Code. We published a mini-magazine on our Responsible Investment and Stewardship Highlights for 2022/23, designed to make this information accessible to our stakeholders. During 2022/23, we strengthened our approach to working with other investors, by joining some new initiatives and fully engaging with them.

## ESG INTEGRATION

In order to ensure that all relevant risks (including climate change risk) are considered and acted upon, the Fund needs to integrate responsible investment issues across the whole investment process:

### i. Investment Strategy Statement (ISS)

This Responsible Investment Policy is appended to the ISS and is an integral part of it.

### ii. Strategic Asset Allocation (SAA)

The Fund will incorporate ESG issues in the design of the SAA, for example via specific allocations to Paris-aligned passive equities, sustainable active equities, renewable infrastructure, and impact affordable housing, and in the selection of investment managers.

### iii. Monitoring of managers and the pooling company

Managers will be held account for their responsible investment activities, and the Fund will work with the Brunel pool to develop the responsible investment approach.

### iv. Stewardship and engagement

The Fund is a signatory of the 2020 Stewardship Code. This document also includes an engagement policy, which sets out the scope and nature of our work.

### v. Internal reporting and accountability

The Committee receive quarterly reporting on responsible investment issues, and staff have performance goals set which cover responsible investment activities and developments.

### vi. Reporting externally

The Fund's main external reporting is via the Annual Report, which includes information on major responsible investment updates, TCFD reporting (on climate), and Stewardship Reporting. The Fund also communicates responsible investment updates via the website, including publishing voting and engagement records.

### vii. Stakeholder engagement

The Fund has a strategy for engagement with the Fund's membership and employers.

These points are all dealt with in more detail within the appropriate section of this policy.



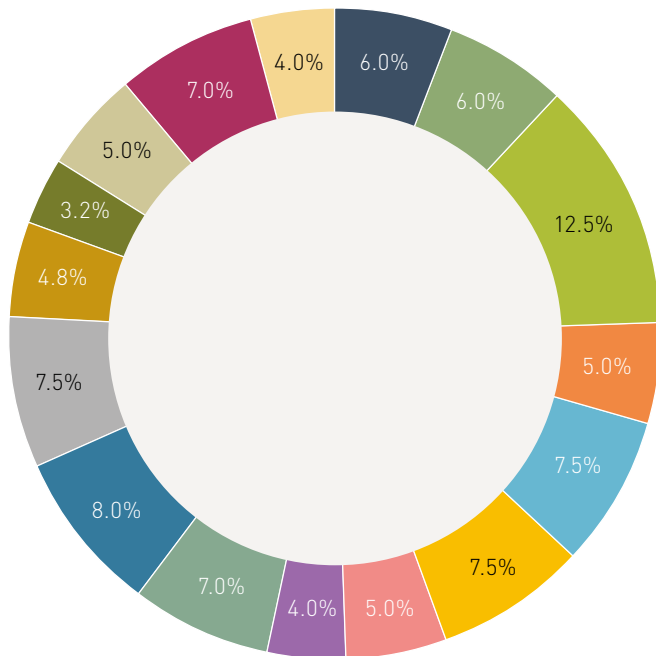
Kennet and Avon canal

## STRATEGIC ASSET ALLOCATION (SAA)

The SAA is reviewed in full once every three years, in line with the Fund's actuarial valuation. Sustainability is a consideration in this review. In addition, the Fund carries out climate scenario modelling work to ensure that the SAA is robust and best positioned to manage the risks associated with climate change, as well as to take advantage of the investment opportunities generated by the transition to a low carbon economy. Initial modelling was completed in 2020, and this will be re-run in 2024.

The Fund will continue to work to review all asset classes to ensure that climate risk and sustainability are being fully considered.

## Long-Term Strategic Asset Allocation



Active global equities
Sustainable active global equities
Paris-aligned passive equities
Emerging market equities
Private equity
Multi-asset credit
Emerging market debt
Infrastructure
Renewable infrastructure and climate solutions
Property
Private debt
Secured income – long-lease property
Secured income – operational renewables
Impact Affordable housing
Index linked gilts
Liquid Loans

The total amount currently allocated to sustainable/low carbon assets over the long term is 28.7% of the Fund (sustainable active global equities (6%), Paris-aligned passive equities (12.5%), renewable infrastructure and climate solutions (7%), and secured income – operational renewables (3.2%).

**28.7%**  
allocated to  
sustainable/  
low carbon assets

## MONITORING MANAGERS

The majority of the Fund’s assets are now held through the Brunel Pension Partnership (“Brunel”). Through Brunel, the Fund is able to work with the other 9 shareholder client funds to help develop responsible investment policy. Responsible investment is written into the portfolio specifications, and is a key topic of discussion at the client group. Reporting on responsible investment issues has been developed to support client requirements.

For all legacy managers (i.e. managers of investments held outside the pool), responsible investment is a standing item on the agenda for all quarterly monitoring meetings. The Fund regularly questions the managers of these investments on specific holdings or on relevant themes and topics.

The Fund has a fiduciary duty to act in the best interest of its members and therefore expects its investment managers to take account of financially material social, environmental and ethical considerations in the selection, retention and realisation of investments as an integral part of the normal investment research and analysis process. The Fund believes that taking account of such considerations forms part of the investment managers’ normal fiduciary duty.

As such, the Fund has a commitment to ensuring that the bodies in which it invests adopt a responsible attitude toward the environment, and adopt high ethical standards. Such companies are expected to behave in a socially responsible manner by taking account of the interests of all stakeholders.

## NON-FINANCIAL ESG CONSIDERATIONS

The pursuit of a financial return is the predominant concern for the Fund to address the funding obligations and minimise the on-going cost of pension provision to its c.180 employer organisations. The Fund is aware it may also take purely non-financial considerations into account provided that doing so would not involve significant risk of financial detriment to the scheme and where they have good reason to think stakeholders would support the decision.

The Pension Fund Committee has two employer representatives and two member observers, while the Local Pension Board has three employer body and three member representatives who both represent and can engage with beneficiaries and stakeholders to ensure the Fund is aware and can respond effectively to all stakeholders’ concerns.

When formulating and developing any policy on non-financial social, environmental, and corporate governance factors, the Committee will take proper advice from either its investment consultant or other appropriate expertise in this area and ensure the Local Pension Board and other stakeholder views are considered through the use of specific Board reports and consultations.



### Impact Investment

Impact investments are investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return (as defined by the Global Impact Investing Network).

The Fund is a member of Pensions for Purpose, and an adopter of the Impact Investing Principles for Pensions. There is more info on how we use this in the section on “Wider Initiatives” later in this document.

The Government considers that social investments are appropriate for LGPS funds where the social impact is simply in addition to the financial return. For example, the Fund has made a strategic allocation to Impact Affordable Housing, where the return characteristics are a match for the requirements, and in addition the anticipated positive social impact is an integral part of the investment case. The Fund will therefore receive and monitor social impact metrics as well as financial performance.

The Government also considers that investments where some part of the financial return is forgone in order to generate the social impact are also appropriate, where the administering authority has good reason to think scheme members share the concern for social impact, and there is no risk of significant financial detriment to the Fund.

The Fund is consistent in the application of risk and returns requirements when evaluating all investment opportunities,

including those that address societal challenges. The Fund would invest in opportunities that address societal challenges but generate competitive financial returns. Seeking such opportunities is generally delegated to our external fund managers.

Looking at the impact of the Fund’s investments can be very helpful in identifying new investment opportunities, and helps to identify ways that the Fund can reduce exposure to risks.

The following investment belief addresses the concept of impact investing:

**“ Investing with a positive social and environmental impact is an increasingly important issue for investors, and can be achieved alongside competitive market returns. Investing with impact can also help incorporate risk and return drivers which would otherwise not be considered. The Fund wishes to invest in a way that minimises negative impacts on society and the environment and, where possible, makes a positive contribution. ”**



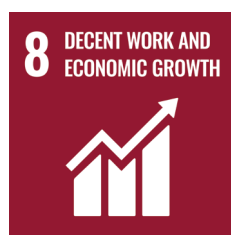
Caen Hill Locks

The Committee has considered the United Nations Sustainable Development Goals (UN SDGs) through an investment lens. Although the SDGs are targeting broad economic goals and have not been specifically developed as an investment framework, as a large and diversified investor the Fund has exposure to the global economy, and the intended outcomes of the SDGs would benefit the Fund's investments and the sustainability of investment returns into the future. The exercise of considering the SDGs also assisted the Fund in focussing on relevant investment risks and opportunities. As a result of this analysis, the Fund sees the strongest investment case for supporting the following SDGs, and will prioritise these areas when discussing engagement activity, investment opportunities and risk mitigation with investment managers:

- Climate [SDGs 13 Climate Action & 7 Affordable and Clean Energy]
- Economic growth [SDGs 8 Decent Work and Economic Growth & 9 Industry Innovation and Infrastructure]
- Education [SDG 4 Quality Education]

#### Sanctions

The Fund does not exclude investments in order to pursue boycotts, divestment and sanctions against foreign nations and UK defence industries, other than where formal legal sanctions, embargoes and restrictions have been put in place by the Government.



## CLIMATE CHANGE

### Position and investment beliefs

Wiltshire Pension Fund acknowledges that climate change represents a major financial risk to the investments, and that as part of the Committee's fiduciary duty, action needs to be taken to properly manage this risk, in order to safeguard the investments but also to be positioned to take advantage of the investment opportunities presented by a transition to a low carbon economy.

When it comes to climate risk, the Fund's goal is as follows:

**“To protect the investments from climate change risk, and safeguard the financial future of the Fund”**

The following investment beliefs directly address the risk of climate change:

**“Environmental, Social and Governance factors, including Climate Change are important factors for the sustainability of investment returns over the long term”**

**“In order to protect the Fund's investments into the future, the Fund supports a global warming scenario of well below 2°C, and states an ambition to achieve net-zero carbon emissions across all investment portfolios by 2050”**

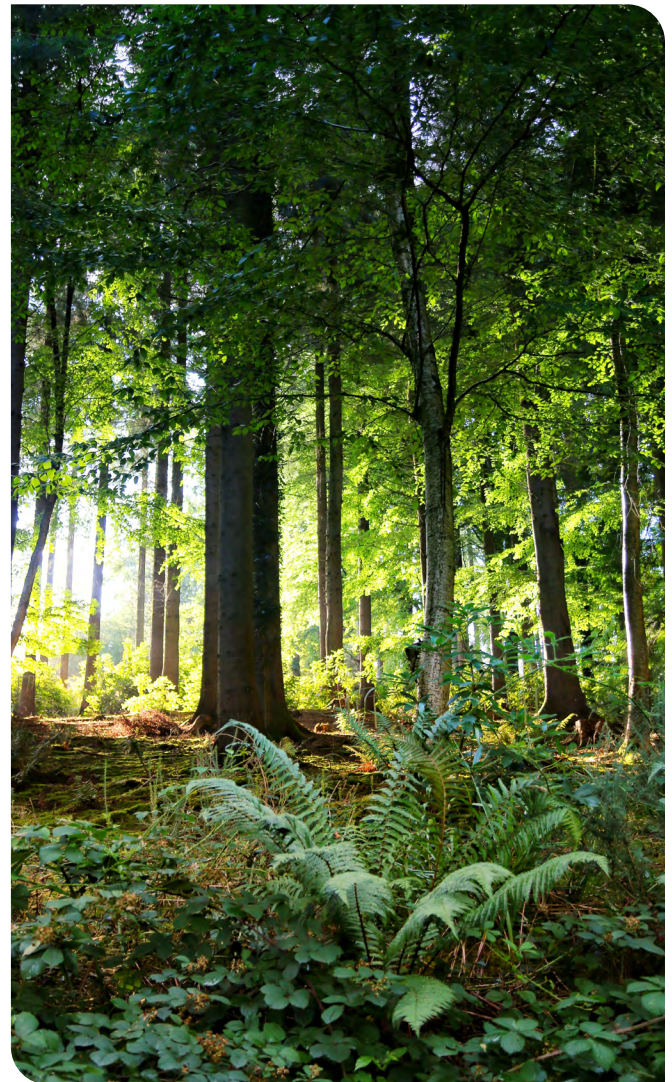
Climate change risk is included in the Fund's risk register as a “High” priority risk (“Medium” residual risk after the controls in place to manage the risk are considered).

### Operational considerations

The Pension Fund team is part of Wiltshire Council, which has set its own target of net zero by 2030, and as such the team will also be working to achieve this target for its own operations. Wiltshire Council has a team of staff who work exclusively on carbon reduction.

### Scenario modelling

In order to properly assess the potential financial implications of the risk, and to help identify ways to mitigate the risks and take advantage of opportunities, the Committee commissioned scenario modelling from both Mercer, the Fund's investment consultants, and Hymans, the Fund's actuary. The modelling results supported setting a net zero target, and also indicated that there were opportunities to provide a material financial benefit to the Fund by making dedicated allocations to sustainable equities and renewable infrastructure, both of which have now been approved. The modelling will next be repeated in 2024.



Longleat Forest

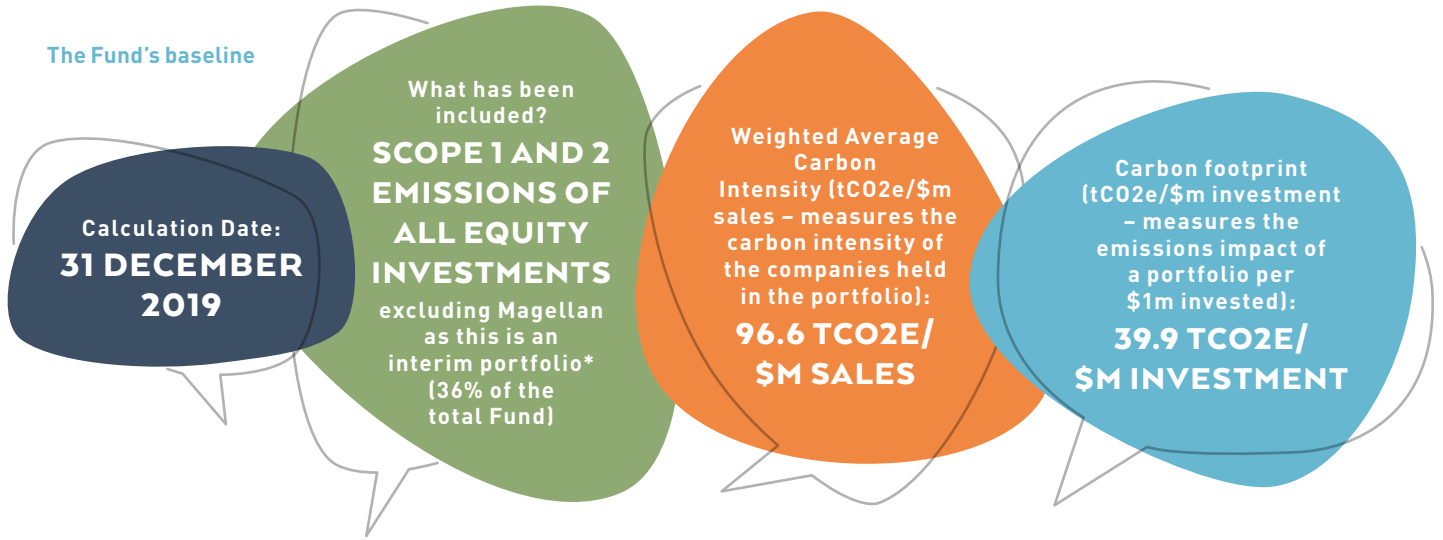
Actions taken following the modelling work done in 2020:

- Setting a target of net zero by 2050
- Establishing a dedicated strategic allocation to sustainable equities
- Establishing a dedicated strategic allocation to renewable infrastructure (which has subsequently been expanded to include climate solutions)

### Setting a baseline

Our baseline is set as at 31 December 2019, in line with the Institutional Investors Group on Climate Change (IIGCC). Work is being done to expand metrics across other asset classes.

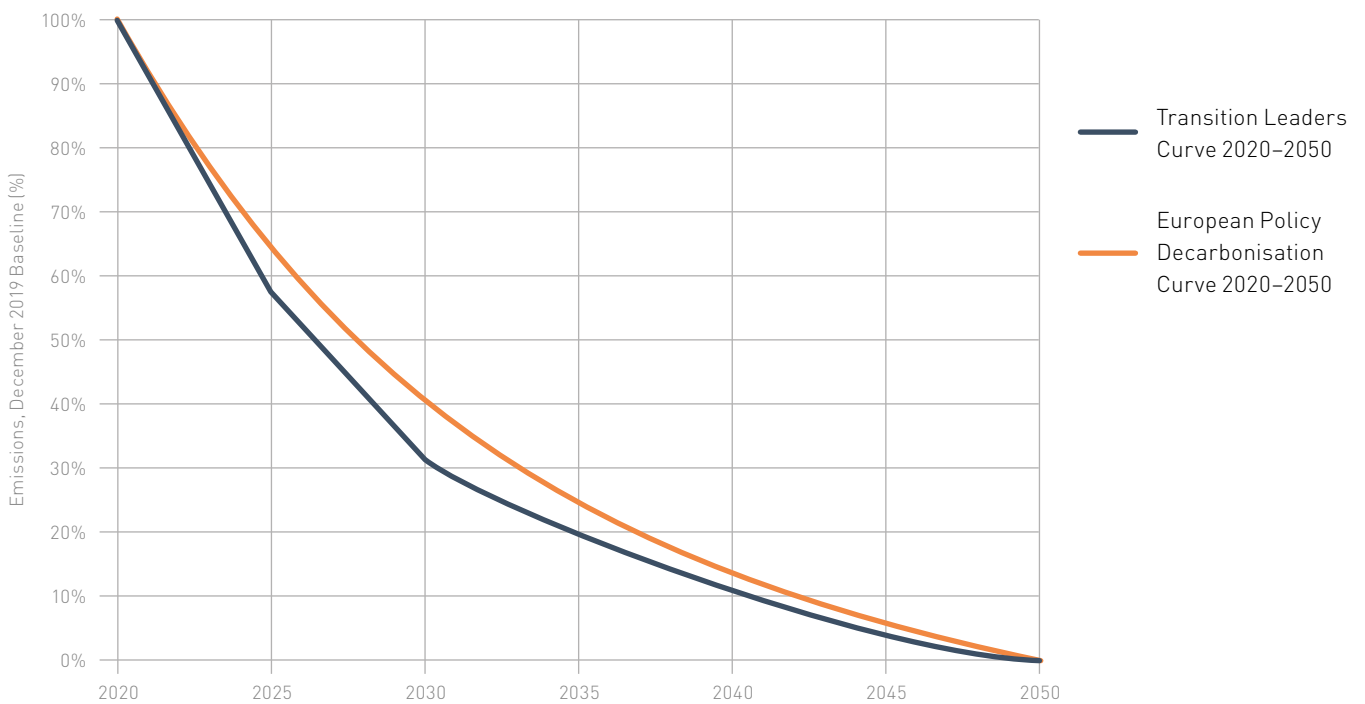
**The Fund's baseline**



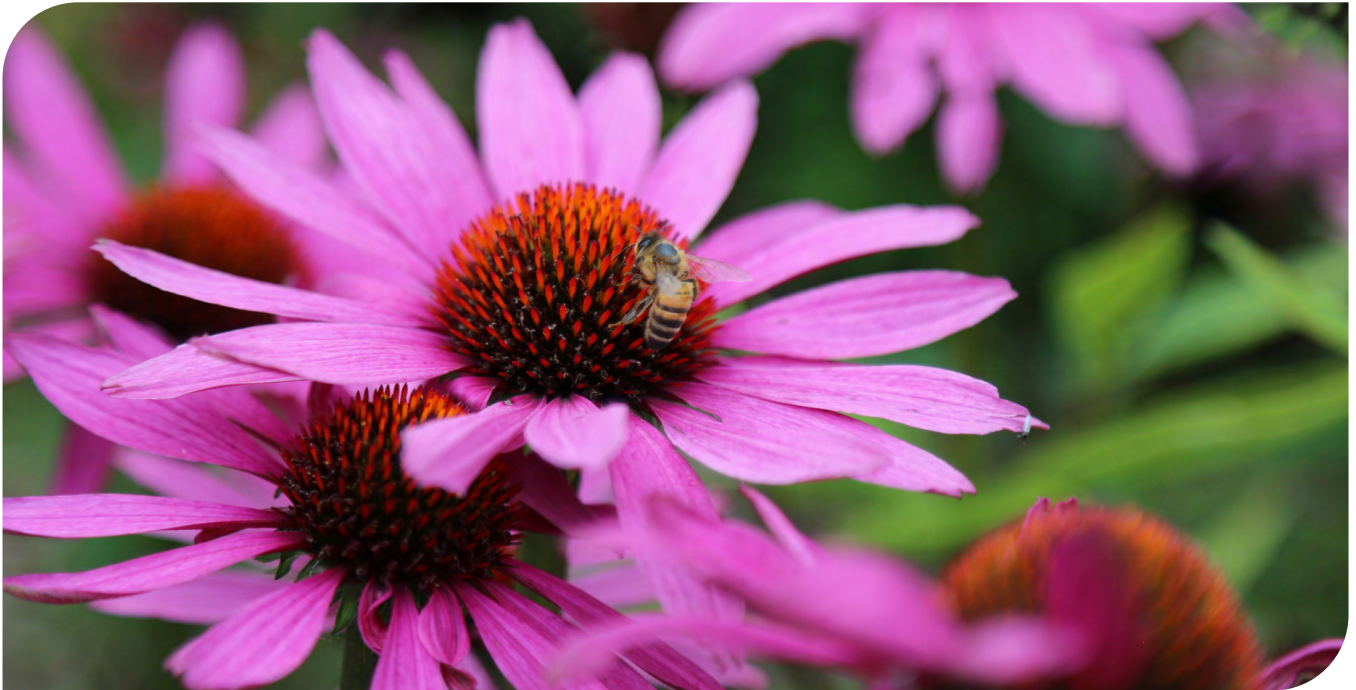
\*Note that emissions for Magellan are monitored, and the Fund actively engages with the manager to understand the position of the underlying companies, but the long-term nature of target setting supports the rationale for excluding this portfolio from the baseline.

**Implementing a transition plan**

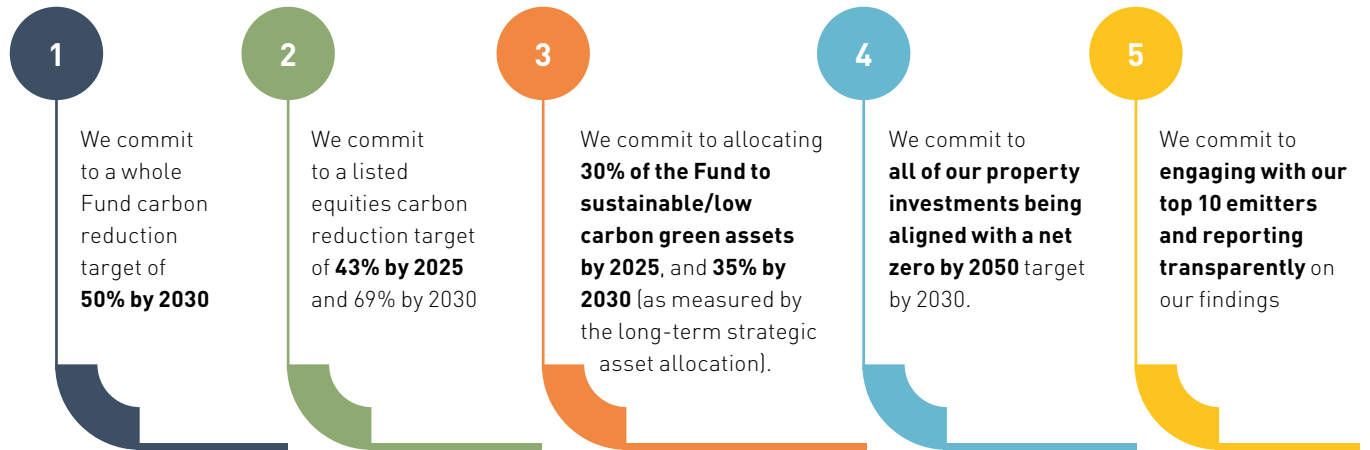
The Fund has engaged Mercer to provide support in setting a pathway to net zero by 2050, using Mercer's proprietary Analytics for Climate Transition (ACT) analysis. The results of this work have led to the following specific carbon reduction targets, compared to a baseline position of 31 December 2019. The Fund has adopted targets based on a decarbonisation curve which front-ends carbon reductions, as this allows plenty of early work to be done to identify easy wins, and increases the chances of meeting a warming scenario of 2°C or lower. The decarbonisation curve is illustrated below:



As at 31 December 2022, the Fund's carbon footprint was down by 23.3% on the baseline figure.



### The Fund's Climate Commitments



### Climate risk monitoring and reporting

The Fund uses the carbon footprint metric to measure progress against the targets. This is the preferred metric due to the link to real world absolute emissions, also providing better comparability with other investors, as this is very likely to be the standard metric set out in upcoming legislation for LGPS funds.

The Fund has adopted the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and includes this information in a separate Climate Report. This reporting sets out how the Fund manages climate change risk, from the perspective of governance, strategy, risk management and carbon metrics.

Progress against the targets is reported to the Committee on an annual basis, and also included in an annual Climate Report (including TCFD reporting, but we also go beyond the basic requirements, and include information on decarbonisation progress, the status of all the Fund's portfolios with regard to climate risk, investment case studies, examples of engagement work, key facts and other information) for the wider stakeholder group. As part of the overall transition plan, the Fund has carried out significant work towards setting a more detailed, bottom-up implementation plan. This bottom-up plan includes analysis of the transition alignment of the portfolio, as well as identification of individual stocks for prioritisation of engagement activities. The Fund also performs its own analysis of holdings for engagement prioritisation, covered elsewhere in this policy.



## Other Asset Classes

The Fund has made significant progress towards defining how to set specific net zero targets for other asset classes (i.e. not listed equities), and this is still an ongoing piece of work. Considerations across other asset classes are set out as follows:

Asset Class	Considerations
<b>Private equity</b>	Data coverage and reporting is limited. Brunel assess managers' ESG credentials at the time of commitment. Currently very little is available here to make setting and monitoring net zero targets a possibility. The Fund will work with Brunel to develop this area.
<b>Infrastructure</b>	It is hoped that over time, the Fund will be able to obtain more reporting around exposure to "green" revenues, emissions reduced and avoided, new renewables made operational etc.
<b>Renewable infrastructure and climate solutions</b>	When this portfolio is implemented, environmental impact reporting will be required in order to monitor metrics such as those defined above under infrastructure.
<b>Multi-asset credit</b>	Data coverage is challenging. Brunel are working with the investment managers for this portfolio to improve coverage, reporting, target setting etc.
<b>Emerging market debt</b>	Emerging market debt is part of the Fund's emerging market multi-asset portfolio, held with Ninety One, one of the Fund's legacy managers. The Fund has collaborated with Ninety One to advance the climate credentials of this portfolio, including climate targets, reporting, and investing in transition opportunities.
<b>Property (including long lease property)</b>	Data coverage and standardised reporting are challenges. The Fund monitors which underlying property funds have set net zero targets, and the portfolios GRESB score (Global ESG Benchmark for real assets). The Fund is investigating the possibility of using the CRREM tool (Carbon Risk Real Estate Monitor) and obtaining physical risk assessments.
<b>Private debt</b>	See comments under private equity.
<b>Index linked gilts</b>	The Fund does not currently invest in green bonds, however all gilts are UK government bonds, with the UK being a signatory of the Paris agreement. Green bonds may be considered as part of the strategic asset allocation in the future.
<b>Secured income – operational renewables</b>	The manager for this portfolio provides climate-related metrics to Brunel such as CO2 saved. The Fund will work with Brunel to enable more monitoring and reporting.
<b>Impact affordable housing</b>	The funds in this portfolio are all investigating operational carbon as well as embodied carbon (from the development process). The funds will report on various environmental metrics, including energy efficiency, water use etc. The Fund specifically monitors the EPC ratings of properties within this portfolio.

### Brunel Pension Partnership

Brunel's Climate Change Policy sets out a plan to build a financial system which is fit for a low carbon future. The Policy explains how Brunel see three areas where they have a particular contribution to make. Namely: they will have significant direct influence over the investment managers they appoint; they can exert broader influence in the investment industry and with policy makers and lastly their ability to influence company practice and performance, in particular in conjunction with their Client Funds and others.

The Committee fully encourages and supports Brunel's policy objectives on climate change which are set out in their Climate Change Policy, [available on their website](#). The Committee

are currently supportive of Brunel's approach of not issuing exclusion lists as the Fund believes that simply stating exclusions or requiring divestment from specific stocks or sectors will not compel investment managers to develop their capacity on climate change or drive change in the companies in which they are invested.

The Fund will continue to monitor Brunel's progress on implementing its policy objectives and will work with them to achieve our collective climate change ambitions. If the Fund does not feel action is progressing at an appropriate pace, the Fund will seek to address this with the other partner funds and Brunel.



## DIVESTMENT

### What is divestment?

Divestment = the intentional act of moving money and investments out of a company. This is most often spoken about with regard to fossil fuel investments, and there is significant pressure on LGPS funds to divest from all fossil fuel companies. This pressure comes both from scheme members and wider campaigns.

### The background

The Fund's position with regard to divesting from fossil fuels has historically been that we do not require our investment managers to exclude any specific holdings from our investment portfolios. Nevertheless, often managers will avoid certain types of stock, for example those which violate the UN Global Compact, or controversial weapons. The Fund's view is summed up in one of our investment beliefs:

**“ Stewardship and engagement are generally more effective tools than divestment in encouraging changes that will help safeguard the Fund's investments. The Fund values the benefits of working with other investors to strengthen these activities and achieve better outcomes. ”**

Brunel adopt a similar approach, and their engagement escalation policy permits eventual selective divestment if companies are not making the necessary changes after attempts have been made to engage.

We accept that this can be a divisive and complicated area, and that arguments have been made on both sides. Some argue that it is better for investors such as WPF to remain invested as that is how we can drive change, and that if we are not invested then someone else will be, who may have worse intentions as an investor. Others argue that this is a fallacy, and that the strongest way to deliver change is to not be invested at all, and that if companies want our capital, they will make the required changes in order to become investable.

The Fund also holds the following investment belief:

**“In order to protect the Fund’s investments into the future, the Fund supports a global warming scenario of well below 2°C, and states an ambition to achieve net-zero carbon emissions across all investment portfolios by 2050.”**

Our statement on divestment is as follows:

## DIVESTMENT

As a long-term investor, WPF’s goal is to protect the investments from climate change risk, and safeguard the financial future of the Fund. We support a global warming scenario of well below 2°C, and have an ambition to achieve net-zero carbon emissions across all investment portfolios by 2050. We do not see a long-term place for fossil fuel investments in our portfolios, and will work towards being fully divested from these companies by 2030. In the short term we will continue to monitor our holdings in these companies, to ensure that any such investments are helping to finance real-World change. Alongside this, we will continue to invest in renewable infrastructure and climate solutions, to help create sustainable replacements for traditional fuel sources, and contribute positively towards ensuring energy security. This approach aims to ensure that the Fund’s risk of exposure to stranded assets is well managed, and that the Fund can benefit from the investment opportunities presented by the transition to a low carbon economy.

### What is a fossil fuel company?

An important factor to consider here is

## “What is a fossil fuel company?”

The definition can range from purely extractive industries, all the way through to distribution and retail of fossil fuels. Investing in some of these companies might not be at odds with the Fund’s wider goals – for example, a utility company could work to change its supply to renewables, and future-proof its activities. Or a distribution company could adapt its business to be part of a low carbon future. It can be hard to see how extractive companies can be part of the solution – but even here, they could form part of a forward-looking portfolio, if they were being supported to wind down operations, and distribute assets to investors. In reality, each investment situation will be different and will need careful evaluation and consideration.

Through the Fund’s allocation to the Paris-aligned passive portfolio, some companies are removed from the investable universe if they meet certain criteria. These are as follows:

- Companies with:
  - 1 % or more of revenues from exploration, mining, extraction, distribution or refining of hard coal & lignite
  - 10 % or more of revenues from the exploration, extraction, distribution or refining oil fuels
  - 50 % or more of revenues from the exploration, extraction, manufacturing or distribution of hydrocarbons, hydrogen and carbon monoxide mixtures present in gaseous state
- Electricity producers with carbon intensity of lifecycle GHG emissions greater than 100 gCO<sub>2</sub>e/kWh (50%+revenues)
- Any companies found or estimated by them or by external data providers to significantly harm one or more of the environmental objectives under the “Do No Significant Harm” definition
  - Currently this includes Pure play Coal and Pure play Tar sands companies

The Fund uses these exclusion criteria from the Paris-aligned benchmark as its definition of “fossil fuel companies”, and monitors holdings on this basis. This is reported annually, as part of the Climate Report (including reporting in line with the Task Force on Climate-related Financial Disclosures/TCFD).

### What about investment pooling?

Due to the nature of investment pooling, there can be barriers to implementing any divestment policy at the current time, due to the fact that pooled portfolios have to contain the same holdings for all client funds, and a consensus position would need to be sought. The Fund’s position has been communicated to Brunel and other investment managers, and the Fund continues to work with Brunel and other client funds in order to advance the approach in this area.



## BIODIVERSITY AND NATURE

Biodiversity is rapidly gaining attention as an area that investors should be considering. The World Economic Forum’s Risk Report 2023 puts “Biodiversity loss and ecosystem collapse” as the 4th biggest economic risk facing the world over the next 10 years. The UN has published a report into this area, entitled **“Stepping up on Biodiversity, what the Kunming-Montreal Global Biodiversity Framework means for responsible investors”**.

### Position and investment beliefs

The most relevant investment belief to this subject area is as follows:

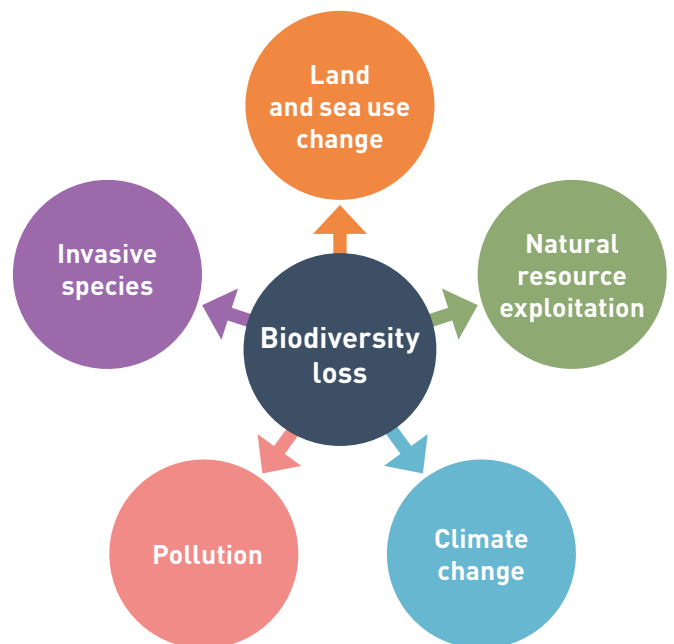
**“ Environmental, Social and Governance factors, including Climate Change are important factors for the sustainability of investment returns over the long term. ”**

Biodiversity is closely linked to climate change, and scientists believe that there can be no net zero future without a reversal of biodiversity loss.

At this stage, this is an emerging area in the industry. Early initiatives are the Taskforce for Nature-related Financial Disclosures (TNFD), which will provide a framework for reporting against how organisations manage nature-related risks. Also in development is **Nature Action 100**, a global investor engagement initiative focused on driving greater

corporate ambition and action to reverse nature and biodiversity loss. The Fund supports these initiatives and will use them as part of its own framework to understand and manage this risk.

In order to identify key areas to look at, the Fund focuses on investments in sectors which are particularly impacted, as well as looking at the key drivers of biodiversity loss, as defined by IPBES (the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services). These are as follows:



The Fund approaches biodiversity risk in the following ways:



## EQUALITY, DIVERSITY AND INCLUSION (EDI)

The Fund regards EDI as an important ESG factor, a stewardship priority, and an area where investment managers should focus their voting and engagement efforts, as several pieces of research have shown that diverse boards lead to better financial outcomes (for example, [this publication](#) by the FRC).

Consideration of EDI is embedded at an operational level, and has been **highlighted as an important area** in the running of pension funds by the Pensions Regulator. Training will be provided to the full Pension Fund team as well as the Committee and Local Pension Board, in order to improve the way we are run as a fund, and to deliver better outcomes for our employers and members.

## ENGAGEMENT POLICY

### Position and investment beliefs

The Fund sees significant value in engagement activities, as these activities can both mitigate risks and enhance the value of holdings. The Fund believes that the best approach is to focus engagement activities on priority ESG issues, since research has shown that this can generate the largest positive contribution to returns, and is also a practical approach considering resource limitations.

The following investment belief directly addresses engagement activities:

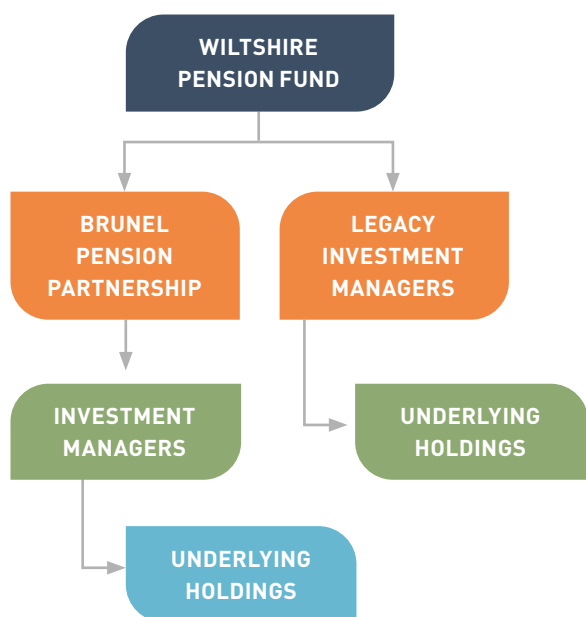
**“Stewardship and engagement are generally more effective tools than divestment in encouraging changes that will help safeguard the Fund’s investments. The Fund values the benefits of working with other investors to strengthen these activities and achieve better outcomes.”**



### Context and scope of this policy

This engagement policy applies to all portfolios and all asset classes.

The Fund's relationships with the underlying holdings in the investment portfolios are set out as follows:



Where portfolios are held through the Brunel pool (currently >70% of the Fund), Brunel appoint investment managers to manage the portfolios. Where assets are still managed locally, the Fund has appointed its own investment managers, referred to as "legacy investment managers" in the diagram above and in this engagement policy.

As shown in the diagram above, the Fund has no direct relationship with the underlying holdings in either scenario. Engagement with the underlying holdings is delegated to the legacy investment managers and Brunel, who are all provided with the Fund's Investment Strategy Statement (including this Responsible Investment Policy), so that they can ensure alignment in their approach.

This engagement policy covers the following activities:

- Communicating the Fund's engagement priorities to Brunel and the legacy investment managers
- Encouraging legacy investment managers to improve disclosure rates on their holdings, develop new ESG reporting, set climate-related targets etc.
- Collaborating with the Brunel pool and partner funds in the development of responsible investment policy, including engagement activities, and climate reporting and targets.
- Challenging Brunel and the legacy managers on holdings which do not appear to be aligned with the Fund's overall objectives, for example this could include challenging the investment case for holding a fossil fuel company, a company with high carbon emissions, or a company which appears to present other ESG issues, such as a fast fashion company. Please note these examples are by no means exhaustive.
- Requesting and scrutinising case studies of engagement activities, to determine their effectiveness.
- Challenging Brunel and the legacy managers on their own approach to ESG integration, including but not limited to climate risk.
- Requesting ad-hoc information, which may include things like responses to events in the press, customised reporting, voting information, detailed investment case studies, exposure to various sectors/themes etc.
- Holding Brunel and the legacy investments managers to account on other topics relating to engagement activities.



Sheep grazing on site at the Christchurch Solar Farm

The Fund's own engagements do not currently extend to direct contact with the underlying holdings.

Voting and engagement activities on the Fund's equities portfolios are carried out through the Brunel pool. As part of owning publicly listed companies, Brunel, on behalf of its clients, will have the opportunity to vote at company meetings (AGM/EGMs). To provide guidance, Brunel has a single voting policy for all assets managed by Brunel in segregated accounts.

Brunel has appointed Federated Hermes EOS as the engagement and voting services provider. The appointment enables a wider coverage of assets and access to further expertise across different engagement themes. For full transparency, the Fund publishes its voting and engagement activities on its website on a quarterly basis.

#### Prioritisation of Engagement Activity

As described above under the section on Impact Investment, the Committee has used the United Nations Sustainable Development Goals (UN SDGs) as a framework to prioritise issues for engagement activity. This prioritisation was assessed through a series of workshops supported by Pensions for Purpose, and subsequent debate at a Committee meeting.

Issues for priority engagement are as follows:

- Climate [SDGs 13 Climate Action & 7 Affordable and Clean Energy]
- Economic growth [SDGs 8 Decent Work and Economic Growth & 9 Industry Innovation and Infrastructure]
- Education [SDG 4 Quality Education]

#### Specific Climate-Related Prioritisation

Regarding climate, the Fund uses a variety of tools to assess which holdings to prioritise for engagement:

- Reviewing assessments by Climate Action 100+ and the Transition Pathway Initiative to identify which companies have the poorest scores across the full range of metrics – these include scores on target setting, strategy, climate policies etc as well as the company's actual transition alignment.
- Emissions data, to identify which companies are the heaviest emitters.
- Value of our holdings, to prioritise the highest value holdings and achieve the highest impact.
- Mercer's Analytics for Climate Transition (ACT) reporting, which highlights the companies which are contributing the most to our overall emissions.

From this information, the Fund asks the legacy investment managers and Brunel to provide detail on the investment case, to challenge why these companies are held in the portfolios, and what engagement work is being done to reduce emissions. The position is monitored on an ongoing basis.

#### Engagement Reporting

At the current time, engagement activities carried out by Hermes EOS on the Fund's behalf are reported via the Fund's website on a quarterly basis. Case studies of engagement work carried out by the Fund directly are reported in the annual Stewardship Report and via the Fund's website.

## WIDER INITIATIVES

As set out in the Fund's investment beliefs, the Fund values the benefits of working with other investors to achieve better outcomes. The following is a list of organisations and/or initiatives which the Fund supports.

### i. The Brunel pool

The Fund is a shareholder and client of the Brunel Pension Partnership. The Fund is able to be involved in setting portfolio specifications, approving manager selection, and monitoring ongoing performance of portfolios. Responsible investment is completely embedded and considered at each of these stages of the process. The Fund also engages through the client group, the responsible investment sub-group, and ad hoc communications from Brunel on responsible engagement initiatives, for example engagement and voting matters.

### ii. LAPFF (Local Authorities Pension Fund Forum)

The Fund is a member of the LAPFF, to enable it to act with other local authorities on corporate governance issues. LAPFF's mission is to protect the long-term investment interests of beneficiaries by promoting the highest standards of corporate governance and corporate responsibility amongst investee companies.

Details of their activities can be found on the following link: <http://www.lapfforum.org/about-us>

### iii. TPI (Transition Pathway Initiative)

The Fund publicly supports TPI, which is a global, asset-owner led initiative which assesses companies' preparedness for the transition to a low carbon economy. The TPI tool assesses progress against companies and sectors to measure the level management quality and carbon performance, to aid in risk assessment.

More information can be found here: <https://www.transitionpathwayinitiative.org/>

### iv. IIGCC (Institutional Investors Group on Climate Change)

The Fund is a member of the IIGCC. The Fund has made a public net zero commitment through the IIGCC's Paris Aligned Investment Initiative.

More information can be found here: <https://www.iigcc.org/>

As part of its membership the Fund benefits from educational materials, webinars, and the net zero framework, which will help the Fund achieve the target of net zero by 2050.

### v. Climate Action 100

The Fund is a signatory of Climate Action 100. This is an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. This initiative enables the Fund to support engagement activities which promote the target of net zero by 2050.

More information is available here: <https://www.climateaction100.org/>

### vi. Pensions for Purpose

The Fund is a member of Pensions for Purpose, and has adopted the Impact Investing Principles for Pensions. The principles provide a useful framework for demonstrating how we look at impact investing, from setting objectives to working with consultants and investment managers, using our voice to make change, and reviewing our impact.

More information is available here: <https://www.pensionsforpurpose.com/Impact-Investing-Principles-for-Pensions.html>

Pensions for Purpose provides a valuable resource to learn more about certain topics in the impact investing area, and a forum to interact with other investors and managers to drive progress.

### vii. Just Transition

A just transition means not transitioning to a low carbon economy at any cost, but doing so whilst also ensuring that this is done in a socially responsible way, i.e. in a way which is fair to all. The Grantham Research Institute on Climate Change and the Environment at the London School of Economics and Political Science have put together a comprehensive guide as to what this means for investors, and what action can be taken. The Fund has signed a statement of support, and uses the guide to help embed this goal within the Fund's policies, and help hold our investment managers to account.

More information is available at the following link: <https://www.lse.ac.uk/granthaminstitute/investing-in-a-just-transition-global-project/>







The view of Salisbury Cathedral from Old Sarum

## RESOURCING

Work done on responsible investment issues is largely resourced by officer time. Officers have been set responsible investment and stewardship objectives as part of the annual goal setting process, and an assessment of progress against these objectives will form part of the annual appraisal performance review.

A huge amount of responsible investment work is carried out by the Brunel pool, which has a dedicated team of staff who are widely regarded as being market leading. This resource is a real benefit of pooling, as the Fund would be unable to carry out this level of work independently.

Clients engage with Brunel on responsible investment issues regularly – one of the ways this takes place is through the responsible investment sub-group, which Wiltshire officers regularly attend. This group learns about engagement case studies, helps to develop reporting, and sets the responsible investment agenda at the pool in line with client requirements.

Through the Brunel pool and a wider network of contacts, officers regularly share responsible investment knowledge, ideas, progress, updates etc. with other LGPS funds.

The Fund's investment adviser, Mercer, have allocated a specialist responsible investment adviser to work with the Fund. This continuity of specialism will benefit the Fund as the approach is further developed.

The Fund has access to information through the various initiatives it has signed up to, including reading materials, relevant data, and access to training.

## KNOWLEDGE AND TRAINING

Training is available for Committee members on responsible investment topics, including but not limited to conferences, webinars, investment manager presentations, Brunel investor days, circulation of reading materials, and internal training days. Responsible investment topics are given high priority when setting the training plan for Committee members for the coming year. Local Pension Board members are also always invited to these training sessions. Officers ensure that Committee members receive adequate training before being asked to make any strategic decisions. Training is followed up via a feedback survey, to identify if there are any follow-on training requirements.

Training needs for officers are assessed as part of the work done to set the workplan for the team, and set goals and performance targets for individual team members. Officers have access to all the training opportunities open to Committee members, and additionally can build their responsible investment knowledge through regular meetings with investment managers, discussions with the Fund's investment advisers, or through more formal training, for example the CFA ESG Certificate.

## REPORTING AND ACCOUNTABILITY

Reporting is important in order to measure and monitor progress against objectives, and for transparency and openness with stakeholders. The Fund's current reporting is as follows:

INTERNAL REPORTING	FREQUENCY	WHERE TO FIND IT
Pension Fund Committee responsible investment progress reports	Quarterly	<a href="https://cms.wiltshire.gov.uk/ieListMeetings.aspx?Committeeld=142">https://cms.wiltshire.gov.uk/ieListMeetings.aspx?Committeeld=142</a>
Local Pension Board responsible investment progress reports	Bi-annual	<a href="https://cms.wiltshire.gov.uk/ieListMeetings.aspx?CId=1280&amp;Year=0">https://cms.wiltshire.gov.uk/ieListMeetings.aspx?CId=1280&amp;Year=0</a>
EXTERNAL REPORTING	FREQUENCY	WHERE TO FIND IT
Annual Report and one-page summary "Our Year in Review"	Annual	<a href="https://www.wiltshirepensionfund.org.uk/Annual-report-and-accounts">https://www.wiltshirepensionfund.org.uk/Annual-report-and-accounts</a>
Task Force on Climate-Related Financial Disclosures (TCFD) Report	Annual	<a href="https://www.wiltshirepensionfund.org.uk/Climate">https://www.wiltshirepensionfund.org.uk/Climate</a>
Affordable Housing Impact Report	Annual	<a href="https://www.wiltshirepensionfund.org.uk/Affordable-Housing-Impact-Report-2023">https://www.wiltshirepensionfund.org.uk/Affordable-Housing-Impact-Report-2023</a>
Voting records and Engagement reports	Quarterly	<a href="https://www.wiltshirepensionfund.org.uk/Voting-records">https://www.wiltshirepensionfund.org.uk/Voting-records</a>
STRATEGIES, POLICIES AND PLANS	FREQUENCY	WHERE TO FIND IT
Investment Strategy Statement (ISS)	Reviewed at least once every 3 years, but in practice under regular review	<a href="https://www.wiltshirepensionfund.org.uk/investment-policies-and-strategies">https://www.wiltshirepensionfund.org.uk/investment-policies-and-strategies</a>
Responsible Investment Policy	Updated annually	<a href="https://www.wiltshirepensionfund.org.uk/investment-policies-and-strategies">https://www.wiltshirepensionfund.org.uk/investment-policies-and-strategies</a>
Responsible Investment Plan	Annual	<a href="https://www.wiltshirepensionfund.org.uk/investment-policies-and-strategies">https://www.wiltshirepensionfund.org.uk/investment-policies-and-strategies</a>
Stewardship Report and Responsible Investment and Stewardship Highlights mini-magazine	Annual	<a href="https://www.wiltshirepensionfund.org.uk/Stewardship-Highlights-2023">https://www.wiltshirepensionfund.org.uk/Stewardship-Highlights-2023</a>



## STEWARDSHIP

Stewardship is defined by the PRI (UN supported Principles for Responsible Investment) as

“ **The use of influence by institutional investors to maximise overall long-term value including the value of common economic, social and environmental assets, on which returns and clients' and beneficiaries' interests depend** ”

The Stewardship Code 2020 defines it as

“ **the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society** ”

The Fund is a signatory of the 2020 Stewardship Code. Full reporting in line with the Code is published annually. A mini-magazine, **Responsible Investment and Stewardship Highlights**, is published alongside the full report, to bring the Fund's approach to life for stakeholders, with examples and case studies to put the policy into context.



## SCHEME MEMBERSHIP AND EMPLOYER ENGAGEMENT

The Fund considers that transparency on its actions, particularly with regard to responsible investment issues, is important, and engagement with the scheme employers and membership is a key part of this. The topic of investments is quite technical, and responsible investment issues can be nuanced, so it is important to educate members as well as asking for opinions.

### Why might the Fund engage with employers and members?

- **Employers** – funding is achieved by a balance of employer (and employee) contributions, and investment returns. Therefore employers, as budget holders, will be interested in how the investments are managed, as this could have an impact on the contribution rates they need to pay.
- **Members** – members benefits are set in law and are not impacted by the investment returns. However, members may have personal beliefs and views on how the investments are managed. Therefore, keeping members informed and finding ways to represent their opinions is important.

### There are a range of ways that members can be engaged with:

#### i. Informing

the Fund seeks to keep members and the general public informed via highlights on responsible investment and a climate risk section within the Annual Report. The Fund publishes an annual Stewardship Report, and highlights from this (focussed on outcomes and case studies) are published via a mini-magazine to make the information more accessible to stakeholders. The Fund makes use of the news section of the website to share short posts, including responsible investment content. The Fund will continue to publish press releases to communicate major strategic decisions.



#### ii. Educating

the Fund will continue to offer webinars covering responsible investment issues for both employers and members. The Fund will use its website as a way to communicate information and keep members and employers informed. The Fund will continue to develop methods of accessible communication.



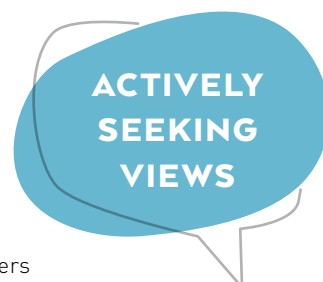
#### iii. Consulting

in order to incorporate the views of the employers, the Fund will consult with employers on amendments to the ISS. There are two employer representatives on the Committee, who are actively involved in promoting employer engagement. The Fund has established an employer focus groups, to discuss relevant strategic issues, including investment policies and strategies.



#### iv. Actively seeking views

The Fund has used surveys to collect the views of employers and members, and has used the results of these surveys to develop the approach to member and employer engagement. Although the views of members and employers alone would not be used to drive the strategy, they would be considered by the Committee alongside other information as part of a full picture. The Fund's investment strategy is set in the best financial interests of the Fund, but can also, where possible, reflect the wider goals and philosophy of the employer organisations and Fund membership.



## GLOSSARY

<b>Active</b>	an active investment is one which aims to beat an index or deliver returns based on asset manager skill. Annual charges are higher and manager selection and monitoring more important than for passive, but potential returns may be higher.
<b>Administering Authority</b>	means a body required to maintain a pension fund under the LGPS Regulations, usually this is a local authority. For the Wiltshire Pension Fund, this is Wiltshire Council.
<b>Affordable housing</b>	in an investment context, the definition of affordable housing can vary. However, generally this would include housing that is affordable to those with a household income at or below the (local) median. In practice, investment may include residential property in supported, social, shared ownership, affordable private market rent, and mixed tenures. For the wider policy context, there is no agreed definition of affordable housing. Annex 2 to the National Planning Policy Framework (NPPF) is the most commonly referred to definition. This is used by local planning authorities when making provision within their areas to meet local demand/need for affordable housing.
<b>Analytics for Climate Transition (ACT)</b>	is Mercer's proprietary solution to help investors construct climate resilient portfolios. Mercer's framework and analytics draw on multiple data providers and metrics to assess portfolios across a spectrum of carbon risk, with portfolios ranked from low transition capacity (gray investments) to investments that are low carbon risk/zero carbon already, or are providing climate solutions (green investments). The majority of companies in investor portfolios fall somewhere in between the two sides.
<b>Annual General Meeting</b>	at an AGM, the directors of a company present an annual report to shareholders on performance and strategy. Shareholders with voting rights can vote on current issues, for example appointments to the company's board of directors, executive compensation, dividend payments, and the selection of auditors.
<b>Baseline</b>	this provides a starting point from which to project indicative pathways and plan to achieve net zero.
<b>Benchmark</b>	a benchmark is used to measure the performance of a fund, or asset manager against the investment objective. The FTSE 100 is a common benchmark for UK equities, for example.
<b>Brunel Pension Partnership ("Brunel")</b>	one of eight national LGPS asset pools that bring together investments of ten partner funds, including Wiltshire.
<b>Business Plan (Fund)</b>	sets out the aims and objectives of the Fund over the upcoming years and the outcomes to achieve for its stakeholders.
<b>Climate change</b>	is the long-term change in average weather patterns that have come to define Earth's local, regional and global climates. These changes have a broad range of observed effects that are synonymous with the term.
<b>Diversified</b>	a strategy that blends a variety of investments, asset types and investment vehicles, within a portfolio. This limits exposure to single assets and mitigates risk.
<b>Employee</b>	in general, an employee is also a member of the Wiltshire Pension Fund. The LGPS has a very low opt out rate, nearly all employees are members of the scheme
<b>Employer</b>	in general, an employer is either scheduled or admitted to the Wiltshire Pension Fund so its employees are members of the scheme.
<b>Environmental, Social and Governance (ESG)</b>	a broad range of factors which investors can assess to identify risks and opportunities.
<b>Extraordinary General Meeting</b>	an EGM refers to any shareholder meeting called by a company other than its scheduled AGM.

## GLOSSARY (continued)

<b>Fast fashion</b>	inexpensive clothing produced rapidly by mass-market retailers in response to the latest trends.
<b>Fiduciary duty</b>	the Committee's responsibility to act in the best interest of the Fund's beneficiaries.
<b>Freedom of Information (FOI)</b>	the Freedom of Information Act 2000 provides public access to information held by public authorities. It does this in two ways: public authorities are obliged to publish certain information about their activities; and members of the public are entitled to request information from public authorities.
<b>Global warming</b>	is the long-term heating of Earth's surface observed since the pre-industrial period (between 1850 and 1900) due to human activities, primarily fossil fuel burning, which increases heat-trapping greenhouse gas levels in Earth's atmosphere. This term is not interchangeable with the term "climate change."
<b>Greenhouse Gas (GHG)</b>	The atmospheric gases responsible for causing global warming and climate change. The major GHGs are carbon dioxide (CO <sub>2</sub> ), methane (CH <sub>4</sub> ) and nitrous oxide (N <sub>2</sub> O).
<b>Impact investing</b>	investing to generate a positive measurable environmental or social impact in addition to earning competitive market returns.
<b>Investment manager</b>	for the purpose of responsible investment and stewardship reporting in the context of the LGPS, "asset manager" is interchangeable with "investment manager" as defined in the LGPS (Management and Investment of Funds) Regulations 2016 (9) <a href="https://www.legislation.gov.uk/uksi/2016/946/regulation/9/made">https://www.legislation.gov.uk/uksi/2016/946/regulation/9/made</a>
<b>Investment Strategy Statement (ISS)</b>	a key document of the Fund, which sets out the Fund's investment strategy.
<b>Local Authority</b>	an administrative body in local government. A local authority may act as an administering authority for its own pension fund and those of other local authorities.
<b>Local Pension Board</b>	is responsible for assisting the administering authority in securing compliance with the LGPS regulations, overriding legislation and guidance from the Pensions Regulator.
<b>Low carbon economy</b>	is defined as the activities which generate products or services which themselves deliver low carbon outputs.
<b>Member</b>	unless preceded or followed by reference to the Committee or Local Pension Board, member refers to a member of the Wiltshire Pension Fund.
<b>Nature</b>	Biodiversity has become a familiar term in the responsible investment context, giving reference to living things. Nature has a wider definition to include land and water as essential components of ecosystems.
<b>Net Zero</b>	net zero refers to the balance between the amount of greenhouse gas produced and the amount removed from the atmosphere. Net zero is reached when the amount added is no more than the amount taken away.
<b>Officers</b>	internal Wiltshire staff that manage the investment arrangements of the Fund and support and assist the Committee with their role.
<b>Paris Aligned Benchmark</b>	developed with Brunel, FTSE Russell's Paris-aligned benchmark series aims to achieve a 50% reduction in carbon emissions over a 10-year period and integrate forward-looking metrics and governance protections from the transition pathway initiative (TPI).

<b>Passive</b>	a passive investment is one which tracks a market-weighted index. Passive management is most common in equity markets and often used by pension funds to build a diversified portfolio with a long-term investment horizon.
<b>Pension Fund Committee (the "Committee")</b>	the body running the Wiltshire Pension Fund with delegated authority to exercise the functions of Wiltshire Council as administering authority under the Local Government Superannuation Acts and Regulations.
<b>Pool</b>	an investment term which refers to the grouping together of investment holdings. This method of investing offers significant economies of scale and is well suited to investors sharing the same investment objectives.
<b>Renewable Infrastructure</b>	is a broad asset classification, which could include investment in energy, power, communications, water/waste/utilities, transport and social infrastructure, via either public or private vehicles.
<b>Responsible Investment</b>	a strategy and practice to incorporate environmental, social and governance (ESG) factors in investment decisions and active ownership (as defined by the Principles for Responsible Investment, an investor initiative in partnership with UNEP Finance Initiative and UN Global Compact).
<b>Scheme Advisory Board</b>	the function of the LGPS Advisory Board (SAB) (E&W) is to provide advice to the Secretary of State on the desirability of making changes to the Scheme and provide advice to administering authorities and local pension boards in relation to the effective and efficient administration and management of the Scheme.
<b>Scope 1 and 2</b>	are emissions that are owned or controlled by a company, whereas scope 3 emissions are a consequence of the activities of the company but occur from sources not owned or controlled by it.
<b>Segregated</b>	an investment term which refers to the segregation of investment holdings in an individual account (as opposed to pooled with a larger group). This is quite uncommon as individual requirements related to risk and investment objectives would need to be significant enough to justify additional costs.
<b>Stewardship</b>	the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society (as defined by the 2020 Stewardship Code).
<b>Strategic Asset Allocation (SAA)</b>	the mix of different types of assets held in order to generate the required investment return for an appropriate amount of risk.
<b>Sustainability</b>	investing in a way that incorporates ESG criteria and active ownership, to generate superior risk-adjusted returns.
<b>Task Force on Climate-related Financial Disclosures (TCFD)</b>	reporting on climate change risk, set out under governance, strategy, risk management and carbon metrics.
<b>Transition (to low carbon economy)</b>	the process of moving from using both high carbon energy and low carbon energy to just using low carbon energy.
<b>Weighted Average Carbon Intensity (WACI)</b>	a measure of a portfolio's carbon intensity, also referred to as the carbon footprint. The WACI generally measures scope 1 and 2 emissions.





**WILTSHIRE COUNCIL**

WILTSHIRE LOCAL PENSION BOARD  
01 November 2023

**Fund Audit Plan – 2024/25**

**Purpose of the Report**

1. To enable members of the Board to recommend auditing proposals to the Pension’s Committee for inclusion in the Fund’s audit plan for 2024/25.

**Background**

**Audit proposal**

2. The plan seeks to cover both the Fund’s internal & external audits, giving consideration to the Administering Authority’s core auditor appointments. Namely, Deloitte, for the completion of the Annual Report & Account’s (AR&A) & the South-West Audit Partnership (SWAP) for the completion of internal audits such as the Fund’s key financial controls.
3. The underlying aims and objectives of the Fund’s package of commissioned audits is to ensure independent assurance that all the laws, regulations & practice by which the Fund operates are being appropriately adhered to. In addition, to enable a dynamic audit strategy by which the oversight of key operations, new practices and innovations can be monitored.
4. For the Scheme Year 2024/25 the proposed plan of audits recommended are:

Audit	Proposed auditor	Proposed completion date	Comments
<b>Standard Annual Audits – 2024/25</b>			
Annual Report & Accounts	Deloitte	30/09/2024	For sign off and publication by 1 <sup>st</sup> December 2024
Key Financial Controls	SWAP	30/11/2024	Review of the Fund’s internal controls
TPR’s prevailing Code of Practice	SWAP	31/07/2024	This may either be and audit against tPR’s Code of Practice 14, or the new single code of practice, which has been delayed since 2021.
<b>Audits targeting Fund innovations, progress improvements &amp; new regulations, based on a risk identification approach</b>			
Payroll Migration Audit – Phase III	SWAP	30/09/2024	Scope to be determined, however it is likely to involve a post migration review of the payroll.

**Other auditing considerations**

5. The timings and requirements of two further audits also need to be considered. These are:
  - a) Payroll Migration Audit – Phase II – This audit may take place in the Scheme Year 2023/24, however depending on the progress of the Evolve project, this audit may need to be incorporated into the Scheme Year schedule for 2024/25. Possibly taking

place in April 2024. This audit is planned to be a pre-migration audit covering the transfer of payroll data from Oracle to Altair.

- b) Anti-fraud, corruption, and whistleblowing audit – Following the case of a member fraud this year, consideration is being given to a bespoke audit focused on anti-fraud measures, which is in addition to the annual KFC audit. The scope of this audit is to be determined but is likely to consider whether there are any exceptional circumstances concerning the Fund which may require the supplementing of the Council’s own whistleblowing policy and arrangements. In addition, it is also likely to consider whether operational areas beyond member perpetrated fraud are being properly controlled.

### **Considerations for the Board**

6. To consider whether the range of audits set out above represent the complete range of audit recommendations which need to be commissioned by the Pensions Committee.

### **Environmental Impact of the Proposal**

7. Not applicable.

### **Financial Considerations & Risk Assessment**

8. There are no known implications at this time.

### **Legal Implications**

9. There are no material legal implications from this report.

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

10. There are no known implications at this time.

### **Proposals**

11. For the Board to recommend to the Committee that they approve the scope of audits and auditors set out in paragraph 4.
12. To provide guidance to officers concerning the presentation to the Committee of proposed audits set out in paragraph 5.

Jennifer Devine  
Head of Wiltshire Pension Fund

Report Author: Richard Bullen, Fund Governance Manager

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



## **UNISON SWLGPS Committee**

UNISON South West  
Vintry House  
Wine Street  
Bristol BS1 2BD

LGF Pensions Team  
Department for Levelling Up, Housing and Communities,  
2<sup>nd</sup> Floor, Fry Building,  
2, Marsham Street.  
London  
SW1P 4DF

01 October 2023

### **Re: Consultation Document: Local Government Pension Scheme (England and Wales): Next Steps on Investments**

Thank you for the opportunity to comment on the consultation document: Local Government Pension Scheme (England and Wales): Next Steps on Investments.

This consultation response is submitted on behalf of the SW UNISON Local Government Pension Scheme committee which has membership from the ten funds within the Brunel Pension Partnership representing those scheme members within UNISON both active and retired.

There appears to be some confusion throughout the consultation document as to the role of the Pools and the funds. The pools are servants of the funds and are not responsible for the investment decisions of the funds as has been suggested in this document.

The Brunel Pension Partnership was set up in 2018 following the completion of a thorough business case approved by all ten of the partner funds. At all stages, the representatives of the scheme members were consulted and included in the discussion and decision making process.

It would seem strange that as we are now at the stage of achieving the forecast savings brought about due to pooling that further changes are proposed which will nullify these due to the inevitable resultant costs of further reorganisation. The Fund reached the point in 2022, when the cumulative savings achieved exceeded the initial costs of set up and transition. Therefore, we are now in the position of harvesting the savings achieved.

Given that it took 4 years to break even, based on savings achieved versus transition costs incurred, and that we are now achieving significant savings each year, the concern is that the proposals should not result in another round of significant transition costs that negate the savings that now have been achieved as a result of the implementation of the original pooling proposals.

It is noticeable that no financial estimate or cost benefit analysis for these proposed changes has been included in the consultation and this is a noticeable omission.

Answers to the specific questions posed are provided below:

### Question 1

The Brunel pool is working well. 90% of client assets have now transitioned to the pool. It is recognised that other pools have not all made the same level of progress, and our view is that the Government should focus on addressing the barriers that are preventing other pools from working effectively. Those pools, such as Brunel, who are working effectively should be allowed to continue with minimum disruption.

While the pool's assets are currently below £50 billion, we would urge the Government not to be too fixated on a particular number in terms of a pool's assets under management, but to consider a range of criteria in analysing how well the existing pools are performing and what action is required to support the delivery of excellent value for money and outstanding net performance. We would support greater collaboration between pools as an alternative to forced mergers between pools.

There appears to be no evidence put forward as to the origin of the £50bn figure and it appears to have been plucked out of thin air.

### Question 2

The majority of Funds in the Brunel have already transitioned their listed assets to Brunel, our LGPS pool, well in advance of the proposed March 2025 deadline.

### Question 3

As indicated earlier there appears to be an element of confusion in the consultation document over the role of the funds and the pool. Responsibility for setting the investment strategy should remain with the individual LGPS funds. The pool's responsibility is to implement the strategy of each of its client funds.

The original pooling proposal aimed to take manager selection away from the individual funds and make it the responsibility of the pool. We support the idea that if an LGPS fund wishes to invest in e.g. a core global equity portfolio, then the pool should provide such a portfolio and be responsible for selecting a manager or managers to manage that portfolio (or provide internal management). Where more than one manager is selected for a portfolio, then it should be for the pool to allocate funds between the managers on the same basis for each client, and it should not be

permissible for the individual LGPS Fund to decide which of the managers it wishes to allocate funds to.

The pool should not provide more than one core global equity portfolio with different managers for different portfolios which would then effectively enable individual LGPS funds to retain the ability to choose a manager.

The pool should, however, provide a range of asset classes and equity portfolios with different risk and return characteristics, e.g. emerging market equities, smaller company equities, sustainable equities, choice of active/passive, in order to meet the requirements and implement the strategies of each client fund.

We do not believe it is the pool's role to act as investment consultants for client funds in determining their investment strategy.

#### Question 4

We consider that all members of the investment boards and the Pensions boards should be adequately trained. We therefore support this proposal.

#### Question 5

We would not support reporting against standard benchmarks. The choice of benchmark reflects the level of risk and target return required from an investment portfolio, which will be different depending on the investment strategy.

A standard benchmark across all funds and/or pools would influence the investment strategy in an unhelpful way. If the objective is to compare the investment performance of funds, then that can be done through comparison of net returns, without the need to enforce standard benchmarks.

#### Question 6

We are happy with the proposals for the Scheme Annual Report.

#### Question 7

Many of the funds already has significant investments in UK infrastructure. In addition, several of the funds have started to invest in a local impact portfolio. We believe that these investments would contribute to the Government's levelling up agenda.

In relation to the requirement to set these out in a plan and report on them through the Fund's Annual Report it is difficult to quantify how this would be done as the Levelling Up proposals are not specific to a region or geographic area such as a county but across the whole of the UK.

Detailed information as to what are the levelling up proposals are is difficult to quantify in detail as there does not appear to be a detailed list of proposals rather a general political statement.

The aim of the local impact portfolio is to invest both within the fund area but also across the wider South West, recognising that there is a need locally to level up to more prosperous areas. but we would urge that the Government recognise that when funds are looking at local investments there may be a requirement to work with fund managers outside the pool arrangements, as the pools will be focusing on a wider area and larger scale investments that may not allow for a more localised investment.

Individual LGPS Funds will need to ensure that conflicts of interest are managed, but adopting an over-prescriptive approach to investing through the pool on such investments may risk undermining local aspirations and the achievement of the Government's agenda on levelling up.

It is noticeable that of those investments made by the United Kingdom Investment Bank (UKIB) after Brexit between 2017 to 2023, compared to the EIB investments previously, leaves the South West one of the least supported regions. (Source UKIB 2023)

#### Question 8

We believe that funds should be committed to one pool, but if that pool in consultation with the funds then decides that the best way to deliver the required investment is to invest in another pool's investment vehicle, then that should be permitted and encouraged.

#### Question 9

We would support the inclusion of the levelling up plan within each fund's Investment Strategy Statement, rather than as a separate policy.

#### Question 10

No Comment

#### Question 11

Many of the funds have invested in private markets. Several of the funds have introduced local impact portfolio's such as Cornwall, Devon and Wiltshire. This requires disinvestment from other funds to create these and these local investments will also be in the in the private markets space.

However, private equity is at the higher risk end of the potential investment solutions available to pension funds. The mandating of a set minimum percentage to be invested in private equity would be in conflict with the fiduciary duty to act in the best interests of fund members. While the Government may want to encourage the LGPS to invest more in private equity it must stop short of mandating such investment.

Previously, the Government has had an ambition for LGPS funds to invest 10% in infrastructure. It is unclear from the consultation document whether the definition of

private equity includes unlisted infrastructure. If the 10% proposed allocation to private equity is additional to a 10% ambition for (mostly unlisted) infrastructure investments, that makes a 20% allocation to a high-risk area of the market. This may be above the risk appetite for some funds.

Many funds also have an allocation to private debt, which would also support the Government's aspirations to support growing businesses. It would therefore be helpful for the Government to be clearer on whether the 10% objective is across private markets or a much narrower definition of private equity.

Another aspect that the Government needs to consider is that the requirements on unlisted companies with respect to ESG issues, and specifically on climate reporting, are currently lower than they are for listed companies. Given the Government's intention to require LGPS Funds to increase the extent of their climate related reporting, it may be more difficult to source the data they will need from an increased allocation to private equity.

The question asks about the barriers to investment in growth equity and venture capital. One barrier is the level of risk involved in such investments, which may mean they are not suitable for inclusion in a fund's investment strategy where they are looking to de-risk. As set out above, the Government should not seek to force LGPS funds to invest in an asset class where it does not fit with the fund's risk management approach.

A further barrier is the availability of appropriate investment opportunities. The Government needs to do more to encourage the provision of more transparent investment opportunities if it wants to encourage investment, at the appropriate level of risk and potential return.

Setting parameters or expectations, in this case towards investing in private equity, detracts from the freedom of LGPS funds to invest in the best interests of their scheme members, which is the fiduciary duty of every LGPS fund.

LGPS funds are rightly under pressure to decarbonise their portfolios and invest in line with the 17 UN sustainability goals and moreover be Paris accord aligned. We are not convinced that investment options in the levelling up category do or will meet these prescriptions. To proceed down this line therefore could draw LGPS funds into conflict with their own responsible investment policies, which are in place to meet their fiduciary duties.

## Question 12

As set out above, the lack of availability of suitable investment opportunities can be a barrier to the LGPS investing in the UK.

Fiduciary duty requires that LGPS funds will need to independently assess the suitability of any investment opportunities that come out of any collaborative approach and should only invest where they fit with the fund's risk parameters. The Government should not seek to mandate investment in any particular project.

A particular and serious dilemma resulting from Brexit has been placed at the door of the LGPS by this consultation:

Within paragraphs 88 to 90 of the consultation the objective of the government is to see LGPS funds diverted into venture capital and growth equity related to levelling up. This will include infrastructure.

There is no mention in the consultation of the drivers for this. Pre Brexit the European Investment Bank (EIB) financed some of the most critical infrastructure projects in the UK. Post Brexit the UK has lost access to EIB finance!

In an attempt to offset this the UK created or expanded 4 development banks to try and replace the lost investment. However, they have only been able to replace a third of the EIB investment and it is clear that the attempt by Government to direct LGPS funding is as a result of this. The Government should be reminded that as a result of the 2020 Supreme Court decision that assets within the LGPS are “not public money” to be diverted into whatever scheme the government comes forward with.

The UK’s development banks have come to the fore since Brexit when access to funds within the European Investment Bank stopped. Whilst the British Business Bank will have expertise, the collective expertise within the LGPS, its Pools and manager mandates will at least compare.

We do not therefore accept the premise or the expectation that there should be one-way collaboration with the British Business Bank, particularly if the context is restricted to private equity / infrastructure linked to levelling up. Again, we hold that this would be in conflict with fiduciary duty.

#### Question 13

We support setting strategic objectives for investment consultants.

#### Question 14

This appears to be a straight-forward tidying up amendment, so we support it.

#### Question 15

We do not consider that there are any particular groups who would either directly benefit or be disadvantaged by any of the proposals.

Yours Sincerely

A C Bowman

Chairman  
UNISON South West Regional Local Government Pension Scheme Committee



Submitted to Local Government Pension Scheme (England and Wales): Next steps on investments  
Submitted on 2023-09-27 08:43:56

## Your details

What is your name?

Name:  
Chris Moore

What is your email address?

Email:  
Christopher.Moore@Wiltshire.gov.uk

What is your organisation?

Organisation:  
Wiltshire Pension Fund

## Chapter 1: Introduction

### Chapter 2: Asset pooling in the LGPS

1 Do you consider that there are alternative approaches, opportunities or barriers within LGPS administering authorities' or investment pools' structures that should be considered to support the delivery of excellent value for money and outstanding net performance?

Call for evidence:

Wiltshire is part of a pool with a high level of transitioned assets, the establishment of listed portfolios and private market investment opportunities by our pool has enabled this effective transition. Wiltshire itself has transitioned 70% of assets to pool ownership, this figure will grow as commitments to private market investments are called. Wiltshire has incurred considerable costs in transitioning assets and time spent working to establish the pooling company.

We recognise that other pools have not all made the same level of progress, and our view is that the Government should focus on addressing the barriers that are preventing other pools from working effectively. Those pools, such as Brunel, who are working effectively should be allowed to continue with minimum disruption.

The pool has taken several years to establish and to reach the position where running costs are being covered by savings, and we have still not reached a point where pooling has delivered our fund a net saving. Further consolidation would certainly add more costs and delay further our point of breaking even from pooling.

Forcing further consolidation and transition would divert attention from delivering investment returns and delivering new investment portfolios to allow our fund to increase the percentage of assets transitioned. It would also distract funds and pools from delivering on responsible investment and climate reporting goals alongside levelling up and private equity ambitions, which are all current or proposed objectives for the LGPS and its Pools.

There remain existing barriers to the delivery of effective pooling and issues for Government to consider in driving for consolidation and growth in pool size. Further growth of the pools and the ambition to have in house management of investments may lead to exponential growth in the running costs of pooling companies, caused by the exceptionally high remuneration for pooling company staff from investment backgrounds in the context of local government salaries.

Therefore, we would urge the Government not to be too fixated on a particular number in terms of a pool's assets under management, but to consider a range of criteria in analysing how well the existing pools are performing and what action is required to support the delivery of excellent value for money and outstanding net performance. We would support greater collaboration between pools as an alternative to forced mergers between pools.

2 Do you agree with the proposal to set a deadline in guidance requiring administering authorities to transition listed assets to their LGPS pool by March 2025?

Deadline for pooling of listed assets:

Wiltshire Pension Fund has transitioned the majority of its listed assets, some remain outside of the pool. These portfolios are held outside as an equivalent is not available within the pool, some also play a role as an interim portfolio whilst private market commitments are drawn down. The mandatory deadline for the transition of all listed assets to the pools could result in unnecessary transition costs or the loss of essential elements of our investment strategy, ultimately leading to decisions not being made in the best financial interests of the Fund, and delivering poorer outcomes. Mandatory transfer of assets also provides no incentive for the pools to offer an effective and fee saving portfolio for administering authorities. It could lead to investments incurring transition costs or being closed just to meet a mandatory deadline. If the pools offer effective portfolios which meet the needs of administering authorities then the logical financial decision for better investment and fee outcomes will mean funds will transition.

Therefore we do not support the proposal of a mandatory transition deadline for listed assets.

3 Should government revise guidance so as to set out fully how funds and pools should interact, and promote a model of pooling which includes the characteristics described above?

Pooling guidance:

We agree with the statement that responsibility for setting the investment strategy should remain with the individual LGPS funds. It is therefore the pool's responsibility to develop portfolios such that Funds are able to implement their strategies.

We support the idea that if an LGPS fund wishes to invest in e.g. a core global equity portfolio, then the pool should provide such a portfolio and be responsible for selecting a manager or managers to manage that portfolio. Where more than one manager is selected for a portfolio, then it should be for the pool to allocate funds between the managers on the same basis for each client, and it should not be permissible for the individual LGPS Fund to decide which of the managers it wishes to allocate funds to. The pool should not provide more than one core global equity portfolio with different managers for different portfolios which would then effectively enable individual LGPS funds to retain the ability to choose a manager.

We support the statement that pools should operate as a single entity and that inter pool competition is not desirable, but that inter pool collaboration should be encouraged.

We absolutely do not believe it is the pool's role to be advising funds on their investment strategy, this is a clear conflict of interest, funds require external independent assessment of the effectiveness of the pool and how well it is meeting investment targets.

It is vital that Funds are able to hold pools to account appropriately in order to ensure that they are delivering value for money and the best outcomes for the Funds and their stakeholders. This can only be achieved through proper separation between setting the strategy, implementation, and monitoring, which requires proper transparency of reporting to Funds in order to ensure that this can be done effectively.

Pools should focus on the implementation and delivery of effective investment portfolios to meet the needs of the partner funds. It does not hold the risk and accountability of the pension fund liabilities, therefore it should not be implementing the investment strategies, particularly when it may not be responsible for all of the fund assets.

4 Should guidance include a requirement for administering authorities to have a training policy for pensions committee members and to report against the policy?

Training policy:

Yes we feel this is a reasonable recommendation and aligns the discrepancy between Local Pension Boards and the Committee.

5 Do you agree with the proposals regarding reporting? Should there be an additional requirement for funds to report net returns for each asset class against a consistent benchmark, and if so how should this requirement operate?

Reporting:

We support the proposal for each fund to report in a consistent way against a set of broad asset class headings through their annual reports and statistical returns. This form of reporting in a consistent manner is regular across many other public sector organisations and would provide a useful source of information for comparison across the sector.

We urge caution over the inclusion of a net savings figure achieved from pooling. Our own independent review of pooling fee savings concluded assessing fee savings against historic rates paid pre pooling was effectively meaningless. We would rather have a focus on reporting how effectively pools are performing against relevant peers and the wider investment market. The accountability for delivering savings sits with the pools and they need to be demonstrating this against other peers and not against historic fee rates from when pooling commenced.

We do not support a requirement to report against a standard benchmark for each asset class. Specific benchmarks are selected based on the investment criteria of each portfolio and should be used by each fund as such. The accurate reporting of net returns by asset class would easily allow central comparison of net returns if required.

6 Do you agree with the proposals for the Scheme Annual Report?

Scheme annual report:

Yes we agree with this proposal, the existing scheme annual report appears outdated and irrelevant without this information on assets.

### Chapter 3: LGPS investments and levelling up

7 Do you agree with the proposed definition of levelling up investments?

Levelling up definition:

The definition of levelling up investments proposed appears to be reasonable and in line with the existing Governments intentions on this policy. We are supportive of the extended geography to include the whole UK as it allows funds to source the best opportunities and to avoid over concentrated regional risk.

We do question how relevant the levelling up missions are if this current government aim of levelling up then changes and funds have made long term commitments.

8 Do you agree that funds should be able to invest through their own pool in another pool's investment vehicle?

Inter-pool investment:

We believe that funds should be committed to one pool, but if that pool then decides that the best way to deliver the required investment is to invest in another pool's investment vehicle, then that should be permitted and encouraged.

However we are concerned about the impact this new market will have on the pools focus, their attention may be on winning new money from other external funds whilst ignoring the needs of their own client funds.

9 Do you agree with the proposed requirements for the levelling up plan to be published by funds?

Levelling up plans:

We would support the inclusion of the levelling up plan within each funds' Investment Strategy Statement, rather than as a separate policy. However, on principle, we do not believe that Fund's should be asked to invest in a certain way, as a blanket approach would not necessarily be suitable for individual investment strategies, and could compromise Funds' abilities to achieve their funding targets. If attractive investment opportunities which contribute to levelling up are available, then Fund's will logically participate in these opportunities. We also feel that the government making a requirement for funds to invest on government policy priorities can be considered a conflict of interest.

10 Do you agree with the proposed reporting requirements on levelling up investments?

Levelling up reporting:

We are happy to report on levelling up investments within our Annual Report. Pools will need to be able to produce the required data in respect of such investments made through the pool. We already report on our affordable housing portfolio alongside our annual report.

#### Chapter 4: Investment opportunities in private equity

11 Do you agree that funds should have an ambition to invest 10% of their funds into private equity as part of a diversified but ambitious investment portfolio? Are there barriers to investment in growth equity and venture capital for the LGPS which could be removed?

10% ambition in UK and global private equity:

Wiltshire Pension Fund already has a 7.5% allocation to private equity which it has been building up via investment portfolios run by its pool. This allocation percentage is set with reference to the risk appetite of the committee and the actuarially assessed required investment return. The fund does not believe that government setting a vague ambition of a 10% allocation is a responsible way to increase investment into this illiquid, high risk and high fee asset class.

It is also not clear if the number of opportunities are available for funds to invest in across the UK. Making an allocation to private equity may not lead directly to the aim of increased investment in the UK, given the global nature of investment opportunities in a diversified portfolio, increasing the allocation to PE could just lead to more overseas investments.

Previously, the Government has had an ambition for LGPS funds to invest 10% in infrastructure. It is unclear from the consultation document whether the definition of private equity includes unlisted infrastructure. If the 10% proposed allocation to private equity is additional to a 10% ambition for (mostly unlisted) infrastructure investments, that makes a 20% allocation to a high risk area of the market. This may be above the risk appetite for some funds. Many funds also have an allocation to private debt, which would also support the Government's aspirations to support growing businesses. It would therefore be helpful for the Government to be clearer on whether the 10% objective is across private markets or a much narrower definition of private equity.

Another aspect that the Government needs to consider is that the requirements on unlisted companies with respect to ESG issues, and specifically on climate reporting, are currently lower than they are for listed companies. Given the Government's intention to require LGPS Funds to increase the extent of their climate related reporting, it may be more difficult to source the data they will need from an increased allocation to private equity.

12 Do you agree that LGPS should be supported to collaborate with the British Business Bank and to capitalise on the Bank's expertise?

British Business Bank:

The lack of availability of suitable investment opportunities can be a barrier to the LGPS investing in the UK. If working with the British Business Bank helps to overcome that barrier and results in an increased provision of suitable investment opportunities, with the appropriate level of risk and return expectation, then the Wiltshire Fund would support that.

#### Chapter 5: Improving the provision of investment consultancy services to the LGPS

13 Do you agree with the proposed implementation of the Order through amendments to the 2016 Regulations and guidance?

CMA order:

The Wiltshire Fund already does set strategic objectives for our consultants, we would support this proposal.

#### Chapter 6: Updating the LGPS definition of investments

14 Do you agree with the proposed amendment to the definition of investments?

Definition of investments:

This appears a regular tidying up amendment, we have no comment.

#### Chapter 7: Public sector equality duty

15 Do you consider that there are any particular groups with protected characteristics who would either benefit or be disadvantaged by any of the proposals? If so please provide relevant data or evidence.

Public sector equity duty:

None

Annex A: List of consultation proposals

About this consultation

**LOCAL PENSION BOARD - WORK PLAN 2023-24**

Meeting:	LPB Term of Reference item	Description of scope as defined by the LPB ToR	24/05/23	10/08/22	01/11/23	13/02/24	No expected review in 2023/24	23/05/24	Guidance comments
<b>GOVERNANCE - Fund Specific</b>									<b>Comments</b>
Review of Risk Register	81e	Review the risk register as it relates to the scheme manager function of the Administering Authority	✓	✓	✓	✓		✓	Quarterly review. Recommendations are made to the Committee, via LPB minutes and HAM Report.
Fund update & comments on minutes of the Pension Fund Committee	80a	Review regular compliance monitoring reports which shall include reports to and decisions made under the Regulations by the Committee.	✓	✓	✓	✓		✓	In addition to the Fund's operationally based risk register, Members should use the minutes to identify risks for incorporation into the register
Review Governance Compliance Statement	80d	Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.			✓				5 year plan last approved on 30/03/2021. To form part of the changes arising from the Good Governance review.
This should consider the Fund's internal escalation strategy and breach reporting.	80b	Review management, administrative and governance processes and procedures in order to ensure they remain		✓					3 year plan last raised with the Board on 17/02/2022. To review again in the 2023/24 to include changes arising from the new Single Code of Practice and SAB Good Governance Review

		compliant with the Regulations, Relevant Legislation and in particular the Code.							
Scheme Legal, Regulatory & Fund update	n/a	A summary for Board members the latest legal, regulatory and Fund issues affecting the Pension Fund	✓	✓	✓	✓		✓	Quarterly update by the Head of Pensions
Review service providers, both internal & external. Include advisor appointments, processes, controls & SLAs	81b	Review the effectiveness of processes for the appointment of advisors and suppliers to the Administering Authority.			✓				Committee requested Board annually review advisors & services providers.
Monitor External & Internal Audit Reports	81d	Monitor internal and external audit reports	✓	✓	✓	✓		✓	Audit recommendations actioned
Input to Annual External & Internal Audit Plans	n/a	Recommend to Committee the audit scope & timetable to be commissioned in the next Scheme year			✓				Committee to liaise with the Audit Committee concerning the scope of Council's AR&A's and SWAP audits
<b>GOVERNANCE - Fund Plans, policies &amp; strategies</b>									<b>Comments</b>
Review Business Plan (To include KPI Improvement Plan)	80d	Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding		✓		✓			Interim business plan reviewed due on 23/03/2023. 3 year plan to 2026 to be considered in August. 2024/25 plan to be reviewed in Feb '24

		Strategy Statement and Statement of Investment Principles.							
Review Pension Administration Strategy	80d	Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.					Not expected		3 year plan last approved on 28/07/2022
Review Communication strategy	80e	Review scheme members and employers communications as required by the Regulations and Relevant Legislation					Not expected		3 year plan last approved on 16/12/2021. E-communication strategy update and customer service assessment
Review Data Improvement Plan	80d	Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.					Not expected		All 3 year plans Data Improvement last approved on 30/09/2021. Data Protection Policy and Data Retention Policy last approved on 10/01/2023
Review Admin Charging Policy	80d	Review such documentation as is required by the Regulations including the Governance Compliance					Not expected		2 year plan last approved on 28/07/2022

		Statement, Funding Strategy Statement and Statement of Investment Principles.							
Review Admin Authority Discretions	80j	Review the complete and proper exercise of employer and administering authority discretions				✓			3 year plan last approved in 30/03/2021
Review Cessations policy	80d	Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.		✓					3 year plan last approved in 10/01/2023. Will need to be updated again this year, within the normal 3 year cycle.
Review Funding Strategy Statement	80d	Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.					Not expected		3 year plan last approved on 17/11/2022. Next Fund Valuation 31/03/2025
Review Compliance with FRC stewardship code	80d	Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding				✓			Last approved on 23/03/2023. Annually - Consider TCFD requirements as part of the process



		Strategy Statement and Statement of Investment Principles.							
Review Investment Strategy Statement	80d	Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.				✓			Annual review. last approved on 02/03/2023 (Ensure inclusion of MiFID II arrangements)
Page 121 Review Fund "Responsible Investment Strategy"	80d	Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.				✓			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 the Fund's Annual Report & Accounts	80l	Review draft accounts and Fund annual Report		✓					To ensure CIPFA compliance requirements have been applied
Review External & Internal Audit Reports	80k	Review the outcome of internal and external audit reports		✓	✓	✓			Audits include 2023/24 - Report 1: AR&A's - Published by 1st December, Report 2: Key Financial Controls, Report 3: Payroll Migration Parts 1 & 2, Report 4 - ESoG & Report 5 - KPI accuracy.

Employer Admissions Policy	80d	Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.		✓					3 year plan last approved in 16/07/2020
<b>ADMINISTRATION</b>									<b>Comments</b>
Review Fund fraud risk prevention and mitigation measures	80b	Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, Relevant Legislation and in particular the Code.						Not expected	Stood down in favour of the Council's standard policy. Should be completed every 2 years and will be an update of the Fund's NFI & Certificate of Existence exercises. Anti-Fraud & Corruption Policy (also AML & Whistle Blowing policy) last review in January 2019.
Payroll migration, i-Connect & Members Self-service update	80b	Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, Relevant Legislation and in particular the Code.		✓					Present as part of a Fund digital platform update. Progress report on take up and functional developments
Receive an annual report of an complaint & IDPR cases, including a	80f, 80g & 80h	Monitor complaints and performance on the administration and governance of the scheme	✓					✓	Covered in Low Volume Performance Report.

review of the Fund's procedures		& review the Internal Dispute Resolution Process & Pensions Ombudsman cases							
Review of Data Security & Business Recovery	80b	Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, Relevant Legislation and in particular the Code.			✓				Report sets out the arrangements in place & when they were last tested. BCP last reviewed April 2023. Scope subject to Retained EU Law Bill and DP & Digital Information Bill.
Page 123 Review GMP Rectification	81a	Monitor performance of administration, governance and investments against key performance targets and indicators	✓	✓	✓	✓			Regular update concerning SAP & Altair database reconciliation. To consider migration to new payroll system.
Board KPIs to monitor	81a	Monitor performance of administration, governance and investments against key performance targets and indicators	✓	✓	✓	✓		✓	Quarterly Administration performance reporting. Including outsourced backlog KPIs
Benchmark KPIs in Annual Report & Accounts information with other Funds	80f	Monitor complaints and performance on the administration and governance of the scheme				✓			Annual Report & Accounts must be disclosed each 1st December

Review of Annual Benefit Statement process	81a	Monitor performance of administration, governance and investments against key performance targets and indicators			✓				Percentage issued, action plan to issue outstanding ABSs & process improvement review
Review employers compliance (data)	80c	Review the compliance of scheme employers with their duties under the Regulations and Relevant Legislation			✓				Ideally incorporate with ABS review process & update on Fund's Data Improvement Plan. Statistics on Employer Report Cards
<b>FUNDING &amp; INVESTMENTS</b>									<b>Comments</b>
Page 124 Review Triennial Valuation Process	n/a	Consider how the whole valuation exercise was executed & what recommendations may be made to improve the process next time						Not expected	Next valuation currently due 31/03/2025
Review Triennial Valuation Results	81f	Review the outcome of actuarial reporting and valuations						Not expected	Verify that the FSS, ISS & Valuation results are consistent
Brunel Governance review	81g	Provide advice and make recommendations when required to the Committee on areas that may improve the effectiveness and efficient operation and governance of the Fund.	✓	✓	✓	✓			To receive an annual update on Brunel governance and operational issues

Pension Fund budget outturn	81c	Monitor investment costs including custodian and transaction costs.		✓				✓	To receive a monitoring update on the Fund's actual expenditure against its budget for the previous Scheme Year
Treasury Management Strategy	81c	Monitor investment costs including custodian and transaction costs.						✓	Annual review, including cashflow forecasting and preferred bank account maintenance (Last reviewed 23/03/2023)
Cost transparency of BPP, Managers & the Custodian	81c	Monitor investment costs including custodian and transaction costs.	✓						Review of Cleargrass audit. Typically, presented in conjunction final Annual Report & Accounts.
Review Investment performance against Fund's benchmarking criteria	81a	Monitor performance of administration, governance and investments against key performance targets and indicators				✓			To be presented in conjunction final Annual Report & Accounts
<b>Total number of Agenda Items:</b>			<b>14</b>	<b>18</b>	<b>20</b>	<b>22</b>		<b>13</b>	

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