

## Wiltshire Pension Fund Committee

---

### MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 30 MARCH 2021 AT ONLINE MEETING.

#### **Present:**

Tracy Adams, Cllr Pauline Church (Vice-Chairman), Cllr Tony Deane (Chairman), Cllr Robert Jandy, Cllr Gordon King, Chris Moore and Cllr Christopher Newbury

#### **Also Present:**

Andy Brown, Richard Bullen, Joshua Caughey, Andy Cunningham, Jennifer Devine, Anthony Fletcher, Kieran Harkin and Elizabeth Muir

---

#### 241 **Membership**

It was noted that there was one impending change to the membership of the Wiltshire Pension Fund Committee. Chris Moore, a member of the Committee, had been appointed for a role within the Wiltshire Pension Fund's (WPF) Investments team and would therefore be stepping down as an Employer Representative before the next ordinary meeting of the Committee.

#### 242 **Apologies**

Apologies were received from:

- Cllr Steve Allsopp
- Cllr George Jeans
- Stuart Dark
- Mike Pankiewicz

#### 243 **Minutes**

The Part I (public) minutes of the previous ordinary meeting held on 17 December 2020 and extraordinary meeting held on 14 January 2021 were considered, and it was:

#### **Resolved**

**The Committee approved and signed the Part I (public) minutes of the previous ordinary meeting held on 17 December 2020 and extraordinary meeting held on 14 January 2021 as true and correct records.**

244 **Review of Actions Log**

The actions log for the Wiltshire Pension Fund Committee was considered, and it was:

**Resolved**

**The Committee noted the actions log.**

245 **Declarations of Interest**

There were no declarations of interest.

246 **Chairman's Announcements**

The Chairman raised the length of the Part II agenda pack and noted that the topic would be discussed further in later agenda items.

247 **Public Participation**

There were no statements or questions from the public or Councillors.

248 **Minutes and Key Decisions of the Local Pension Board and Investment Sub-Committee**

The Part I (public) minutes, and recommendations arising, from the last meetings of the Local Pension Board and Investment Sub-Committee held on 18 February 2021 and 25 February 2021 respectively were considered, and it was:

**Resolved**

**The Committee noted the Part I (public) minutes from the last meetings of the Local Pension Board and Investment Sub-Committee held on 18 February 2021 and 25 February 2021 respectively.**

249 **Training Update**

Richard Bullen, Fund Governance and Performance Manager, provided a verbal update outlining the training strategy for 2021-22.

It was noted that governance, legislation and investment issues would be three key areas of development. Officers confirmed that after the local May 2021 election, the training strategy would be updated to give a more comprehensive perspective taking the next four years into consideration. Members would be asked to assess themselves on a wider scale as to how and in which areas they would like to develop their knowledge and understanding. Officers stated that they would be circulating training records in due course and asked members to notify officers if their records needed to be updated.

The new Hymans-Robertson training tool was raised, and members were informed that officers were awaiting a release date and that this would be communicated to members when received.

Officers additionally noted the Committee and Board training session which took place on 10 March 2021. The session was organised to provide members with further insight and to aid in the discussions surrounding the Wiltshire Pension Fund's (WPF) approach towards tackling climate change related issues and risk.

The Chairman sought further clarification as to the induction process for any potential new members of the Committee post-election. Officers noted that they were in discussions with Democratic Services to finalise the details and noted that the new four year training strategy would be amended to reflect members' opinions as discussed above, and that this would be presented back to the Committee in the scheduled December 2021 meeting.

## 250 **Scheme, Legal, Regulatory and Fund Update**

Andy Cunningham, Head of Pension Administration and Relations, updated the Committee on the various Scheme, Legal, Regulatory and Fund developments.

Officers noted that since the last Committee meeting, the Treasury had unexpectedly decided to disapply the legislation around the exit cap payments, with the intention that it would therefore be legally revoked in the coming months. Exact details and reasonings were not publicised, but officers explained that the statement made reference to "unintended consequences" of the legislation. As such, all of the past issues concerning the contradictory legislative position were eliminated. It was noted that it was believed that the Government's intention was to introduce new legislation surrounding the topic, however timeframes for such a review had yet to be provided.

The Scheme Advisory Board's (SAB) Good Governance Review was briefly raised and officers noted that a number of recommendations were beginning to slowly move forward and would soon be turned into statutory guidance but again, SAB had not provided any further details of when this may happen.

It was highlighted that the Pensions Regulator (tPR) was in the process of consolidating their Code of Practices into one singular Code which would, to some extent, change the way that they view different pension Funds. Officers noted that a consultation was live, but they had not had the chance to review it ahead of the Committee meeting.

Officers reminded members of the resolution made in the December 2020 meeting of the Committee where the cessation policy was approved subject to consultation with employers and no material issues being raised as part of the consultation process. As such, it was confirmed that no concerns were raised, and officers would therefore be implementing the move from the previous outsourcing model to the new internal model from 1 April 2021.

The Chairman raised McCloud and sought further clarification as to why the risk continued to be red on the Risk Register and why there had been no further movement. Officers explained that the McCloud consultation had been circulated at the end of 2020 and it was now closed, with officers awaiting the final outcome, hence why the risk seemed static. It was highlighted that until further communication was released by the Government, officers were limited as to what they could implement in preparation. It was noted that existing resources were expected to be able to handle the forecasted workload but that officers were continuing to recruit additional staff as per the resolution made by the Committee in December 2020 approving an additional resource spending of £105,000.

### **Resolved**

**The Committee noted the report.**

### 251 **Proposed Business Plan - 2021-22**

Both Andy Cunningham, Head of Pension Administration and Relations, and Jennifer Devine, Head of Pension Fund Investments, presented the report that reviewed the progress of actions set for 2020-21 and proposed new actions for 2021-22.

Officers firstly confirmed that the Local Pension Board recommendation that officers reorder the Business Plan by priority had been implemented. It was highlighted that the vast majority of actions set for 2020-21 had been completed and that the 2021-22 actions were strategically similar to the previous year and were focussed on developing more streamlined processes and infrastructure to aid in the move towards a more digital way of working.

One member of the Committee referenced the appraisal enhancements noted in number 40 of the 2020-21 Business Plan and asked if members could have sight of the staff survey results and when the next planned survey was due to go live. Officers noted that the Pension Fund usually released their staff survey alongside any from Wiltshire Council and that they were unsure when this would be scheduled. Officers emphasised that the staff feedback raised no significant fallbacks and it was therefore being used to continue enhancing their processes and workplace to achieve an even better environment.

The Chairman asked how officers monitor the performance of the actions on the Business Plan. Officers responded by explaining that each action was assigned to a specific person and/or team which would then be discussed during their regular one-on-one and team reviews/meetings.

### **Resolved**

**The Committee approved the business plans actions set out in Appendix 2 of the report.**

## 252 **Budget - 2021-22**

Jennifer Devine, Head of Pension Fund Investments, introduced the report seeking approval for the Wiltshire Pension Fund 2021-22 budget.

It was highlighted that officers had updated the budget to include the pre-approved changes from last year such as the backlog agency recruitment drives and staffing changes. The main changes were noted as the increases to advisory fees, the commitment to sign up to the Stewardship Code and the increases/differences in the estimated cost of living. It was noted that the comparable budget had increased by 2.9%. Officers additionally highlighted that the Brunel Pension Partnership budget was included within the Part II agenda pack for transparency.

### **Resolved**

**The Committee approved the Pension Fund Administration, Investment and Governance budget for 2021-22 shown in the Appendix totalling £3.125m (0.1% of total Fund value).**

## 253 **Key Performance Indicators (KPIs)**

Andy Cunningham, Head of Pension Administration and Relations, introduced the report that summarised the Fund's performance against its KPIs for the period of 1 October 2020 to 31 December 2020.

Officers referred to the previous meeting on 17 December 2020 where it was noted that tPR had benchmarked annual benefit statements success rates. It was again confirmed that WPF were similar to the average score but that officers were confident for a higher result next year due to the continued onboarding onto i-Connect. Officers noted that they were yet to have sight of other Funds' performance for comparison with regard to the tPR Common and Conditional Data percentages, however they explained that WPF were in the top quartile in 2020 which was expected to follow into 2021.

i-Connect was discussed and it was noted that officers had not achieved their expected level of onboarding, however it was explained that the system provider had released a new tool which allowed officers to solve some of the complications that employers had encountered which had hindered the progress of the rollout (i.e: the need to obtain data for McCloud first).

The Chairman asked who set the disclosure requirements as per Appendix 1 of the report. Officers explained that the template used was one that CIPFA had created in line with various bits of legislation, therefore multiple other Funds should in theory follow the same template. The Vice-Chair sought further clarity as to what was meant by the "Legal Timeframe" as per the same Appendix. Officers explained that the legal timeframe was set at the same level as what was required by the legislation. It was further questioned if Appendix 1 showed any problems with refunds or deferments and if it helped officers to identify

where further resources could be needed. Officers clarified that the i-Connect rollout would help solve any of those issues with time.

### **Resolved**

**The Committee noted the current situation and the Fund's plans for further improvement.**

#### 254 **Administering Authority's Discretion Policy**

Andy Cunningham, Head of Pension Administration and Relations, introduced the report which was proposing amendments to the Funds regulatory discretions.

Officers noted that a full review of the policy had not been undertaken for approximately 5 years but noted that an employer had approached the Fund and requested a change to the policy which had been agreed upon and approved alongside three other amendments at the 24 September 2020 meeting of the Committee.

Members of the Committee sought further clarification as to the consequences of the changes to which officers explained that the amendments would improve the approach to handling certain discretions/scenarios which the current approach did not cover. In short, the amendments were allowing for more robust decision making. Members requested that further training be provided to aid in their understanding of the topic.

### **Resolved**

- 1) The Committee approved the proposed amendments to the Administering Authority Discretions Policy.**
- 2) The Committee requested that officers provide further training on Administering Authority Discretions at the next ordinary meeting of the Committee.**

#### 255 **Review of the Governance Compliance Statement and Investment Sub-Committee Terms of Reference**

Richard Bullen, Fund Governance and Performance Manager, introduced the report reviewing the updated Governance Compliance Statement and Investment Sub-Committee Terms of Reference.

Officers made reference to the Member Effectiveness Review conducted in 2018 and noted that the changes to the submitted documents were as a natural consequence to the approved changes to the Local Pension Board and Wiltshire Pension Fund Committee Terms of Reference made in 2020, thus ensuring that all of the documents were synchronised.

The eight mandatory principles that the Fund must abide by were raised and it was noted that two additional principles had been included to reflect the current situation of the WPF; namely, the introduction of the Local Pension Board, the Investment Sub-Committee and the move into the Brunel pool. Officers noted that they had sought legal advice from Wiltshire Council as to the content within the documents and confirmed that no objections had been raised.

Officers then highlighted the Local Pension Board recommendation that officers should change the Governance Compliance Statement to include external assurance in conjunction with any confirmed changes arising from the SAB's Good Governance Review. Members noted the recommendation, following which it was:

### **Resolved**

**The Committee approved the updated Governance Compliance Statement and Investment Sub-Committee terms of reference.**

**The Committee noted that further changes will be made following completion of the Scheme Advisory Board's Good Governance Review and will include the Board's external assurance recommendation.**

## 256 **Pension Fund Risk Register**

Richard Bullen, Fund Governance and Performance Manager, updated the Committee in relation to the changes made to the Fund's Risk Register.

Officers noted the Local Pension Board's queries concerning PEN058 and why it was categorised as 'Green'. As they clarified during the previous Board meeting in February 2021, officers explained that this was due to the fact that it was classed as a horizon risk and whilst officers were aware of it, nothing had yet been implemented. Officers again confirmed that it would be kept under review as and when more information became available.

### **Resolved**

**The Committee approved the attached Risk Register and accepted the recommendations for changes/actions made and submitted by the Board in points 5 to 8.**

## 257 **Investment Strategy Statement**

Jennifer Devine, Head of Pension Fund Investments, introduced the report which explained the process in place to update the Investment Strategy Statement (ISS) for consideration and approval.

Officers explained that the report was a minor update to the 2020 version following on from a full assessment of climate change risk. It was confirmed that after suggestions by Committee members to consult on the changes with

employers ahead of the meeting, officers had received 6 responses to the consultation with an analysis of those responses attached to the agenda pack. Elizabeth Muir, a Wiltshire Council Solicitor and the designated contact for the WPF, was introduced, her role was explained, and reference was made to her memo that was attached to the agenda pack.

Cllr Christopher Newbury referred to their concerns over the fiduciary duty of the Fund when considering the direction of travel towards a more sustainable asset allocation. They described their apprehensions with regard to approving the revised ISS; namely, limiting the range of investment options open to the Fund by only considering those that were ESG focussed and the lack of detail surrounding how the Fund could achieve a net-zero target and what this meant. Cllr Newbury further noted the consultation that had been conducted with employers and questioned if the consultation was lawful in consideration of the low number of responses received. Officers and advisors clarified that there was no obligation to consult, but that it was regarded as best practice, and had been done for two reasons: openness and transparency, and to help provide a full picture to assist Committee members in their decision making on the amended ISS. Officers clarified that the difficulty in defining a precise practical meaning with regard to the net-zero target was explained by Mercer when their climate change modelling was presented to members. Officers reiterated that although the path would become clearer as progress was made, this should not prevent the Fund committing to the target of net-zero by 2050. Reference was made to the Paris Agreement and the UK Government goals and the member sought further clarification as to how the WPF goal of net-zero by 2050 was in line with those bodies/agreements. Officers explained that a net-zero target for pension funds specifically was not set out as a requirement by the Paris Agreement or by the UK Government, but that a target of net-zero by 2050 was consistent with the general targets set out by both. Officers highlighted how other Funds/companies making these types of commitments were becoming even more common, and that a majority of other Funds within the Brunel pool had made or were imminently seeking to make such commitments.

Elizabeth Muir then answered the questions that the member of the Committee had sent via email to officers ahead of the meeting. Reference was made to the memo that was attached to the agenda pack, particularly in respect of the section under 'Fiduciary Duties'. It was reiterated that the commitments and targets being discussed were commonplace within the industry. Anthony Fletcher, MJ Hudson, noted that that the UK Government were moving towards this direction and therefore the WPF were aligning themselves with the general legislations of the Country and more broadly with many other Countries across the world. He stated that members need not worry with regard to professional indemnity as in the event of a challenge, members need only to demonstrate that they acted in a reasonable way based on the information that was available at the time. He referred to a statement that his colleague, Peter Scales, had provided which noted that he found nothing that suggested that the WPF were not being compliant, applauded the memo and stated that he did not feel that anything Fund officers were doing could be held up for reproach. Cllr Newbury further stressed that they felt that the internal legal staff did not have the necessary expertise to answer the questions posed, and that a specialist legal



advisor should be sought for advice on the subject. He further asked that Elizabeth Muir investigate the lawfulness of the consultation that had been conducted. Officers emphasised that advice had been sought from well-respected organisations such as Mercer and Hymans-Robertson, whose research and advice reinforced the other's and clearly outlined the need to move towards this direction and how by not doing so, the Fund would be materially disadvantaged.

On the point of diversification, it was explained that in practice, the amended ISS would lead the Fund to invest in a way that would increase diversification rather than reduce it. Examples given were the sustainable equities portfolio which was currently under consideration and would add exposure to small-cap quote equities, and the increasing opportunity set within private markets to invest at an early stage in the development of renewable assets and electric vehicle charging infrastructure. It was further reiterated that the Fund did not currently have a policy of excluding fossil fuel companies, but favoured a policy of engagement, and through this means could influence companies to prepare for a transition to a low-carbon economy. It was highlighted that companies will have to reduce their emissions, and that the Fund would benefit from investing in those companies who were best positioned to do this.

Other members of the Committee then gave their opinions and acknowledged the amount of work undertaken by officers. Reference was made to the Wiltshire Council net-zero target of 2030, and the consultation responses which requested that the target date be moved forward to 2030, and members were asked if they would like to amend the current 2050 target to be in line with these. Members noted that 2050 seemed a more realistic target as a commitment to 2030 would require significant changes to the asset allocation which officers and advisors cautioned may not be in the Fund's best interest.

Members then voted upon each recommendation separately, following which it was:

### **Resolved**

- 1) The Committee approved the revised ISS.**
- 2) The Committee approved that Wiltshire signs up to the IIGCC framework, to support the net-zero by 2050 target.**
- 3) The Committee approved that the new investment belief in the ISS, and the action of signing up to the IIGCC framework, are communicated to the wider public via a press release.**

*Councillor Christopher Newbury requested that his vote against Resolution 1 be recorded.*

## 258 **Responsible Investment Update**

Jennifer Devine, Head of Pension Fund Investments, presented a report updating members on responsible investment issues.

Officers highlighted the UNISON Share Action Report that was included in the agenda pack and the recent scheme membership survey that went live for three weeks immediately following the 25 February 2021 Investment Sub-Committee meeting. Officers were pleased with the level of engagement and informed members that 2,251 responses had been received. The results, as per Appendix 3 of the report, were then detailed and explained by officers.

The Chairman questioned how the Fund could improve the reach of their engagement with scheme members, to which officers explained that they were limited to some regard, as they predominantly used the Wiltshire Council Communications team and systems. Additionally, any communications circulated to scheme members employed by Wiltshire Council, were embedded within a constant influx of other important information and therefore could be glossed over. However, officers noted that there were a number of different communication methods utilised such as contacting members who had signed up to the 'My Wiltshire Pension' online portal directly via email. Officers further explained that they were considering updating the annual report to make the information more accessible and educational for scheme members. Anthony Fletcher, MJ Hudson, commended officers on the survey and questioned if the results could be reframed to show the proportion of different demographics within the scheme, as the results showed a low response rate for 25-34 year olds, but this could be due to the fact that there was a smaller proportion of scheme members in that demographic. The Vice-Chair suggested engaging with marketers outside of the internal Wiltshire Council teams to consider different communication strategies.

With regard to publishing voting records via the Fund's website, officers explained that this had been included in the ISS and would allow any freedom of information requests to be referred to a specific webpage, alike to Brunel. Anthony Fletcher again commended the idea and noted that it was best practice to do so.

### **Resolved**

- 1) The Committee noted the report and the progress that is being made towards implementing responsible investment related issues.**
- 2) The Committee noted the engagement work carried out, specifically the consultation on the ISS and the scheme membership survey, and endorsed the approach taken.**
- 3) The Committee endorsed the approach to publishing voting records via the Fund's website.**

259 **Look Forward Plan Review**

Richard Bullen, Fund Governance and Performance Manager, presented the Look Forward Plan for the remainder of 2020-21 and noted that a new plan for the new scheme year based on the back of the Business Plan for 2021 – 2022 would be brought forward to the next meeting of the Committee.

One member of the Committee requested that officers slightly amend the format of the plan by including the headings for every column on each page for ease of reference, to which officers agreed.

**Resolved**

**The Committee noted the plan for the remainder of 2020-21.**

**Officers agreed to amend the layout of the document by including headings for all columns on each page.**

260 **Date of Next Meeting**

The next ordinary meeting of the Wiltshire Pension Fund Committee would be held on 24 June 2021.

261 **Urgent Items**

There were no urgent items.

262 **Exclusion of the Public**

The Committee considered the recommendation to exclude the public. After which, it was:

**Resolved**

**To agree that in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the business specified in Item Numbers 23 – 32 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 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.**

263 **Minutes**

The Part II (private) minutes of the previous ordinary meeting held on 17 December 2020 and extraordinary meeting held on 14 January 2021 were considered, and it was:

**Resolved**

**The Committee approved and signed the Part II (private) minutes of the previous ordinary meeting held on 17 December 2020 and extraordinary meeting held on 14 January 2021 as true and correct records.**

264 **Pensioner Payroll Database Reconciliation**

Andy Cunningham, Head of Pension Administration and Relations, presented a report on the progress of the reconciliation project.

**Resolved**

- 1) The Committee approved all the recommendations in the report, concerning the approach to the issues identified.**
- 2) The Committee agreed that officers start undertaking Stage 4 (rectification) for individual members, once Stage 3 (and 2) have been completed.**
- 3) The Committee requested that updates on the project be brought to all future meetings until the situation is resolved.**

265 **Key Financial Controls**

Jennifer Devine, Head of Pension Fund Investments, introduced the report which outlined the operational accounting arrangements being undertaken by officers.

**Resolved**

**The Committee noted the issues identified within the report, and the progress made to rectify problems and develop improvements.**

266 **Brunel Pension Partnership Update**

Jennifer Devine, Head of Pension Fund Investments, updated the Committee on the Brunel Pension Partnership governance arrangements.

**Resolved**

**The Committee noted the progress made towards improving the governance arrangements at Brunel.**

267 **Brunel Pension Partnership Business Plan and Budget Update**

Jennifer Devine, Head of Pension Fund Investments, provided an update on the Brunel Pension Partnership Business Plan and Budget.

**Resolved**

**The Committee noted the report and the position regarding the Brunel budget and business plan, and the monitoring work which is being carried out.**

**268 Minutes of the Brunel Oversight Board**

The minutes of the previous meeting of the Brunel Oversight Board (BOB) were considered.

**Resolved**

**The Committee noted the minutes of the previous meeting of the Brunel Oversight Board.**

**269 Minutes and Key Decisions of the Local Pension Board and Investment Sub-Committee**

The Part II (private) minutes, and recommendations arising, from the last meetings of the Local Pension Board and Investment Sub-Committee held on 18 February 2021 and 25 February 2021 respectively were considered, and it was:

**Resolved**

**The Committee noted the Part II (private) minutes from the last meetings of the Local Pension Board and Investment Sub-Committee held on 18 February 2021 and 25 February 2021 respectively.**

**270 Investment Quarterly Progress Report and Sustainable Equities Report**

Jennifer Devine, Head of Pension Fund Investments, introduced a report in relation to the Fund's investment performance to 31 December 2020, and a report providing members with information regarding Brunel's Sustainable Equities portfolio.

**Resolved**

- 1) The Committee noted the investment reports and the update provided by officers and advisors at the meeting.**
- 2) The Committee noted the report and the invitation for a representative from Brunel to present on the Sustainable Equities portfolio at the Investment Sub-Committee meeting on 10 June 2021.**
- 3) Officers agreed to consider different options for the way in which agenda packs are collated and circulated.**

## 271 **Gilts and Strategic Asset Allocation Ranges**

Jennifer Devine, Head of Pension Fund Investments, introduced the report providing members with information to enable consideration of the allocation to gilts and a minor review of the strategic ranges.

### **Resolved**

- 1) The Committee endorsed the decision not to rebalance the portfolio again in February 2021.**
- 2) The Committee approved the new strategic ranges for equities and gilts.**
- 3) The Committee noted the conclusions from Mercer's paper.**
- 4) The Committee noted that when the gilts portfolio transitions to the Brunel pool, the portfolio will be in line with Mercer's recommendations.**

## 272 **The Future**

The Chairman, Cllr Tony Deane, spoke to the future of the Wiltshire Pension Fund Committee.

### **Resolved**

**The Committee endorsed the Treasurer of the Fund to review the management structure of the Wiltshire Pension Fund and to bring back a range of options to the next ordinary meeting of the Committee.**

(Duration of meeting: 10.00 am - 2.00 pm)

The Officer who has produced these minutes is Ellen Ghey of Democratic Services, direct line 01225 718259, e-mail [ellen.ghey@wiltshire.gov.uk](mailto:ellen.ghey@wiltshire.gov.uk)

Press enquiries to Communications, direct line (01225) 713114/713115