

WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD
17 February 2022

INVESTMENT GOVERNANCE REPORT

Purpose of the Report

1. The purpose of this report is to highlight the significant issues in relation to the Fund's investment governance arrangements.

Key Considerations for the Board

Competition and Markets Authority (CMA) Order Compliance

2. Appendix 1 contains a detailed note on the Fund's compliance with the CMA Investment Consultancy and Fiduciary Management Market Investigation Order 2019. The actions taken in order to comply are setting objectives for the Fund's investment advisers, Mercer, and conducting an annual review against these objectives. At the current time, this second part (i.e. the review) is not yet a requirement, but has been carried out as an example of best practice.

Stewardship Code 2020

3. The Fund's Responsible Investment Plan 2021/22 set out an objective to develop plans for reporting in line with the Stewardship Code 2020. The Fund was a signatory of the previous 2012 Code. The 2020 Code is more demanding, and has an emphasis on providing examples of actions and outcomes, not just policy.
4. It is only possible to submit applications twice per year, in April and October. Officers are targeting an April submission, based on reporting to the year to 31 March 2022. The report is currently being drafted, and will be taken to the Committee meeting on 31 March 2022 for review and approval. This report will likely be quite detailed, so in order to make this important information more accessible and understandable to a non-technical audience, the Fund will also publish a short magazine version of the report at the same time.

Treasury Management

5. As covered in more detail in the KFC (Key Financial Controls) report, elsewhere on this agenda, officers are currently reviewing the Fund's treasury management arrangements. This has become necessary due to the large volume of capital calls associated with the Fund's growing private markets portfolios.
6. The approval process for the new Treasury Management Strategy will be through the Committee meeting on 31 March 2022.

Levelling Up

7. On 2 February, the UK Government published its white paper on Levelling Up, setting out the Government's plans to spread economic opportunities more equally across the UK. The plans are wide-ranging, with the intention to address six drivers of spatial disparity across "missions". The paper outlines the role of institutional investment in the Levelling Up agenda as providers of capital. Specifically for the LGPS, the paper notes the progress to date with increasing investment in infrastructure, from <£1bn in 2016 to £21bn in 2021, largely through the asset pools. As part of the proposals, individual LGPS funds will need to publish their plans to target up to 5% of their assets being invested in "local" projects.
8. The Scheme Advisory Board have responded to say "We understand that in this context local refers to UK rather than local to a particular fund and that there will be no mandation beyond the requirement to have a plan."

Environmental Impacts of the Proposals

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

10. There are no known implications at this time.

Proposals

11. The Board is asked to:
 - Use this paper as a basis to monitor progress made and actions taken towards various investment governance issues
 - Review and endorse the process for approval of 2020 Stewardship Code reporting, and the Treasury Management Strategy
 - Note the information provided on Levelling Up

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