

AGENDA

Meeting: Local Pension Board
Place: [Online Meeting](#)
Date: Thursday 11 November 2021
Time: 10.00 am

Please direct any enquiries on this Agenda to Kieran Elliott, of Democratic Services, County Hall, Bythesea Road, Trowbridge, direct line 01225 718504 or email kieran.elliott@wiltshire.gov.uk

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Membership:

Mark Spilsbury (Chairman)	Ian Jones
Paul Smith (Vice-Chairman)	Rod Lauder
Marlene Corbey	Mike Pankiewicz
Laura Fisher	

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Items to be considered

Time

PART 1

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

1 **Apologies** **10.00**

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

2 **Minutes and Action Tracking** (Pages 7 - 16)

To confirm as a true and correct record the minutes of the previous meeting held on 24 August 2021.

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

3 **Declarations of Interest**

To receive any declarations of disclosable interests.

4 **Chairman's Announcements**

To receive any announcements through the Chairman.

5 **Public Participation**

The Council welcomes contributions from members of the public. During the ongoing COVID-19 situation the Council is operating revised procedures and the public are able participate in meetings online after registering with the officer named on this agenda, and in accordance with the deadlines below.

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Statements

Members of the public who wish to make a statement in relation to an item on this agenda should contact the officer named on this agenda no later than 5pm on 10 November 2021.

Statements should:

State whom the statement is from (including if representing another person or organisation)

Clearly state the key points

Be readable in approximately 3 minutes

Up to three speakers are allowed for each item on the agenda.

Questions

Those wishing to ask questions are required to give notice of any such questions electronically to the officer named on the front of this

agenda no later than 5pm on 4 November 2021 in order to be guaranteed of a written response. In order to receive a verbal response questions must be submitted no later than 5pm on 8 November 2021.

Please contact the officer named on the front 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 members prior to the meeting and made available at the meeting and on the Council's website; they will be taken as read at the meeting.

- 6 **Minutes and Key Decisions of the Wiltshire Pension Fund Committee and Investment Sub-Committee** (Pages 17 - 32)
- To consider the minutes of the Wiltshire Pension Fund Committees held on 30 September 2021 and the Investment Sub-Committee minutes held on 2 September 2021.
- 7 **Scheme, Legal, Regulatory and Fund Update** (Pages 33 - 36) **10.15**
- To consider a report providing an update on the latest Scheme, Legal, Regulatory and Fund developments for the Board's information.
- 8 **Training Update** (Pages 37 - 88) **10.25**
- Reports and updates covering the following topics;
- a) Draft member training policy and strategy 2021 – 2025
 - b) Draft training strategy - 2022/23
 - c) Six monthly progress report of member training
 - d) Training Library
- 9 **Annual Benefit Statements (ABS) 2021 Process Review** **10.45**
(Pages 89 - 92)
- A report providing a summary of the ABS process for 2021
- 10 **Administration Quarterly Key Performance Indicators** (Pages 93 - 102)
- A report presenting the Fund's administration Key Performance Indicators for review by the Board. To include the Annual Benefit Statement exercise
- 11 **Audit Update** (Pages 103 - 106) **10.55**
- Reports and updates covering the following topics;
- a) Update on 2020/21 audit actions
 - b) Progress of 2021/22 audits
 - c) Draft report to recommend the commissioning of 2022/23 audits

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|----|---|---------------------|
| 12 | <u>Pensioner Payroll Database Reconciliation</u> <i>(Pages 107 - 110)</i> | <u>11.05</u> |
| | A report outlining the progress of this project | |
| 13 | <u>Business Plan Objectives 2021/22</u> <i>(Pages 111 - 124)</i> | <u>11.15</u> |
| | An update on the Fund's progress against its objectives for consideration. | |
| 14 | <u>Responsible Investment Update</u> <i>(Pages 125 - 132)</i> | <u>11.25</u> |
| | A brief report updating the Board on the Fund Responsible Investment strategy | |
| 15 | <u>Investment Strategy Statement</u> <i>(Pages 133 - 164)</i> | <u>11.35</u> |
| | An update on changes being made to the Statement | |
| 16 | <u>Local Pension Board Insurance</u> | <u>11.45</u> |
| | A verbal update confirming the LPB's insurance cover | |
| 17 | <u>Risk Register Update</u> <i>(Pages 165 - 174)</i> | <u>11.55</u> |
| | A report presenting the Risk Register for the Wiltshire Pension Fund for review by the Board | |
| 18 | <u>Urgent Items</u> | |
| | 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. | |
| 19 | <u>Date of Next Meeting and Forward Work Plan</u> <i>(Pages 175 - 180)</i> | |
| | The next meeting of the Board will be held on 17 February 2022. | |
| 20 | <u>Exclusion of the Public</u> | <u>12.05</u> |
| | 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 21 onwards 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.

21 **Minutes** (Pages 181 - 194) **12.10**

To approve and sign as a true and correct record the Part II (private) minutes of the previous meeting held on 24 August 2021.

To receive and consider the Part 2 (private) minutes of the Investment Sub-Committee held on 2 September 2021.

22 **Key Financial Controls** (Pages 195 - 206) **12.15**

An update report on the Fund's key financial controls

23 **Brunel Governance Review Update** **12.25**

An update on the BPP governance arrangements

Local Pension Board

MINUTES OF THE LOCAL PENSION BOARD MEETING HELD ON 24 AUGUST 2021 AT ONLINE MEETING.

Present:

Mark Spilsbury (Chairman), Marlene Corbey, Ian Jones, Rod Lauder and Mike Pankiewicz

Also Present:

Cllr Richard Britton, Cllr Elizabeth Threlfall, Cllr Jonathon Seed, Cllr Robert Yuill, Cllr Vijay Manro, Cllr Steve Heyes, Laura Fisher (Observer)

28 Membership

It was stated that Laura Fisher would shortly be confirmed as a member of the Local Pension Board as an Employer Representative by the Monitoring Officer, following delegation from Full Council on 20 July 2021. The Chairman welcomed Laura Fisher to the meeting.

29 Attendance of non-members of the Board

The Chairman welcomed the attendance of Wiltshire Pension Fund Committee members Cllrs Richard Britton, Elizabeth Threlfall, Jonathon Seed, Robert Yuill, Vijay Manro and Steve Heyes.

30 Apologies

Apologies were received from Paul Smith.

31 Minutes and Action Tracking

The public minutes of the meeting held on 20 May 2021 were presented for consideration along with the updated action log for the Local Pension Board. It was agreed to close the actions relating to the Brunel governance and GMP reconciliation updates, and it was confirmed the Annual Report and Accounts for 2019/20 were now due to be signed by 28 September 2021.

It was then,

Resolved:

To approve and sign as a true and correct record the minutes of the meeting held on 20 May 2021, and update the action log as detailed above.

32 **Declarations of Interest**

There were no declarations.

33 **Chairman's Announcements**

There were no announcements.

34 **Public Participation**

There were no questions or statements submitted.

35 **Minutes and Key Decisions of the Wiltshire Pension Fund Committee and Investment Sub-Committee**

The minutes and key decisions of the most Wiltshire Pension Fund Committee of 24 June 2021 and Investment Sub-Committee of 10 June 2021 were presented for consideration and comment. It was confirmed that a summary of recommendations to the Board would be provided to the Committee as requested.

It was then,

Resolved:

To note the minutes of the Wiltshire Pension Fund Committee and the Investment Sub-Committee.

36 **Scheme, Legal, Regulatory and Fund Update**

Andy Cunningham, Head of Pension Administration and Relations, presented a report on scheme, legal, regulatory and fund updates. Details were provided in relation to the Pensions Dashboard project, which was part of a national project to enable individuals to review their pension provision, with implementation expected in 2023.

It was confirmed further detail was awaited from government in relation to the consultation on climate risk, and that consultants had been tasked to review Fund compliance with the new UK stewardship code. Details were sought on the update relating to the Scheme Advisory Board and the McCloud case.

It was then,

Resolved:

To note the report.

37 **Training Update**

Richard Bullen, Fund Governance and Performance Manager, provided a verbal update on training. Hymans' online tool training portal hadn't been released until late June, so a full update on feedback would be provided at the next meeting of the Board. Following circulation of Hymans' knowledge assessment to Board & Committee members -officers thanked Board members for their 100% response rate. The results of the self-assessments would be provided later in the year in the form of a new Pension Fund training strategy.

The Board discussed the updates & it was agreed that officers would ask Hymans' to circulate the individual feedback to members. It was noted that officers would be organising new member induction training for 29 November 2021 in respect of all new members during 2021.

38 **Administration Quarterly Key Performance Indicators**

Andy Cunningham, Head of Pension Administration and Relations, presented a report on administration quarterly key performance indicators. Details were provided on targets for disclosure regulations, common and conditional data percentages, annual benefit statement production levels, administration strategy key performance indicators, and other specific updates as detailed in the report.

The Board discussed the update and welcome the clarity of the new formatting approach, and broadly positive outcomes.

Resolved:

To note the report.

39 **Pensioner Payroll Database Reconciliation**

Andy Cunningham, Head of Pension Administration and Relations, presented a report on the pensioner payroll database reconciliation project and new pensioner payroll system update. It was stated that a procurement exemption to go out to competitive tender had been obtained in relation to the integrated payroll system. Pensioner records would need to be updated with a view to completing the project by early Autumn 2021. In relation to rectifying errors identified in the system a small number remained to be resolved, and there had not been a large number of complaints so far relating to correcting errors in payments that had been identified through the reconciliation process. However, further work is still needed to correct pensions already in payment.

The Chairman welcomed the report, noting the positive progress on moving forward with the integrated payroll system. He noted that where errors had been identified people had every right to raise complaints, but welcomed the current low level of complaints received.

It was agreed that a cautious approach should be taken in relation to remaining cases, to ensure the precise detail of each was assessed and corrected.

Resolved:

To note the update

40 **tPR Governance & Administration Survey**

Richard Bullen, Fund Governance and Performance Manager provided an update on the findings of the latest Pension Regulator survey issued in June 2021. It was noted that this report covered the period 2020/21, whilst the Regulator's previous report, circulated to members in February 2021 covered the period 2019. Comparisons had been made between the two reports, however the only area of concern highlighted in the current report related to the Fund's approach to cyber. It was noted that the key subject the Regulator focused on this year was Cyber security, effective governance, administration, Covid-19, the pensions dashboard and Climate Change risk.. In respect of cyber security the need to measure Wiltshire against other Funds and identify areas for improvement was noted.

It was noted there would be a specific agenda item on data security and cyber resilience on a later agenda item.

It was therefore,

Resolved:

That the Board & the Committee should place a high emphasis on ensuring that the Fund's cyber security and business continuity arrangements are fully embedded within its governance arrangements

41 **Risk Register Update**

Richard Bullen, Fund Governance and Performance Manager presented the updated risk register for the Fund, including proposed recommendations to the Pension Fund Committee for consideration by the Board. The update relating to the Evolve programme and Altair payroll project was noted, and the need for regular communication between project managers. It was recommended that risk be divided into two elements, one on payroll specifically the other looking at impact on the Fund, managing accounting and other issues.

Details were also sought in relation to Covid-19 risk, and the status of current risks and proposed changes in assessment received as detailed in the report.

It was then,

Resolved:

To note the updated Risk Register and recommend the changes/actions proposed at paragraphs 5-9 of the report to the Committee.

42 **Urgent Items**

There were no urgent items.

43 **Date of Next Meeting and Forward Work Plan**

The date of the next meeting was confirmed as 11 November 2021.

The Forward Work Plan was discussed, and it was agreed to review the plan to ensure it remained coordinated with the plan for the Pension Fund Committee workplan.

44 **Exclusion of 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.

45 **Fund Data Security, Cyber Resilience & Business Continuity Planning**

Andy Cunningham, Head of Pension Administration and Relations, presented a report on Fund Data Security, Cyber Resilience and Business Continuity Planning.

The Board discussed the report in detail and it was then,

Resolved:

1) At present the Fund's risk register records its cyber security risk (PEN018) as "Amber".

a) Due to a mixed picture of progress, it is officer opinion that the overall recommendation which should be made to the Committee is to retain the risk rating at "Amber".

b) Officers recommend taking all the actions to mitigate the risk outlined in the report.

2) That officers liaise with Aquila Heywood in respect of the points in 1 to 3 within the "Recommendations for the Fund" section in Appendix 2.

3) That the Board should recommend to the Committee that a report is produced for the December meeting of the Pension Committee, by Wiltshire Council's ICT function, working jointly with the Funds officers,

which addresses the key recommendations and additional comments set out in the SWAP audit, namely:

- That ICT work with Fund officers to establish a common framework of compliance borders, particularly where they may be beyond ICT's own compliance requirements, for inclusion within the report.
- That ICT provide an update on progress made relating to the two areas of concern (Red) and the areas marked as (Amber) highlighted in their last cyber security SWAP audit, highlighting how these concerns might specifically impact the Pension Fund, for inclusion within the report.

That the report also contains:

- An update on the progress made on the mitigating actions re risk PEN18 per recommendation 1.
- Agreed arrangements between the Fund and ICT, under which the full ICT related audit reports provided by SWAP to Wiltshire Council can be accessed via a separate folder.
- the Wiltshire Pension Fund IT security and resilience policy which is drawn up between ICT and the Funds officers.

That a senior officer from Wiltshire ICT attends at the December meeting of the Pension Committee to present the report and take questions.

4) That the Board recommend to Committee, that going forward officers provide a summary to members of any software provider cyber security reports they receive, on an exception basis, or where a provider has not provided evidence of their cyber security resilience as required by the Fund.

46 **Key Financial Controls**

Jennifer Devine, Head of Pension Fund Investments, presented a report in relation to the Fund's Key Financial Controls.

At the conclusion of discussion, it was,

Resolved:

To note the report.

47 **Minutes and Key Decisions of the Wiltshire Pension Fund Committee and Investment Sub-Committee**

The Part II minutes of the Pension Fund Committee held on 24 June 2021 and the Investment Sub-Committee meeting held on 10 June 2021 were presented for consideration, and it was,

Resolved:

To note the minutes.

48 **Brunel Governance Review Update**

A verbal update on Brunel Governance was received, where it was stated there were some minor issues on operational matters, and some delay on the property transition.

49 **Local Pension Board Minutes**

The Part II minutes of the meeting held on 20 May 2021 were presented for consideration, and it was,

Resolved:

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

50 **Urgent Items**

The Board was updated by the Chairman of the Wiltshire Pension Fund Committee on proposals relating to the structure of the Committee.

The Board also discussed future meeting arrangements.

(Duration of meeting: 10.05 - 11.55 am)

The Officer who has produced these minutes is Kieran Elliott of Democratic Services, direct line 01225 718504, e-mail kieran.elliott@wiltshire.gov.uk

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Wiltshire Pension Fund Board - Actions Log

Minute reference	Section	Meeting Action
59 (11/10/18) (Was 13.3)	Governance (Fund Delegations and Controls)	To request the development of a formal record of Brunel, Committee and officer delegations in respect of; a) clarifying where different responsibilities should sit; b) the flow of communications between the various parties; and c) the level of decision making assigned to each party
73 (06/08/20)	Governance (Cyber Security)	Fund officers to work with ICT to develop an annual report for submission to the Fund's Board & Committee
73 (06/08/20)	Governance (Cyber Security)	From 2021 the scope of the SWAP internal audit on GDPR is broadened to include internal controls relating to system access & request key security audits of ICT
89 (15/10/20)	Governance (SWAP Audit 2020/21)	An update on any outstanding recommendations would be brought forth to the Board in February 2021 to reassure members that action was being taken
90 (15/10/20)	Governance (SWAP Audit 2021/22)	The Board recommended that Fund officers request sight of SWAP Internal audit reports from other key service areas subject to the adherence of Council protocols.
110 (18/02/21)	Governance (Training)	To monitor members' training records and self-development progress on a no more than sixth-monthly basis
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
122 (18/02/21)	Governance (Overseas pensioner existence exercise)	A further update should be provided at the next Board meeting of the outcome of the remaining non-respondees
127 (18/02/21)	Governance (Payroll reconciliation)	Further updates on the project to be brought to all future meetings until the situation is resolved
22 (20/05/21)	Administration (Payroll Reconciliation)	Before any recovery processes are started, the Fund obtains advice on the legal position in relation to the recovery, or partial recovery, of over-payments, in terms of evidential requirements, any past case law, and the robustness of the decision making processes in this area
23 (20/05/21)	Accounts (Fund Report & Accounts 2019/20)	With reference to the continued delay in the sign-off of the Administering Authority accounts for 2019/20, the Board recommends that the Pension Committee requests an update from Wiltshire County Council on the position for the next meeting of the Pension Committee.

Task owner	Target date for completion	Completed and reported to last meeting
AC	31/03/2021 (ASAP)	24/08/21 - Minute 31
AC	31/08/21	24/08/21 - Minute 45
RB	31/08/21	Agenda item - Risk Register
AC	18/02/21	Agenda item - Risk Register
RB	19/08/21	24/08/2021 - Minute 45
MS	11/11/21	Agenda item
RB	17/02/22	
AC	20/05/21	11/11/2021 - Item 9
AC	20/05/21	24/08/21 - Minute 31
AC	24/08/21	24/08/21 - Minute 39
JD	24/06/21	

Wiltshire Pension Fund Committee

MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 30 SEPTEMBER 2021 AT THE COUNCIL CHAMBER, COUNTY HALL, TROWBRIDGE, BA14 8JN.

Present:

Cllr Richard Britton (Chairman), Cllr Steve Heyes, Cllr Gordon King, Cllr Vijay Manro, Cllr Christopher Newbury, Cllr Elizabeth Threlfall, Mike Pankiewicz, Tracy Adams and Anthony

Also Present:

Anthony Fletcher and Mark Spilsbury

32 **Apologies**

Apologies were received from Councillor Jonathon Seed.

33 **Declarations of Interest**

There were no declarations.

34 **Chairman's Announcements**

There were no announcements.

35 **Minutes of the Previous Meetings**

The minutes of the meeting held on 24 June 2021 were presented for consideration. The minutes and recommendations of the Investment Sub-Committee meeting held on 2 September 2021 were also received and considered.

In relation to the minutes of the meeting held on 30 March 2021, an update was received on amendments which had been prepared following deferral of their approval at the last meeting.

After discussion, it was,

Resolved:

- 1) **To approve and sign the minutes of the meeting held on 24 June 2021 as a true and correct record.**

- 2) To receive the minutes of the Investment Sub-Committee meeting held on 2 September 2021, and approve the recommendations as follows:

Responsible Investment Update Report

- i. To use the report as a basis for monitoring the progress that is being made towards implementing responsible investment related issues;
- ii. To note the progress made against the Responsible Investment Plan 2021/22 actions and discuss whether any additional actions are needed at the current time;
- iii. To approve that Pensions for Purpose be invited to deliver a follow-on session on impact investing, at a cost of £1,700 (not included in the budget);
- iv. To approve that Brunel are invited to deliver a training session on the new Paris-aligned benchmark

Investment Quarterly Progress Report

- i. 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;
- ii. To use the report as a basis to ask questions of Magellan;
- iii. To approve that the Fund transfer the low carbon passive portfolio to the Paris-aligned passive portfolio on its inception in November 2021, in line with the net zero by 2050 ambition set out in the Investment Strategy Statement;
- iv. To approve that the Fund publicise the decision to be an initial investor in the Paris aligned passive portfolio, and the collaboration work done with other Funds to develop this benchmark;
- v. To approve the approach taken towards the property transition, and agree the milestones set before this can proceed

Protections Assets Review

- i. To approve that the Fund makes a 5% strategic long-term allocation to renewable infrastructure and a 5% strategic long-term allocation to impact affordable housing;
- ii. To approve that the strategic long-term allocation to secured income is reduced to 8% and the strategic long-term allocation to gilts is reduced to 7%;
- iii. To approve that the strategic interim allocation to bank loans is increased to 10.8%, and the strategic interim allocation to gilts is reduced to 21.7%, and that this is implemented by transferring £100m from the gilts portfolio to the bank loans portfolio;
- iv. To approve that officers begin work, in consultation with advisers, to bring a recommendation back to the Committee on how the new strategic allocations should be implemented.

- 3) To approve and sign the minutes of the meeting held on 30 March 2021 as a true and correct record, following circulation of textual changes to the Committee.

Councillor Christopher Newbury requested his vote in abstention to resolution 2 be recorded.

36 **Review of Actions Arising from Previous Meeting**

The Committee considered a report on actions arising from previous meetings. It noted that all actions were either completed or scheduled for future action.

It was then,

Resolved:

To note the action log.

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

The Committee considered the minutes and recommendations of the Local Pension Board meeting held on 24 August 2021. It noted the recommendations particularly in relation to Fund Cyber Security and the Risk Register.

It was then,

Resolved:

To note the minutes of the Local Pension Board meeting and the recommendations as set out in the report.

38 **Public Participation**

There were no questions or statements received.

39 **Committee Structure and Meeting Arrangements**

The Chairman introduced a report proposing that the Committee stand down its Investment Sub-Committee, and instead arrange additional meetings of the Committee to consider investment items. It was proposed this would avoid duplication, delay and ensure all Committee members were involved in decision making.

The Committee discussed the proposals, noting that as it had been non-decision-making meetings of the Investment Sub-Committee had taken place online, while meetings of the Committee were legally required to have Members attend in person. It was considered whether training or other items could possibly take place online in order to keep agendas as manageable in length as possible.

Some Members did not consider there was a need to alter the arrangements of the Committee or investment Sub-Committee, or that any issues had arisen as a result of the arrangements. In response to queries it was confirmed that any constitutional changes to remove formal delegations to the Investment Sub-

Committee would need to be approved by Full Council, and that delegations to Fund Officers remained in place. There were also comments on being flexible in what each meeting of the Committee focused upon, and the need for all Members to engage with training to properly consider all Investment and other matters.

It was then,

Resolved:

- 1) That the Investment Sub-Committee should be stood down with immediate effect, to be replaced with an equal number of additional meetings of the Wiltshire Pension Fund Committee, leaving eight full Committee meetings per year in total.
- 2) That the Wiltshire Pension Fund Committee meets with a separately-focussed agenda on alternate dates: An investment agenda and a non-investment administration agenda. Exceptions for urgent items will still be able to apply where it is necessary to break this cycle.
- 3) To request the Standards Committee progress recommended changes to the constitution as appropriate.
- 4) To delegate to the Chairman and officers to explore and agree any desirable changes with MJ Hudson which are possible under the existing contract (and to make alterations when re-tendering).

40 **Headlines and Monitoring (HAM)**

A report was received to update the Committee on key issues and developments across a range reports, including in relation to the Risk Register, Training, Scheme, Regulatory and Legal Updates, budget monitoring, and others as detailed in the agenda.

Points discussed including the annual benefits statement, that the administration key performance indicator update was up to the end of June 2021 but that a similar pattern was expected for the next quarter.

It was then,

Resolved:

- 1) To use the information in the report as a basis for monitoring the Fund's core activities
- 2) To use the report as a basis to discuss training requirements, discuss whether any additional training needs to be arranged, and share feedback from any recent training events attended
- c) To approve the changes to the Risk Register and accept the recommendations for changes/actions made submitted by the Board

LPB Recommendation

To note the updated Risk Register and recommend the changes/actions proposed at paragraphs 5-9 of the report to the Committee.

5. During the last quarter no “new risks” were identified.
6. The evidence-based review of the register identified the following risks had changed or need to be re-categorised;
 - *PEN058: Service disruption is created during the implementation of the Council's Evolve Programme on the Fund (From Green to Amber) A potential lack of co-ordination between the Evolve & Altair payroll project management timetables could increase the risk of success of this migration. Regular communication between project managers should be established.*
 - *PEN052: COVID-19: (From Red to Amber) An infectious global virus which WHO has classed as a pandemic. The impact of COVID-19 is being largely managed and there are signs that the nation is returning to normal. Recommend that this risk be moved to ongoing.*
 - *PEN055: Failure by Brunel Pension Partnership to properly address shareholder concerns via the governance review: (From Red to Amber) The governance arrangements by which BPP will operate have been set out in a terms of reference and Wiltshire along with all the shareholders are satisfied with the breadth and depth of the resulting changes. Recent communications suggest progress is beginning to be made. Recommend that this risk be monitored and moved to ongoing.*
 - *PEN024: The implementation of Brexit causes investment volatility or unexpected legislative changes: (From Amber to Green) Any impact which would have been caused by Brexit has now been built into investment valuations. Recommend that this risk be moved to dormant.*
 - *PEN012: Over-reliance on key officers: (From Amber to Green) A full complement of staff are now appointed to roles enabling suitable cover. The majority of appointments are experienced and have served in their positions for quite some time. Recommend that this risk be moved to dormant.*
 - *PEN011: Lack of expertise of Pension Fund Officers and Service Director, Finance: (From Amber to Green) Senior Officer appointments are experienced and have served in their positions for quite some time. Recommend that this risk be moved to dormant.*
 - *PEN009: Failure to comply with Data Protection Legislation (GDPR & Data Protection Act 2018): (From Amber to Green) SWAP audit actions concerning GDPR were minor in nature & have now been completed.*
 - *PEN026: A lack of effectiveness of Committee meetings due to the impact of MiFID II Regulations: (From Green to Amber) Recent changes to the Committee and the consequential loss of knowledge have increased the risk of the Committee's effectiveness. Recommend that this risk be moved to ongoing.*
7. Risks remaining “red”, high risk:

- *PEN022: Rectification of records with GMP issues – Time-consuming, costly & may causes reputational damage: (From Red) Potentially incorrect liabilities being paid by the Fund as a result of GMP and other pension component values missing, incorrectly recorded or incorrectly valued. Consequently, progress with the Pensioner Payroll Database reconciliation project may impact on the Fund's liabilities and its reputation.*
 - *PEN041: The Fund's inability to implement a strategy to ensure Climate Change considerations are integral to its investment strategy: (Red) Work on developing the Fund's policies, disclosures and strategy is ongoing. Additional resource will be required, likely to be by way of specialist consultancy support.*
 - *PEN042: Significant retrospective legislation changes related to the McCloud case: (Red) Following the release of the Government's consultation document in July 2020 analysis of the Scheme's members who may be affected was undertaken. Indications suggest that potentially c27k members may be affected, as well as increasing the work on several supplementary administrative tasks. The impact actuarially speaking is likely to be minimal. Members requested that it be kept as a red risk until the administrative impact is completely clear.*
 - *PEN048: The transition of the pooling of LGPS assets with BPP fails to deliver the projected savings: (Red) Progress and updates should continue to be regularly reported to Committee. The Board recommended the introduction of a monitoring & reporting timetable & an independent audit should be conducted in 2021.*
8. *It is recommended that three risks which are currently in Dormant/Closed be deleted on the basis that they are no longer relevant. These are;*
- *PEN046: The transition of assets to the Brunel global high alpha equities portfolio does not go according to plan resulting in investment losses: No longer relevant (Green).*
 - *PEN020: The transition to pooling of LGPS assets with BPP proves ineffective causing higher costs, poorer returns and/or weak controls: (Red) However it has been replaced by PEN048.*
 - *PEN014: Failure to provide the service in accordance with sound equality principles: (Green) Risk description is vague and the basis for its reason has been replaced by more specific risks such as PEN055: The Goodwin Case & PEN055: The Accessibility Regulations.*
9. *General comment – It is recommended that risk PEN058: Service disruption is created during the implementation of the Council's Evolve Programme on the Fund (Green) be split into two risks. The first risk managing the migration of the Fund's pension payroll and the second risk managing the remaining Evolve Programme activities affecting the Fund. This second risk be categorised as Green.*

41 **Training Update**

An update on training was provided by the Fund Governance and Performance Manager. A four-year strategy had been developed to be implemented following

the May 2021 local elections. Knowledge assessments completed by the Committee would be used to develop a specific list of training needs and to identify training packages to address those needs.

Other issues raised included developing a document library for use by Committee Members, developing technical expertise, and the need to deliver proportionate training taking account of necessary skills and the availability of Members.

The Committee thanked officers for the update on training.

42 **Additional Voluntary Contribution (AVC) Review**

A verbal update was received in respect of a review of Additional Voluntary Contributions, plans set up for scheme members to make further contributions to their pensions. Due to the Fund's provider (Prudential) experiencing some IT system issues there had been some subsequent service issues in late 2020, but these were being addressed and the service issues should be resolved for 2022. The Committee was informed scheme members had not been financially dis-advantaged by administrative delays.

The Committee thanked officers for the update.

43 **Pension Payroll Database Reconciliation**

The Committee received a further update on the ongoing reconciliation progression between the pension administration system and the pensions payroll system, as well as the project to move to an integrated pensioner payroll system.

It was stated that each case that remained was taking a long time to resolve, with peer reviewing, as officers wanted to ensure sufficient thoroughness and controls existed to reach the correct conclusions. Work was being undertaken to align with the council's Evolve programme for a new payroll system. Details were sought on remaining issues with the reconciliation, how dependent the project was on wider council projects and that further updates would be provided.

At the conclusion of discussion, it was,

Resolved:

To note the update.

44 **Officer Staffing**

A report was received on the current staffing structure for the Fund, requesting that the budget set for 2021-2022 to appoint three staff for 12 months be made permanent. It was stated this would not affect the current years' budget.

The Committee discussed the report, seeking confirmation that they could approve the proposal within the council budget, with the Fund having exceptions on wider recruitment pauses. The risk register was discussed in relation to key officers, and details were sought on staffing costs.

At the end of discussion, it was then,

Resolved:

That budget approval be granted to allow the three current temporary roles in the staffing structure to be made permanent.

A break was taken from 1120-1125

45 **Data Improvement Strategy and Plan**

A report was received providing an update to the Data Improvement Strategy and Plan, which was originally approved in March 2019, and to present proposed changes to the strategy and plan. The Pension Regulator recommends that all funds should review their data quality at least annually.

The Committee discussed the update. In response to queries it was confirmed that the pension regulator was primarily concerned with integrity and accuracy of data not access or security, ensuring compliance with appropriate data protection legislation. Details were sought on when the Fund last participated in the National Fraud Initiative. It was also confirmed that a strategy for long term storage of data would be reviewed in 2022/23.

At the conclusion of discussion, it was,

Resolved:

To approve the Data Improvement Strategy and Plan as detailed in the appendix to the report.

46 **Responsible Investment Progress Report**

A report was received updating the Committee on Responsible Investment issues, following approval at the last meeting of a Responsible Investment Plan and providing updates on the actions agreed as detailed in the agenda.

Representatives from Mercers then provided a detailed presentation and update on their analysis and proposals relating to setting a pathway to net zero, identifying time periods to meet the targets approved by the Committee at previous meetings to achieve net zero by 2050. This included interim targets for carbon reduction and analysis of emissions for specific companies.

The Committee discussed the presentation. Some Members considered that the targets proposed were more demanding than the Committee had committed to, and whether the financial prospects of the fund were appropriately considered

in the proposals, and whether further information was available on the likely financial impacts of the different target options. Questions were also raised on modelling the financial impacts, with it stated that modelling had been undertaken and would be reviewed at least every three years. The Fund would retain flexibility within its strategy in order to generate the financial returns that it was aiming to generate.

During discussion it was noted that the Committee had considered climate scenario analysis and approved that setting a target of net zero by 2050 would be in the best financial interests of the Fund, and that it was necessary to set interim targets to ensure the agreed objectives were achieved. It was noted that the investment options in relation to low carbon passive benchmarks had developed significantly recently. There was also discussion of Paris agreement aligned benchmarks and how these could be calculated, and of internal legal advice previously raised at Committee.

There was then a proposal that a decision be deferred pending the outcome of the consultation on making TCFD (Task Force on Climate-related Financial Disclosures) mandatory for Local Government Pension Scheme funds, which is shortly anticipated to be launched by the now Department for Levelling Up, Housing and Communities. Following a vote the motion was lost.

The recommendation as set out in the report was then moved and seconded, and it was then,

Resolved:

- 1) To use the report as a basis for monitoring the progress that is being made towards implementing responsible investment policy;**
- 2) To note the progress made against the Responsible Investment Plan 2021/22 actions and discuss whether any additional actions are needed at the current time;**
- 3) To approve the Investment Sub-Committee's recommendation that Pensions for Purpose be invited to deliver a follow-on session on impact investing, at a cost of £1,700 (not included in the budget);**

Councillor Christopher Newbury requested his vote in opposition to the motion due to fiduciary concerns be recorded.

47 Responsible Investment Policy Report

Following the previous item, a report was received setting out a proposed Responsible Investment Policy. This followed approval in June 2021 of a Responsible Investment Plan to include the development of a policy including a climate statement and action plan.

The Policy contained information from the existing Investment Strategy Statement, the Responsible Investment Plan, and some new information,

including some updated investment beliefs, and the interim decarbonisation targets and other findings from the Mercer work discussed in the previous item. Officers explained that following advice from Mercer, the draft appended to the paper would be amended to refer to “well below 2°C”, and that reference to signing up to the UN PRI would be removed as that was not possible at the current time. Officers explained that the Policy was being graphically designed, and that following Committee approval, it would be shortly published on the Fund’s webpage and circulated to Committee members.

It was then,

Resolved:

To approve the Responsible Investment Policy.

48 **Committee Forward Work Plan**

The Committee received the forward work plan. It was noted that an amended meeting schedule would be arranged following the decision in relation to the committee structure.

It was then,

Resolved:

To approve the Committee Forward Work Programme

49 **Date of Next Meeting**

The date of the next meeting was confirmed as 25 November 2021.

50 **Urgent Items**

There were no urgent items.

51 **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 Item Numbers 21 - 26 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.

52 **Minutes of the Previous Meeting**

The Part II minutes of the meeting held on 24 June 2021 were presented for consideration, and it was,

Resolved:

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

53 **Investment Sub-Committee and Local Pension Board Minutes**

The Part II minutes of the meeting of the Investment Sub-Committee held on 2 September 2021 and the Local Pension Board meeting held on 24 August 2021 were received, and it was,

Resolved:

To note the minutes and recommendations of the Investment Sub-Committee and Local Pension Board.

54 **Infrastructure Investment Considerations**

A report was received in relation in infrastructure investment, including potential nuclear energy investment. It was confirmed any potential investment, if recommended, would be made cautiously and financial risks carefully assessed.

It was then,

Resolved:

- 1) **To approve that the Fund exclude investing in nuclear projects via the unlisted infrastructure portfolios, unless officers and advisers have been given an opportunity to review the investment specifics, and have the power to opt-out of taking part in the investment if the risks are assessed to be too high;**
- 2) **To approve that officers should continue to work with Brunel with the aim to ensure that Wiltshire is able to review any proposed nuclear investments in the infrastructure portfolio, and have the power to opt out.**

55 **Fund Cyber Security and Business Continuity**

A report was received in relation to Fund Cyber Security. The need for updates from those with appropriate technical expertise was raised, and it was,

Resolved:

To defer consideration of the item to the December meeting of the Committee, to include officers from ICT.

56 **Key Financial Controls**

A report was received on key financial controls. Details were sought in relation to treasury limits and the approval of the 2021 accounts.

At the conclusion of discussion, it was,

Resolved:

- 1) **To increase the limits for holding cash within the 3 liquid funds used to hold cash locally from £6m each to £10m.**
- 2) **To note the issues identified within the report, and to use the information within the report to monitor the progress made to rectify problems and develop improvements.**

57 **Brunel Governance Review Update**

A verbal update was received stating that most previous governance issues with Brunel had been resolved, though officers would continue to challenge as appropriate on any operational issues.

(Duration of meeting: 10.00 am - 1.30 pm)

The Officer who has produced these minutes is Kieran Elliott of Democratic Services, direct line 01225 718504, e-mail kieran.elliott@wiltshire.gov.uk

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Investment Sub-Committee

PART I (PUBLIC) MINUTES OF THE INVESTMENT SUB-COMMITTEE MEETING HELD ON 2 SEPTEMBER 2021 AT ONLINE MEETING.

Present:

Cllr Richard Britton (Chairman), Cllr Gordon King and Cllr Elizabeth Threlfall
(Substitute - Part II)

Also Present:

Claire Anthony, Mike Pankiewicz, Cllr Jonathon Seed, Rod Lauder and Cllr Vijay
Manro

17 **Apologies**

Apologies were received from Cllr Steve Heyes.

Cllr Elizabeth Threlfall substituted for the vacant position on the Sub-Committee.

18 **Minutes**

The public minutes of the meeting held on 10 June 2021 were presented for consideration, and it was,

Resolved:

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

19 **Declarations of Interest**

There were no declarations.

20 **Chairman's Announcements**

It was noted that the full Committee would be considering proposals to stand down the Investment Sub-Committee.

Attention was also drawn to Brunel Investor days on 27 September and 6 October 2021.

21 **Public Participation**

There were no questions or statements submitted.

22 **Responsible Investment Update Report**

Jennifer Devine, Head of Pension Fund Investments, presented an update report on responsible investment. It was noted that Mercers would be redoing their climate change modelling training on 14 September 2021. Details were

provided of a reporting gap analysis by consultants to enable the Fund to sign up to the 2020 Stewardship Code, with a plan to follow at future meetings.

At the conclusion of discussion, it was,

Resolved:

The Committee is asked to:

- use the report as a basis for monitoring the progress that is being made towards implementing responsible investment related issues;
- note the progress made against the Responsible Investment Plan 2021/22 actions and discuss whether any additional actions are needed at the current time;
- approve that Pensions for Purpose be invited to deliver a follow-on session on impact investing, at a cost of £1,700 (not included in the budget);
- pending decision elsewhere on this agenda, approve that Brunel are invited to deliver a training session on the new Paris-aligned benchmark

23 **Urgent Items**

There were no urgent items.

24 **Exclusion of 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 9 onwards 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 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

25 **Listed Infrastructure Update**

A presentation was received from Gerald Stack and Zarina Kalapesi from Magellan in respect of the Listed Infrastructure Fund.

26 **Investment Quarterly Progress Report**

Jennifer Devine, Head of Pension Fund Investments, presented the Investment Quarterly Progress Report.

At the conclusion of discussion, it was,

Resolved:

The Committee is asked to:

- i. 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;
- ii. use the report as a basis to ask questions of Magellan;
- iii. approve that the Fund transfer the low carbon passive portfolio to the Paris-aligned passive portfolio on its inception in November 2021, in line with the net zero by 2050 ambition set out in the Investment Strategy Statement;
- iv. approve that the Fund publicise the decision to be an initial investor in the Paris aligned passive portfolio, and the collaboration work done with other Funds to develop this benchmark;
- v. approve the approach taken towards the property transition, and agree the milestones set before this can proceed

27 **Protections Assets Review**

Jennifer Devine, Head of Pension Fund Investments, presented a report in respect of a review of Protections Assets.

It was then,

Resolved:

The Committee is asked to:

- i. Approve that the Fund makes a 5% strategic long-term allocation to renewable infrastructure and a 5% strategic long-term allocation to impact affordable housing;
- ii. Approve that the strategic long-term allocation to secured income is reduced to 8% and the strategic long-term allocation to gilts is reduced to 7%;
- iii. Approve that the strategic interim allocation to bank loans is increased to 10.8%, and the strategic interim allocation to gilts is reduced to 21.7%, and that this is implemented by transferring £100m from the gilts portfolio to the bank loans portfolio;
- iv. Approve that officers begin work, in consultation with advisers, to bring a recommendation back to the Committee on how the new strategic allocations should be implemented

28 **Minutes**

The private minutes of the meeting held on 10 June 2021 were presented for consideration, and it was,

Resolved:

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

(Duration of meeting: 10.00 am - 1.05 pm)

The Officer who has produced these minutes is Kieran Elliott of Democratic Services, direct line 01225 718504, e-mail kieran.elliott@wiltshire.gov.uk

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Scheme, legal, regulatory and Fund update

Organisation	Subject	Link	Status	Comments	Risk Ref
HM Treasury	Reforms to public sector exit payments.		No change since the last meeting	After revoking the Restrictions on Public Sector Exit Payment Regulations in early 2021 but promising replacement legislation, we are yet to hear what type of replacement regulations will be implemented or when this may apply.	PEN021
MHCLG	Fair Deal Consultation	https://www.gov.uk/government/consultations/local-government-pension-scheme-fair-deal-strengthening-pension-protection	No change since the last meeting	No movement on this since 2019 although we understand that changes are still planned. Officers have responded to the consultation but have yet to hear anything further from MHCLG. The next step is likely to be either another consultation or the introduction of legislation. Due to the Parliamentary backlog, further progress may not be seen until 2022.	PEN040
	<i>Changes to the Local Valuation Cycle and the Management of Employer risk Consultation</i>	https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/800321/LGPS_valuation_cycle_reform_consultation.pdf	No change since the last meeting	Scope: 1). Amendments to the local fund valuations from the current three-year (triennial) to a four-year (quadrennial) cycle. 2). A number of measures aimed at mitigating the risks of moving from triennial to quadrennial cycles. 3). Proposals for flexibility on exit payments. 4). Proposals for further policy changes to exit credits 5). Proposals for policy changes to employers required to offer LGPS Membership (allowing further education, sixth form colleges to close entry to new employees) Reform progress: The Government has introduced legislation in relation to items 3 and 4. The changes resulting from item 4 are already embedded in the Fund's cessation policy and the changes from item 3 were covered in a paper revising the Fund's cessation policy in the December 2020 committee pack. We are unaware of any further developments on the other areas.	PEN044
	Consultation: Taking action on climate risk	https://www.gov.uk/government/consultations/taking-action-on-	No change since the last meeting	MHCLG are shortly expected to release draft regulations and statutory guidance for consultation on how schemes will need to take action on climate risk. The DWP have already issued a consultation for	PEN041

Organisation	Subject	Link	Status	Comments	Risk Ref
		climate-risk-improving-governance-and-reporting-by-occupational-pension-schemes-response-and-consultation-on-regulations		<p>occupational pension schemes – this is the link provided – and the MHCLG consultation will apply to the LGPS and is expected to be virtually identical.</p> <p>The Fund is in a good place here as the Committee has already done significant work to address this risk, via modelling, education (both of Committee members and the wider scheme membership), transparent reporting and meaningful actions.</p>	
The Department of Work and Pensions (DWP)	Pension dashboard project	https://pensionsdashboardproject.uk/industry/about-the-pensions-dashboard-project/	No change since the last meeting	The Fund's software provide, Aquila Heywood, is part of the national working party to help deliver the Pensions Dashboard. Implementation is likely to be in 2023 and it is still unclear what the impact may be for the Fund (as well as what level of take up for this initiative may exist from the general public).	PEN038
Financial Reporting Council	Proposed revision to the UK Stewardship Code	https://www.frc.org.uk/investors/uk-stewardship-code	No change since the last meeting	<p>The Financial Reporting Council (FRC) published the revised Stewardship Code on 24th October 2019 which sets substantially higher expectations for investor stewardship policy and practice.</p> <p>Officers will now review Fund compliance to the new code and begin drafting a new Statement of Compliance for review by the FRC, but 31 March 2021.</p>	
Scheme Advisory Board (SAB)	Cost cap mechanism & McCloud case		No change since the last meeting	<p>The McCloud consultation has now closed and officers still await to see the final outcome. The Fund's software provider is currently developing software solutions in anticipation of the final legislation being laid before parliament and passed as per expectations.</p> <p>As part of i-Connect onboarding, officers continue to update part-time hours histories for active staff. For other categories, there is little work officers can do until the final remedy is released and the administration software is updated.</p>	PEN042
	Goodwin Case		No change since the last meeting	With some similarities to McCloud, another discrimination case affecting public service schemes including the LGPS, this time on the grounds of sexual orientation whereby it has been shown that it is	PEN056

Organisation	Subject	Link	Status	Comments	Risk Ref
				<p>discriminatory for female partners of members who are in a same sex or opposite sex marriage to receive different survivor benefits from one other.</p> <p>Although the funding costs will be small, this will be a further administration and communication burden to address.</p> <p>Little information has so far been provided of the impact on the LGPS, but the DfE has started a consultation in relation to the Teacher's Pension Scheme to start the process of altering the scheme rules. It is expect MHCLG will undertake a similar process for the LGPS in due course.</p>	
	Good Governance Project (formerly known as the Separation Project)	http://www.lgpsboard.org/images/PDF/BoardFeb18/PaperBItem50218.pdf	No change	<p>Hymans-Robertson, on behalf of the SAB, has released its report on phase II which outlines a number of specific recommendations.</p> <p>Hymans Robertson and SAB are now moving towards Phase III of the project and a proposal is going to MHCLG to implement the proposals.</p> <p>The timeframes for implementation are still unclear.</p>	PEN039
The Pension Regulator (tPR)	Single code of practice		No change	<p>tPR have released a consultation concerning its intention to produce a single code of practice covering all pension schemes (rather than over 15 at the moment).</p> <p>Whilst some of the exercise is merely one of administrative consolidation, tPR have also used this as an opportunity to make some changes.</p>	PEN050
Fund	Various		Updated	<p>Overseas pensioner existence exercise: There were 8 people who have still not respond and have had their pension suspended. It is assumed they have all died but so far the Fund, via its tracing agent, have been unable to confirm if this is correct plus other related details (e.g. date of death/next of Kin).</p> <p>The s151 officer is in the process of implementing some changes to the Fund senior management structure.</p>	

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WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD

11 November 2021

Members training strategy 2021 - 2025

Purpose of the Report

1. To set out the draft member training policy and LGPS Knowledge & Skills Framework for both the Board & Committee for the period Q4 2021 to Q4 2025, with a view to obtaining member approval for its implementation.
2. To present the draft training plan for both the Board & Committee members for the Scheme Year 2022/23
3. To present the six-monthly progress report of member training in connection with the Hymans on-line learning academy.

Background

4. Following the Local Government Elections in May 2021, the consequential changes to the membership of Pensions Committee and changes to Board members, a review of the members knowledge & skills framework has taken place and an updated framework devised.
5. Officers commissioned Hymans Robertson to undertake the review, through the completion of a self-assessment questionnaire by Committee and Board members which also considered the recently updated CIPFA LGPS Knowledge & Skills Framework 2021. The results of the survey are attached (Appendix 2) along with a proposed Knowledge & Skills Framework for the Fund covering the next four years (Appendix 3).
6. In accordance with the CIPFA guidance officers have also prepared a Members Training Policy (Appendix 1). As an addendum to this policy officers have included a Knowledge and Skills Framework for senior decision-making officers. This senior officer addendum is separate from main officer training policy due to the requirements placed on senior officers being more akin to Committee & Board members, rather than their junior officers managing the Fund.
7. The aim of the framework is to ensure that all members achieve and maintain a sufficient level of knowledge and understanding to be able to make appropriate decisions and carry out their roles and responsibilities as required. It is noted that whilst Board members have a statutory obligation to ensure that they maintain their knowledge & skills requirements in accordance with the Public Services Pension Act 2013, it is good practice for Committee members to abide by the requirements specified in the Pension Regulator's code of practice 14 & the Pension Act 2004 sections 247 to 249 too. In addition, Committee members will also be expected to develop their knowledge & skills to be able to comply with the FCA's MiFID II Regulations in relation to professional competence. The purpose of this being to maintain the Fund's classification as a "professional client".
8. The same Hymans survey results have also been used to develop a member training plan for the next Scheme Year 2022/23 (Appendix 4).

9. With reference to Minute 110 of the Board meeting dated 18 February 2021, a progress report of members completion of modules within the Hymans on-line learning academy (LOLA) has been attached for information (Appendix 5).

Considerations for the Board

10. The key findings of the Hymans Knowledge assessment set out in Appendix 2 shows that;

- a) The average score across all practice areas for members was 52%
- b) The average score for Committee members was 44%; &
- c) The average score for Board members was 62%

Based on the results of the survey Hymans have concluded that;

- a) The practice areas where training is most required by members is Actuarial method, followed by Administration; &
- b) The practice areas where training is most desired by members is Pension Governance, followed by Investment Performance & Risk Management.

Based on the conclusions provided by Hymans, officers have developed;

- a) A 4-year knowledge & skills framework for all members (Appendix 3); &
- b) A member training plan for the next Scheme Year 2022/23 (Appendix 4).

11. Members should consider whether the draft training policy is consistent with, or exceeds the requirements of CIPFA's LGPS Knowledge & Skills Framework 2021, in respect of Committee members, Board members and senior officers.
12. The attached 4-year Knowledge & Skills Framework sets out individual strategies for the Committee & Board considering the roles of each group, forthcoming Pension Fund calendar events and the relative experience of members based on their assessment results. In considering the CIPFA's LGPS Knowledge & Skills Framework members should consider whether this strategy.
- a) Fulfils the requirements laid out in the CIPFA LGPS Knowledge & Skills Framework 2021 (Issued separately).
 - b) Will ensure that members remain compliant with all the relevant legislation and regulations applicable to the Fund: &
 - c) Satisfies Board members, in so far that they will be operating to the CIPFA LGPS Knowledge & Skills Framework 2021, rather than the more limited scope offered by the LPB: A Technical Knowledge & Skills Framework 2015, still applicable to them. Note: Everything in the 2015 framework, also appears in the 2021 framework.
13. Whilst training sessions at meetings have been specified over the next 4 years, the Knowledge & Skills Framework is designed to be a living document to enable the substitution of topical training as it arises as well as recognise the need for flexibility by inviting members of one group to attend training organised for the other group.
14. In addition to the ongoing training plan coordinated by officers, new members to the Committee or Board will be asked to complete the following basic training requirements.
- a) Attendance at the three sessions of the LGPS Fundamentals training course conducted by the LGA.
 - b) Completion of the Pension Regulator's (tPR) toolkit within six months of being appointed a member of either the Board or Committee.
 - c) Attendance at either an officer lead induction training session or a one-to-one training session; &

d) Receipt of a copy of the Member's handbook

15. Attendance of external events such as conferences, seminars, engagement days and forums are also recognised as a valuable part of the Fund's training & development strategy. For example, LGPS National conferences, Investment Manager conferences, CIPFA member seminars & BPP engagement days. In addition, where officers become aware of suitable training opportunities such as the Hymans on-line learning academy, or any other external training material they will ensure that it is circulated, as appropriate.

Environmental Impact of the Proposal

16. Not applicable.

Financial Considerations & Risk Assessment

17. There are no immediate financial considerations.

Legal Implications

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

19. There are no known implications currently.

Reasons for Proposals

20. To fulfil the training & development compliance requirements of members providing oversight to the Wiltshire Pension Fund and enable Board members to comment on the proposed Knowledge & Skills Framework prior to its implementation.

Proposals

21. To recommend to the Pensions Committee the approval of the new members training policy
22. For Board members to approve and adopt the 4-year knowledge & skills framework for themselves and for the Board to recommend that the framework be adopted and approved by both the Committee and senior officers of the Fund.
23. For Board members to approve and adopt the training plan for 2022/23 for themselves and for the Board to recommend that this training plan be approved by the Pensions Committee.
24. To note the six-monthly progress report of member training in connection with the Hymans on-line learning academy (LOLA).

Andy Cunningham
Head of Pensions, Administration & Relations

Report Author: Richard Bullen, Fund Governance & Performance Manager

Appendices:

Appendix 1 – Members Training policy
Appendix 2 – Hymans Knowledge Assessment Report

Appendix 3 – Knowledge & Skills framework 2021-2025
Appendix 4 – Member Training plan 2022/23
Appendix 5 – LOLA six monthly progress report

Wiltshire Pension Fund Committee & Board Member Effectiveness, Training & Development Policy

A) Purpose

To fulfil the Administering Authority's (Wiltshire Council's) commitment to Pension Committee & Board Member knowledge & understanding. This training and development policy has been prepared to ensure that all members & decision-makers carrying out their roles and responsibilities on behalf of the Wiltshire Pension Fund & Wiltshire Council, are and remain sufficiently knowledgeable & competent to do so.

B) Background

This policy reflects the CIPFA LGPS knowledge & skills framework 2021 and its separate Code of Practice. It includes changes in the LGPS since the release of the previous framework and the outcomes identified by the Scheme Advisory Board's Good Governance Review, other regulatory reviews and the requirements of the MHCLG. The intention of this framework is to establish a minimum level of knowledge for decision-makers and re-enforce decision-making structures. This policy encourages Board members to aspire to the 2021 framework, whilst recognising that they only need to continue to adhere to the 2015 framework entitled LPB: A Technical Knowledge & Skills Framework.

C) Legal basis

Compliance

Board Members have a statutory obligation to ensure that they maintain their training and development. Committee Members do not have the same statutory obligation however Wiltshire Council sees it as good practice to ensure that they too abide by the spirit specified in the Pension Regulator's code of practice 14 (or its successors). It is expected that Required Members will fulfil the following legislative requirements;

- Committee – The Pension Regulator – Pension Act 2004 sections 247 to 249 & FCA – MiFID II – Directive 2014/65/EU & ESMA Regulations
- Board – The Public Services Pension Act 2013 (formerly Pension Act 2004 section 248a)
- Both Groups – MHCLG Guidance relating to the Myners Principles

CIPFA Code of Practice Statement

As required by CIPFA's Code of Practice Wiltshire Council is committed to the following principles;

- 1) That Wiltshire Council adopts the key principles of the code of practice on LGPS knowledge and skills.
- 2) That Wiltshire Council recognises that effective management, governance, decision making and other aspects of the delivery of the LGPS can only be achieved where those involved have the requisite knowledge and skills to discharge the duties and responsibilities allocated to them.
- 3) That Wiltshire Council has in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements to effectively acquire and retain LGPS knowledge and skills for those responsible for the management, delivery, governance and decision making of the LGPS.
- 4) That the policies and practices will be guided by reference to a comprehensive framework of knowledge and skills requirements such as that set down in the CIPFA Knowledge and Skills Framework.
- 5) That Wiltshire Council will ensure that it has adequate resources in place to ensure all staff, members, or other persons responsible for the management, decision making, governance and other aspect of the delivery of the LGPS acquire and retain the necessary knowledge and skills.

- 6) That Wiltshire Council will report annually on how their knowledge and skills policy has been put into practice throughout the financial year in the fund's annual report.
- 7) That Wiltshire Council has delegated the responsibility for the implementation of the requirements of the CIPFA Code of Practice to the appropriate officer, who will act in accordance with the Wiltshire Council's knowledge and skills policy statement, and, where they are a CIPFA member, with the CIPFA Standards of Professional Practice (where relevant).

D) Scope

The knowledge & skills will cover Public Sector pensions, the pension industry in general, the relevant requirements of the Financial Conduct Authority & the completion of any other relevant training in connection with a Member's role, for example, data protection training. As a minimum requirement Members will be expected to embrace the eight topics of the CIPFA Knowledge & Skills Framework, namely;

Legislation & Guidance	Governance
Administration & Communications	Accounting & Audit Standards
Procurement & Relationship Management	Investment Performance & Risk Management
Financial Markets & Product Knowledge	Actuarial Methods, Standards & Practice

E) Definitions

Membership

- 1) Training programme participants – Required Members, excluding other participants;
- 2) Required Members – An appointed member of either the Pension Fund Committee, or Local Pension Board who have an entitlement to vote. Plus, the Board Chair & substitute Committee members who actively participate in meetings on behalf of an appointed member;
- 3) Other Participants – Substitute members, who have not been appointed or are actively participating in meetings on behalf of an appointed member, observers, non-decision-making officers* & professional advisers. Other participants are encouraged to complete the training programme, but are not required to complete it;
*(See Senior Officer Addendum)
- 4) Substitute members – As defined within the Council's constitution; &
- 5) Observers – Union representatives attending the Pensions Committee

Knowledge & Understanding attainment levels

Self-assessment scoring for members is split into five categories.

Level	CIPFA Knowledge & Skills Framework 2021
1	No Knowledge
2	Awareness
3	A general understanding
4	A strong understanding
5	Detailed knowledge

Measuring Knowledge & Understanding minimum attainment expectations

- 1) A Required Member is expected to operate at least at a “General Understanding” level in each Scheme year (ideally at a Strong Understanding) & by definition spend sufficient time on their training & development;
- 2) A Substitute Member participating on behalf of a Required Member should attain the same standard level as a Required Member;
- 3) A points-based system covering effectiveness and attainment levels of members will be maintained by officers. The system will aim to cover all 8 CIPFA categories, with emphasis on the following; &
 - a) Committee Members – MiFID II collective assessment of expertise, experience, knowledge & competence in relation to investment decisions; &
 - b) Board Members – Compliance & Administration.
- 4) Members will accumulate points in each of the following situations;
 - a) Attendance at meetings (The benchmark being 75% of meetings within each Scheme year for a Required Member).
 - b) Completion of a requisite amount of training per annum (The benchmark being a minimum of 6 hours within each Scheme year for a Required Member).

Other definitions

- 1) Training period to be covered – The overall Member training programme operates on a four-year cycle, with a formal review after each Local Government Election. Within the overall strategy internal annual reviews will be completed prior to the beginning of each Scheme year, consistent with CIPFA, tPR & FCA guidance;
- 2) Basic attainment level – To be completed within the first 12 months of appointment; &
- 3) Formal reviews – To typically involve independent external assessment.

F) Objectives

In addition to providing Members with enough knowledge & understanding to ensure that they carry out their roles and responsibilities to a requisite level of competence, this policy seeks to;

- 1) Ensure that each Member, by virtue of accepting their appointment will accept primary responsibility for their own training & professional development and are willing to assist officers in fulfilling that objective;
- 2) Provide a cost effective, targeted, relevant & monitorable training & development programme, which also gives consideration to the needs of the Fund;
- 3) Maintain an engaging and not overly onerous training programme, split into Mandatory, Advisory & Optional training choices;
- 4) Offer a tailored training approach that fulfils the requirements of all Members needs by recognising their different backgrounds, roles that they hold, meetings they attend and the lengths of service each member has accrued;
- 5) Maintain a training & development programme which remains consistent with National standards;
- 6) Positively manage any Member who may fall short of the minimum threshold of knowledge & understanding expected of them, for whatever reason;
- 7) Mitigate any Fund risks associated with inadequate Member knowledge & skills, as specified in the Pension Fund’s risk register.

G) Executing the training programme

The annual lifecycle of the Fund’s training programme will include the following key stages;

- 1) Prior to the beginning of each Scheme year, officers will request that Members complete a self-assessment questionnaire of training needs, following which officers will present the results of the assessment to members to gain their confirmation on their training & development priorities. An updated training plan for the next Scheme year will then be prepared;
- 2) Where specialist training is identified, which can't be provided by officers, officers will identify a source for that training and make the necessary recommendations for inclusion within next year's Scheme budget;
- 3) On budgetary approval officers will commission any external training sources;
- 4) Where Members undertake independent training activities, to those provided by officers, they should keep officers informed so that a complete training record can be maintained; &
- 5) A summary of the Member training undertaken will be maintained by officers in accordance with the CIPFA standards.

The 4-yearly lifecycle of the Fund's training programme will include the following key stages;

- 1) Following Councillor Elections & prior to the beginning of the next Scheme year, officers will request that Members complete an external assessment, to develop a new training strategy. The results will be presented to members & may include feedback on the best ways of delivering training. Note: Depending on election outcomes effectiveness reviews may be conducted separately;
- 2) Officers will review the results in terms of Member effectiveness, decision making & integration with the Fund's other training strategies (namely the officer and employer strategies) & where necessary make any amendments to strategic Fund documentation;
- 3) In addition to identifying training & development priorities, the updated strategy will also be refreshed by annual self-assessment questionnaires & any other processes in order to keep the training strategy fresh and engaging.

H) Monitoring & Reporting

Monitoring Knowledge & Skills

Knowledge & Understanding will be monitored and gaps filled in the following ways;

- 1) A member's successful completion of their training will be measured using the following criteria; &
 - a) Fulfilment of agreed mandatory training; &
 - b) Fulfilment of the minimum attainment level in relation to their effectiveness, knowledge & understanding.
- 2) Participation in training self-assessment returns.

Monitoring Effectiveness

Effectiveness will be monitored in the following ways;

- 1) By Members contribution to meeting governance, through the applied use of Member documents during a meeting, the quality of their contribution during debate & any input into minute recording following a meeting. Member documents include;
 - a) Actions log;
 - b) Risk Register; &
 - c) Look forward plan.
- 2) During meetings, Members making reference to, or referencing against the Fund's key policy documentation, objectives, LGPS regulations, or other pensions legislation, in order to support their contribution.

- 3) Fulfilment of the requirements of the Committee and Board's respective terms of reference and Look Forward Plans
- 4) Fulfilment of the Fund's Business Plan objectives
- 5) Compliance with all legislation and regulation as evidenced by a mitigated requirement to report a tPR Breach of Law to the Pensions Regulator.

Reporting requirements

- 1) Training records will be maintained and used to ensure that the minimum attainment level of knowledge & understanding has been achieved for assessment against external compliance such as tPR Code of Practice & FCA's MiFID II. In addition, records will be used for input into that Fund's Annual Report & Accounts and the Local Pension Board's Annual Report. The results will also be used as the basis of submissions from ad-hoc surveys from such organisations as the Scheme Advisory Board.
- 2) This training policy will be published on the Pension Fund's website.
- 3) Where a Member has not achieved the minimum threshold under this policy's points-based strategy officers will raise the matter with the Director of Finance & Procurement for his/her consideration & review.

1) Oversight & Review

Wiltshire Council's commitment to knowledge & skills, supported by CIPFA & the Pension Regulator's guidance & sponsored by the Director of Finance & Procurement (s151 Officer) is written into the Scheme Administration Report of the Fund's Annual Account Report & Accounts. The s151 Officer accepts responsibility for ensuring that this member effectiveness, training & development policy is implemented, maintained & that members charged with any financial decision making for the pension fund collectively possess the requisite knowledge and skills necessary to discharge those duties and make the decisions required.

This policy will be overseen and reviewed in consideration with;

- 1) Progress against the member training strategy review conducted every 4 years;
- 2) The requirement to conduct annual reviews to enable the strategy's coincidence with the Pension Fund's budget setting arrangements;
- 3) The understanding that on behalf of the s151 Officer other Senior Officers will undertake day-to-day responsibility for the development & maintenance of the training policy & framework; &
- 4) A member falling short of their minimum threshold requirement. In this eventuality officers should raise the matter with the Director of Finance & Procurement for their consideration.

Senior Officers Addendum

(To set out the steps where the requirements for a Senior Officer's Knowledge & Skills Framework differs from those of Required Members)

A) Definitions

Membership

- 1) A Senior Officer is defined as decision-making officer who has a Wiltshire paypoint grade above 38 and has a role or responsibility connected with the management or operation of the Pension Fund.
- 2) The Fund employs a variety of specialist practice areas. These include Accountancy, Actuarial, Administration, Governance, Information Technology, Investment, Legal, Payroll & Procurement. Senior Officers specialising in any of these practice areas will be expected to operate at an "Expert" level.

Knowledge & Understanding attainment levels

Self-assessment scoring for senior officers is split into six potential categories.

Level	CIPFA Knowledge & Skills Framework 2021
1	No Knowledge
2	Awareness
3	A general understanding
4	A strong understanding
5	Detailed knowledge
6	An Expert knowledge

Measuring Knowledge & Understanding minimum attainment expectations

- 1) According to the CIPFA LGPS Knowledge & Skills framework Senior officers are expected to score at least at a "Skilled" level even in a practice they do not specialise in. The attainment level expected of a senior officer may be higher, however the level of individual attainment will be measured against and be dependent on a senior officer's own role description.
- 2) Completion of a requisite amount of training per annum (The benchmark being a minimum of 12 hours within each Scheme year).

B) Executing the training programme

The annual lifecycle of the Fund's training programme will include the following key stage;

- 1) Prior to the beginning of each Scheme year, officers will complete a self-assessment questionnaire of training needs, following which the results of the assessment will form part of their appraisal process. A summary of the results will also be included within the Required members training plan for information.

C) Monitoring and Reporting

Reporting requirements

- 1) Senior officers training plans will, where required, follow the Administering Authority's appraisal process and training platform. A summary of the Senior officers training progress can be compiled on request and submitted to either the Committee or the Board.
- 2) The training record of the s151 officer should be maintained for incorporation along with Committee members in the Fund's Annual Report & Accounts.

- 3) Where a Senior Officer has not achieved the minimum threshold expected under this policy the matter will be managed through the Council's appraisal process.

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LGPS

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National Knowledge Assessment



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Wiltshire Pension Fund – Knowledge Assessment

October 2021

Overview

The results of the May 2021 local elections saw a number of changes to the membership of local authority Pension Committees. In order to determine the levels of knowledge and understanding within these new Committees, a number of administering authorities have sought to undertake knowledge assessments. The purpose of the assessment is to gain an immediate understanding of knowledge and understanding levels of the new Committee (and the Board), with the results feeding into training plans being developed.

Hymans Robertson's Knowledge Assessment tool, used effectively for its 2020 National Knowledge Assessment, provides LGPS funds with a useful insight into the pensions specific knowledge and understanding of the people who hold decision making and oversight responsibility within their organisations.

The findings from this assessment provide LGPS Funds with a quantitative report of the current knowledge levels of the individuals responsible for decision making and oversight. It also aids the development of more appropriately tailored training plans for both groups. This report is also a key document in evidencing your Fund's commitment to training.

Background

Given the changes to its Pension Committee, the Wiltshire Pension Fund ("the Fund") opted to use our online knowledge assessment, to determine a baseline level of knowledge for its new Committee, across a range of topics. It also included the Pension Board in the exercise, providing a complete picture of knowledge and understanding levels across both groups. During the period the assessment was available for completion we received 16 participant responses. This report provides the participants' results broken down into 8 key knowledge areas. Each participant received an individual results report following completion of the assessment. These individual results have been provided in a separate spreadsheet, enabling individual responses to be shared with participants.

Why does this matter?

In recent years there has been a marked increase in the scrutiny of public service pension schemes, including the 98 regional funds that make up the LGPS across the UK. The Public Service Pensions Act 2013 introduced new governance legislation, including the requirement for Local Pension Boards to be set up and extended the remit of the Pensions Regulator to public service pension schemes as set out in its Code of Practice 14¹. Additionally, the Department for Levelling Up, Housing and Communities ("DLUHC") (formerly the Ministry of Housing, Communities and Local Government ("MHCLG")) in England & Wales and Scottish Ministers in Scotland, and their respective Scheme Advisory Boards have emphasised the need for the highest standards of governance in the LGPS. Indeed, for English and Welsh Funds the Scheme Advisory Board's Good Governance review includes specific recommendations regarding knowledge and understanding and training, which are set out in more detail below under "Recent events". All these measures are aimed at ensuring that all involved in the governance of LGPS Funds can evidence they have the requisite knowledge, skills and commitment to carry out their role effectively.

¹ Governance and administration of public service pension schemes – issued April 2015



While fund officers may deal with the day-to-day running of the funds, members of the Committee/Board play a vital role in the scheme, and to exercise their roles effectively must be able to understand at a fundamental level all relevant fund related topics including investment matters, funding, administration and governance.

Recent events

Good governance review

In February 2019 the Scheme Advisory Board in England and Wales commissioned a review to consider options for enhancing LGPS governance arrangements. The aim of this review was to ensure that the Scheme was ready for the challenges ahead, while retaining local democratic accountability. Following extensive consultation and engagement with the LGPS community the SAB published 2 reports. The following recommendations from the second report relate directly to the attainment of knowledge and skills:

- *Key individuals within the LGPS, including LGPS officers and Pensions Committee members, to have the appropriate level of knowledge and understanding to carry out their duties effectively.*
- *A requirement for s151 officers to carry out LGPS relevant training as part of their CPD requirements to ensure good levels of knowledge and understanding.*
- *Administering authorities must publish a policy setting out their approach to the delivery, assessment and recording of training plans to meet these requirements.*
- *Relevant professional bodies to produce appropriate guidance and training modules for s151 officers and to consider including LGPS training within their training qualification syllabus.*

The findings of the Good Governance Review have yet to be formally adopted in statutory form, however, the Fund recognises the principles behind the recommendations and is seeking to embed them into the training culture of all key fund stakeholders. The undertaking of this knowledge assessment by the Pension Committee and Pension Board reflect that commitment to ensuring key decision makers have the required knowledge and understanding to enable them to perform their duties.

Markets In Financial Instruments Directive II (MIFID II)

While introduced in January 2018, the impacts of MIFID II continue to be felt by LGPS Funds, particularly the requirement for Committee members to evidence their knowledge in order to be treated as professional investors. It is vital, therefore, that the Fund can evidence that knowledge requirement in this area (although it should not lose sight of the need to evidence the attainment of knowledge and understanding in all areas).



Assessment

Challenging test

The Knowledge Assessment is a challenging multiple-choice assessment of participants’ knowledge and understanding of relevant subject areas. There was no expectation that participants would score 100% on each subject area tested. Rather the goal of the exercise was to gain a true insight into members’ knowledge in the areas covered by the CIPFA Knowledge and Skills Framework and the Pensions Regulator’s (TPR) current Code of Practice 14. It is appreciated that TPR has consulted on a ‘combined’ Code of Practice amalgamating all existing Codes and bringing its requirements up to date on topical issues such as cyber risk. We have not specifically catered for any additional elements expected to be included within the combined Code as part of this assessment.

The opportunity was also taken to understand those areas where the member had no knowledge of a subject matter, with each question having the option “I currently have no knowledge relating to this topic”. This ensured the results are not skewed through guesswork on the part of the participant and ensures a more honest appraisal of knowledge levels across all areas, resulting in greater clarity over training needs, leading to better outcomes for the Fund as well as the Committee and Board members.

Use of results

We would encourage the use of these results to better understand the areas where Committee and Board members feel comfortably informed, but crucially where further training may be of benefit.

In keeping with the theme of increased external scrutiny, it is important not only that the Committee and Board have confidence in their roles, but also that the Fund can demonstrate the steps taken to facilitate this. We would suggest you keep a record of the process used to assist the Committee and Board with training and development. This report should form part of the overall training records for both groups.

Approach

The members of the Fund’s Committee and Board were invited to complete an online knowledge assessment. In total there were 7 respondents from the Committee and there were 9 respondents from the Board. Each respondent was given the same set of 47 questions on the 8 areas below:

1	Committee Role and Pensions Legislation	5	Procurement and Relationship Management
2	Pensions Governance	6	Investment Performance and Risk Management
3	Pensions Administration	7	Financial Markets and Product Knowledge
4	Pensions Accounting and Audit Standards	8	Actuarial Methods, Standards and Practices



Under each subject heading, there were up to 6 multiple choice questions to answer. Each question had 5 possible answers, of which one answer was correct. Participants also had the option of selecting the option *“I currently have no knowledge relating to this topic”*.

The responses allow us to build a picture of the knowledge levels of each individual member in each of the topics, but crucially to help inform you of the overall levels of knowledge in each area. Details of individual scores against each of the above 8 topics are set out in a separate Appendix to this report.

Separately the individual responses for Pension Committee and Board members to each of the questions asked have been provided in a separate spreadsheet.

Results

The responses for all members who participated have been collated and analysed. For each section we have shown:

- The average score for each of the 8 subject areas, for both the Committee and Board members;
- Individual scores as a percentage against each of the 8 topics, for both groups;
- The number of correct and incorrect answers to individual questions, per respondent, together with an indication of those areas where respondents indicated they had no knowledge of the subject area; and
- Engagement levels for both the Committee and Board.

Based on the results and the responses received from participants we have also suggested priorities for inclusion within the Fund’s training plan for the Fund over the next 18 months, as well as some other “next steps” to consider.

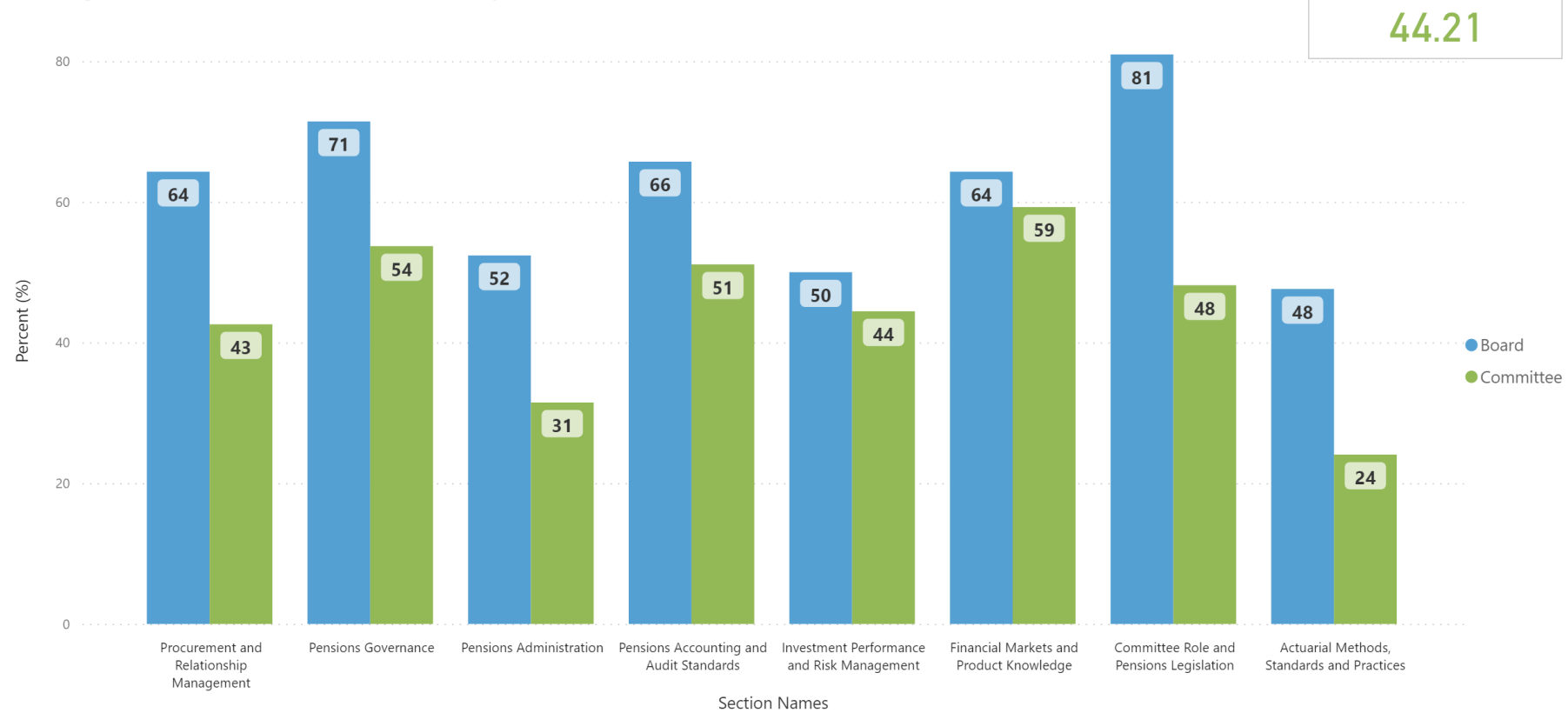


Overall Results

For each of the assessment's 8 areas we have shown the results of both the Committee and Board. These have been shown in the order in which the sections appeared in the survey. There is also a summary showing the average scores across all sections for the Committee and Board.

Wiltshire Pension Fund

Average Score for Board & Committee by Section



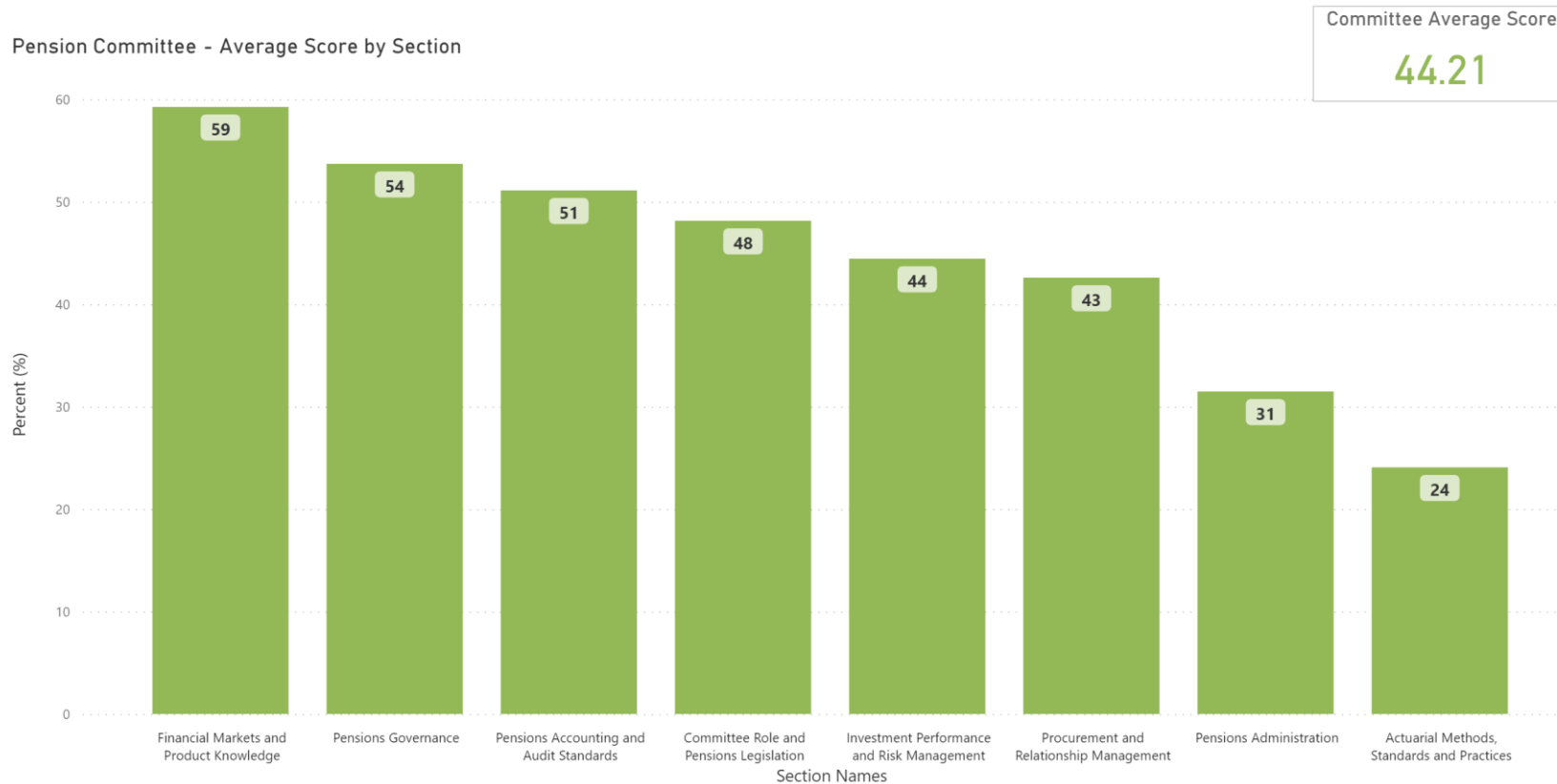
The above results indicate significant differences in knowledge levels between the Committee and Board in a number of areas. The Board outscored the Committee in each topic. This may reflect the length of time individuals have been members of the Pension Board in comparison to those on the Pension Committee, whose makeup will have changed following the local elections earlier in the year.

Performance in each area

The results can be ranked for each section from the highest score (greatest knowledge) to lowest score (least knowledge). This is shown separately for both the Committee and the Board. The intention is that training plans and/or timetables can be tailored to focus on the areas of least knowledge, whilst ensuring the Committee and Board maintain the high level of knowledge in the stronger areas.

Pension Committee

Wiltshire Pension Fund



The results show the scores for Financial Markets and Product Knowledge, Pension Governance and Pension Accounting & Audit Standards scoring highest for the Committee. The results show that Pensions Administration (31%) and Actuarial Methods, Standards and Practices (24%) are the two main areas where knowledge levels need to be addressed. Given the proximity of the 2022 triennial valuation addressing the lack of knowledge around Actuarial Methods, Standards and Practices should be a priority.

Actions

- Given the 2022 triennial valuation is approaching, the above scores suggest the highest priority is given to improving awareness of Actuarial Methods, Standards and Practices.
- Consideration should then be given to Pensions Administration.
- While Pensions Governance has the second highest score (54%), given the expected recommendations from the SAB Good Governance review and the increasing focus of the Pensions Regulator it would be advisable to ensure priority is given to improving the Committee's appreciation of governance arrangements as they relate to the Fund.
- In terms of priority the remaining elements should be addressed in line with the Fund's business plan objectives.

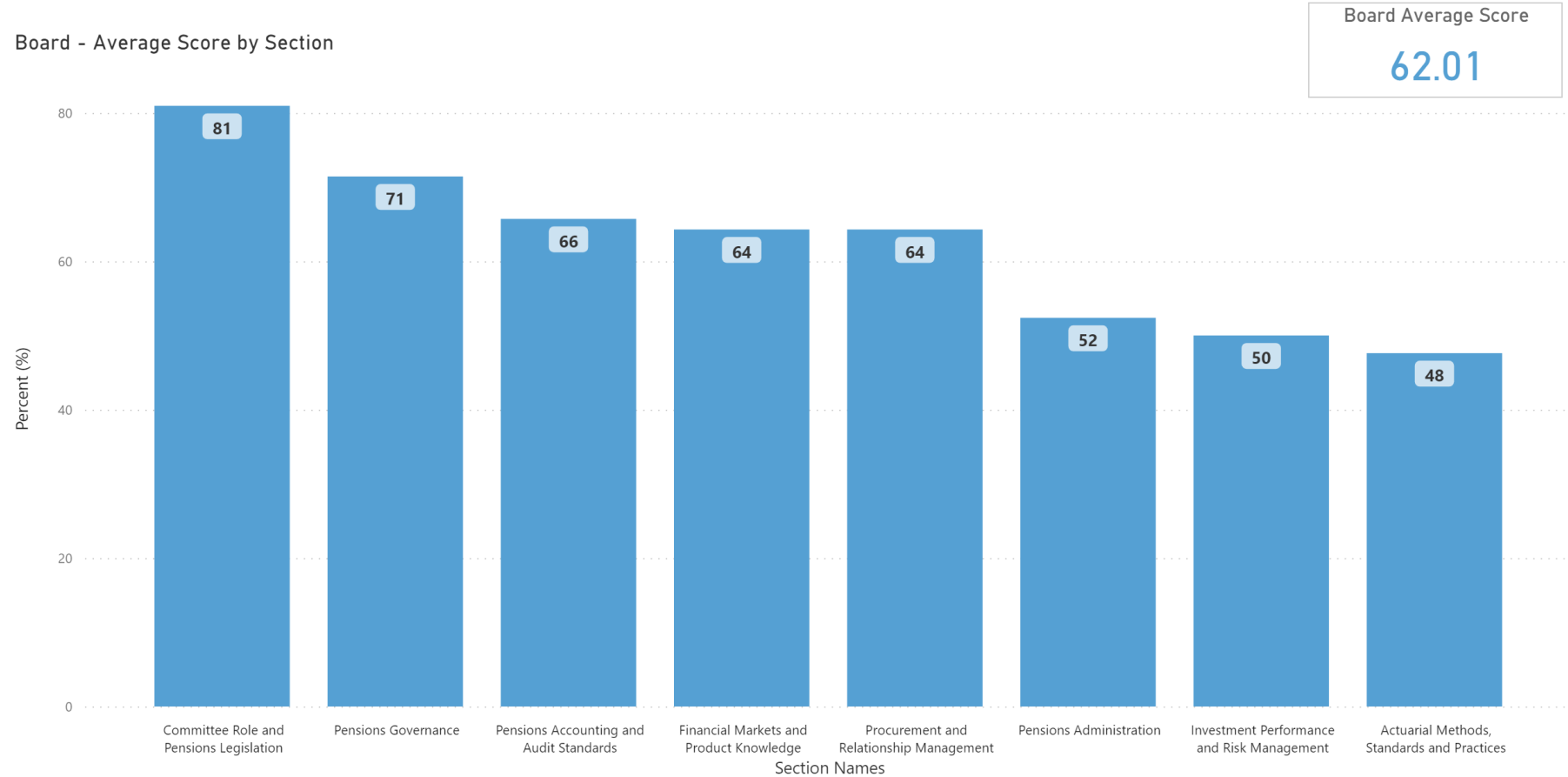
Additionally, it is important that steps are taken to ensure engagement of the Committee members as they settle into their roles, by undertaking regular assessments, demonstrating they have the knowledge and understanding required to fulfil their roles. This could be achieved by:

- ensuring training is delivered at a specific time (i.e. immediately prior to a Committee meeting).
- increased use of bitesize training session or training videos, to provide focus on specific topics (e.g. actuarial valuations).
- mandate that members of the Committee commit to attending training sessions or undertaking assessment.
- provision of monthly newsletters, delivering key information and messages in a timely and engaging manner, increasing the frequency of engagement with Committee and Board members and making it easier to achieve the training goals over such a wide range of topics; and
- increased visibility and promotion of the Fund's business and training plans.



Pension Board

Wiltshire Pension Fund



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It is perhaps unsurprising that the Board has scored best in Committee Role and Pensions Legislation, given the requirements for it to support the administering authority as scheme manager and to have the required knowledge and understanding to perform the role. Scores in the majority of the remaining areas are reasonably high, suggesting it is well ill-equipped to provide an informed challenge you might expect to the Committee or Officers.



As with the Committee Actuarial Methods, Standards and Practices is the lowest scorer, at 48%. Given the 2022 valuation is approaching this would be a key area to focus on.

While the Pension Board may not have decision making responsibilities in relation to the Fund, it is a requirement of the Public Service Pensions Act that each individual is conversant with the rules of the scheme and has knowledge and understanding of the law relating to pensions and such other matters as may be prescribed. The above results would suggest this is the case with the Fund's Pension Board.

Actions

- Given the 2022 triennial valuation is approaching, the above scores suggest the highest priority is given to improving awareness of Actuarial Methods, Standards and Practices.
- A plan should be drawn up and actioned covering all the above topics. Where required additional training on all other areas could be provided via bitesize videos, to be completed at a time convenient to each Board member (albeit within any timeframe set by officers).



Individual responses

Answers

Understanding individual scores alone is only a part of the picture. Understanding the individual responses to each question is also key in understanding whether an individual has answered the question incorrectly or has indicated they have no knowledge on a particular point. We have set out the individual responses to each question in full separately in a spreadsheet. Set out below is a summary of the number of correct and incorrect responses for each participant within each topic, along with an indication of how many areas they have indicated they have no knowledge of the subject.

Pension Committee

Topic		Elected Member A	Elected Member B	Elected Member C	Elected Member D	Elected Member E	Elected Member F	Elected Member G	Elected Member H	Elected Member I
Committee Role and Pensions Legislation	1.1	Correct	Wrong	Correct	No knowledge	Wrong	Correct	No knowledge	Wrong	No knowledge
	1.2	Wrong	Wrong	Correct	Correct	No knowledge	No knowledge	No knowledge	Wrong	No knowledge
	1.3	Correct	Wrong	Correct	Correct	No knowledge	Wrong	Correct	Wrong	Wrong
	1.4	Correct	Correct	Wrong	Correct	Wrong	Wrong	Wrong	Correct	Wrong
	1.5	Correct	Wrong	Correct	Correct	Wrong	Correct	Correct	Wrong	Correct
	1.6	Correct	Correct	Correct	Wrong	Correct	Correct	No knowledge	Correct	Correct
Pensions Governance	2.1	Correct	Wrong	Wrong	Wrong	No knowledge	Wrong	Correct	Correct	No knowledge
	2.2	Correct	Correct	Correct	Wrong	No knowledge	No knowledge	Correct	Correct	No knowledge
	2.3	Correct	Correct	Correct	Correct	Correct	Correct	Correct	Correct	Correct
	2.4	Correct	Correct	Correct	Correct	Correct	Correct	Correct	Correct	Wrong
	2.5	No knowledge	Correct	Correct	Wrong	No knowledge	Wrong	No knowledge	Wrong	Wrong
	2.6	Wrong	Correct	Wrong	Wrong	Wrong	Correct	Wrong	Wrong	Wrong



Topic		Elected Member A	Elected Member B	Elected Member C	Elected Member D	Elected Member E	Elected Member F	Elected Member G	Elected Member H	Elected Member I
Pensions Administration	3.1	Correct	Correct	Correct	No knowledge	No knowledge	No knowledge	No knowledge	No knowledge	Correct
	3.2	No knowledge	Wrong	Wrong	No knowledge	No knowledge	Wrong	No knowledge	No knowledge	No knowledge
	3.3	Correct	Correct	Correct	Wrong	Correct	No knowledge	Correct	Wrong	No knowledge
	3.4	Correct	Correct	Wrong	No knowledge	Correct	Correct	Wrong	Correct	Correct
	3.5	Wrong	Wrong	Wrong	Wrong	Wrong	Wrong	No knowledge	Wrong	Correct
	3.6	No knowledge	Correct	Wrong	Wrong	No knowledge	No knowledge	No knowledge	Wrong	No knowledge
Pensions Accounting and Audit Standards	4.1	Wrong	Correct	Correct	No knowledge	No knowledge	No knowledge	Correct	Correct	Wrong
	4.2	Correct	Correct	Correct	Wrong	Correct	Wrong	Correct	Correct	Wrong
	4.3	Correct	Correct	Correct	Correct	Correct	Wrong	Correct	Correct	Wrong
	4.4	Wrong	Wrong	Correct	No knowledge	No knowledge	No knowledge	No knowledge	Correct	No knowledge
	4.5	Correct	Correct	Wrong	No knowledge	No knowledge	No knowledge	Correct	No knowledge	Correct
Procurement and Relationship Management	5.1	Wrong	Wrong	Wrong	Wrong	Correct	No knowledge	Wrong	Wrong	Wrong
	5.2	Wrong	No knowledge	Correct	No knowledge	No knowledge	No knowledge	Wrong	Wrong	No knowledge
	5.3	Correct	Correct	Wrong	No knowledge	Correct	Correct	Correct	Correct	Correct
	5.4	No knowledge	Correct	Correct	No knowledge	Correct	No knowledge	No knowledge	No knowledge	No knowledge



Topic		Elected Member A	Elected Member B	Elected Member C	Elected Member D	Elected Member E	Elected Member F	Elected Member G	Elected Member H	Elected Member I
	5.5	No knowledge	Correct	Wrong	No knowledge	Wrong	Correct	Correct	Correct	No knowledge
	5.6	Correct	Correct	Correct	No knowledge	Wrong	Correct	Correct	Correct	Correct
Investment Performance and Risk Management	6.1	No knowledge	Wrong	Correct	Wrong	No knowledge	Wrong	No knowledge	Wrong	No knowledge
	6.2	Wrong	Wrong	Correct	No knowledge	Wrong	Wrong	Wrong	Wrong	Wrong
	6.3	Correct	Correct	Correct	Correct	Correct	Correct	Correct	Correct	Correct
	6.4	Wrong	Wrong	Correct	Wrong	No knowledge	Correct	No knowledge	Correct	Wrong
	6.5	Wrong	Wrong	Correct	Correct	Correct	Correct	No knowledge	No knowledge	No knowledge
	6.6	Wrong	Correct	Wrong	No knowledge	Correct	Correct	Correct	Correct	Correct
	7.1	Correct	Wrong	Correct	Correct	Correct	Correct	No knowledge	Correct	Correct
Financial Markets and Product Knowledge	7.2	Correct	Correct	Correct	Wrong	Correct	Correct	Correct	Correct	Correct
	7.3	Wrong	Correct	Correct	Wrong	Correct	Correct	Correct	Correct	Correct
	7.4	Wrong	Correct	Wrong	No knowledge	No knowledge	Correct	No knowledge	Correct	Correct
	7.5	Wrong	Wrong	Correct	No knowledge	Wrong	No knowledge	No knowledge	Correct	No knowledge
	7.6	Correct	Correct	Correct	No knowledge	No knowledge	No knowledge	No knowledge	Correct	No knowledge
	8.1	Correct	Correct	Correct	No knowledge	No knowledge	Correct	Correct	Correct	Correct



Topic		Elected Member A	Elected Member B	Elected Member C	Elected Member D	Elected Member E	Elected Member F	Elected Member G	Elected Member H	Elected Member I
Actuarial Methods, Standards and Practices	8.2	Correct	Wrong	Wrong	No knowledge	No knowledge	Wrong	No knowledge	Wrong	Wrong
	8.3	No knowledge	Wrong	Wrong	No knowledge	Wrong	Wrong	Wrong	Correct	No knowledge
	8.4	No knowledge	Wrong	Wrong	No knowledge	No knowledge	No knowledge	No knowledge	No knowledge	No knowledge
	8.5	Wrong	No knowledge	Correct	No knowledge	No knowledge	No knowledge	No knowledge	Correct	Wrong
	8.6	No knowledge	Correct	Correct	No knowledge	No knowledge	No knowledge	No knowledge	No knowledge	No knowledge

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The following sets out the percentage answers given by Committee that were correct, incorrect or where the respondent indicated they had no knowledge of the topic.



Given a significant number of the respondents indicated membership of the Pension Committee of less than 1 year it is encouraging that the percentage of correct answers given were over 40%. Those respondents who have been members of the Committee for longer clearly stand out in terms of their



individual results. The above table does illustrate the areas where the greatest focus should be in terms of the Fund's training plan for the coming year to 18 months. Given the incidence of no knowledge of the topic being given as a response the key areas to focus training on would appear to be:

- Pensions Administration;
- Pensions Accounting and Audit Standards;
- Procurement and Relationship Management;
- Financial Markets & Product Knowledge; and
- Actuarial Methods, Standards and Practices.



Pension Board

Topic		Board member 1	Board member 2	Board member 3	Board member 4	Board member 5	Board member 6	Board member 7
Committee Role and Pensions Legislation	1.1	Correct	Correct	Correct	Correct	Correct	Correct	Correct
	1.2	No knowledge	No knowledge	Correct	No knowledge	Correct	No Knowledge	Correct
	1.3	Correct	Wrong	Correct	Correct	Correct	Correct	Correct
	1.4	Correct	Correct	Wrong	Correct	Correct	Correct	Correct
	1.5	Correct	Correct	Correct	Correct	Correct	Correct	Wrong
	1.6	Correct	Correct	Correct	Wrong	Correct	Correct	Correct
Pensions Governance	2.1	Correct	Correct	Correct	Correct	Correct	Wrong	Correct
	2.2	Correct	No knowledge	Correct	Wrong	Correct	No Knowledge	Correct
	2.3	Correct	Correct	Correct	Correct	Correct	No Knowledge	Correct
	2.4	Correct	Correct	Correct	Correct	Correct	No Knowledge	Correct
	2.5	Wrong	Wrong	Correct	Correct	Correct	Correct	Correct
	2.6	Wrong	Correct	Wrong	Correct	Correct	No Knowledge	Wrong
Pensions Administration	3.1	No knowledge	Correct	Correct	Correct	Correct	No Knowledge	Correct
	3.2	No knowledge	No knowledge	Wrong	Wrong	Correct	No Knowledge	No knowledge
	3.3	Wrong	Correct	Correct	Correct	Correct	Wrong	Correct
	3.4	Correct	Correct	Correct	Correct	Correct	Correct	Correct
	3.5	Correct	No knowledge	Wrong	Wrong	Correct	No Knowledge	Wrong
	3.6	No knowledge	Correct	Wrong	Wrong	Wrong	No Knowledge	Correct
Pensions Accounting and Audit Standards	4.1	No knowledge	Correct	Wrong	Wrong	Correct	No Knowledge	Correct
	4.2	Correct	Correct	Correct	Correct	Correct	Correct	Correct
	4.3	No knowledge	Correct	Correct	Wrong	Correct	Correct	Correct

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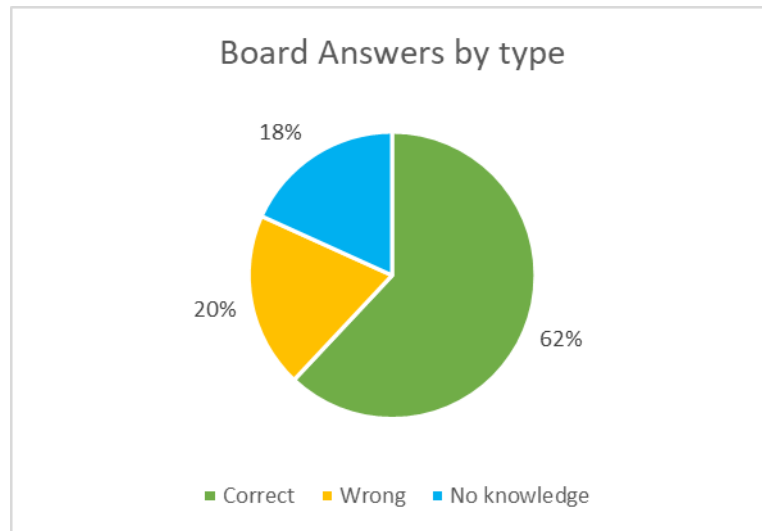
Topic		Board member 1	Board member 2	Board member 3	Board member 4	Board member 5	Board member 6	Board member 7
	4.4	Correct	Wrong	Wrong	Correct	Correct	No Knowledge	Correct
	4.5	Wrong	Correct	Correct	Wrong	Wrong	Correct	Correct
Procurement and Relationship Management	5.1	No knowledge	Wrong	Wrong	Wrong	Wrong	No Knowledge	Correct
	5.2	No knowledge	Wrong	Wrong	Correct	Correct	No Knowledge	Correct
	5.3	Correct	Correct	Correct	Correct	Correct	No Knowledge	Correct
	5.4	No knowledge	No knowledge	Correct	Correct	Correct	Correct	Correct
	5.5	No knowledge	Correct	Correct	No knowledge	Correct	Correct	Correct
	5.6	Correct	Correct	Correct	Correct	Correct	Correct	Correct
	Investment Performance and Risk Management	6.1	Wrong	No knowledge	Correct	Wrong	Correct	No Knowledge
6.2		Wrong	Correct	Wrong	Correct	Wrong	No Knowledge	Correct
6.3		Correct	Correct	Correct	Correct	Correct	No Knowledge	Correct
6.4		Wrong	Wrong	Correct	Wrong	Wrong	No Knowledge	Wrong
6.5		No knowledge	No knowledge	Correct	Correct	Wrong	No Knowledge	Correct
6.6		Correct	Correct	Correct	Correct	Correct	No Knowledge	Correct
Financial Markets and Product Knowledge		7.1	Correct	Wrong	Correct	Correct	Correct	Correct
	7.2	Correct	Correct	Correct	Wrong	Correct	No Knowledge	Correct
	7.3	Correct	Correct	Correct	Correct	Correct	No Knowledge	Correct
	7.4	Correct	No knowledge	Correct	Wrong	Correct	No Knowledge	Correct
	7.5	Wrong	Correct	Correct	Wrong	Correct	No Knowledge	Correct



Topic		Board member 1	Board member 2	Board member 3	Board member 4	Board member 5	Board member 6	Board member 7
	7.6	Wrong	No knowledge	Correct	No knowledge	Correct	No Knowledge	Correct
Actuarial Methods, Standards and Practices	8.1	Correct	Correct	Correct	Correct	Correct	Correct	Correct
	8.2	No knowledge	Wrong	Correct	Wrong	Wrong	No Knowledge	Wrong
	8.3	Wrong	No knowledge	Correct	Wrong	Correct	Wrong	Wrong
	8.4	Correct	Correct	Correct	No knowledge	Correct	No Knowledge	Correct
	8.5	No knowledge	No knowledge	Wrong	Wrong	Correct	No Knowledge	Wrong
	8.6	Correct	No knowledge	Correct	Correct	Correct	No Knowledge	Wrong



The following sets out the percentage answers given by Board that were correct, incorrect or where the respondent indicated they had no knowledge of the topic.



Given the explicit requirement for Pension Board members to have the required knowledge and understanding to enable them to perform their role it is encouraging to see that the percentage of correct answers was so high. It is also encouraging to see the incidence where they suggest no knowledge of a topic is only 18%. That said, there is still a need to increase levels knowledge and understanding in order that the Pension Board can adequately support the scheme manager. Given the incidence of no knowledge of the topic being given as a response the key areas to focus training on would appear to be:

- Pensions Administration;
- Procurement and Relationship Management;
- Investment Performance and Risk Management; and
- Actuarial Methods, Standards and Practices.

Actions

- The Fund should incorporate the results of the above findings into its training plans for both Committee and Board members. As has been highlighted within the more general results particular attention in the first instance should be given to:
 - Actuarial Methods, Standards and Practices; and
 - Pensions Administration

Commentary

It is encouraging that 16 participants from your Fund took part in the assessment, representing a 100% completion rate. Given the fact that the Pension Committee has a number of new members, with limited experience it is perhaps not surprising that the overall scores were lower than might be desired. We would fully expect there to be gaps in the knowledge of all members, no matter their role on the Committee/Board, their tenure or indeed their background in terms of pensions experience. The most important thing to emphasise is that not everybody needs to be an expert in all areas, rather there should be a spread of knowledge across your Committee and Board which is supported by advice from officers and professional advisors.

Just as important as gaining the relevant knowledge and understanding expected of a Pension Committee or Board is the application of that knowledge and understanding, including the utilisation of an individual's own background and perspective. To supplement a Fund's training plan, we recommend that case study analysis is also included as part of both the Committee and Board training plans, allowing time for reflection on how both groups react and act on issues.

Committee

The results show that Financial Markets and Product Knowledge, and Investment Performance & Risk Management have the highest levels of knowledge, but that the areas to focus any specific training on might be Actuarial Methods, Standards & Practices and Pensions Administration for the Committee.

Local Pension Board

The results show that the highest levels of knowledge relate to Committee Role and Pensions Legislation, but that the areas to focus any specific training for the Board should be on Actuarial Methods, Standards and Practices, given the proximity of the 2022 triennial valuation.



Engagement

One of the key areas that we recommend funds focus on is Committee and Board engagement. With the ever-increasing pace of change in the pensions and investments world, Committee/Board engagement is critical to maintaining strong collective knowledge. There is an expectation that Committee/Board members need to be not only willing, but keen to develop their knowledge and understanding across the raft of topics upon which they will need to make, or ratify, decisions.

Overall engagement

One measure of the engagement of members is their willingness to participate in training. As such, we have used the participation level of this survey to measure the engagement of your Committee and Board members. The table below shows the breakdown of the total number of participants from the Fund, as a proportion of those who could have responded. By comparison, when we carried out a National Knowledge assessment the average engagement score was just above 60%. It is encouraging to see that everyone participated in the assessment.

	Participants	Total Number	Participation rate
Committee	9	9	100%
Board	7	7	100%
Total	16	16	100%

Commentary on engagement

With the number of changes to the LGPS in recent years, it is vital that Committee and Board members remain abreast of the latest developments and feel confident that they have the knowledge required to make the decisions required of them. Their level of engagement is a key driver of this. With a 100% response rate the Fund has received excellent engagement.

It is important, however, to maintain this engagement, particularly in the current climate where scheme governance is under greater scrutiny and the Scheme Advisory Board Good Governance recommendations are expected imminently.



Training

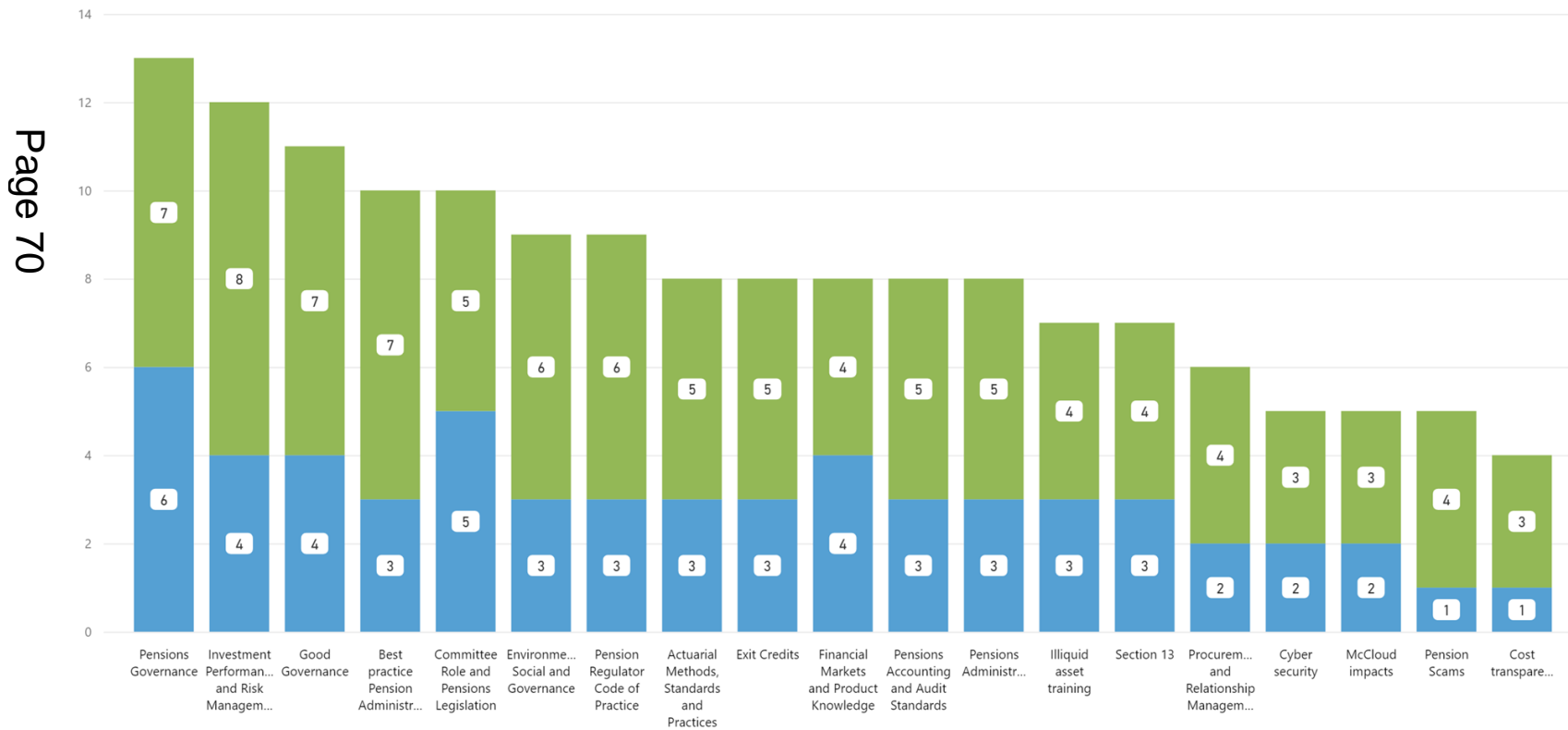
Feedback from participants

One of the final sections of the survey asked participants to indicate which topics they would like to receive training on. There was a list of options available, covering a broad spectrum of the topics we believe are most relevant to allowing Committee and Board members to effectively perform their roles. Members were also given the option to indicate any other areas in which they would benefit from further training.

The table below summarises the areas in which members indicated training would be beneficial.

Training Requirements

● Board ● Committee



While the above topics include the 8 topic headings set out in the assessment respondents were also given the choice of a number of other issues and hot topics to choose from.

It is interesting, however, that the assessment results indicate Actuarial Methods, Practices and Standards should be a priority but this has not been reflected to the same degree by respondents. While the Fund should use the feedback from the participants to feed into its training plans for the coming months it should also focus on the evidence provided by our analysis of the results of the assessment exercise.

Suggested Training Plan

When considering the contents of your training plan we recommend it covers the following key learning areas for an LGPS Fund:

- Fundamental learning (e.g. Regulator toolkit, CIPFA knowledge and Skills);
- Business plan objectives and key operational priorities; and
- Current topics (e.g. McCloud, ESG, etc.)

Based on the results of the knowledge assessment we have set out below a summarised set of training priorities below that the Fund should consider incorporating into its Committee and Board training plans for the coming 12 to 18 months.

2021/22 – Q3	<ul style="list-style-type: none"> • Actuarial Methods, Practices and Standards + Pensions Administration
2021/22 – Q4	<ul style="list-style-type: none"> • Actuarial Methods, Practices and Standards • Investment Performance and Risk Management
2022/23 – Q1	<ul style="list-style-type: none"> • Committee Role & Pensions Legislation • Pensions Governance
2022/23 – Q2	<ul style="list-style-type: none"> • Procurement and Relationship Management
2022/23 – Q3	<ul style="list-style-type: none"> • Pensions Accounting and Audit Standards
2022/23 – Q4	<ul style="list-style-type: none"> • Financial Markets and Product Knowledge



Training support

Tools such as this online assessment offer different ways for members to take part in training. There might be more options for online training sessions which you could take advantage of. We have noted some training materials and websites below which might help you deliver focussed sessions to your Committee and Board and keep them informed on the most pertinent pension areas.

- CIPFA Knowledge and Skills Framework
- [TPR Public Service Toolkit](#)
- [LGA fundamental training – currently a ‘physical’ attendance course](#)
- [LGA monthly bulletins](#)
- Regular topical updates from Officers – e.g. valuation planning and assumptions, McCloud, etc.
- Hymans monthly round up articles

The Fund has committed to using the Hymans Robertson On-line Learning Academy as part of the delivery of its wider training plan. The platform contains a number of bitesize training videos and short assessments for Committee and Board members across all of the 8 topics covered by this assessment, together with emerging current issues or hot topics. This will provide a strong base from which to deliver more detailed and focussed training as part of the Fund’s wider training plan. Each of the priorities highlighted above are covered by the On-line Learning Academy. Individuals will be able to view the videos and undertake the short assessments in their own time ahead of any more formal training ahead of Committee and Board meetings.



Next Steps

Based on the results we would suggest that there should be consideration to the following next steps:

- This report and the suggested training plan should be **reviewed** by the fund's officers and results shared with the Committee and Board
- Continue the roll out of Hymans On-line Learning Academy to Pension Committee and Pension Board members;
- Set up a **structured training plan** for the next 18 months covering the three key learning areas and incorporating the main areas highlighted in this report
- Consider the most **pressing** training requirements over the next 6 to 8 months, to ensure members have the required knowledge – e.g. Actuarial Methods, Standards & Practices
- **Assess** the full range of tools available to the Fund to assist with training, including the On-line Learning Academy, TPR Toolkit, etc.
- Consider ways of **maintaining** the engagement of both the Board and Committee. This could include providing them with more information, training materials, briefing notes etc.
- Ensure that the Fund's training strategy is up to date and **appropriate** for purpose
- Look to conduct a **case study workshop** with your Committee and Board. This will gain officers a further insight into the **practical application** of both groups knowledge and understanding. This could be presenting various scenarios e.g. how the administration teams will deal with the McCloud judgement and allowing group discussion on how the Committee and Board would deal with selected case studies in their role as decision makers and oversight bodies. Hymans Robertson can facilitate a case study workshop for your Committee and Pension Board, as well as preparing an observation report for the Fund.



Hymans Support

We are happy to run training sessions, and/or provide training materials covering any of the topics covered in this report. The value of a face-to-face session for this type of training lies in members being able to ask relevant questions and interrogate the trainer on the specific areas they want to develop knowledge in. We understand that at present this might exclude physical attendance, but we are happy to set up video conference calls to assist with the ongoing training of both groups now.

If you wish to discuss the contents of this report further, please get in touch.

Prepared by



Peter Riedel

Senior Technical LGPS Governance, Administration and Projects (GAP) Consultant

On behalf of Hymans Robertson LLP



Reliances and Limitations

This report has been prepared for the Wiltshire Pension Fund.

This report must not be released or otherwise disclosed to any third party except with our prior written consent, in which case it should be released in its entirety.

Hymans Robertson LLP do not accept any liability to any party unless we have expressly accepted such liability in writing.

This report has been prepared by Hymans Robertson LLP, based upon its understanding of legislation and events as at October 2021.



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Wiltshire Pension Fund Committee & Board Member training strategy - Q4 2021 to Q3 2025

Based on the CIPFA Technical Knowledge & Skills Framework 2021 & Hyman Robertson Q4 2021 training feedback surveys

Committee

Period	Actual Meeting Date	CIPFA Framework category	Proposed training item	By whom	Meeting Focus
Newly inducted members will receive a Member Handbook, Induction training from Officers, attend the LGPS Fundamentals training course & be required to complete the Pension Regulator's on-line toolkit					
All members, in addition to the organised training set out below will be invited to attend additional internal training events, plus external conferences, seminars & pension forums to supplement & maintain their knowledge & understanding. Technical notes will also be circulated as required.					
New 4 Year Policy & Strategy approved					
MiFID II self certification					
Q4 2021	25/11/21	Investment Performance & Risk Management	Roles of the Custodian, IMs, Investment Advisers & Independent Adviser	Officers	Investment
Q4 2021	16/12/21	Governance	Cyber Security Presentation	Officers	Administration
Q1 2022	03/03/22	Committee Role & Pension legislation	TCFD, the Stewardship Code & the Fund's voting policy	Officers	Investment
Q1 2022	24/03/22	Actuarial Method	Valuation training	Hymans	Administration
Q2 2022	26/05/22	Investment Performance & Risk Management	Performance management monitoring	Officers	Investment

Q2 2022	30/06/22	Committee Role & Pension legislation	TPR Single Code of Practice	Officers	Administration
Member Effectiveness Review					
Q3 2022	08/09/22	Accounting & Audit	Statutory Annual Accounting & Reporting standards	Officers	Investment
Q3 2022	29/09/22	Administration	The Benefit structure	Officers	Administration
MiFID II self certification Annual self-assessment review					
Q4 2022	24/11/22	Financial Markets and Products Knowledge	Myners Principles and MiFID II	Officers	Investment
Q4 2022	15/12/22	Actuarial Method	Employer Covenants	Officers	Administration
Q1 2023	02/03/23	Financial Markets and Products Knowledge	Responsible Investment Modelling	Officers	Investment
Q1 2023	30/03/23	Administration	Pension Payroll & NFI	Officers	Administration
Q2 2023	To be confirmed	Accounting & Audit	Payroll controls	Officers	Investment
Q2 2023	To be confirmed	Governance	GDPR update	Officers	Administration
Q3 2023	To be confirmed	Financial Markets and Products Knowledge	ESG Policy construction	BPP	Investment
Q3 2023	To be confirmed	Administration	Complaints, Dispute & Disclosure requirements	Officers	Administration
MiFID II self certification Annual self-assessment review					

Q4 2023	To be confirmed	Financial Markets and Products Knowledge	Performance Benchmarking	Officers	Investment
Q4 2023	To be confirmed	Administration	AVC Performance management	Officers	Administration
Q1 2024	To be confirmed	Accounting & Audit	Responsibilities of internal & External Auditors	Officers	Investment
Q1 2024	To be confirmed	Governance	Discretionary powers	Officers	Administration
Q2 2024	To be confirmed	Investment Performance & Risk Management	Tax in relation to UK & Overseas investments	Officers	Investment
Q2 2024	To be confirmed	Procurement and Relationship Management	The Procurement Process	Officers	Administration
Q3 2024	To be confirmed	Financial Markets and Products Knowledge	Portfolio Construction	Officers	Investment
Q3 2024	To be confirmed	Governance	Breaches of Law	Officers	Administration
MiFID II self certification					
Annual self-assessment review					
Q4 2024	To be confirmed	Procurement and Relationship Management	IM Mandates and our contractual relationship with BPP	BPP	Investment
Q4 2024	To be confirmed	Committee Role & Pension legislation	The role of the Administering Authority	Officers	Administration

Q1 2025	To be confirmed	Investment Performance & Risk Management	The Investment Strategy Statement	Officers	Investment
Q1 2025	To be confirmed	Actuarial Method	Valuation training	Hymans	Administration
Local Government Elections - May 2025 - Appointment of new Councillors					
Q2 2025	To be confirmed	Investment Performance & Risk Management	Risk vs Reward	Officers	Investment
Q2 2025	To be confirmed	Procurement and Relationship Management	Contract Management	Officers	Administration
Q3 2025	To be confirmed	Accounting & Audit	Treasury Management arrangements	Officers	Investment
Q3 2025	To be confirmed	Actuarial Method	Discretionary Exit Credits to an Employer	Hymans	Administration
MiFID II self certification					
External self-assessment review to set new training policy & strategy					
Q4 2025	To be confirmed	Committee Role & Pension legislation	The structure of and relationship with BPP	Officers	Investment
Q4 2025	To be confirmed	Governance	New Cllr Induction, CIPFA and SOLACE guidance	Officers	Administration
Board					
Period	Actual Meeting Date	CIPFA Framework category	Proposed training item	By whom	Comments
New 4 Year Policy & Strategy approved					
MiFID II self certification					

Q4 2021	11/11/21	Governance	The Fund's training strategy	Officers	Committee members to be invited
Q1 2022	17/02/22	Committee Role & Pension legislation	Legal framework - External bodies, scrutiny framework & Statutory obligations	Officers	Committee members to be invited
Q2 2022	19/05/22	Governance	Breaches of Law	Officers	Committee members to be invited
Member Effectiveness Review					
Q3 2022	25/08/22	Administration	Pension Administration Strategy	Officers	Committee members to be invited
MiFID II self certification Annual self-assessment review					
Q4 2022	17/11/22	Administration	Record keeping & Data Improvement	Officers	Committee members to be invited
Q1 2023	23/02/23	Governance	Scheme Advisory Board	Officers	Committee members to be invited
Q2 2023	To be confirmed	Administration	Monitoring Employer performance	Officers	Committee members to be invited
Multiple Board terms of office expire					
Q3 2023	To be confirmed	Governance	Documentation management	Officers	Committee members to be invited
MiFID II self certification Annual self-assessment review					
Q4 2023	To be confirmed	Governance	Registering interests & the Conflicts of Interest Policy	Officers	Committee members to be invited
Q1 2024	To be confirmed	Procurement & Relationship Mgt	Measuring service provider performance	Officers	Committee members to be invited
Q2 2024	To be confirmed	Accounting & Audit	Secondary Statutory Returns	Officers	Committee members to be invited

Q3 2024	To be confirmed	Financial Markets and Products Knowledge	Myners Principles and MiFID II	Officers	Committee members to be invited
MiFID II self certification					
Annual self-assessment review					
Q4 2024	To be confirmed	Administration	The Benefit structure	Officers	Committee members to be invited
Q1 2025	To be confirmed	Financial Markets and Products Knowledge	Analysis Climate Transition (ACT) Monitoring	Officers	Committee members to be invited
Q2 2025	To be confirmed	Governance	GDPR update	Officers	Committee members to be invited
Q3 2025	To be confirmed	Accounting & Audit	Statutory Annual Accounting & Reporting standards	Officers	Committee members to be invited
MiFID II self certification					
External self-assessment review to set new training policy & strategy					
Q4 2025	To be confirmed	Governance	Breaches of Law	Officers	Committee members to be invited

Wiltshire Pension Fund Committee & Board Member Training Plan 2022 - 2023

Committee

Period	Actual Meeting Date	CIPFA Framework category	Proposed training item	By whom	Meeting Focus
Newly inducted members will receive a Member Handbook, Induction training from Officers, attend the LGPS Fundamentals training course & be required to complete the Pension Regulator's on-line toolkit					
All members, in addition to the organised training set out below will be invited to attend additional internal training events, plus external conferences, seminars & pension forums to supplement & maintain their knowledge & understanding. Technical notes will also be circulated as required.					
New 4 Year Policy & Strategy approved					
MiFID II self certification					
Q4 2021	25/11/21	Investment Performance & Risk Management	Roles of the Custodian, IMs, Investment Advisers & Independent Adviser	Officers	Investment
Q4 2021	16/12/21	Governance	Cyber Security Presentation	Officers	Administration
Q1 2022	03/03/22	Committee Role & Pension legislation	TCFD, the Stewardship Code & the Fund's voting policy	Officers	Investment
Q1 2022	24/03/22	Actuarial Method	Valuation training	Hymans	Administration
Q2 2022	26/05/22	Investment Performance & Risk Management	Performance management monitoring	Officers	Investment
Q2 2022	30/06/22	Committee Role & Pension legislation	TPR Single Code of Practice	Officers	Administration
Member Effectiveness Review					

Q3 2022	08/09/22	Accounting & Audit	Statutory Annual Accounting & Reporting standards	Officers	Investment
Q3 2022	29/09/22	Administration	The Benefit structure	Officers	Administration
MiFID II self certification					
Annual self-assessment review					
Q4 2022	24/11/22	Financial Markets and Products Knowledge	Myners Principles and MiFID II	Officers	Investment
Q4 2022	15/12/22	Actuarial Method	Employer Covenants	Officers	Administration
Q1 2023	02/03/23	Financial Markets and Products Knowledge	Responsible Investment Modelling	Officers	Investment
Q1 2023	30/03/23	Administration	Pension Payroll & NFI	Officers	Administration
Board					
Period	Actual Meeting Date	CIPFA Framework category	Proposed training item	By whom	Comments
New 4 Year Policy & Strategy approved					
MiFID II self certification					
Q4 2021	11/11/21	Governance	The Fund's training strategy	Officers	Committee members to be invited
Q1 2022	17/02/22	Committee Role & Pension legislation	Legal framework - External bodies, scrutiny framework & Statutory obligations	Officers	Committee members to be invited
Q2 2022	19/05/22	Governance	Breaches of Law	Officers	Committee members to be invited
Member Effectiveness Review					
Q3 2022	25/08/22	Administration	Pension Administration Strategy	Officers	Committee members to be invited

MiFID II self certification Annual self-assessment review					
Q4 2022	17/11/22	Administration	Record keeping & Data Improvement	Officers	Committee members to be invited
Q1 2023	23/02/23	Governance	Scheme Advisory Board	Officers	Committee members to be invited

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LGPS On-line Learning Academy (LOLA)

Period Ending - 31 October 2021

In Progress results - By Module

Group	Module 1 - An introduction to the LGPS	In progress percentage	Module 2 - LGPS Governance & Oversight Bodies	In progress percentage	Module 3 - Administration & Fund Management	In progress percentage
Committee	1	11%	1	11%	0	0%
Board	0	0%	0	0%	0	0%
Group	Module 4 - Funding and Actuarial Matters	In progress percentage	Module 5 - Investments	In progress percentage	Module 6 - Current Issues	In progress percentage
Committee	1	11%	0	0%	0	0%
Board	0	0%	0	0%	0	0%

Completed results - By Module

Group	Module 1 - An introduction to the LGPS	Completion percentage	Module 2 - LGPS Governance & Oversight Bodies	Completion percentage	Module 3 - Administration & Fund Management	Completion percentage
Committee	4	44%	3	33%	3	33%
Board	2	29%	1	14%	1	14%
Group	Module 4 - Funding and Actuarial Matters	Completion percentage	Module 5 - Investments	Completion percentage	Module 6 - Current Issues	Completion percentage
Committee	1	11%	1	11%	1	11%
Board	2	29%	1	14%	1	14%

Training Summary			
Group	Overall In progress results	Group	Overall Completion results
Committee	5.56%	Committee	24.07%
Board	0.00%	Board	19.05%

WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD
11 November 2021

ANNUAL BENEFIT STATEMENTS EXERCISE 2021 REVIEW

Purpose of the Report

1. The purpose of this report is to present a summary of the outcome of Fund's Annual Benefit Statement (ABS) exercise for 2021 for consideration by Board members.

Background

2. As part of the LGPS Regulations 2013, the Fund is required to produce ABSs for all active and deferred members by the 31 August each year, showing the value of their benefits as at the 31 March of the same year.
3. The Pension Regulator (tPR) oversees this requirement within the LGPS and, as with other regulatory requirements, the Fund is due to log any breach of regulation and to report to tPR any breach which it considers may be of material significance to it.
4. tPR primarily focuses on the percentage of active ABSs and as such, the Fund set out within its Business Plan actions for 2021/2022 to produce 99% of active ABS by the 31 August 2021.
5. For context, the production rate over the preceding three years was as follows
2020: 96.9%
2019: 95.0%
2018: 93.9%
6. Furthermore, in line with the Fund's Communications Strategy, the Fund once again took the approach this year of uploading ABSs to members' online accounts through the member portal (*My Wiltshire Pension*) in all cases. In addition, if a member 'opted in' to receive paper copies, officers now send paper copies to them until they notify us of a change of communication preference.
7. This approach has allowed the Fund to be able to analyse the levels of engagement with members and effectiveness of the approach used.
8. The Wiltshire Pension Fund Committee were advised of the success rate at its September meeting as part of the KPI pack as well as through a verbal update but did not receive the more detailed explanation outlined in this paper.

Considerations for the Board

9. Active ABSs
The Fund produced **99.5%** of ABSs by the 31 August 2021 deadline (adjusting for exclusions), which translates as 115 statements not being produced on time.
10. Out of those 115 statements not produced, 17 were due to officers receiving no employer return and the rest were because the employer had failed to resolve a data query in time (despite repeated chasing).

11. Officers have continued to work with employers after the deadline to resolve the remaining queries and used the Fund's escalation policy when the employer fails to engage with us. Once a data query is resolved, a statement will be produced on My Wiltshire Pension. Obtaining the data required for the statement is important regardless of the need to produce an ABS and it is also important to complete this work as preparation for employers not already onboarded on to i-Connect.
12. Deferred ABSs
The Fund produced 99.9% of ABSs for members which were deferred as at 31 March 2021. A small number of records (6) had a technical systems issue which prevented a statement being produced.
13. Note: The deferred ABS percentage stated does not include an allowance for the number of records which are on a holding status because they are yet to be processed (which would either result in a deferred benefit, refund or aggregation of benefits).
14. Member engagement and system access
The Fund sent out an email notification to all My Wiltshire Pension registered members. This covered 9,223 active records and 10,520 deferred records (note: a number of members have multiple pension records).
15. Out of the notifications sent, around 70% of active members and 74% of deferred records opened the email sent. Approximately 44% of all recipients are estimated to have logged into the system.
16. Offices then sent a 'reminder' email to members which did not open the original email which led to a further 8% of members opening the email.
17. In addition, paper copies were sent to approximately 1,000 members who opted in to receive paper whilst the remaining members (just over half) received no specific notification although officers did communicate via employers that the statements would only be available via the portal (and all members had been told several times before).
18. Furthermore, the Fund also gave members access to an explanatory video, produced by officers to help explain the details of each ABS.

Survey Results and future actions

19. After the ABSs were sent out, officers produced a short survey which was emailed to all members with email addresses on record. The response rate was only 2.5% and respondents were heavily weighted to members in the older age categories. Out of those who responded, most members (73%) stated they found the statement easy to understand and a similar percentage (76%) found the statement easy to access.
20. Next year, officers will:
 - a). Send out another My Wiltshire Pension postal mailing, promoting the online portal to all of those members who have not signed yet (which also gives them another opportunity to opt into paper communications should they so wish). Officers intend to do this periodically (e.g. every three years) for those members who have not yet engaged with the e-comms approach.
 - b). Review its use of explanatory language to see if it can be made easier to understand.

c). Increase the level of surrounding promotions, particularly aiming them at younger members, to generally support and promote the statements to increase member engagement and seek a better response rate to the survey.

d). Make some other minor improvements to the way statements are presented.

e). Send out the survey sooner (or at the same time as the statement) to attempt to increase the response rate to enable an improved level of feedback.

Conclusions

21. Whilst the Fund should technically have a 100% success rate, officers consider the percentages to be sufficiently high level to not be considered a material breach by the tPR nor to record the matter internally.

22. Due to the improved efficiency and controls from onboarding employers on to i-Connect, officers were also able to issue statements earlier and using less resource than in previous years. With continued onboarding, it is anticipated that statements could be produced earlier. Conversely, the statements may generally be of less significance for many members as My Wiltshire Pension will show pension figures which are updated monthly.

Environmental Impact

23. There is no environmental impact from this report.

Financial Considerations

24. There are no financial considerations related to this report.

Risk Assessment

25. There are no direct risks to the Fund associated with this reporting.

Legal Implications

26. There are no immediate legal implications arising from this report.

Safeguarding Considerations/Public Health Implications/Equalities Impact

27. There are no implications at this time.

Proposals

28. The Board is asked to consider the contents of this update, including officers' recommendation to not report the minor shortfall in statements as a tPR breach, and for the Board to set out any recommendations that it may have.

Andy Cunningham

Head of Pensions Administration and Relations

Report Author: Andy Cunningham – Head of Pensions Administration and Relations

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1. Disclosure Requirements (CIPFA template) – Quasi-legal performance measures

Benefit Administration Key Performance Indicators

Disclosure Regulations

Period 01/07/2021 to 30/09/2021

Process name		Disclosure Requirement	%	Change since last quarter	No. cases within Legal Timeframe
Deaths - initial letter acknowledging death		2 months	83.0%	-13.9%	102
Deaths - letter notifying amount of dependants pension		2 months	64.1%	-17.8%	69
Retirements - letter notifying estimate of retirement benefits	Active	2 months	n/a		n/a
	Deferred		n/a		n/a
	Total		97.9%	+4.2%	446
Retirements - letter notifying actual retirement benefits + process and pay benefits on time	Active	2 months	92.6%	-4.3%	150
	Deferred		99.6%	No change	255
	Total		96.1%	-2.3%	405
Deferment - calculate and notify deferred benefits		2 months	74.6%	+15.8%	418
Refund - process and pay a refund		2 months	99.2%	-0.1%	117
Divorce quote - letter detailing cash equivalent value and other benefits		3 months	100.0%	-3.6%	47
Joiners - notification of date of enrolment*		2 months	84.4%	+22.8%	585

Explanatory notes

The table above is based on a template produced and updated by CIPFA for insertion within LGPS Funds annual report. It is based on what are collectively known as the 'disclosure requirements' which broadly means that the Fund is required to supply certain information to members (or their next of kin).

Deaths: For both measures, the timeframes start on the date of notification. However, sometimes the notification is not from the next of kin (e.g. we are notified from a tracing agent) and it can take some time to establish who is the next of kin and if a dependent pension is due.

'Transfers out' quote and estimates: We have removed this measure from the table as members have instance access to quotes.

Joiners: This measures the time taken to confirm to a member that we have set them up in the Scheme. However, it is an employer responsibility to begin the deduction of contributions with effect from the member's start date and also to inform the member of their start date.

We have also removed very low volume task as percentages are not a good measure of performance.

Performance commentary for the quarter

The table shows high levels (>90%) in all areas except deferments, joiners and death notifications.

Some technical difficulties have persisted whilst updating processes which have led to joiners and deferments still being lower than hoped although good improvement has still been seen over the last quarter.

The ability to meet the death notifications timeframes are sometimes limited by not receiving timely information from, or being able to identify, the next of kin. Furthermore, officers undertook an exercise during the quarter to clear older death cases which are also reflected within these statistics.

2. tPR Data performance measures

Measure	Score	Change since last period
Common Data	98.7% (at 1 Nov 2021)	-0.5% since July 2021
Conditional (Scheme Specific) Data	95.0% (at 1 Nov 2021)	+0.1% since July 2021
Annual Benefit Statement production rate	99.5% (at 31/08/2021)	+2.6%

Explanatory

The Pension Regulator (tPR) helps regulate each LGPS's Fund compliance with various legislation. It has various enforcement powers such as setting improvement plans and fining.

In respect of administrative performance, tPR focuses on two types of measures as explained separately below. The Fund is required to submit its scores against this measures each year as part of its Scheme Return.

tPR target's for all of these scores is 100% although there is an informal acceptance that scores are likely to often be slightly less.

a). Common and Conditional/Scheme Specific data scores

Common data scores test the Fund's data quality (existence and accuracy of data) against various data measures it expects all Pension Funds to hold (e.g. name, address etc). 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.

Note: It was somewhat onerous and costly to do this analysis so at present the Fund only revisits these scores annually, normally in August-October, in order to complete it's annual return to the tPR.

b). Active Annual Benefit Statement (ABS) production

The Fund is required under the LGPS Regulations to produce active ABSs by the 31 August of each year (related to the member's pension as at 31 March of that same year). The Fund currently uploads all ABSs to the MSS member portal (My Wiltshire Pension). It only sends out paper statements to members who have opted in to receiving paper statements.

Both sets of scores are reviewed annually

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 for this year has exceeded the business plan target of 99% and it follows a pattern of steady improvement since 2018 (2020: 96.9%, 2019: 95.0%, 2018: 93.9%). Due to improved systems (e.g. i-Connect) and processes, and despite additional checks being added, this has also been achieved using reduced levels of resources from previous years.

3. Internally set targets (Fund)

While the figures in appendix 1 outline the (quasi) legal requirements using a CIPFA template, and appendix 2 outlines the tPR's own metrics against which it may take action, appendix 3 outlines internally set, aspirational service level targets. The Fund's administrative performance priority is its performance against the targets in appendices 1 and 2 but the following sets of information set's out internally set targets to help met the goals of the Fund's business plan.

a). Administration payment processing scores (higher priority administrative tasks)

The following table shows the Fund's process times against the timeframes set out in the administration strategy. It covers the high priority tasks, data on lower priority administrative tasks (such as deferrals and aggregations) will be shared at a later date. The tasks which are deemed as higher priority are the ones which relate to making a payment to the member (or a beneficiary). Members are now able to instantly access benefits estimates and therefore there is no longer a disclosed target related to this.

Benefit Administration Key Performance Indicators

Period **01/07/2021** to **30/09/2021**

Type of case	Created cases in period	Open cases at period end	Percentage against membership	Completed cases time to complete						Total	% on target (15 working days)	Change since last quarter
				0 - 5 days	6 - 10 days	11 - 15 days	16 - 20 days	20 - 40 days	40 + days			
Active to Retirement	319	152	0.66%	85	29	12	10	7	19	162	78%	+14%
Deferred in to retirement	293	26	0.08%	169	64	16	3	3	1	256	97%	+3%
Processing of Death cases	73	66	0.08%	19	5	6	13	40	28	111	27%	-26%
Refund of contributions	124	17	0.07%	30	75	12	0	1	0	118	99%	0%
Grand Total	809	261		303	173	46	26	51	48	647		
Percentage				47%	27%	7%	4%	8%	7%			

b). i-Connect onboarding progress

The following table shows the progress in onboarding employers on to i-Connect. The long-term target is now to onboard all employers on to i-Connect by the end of 2021/2022. Data was last calculated on 7 June 2021 (it has not been updated since due to complexities related to the status of Swindon Borough Council and employers relates to the payroll provider FS4S).

	Number onboarded	Number left to onboard	Completion rate
Active members	17,701	5398 (total = 23,099)	76.6% (+30.8% since last meeting)
Employers	77	93 (total = 170)	45.3% (+21.8%)

The active member percentage is much higher than the employer percentage because officers have focussed on onboarding the largest employers.

c). MSS (My Wiltshire Pension) take up

RECORDS	
ACTIVE	1 November 2021
Registered	7,939
Total	18,840
Percentage	42.1%
DEFERRED	
Registered	7,902
Total	23,691
Percentage	33.3%
TOTAL	
Registered	15,904
Total	42,531
Percentage	37.4%

The table to the left shows the number of registered members as at 1 November 2011.

Note: There are no comparative figures included for this quarter as the methodology has been updated to show figures based on persons rather records (although there is likely to be little difference).

d). Backlog monitoring

Prior to making a number of process improvements to the refunds, deferreds and aggregations processes, the Fund accumulated processing backlogs in certain areas. Officers define a backlog for a process where there are more than 300 outstanding cases. Where this is the case, officers plan to ring-fence this area of work and manage the backlog area of work separately although this is not in place as at the date of this report.

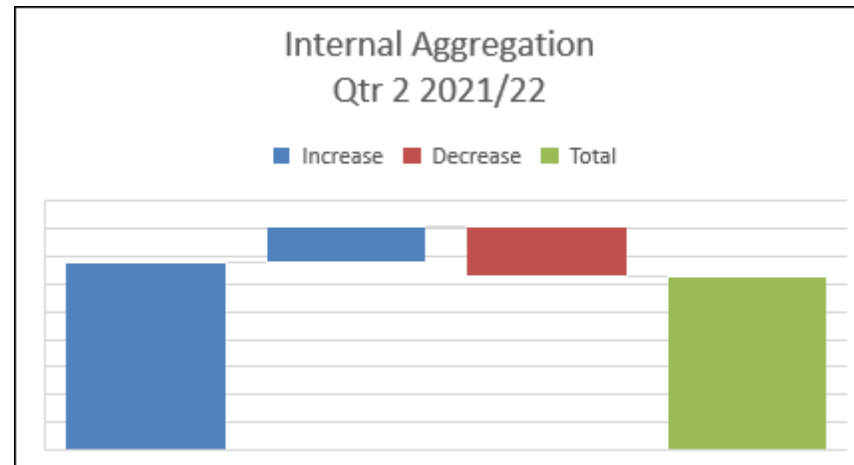
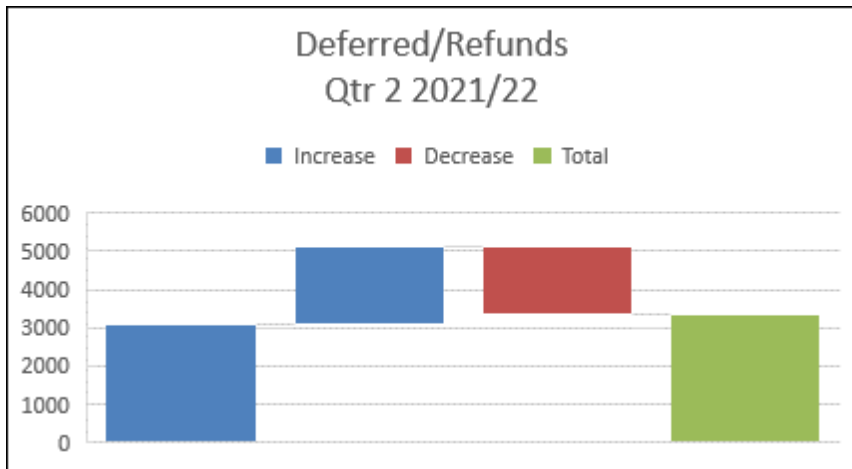
At present, there are two areas which meet this criteria and current situation in respect of these processes are outlined:

i). Deferred/Refunds

Cases where the member has left and we need to calculate their pension entitlement, but they are not old enough to be able to start receiving their benefits.

ii). Internal aggregation cases

These cases are where the member has more than one record at Wiltshire Pension Fund which should be combined together. Members are not financially disadvantaged by delays in completing this work.



Commentary:a). Administration Strategy KPIs – Fund

Table 1 shows the Fund has made good improvement in most areas in the last quarter although further work is still required to reach the desired performance levels. The main exception to this is in relation to death cases which can mostly be explained as a 'blip' due to an exercise to clear older death cases. The Fund is gradually seeing the benefits of greater automation of tasks, which is freeing up officer time, and this programme of improvements will continue over the rest of this year and into the next year.

b). & c). i-Connect and My Wiltshire Pension (MSS) onboarding

i-Connect take up received a significant boost with the onboarding of Swindon Borough Council (the 2nd largest employers) and a large payroll provider in the Fund, FS4S; both with effect from March 2021, increasing the active membership coverage to over 75%. Officers will continue to work with the remaining circa 93 employers (mostly reasonably small), with the aim of onboarding them by the end of the financial year. However, it is noted that Swindon Borough Council have had difficulties in producing subsequent reports and therefore they are currently a number of months behind.

MSS sign-ups are broadly in line with industry-norms after successful attempts to encourage more members to sign up and these figures are unlikely to change materially in future now, although some small improvements are still evident in the last few months.

d). Backlog monitoring

The number of outstanding aggregation cases has continued to decrease albeit at a relatively slow net rate. For deferreds/refunds, there was a large influx of cases linked to the end of the school year, leaving an overall net increase in outstanding cases.

4. Internal targets - Employers

a). i-Connect submission performance

Note: 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.

i). Timeliness measure of submissions

All employers onboarded on to i-Connect are required to submit their return by the 19th of the month following the month the data relates to.

Percentage/number returns received on time	July 2021	August 2021	Sept 2021
Large employers* (>250 actives)	5/5 (100%)	3/6 (50%)	6/6 (100%)
Medium employers* (50-249 actives)	14/14 (100%)	2/12 (17%)	13/13 (100%)
Small employers* (10-49 actives)	24/25 (96%)	14/26 (54%)	24/24 (100%)
Very small employers* (Under 10 actives)	9/10 (90%)	6/12 (50%)	14/14 (100%)
Total	52/54 (96%)	25/56 (45%)	57/57 (100%)

*Employers numbers are just assessed once a year.

ii). Quality measures

Data quality gradings: The Fund categorises each employer into one of three quality measures depending on the quality of the returns being produced. The middle category of Silver is the starting category. Gold means good quality returns are consistently produced, Silver means that good quality returns are mostly produced by some issues and errors occur while Bronze means that there are a number of concerns with the quality of data produced which requires frequent intervention, more checks and escalation with the employer. These categories are regularly monitored internally but not reported here.

Contributions vs data comparisons: Additionally, as part of its control checks, officers undertake a cross comparison between the data and the contributions received. A failure of this check for an employer indicates that either the contribution payment or the membership data submitted was incorrect (or both are incorrect) and further investigation with the employer is required.

The current breakdown of employers against this measure is as follows:

Contributions received consistent with data	July 2021	August 2021	Sept 2021
Large employers (>250 actives)	2/5 (40%)	2/6 (33%)	Not available yet
Medium employers (50-249 actives)	14/14 (100%)	10/12 (83%)	Not available yet
Small employers (10-49 actives)	20/25 (80%)	18/26 (69%)	Not available yet
Very small employers (<10 actives)	8/10 (80%)	8/11 (73%)	Not available yet
Total	44/54 (81%)	38/55 (69%)	Not available

b). Timeliness of contributions payments

Below is a breakdown showing the timeliness of employer contribution payments (i-Connect employers only).

Percentage/number returns received on time	July 2021	August 2021	Sept 2021
Large employers (>250 actives)	5/5 (100%)	6/6 (100%)	6/6 (100%)
Medium employers (50-249 actives)	14/14 (100%)	12/12 (100%)	13/13 (100%)
Small employers (10-49 actives)	23/25 (92%)	25/26 (96%)	24/24 (100%)
Very small employers (<10 actives)	10/10 (100%)	10/11 (91%)	10/10 (100%)
Total	52/54 (96%)	53/55 (96%)	53/53 (100%)

WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD
11 November 2021

Fund Audit Plan – 2022/23

Purpose of the Report

1. To enable members of the Board to recommend auditing proposals to the Pensions Committee for inclusion in the Fund’s audit plan for 2022/23.
2. To consider the Fund’s auditing arrangements and whether they continue to serve its stated aims and objectives.

Background

Auditing proposals

3. The plan seeks to cover both the Fund’s internal & external audits, giving consideration to the Administetring 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. It is noted that the underlying stated 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 new practices and innovations can also be monitored.
4. For the Scheme Year 2022/23 the proposed plan of audits recommended are therefore;

Audit	Proposed auditor	Proposed completion date	Comments
Standard Annual Audits – 2021/22			
Annual Report & Accounts	Deloitte	31/07/2022	For sign off and publication by 1 st December 2022
Key Financial Controls	SWAP	31/07/2022	Reviews the Fund’s internal controls
BPP Pension Transfers	SWAP	31/07/2022	Covers the migration of Fund assets from IMs to BPP.
BPP Cost Transparency	SWAP	31/07/2022	Considers the costs savings expected from the migration of assets
TPR Code of Practice 14	SWAP	31/07/2022	Independent audit of the Code has not occurred since the 2018/19. The new single code is still delayed.
Audits targeting Fund innovations, progress improvements & new regulations, based on a risk identification approach			
Payroll Reconciliation	Deloitte	31/07/2022	A review of progress in relation to the GMP Rectification exercise & guidance associated with the payroll migration

Investment governance	Specialist auditor	30/09/2022	Holistic review of investment governance arrangements including TCFD
Cyber security	Specialist auditor	30/09/2022	Specialist review to ensure the Fund's compliance with tPR guidance
Statutory returns	Specialist auditor	30/09/2022	A specialist external process review based on officers internal review

Auditing arrangements

5. With the increased complexity and technical requirements the Pension Fund is required to comply with, as demonstrated by the new CIPFA Knowledge & Skills Framework 2021, there is in turn an increased risk that traditional auditor appointments may no longer be suitable to audit all technical areas. A new risk has therefore be added to the risk register entitled "PEN061: Failure of auditors to conduct audits commissioned by the Committee in accordance with an agreed terms of reference". To mitigate this risk it is proposed that one or more additional external organisations may need to be appointed, on ad-hoc or on-going basis with a view to providing the Fund with the range of independent assurance it requires, from auditors who have the appropriate skills to carry such reviews.
6. It is noteworthy that during the past two Scheme Years the Fund has experienced delays in the completion of both its commissioned external & internal audits. The key factors contributing to these delays include the Fund's accounting relationship with its Administering Authority and the resourcing, appointment and approval arrangements that accompany that relationship. Consequently, a risk has been presented to the Fund whereby the existing auditing arrangements could potentially jeopardise the integrity of the Fund's own audit programme.

Considerations for the Board

Auditing proposals

7. To consider whether the range of standard annual audits and audits targeting Fund innovations, progress improvements & new regulations over the previous scheme year represent the complete range of audit recommendations which need to be commissioned by the Pensions Committee. In addition, the Board should satisfy itself that the audits & auditors proposed will fulfil the oversight function of both groups by providing the independent assurance that all laws, regulations & practice by which the Fund operates have been adhered to.

Auditing arrangements

8. Sign off of the the Fund's Annual Report & Accounts have experienced delays in both the Scheme Years 2018/19 & 2019/20, not only due to the auditor challenging Wiltshire Council's accounts, but also as a result of internal authority delays such as meeting cancellations and agenda item deferral. Council resource limitations, changes in process and delayed approval arrangements appear to be impacting on the Fund's operation leading to a reduced audit programme. In turn this potentially creates a deterioration in the ability of members to fulfil their oversight function. The Board should therefore consider whether it needs to recommend changes to the Fund's audit programme with the introduction specialist auditors who can provide assurance in the latest technical areas, as well as possibly reviewing the terms of reference of the Fund's existing auditors appointments.

Environmental Impact of the Proposal

9. Not applicable.

Financial Considerations & Risk Assessment

10. There are no known implications at this time.

Legal Implications

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

12. There are no known implications at this time.

Proposals

13. For the Board to recommend to the Committee that they approve the scope of audits and auditors set out in paragraph 4.

14. For the Board to recommend to the Committee that within the 2022/23 budget additional provision is made for the appointment of specialist auditors in relation to ad-hoc or on-going strategic audits.

15. For the Board to recommend to the Committee that it reaffirms the terms of reference it expects the Fund's appointed auditors to adhere to.

Andy Cunningham
Head of Pensions, Administration & Relations

Report Author: Richard Bullen, Fund Governance & Performance Manager

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

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WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND LOCAL PENSION BOARD
11 November 2021

PENSIONER PAYROLL DATABASE RECONCILIATION PROJECT & NEW PENSIONER PAYROLL SYSTEM UPDATE

Purpose of the Report

1. The purpose of this report is to provide for the Committee's consideration, a further update on the detailed, and ongoing reconciliation project between the pension administration system (Altair) and pensioner payroll system (SAP) as well as the project to move across to an integrated pensioner payroll system.

Background

2. This paper provides an update on how the situation has developed since that meeting.

Current situation

Rectification project

3. The current situation of the rectification project is as follows, for the cases in scope:
 - a). There are now fewer than 100 cases still at 'stage 2' (where the pension administration system, Altair, is inconsistent with itself). Each case continues to take some time to correct and involves close working with the systems provider to remove complex errors. These errors need to be removed before the case can be properly assessed as part of stage 3, where a comparison is taken against SAP (the pensioner payroll system). In many, but not all cases, once the system error is resolved it is clear there is no under or over payment.
 - b). At the time of writing, officers have now initially been through all of the c1,000 cases that have already passed stage 2 and have peer reviewed around 425 of them, correcting and writing to members as necessary at the same time (completing stage 3 and 4). Note: Corrections to Altair or SAP can only take place once a case has been peer reviewed and not all cases have result in a change been needed to SAP or for the member to be notified.
 - c). As a general rule, officers are giving members around 8 weeks notification of any change to their payment amounts (with some exceptions for very small differences) to allow the member time to manage their financial circumstances.
 - d). For cases where SAP is correct and Altair is incorrect, these are being prioritised behind those cases where SAP is incorrect.
 - e). As anticipated, where the value of the change is relatively small, officers have mostly received no correspondence from members. For some of the larger differences, some members have expressed their dissatisfaction or their intention to make a formal complaint although only one case has now entered the formal Internal Dispute Resolution Procedure (IDRP) stage. However, it is too early to provide analysis of this in greater depth to show the likely outcome across all cases in scope.

f). Some member have also contacted Unison to complain, which have in turn contacted the Fund to find out more information. Whilst the Union did informally contact the Fund to ask some questions, officers have not heard anything further since that initial contact.

New pensioner payroll system update

4. The Committee approved the purchase of Altair Pensioner payroll and immediate payments (subject to compliance with procurement rules and contract) in June 2021, with intention to go live with the new integrated system in the Summer/Autumn of 2022
5. However, in consideration of the risks associated with the interdependencies with the Council's Evolve programme the s151 officer has decided to postpone the movement to an integrated pensioner payroll system until after the Evolve programme goes live. This pushes back the likely go live date of the integrated payroll system until mid to late 2023 at the earliest and quite possibly not until during 2024.
6. Due to this change in approach, officers are now engaging with the Evolve project to attempt to minimise the risks to pensioner payroll of that implementation and seek out opportunities to make improvements to the service in the short-term.
7. Furthermore, officers are also exploring a possibility of still proceeding with implementing the immediate payments aspect (one-off payments) which would still bring some efficiency and control improvements.

Considerations for the Board

8. Officers are continuing to take a highly cautious approach to going through cases to try to limit the chance of errors being made as part of this review; in many cases, there is a large amount of information to review and consider to reach a final view point and hence the timeframes for the completion of this project are relatively long and difficult to predict. It is possible that corrections could continue up to March 2022.
9. There are now four members of staff working on cases on a part-time capacity. However, the time that each person is able to dedicate to the project is dependant on being able to complete essential elements of their normal role.

Environmental Impact

10. There is no environmental impact from this report.

Financial Considerations

11. There are no financial considerations related to this update paper.

Risk Assessment

12. There are a number of material risks related to this project in general in terms of compliance risk, financial risk and reputational risk, officers have sought to manage this risk as best as is possible in the circumstances through their approach to this project.

Legal Implications

13. There is potential for a number of complaints (informal or formal), leading to quasi-legal issues resulting from undertaking stage 4 of this project. Conversely, a failure to correct known errors would also be considered a breach of legislation, creating further legal implications. Legal advice was taken on the paper presented to Committee in March 2021.

Safeguarding Considerations/Public Health Implications/Equalities Impact

14. There are no implications at this time.

Proposals

15. Officers ask the Board to consider the information held within this paper to provide any comments or recommendations that it may have.

Andy Cunningham

Head of Pensions Administration and Relations

Report Author: Andy Cunningham – Head of Pensions Administration and Relations

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No	Vision theme	Action
1	Robust and accurate service delivery	Achieve compliance with Accessibility Regulations: Mainly in relation to the Fund's website but also in relation to other online portals.
2	Strong accounting controls	Embed new contributions receipts and monitoring processes
3	Working with other funds to deliver investment pooling	Ensure timely and cost-efficient transition of multi-asset credit and gilts portfolios to the Brunel pool ☒
4	Working with other funds to deliver investment pooling	Work with the operations group on improving reporting in line with Wiltshire's requirements
5	Robust and accurate service delivery	Annual Benefit Statements: a). Improve percentage of active ABSs sent to 99% (from 96.9% in 2020). b). Improve the style and design of the ABS, by collaborating with other Funds, and making it online-friendly.
6	Strong accounting controls	Full reconciliations review – improve and simplify processes, and develop reporting of management info
7	Strong accounting controls	Journal postings – improve evidence trail
8	Robust and accurate service delivery	Payroll reconciliation and rectification: Complete rectification on the pension administration and pensioner payroll system as required for all material discrepancies

9	Robust and accurate service delivery	(Carried Forward from 2020/2021) Benefits Calculation Assurance Strategy: a). Extend the use of the current internal peer-checking policy to cover more processes. b). Review the approach to peer-checking and making changes to way it is undertaken
10	Embracing Technology	i-Connect Rollout: a). Complete onboarding of all employers onto i-Connect. b). Seek to onboard new employers onto i-Connect within 3 months of joining the Fund.
11	Lean processes, high performing and efficient with a culture of continuous improvement	Continue process improvements: a). Complete end-to-end process review programme. b). Review all workflows so the approach is consistent, check and peer checks are up to date and they allow effective KPIs, supervision and they integrate with auto-task allocation.
12	Management of investments	Develop Responsible Investment work - incorporate the Committee's views into the Investment Strategy Statement, and work with consultants to develop and refine the Fund's approach
13	Strong accounting controls	Develop and implement proper cash flow forecasting and monitoring
14	Working with other funds to deliver investment pooling	Manage and monitor ongoing asset pooling governance issues
15	Outstanding Customer Service and stakeholder relationships	Implement new employer ill-health insurance model: As agreed by Committee and Board at the end of 2020 and following consultation with employers.
16	Outstanding Customer Service and stakeholder relationships	(Carried forward) Customer Service Policy and Customer Service-based KPIs: a). Produce a customer service policy. b). Produce and monitor customer service based KPIs (e.g. customer satisfaction, time to answer calls/emails, website)

17	Effective governance, Committee and Board training	Introduce Governance online training modular system
18	Thriving team and fluid governance	Improved oversight and performance dashboard: Enhance oversight information through the use of improved reporting or Business Intelligence (BI), additional SQL reporting and improved reports.
19	Thriving team and fluid governance	(Carried Forward from 2020/2021) Appraisal enhancements: Greater alignment of staff goals with business plan and customer feedback, introduction of part-year reviews of objectives.
20	Management of investments	Report in line with the Task Force for Climate-related Financial Disclosures (TCFD) requirements
21	Outstanding Customer Service and stakeholder relationships	Complete phase 2 implementation of new Fund website: a). Online member forms. b). Enhanced information c). Range of mediums for accessing information (written & recorded webinar)
22	Effective governance, employer and staff training	[Partially carried forward from 2020/2021] Employer Training: a). To produce and add a series of pre-recorded webinars, training material to the new employer website. b). To produce and instigate a programme of 1-1 employer liaison based on employer needs and performance (including based on their tiered rating for data quality). c). Create and maintain a dashboard of key employer interactions.
23	Lean processes, high performing and efficient with a culture of continuous improvement	Introduction of process based digital programme: a). As relevant, integrate member based processes with My Wiltshire Pension (MSS) so members can complete their part of the process online (such as uploading documents, forms and make decisions) and they can monitor the progress of their case. b). Introduce an approach where all quote work and estimates are either self-serve or using i-Connect data. As default, all members are treated as paperless.

24	Embracing Technology	E-Communication improvements: Move to approach of more targetted communications for different member and employer groups using Altair email, improved branding and mass mailing software
25	Effective governance, Committee and Board training	Governance training/effectiveness review
26	Working with other funds to deliver investment pooling	Work on assurance work for the property portfolio with a view to reviewing the possibility to transition to the pool with Committee in Q2 2021.
27	Robust and accurate service delivery	Knowledge Hub and updated procedures: a). Ensure all key procedures have required notes. b). Either write explanatory notes within a Knowledge Hub and/or procure a LGPS system.
28	Management of investments	Adopt the Stewardship Code 2020
29	Management of investments	Develop an approach to engaging with the scheme membership on responsible investment issues - via a new website, webinars, newsletters, surveys etc.
30	Thriving team and fluid governance	(Carried forward from 2020/2021) Introduce a statement of fund principles
31	Robust and accurate service delivery	Implement legislative reforms when they become due, such as: a). McCloud (non-actives) b). Good Governance reforms c). Pension Schemes Bill; d). tPR changes; e). Any other reforms
32	Embracing Technology	Introduce Global Pay: Introduce a new digital platform for the oversight of pensioner payment to overseas pensioners with foreign bank accounts.
33	Lean processes, high performing and efficient with a culture of continuous improvement	(Carried forward from 2020/2021) Integrate use of automation software such as Nova Sail

Expected Service Benefits	Resourcing Requirement and any identifiable costs (blank = nil)	Resourcing Level Required
Achieves compliance	Communications Manage	Medium
Clear audit trail for all contributions received, simpler and easier to analyse information on timeliness, accuracy and completeness of contributions received	Investments and accounting team	Medium
Safeguarding the assets of the Fund	Investments and accounting team	Low
Improved reporting will enable the Committee to better understand the drivers of performance for the pooled portfolios, and to effectively hold Brunel to account	Investments and accounting team	Medium
Improved service to customers and greater compliance with regulation.	Data & Systems Team and Employers Administrators	High
Resource saved in the team and diverted to more value-added work, using the findings from the reconciliations to update management on any emerging issues	Investments and accounting team	Medium
Clear audit trail for all journals posted with appropriate checks and authorisation	Investments and accounting team	Low
Compliance with legislation and ensuring the correct pensions are in payment	Project team and temporary staff. Cost: Additional staff at approximate cost of £35k and expectation of increase costs relating to complaints.	High

Efficient work practices.	Benefits Manager and team.	Medium
*Improved efficiencies, controls and data quality. *Substantial time-saving on current end of year processes. *Improved KPIs	Existing staff time: Project team & Data and Systems team. Costs include some additional recruitment (see action 11)	High
*More efficient, lean processes with better controls and improved communications.	Project Manager	High
This work will help the Committee to understand and incorporate risks which could have a material financial impact on the Fund's future investment returns	Investments and accounting team, consultancy support (quote of £65k included in 2021/22 budget)	High
More predictable cash requirements, ability to hold lower cash balances, benefitting from investment returns instead	Investments and accounting team	Medium
Resolution of the issues identified in the governance review will provide confidence to the Committee about the operations of the pool	Investments and accounting team	High
Saves employers money & simpler administration	Data & Finance team	Low
*Ability to align, develop and improve the service after consideration of customer feedback and requirements	Communications Manager	Medium

Aims to provide a baseline evidential platform of K&U attainment & maintenance amongst the Fund's decision makers	Circa £10,000 pa for a minimum 2 year contract.	Low
To facilitate improved management, oversight and data/evidence-driven decisions.	Costs = TBD for BI software before next budget (if this approach is taken) Existing staff	Medium
Staff morale & motivation, service delivery & Fund productivity & performance. Staff understanding their contribution	All managers	Medium
Pre-empt the expectation that this will become mandatory, and shows that the Fund is forward thinking, and reporting in line with best practice	Investments and accounting team	Low
*Improved information for Scheme Members on the website which should lead to a reduction in calls and email queries and a saving in time when responding to queries.	Communications Manager and Projects Manager	High
Improved employer experience, such as improved decision-making and time-saved, better quality and more timely data submissions	Existing staff time/immaterial costs: Communications Manager and Employer Relationship Manager	Medium
*More efficient, lean processes with better controls and improved communications.	Project Manager	Medium

*More frequent and timely communications due to ease of sending and removal of all material costs. *Administrative cost savings. *Significant savings in paper and postage, positive impact on the Fund's carbon footprint.	Existing staff time/immaterial costs: Communications Manager and Systems Manager	Low
Aims to underpin the quality of Committee decision making particularly post Local elections. Will align with Good Governance review & refresh the existing approach	Circa £8,000 for external on-line assessment	Low
Safeguarding the assets of the Fund	Investments and accounting team	Medium
Improved controls and understanding from the team.	All of the team. Cost (external system): £5k-£6k	Medium
Demonstrates that the Fund is taking its responsibilities with regard to stewardship of investments seriously, safeguarding the assets of the Fund	Investments and accounting team	High
Transparency will lead to a more engaged scheme membership on these important issues and may help inform the strategy	Investments and accounting team, some support from communications in the admin team	Medium
Clearer strategic guidance for managers when making decisions.	Senior Managers, the Committee and Board.	Medium
Compliance with pending legislation	Data & Systems Team and Employers Administrators. tPR changes - Revised questionnaire template from external provider (previously used AON): £2,000	High
Provide a digital platform which will service the Fund's overseas pensioners & offer improved data security. Potential for the enablement of functionality to check pensioner continual existence	Costs if any are expected to be minimal. Governance Manager to coordinate	Low
*Efficiency improvements to automate repetitive, low skilled, time-consuming processes.	Projects Team and Data and Systems Team	Medium

Service Priority	Target timeframe	Progress notes at 1 November 2021
High	30/04/21	Shaw Trust completed an audit in October 2021 and the audit report was due shortly after the date of writing. Once the audit report is completed, officers will decide on what follow up actions are required.
High	30/06/21	Completed New process for recording, monitoring and reporting on contributions receipts has been embedded within the team.
High	30/06/21	Completed
High	30/06/21	Ongoing
High	31/08/21	Completed and target met
High	30/09/21	Started - further work needed
High	30/09/21	Completed
High	31/12/21	Work in progress. Whilst this is behind schedule it remains a very high priority still with regular reporting to all Board and Committee meetings. Intention is to complete the action by the end of the financial year.

High	31/12/21	Complete - more processes are now covered and this will now be continually reviewed as part of business and usual.
High	31/03/22	i-Connect is behind schedule, mainly due to lack of employer engagement or ability to onboard but also Fund staff prioritising other work more highly.
High	31/03/22	a). Completed. b). Ongoing
High	31/03/22	Ongoing, but excellent progress made - the Fund now has a Responsible Investment Policy and is on track to complete the actions set out in the Responsible Investment Plan 2021/22
High	31/03/22	Started - further work needed
High	31/03/22	Ongoing
Medium	30/04/21	Completed
Medium	30/06/21	a). Completed b). Work in progress (some of this is delayed due to transition from Mitel to MS Teams)

Medium	30/06/21	Completed
Medium	31/08/21	Complete - Officers now have access to Altair Insights which provides the desired information.
Medium	31/08/21	Ongoing
Medium	30/09/21	Complete
Medium	31/10/21	Partially complete, further work is required.
Medium	30/11/21	Started - further work needed
Medium	31/12/21	Complete with release of new deferred into pay process (although more work to do beyond the scope of this action)

Medium	31/12/21	Started. Further work required until this can be deemed as work in progress.
Medium	31/12/21	Completed and target met
Medium	31/12/21	Ongoing
Medium	31/03/22	Complete a). All key procedures have notes and b). The Fund has purchased a product called PENTag which helps achieve this goal.
Medium	31/03/22	Ongoing
Medium	31/03/22	Complete - a policy is now included within the ISS and the RI Policy
Medium	31/03/22	No action taken thus far, partly due to significant changes in the make up the Committee making it harder to establish key principles.
Medium	Varies - dependent on legislative timeframes	No action possible so far as still awaiting developments at national level
Low	30/06/21	Not taken forward as pensioner payroll time decided to not use the system
Low	31/08/21	Unable to install Nova Sail fully due to ICT barriers and generally de-prioritised

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND LOCAL PENSION BOARD
11 November 2021

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 the Board

2. At the Board meeting on 20 May 2021, members were informed that officers would be developing a Responsible Investment Plan for approval by the Committee. This was produced, approved, and has been published on the Fund's website for full transparency. The plan can be found here:
https://www.wiltshirepensionfund.org.uk/media/6790/Responsible-Investment-Plan/pdf/Responsible_Investment_Plan_2021-22.pdf?m=637607587909400000

Progress against actions in the Responsible Investment Plan 2021/22

3. The road map from the Responsible Investment Plan 2021/22 is shown on the following page. Progress against actions for Q2 & Q3 2021 is as follows:
4. **Investments and strategy:**
 - The decision on sustainable equities has been made, and the transition was completed in September 2021.
 - Proposals for protection assets were considered at the 2 September 2021 Investment Sub-Committee, and approved by full Committee on 30 September 2021. The Fund has now made specific allocations to renewable infrastructure and impact affordable housing, of 5% each. Implementation options are currently being considered.
 - The Responsible Investment Policy has been approved and published – more info further later in this report.
 - Mercer's work on a "net zero by 2050" road map has been completed, and is included in a climate statement and action plan as part of the Responsible Investment Policy. This work has included setting interim decarbonisation targets.
5. **Reporting and disclosure:**
 - The TCFD reporting has been published online and in the Annual Report 2020/21. This sets out how the Fund manages climate change risk, from the perspective of governance, strategy, risk management and metrics.
 - Officers are developing plans for reporting in line with the 2020 Stewardship Code. This requirement will be met by an annual Stewardship Policy and Outcomes Report, which will be published for the first time in early 2022.
 - The Fund has signed up to the wider initiatives as set out in the Responsible Investment Plan, and is developing an approach to engaging with these resources.

6. Training and engagement:

- A Committee training session on impact investing and affordable housing was held on 8 July 2021. Officers have collected feedback from attendees via an online survey. Feedback was positive – members reported that they found the training very useful, particularly on impact investing, and that both sessions were pitched at the right level.
- One attendee fed back that they felt the Committee would benefit from the follow-on session on impact investing which had been mentioned in the training. This was supported at the Investment Sub-Committee on 2 September 2021, and the training has been scheduled for 29 November 2021.
- A Committee training session was held on 14 September 2021, for Mercer to represent their climate scenario modelling findings. Feedback was collected via an online survey. Members were very positive about the training, apart from one member who was very negative. Overall, members were happy with the level training was pitched at, and felt that they better understood the Fund's strategic direction. Several members felt that regular updates and refreshes of this training would be helpful.
- Brunel help two virtual investor days via Teams (27th September & 4th October) which were attended by Board and Committee members. These sessions covered a range of topics including high level market overview, investment examples and responsible investment progress.

7. **Responsible Investment Plan 2021/22 progress summary:** The Plan is on track to be achieved – all actions scheduled for Q2 & Q3 2021 have been completed. Some preparatory work has begun on actions for Q4 2021.

Responsible Investment Road Map

Q2 2021 -

Investments and strategy: decision on sustainable equities

Reporting and disclosure: TCFD reporting

Training and engagement: Training on impact investing and affordable housing

Q3 2021 -

Investments and strategy: proposals for protection assets, develop and publish Responsible Investment Policy, including climate statement and action plan

Reporting and disclosure: Develop plan for Stewardship Code reporting

Q4 2021 -

Investments and strategy: begin work to implement proposals for protection assets, begin reviewing potential work on other asset classes with respect to climate change and sustainability

Reporting and disclosure: sign up to wider initiatives

Training and engagement: hold membership webinars and develop the information shared on the Fund's website

Q1 2022 -

Investments and strategy: update Investment Strategy Statement

Reporting and disclosure: develop plans for reporting the year's progress in the Annual Report

Responsible Investment (RI) Policy

8. As mentioned above, the RI Policy has now been approved and published. The policy contains information which was previously contained in the Investment Strategy Statement (ISS), the RI Plan 2021/22, and some other new material, including the recommendations from Mercer's work on setting a pathway to net zero. The RI Policy can be found here on the Fund's website:
<https://www.wiltshirepensionfund.org.uk/media/7330/Wiltshire-Pension-Fund-Responsible-Investment-Policy-2021/pdf/Wiltshire-Pension-Fund-Responsible-Investment-Policy-2021.pdf?m=637696372542870000>
9. The RI Policy is to be considered as an integral part of the ISS. The ISS has been updated to remove duplicate information which is now included in the RI Policy, and is elsewhere on this agenda for review.

Training

10. The next training session will be held in person on 29 November 2021. Officers will circulate details of timings and venue. This training will include a follow-on session on impact investing with Pensions for Purpose. This session will take the format of an investment beliefs workshop, to review the UN sustainable development goals (SDGs) in more detail, and focus on SDGs which the Fund could incorporate in the investment strategy.
11. There will also be a session with Brunel on the new Paris-aligned benchmarks, which will explain more about how they are constructed, with examples. All members of the Committee and Local Pension Board are strongly encouraged to attend the training.

Member and Employer Engagement Activity

Annual Report

12. Following the publication of the Annual Report 2020/21, officers publicised the report in a variety of different ways:
 - Producing a one-page summary of the Annual Report, "Our Year in Review", which contains key facts and figures about the Fund. This can be found on the Fund's website: <https://www.wiltshirepensionfund.org.uk/Annual-report-and-accounts>
 - Circulating the Annual Report to all employers, along with the one-page summary, for onward distribution to scheme members.
 - Creating a publicity campaign to email all members who have signed up to MSS (the online self-service tool), as well as all pensioners who have signed up for e-payslips. This reached 17.7k individuals, and generated 1.5k clicks through to download the Annual Report or one-page summary.

Employer engagement survey

13. Officers have been working with the scheme employer representatives on the Pension Fund Committee to begin improving the way that strategic issues (including responsible investment) are communicated to employers, as well as how their views are fed back to the Committee. There is already a very active engagement with employers on more operational issues.

14. The first step has been an employer survey, which has been targeted at heads of finance or heads of the organisation. A brief summary of the results follows:

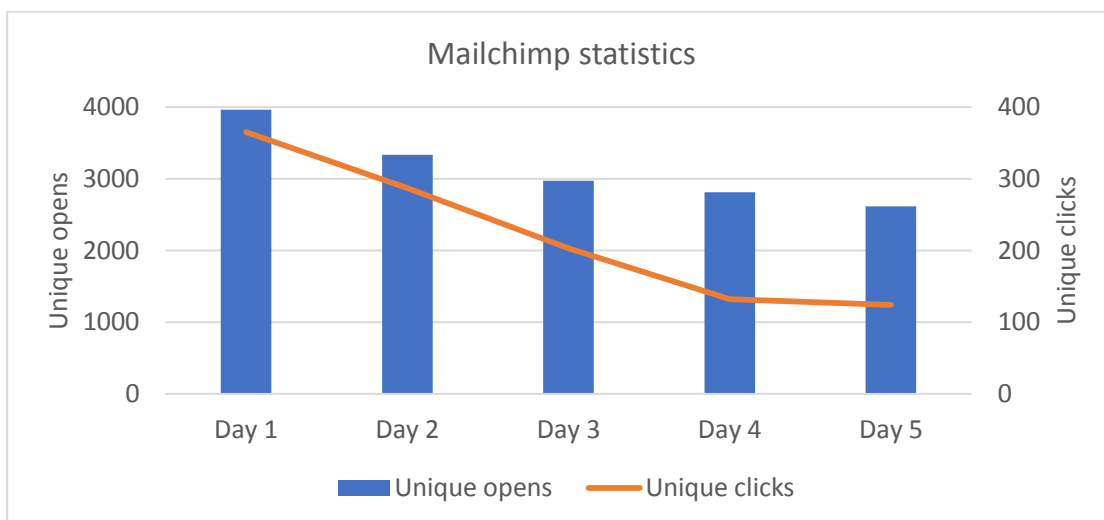
- Responses were received from 62 employer organisations (of approx. 180 total), representing just under 80% of all employers in terms of the value of employer contributions received. This shows a really strong level of engagement.
- Employers showed a strong interest in how the Fund is run, and gave a clear indication of the sorts of topics they would like to know more about, and how they would like to receive information.
- Several respondents said that they would be interested in being part of an employer focus group, so officers and the employer representatives will be looking into establishing this. This focus group will discuss and provide feedback on key relevant strategic and policy topics, such as the communication strategy, the investment strategy, and the actuarial valuation.
- Officers will be working alongside the employer representatives on the Committee to help facilitate the dialogue.

Pension Awareness Week (PAW)

15. 15 September 2021 was Pension Awareness Day. Officers developed a plan to use PAW to inform members about key facts on the benefits of the Pension Fund, how the money is managed, and to encourage members to visit our website and sign up to member self-service (MSS). A mini-factsheet was designed for each day of the week, as well as a single factsheet for employers who only wanted to send out a single communication to their eligible members of staff.

16. The factsheets were sent out to active members for whom we already hold email addresses via Mailchimp (7.7k members), and to all employers for onward distribution to eligible staff. A dedicated web page was also set up: <https://member.wiltshirepensionfund.org.uk/article/4608/Pension-Awareness-Week-13-17-September-2021>

17. In order to monitor the success of the PAW campaign, officers measured the number of visits to the dedicated webpage, clicks and opens through the Mailchimp mailing, and the increase in sign-ups to MSS. This data is not fully available at the current time, but some early measures are as follows:



18. The link within the Mailchimp email went through to the website where all the factsheets were stored, so it makes sense that clicks through to this page would decline over the week. The number of opens and clicks shows a high level of engagement.
19. From monitoring the number of members registered on MSS, a modest increase in sign-ups was noted across this week, but the full effect of this will take a while to filter through. Activity levels were also monitored, and these were up across the week by 58%, showing that more members were engaging with their pension.
20. Website stats have also shown an encouraging picture. Over the week the PAW page was the most popular on the website, and received 2,086 visits from 1,743 individuals. This represents over 1,000 extra visits than those generated from the Mailchimp campaign, so the majority of these are likely to have come from the emails sent out by the employers.

COP26 Engagement

21. In the run-up to COP26, the 2021 UN Climate Change Conference, officers developed a campaign to engage with the scheme membership. This involved the following:
 - Producing a one-page factsheet with key facts and figures on how the Fund is responding to climate change risk.
 - Using this factsheet as part of an email campaign to alert the scheme members to what action is being taken.
 - Developing a webpage to contain all the climate information in one place, so members can follow the link through from the one-page factsheet to learn more.
 - Working with Wiltshire comms and our employers, as well as using Mailchimp to send out the campaign.
 - Working with Wiltshire comms externally to ensure that we tie in our work with the Council's carbon reduction team, by putting out a press release and social media posts.
 - Joining in with Brunel's publicity work, specifically around our collaborative work to develop a new Paris-aligned benchmark, and invest £600m in this passive portfolio at its launch.
22. Members can view the factsheet and climate webpage here:
<https://www.wiltshirerensionfund.org.uk/climate>

Environmental Impacts of the Proposals

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

24. There are no known implications at this time.

Proposals

25. The Board is asked to

- use the report as a basis for monitoring the progress that is being made towards implementing responsible investment policy;
- note the progress made against the Responsible Investment Plan 2021/22 actions and discuss whether any additional actions are needed at the current time;

Report Author: Jennifer Devine (Head of Pension Fund Investments)

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

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WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND LOCAL PENSION BOARD
11 November 2021

INVESTMENT STRATEGY STATEMENT

Purpose of the Report

1. This report explains the process in place to update the Investment Strategy Statement (ISS) for consideration and approval. It is a minor update to the version approved by the Committee in March 2021.

Background

2. The formulation, publication and maintenance of an Administering Authority's Investment Strategy Statement is required by Regulation 7 of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.
3. Under Regulation 7(6) and (7), the statements must be published by 1st April 2017 and then kept under review and revised from time to time and at least every three years. The ISS was last comprehensively revised in July 2020, and the current review is intended to incorporate some minor changes.
4. At the meeting on 30 September 2021, the Wiltshire Pension Fund Committee approved a Responsible Investment Policy (RI Policy). This was the first RI Policy to be developed for the Wiltshire Pension Fund, and was a key action set out in the Responsible Investment Policy 2021/22. The content for the RI Policy was sourced from existing material in the ISS and Responsible Investment Plan 2021/22, as well as newly agreed interim targets for decarbonisation, and some other new content to ensure that the document was in line with the current situation. The RI Policy is an integral part of the ISS, and can be found here: <https://wiltshirepensionfund.org.uk/Policies-and-strategies-investments>.
5. In order to tidy up the main ISS, the material which is replicated in the RI Policy has been removed, and references to the RI Policy have been added. There have been a few other minor amendments to bring information up to date (for example updating the information on securities lending, as this is now operational through the Brunel pool), and finally the two tables on the Strategic Asset Allocation have been combined to keep the information more concise.

Main Considerations for the Board

6. The draft ISS is attached as Appendix 1.
7. The March 2021 version has been updated for the changes detailed above, and will be presented to the full Pension Fund Committee at the meeting on 25 November 2021 for approval.
8. The Local Pension Board are asked to consider the process that has been followed, and to confirm that this is in line with best practice and expectations.

Financial Considerations

9. The Financial considerations are considered within the draft ISS.

Safeguarding Considerations/Public Health Implications/Equalities Impact

10. There are no known implications at this time.

Reasons for Proposals

11. To keep the Investment Strategy Statement up to date.

Environmental Impact of the Proposals

12. Environmental considerations are dealt with within the draft ISS.

Proposal

13. The Board is asked to:

- (a) approve the process for updating the ISS
- (b) recommend to the Pension Fund Committee that the updated ISS be approved.

JENNIFER DEVINE
Head of Pension Fund Investments

Report Author: Jennifer Devine, Head of Pension Fund Investments

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

Appendices

Appendix 1 – draft amended ISS

Wiltshire Pension Fund

Investment Strategy Statement



November 2021

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WILTSHIRE PENSION FUND (“the Fund”)

1. Introduction and Background

Outline of Local Government Pension Scheme

The Local Government Pension Scheme (LGPS) is available to all local authority employees and the staff of certain other public and associated bodies, apart from police and fire officers and teachers, who have their own specific schemes.

The LGPS is a funded defined benefit scheme. The rate of contributions paid by Scheme members and the calculation of benefits paid to them are contained in the statutory provisions. Employer bodies also contribute to the cost of the Scheme.

Role of the Administering Authority

The LGPS is administered by individual “administering authorities”, these being prescribed in statute. Wiltshire Council is the administering authority for the County area of Wiltshire, including Swindon. It has delegated this function to the Wiltshire Pension Fund Committee (the Committee).

Administering authorities are responsible for the administration of a Pension Fund established on behalf of all employer bodies in their Scheme. The Funds are not separate legal entities from administering authorities and therefore are not covered by trust law. Nevertheless, the role of the administering authority is very similar to that of a trustee and members of the Committee therefore act in a quasi trustee role.

Statutory Background

The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 required administering authorities to formulate and to publish a statement of its investment strategy, in accordance with guidance issued from time to time by the Secretary of State. A link to the guidance on maintaining the ISS can be found at the link below:

<https://www.gov.uk/government/publications/local-government-pension-scheme-guidance-on-preparing-and-maintaining-an-investment-strategy-statement>

This ISS is a living document and is an important governance tool for the Fund. This document sets out the investment strategy of the Fund, based on its current policies and provides transparency in relation to how the Fund investments are managed, acts as a

risk register, and has been kept short, in order to be read in as user-friendly manner as is possible.

The Fund also has a Responsible Investment Policy (RI Policy), which will be reviewed and updated annually. The RI Policy is an integral part of the ISS, and can be found here: <https://wiltshirepensionfund.org.uk/Policies-and-strategies-investments>

This statement will continue to be reviewed by the Wiltshire Pensions Committee at least triennially or more frequently should any significant change occur.

DRAFT

2. Investment of Money in a wide variety of investments

Objectives of the Pension Fund

The primary objective of the Fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death before or after retirement for their dependants, in accordance with LGPS Regulations, whilst at the same time seeking to minimise the contributions that need to be paid in to the Fund by employer bodies.

The level of employer contribution is assessed every three years through an actuarial valuation of the Fund. This valuation establishes the solvency position of the Fund, that is, the extent to which the assets of the Fund are sufficient to meet the Fund's pension liabilities accrued to date. The objective is that the Fund should be at least 100% funded on an ongoing basis, taking account of any additional contributions paid by employer bodies to cover any past service deficit. The projection is that full funding is achieved over a time frame agreed appropriate by the Actuary for each employer, as set out in the Funding Strategy Statement.

Funding Strategy Statement

All Local Government Pension Scheme (LGPS) funds have to produce, consult on and publish a document called a "Funding Strategy Statement" (FSS). The purpose of the FSS is:

- a) To establish a clear and transparent fund-specific strategy which will identify how employers' pension liabilities are best met going forward;
- b) to support the regulatory framework to maintain as nearly constant employer contribution rates as possible; and
- c) to take a prudent longer-term view of funding those liabilities.

However, there will be conflicting objectives which need to be balanced and reconciled. For example, for most employers, objective a) implies low contribution rates, because they would see pension liabilities being "best met" by gaining as much help as possible from the investment strategy over the long term, which would lead you towards an equity-biased investment strategy. By contrast, objectives b) and c) imply stability and prudence of employer contribution rates, which would lead you towards a bond biased investment strategy.

Therefore, the best that can be achieved is a sensible balance between these different objectives, while considering the affordability of employer contributions.

The FSS and ISS are intrinsically linked and together aim to deliver stable contribution rates for employers and a reduced reliance on employer contributions over time. The FSS can be viewed at the link below:

<https://www.wiltshirepensionfund.org.uk/media/5113/funding-strategy-statement-final.pdf>

Investment Powers

These are set out in the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, which outline the wide investment powers allowing committees to invest in line with its ISS, with certain restrictions as long as proper advice has been obtained.

The Secretary of State also now has the power to direct should an authority fail to act in accordance with the guidance issued under these regulations.

Responsibility for Decisions

The Committee is responsible for overall investment policy and for the implementation of appropriate investment management arrangements. In carrying out this role, the Committee receives advice from independent external advisors (Mercer) and from the Head of Pension Fund Investments and the Treasurer to the Pension Fund (the Director of Finance and Procurement). The Committee is also supported by its Independent Adviser (Anthony Fletcher). It appoints external investment managers to implement investment policy, who are therefore responsible for day to day investment decisions. Increasingly, as implementation of pooling takes place, the Brunel Pension Partnership Limited (“the pool”) will be responsible for the appointment of external investments managers to implement the Fund’s investment policy.

The Committee believes these arrangements strike the right balance between their own overall responsibilities in acting in a quasi trustee role and having decisions taken with the most appropriate level of expertise available.

Types of Investments held

The Committee has freedom to operate within the Regulations and its policy is outlined below. Its expectation, however, is that the majority of assets are invested in major stock markets, where the underlying investments can be easily traded if required.

The Fund therefore invests in pooled funds managed by properly authorised organisations (equities, property, infrastructure and government bonds) and sterling and overseas cash deposits. The Fund also hedges a proportion of its overseas currency exposure to equities. It may also invest in futures and options, as well as limited investment in direct property. The Fund also invests and has commitments to private markets mandates, including Infrastructure, Private Equity, Private Lending & Secured Finance.

Balance between the Various Types of Investments

An explanation of the relative amount to be invested in each asset class (type of investment) is provided below by the strategic benchmark adopted by the Committee. However, that does not mean that these percentages need to be rigidly maintained and ranges are shown to outline the maximum and minimum investments.

Based on the Fund's interim target portfolio, the Fund invests 40% on a passive (index tracking) basis and 60% on an active basis (to outperform the benchmark). In the long-term investment strategy the Fund's passive (index tracking) investment allocation is 27% and therefore 73% on an active basis.

Expected Returns on Investments

The Committee recognises that the past is not a reliable guide to the future in respect of predicted returns on investment. In addition, it recognises that the range of expected returns is greater for some asset classes than others and that the prospect of higher returns is usually accompanied by higher levels of risk. The target return set by the actuary at the valuation is 1.6% per annum in excess of gilt yields. Based on the Actuarial valuation carried out by Hymans, this is currently estimated at 3.8% p.a.

Risk Control

The Committee regards the major control of risk to be required at the strategic asset allocation level and this has been taken into account in setting its overall investment strategy. This is explored later in the document, but the key themes for the Fund include equity risk, inflation and interest rate protection.

The Committee is less attracted to tight regional benchmarks that encourage managers to stay close to the benchmark for their own risk control reason, so the Fund's investments are increasingly moving towards unconstrained approaches, typically benchmarking against World Indices or Inflation plus targets.

All risks are continually monitored and a high level asset allocation review is undertaken annually to check the appropriateness of the Fund's current strategy.

Investment Beliefs and Objectives

The investment objective is therefore to maximise returns subject to an acceptable level of risk whilst increasing certainty of cost for employers, and minimising the long term cost of the Fund. Having a thorough understanding of the risks facing the Fund is crucial and these are covered later in this statement.

The Fund has formed the following investment beliefs which help to inform the investment strategy derived from the decision making process.

- Funding, investment strategy and contribution rates are linked.
- The strategic asset allocation is the key factor in determining the risk and return profile of the Fund's investments.
- Investing over the long term provides opportunities to improve returns.
- Diversification across asset classes can help to mitigate against adverse market conditions and assist the Fund to produce a smoother return profile due to returns coming from a range of different sources.
- Managing risk is a multi-dimensional and complex task but the overriding principle is to avoid taking more risk than is necessary to achieve the Fund's objectives.
- 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.
- Value for money from investments is important, not just absolute costs. Asset pooling is expected to help reduce costs over the long-term, whilst providing more choice of investments, and therefore be additive to Fund returns.
- High conviction active management can add value to returns, albeit with higher short-term volatility.
- 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.
- 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.
- 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.

Securities Lending

The Fund engages in securities lending through the Brunel portfolios, to increase returns.

3. Investment strategy and the process for ensuring suitability of investments

Funding Policy

The objectives of the Wiltshire funding policy are expressed in its FSS. The Fund has a very strong employer covenant, being funded substantially by tax-raising local authorities. Therefore, the Committee can adopt a long-term view, without concern about the ability of its sponsors to meet their liabilities.

Given the on-going restructuring of public bodies the Fund is now maturing increasingly faster. The positive cashflow position is declining (investment income is available if the Fund does go cashflow negative) and this position is being closely monitored. The recent changes made to the Fund's long-term investment strategy, with increased allocations to income generating assets, will help with ongoing cashflow needs, and at this time it is not felt necessary to change the investment strategy of the Fund any further.

As the Fund has a deficit of assets against liabilities (97% funded at the 31 March 2019 Triennial Valuation), the Committee wishes to employ the appropriate amount of risk in order to facilitate the closure of this deficit. Over time as the funding level has increased, the Committee have reduced the level of risk inherent in the investment strategy, in order to protect the strong funding position, whilst being mindful that a degree of future investment return and therefore risk is necessary to maintain the funding level over time.

It is all the employer organisations in the Fund who feel the result of unstable employer rates, and for the precepting authorities, ultimately the local tax payer either through the Council Tax or through service levels. Therefore, another very important consideration is the need for relative stability of investment returns, given that employee rates are fixed by statute and the tools available in the actuarial valuation process for smoothing of returns are limited. This can be achieved by investments that are inherently more stable, such as bonds. However, it is also aided by diversification (so that the ups and downs on particular investments do not arise together), and by seeking returns from both passive investments (market based risk) and additional returns from active investment management.

Consequently, the Committee has set an overall investment goal that reflects these four factors.

Investment Goal

The Wiltshire Pension Fund's investment objective is to achieve a relatively stable "real" return above the rate of inflation over the long term, in such a way as to minimise and stabilise the level of contributions required to be paid into the Fund by employer bodies in respect of both past and future service liabilities.

Investment Strategy

The Wiltshire Fund Pension Committee has put in place a strategy to achieve this goal through use of the following elements:

- A relatively large allocation to equity investment to achieve higher returns;
- Allocations to more diversified and less correlated asset classes such as bonds, property, infrastructure, multi-asset credit and private markets to achieve to achieve stabilisation; and

The Committee took the decision to decision to de-risk the Fund's investment strategy, which involves a reduction in the allocation to equities and alternative growth assets, in order to increase the allocation to income generating assets and protection assets. It will take some time to move towards the new long-term strategic asset allocation; therefore an interim asset allocation will be used to benchmark progress towards the long-term asset allocation.

Agreement has been reached to implement one new alternative investment strategy following modelling and discussions with employers. This lower risk strategy is split between the following high level investment categories, Growth, Income/Mid-Risk and Protection split 20%, 25%, 55% respectively. Adoption of a lower risk strategy will be dependent on an employer's individual circumstances, and will result in higher employer contributions in order to make up for the lower anticipated investment returns, but will provide more certainty and a lower risk of short term falls in investment performance, which would adversely impact the employer's funding level.

Where commitments to private market mandates have been made, the Fund seeks to attain exposure to these asset classes in the interim to their drawdown of commitments through the use of asset classes that have moderate to strong correlation (risk and return) to that of the private market asset class, while being sufficiently liquid to ensure monies can be sourced efficiently for drawdowns.

The Fund's interim and long-term target strategic asset allocations, along with an overview of the role each asset class plays is set out in the table below:

ASSET CLASS	INTERIM TARGET ALLOCATION %	INTERIM CONTROL RANGES %	LONG-TERM TARGET ALLOCATION %	LONG-TERM CONTROL RANGES %	ROLE WITHIN STRATEGY	MANAGER	BENCHMARK / TARGET P.A.
Global Equity (Active)	8.0	23.5 – 38.5	5.0	18.5 – 25.5	Long-term growth in excess of inflation expected. Reduce carbon footprint through low carbon mandates	Brunel Global High Alpha	MSCI World +2-3% p.a.
Sustainable Global Equity (Active)	8.0		5.0			Brunel Sustainable Equities	MSCI World +2-3% p.a.
Paris-aligned Equity (Passive)	15.0		12.0			Brunel Paris-aligned Developed Passive	FTSE Developed World PAB Index TR UKPD
Emerging Markets Equity	5.0	3.0 – 7.0	5.0	3.0 – 7.0		Ninety One Emerging Market Multi-Asset	50% MSCI Emerging Market Equity NDR Index, 25% JP Morgan EMBI Global Diversified Index, & 25% JP Morgan GB-EM Global Diversified Index +2-4% p.a.
Private Equity	–	–	7.5	6.0 – 9.0		Brunel Private Equity	MSCI ACWI + 3%
Equity	36.0	26.5 – 45.5	34.5	27.5 – 41.5			
Infrastructure (Unlisted)	2.5	6.5 – 9.5	8.0	6.5 – 9.5	Provides access to a diversified (but long term, illiquid) return source and a stream of inflation related income.	Partners Group Brunel Infrastructure	8-12% p.a. net IRR CPI + 4%
Infrastructure (Listed)	5.5		–	–	Serves as a warehouse for capital that has yet to be drawn down into the Unlisted Infrastructure mandate, allowing interim exposure to the asset class.	Magellan Select Infrastructure Fund	CPI + 5% p.a. over the business cycle
Alternative Growth Assets	8.0	6.5 – 9.5	8.0	6.5 – 9.5			
Multi Asset Credit	5.0	4.0 – 6.0	5.0	4.0 – 6.0	Diversified source of income and provides a degree of protection	Brunel Multi-Asset Credit	GBP SONIA + 4-5%

ASSET CLASS	INTERIM TARGET ALLOCATION %	INTERIM CONTROL RANGES %	LONG-TERM TARGET ALLOCATION %	LONG-TERM CONTROL RANGES %	ROLE WITHIN STRATEGY	MANAGER	BENCHMARK / TARGET P.A.
					from interest rate changes. Some return above gilts expected.		
Emerging Markets Debt	5.0	4.0 – 6.0	5.0	4.0 – 6.0	Exposure to fixed income in emerging markets, serving as a good source of diversified return.	Ninety One Emerging Market Multi-Asset	50% MSCI Emerging Market Equity NDR Index, 25% JP Morgan EMBI Global Diversified Index, & 25% JP Morgan GB-EM Global Diversified Index +2-4% p.a.
Property	13.5	11.5 – 15.5	15.0	13.0 – 17.0	Diversification; income; some inflation sensitive exposure; illiquidity premium.	CBRE	IPD UK Quarterly Property Fund Index +0.4% p.a.
Private Lending	–	–	7.5	6.5 – 8.5	Offer a wide range of long-term investment opportunities; return diversification; as well as returns from expected illiquidity premium.	Brunel Private Debt	GBP SONIA + 4%
Bank loans	10.8	9.8 – 11.8	–	–	Serves as a warehouse for capital that has yet to be drawn down into the Private Lending mandate, allowing interim exposure to the asset class.	Pinebridge Global Secured Credit Fund	80% S&P LLI / 20% S&P ELLI Index + 0.5-1.0% p.a.
Income Generating Assets	34.3	26.0 – 36.0	32.5	27.5 – 37.5			
Secured Income	–	–	8.0	7.0 – 9.0	Relatively low volatility asset class, aims to	Brunel Secured Income	CPI + 2%

ASSET CLASS	INTERIM TARGET ALLOCATION %	INTERIM CONTROL RANGES %	LONG-TERM TARGET ALLOCATION %	LONG-TERM CONTROL RANGES %	ROLE WITHIN STRATEGY	MANAGER	BENCHMARK / TARGET P.A.
					help service the Fund's increasing cash requirements through investing in secure inflation linked cashflows.		
Impact Affordable Housing	–	–	5.0	4.0 – 6.0	Inflation linked returns primarily derived from income with a small element of capital appreciation. Positive social impact and the potential for local (Wiltshire) investment	TBC	CPI + 2-4%
Renewable Infrastructure	–	–	5.0	4.0 – 6.0	Returns primarily derived from income from operational assets, some degree of exposure to construction type risks. Positive environmental impact.	TBC	6-8% net IRR
Gilts	21.7	16.7 – 26.7	7.0	4.5 – 9.5	Provide protection from changes in real yields both in terms of capital value and income.	Brunel >5 Year Passive Index Linked Gilts	FTSE-A UK index linked gilts over 5 year
Protection Assets	21.7	16.7 – 26.7	25.0	19.5 – 30.5			
Total	100.0	–	100.0	–			

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The maximum allocations outlined in the table above may be amended with the approval of the Pension Fund Committee for specific transition events when terminating or changing investment managers.

*BPP have not initially offered an Emerging Markets Multi-Asset Fund, so the Fund will need to go through the Create/Amend/Delete ('CAD') process for this mandate.

Timeframe for Investment Managers' Targets

Three-year targets are generally preferred when monitoring investment managers because of the need to see clear evidence of added value as soon as possible. The Committee recognises, however, that three-year periods may not be appropriate for particular managers' styles, or for specific asset classes. Five year rolling periods, rather than three-year periods, are therefore adopted where appropriate. Further, even longer measurement periods may be appropriate for the Fund's investments in private markets (for example 7-10 years for private equity).

Review and Policy

The Pensions Committee is responsible for the Fund's strategic asset allocation which is determined via a triennial strategy review as part of the valuation process. The review is both qualitative and quantitative and is undertaken by the Pension Committee in conjunction with the actuary, officers and independent advisers. The review considers:

- The required level of return that will ensure that the Fund can meet its future benefit obligations as they fall due.
- The level of risk that the Fund can tolerate in absolute terms, and in relation to its funding level and deficit.
- An analysis of the order of magnitude of the various risks facing the Fund is established so that a priority order for mitigation can be determined.
- The desire for diversification across asset class, region, sector, and type of security.
- Approach to how environmental, social or corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments.

The Committee takes the view that the Fund should only take as much risk as is necessary to recover the deficit and maintain contribution rates at an affordable, sustainable level.

The Investment Sub-Committee formally monitors the investment performance of the managers against their individual performance targets and meets them on an annual basis, reporting back to the main pension committee. All Members of the Committee receive quarterly performance and asset allocation figures based on reports provided by the Council's global custodian, State Street.

A quarterly check is made on how the overall strategic benchmark of the Fund is performing, relative to other funds, and in relation to the financial assumptions contained in the previous actuarial valuation.

The Committee also undertakes a high level asset allocation review once a year.

Fee Structures

The Committee generally has an ad-valorem fee scale applied in respect of the investment management services it receives. This is generally accepted practice for passive tracking mandates and is easily understood. A performance related fee basis is sometimes set, however, if it is believed to be in the overall financial interests of the Fund, particularly for active mandates where higher fees are paid for more consistent outperformance of market indices. The approach taken varies depending on the type of investment and the target being set.

The Fund pays special attention to the monitoring of fees paid in respect of private markets mandates, as these typically have more complicated fee structures. An additional layer of complexity is also added from having a fund of fund structure, which requires further oversight.

The Fund is required to report in line with the CIPFA requirements under the Transparency Code and requires its investment managers to provide sufficient information to fulfil this requirement.

4. Approach to risk and how its measured & managed

Risk measurement and management

Risks are assessed both qualitatively and quantitatively as part of regular investment strategy reviews, and prioritised accordingly forming a key element in setting its strategy. Sufficient risk is needed to achieve long term returns expectations but mitigated as appropriate to allow as far as possible stable employer contribution rates. This approach to risk is reviewed at least annually.

(a) Investment Risks

Provided below is commentary on the major investment risks the Fund is running:

Liability related interest rate and inflation risks – One of the largest risks the Fund is running is in relation to its liabilities and the sensitivity of these to changes to long-term interest rates and inflation expectations. The Fund mitigates these risks to a degree through its holdings in index linked gilts, other bonds and other sources of secured cashflow. The Committee is looking further at these risks as part of the current strategy review.

Equities – The other large risk that the Fund is running is in relation to its equity holdings. Should equity market conditions deteriorate significantly this will have a large negative impact on the Fund's assets. The Fund holds equities in order to provide the necessary long-term expected returns to help ensure that the Fund remains affordable. The Committee believes that the extra returns that are expected to be generated by equities compensate for the level of risk equities bring to the Fund. As shown by the long term Strategic Asset Allocation above, the Committee is working towards a reduction in equity exposure, helping to bring down the overall risk contributed from equities accordingly.

Active manager risk – Investment managers are appointed to manage the Fund's assets on its behalf. This risk is small relative to other risks; however the Fund still addresses this risk. Extensive due diligence is undertaken before managers are selected, with a number of different managers chosen to mitigate against concentration risk. The investment managers are also monitored regularly by the Committee and by the Fund's Investment Consultant.

Liquidity risk – the Committee recognises that there is liquidity risk in holding assets that are not readily marketable and realisable. Given the long term investment horizon, the Committee believes that a degree of liquidity risk is acceptable, given the potential return. The majority of the Fund's assets are realisable at short notice. Where commitments have been made to private market mandates that have not yet drawn down all of the committed capital, the Fund has invested these assets in liquid interim asset classes that have a moderate degree of risk & return correlation to the private markets assets. In this

way, some exposure to the desired asset class is retained and as the interim asset classes are liquid, the risk that the Fund would have to be a forced seller to meet these drawn downs, is mitigated.

Exchange rate risk – this risk arises from investing in unhedged overseas (non GBP denominated) assets. The Fund has a currency hedging policy in place to hedge c.50% of the overseas equity exposure. For other asset classes, currency hedging is reviewed on a case-by-case basis.

The Fund's portfolio is well diversified across asset classes, geography and asset managers. As different asset classes have varying correlations with other asset classes, the Fund can manage the level of risk run to the extent desired.

Asset Class	DME	EME	PE	Infra	MAC	EMD	SPD	Prop	LLP	Corp	FIG	ILG
Developed Global Equity	1.00	0.63	0.62	0.75	0.59	0.37	0.21	0.27	0.26	0.32	0.10	0.10
Emerging Market Equity	0.63	1.00	0.56	0.57	0.53	0.55	0.13	0.29	0.28	0.29	0.13	0.11
Private Equity	0.62	0.56	1.00	0.56	0.55	0.34	0.25	0.24	0.22	0.28	0.09	0.06
Infrastructure	0.75	0.57	0.56	1.00	0.59	0.36	0.24	0.44	0.39	0.30	0.08	0.14
Multi-Asset Credit	0.59	0.53	0.55	0.59	1.00	0.64	0.53	0.38	0.34	0.31	-0.04	0.08
Emerging Market Debt	0.37	0.55	0.34	0.36	0.64	1.00	0.15	0.16	0.19	0.22	0.03	0.11
Senior Private Debt	0.21	0.13	0.25	0.24	0.53	0.15	1.00	0.27	0.22	0.11	-0.14	-0.01
Conventional Property	0.27	0.29	0.24	0.44	0.38	0.16	0.27	1.00	0.74	0.11	-0.03	0.03
Long Lease Property	0.26	0.28	0.22	0.39	0.34	0.19	0.22	0.74	1.00	0.24	0.12	0.37
UK Corporate Bonds	0.32	0.29	0.28	0.30	0.31	0.22	0.11	0.11	0.24	1.00	0.78	0.32
Fixed Interest Gilts	0.10	0.13	0.09	0.08	-0.04	0.03	-0.14	-0.03	0.12	0.78	1.00	0.30
Index-Linked Gilts	0.10	0.11	0.06	0.14	0.08	0.11	-0.01	0.03	0.37	0.32	0.30	1.00

Source: Mercer Asset Model correlations as at 31 March 2020 (note that figures are estimates for modelling purposes and may not be a true reflection of actual asset correlations in the future, particularly for illiquid asset classes).

(b) Cashflow management risks

The Fund is becoming more mature and although it is cashflow positive after taking investment income, managing cashflow will become an increasingly important consideration in setting the investment strategy. Specifically should this position ever reverse, mitigating actions would be taken to manage the cashflow shortfall such as investing in assets that produce cashflows that could be used to meet these payments.

(c) Demographic risks

The Fund is subject to a range of demographic risks, but with particular reference to investment strategy, the Committee is aware of the potential for the Fund to mature over

time as pensioner liabilities increase. A mature pension fund is likely to take less investment risk over time and this is considered at each strategy review. The more mature a pension fund, the more likely it is that disinvestments would need to be made to pay benefits. The Fund is not in that situation at present as income from contributions and investments are greater than benefit payments. However, this situation is monitored regularly and formally as part of the actuarial valuation and strategy review.

(d) Governance risks

The Pension Fund Committee believes that there is a benefit to the Fund to be gained from good governance in the form of either (or both) of an increased return and/or decreased risk. Poor governance can lead to opportunities and risks to be missed, and have a detrimental effect on the funding level and deficit. The current delegations and use of an investment sub-committee assist in managing this risk. There is also additional governance risk from the Fund's participation in the BPP and the ways this can be mitigated and managed were developed.

(e) Financial ESG risks

The Committee believes that in order to carry out their fiduciary duty by acting in the interest of its members, that effective management of Environmental, Social & Corporate Governance management (ESG) issues, including climate change, which are financially material to the Fund is essential. **These risks are dealt with in detail in the Responsible Investment Policy, which is an integral part of this ISS.**

Contingency Plans

The investment risk is mitigated by regular monitoring of investment managers performance and review of the Fund's strategy on a quarterly basis. These, along with the other risks are monitored quarterly as part of the Fund's Risk Register and on-going funding level analysis undertaken by the actuary.

The Fund also monitor the funding level and if it falls by more than 20% from the funding position recorded at the last actuarial valuation, this triggers an immediate review. This review is undertaken in conjunction with the Fund's investment consultants and Actuary, with appropriate action taken. Given that a fall in the funding level could be realised through a number of different channels, there is no set framework here, with actions tailored to the individual circumstances the Fund finds itself in.

As outlined in the FSS, the Fund is also committed to providing some different investment strategies in the future to assist employers in managing and mitigate their exposure to investment risk where this is most appropriate for their specific liabilities.

5. Approach to Pooling Investments, use of collective investment vehicles & shared services

The Fund pools investments with 8 other local authorities and the Environment Agency through the Brunel Pension Partnership and its operator Brunel Ltd.

The Fund first transferred assets to BPP Ltd in July 2018 and, through the Pension Committee, will retain the responsibility for setting the detailed Strategic Asset Allocation for the Fund and allocating investment assets to the portfolios provided by BPP Ltd. However, the fiduciary responsibility dictates that the Pension Fund Committee must always act in the best interest of the Fund and it will need to ensure the most appropriate investments are used in the implementation of its investment strategy. This includes ensuring BPP Ltd are able to implement the Committees strategic decisions, that they are held to account for performance and in extremis, potentially consider other investments if the value for money opportunity cannot be delivered through BPP Ltd in terms of collective and individual basis.

BPP Ltd is a company which is wholly owned by the Administering Authorities. The company is authorised by the Financial Conduct Authority (FCA) to act as the operator of an unregulated Collective Investment Scheme. It is responsible for implementing the detailed Strategic Asset Allocations of the participating funds by investing Funds assets within investment portfolios with defined risk and return characteristics. In particular it researches and selects the underlying investment managers needed to meet the requirements of the detailed Strategic Asset Allocations. These Manager Operated Funds will be operated by professional external investment managers. The Fund is a client of BPP Ltd and as a client has the right to expect certain standards and quality of service. A detailed service agreement is in place which sets out the duties and responsibilities of BPP Ltd, and the rights of Wiltshire Pension Fund as a client. It includes a duty of care of BPP to act in its clients' interests.

The governance of the Brunel partnership is of the utmost important to ensure the Fund's assets are invested well and the needs of the Fund and its beneficiaries are met. Governance controls exist at several levels within Brunel.

- As shareholders in Brunel the Fund entered into a shareholder agreement with the company and the other shareholders. This gives considerable control over Brunel – several matters, including significant changes to the operating model and finances, are reserved matters requiring the consent of all shareholders.
- An Oversight Board comprising representatives from each of the Administering Authorities has been established. Acting for the Administering Authorities, it has a primary monitoring and oversight function. Meeting quarterly, it can request papers from Brunel or interrogate its management. However, it cannot take decisions requiring shareholder approval, which will be remitted back to each Administering Authority individually.

- The Oversight Board is supported by the Client Group, comprised primarily of pension investment officers drawn from each of the Administering Authorities, but also drawing on finance and legal officers from time to time. It will have a leading role in reviewing the implementation of pooling by Brunel, and provide a forum for discussing technical and practical matters, confirming priorities, and resolving differences. It will be responsible for providing practical support to enable the Oversight Board to fulfil its monitoring and oversight function.
- A separate level of governance is provided by the Board of Directors at Brunel, which are appointed by the Fund and the other shareholders. It comprises four highly experienced and independent non-executive directors, chaired by Denise Le Gal and four executive directors.
- Finally, as an authorised firm, Brunel has to meet the extensive requirements of the FCA which cover standards such as conduct, good governance, record keeping, training and competency, policy and process documents, and internal controls.

The arrangements for asset pooling for the Brunel pool were formulated to meet the requirements of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 and Government guidance.

Wiltshire Council approved the full business case for the Brunel Pension Partnership on 21 February 2017. The Fund's first investment assets were transitioned across to BPP in July 2018. At the time of writing BPP are still working to finalise a number of their portfolio offerings, with the target date for all portfolios operational extending into 2021. An investment timetable can be found in the appendix of this paper which sets out Brunel's current expectations around Fund launches. Until such time as transitions take place, the Fund will continue to maintain the relationship with its current investment managers and oversee their investment performance.

Following the completion of the transition plan outlined in the Appendix, it is currently envisaged that the majority of the Wiltshire Pension Fund's assets will be invested through BPP Ltd. The Fund has certain commitments to long term illiquid investment funds which will take longer to transition across to the new portfolios to be set up by BPP Ltd.

Currently not all proposed portfolios to be offered by BPP Ltd provide a direct substitution for the Fund's investment strategy. For example, there is not a replication of the Fund's Emerging Market Multi Asset mandate, although this could be substituted with the use of separate Emerging Market equities and bond portfolios, and this is one of the ways that BPP can deliver the same outcomes by providing a different solution. In this case, where BPP cannot accommodate a specific solution, these assets would remain outside the Fund and continue to be managed by the Fund until such time as they are liquidated, and capital is returned.

More details on the Brunel Pension Partnership can be found in Appendix B.

6. Policy for the exercise of rights (including voting rights) attaching to investments

Voting Policy

The fund believes that voting is integral part of the responsible investment and stewardship process.

For assets that have transitioned to Brunel, the Committee has delegated the exercise of voting rights to Brunel on the basis that voting power will be exercised with the objective of preserving and enhancing long-term shareholder value. As part of owning publicly listed companies, Brunel, on behalf of its clients, will have the opportunity to vote at company meetings (AGM/ EGMs). Brunel aims to vote 100% of all available votes. To provide guidance to its managers, Brunel has a single voting policy for all assets managed by Brunel in segregated accounts. Hermes EOS has been appointed to support Brunel as its engagement and voting service provider. Brunel will publish its voting policy and provide online voting records at least annually.

The Fund undertakes its engagement activities through its active membership of the Local Authority Pension Fund Forum which targets specific areas of concern across the holdings of its LGPS membership.

The Fund also expects its asset managers to report on their engagement activities on a regular basis and summarises these in its quarterly updates.

The Fund will publish the voting carried out on its behalf on its website.

Stewardship Code

The introduction of the Stewardship Code in July 2010 by the Financial Reporting Council strongly encouraged best practice in respect of investor engagement. The Fund published its statement of compliance with the code during 2011 and this is reviewed annually. All of our global equities managers currently comply fully with the code. The Fund is rated as Tier 1 compliant by the Financial Reporting Council.

In late 2019, the Financial Reporting Council (“FRC”) published its revised 2020 UK Stewardship Code (“2020 Code”). The latest Code defines stewardship 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 FRC has described the 2020 Code as ambitious and highlighted the increased focus on ‘activities and outcomes’ as opposed to policy statements alone. As part of this increased remit the 2020 Code covers a wider range of asset classes, requires signatories to consider the systematic integration of ESG and climate change in the

stewardship and investment process, and is based on a more stringent 'comply and explain' basis. The revised 2020 Stewardship Code now has 12 principles for signatories.

The Fund plans to become a signatory to the 2020 Code by the end of 2022, recognising the significant amount of work complying with and reporting on the new Code will entail. The Fund has already had discussions with its partner funds and Brunel to ensure appropriate structures are in place to enable this.

Stewardship in Investment Pooling

As part of Brunel, the Fund is actively exploring opportunities to enhance our stewardship activities. At the same time the Fund will continue to be an active owner in our own right. The Committee believes one of the potential benefits of pooling, achieved through the scale and resources arising from pooling, is the improved implementation of stewardship practices. Brunel has published its Responsible Investment Stewardship Policy which outlines its approach and priorities. The policy reflects the priorities of its underlying clients, and the Fund was active in contributing to the policy.

With the support of the Fund and the other partner funds, Brunel has been using its influence to press for improved stewardship at external investment managers and has been actively involved in government consultations and other initiatives in the area. Once all equity assets have been transitioned, the Partnership and Brunel Ltd will seek to deliver best practice standards in responsible investment and stewardship in terms of company engagement as outlined in the Brunel Pension Partnership Investment Principles. More information is available on the website (www.brunelpensionpartnership.org).

The Committee has delegated investment powers to Brunel and the Fund's investment managers (where assets have not yet transitioned to Brunel) to act in the best interests of the Fund. Brunel and the Fund's investment managers are encouraged to engage in constructive dialogue on behalf of the Fund and to use their influence to encourage companies to adopt best practice in key areas. Brunel and the Fund's investment managers have been asked to report to the Committee on the implementation of their stewardship and engagement activities, which will be reviewed on a regular basis.

A representative from Brunel is also periodically invited to present at Committee meetings to provide updates on developments.

The Fund recognises the importance of collaboration with other investors to achieve more effective and wider reaching outcomes. In this respect, the Fund is a member of the Local Authority Pension Fund Forum ("LAPFF") which aims to protect the long-term investment interests of beneficiaries by promoting the highest standards of corporate governance and corporate responsibility amongst investee companies. Further details can be found on their [website](#).

Advice Taken

In creating this statement, the Fund has taken advice from its Investment Consultant. Also, in relation to each of the constituent parts, such as the asset allocation and risk mitigation, the Fund has taken advice from its Investment Consultant, Mercer, and the Fund Actuary, Hymans Robertson. In providing investment advice, Mercer is regulated by the Financial Conduct Authority.

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7. Other Investment Policies

Responsible Investment Policy

The Fund has a Responsible Investment Policy (RI Policy), which is an integral part of this ISS, and can be found here: <https://wiltshirepensionfund.org.uk/Policies-and-strategies-investments>. The RI Policy contains all the information on the Fund's approach to responsible investment issues, including climate change, in one convenient place. The RI Policy will be reviewed annually.

Investment Consultant Objectives

The Fund has set objectives for its Investment Consultant, Mercer, in conjunction with the recent Competition & Markets Authority "CMA" directive. The Fund's Investment Consultant is measured against these objectives in the Annual Reporting review, which is detailed in a separate document. A statement will be submitted to the CMA annually regarding the Investment Consultant's compliance with these objectives.

Markets in Financial Instruments Directive (MiFID)

In 2017, when the Markets in Financial Instruments Directive (MiFID) was integrated into UK financial regulation, local authorities were reclassified automatically to 'Retail clients' due to the UK local authorities being in the unique position of managing pension funds. Whilst Retail status provides increased investor protection relative to Professional clients, there are a number of disadvantages including:

- Restricted access to investment managers as few firms are authorised to deal with retail clients.
- Limited products and services available as only certain types of investments are deemed suitable for retail clients. Many private markets products are not deemed suitable for Retail clients, namely Infrastructure funds, Private Equity funds, Hedge Funds, this is not consistent with the Fund's current investment strategy.
- Significant implications for pooling
- Sale of assets not available to retail clients and respective exit charges implications.

For the reasons outlined above, local authorities engaged with the FCA, and whilst the Retail Status will not change, the Fund has been able to 'opt-up' to Professional status to ensure none of the aforementioned drawbacks of Retail status apply.

Appendix A

12 Principles of the 2020 Stewardship Code

- 1) Purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.
- 2) Governance, resources and incentives support stewardship.
- 3) Manage conflicts of interest to put the best interests of clients and beneficiaries first.
- 4) Identify and respond to market-wide and systemic risks to promote a well-functioning financial system.
- 5) Review their policies, assure their processes and assess the effectiveness of their activities.
- 6) Take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.
- 7) Systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.
- 8) Monitor and hold to account managers and/or service providers.
- 9) Engage with issuers to maintain or enhance the value of assets.
- 10) Where necessary, participate in collaborative engagement to influence issuers.
- 11) Where necessary, escalate stewardship activities to influence issuers
- 12) Actively exercise their rights and responsibilities.

Appendix B

Brunel Pension Partnership

High Level Investment Principles

Working with all the partner funds and the Brunel Pension Partnership, we have agreed a set of investment principles with the intention that they provide a framework for the investment strategy, operations, manager selection, monitoring and reporting. The principles are also designed to meet the Ministry for Housing, Communities and Local Government - Local Government Pension Scheme: Investment Reform Criteria and Guidance and the requirements and expectations of Financial Conduct Authority. They can be applied to all asset classes, although the detail of operation will vary by asset class.

The principles do not impose any restrictions on type, nature of companies or assets held within the portfolios. The principles do place an expectation that recognised best practice standards in governance, risk management, stewardship and value for money will be delivered.

Long-term investors	We are long-term investors: we implement our funds investment strategies that require productive assets that contribute to economic activity, such as equities, bonds and real assets. This may include the delegated responsibility to provide sustainable and sufficient return on their assets.
Responsible investors	We are responsible investors: we believe that in the long term we will generate better financial returns by investing in companies and assets that demonstrate they contribute to the long term sustainable success of the global economy and society.
Best practice governance	We adopt best practice collective governance with appropriate oversight, prioritisation, delegation and decision making at the right level, and clear accountability.
Decisions informed through experts and knowledgeable officers and committee	We make our decisions based on extensive expertise including trained and insightful operations' governance members, experienced and professional officers and high quality, knowledgeable advisors.
Evidence and research at heart of investments	We take an evidence and research-based approach to investment: continually learning and reappraising from academic research, investment professionals, and our peers, and seek continual development in our understanding of investment.
Leadership and innovation	We are prepared to be innovative and demonstrate thought leadership in collective investment, within the requirement of prudence and our joint fiduciary duty.

Right risk for right return	We will make our collective investments work as hard as possible to meet our funds' objectives: we will provide the right structure of sub funds and managers within asset classes. While we take account of market and economic levels in our decision making, we will avoid making decisions on purely a short term basis.
Full risk evaluation	We will be comprehensive in our consideration of our funds' risks assessed on their liabilities and contributions; consider financial and non-financial risk as appropriate; offer a pooled structure to accommodate the need to diversify risk, but also recognise the limits of that diversification – as long term investors we accept that our investment success depends substantially on the sustainable growth of the economy.
Responsible stewardship	We will enable our funds' to exercise responsible stewardship of the assets they hold, and act as a collective responsible voice in the broader investment community.
Cost effective solutions	We will seek the most cost-effective solutions to achieving our funds' objectives and implementing these principles collectively: we recognise the impact of costs on the Funds, but we are prepared to pay for active management and other services when we believe that the costs incurred are likely to be justified by the benefits. We will seek to gain leverage from our collective status through reduction in fees and avoidance of cost through increased resilience and sharing our peoples' strengths, knowledge and expertise.
Transparent and accountable	We believe in the importance of being transparent and accountable, to ensure correct decisions are taken and to minimise risk. This applies both in our own operations, those we work with, and our investments
Collaborate	We will collaborate with others whenever possible, to share ideas and best practice; to improve effectiveness and to minimise costs.

Implementation: Approach to Asset Pooling

Brunel Pension Partnership Ltd. (Brunel) was launched on 18 July 2017 as a company wholly owned by the ten Administering Authorities. Brunel obtained authorisation from the Financial Conduct Authority (FCA) in March 2018 to act as an investment manager and an Investment advisor.

Brunel is an FCA regulated full scope MiFID investment management firm, established by our 10 owners (9 local authority pension schemes and the Environment Agency) to ensure their pension schemes are sustainable and cost effective. Brunel has currently transitioned ~£15bn of assets from a pool of £30bn. We have an agreed strategic plan to invest the remaining £15bn over the coming two years. Brunel are long term investors

with an influential voice in Responsible Investment and pooling, which is a national initiative with ~£1/4 trillion assets under management.

Brunel has made excellent progress since launch, with key objectives being:

- Offer a client driven range of products and services to ensure our partner funds remain at the forefront of pension fund investment
- Outperform benchmarks in long term (min 3-5 years listed, longer PM)
- Provide additional benefits (beyond financials) including stewardship, responsible investment, influencing policy, diversification and risk analysis
- Taking a prudent approach, managing risk through robust governance and controls
- Make fee savings, whilst maintaining performance, of £27.8m (8.9bp) by 2025 and manage transition and operational costs to achieve breakeven by 2023, and cumulative net savings of £550m to 2036

The arrangements for asset pooling for the Brunel pool have been formulated to meet the requirements of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 and Government guidance.

The Fund, through the Pensions Committee, retains the responsibility for setting the detailed Strategic Asset Allocation for the Fund and allocating investment assets to the portfolios provided by Brunel. The Fund is also able to suggest new portfolios to Brunel and engage with Brunel on the structure and nature of existing portfolios.

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WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD
11 November 2021

WILTSHIRE PENSION FUND RISK REGISTER

Purpose of the Report

1. The purpose of this report is to update the Board in relation to changes to the Fund's Risk Register (see Appendix).

Background

2. The Committee approved a Risk Register for the Wiltshire Pension Fund at its meeting on 12 May 2009. A reconfiguration of the Risk Register took place during 2019 to make it a more dynamic document and the new design was approved by the Committee on 18th July 2019. Members requested that whilst a full Risk Register is maintained by officers only the following risks need to be highlighted to Committee on a quarterly basis.
 - New risks;
 - Risks which have changed or been re-categorised;
 - Risks which are rated red; and
 - Risks which are considered to have been mitigated & stabilised & can be recommended for approval to the register's ceased/dormant category for continued monitoring by officers only.
3. Under the reconfigured Risk Register strategy, the identification of risks will be more evidence based using the Scheme update, Business Plan, Audit recommendations, Minutes of meetings, the Fund's KPI dashboard and the Brunel and investment pooling data as sources of information for risk identification.

Key Considerations for the Committee / Risk Assessment

4. The significance of risks is measured by the interaction of the likelihood of occurrence (likelihood) and the potential impact of such an occurrence (impact). This register uses the Council's standard "4x4" approach, which produces a risk status of Red, Amber or Green (RAG).
5. During the last quarter the following "new risks" were identified.
 - **PEN060: Failure to manage potential conflicts of interest between the Fund and its Administering Authority:** (Green) Wiltshire Council is the administering authority of the Fund, as well as its largest employer and the supplier of a number of services. Inevitably, these arrangements bring up a number of occasions where there can be conflicts of interests, in particular in relation to the s151 role, as recognised as part of the SAB's Good Governance Project. Examples where conflicts of interests need to be carefully managed are the setting of the corporate recharge from the Council to the Fund in relation to the payment by the Fund for the Council's service and the setting of the Council's employer contribution rate. The process for setting this rate should be clear, transparent and fair and subject to regular review to ensure one party is not subsidising the other. Furthermore, the exact scope of services being purchased, and service standards accompanying them, should also be clear as well as the

ability of the Fund to review its use of services and use alternative providers if necessary.

- **PEN061: Failure of auditors to conduct audits commissioned by the Committee in accordance with an agreed terms of reference:** (Amber) Audits commissioned by the Pensions Committee are completed as part of its oversight function, with the aim of giving the Committee independent assurance that all the laws, regulations & practice by which the Fund operates are observed & are being appropriately adhered to. The Fund's Pensions Committee and Local Pension Board must therefore satisfy themselves that any audits they commission are being executed as originally prescribed in terms of scope, quality, and timeliness. In addition, both groups should satisfy themselves that all audits are being carried out on a best value basis, by auditors appropriately skilled to conduct those audits and that any signing off of audits are not being unduly delayed. Best practice would dictate that the process for setting and carrying out Fund audits should largely be independent of those of the Council (although regulations require some overlap).

6. The evidence-based review of the register identified the following risk had changed or need to be recategorized;

- **PEN030: Failure to procure & contract manage service providers appropriately:** (From Green to Amber) The Fund's existing contract management framework manages external appointments only, however approximately one third of its key services are sourced from its own Administering Authority. A potential failure of oversight may exist, where the charges levied by the Authority, as one of the Fund's top five service providers is not being quantified appropriately by means of service level agreements, or equivalent measure of performance, and the scope is unclear. Move from Dormant to Ongoing. In consideration of the Administering Authority services, this risk also relates to PEN060.

7. Risks remaining "red", high risk:

- **PEN022: Rectification of records with GMP issues – Time-consuming, costly & may causes reputational damage:** (From Red) Potentially incorrect liabilities being paid by the Fund as a result of GMP and other pension component values missing, incorrectly recorded or incorrectly valued. Consequently, progress with the Pensioner Payroll Database reconciliation project may impact on the Fund's liabilities and its reputation.
- **PEN041: The Fund's inability to implement a strategy to ensure Climate Change considerations are integral to its investment strategy:** (Red) Work on developing the Fund's policies, disclosures and strategy is ongoing. Additional resource will be required, likely to be by way of specialist consultancy support.
- **PEN042: Significant retrospective legislation changes related to the McCloud case:** (Red) Following the release of the Government's consultation document in July 2020 analysis of the Scheme's members who may be affected was undertaken. Indications suggest that potentially c27k members may be affected, as well as increasing the work on several supplementary administrative tasks. The impact actuarially speaking is likely to be minimal. Members requested that it be kept as a red risk until the administrative impact is completely clear.
- **PEN048: The transition of the pooling of LGPS assets with BPP fails to deliver the projected savings:** (Red) Progress and updates should continue to be regularly reported to Committee. An independent audit has been conducted in 2021 and will be presented to the Board & Committee for consideration.

8. There are no risks on the risk register recommended for removal from quarterly presentation to the Board.

Financial Implications

9. No direct implications.

Legal Implications

10. There are no known implications from the proposals.

Environmental Impacts of the Proposals

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

12. There are no known implications currently.

Proposals

13. The Board is asked to note the attached Risk Register and recommend the changes/actions made by officers in points 5 to 7 to the Committee.

ANDY CUNNINGHAM
Head of Pensions Administration and Relations

Report Author: Richard Bullen, Fund Governance & Performance Manager
Unpublished documents relied upon in the production of this report: NONE

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Ref.	Risk	Cause	Impact	Primary Risk Category (CIPFA)	Secondary Risk Category (Operational)	Risk Owner	Level of risk (Inherent)	Impact	Likelihood	Inherent risk score	Controls in place to manage the risk	Impact	Likelihood	Residual risk score	Further Actions necessary to manage the risk	Level of risk (Residual)	Direction of Travel	Risk Action Owner	Date for completion of action
Horizon Risks																			
PEN061	Failure of auditors to conduct audits commissioned by the Committee in accordance with an agreed terms of reference	The Committee & Board must ensure that audits they commission are being executed as originally prescribed in terms of their scope, quality and timeliness. Both groups need to satisfy themselves that all audits are being carried out on a best value basis, by auditors appropriately skilled to conduct those audits and that any signing off of audits are not being unduly delayed	Commissioned audits which are delayed, whether they be financial, procedural, compliance or otherwise driven can carry significant risk to the integrity of the Fund. New processes require robust review by suitably skills auditors and 3rd party delays whether arising from the audit partnerships themselves, or secondary approvals can create a consequential impact on the operational effectiveness of the Fund. Both the Committee & the Board require robust independent assurance to ensure that their oversight can remain comprehensive	ACCOUNTING & AUDITING	SERVICE FUNCTION	Jennifer Devine	Medium	2	3	6	Commissioned audit plans by the Fund should not just cover the scope and content of the audit, but require auditors to submit a clear process and timescale to the Committee and the Board who can reassure themselves that audits are being carried out to the standards believe.	1	1	1		Low	↑	Jennifer Devine	On-going
PEN060	Failure to manage potential conflicts of interest between the Fund and its Administering Authority	Wiltshire Council is experiencing a period of immense strain on its services, exacerbated by limited central government funding and the pandemic. In response to this strain it has undertaken a review of its services and formulated a strategy of restructure	Areas of potential conflict include 1) Senior AA officers not recognising that they may be conflicted when taking a decision 2) Not ensuring the AA has in place protocols to manage a conflict of interest with its Pension Fund 3) Not ring fencing the services paid for by the Fund from when wider AA policy changes occur, such as staff re-deployments 4) Not introducing SLAs to enable performance measurements of the AA services procured 5) Not enabling the Fund greater freedom relating to best value procurement and employment 6) Not respecting or negotiating with the Pension Fund as an equal partner concerning its own requirements & 7) Not embracing changes to improve Fund governance published by outside bodies such as SAB	GOVERNANCE	SERVICE FUNCTION	Andy Brown	Low	1	1	1	The Committee & the Board should seek to identify and address potential conflicts of interest with the Committee being willing to actively manage situations with the AA where it considers that the membership of the Fund, or the Fund itself is not being appropriately served	1	1	1		Low	↑	Andy Brown	On-going
PEN059	Service disruption is created during the implementation of the Council's Evolve Programme - Pension Payroll software	Wiltshire Council intends to introduce a replacement for SAP. The intended procurement process is due to be completed by September 2021 & the implementation by December 2022.	SAPs replacement could have a significant impact on the Fund's ability to pay its pensioners, particularly where the project management of the de-implementation and implementation are not synchronised	GOVERNANCE	BUSINESS PLAN 2021/22 (Objective(s) 6)	Andy Brown	Medium	3	2	6	As part of the Fund's oversight of its Payroll, it is recommended that the Committee request periodic strategic updates during the course of 2021 & 22 from the Fund's s151 Officer to be able to assess the level of risk & whether any mitigations need to be identified. Consideration by the Fund concerning the migration of its payroll to its own separate payroll software service is being undertaken, however this may be at odds with the Council's priorities	1	1	1	The current payroll system is to be phased out and a new integrated system with the Pensions Administration database is approved & is set to be introduced. However, the Council requires the Fund to use the new payroll system which isn't necessary designed for the purpose. Auditors to be involved to oversee the reconciliations and controls to be put in place. The project plan should be discussed with the Auditor. Project management completion timelines are increasing the risk of success of this migration.	Low	→	Andy Brown	Dec-22
PEN058	Service disruption is created during the implementation of the Council's Evolve Programme - Non Pension Payroll software	Wiltshire Council intends to introduce a replacement for SAP. The intended procurement process is due to be completed by September 2021 & the implementation by December 2022	SAPs replacement will impact on multiple services areas provided by the Council to the Fund. For the Fund's non-pension payroll functions this will most notably include HR, AP & IT services. However, it could effect all service relationships the Fund has with the Council.	GOVERNANCE	BUSINESS PLAN 2021/22 (Objective(s) 6)	Andy Brown	Low	3	1	3	As part of the Fund's oversight of its IT services, it is recommended that the Committee request periodic strategic updates during the course of 2022 from the Fund's s151 Officer to be able to assess the level of risk & whether any mitigations need to be identified.	1	1	1	Auditors to be involved to oversee the controls being put in place concerning non-pension payroll transfers of software, notably Accounts Payable & general accounting practices. The project plan should be discussed with the Auditor. Evolve risks remain for the Fund in all aspects of the Evolve Programme.	Low	→	Andy Brown	Dec-22
PEN056	Failure to implement the findings of the Goodwin vs the UK case in relation to discrimination which will affect public service pension schemes on the grounds of sexual orientation	Following a male to female transsexual post operative procedure the claimant stated that her human rights had been infringed when she was still treated as a man for National Insurance contributions purposes, as she continued to make payments after the age at which a woman would have ceased payments, thus causing harassment. A second similar claimant stated she was unable to obtain work as she was unable to provide her birth certificate revealing her gender history.	There is no remedy proposed yet, although some auditors are pressing for an allowance to be included in 2020 IAS19/FRS102 reports. Whilst the funding costs are expected to be small, this will be a further administration and communication burden to address.	ADMINISTRATION	BUSINESS PLAN 2021/22 (Objective(s) 31)	Andy Cunningham	Low	1	1	1	The implementation of risk controls will be introduced on communication of remedies.	1	1	1		Low	→	Andy Cunningham	N/A
PEN050	Failure to comply with IPR's anticipated new Single Code of Practice Statement	The new requirements for pension scheme governance came into force on 13 January 2019 as part of the transcription of the IORP II Directive into UK law. The new EU Directive covers the activities and supervision of institutions for occupational retirement provision (IORP)	Consequently the IPR is simplifying its codes of practice as part of its 'clearer, quicker, tougher' campaign and in response to new requirements for scheme governance, the Occupational Pension Schemes (Governance) (Amendment) Regulations 2018. Codes combined notably relate to 9, 13, 14 & 15.	GOVERNANCE	BUSINESS PLAN 2021/22 (Objective(s) 6,31)	Richard Bullen	Low	2	2	4	It is anticipated that early focus will be on the codes that are most affected by the new regulations, starting with internal controls & effective governance. Trustees will need to be able to demonstrate that they have an effective system of governance within 12 months of its publication	3	1	3	None, until the Single Code of Practice Statement is released which not anticipated until 2021.	Low	→	Richard Bullen	N/A
PEN044	Change to valuation cycle	The Government is consulting on changing the fund valuation cycle. The next valuation will be in 2022 but it is unclear when the next one will follow.		GOVERNANCE	SERVICE FUNCTION	Andy Cunningham	Low	1	3	3	Officers will respond to the consultation stating they are not in favour of such a change	1	3	3		Low	→	Andy Cunningham	N/A
PEN043	Administration disruption and employer cost pressures cause by the Cost Cap review	The cost cap floor has been breached meaning the Scheme rules need to be adjusted.	Administration: Some impact on administration processes and communications - unknown at the moment as the details have not been finalised. Cost: Higher costs for employers	ADMINISTRATION	SERVICE FUNCTION	Andy Cunningham	Medium	2	4	8	None until further information is available. Note: this is unlikely to happen until the McCloud case changes are finalised, as McCloud will already increase costs in itself.	2	4	8	None	Medium	→	Andy Cunningham	N/A

PEN042	Significant retrospective legislation changes related to the McCloud case	An age discrimination case taken to Court by a group of firefighters and Judiciary employees	Increased contribution rates for employers and high levels of administration time and complication.	ADMINISTRATION	BUSINESS PLAN 2021/22 (Objective(s) 31)	Andy Cunningham	High	3	4	12	None - Whilst it now appears almost certain that a change will take place, it is still unclear exactly what the change will be, its magnitude and how the Fund can mitigate it. It is noted that the Valuation results have made no allowance for the consequences of the McCloud case, primarily due to the prudence applied to the investment return expectations of 75%, but also due to the implementation of actuarial guidance.	2	4	8	a) On actuarial guidance it is anticipated that whilst a review will be required the financial impact may be minimal as in most cases the underpin check for a member's benefits will not bite. b) Following the release of the Government's consultation document in July analysis of the Scheme's members who may be affected has been undertaken. Early indications suggest that c27k members from all status types will need to be reviewed, however cases where the underpin bites continues to be considerably less. Supplementary impacts such as the Annual Allowance, transfers & dependent benefits will also need to be considered, as well as changes to the Fund's internal controls to ensure that cases are reviewed as the liability falls due & that those which have been reviewed are marked accordingly.	Medium	→	Andy Cunningham	N/A
PEN039	The Fund's inability to implement the reforms associated with the Good Governance Project	SAB has requested a review of governance structures for the LGPS using a criteria of four possible governance models which might help funds to deliver good governance for their employers and members. A final consultation report is due in July 2019	Poor governance has a reputational risk impact, leading to poor service for Fund stakeholders, a lack of clarity of roles & responsibilities and potential conflicts of interest emerging	GOVERNANCE	BUSINESS PLAN 2021/22 (Objective(s) 6,29,30,31)	Andy Cunningham	Low	2	2	4	Officers have contributed feedback to the consultation exercise in May 2019 and taken part in various discussions. This has helped officers gain an understanding of the likely direction of travel and help ensure the Fund is aligned and prepared (for example by making certain adjustments to the terms of reference).	2	2	4	Officer to introduce a statement of Fund principles, beliefs & precedents.	Low	→	Richard Bullen	N/A

Dynamic Risks

PEN057	Failure to implement the Accessibility Regulations	For the Fund to comply with the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018, the Equality Act 2010 & subject to understanding the Web Content Accessibility WCAAG 2.1 guidelines which came into full force from September 2020.	Government Digital Service (GDS) monitors public sector bodies' compliance on behalf of the Minister for the Cabinet Office. If GDS decides that a public sector body has failed to publish an accessibility statement, or that the accessibility statement is incorrect, it will publish the name of that body & a copy of the decision. In addition organisations in breach of the Equality Act 2010 and the Disability Discrimination Act 1995 may be liable to investigations, unlawful act notices and court action leading to reputational damage.	GOVERNANCE	BUSINESS PLAN 2021/22 (Objective(s) 1,23,24)	Andy Cunningham	Low	1	1	1	Although not strictly a Pension Fund responsibility, the Administering Authority determined that as the Pension Fund operated a separate URL in respect of the Pension Fund's website it would view it as a separate entity & therefore required the Fund to make its own compliance arrangements. Fund officers have therefore initiated a project team to implement website compliance which will include an independent audit of its website compliance. The Fund's initial accessibility meeting took place on 5th November to scope its strategy.	1	1	1	The key actions agreed on 5th November are;	Low	→	Krystie Waterhouse	N/A
PEN053	Failure to implement Fund's Data Retention Strategy	Poorly implemented strategies agreed by the Board & Committee to ensure that the retention of data is properly executed in respect of both the Fund & Scheme Employers may occur.	A failure to adhere to the strategy could potentially breach GDPR compliance & create service issue in the event of data being inadvertently minimised or deleted.	ADMINISTRATION	SERVICE FUNCTION	Mark Anderson	Low	1	2	2	Heywood (Altair Database manager) to introduce a tool to minimise & delete records. Includes an export function to identify records managed via this process which can be reported on. This can be cross referenced against the membership statistics if required.	1	2	2		Low	→	Mark Anderson	N/A
PEN047	There is uncertainty around the ability of Brunel to resource its property portfolio offering	It is intended that property assets will transfer to Brunel in late 2020.	If Brunel are not adequately resourced, this could result in the portfolio not being effectively managed, and/or costs being higher than expected.	INVESTMENT PERFORMANCE & RISK	BUSINESS PLAN 2021/22 (Objective(s) 26)	Jennifer Devine	Low	4	1	4	Officers are working with Brunel to ensure that the transition plan is appropriate before proceeding with this transition. Define reporting metrics for the Committee to make a decision.	4	1	4	BPP to build resilience in their private markets team by outsourcing more, so that there is less key person risk and the portfolios are scalable. BPP want to add several members of staff to their team and do more in house as well. The best way forward might be to commission an independent review of the best model to deliver private markets via pooling, to best serve our client requirements.	Low	→	Jennifer Devine	Jun-20
PEN045	GMP legislative changes	The Government has been planning to make a number of changes to way that GMPs work which brings about certain risks. In particular, changes to the indexation approach (which have been repeatedly delayed) and equalisation between males and females.	Both sets of plans could increase scheme costs and cause material amounts of additional administrative work.	ADMINISTRATION	SERVICE FUNCTION	Andy Cunningham	Low	2	2	4	HMRC undertook a consultation in the last quarter of 2020 requesting responses by 30 December 2020. The WPF along with many other organisations responded to that consultation and on publication of the results the Fund will seek guidance from its professional advisers in respect of both its equalisation & indexation responsibilities on the next steps it should take. Results expected by April 2021.	2	2	4	None	Low	→	Andy Cunningham	N/A
PEN041	The Fund's inability to implement a strategy to ensure Climate Change considerations are integral to its investment strategy	Climate change is a key environmental risk which could have a material financial impact on the Fund's returns, and as such needs to be considered, managed and monitored as part of the Committee's fiduciary duty, and to protect the investment returns of the Fund.	Failure to embed climate change considerations in the investment strategy could cause a negative impact on investment returns over the long term.	FINANCIAL MARKETS & PRODUCTS	BUSINESS PLAN 2021/22 (Objective(s) 12,20,30)	Jennifer Devine	High	3	4	12	The Committee is engaged in ongoing work to help determine the most appropriate direction of travel, with expert consultancy support. Significant progress has been made so far, but current considerations around amending the investment strategy and implementing changes are still a work in progress. Work is also being done within the Brunel pool to address this risk.	2	4	8	Work on developing the Fund's policies, disclosures and strategy needs to continue. Additional resource will be required, likely by the way of specialist consultancy support	Medium	→	Jennifer Devine	On-going
PEN038	The Fund's inability to implement the DWP's Dashboard within a notified timescale.	Late communication by the DWP to specify their requirements for the Fund to comply with this new nationwide Dashboard. Potential for unexpected implementation costs and/or the Fund being unable to meet the reporting requirements.	Non-compliance would lead to a reputational risk for the Fund. A statutory requirement to contribute may also be created.	ADMINISTRATION	SERVICE FUNCTION	Andy Cunningham	Low	1	2	2	Senior officers to keep themselves apprised of developments and seek more detailed information as the project develops.	1	2	2	None	Low	→	Mark Anderson	N/A
PEN037	Failure to implement a strategy to address the administration backlogs	Failure to effectively administration the scheme could result in incorrect payments, inefficiencies in the process, failure to meet disclosure timeframes, complaints and inadequate oversight over the fund.	Poor administration resulting in incorrect payments and can lead to reputational risk issues. The mitigation of this risk is contingent on the mitigation of other risks such as PEN034 & PEN036	ADMINISTRATION	BUSINESS PLAN 2021/22 (Objective(s) 9,22,23,27)	Andy Cunningham	Medium	3	3	9	The implementation of PEN034 & PEN036 along with addressing the internal auditors comments in their 2018/19 Key Controls report should mitigate this risk. As part of the 2020/2021 budget, approval for more resource is available to help mitigate this risk although this could take time to use given the impact of COVID-19 on office based working.	3	2	6	Employer training to be enhanced to assist the provision of information to officers & efficient management of backlogs. Improving peer review policy to enhance they way work is checked.	Medium	→	Jennie Green	On-going
PEN034	Failure to implement Lean process review	Low KPI performance has been identified, particularly in relation to the disclosure requirements, as a result of inefficient processes and insufficient training and support.	An end to end processing review of all repeatable processes with the key objectives of improving the customer experience and identifying and realising efficiencies. Semi-automated work allocation is required to target key items of casework more quickly	ADMINISTRATION	BUSINESS PLAN 2021/22 (Objective(s) 6,9,11,13,16,23,27)	Andy Cunningham	Medium	3	2	6	The Fund's Project team has started a programme of work over a 2 year timeframe to review repetitive processes within the dept. As at April 2020, revised processes are in place for starters, leavers/refunds, aggregation and child pension reviews. Other processes will be looked at based on priorities with the intention of completing the reviews during 2020/2021.	3	1	3	Officer training to be enhanced to assist with the efficient processing practices. Officers have introduced a 2nd line of review strategy, where experienced officers conduct internal audits at a technical level, not just at a process level.	Low	→	Samantha Wooster	On-going

PEN022	The rectification of records with GMP issues is time-consuming, costly & causes reputational damage.	From 1 April 2016, State Second Pension ceases and HMRC no longer provides GMP data on members to Funds. The Fund is looking to complete the reconciliation during the 2020/2021 year.	If GMP records for members are inaccurate there is the potential for incorrect liabilities being paid by the Fund.	ADMINISTRATION	BUSINESS PLAN 2021/22 (Objective(s) 8)	Andy Cunningham	High	3	4	12	Large project is still ongoing and software from Heywood's is being used to process amendments to Altair on bulk. Progress has been delayed due to the Fund trying to engage with Government to agree on a nationwide approach and in order to undertake further analysis of the problems identified.	2	4	8	A common approach between south-west Funds has been reached with feedback from SAB. A paper was submitted to the Committee in December setting out the current situation and outlining a proposed strategy. A more detail approach will follow with additional supporting information & guidance as well as an update concerning member record reconciliation. An update will be provided to the Committee in March 2021.	Medium	→	Mark Anderson	u/k
PEN021	Ineffective implementation of the Public Sector Exit Cap	The Treasury is consulting on draft regulations to introduce a cap of £95,000 on exit payments in the public sector, in response to concerns about the number of exit payments that exceed or come close to £100,000 and the need to ensure they represent value for money. This will include changes to LGPS regulations. Introduction of exit cap will require an additional burden on the administration team as it is likely to effect all redundancy calculations. Funds are often given little time to implement changes which brings about this risk.	Changes need to be communicated to individuals and employers and systems adapted once the revised regulations have been approved. LGPS Funds could be in breach of the legislation in they are logistically unable to implement the cost cap mechanism once introduced. Engagement with the relevant public service HR dept's in relation to the implementation of the Exit will be essential.	LEGISLATIVE	SERVICE FUNCTION	Andy Cunningham	Low	2	1	2	The consultation is due to be completed on 9th November. Key risk controls should include: 1) Fund officers should ensure that relevant HR officers understand the implications of the Cap. 2) Review the Compensatory Regulations after they've been re-written and LGPS Regulations too as a priority 3) Ensure Fund officers understand the new regulations & draft proforma to manually calculate options, prior to the delivery of automated calculation routines 4) Consider any TUPE transfer implications 5) Liaise with HR department concerning potential redundancy exercises in 2021 & 6) Undertake a review of Fund's documentation to include disclaimers	2	3	6	Legislation was introduced concerning the Exit Cap at the end of 2020, however this legislation is now in conflict with the LGPS regulations. Guidance is being sought to resolve these conflicts. A further review of resources may still be needed following a review of the final details & feedback from HR departments.	Medium	→	Andy Cunningham	N/A
PEN018	Failure to set in place appropriate Cyber Security measures	Over reliance by Fund is potentially being place on its Administering Authority's IT security arrangements & that of its key software database providers without proper scrutiny/reporting of their security arrangements	Impact is significant concerning the operational effectiveness of the Fund, notably in relation to the data held and the ability to calculate and process member benefits	ADMINISTRATION	BUSINESS PLAN 2021/22 (Objective(s) 23)	Andy Cunningham	Medium	4	2	8	Cyber security reports to be requested on an annual basis from both Wiltshire Council's IT department & the main database manager Heywood's. Further steps will be considered on the receipt of those reports	4	1	4	During 2020 Heywood's provided a suite of documents concerning their cyber security arrangements & ICT gave a verbal update to the Committee in December. Officers were tasked with actions by the Committee to build upon the 2020 progress in 2021.	Low	→	Andy Cunningham	N/A

Ongoing Risks

PEN055	Failure of the Brunel Pension Partnership to properly address shareholders concerns via the governance review	Governance arrangements set in place at the outset of Brunel are due for review and it is vitally important that Wiltshire and all shareholders are satisfied with the breadth and depth of the review, and the resulting changes.	With the Wiltshire Pension Fund & other stakeholders being required to invest significant sums of money with BPP, robust governance arrangements are vital to ensure that shareholders are able to take assurance over the running of the partnership	GOVERNANCE	BUSINESS PLAN 2021/22 (Objective(s) 14)	Andy Brown	Medium	3	2	6	Brunel's governance review is ongoing. Wiltshire has actively engaged with Brunel, by sending a letter on behalf of Committee members, to make Wiltshire's expectations clear, and also via the Head of Pension Fund Investments' input at a client group level.	3	2	6	Officers will regularly monitor the progress of the governance review and engage at all possible opportunities. Committee members will be kept informed of all developments.	Medium	→	Andy Brown	N/A
PEN052	COVID-19	COVID-19 is an infectious global virus which WHO has classed as a pandemic. The UK could be taking similar actions to other countries bad affected by this virus such as China & Italy which will cause significant business continuity issues to the pension fund	In a worst case scenario the Council's officers & service provider offices will be closed making remote working essential but difficult. In addition, it is expected that up to 20% of people will be off sick & needing to self-isolate causing service issues. Consequently issues around staffing, investment returns, employers supplying data, management of employer covenants, support from suppliers & contractors are all likely to be factors in the management of the Fund.	GOVERNANCE	SERVICE FUNCTION	Andy Cunningham/ Jenny Devine	Medium	3	2	6	The Council's/Fund's Business Continuity Plan will need to be activated. Regular communication with key services & service providers should be maintained. Fund officers have already taken a series of steps to ensure ongoing service & are giving consideration to the daily government updates & Council policy in the taking of those decisions.	3	2	6	The series of steps have been specifically identified to manage this risk. In particular, maintaining the movement of money, communication with all stakeholders & essential operating practices; Consequently the following risks were focused upon; Movement of money PEN001, PEN002, PEN003, PEN15 & PEN033. Communication with stakeholders PEN013, PEN030 & PEN033 & Essential operating practices PEN004, PEN010 & PEN037. A survey was also sent to Employers requesting information about their circumstances & a close monitoring of actual employer behaviour has been adopted & will continue to be in relation to their service obligations.	Medium	→	Andy Brown/ Andy Cunningham/ Jenny Devine	N/A
PEN048	The transition to pooling of LGPS assets with BPP fails to deliver the projected savings	The Fund needs to pool its LGPS assets with other Funds using the Brunel Pensions Partnership.	Poor implementation could be costly in terms of unanticipated costs and/or savings less than projected.	INVESTMENT PERFORMANCE & RISK	BUSINESS PLAN 2021/22 (Objective(s) 3,4)	Jennifer Devine	High	4	3	12	The Fund is working with Brunel Pension Partnership on pooling arrangements. Progress and updates regularly reported to Committee. The Fund's passive portfolios have been pooled with significant fee savings, but a budget increase is also currently being proposed. The final position is still uncertain.	3	3	9	Significant amount of resource still required by officers to progress this project. On 13th February 2020 the Board recommended that a monitoring & reporting timetable being put in place concerning BPP's transition to help mitigate this risk.	Medium	→	Jennifer Devine	On-going
PEN036	Failure to implement a Dashboard of KPIs for regular monitoring	Difficulties in extracting the required data from the workflow section of the administration system. Improve the range of Key Performance Indicators (KPIs) produced for the Committee and Local Pension Board to help provide transparency and clearer oversight & management of administration performance.	Failure to implement a dashboard of comparable benchmarks, will be counter to the Pension Regulator's requirements on factors such as data quality measures	ADMINISTRATION	BUSINESS PLAN 2021/22 (Objective(s) 6,13,16,18)	Andy Cunningham	Low	1	2	2	Officers have implemented a suite of KPIs to be utilised at different levels. Namely, at a Statutory level, for the Committee & the Board, for use between Employers & the Fund & at management level for use at an operational level within the Pension's dept. The introduction of a new PAS document will enhance the flow of KPI information to members. Further work is required to introduce a suite of customer service based KPIs.	1	2	2		Low	→	Mark Anderson	On-going
PEN033	Failure to manage AVC providers	The Fund is a Data Controller with four AVC providers under management who operate to a system of policies & endorsements rather than service provider contracts. Consequently, there is a risk due to the mismatch between Fund responsibility & control in relation to the assets under management.	Failure of a AVC provider can lead to issues of reputational risk to the Fund, as well as being exposed to adverse governance & financial implications.	ACCOUNTING & AUDITING	BUSINESS PLAN 2021/22 (Objective(s) 6)	Jennifer Devine	Low	2	2	4	A minimum of annual service review reviews have been implemented with all AVC providers, managed by the Investment & Accounting team. The review will cover customer service & investment performance.	2	1	2	None.	Low	→	Jennifer Devine	On-going
PEN030	Failure to procure & contract manage service providers appropriately	GDPR adherence, the migration of Investment Managers to BPP & external service providers all form part of the existing Contract Management strategy. Many undertaken in conjunction with the AA's Procurement dept. In addition, with approximately 1/3 of services provided by the AA, good & complete governance would require contract reviews the Fund's internal services too.	A lack of a contract management framework, including a complete suite of documents by which to measure performance against will create an inability to manage both internal & external service providers. In addition, it will limit the updating of service scopes so that the Fund's requirements remain consistent with new legislation & regulations. This will lead to increased costs & risks to the Fund.	PROCUREMENT & RELATIONSHIP MANAGEMENT	SERVICE FUNCTION	Andy Cunningham	Medium	2	3	6	A contract management framework has been developed by officers to anticipate the review of Fund contracts as they fall due. Fund officers have also attended Contract Management training provided by the Council's Procurement Department.	3	1	3	To ensure that a comprehensive best value service is being provided to the Fund the contract management framework needs to be extended to cover regular reviews of internal service providers to the Fund. Such an extension will allow suitable measurement of performance against the corporate re-charge levied by the Fund's AA.	Low	↑	Richard Bullen	On-going
PEN028	Failure to introduce new administration software effectively	Implementation of new software including I-connect, payment instruction automation and a new member website. All to be completed during 2021/2022.	Delay in the payment of member benefit, poorer data quality, sub-standard communication arrangements with members & employers & slower delivery times leading to a more costly service	ADMINISTRATION	BUSINESS PLAN 2021/22 (Objective(s) 10,21,23,32,33)	Andy Cunningham	Low	2	2	4	Individual project plan have been prepared for each implementation of software, including their GDPR implications, with individual project issue logs and risk registers. A bespoke Project team has also been established within the pension's dept. who initiate formal handovers to officers on completion of the new implementation. I-Connect, which will have the largest impact, is partially delivered with around a third of active members onboarded.	2	1	2	SQL capability to be developed within team to enhancing reporting & verify effective implementation. Nova Sail will also be introduced to leverage & optimise the software capability employed by the Fund.	Low	→	Samantha Wooster	On-going

PEN026	A lack of effectiveness of Committee meeting due to the impact of MIFID II Regulations	MIFID 2 investment regulations from Jan 2018 will classify LGPS Funds as "retail" investors. They will need to opt up to professional status	If Wiltshire Pension Fund is unable to maintain "professional" status it will limit the range of investments available and may lead to the forced sale of assets.	INVESTMENT PERFORMANCE & RISK	BUSINESS PLAN 2021/22 (Objective(s) 28)	Jennifer Devine	Medium	3	2	6	Wiltshire Fund is now being treated as a Professional Client, having followed due process. Maintenance of the Fund's Professional Client status will require on-going compliance with the requirements including competence	2	2	4	Guidance received from officers & the Independent Adviser to the Fund has mitigated the impact of MIFID II. Officers implemented a self-assessment return completed by members concerning their competence to maintain "professional client status". A member training strategy for 2020/21 includes MIFID II related training	Low	→	Jennifer Devine	On-going
PEN025	Further academisation of Schools, the possibility of MAT breakups and cross fund movements.	Potential for further schools to convert to academy status, MATs to breakdown	Additional governance and administration risk. If all schools were to convert then the number of employers in the Fund could jump from 180 to between 400 and 500.	GOVERNANCE	SERVICE FUNCTION	Andy Cunningham	Low	2	2	4	Regular communications with schools to understand their intentions. Revised cessation policy aims to address some of the risks relating to MAT breakups.	2	2	4	The Fund is monitoring the SAB review of academies roles in the LGPS and will take actions (e.g. respond to consultations) as necessary to try to mitigate this risk further.	Low	→	Andy Cunningham	N/A
PEN017a	A lack of knowledge and expertise on the Pension Fund Committee	Lack of structured training and continuous self assessment of skills gap to ensure knowledge levels are adequate to carry out roles to the best of their ability	Bad decisions made may be made in relation to any of the areas on this register, but particularly in relation to investments. There is also a requirement for Funds to 'Comply or Explain' within their Annual Report on the skills knowledge of members of the Committee	GOVERNANCE	BUSINESS PLAN 2021/22 (Objective(s) 17,25)	Andy Cunningham	Medium	2	3	6	Members are given Induction Training when they join the Committee, as well as subsequent opportunities to attend courses/seminars and specialist training at Committee ahead of key decisions. There is a Members' Training Plan and Governance Policy. Further training and advice can be called on from our consultants, independent advisors and investment managers too.	2	1	2	The results of the knowledge assessment was presented to 12 Dec 2018 Committee and 24 January 2019 Local Pension Board. Overall, their level of knowledge was deemed good but there were areas of improvement identified that Officers will consider when looking at future training plans. Pensions is a complex subject, so the training needs of the Committee will need to be continued reviewed. Generally both Committee & Board members are taking a more active approach to training and requesting structured training in key areas	Low	→	Richard Bullen	On-going
PEN017b	A lack of Committee Member compliance with all regulations	Lack of Member willingness or awareness to be compliant with new or existing regulations leading to breaches of legislation and reportable offences	Over reliance on officers & advisers to ensure compliance leading to a lack of oversight challenge	GOVERNANCE	BUSINESS PLAN 2021/22 (Objective(s) 25,31)	Andy Cunningham	Medium	2	3	6	Member attendance at conferences & seminars enables independent information sources. Update the Look forward plan to include the introduction of an annual audit plan to ensure the fund's compliance requirements are implemented & the results of the audit reported to Committee	2	1	2	None	Low	↑	Richard Bullen	On-going
PEN016	A lack of effectiveness in respect of the Fund's Treasury Management Services	The Fund's treasury function is now segregated from Wiltshire Council. This includes the investment of surplus cash in money markets.	Exposure to counterparty risk with cash held with external deposit holders could impact of Funding level of the Fund	INVESTMENT PERFORMANCE & RISK	BUSINESS PLAN 2021/22 (Objective(s) 6,13)	Jennifer Devine	Low	3	1	3	The Pension Fund will review an updated Treasury Management Strategy annually which follows the same criteria adopted by Wiltshire Council but limits individual investments with a single counterparty to £6m. The Fund will also review in Treasury Management Agreement with the Council in 2019.	2	1	2	The Council uses Sector's credit worthiness service using ratings from three rating agencies to provide a score. Surplus cash is transferred to the Custodian at month end ensuring cash balances are minimal. A minimum of annual updates by the Council need to be presented to the ISC	Low	→	Jennifer Devine	N/A
PEN015	Failure to collect payments from ceasing employers	When an employer no longer has any active members a cessation valuation is triggered and a payment is required if a funding deficit exists to meet future liabilities. The impact of COVID-19 on financial markets means the likelihood is currently increased.	Failure to collect cessation payments means the cost of funding future liabilities will fall against the Wiltshire Pension Fund	ACTUARIAL METHOD	SERVICE FUNCTION	Andy Cunningham	Low	2	2	4	The Pension Fund Committee approved a revised cessation policy on 26 March 2020 to address regulatory changes made in March 2020 (backdated to May 2018). Furthermore, all new admitted bodies require a guarantor to join the Fund which means that a stable Scheme Employer is required to act as the ultimate guarantor. Due to the current impact on COVID-19 situation on investment returns, we are currently encouraging employers to delay cessation crystallisation events where possible to avoid crystallise a large deficit.	2	1	2	A new employer cessation policy was approved in March 2020, however since then further guidance has been published nationally setting out Fund discretionary payment plans already introduced by Wiltshire. It should be noted that whatever determination the Fund makes there is a risk it will be open to challenge. In summary the Fund needs to amend our FSS & consider how this should work best and communicate out to employers accordingly. Furthermore, with regards to the spreading of exit payments & deferred debt agreements officers need to consider what changes to the existing cessation policy (sections 7 and 9) are needed for the Fund to be compliant	Low	→	Andy Cunningham	On-going
PEN013	Failure to communicate properly with stakeholders	Lack of clear communications policy and action, particularly with employers and scheme members.	Scheme Members are not aware of the rights and privileges of being in the scheme and may make bad decisions as a result. Employers are not aware of the regulations, the procedures, etc, and so the data flow from them is poor.	GOVERNANCE	BUSINESS PLAN 2021/22 (Objective(s) 24,29)	Andy Cunningham	Low	2	2	4	The Fund has a Communications Manager and Employer Relationship Manager posts dedicated to these areas full-time, including keeping the website up-to-date, which is a key communications resource. The Fund also has a Communications Policy.	2	1	2	None	Low	→	Denise Robinson/ Samantha Wooster	N/A
PEN010	Failure to keep pension records up-to-date and accurate	Poor or non-existent notification to us by employers and members of new starters, changes, leavers, etc. Early indications suggest the likelihood is increased due to the impacts of COVID-19 on employers and Fund officers.	Incorrect records held, leading to incorrect estimates being issued to members and incorrect pensions potentially being paid.	GOVERNANCE	BUSINESS PLAN 2021/22 (Objective(s) 6,7,8,9)	Andy Cunningham	Medium	3	3	9	Data & systems Team constantly working to improve data quality, data validation checks carried out through external partners (e.g. the Fund's actuaries and tracing agencies), proactive checks done through national fraud initiative and the Fund's Data Improvement Plan.	3	1	3	The Fund is currently addressing new data issues identified by a review of the tPR two key data standards and other data reviews while ensuring data is of high quality is an on-going responsibility.	Low	→	Mark Anderson	On-going
PEN009	Failure to comply with Data Protection Legislation (GDPR & Data Protection Act 2018)	Poor procedures for data transfer to partner organisations, poor security of system, poor data retention, disposal, backup and recovery policies and procedures.	Poor data, lost or compromised, fines from the Information Commissioner, reputational risk of failure to meet Data Protection legislation.	LEGISLATIVE	SERVICE FUNCTION	Andy Cunningham	Low	2	2	4	Compliance with Wiltshire Council's Data Protection & IT Policies. Annual Data Protection training given to the team. On-going cleansing of data undertaken by Systems Team. The Fund has produced a new suite of procedures and controls following the introduction of GDPR.	2	1	2	Further reviews and changes in relation to the GDPR. First internal audit (Key Controls - April 2019) identified a lack of clarity in relation to the Fund's Data Retention strategy, where no justification for retaining personal data can be made, notably Exit No-liability records. Data Cleaning must be carried out. Officers to agree with IG Data Cleaning approach. The 2nd internal audit identified the need for improvements to the Fund's DPIA arrangements.	Low	→	Mark Anderson	On-going
PEN008	Failure to comply with LGPS and other regulations	Lack of technical expertise / staff resources to research regulations, IT systems not kept up-to-date with legislation, etc	Wrong pension payments made or estimates given. Investment in disallowed investment vehicles or failure to comply with governance standards. Effect: Unhappy customers, tribunals, Ombudsman rulings, fines, adverse audit reports, etc	ADMINISTRATION	BUSINESS PLAN 2021/22 (Objective(s) 5,6,7,8,9,10,12,13,24,31)	Andy Cunningham	Low	2	2	4	*Sufficient staffing, training and regulatory updates. *Competent software provider and external consultants. *Technical & Compliance post reviews process and procedures and maintains training programme for the team. *KPIs against statutory standards *Embedding checks and controls into all processes. *Audits & internal reviews to maintain best practice	2	2	4	Review of ABS requirements to ensure on-line delivery is compliant with disclosure requirements	Low	→	Luke Webster/ Jennie Green	N/A
PEN007b	Significant rises in employer contributions for non-secure employers due to poor/negative investment returns	Poor economic conditions, wrong investment strategy, poor selection of investment managers, poor consideration of all financial & non-financial risks including ESG issues.	Poor/negative investment returns, leading to increased employer contribution rates	FINANCIAL MARKETS & PRODUCTS	BUSINESS PLAN 2021/22 (Objective(s) 15)	Jennifer Devine	Low	2	2	4	Use of expert consultants in the selection of investment strategy and investment managers, regular monitoring of investment managers (1/4ly), regular reviews of investment strategy (annually). Monthly review of % of Fund held in each mandate. Also a flight path strategy implemented to take off risk as funding levels improve. Fund member of LAPFF & uses PIRC to proxy vote on shares in line with agreed policy for ESG issues. Compliance with Stewardship code.	2	2	4	A risk based framework is now in place to review employers long term financial stability. This informs the policy for stepping in contribution rates to assist in affordability issues where requested by an employer. It will be continuously reviewed, as part of the updating of the Investment Strategy Statement. Query over covenant reviews following expiry of PWC contract.	Low	→	Jennifer Devine	On-going
PEN007a	Significant rises in employer contributions for secure employers due to poor/negative investment returns	Poor economic conditions, wrong investment strategy, poor selection of investment managers, poor consideration of all financial & non-financial risks including ESG issues.	Poor/negative investment returns, leading to increased employer contribution rates	INVESTMENT PERFORMANCE & RISK	SERVICE FUNCTION	Jennifer Devine	Low	2	1	2	Use of expert consultants in the selection of investment strategy and investment managers, regular monitoring of investment managers (1/4ly), regular reviews of investment strategy (annually). Monthly review of % of Fund held in each mandate. Also a flight path strategy implemented to take off risk as funding levels improve. Fund member of LAPFF & uses PIRC to proxy vote on shares in line with agreed policy for ESG issues. Compliance with Stewardship code.	2	1	2	The implementation of the Stabilisation Policy limits increases for secure employers.	Low	→	Jennifer Devine	On-going
PEN006b	Significant rises in employer contributions for non-secure employers due to increases in liabilities	Scheme liabilities increase disproportionately as a result of increased longevity, falling bond yields, slack employer policies, etc. The current price of gilts lead to a worsening Funding Position.	Employer contribution rates become unacceptable, causing upward pressure on Council Tax and employers' costs.	ACTUARIAL METHOD	SERVICE FUNCTION	Andy Cunningham	Low	2	2	4	As above	2	2	4	As above	Low	→	Andy Cunningham	On-going
PEN006a	Significant rises in employer contributions for secure employers due to increases in liabilities	Scheme liabilities increase disproportionately as a result of increased longevity, falling bond yields, slack employer policies, etc. The current price of gilts lead to a worsening Funding Position.	Employer contribution rates become unacceptable, causing upward pressure on Council Tax and employers' costs.	ACTUARIAL METHOD	SERVICE FUNCTION	Andy Cunningham	Low	2	2	4	Longevity and bond yields are generally beyond the control of the Fund as are the values of the liabilities in general. However, the Fund has started the 2019 Triennial Valuation process and it is concurrently reviewing its investment strategy and implementing separate employer investment strategies. Furthermore, the Fund and each employer must have a Discretions Policy in place to help control discretionary costs (e.g. early retirements, augmented service, etc).	2	2	4	None	Low	→	Andy Cunningham	On-going

PEN005	Loss of funds through fraud or misappropriation	Fraud or misappropriation of funds by an employer, agent or contractor	Financial loss to the Fund	ACCOUNTING & AUDITING	SERVICE FUNCTION	Jennifer Devine	Low	4	1	4	Internal and External Audit regularly test that appropriate controls are in place and working. Regulatory control reports from investment managers, custodian, etc, are also reviewed by audit. Due Diligence is carried out whenever a new manager is appointed. Reliance is also placed in Financial Services Authority registration.	4	1	4	Officers completed an Anti-Money Laundering questionnaire issued by Deloitte's & returned to the Accountancy firm in January 2020. The responses will form part of the Auditor's audit strategy.	Low	→	Jennifer Devine	On-going
PEN002	Failure to collect and account for contributions from employers and employees on time	Non-availability of SAP systems, key staff, error, omission, failure of employers' financial systems, failure to communicate with employers effectively. LGPS 2014	Adverse audit opinion for failure to collect contributions by 19th of month, potential delays to employers' FRS17 year-end accounting reports and to the Fund's own year-end accounts.	ACCOUNTING & AUDITING	BUSINESS PLAN 2021/22 (Objective(s) 2,6,7)	Jennifer Devine	Medium	3	2	6	Robust maintenance and update of Altair and SAP systems, sufficient staff cover arrangements, sufficient staff training and QA checking of work. Officers regularly work with employers to ensure they understand their responsibilities to pay by 19th of the month. The Breaches framework now require the Fund to log material late payments.	2	2	4	The 2020 SWAP internal audit report highlighted a Priority 2 risk requesting officers ensure that a review of the member contribution processes raised in their report are undertaken promptly & to future-proof those processes to ensure appropriate efficiencies are made	Low	→	Jennifer Devine	On-going

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LOCAL PENSION BOARD - WORK PLAN 2021-22

Meeting:	LPB Term of Reference item	Description of scope as defined by the LPB ToR	20/05/21	24/08/21	11/11/21	17/02/22	No expected review in 2021/22	May-22	Guidance comments
GOVERNANCE - Board Specific									Comments
Election of Vice Chair	42	Appointments made as defined in the Board's Term of Reference				✓			Annual appointment between Member & Employer Reps. Member reps to be appointed in odd years
Board Annual Report	85	Recommendation under the legislation	✓					✓	Draft submission to the Board for there approval
Board Budget setting	78	Review & recommend to the Committee the budgetary requirements for the Board during the next Scheme year				✓			Review in conjunction with the Look Forward plan in order to anticipate future costs
Review Board's Terms of Reference (if and as required)	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.				✓			This review should be in conjunction with the Committee & ISC's ToR review to ensure continuity. Lasted reviewed in July 2020 and a 3 year cycle may be viewed as good governance
Board Annual Training Plan Update (To include Member training policy)	80i	Review arrangements for training of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme.			✓				To be completed each Scheme year for subsequent inclusion in the Board's Annual Report & the Fund's AR&A. Officer training strategy attached too.
Member Training review	80i	Review arrangements for training of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme.		✓		✓			To receive a six monthly update of both Committee and Board member training
Training Item relevant to agenda	80i	Review arrangements for training of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme.	✓	✓	✓	✓		✓	To be consistent with Member's training & development strategy
Code of Conduct & Conflicts of Interest Policy	80d	Review such documentation as is required by the Regulations including the Single Code of Practice and Good Governance Review			✓				3 year plan last approved on 15/10/2020. Annual reviews should be undertaken by Democratic Services in each Q4
Effectiveness 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.			✓				3 year plan last raised with the Board on 12/12/2018. The LPB should also compare itself against its own core functions as set out in its ToR. Last completed on 24/01/2019
Review Actions from previous meetings	n/a	Maintained by officers to enable Members manage their responsibilities	✓	✓	✓	✓		✓	Address primarily during pre-meeting planning meeting
Forward Work Plan Review	87	Maintained by officers to enable Members manage their responsibilities	✓	✓	✓	✓		✓	Officers to update the next Scheme year's plan in time for the new Scheme year. Annual reviews to therefore be undertaken in Q1
GOVERNANCE - Fund Specific									Comments

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
Fund update & comments on minutes of PC & ISC	80a	Review regular compliance monitoring reports which shall include reports to and decisions made under the Regulations by the Committee.	✓	✓	✓	✓		✓	Amongst other purposes Members should use the minutes to identify risks which can be added to 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.			✓				4 year plan last approved on 30/03/2021.
Review Fund Training Programme	80i	Review arrangements for training of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme.			✓				Complete 3 year training plan last approved on 12/12/2018. Annual reviews undertaken in Q4 each year.
Review all Fund Declarations of Interest	80d	Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.			✓				2 year plan last approved on 12/12/2020. Annual reviews should be undertaken by Democratic Services in each Q4
tPR Code of Practice 14/record keeping compliance survey results	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.	✓					✓	Annual exercise of Self-assessment by officers & review by Members. Every other year the self-assessment will be independently audited
Review fund delegations and internal controls. Include the Fund's escalation policy	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.				✓			3 year plan last raised with the Board on 11/10/2018 (Note: To include changes arising from the new Single Code of Practice and SAB Good Governance Review)
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 external advisor appointments process/controls and internal 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. Plus the Procurement framework by which it is done
Monitor Internal Audit Report	81d	Monitor internal and external audit reports			✓				Audit recommendations actioned
Monitor External Audit Report	81d	Monitor internal and external audit reports			✓				Audit recommendations actioned
Input to Annual External Audit Plan	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 Deloitte's audit
Input to Annual Internal Audit Plan	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 SWAP's audit
GOVERNANCE - Fund Plans, policies & strategies									Comments
Review Business Plan	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 on 24/03/2019 Interim review 30/03/2021
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 17/12/2019
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 17/12/2019. E-communication strategy update

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.		✓					3 year plan last approved on 24/03/2019. To include a Data Retention Strategy update
Review Admin Charging Policy	80d	Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.				✓			2 year plan last approved on 17/12/2019
Review Admin Authority Discretions	80j	Review the complete and proper exercise of employer and administering authority discretions						Not expected	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.						Not expected	3 year plan last approved in 17/12/2020
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 17/12/2019. Next Fund Valuation 31/03/2022
Review Compliance with FRC stewardship code (FRC replaced by the Audit, Reporting and Governance Authority (ARGA))	80d	Review such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.		✓					Annually - Consider TCFD requirements as part of the process
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.				✓			3 year plan last approved on 30/03/2021 (Ensure inclusion of MiFID II arrangements)
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.
Review the Fund's Annual Report & Accounts	80l	Review draft accounts and Fund annual Report		✓					To ensure CIPFA compliance requirements have been applied
Review Internal Audit Reports	80k	Review the outcome of internal and external audit reports				✓			Three Reports in 2021/22 - Report 1 covers Pension Transfers and Brunel Cost Savings; Report 2 covers Key Financial Controls , GDPR & System and Security Access Controls; Report 3 covers Accessibility Regulations
Review External Audit Report	80k	Review the outcome of internal and external audit reports				✓			Published by 1st December. Recommendations to feed into the commissioning of the 2022/23 audit plan
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.						Not expected	3 year plan last approved in 16/07/2020
Employer Training Policy	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 in 06/08/2020
ADMINISTRATION									Comments
Review employers compliance (data)	80c	Review the compliance of scheme employers with their duties under the Regulations and Relevant Legislation				✓			Incorporate with ABS review process & update on Fund's Data Improvement Plan.

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		Completed every 2 years and will be an update of the Fund's NFI & Certificate of Existence exercises. Last reviewed April 2020. To include Whistleblowing policy in 2022
Review Fund website contents/resilience	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.		✓					To also cover Cyber Security reporting on an annual basis. Cyber security last reviewed 06/08/2020
Receive an annual report of an complaint & IDPR cases, including a review of the Fund's procedures	80f, 80g & 80h	Monitor complaints and performance on the administration and governance of the scheme & review the Internal Dispute Resolution Process & Pensions Ombudsman cases	✓					✓	Covered in Low Volume Performance Report. To consider the appointment of adjudicators by each Employer
Review Fund Communications (employers/members)	80e	Review scheme members and employers communications as required by the Regulations and Relevant Legislation		✓					To provide templates of key Fund documentation & evidence its compliance
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 set out the arrangements in place & when they were last tested
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
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
FUNDING & INVESTMENTS									Comments
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 31/03/2022
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 after Brunel AGM
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
Cost transparency of BPP, Managers & the Custodian	81c	Monitor investment costs including custodian and transaction costs.				✓			To be 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
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Total number of Agenda Items:			14	16	22	20		16
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