

AGENDA

Meeting: Wiltshire Pension Fund Committee
Place: Kennet Room - County Hall, Bythesea Road, Trowbridge,
BA14 8JN
Date: Thursday 15 June 2023
Time: 10.00 am

Please direct any enquiries on this Agenda to Ben Fielding - Senior Democratic Services Officer of Democratic Services, County Hall, Bythesea Road, Trowbridge, direct line 01225 718656 or email Benjamin.fielding@wiltshire.gov.uk

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

This Agenda and all the documents referred to within it are available on the Council's website at www.wiltshire.gov.uk

Membership:

Voting Membership

Wiltshire Council Members:

Cllr Richard Britton (Chairman)
Cllr George Jeans
Cllr Gordon King
Cllr Christopher Newbury
Cllr Stuart Wheeler

Substitute Members

Cllr Ernie Clark
Cllr Sarah Gibson
Cllr Gavin Grant
Cllr Carole King
Cllr Dr Nick Murry
Cllr Ian Thorn
Cllr Robert Yuill

Swindon Borough Council Members

Cllr Kevin Small
Cllr Vijay Manro

Substitute Members

Vacant

Employer Body Representatives

Tracy Adams
Claire Anthony

Non-voting Membership

Observers

Stuart Dark
Mike Pankiewicz

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Public Participation

Please see the agenda list on following pages for details of deadlines for submission of questions and statements for this meeting.

For extended details on meeting procedure, submission and scope of questions and other matters, please consult [Part 4 of the council's constitution](#).

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Items to be considered

Time

PART I

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

1 **Apologies** 10.00am

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

2 **Minutes** (Pages 7 - 14)

To approve and sign as a true and correct record the Part I (public) minutes of the previous meeting held on 23 March 2023.

3 **Declarations of Interest**

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

4 **Chairman's Announcements**

To receive any announcements through the Chairman.

5 **Review of the Minutes of the Local Pension Board** (Pages 15 - 22)

To receive the minutes of the meeting of the Local Pension Board held on 24 May 2023.

To review the summary of the recommendations made by the Board.

6 **Public Participation**

The Council welcomes contributions from members of the public.

Statements

If you would like to make a statement at this meeting on any item on this agenda, please register to do so at least 10 minutes prior to the meeting. Up to 3 speakers are permitted to speak for up to 3 minutes each on any agenda item. Please contact the officer named on the front of the agenda for any further clarification.

Questions

To receive any questions from members of the public or members of the Council received in accordance with the constitution.

Those wishing to ask questions are required to give notice of any such questions in writing to the officer named on the front of this agenda no later than 5pm on **8 June 2023** 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 **Monday 12 June 2023**. 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 Committee members prior to the meeting and made available at the meeting and on the Council's website.

7 **Responsible Investment Update** (Pages 23 - 28) **10.15am**

The Investment and Accounting officer to present a report on the Fund quarterly responsible investment performance.

8 **Date of Next Meeting** **10:45am**

To determine the date of the next committee Administration focused Committee meeting: To be held on 13 July 2023.

9 **Training Plan** (Pages 29 - 32)

An updated training plan to be presented by the Engagement and Training Officer.

Please note that these papers will be included in an Agenda Supplement.

10 **Urgent Items**

Any other items of business which, in the opinion of the Chairman, should be considered as a matter of urgency. Urgent items of a confidential nature may be considered under Part II of this agenda.

11 **Exclusion of the Public**

To consider passing the following resolution:

To agree that in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the business specified in Item Numbers 12 - 16 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.

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

12 **Minutes** (Pages 33 - 42) **11.00am**

To approve and sign as a true and correct record the Part II (private) minutes of the previous meeting held on 23 March 2023.

13 **Review of the Minutes of the Local Pension Board (Part II)**
(Pages 43 - 50)

To receive the Part II minutes of the meeting of the Local Pension Board held on 24 May 2023.

To review the summary of the recommendations made by the Board.

14 **Quarterly Investment Update** *(Pages 51 - 80)* **11.15am**

The Investment and Accounting officer to present a report on the Fund quarterly investment performance.

15 **Manager Presentation - Ninety One** *(Pages 81 - 128)* **11.45am**

Grant Webster to provide a presentation.

16 **Brunel Fee Validation Presentation - (report by ClearGlass)** **12.45pm**
(Pages 129 - 152)

Mark Lindhiem and Chris Sier to provide a presentation.

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Wiltshire Pension Fund Committee

MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 23 MARCH 2023 AT KENNET ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

Present:

Cllr Richard Britton (Chairman), Cllr Pauline Church, Cllr George Jeans, Cllr Gordon King, Cllr Christopher Newbury, Cllr Kevin Small, Cllr Vijay Manro, Mike Pankiewicz, Tracy Adams and Claire Anthony

Also Present:

Cllr Nick Botterill and Mark Spilsbury (Local Pension Board Chairman)

41 **Apologies**

No apologies for absence were received.

42 **Minutes of the Previous Meeting**

The minutes of the meeting held on 2 March 2023 were presented for consideration, and it was,

Resolved:

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

43 **Declarations of Interest**

There were no declarations of disclosable interests.

44 **Chairman's Announcements**

The Chairman ratified the election of Cllr Kevin Small as Vice-Chairman.

45 **Review of Actions arising from previous meetings**

The Committee received the recommendations from the Local Pension Board, which would be considered under the relevant agenda items.

The Committee reviewed the list of ongoing actions.

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

The Committee reviewed the minutes of the Local Pension Board meeting held on 1 February 2023, and it was,

Resolved:

To note the minutes of the Local Pension Board meeting on 1 February 2023.

47 **Public Participation**

No statements or questions were submitted.

48 **Final valuation report**

The Committee received a presentation by Barry Dodds (Hymans Robertson) regarding the final valuation report and review of the process, including the level of data quality. The presentation covered the following matters, including but not limited to, an update on the 2022 Actuarial Valuation exercise, how assumptions had been used to predict what appropriate contribution rates would look like, that the sign off process was on track for the deadline of 31 March 2023, how the reported funding level had remained a similar level. Other elements included a discussion of the reconciliation of funding level, with investment returns higher than expected, an outline of the assumptions used as well as the consideration of climate change and the importance of the Rates and Adjustment Certificate.

The Chairman thanked Barry Dodds for his presentation.

After the presentation, the following questions and comments were raised by the Committee, including but not limiting to, what the present advice on climate risks was and whether this linked to estimates on profits for certain sectors or for the whole economy. It was clarified that there was no definitive way of modelling and that Hymans had considered the whole perspective rather than solely an investment perspective, modelling 5,000 different scenarios. Further clarity was provided that for the purposes of the project, predictions had been made for 10-20 years in the future as that would be when a lot of pension benefits would be paid out, therefore allowing for a better understanding of the risk involved and how returns might vary.

Further comments were made in relation to the assumptions made on CPI and how these were modelled on a 20-year period, clarity was sought that the spread of primary rates was typical with different membership profiles and that there was not a standout difference between the Wiltshire Pension Fund and others. Additional information was provided about obtaining a pensions assurance letter and that within the report there were some bodies with no secondary rate contributions and that this could be down to the funding level.

At the conclusion of discussion, it was,

Resolved:

The Committee noted the Valuation update provided, including the appendix and that the valuation report would be published.

The Committee noted that officers & the Scheme Actuary would distribute the valuation information as required.

49 **Headlines and Monitoring (HAM)**

Jennifer Devine, Head of Wiltshire Pension Fund, supported by other officers presented the Headlines and Monitoring report. The report included consideration of the risk register, key performance indicators, and other updates to enable the Committee to monitor relevant aspects of the Fund. Information was also provided on the outsourced projects taking place by Hymans and Aon.

An update was provided on the collapse of the Silicon Valley Bank and how this would impact on Pension Funds, with reassurance provided that the Fund had not incurred any wider losses because of the event at this time.

The Committee discussed the risk register, with queries raised that the Committee had been receiving a different version of the register compared to the Board. It was noted that there was a slight difference in focus, with Committee Members wanting to see more strategic risks and that the Board would comment on risk ratings and make recommendations to the Committee. It was suggested that it could be positive if the items in the risk register could be time bound with indications of when risks could be resolved.

There was discussion regarding audit, with it noted that an internal audit had been completed in November 2022, which had seen an improvement from no assurance in March 2022 to limited assurance. Details were provided on the recommendations within the new action log. It was noted that actions with a target date 31 March had been completed and those with a target date of 30 April were nearing completion. Additionally, regarding the approval of the Business Plan, it was suggested that there might be changes to target dates based on the decisions of the committee.

Regarding the training and effectiveness review, which had been conducted by Hymans, Members were thanked were they had completed both reviews. Details were provided of the 2023/2024 training plan for approval of the committee. It was suggested that training should be conducted in an environment separate to that of a meeting.

An update was provided on Regulatory, Legal and Fund matters which had been remodelled in line with the strategic risks of the Fund. It was noted that the Retained EU Law Bill would be considered during 2023 which had a sunset clause at the end of this year. During 2023 all EU laws would be reviewed by ministers, with a view to determining which would be retained or be no longer binding. It was anticipated that up to 4,000 pieces of legislation could affect

pension Fund's and officers would appraise themselves of legislation for consideration that might have an impact on how the pension Fund is run.

At the conclusion of debate, it was,

Resolved:

The Committee:

a) Approved the risk register recommendations made by the Board and the officer assessment of risk as presented in the February version of the risk register. Noting the request for time bound resolutions:

b) Approve the changes in SWAP Audit target dates, notably Action 7 within that actions log and those adjusted by the approval of the new business plan:

c) Deferred to approve the member training plan for 2023/24 (Appendix 7) until further discussions had taken place:

d) Approve the proportionate implementation of effectiveness review changes outlined in Hyman's report and 15(i) in the officer report to members.

50 **Business Plan & Budget 2023/24, plus KPI Improvement Plan**

Jennifer Devine, Head of Wiltshire Pension Fund, presented the latest Fund Business Plan and Budget to Committee for approval. Part of the presentation included details of a revised RI plan and training setting out the approach to the improvement plan and explaining the administration content impacted by the plan.

The Chairman called the meeting to a break at 11.30am and then resumed at 11.35am.

The Committee discussed the report and presentation in detail, with the following comments received but not limited to whether the undertaken restructure could risk leading to another backlog, to which it was stated that the structure had been put in place to address issues. Additionally, though there was a risk in having to deal with the workload, the Business Plan aimed to approach objectives into chunks and deal with them in a priority order. Timescales were discussed with it suggested by officers that it would likely be a 2/3-year plan and that potentially this year it might be possible to commit to a time frame once the team was up and running.

The Committee further discussed the need to identify what work was a priority to then reduce KPIs, to which it was acknowledged that a hit squad would be

set up to tackle this issue and clear records with a focus now on completing the higher priority ones. It was suggested that data indicated that there would not be enough resource, with it questioned what this would equate to in people, to which it was stated that Aon had looked at the data and suggested between 6-21 people, however it was strongly believed that at this stage, and additional people would be absorbed in the team and have limited impact. Once efficiencies had been identified and new ways of working embedded, it would be possible to make a more accurate assessment of the resources required.

The Committee queried whether the budget of £3.6million was a realistic figure, to which it was clarified that it may not be, but should the Pension Fund request more money, then there would be a data driven business case for it. Additionally, reference was drawn to the priorities outlined in the report and that it would be positive to know at which point during the foundations stage officers would be able to see the end in sight.

At the conclusion of debate, it was,

Resolved:

The Committee:

a) Approved the Business Plan 2023/24, including the actions for the year.

b) Approved the Pension Fund budget for 2023/24 shown in Appendix 1 totalling £4.783m (0.16% of total fund value).

c) Agreed that a plan would be brought back to the meeting in 6-months' time which would demonstrate timescales.

51 **Key Financial Controls**

Chris Moore, Investment & Accounting team lead, provided a presentation on Key Financial Controls, including the Budget Monitoring 2022/23 and the corporate recharge arrangements.

The Committee discussed the report in detail, with the following comments received but not limited to that it was inconsistent for the Altair checks on the RAG rating to indicate no material concerns when there were major issues.

Additionally, the Chairman stated that he had been requested to attend the Audit and Governance Committee to discuss the SWAP rating of limited assurance. The Chairman discussed the protocols and procedures of the Audit and Governance Committee with it suggested and agreed that any questions for the Chairman be provided in writing, in advance of the meeting with the questions to also be circulated to the Pension Fund Committee.

At the conclusion of debate, it was,

Resolved:

The Committee agreed to use the report to monitor progress against resolving the issues which have been identified, and the progress made to develop accounting and control improvements.

52 **Treasury Management Strategy:**

Chris Moore, Investment & Accounting team lead, provided a presentation on the Treasury Management Strategy for 2023/24 which included a report summarising the performance to date during 2022/23.

The Committee discussed the report with clarity sought on the role of the Wiltshire Investment Team and the Investment Manager.

At the conclusion of debate, it was,

Resolved:

The Committee:

a) Approved the Treasury Management Strategy.

b) Noted the performance by the Council Treasury team to March 2022.

53 **Divestment Statement**

Jennifer Devine, Head of Wiltshire Pension Fund, presented a paper agreeing a position and statement regarding the topic of divestment. The report featured a proposed revised statement following on from the meeting which took place on 23 March 2023.

The Committee discussed the report, with the following comments received as to whether it would still be possible for the Fund to have a presence in a company with fossil fuel activity, with it noted that the Fund would look at factors for companies such as emissions and scores for climate efficiency. It was suggested that there wasn't an assessment of the financial implications of adopting the statement. Support for the statement was shown with officers thanked for their work following the previous Pension Fund Meeting to clarify the definitions included. Discussion took place regarding the primacy of financial concerns and that it was suggested that this was self-evident and embodied in consultation that took place.

At the conclusion of debate, it was,

Resolved:

The Committee approve the statement and supporting wording on fossil fuel divestment.

Councillor Christopher Newbury requested his vote in opposition to the resolution be noted.

54 **Stewardship Report**

Liam Robson, Fund Investment & Accounting Officer presented plans for the draft stewardship report process and submission.

At the conclusion of the discussion, it was,

Resolved:

The Committee agreed that the final report may be submitted to the FRC following circulation via email.

55 **Committee Forward Work Plan**

It was,

Resolved:

To note the Forward Work Plan.

56 **Date of Next Meeting**

The dates of upcoming meetings were confirmed as 15 June 2023 and 13 July 2023.

57 **Urgent Items**

There were no urgent items.

58 **Exclusion of the Public**

It was,

Resolved:

To agree that in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the business specified in Minute Numbers 19 - 22 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in 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.

59 **Minutes of Previous Meeting**

The private minutes of the meeting held on 2 March 2023 were presented for consideration, and it was,

Resolved:

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

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

A review of the last Local Pension Board minutes (1 February 2023). The private minutes of the Local Pension Board meeting held on 1 February 2023 were presented for consideration, and it was,

Resolved:

To note the minutes as a true and correct record.

61 **Departmental Restructure**

Jennifer Devine, Head of Wiltshire Pension Fund, provided an update on the restructure implementation and recruitment.

62 **Brunel Governance Update**

Andy Brown, Corporate Director Resources, Deputy Chief Executive, and Treasurer to the Pension Fund, provided an update on the ongoing Brunel governance arrangements.

(Duration of meeting: 10.00 am - 1.00 pm)

The Officer who has produced these minutes is Ben Fielding - Senior Democratic Services Officer of Democratic Services, direct line 01225 718656, e-mail Benjamin.fielding@wiltshire.gov.uk

Press enquiries to Communications, direct line 01225 713114 or email communications@wiltshire.gov.uk

Local Pension Board

MINUTES OF THE LOCAL PENSION BOARD MEETING HELD ON 24 MAY 2023 AT KENNET ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

Present:

Mark Spilsbury (Chairman), Marlene Corbey (Vice-Chairman), Paul Smith and Mike Pankiewicz

Also Present:

George Simmonds and Cllr Nick Botterill

189 **Membership**

The Chairman welcomed George Simmonds in an observer capacity as the Board had agreed to his appointment in principle at this stage as the Board meeting was held after the Full Council meeting. It was noted that George was replacing Juliet Weimar as a Scheme Employer Representative.

The Board noted that there was currently one vacancy on the Board's membership, and it was expected that this vacancy would be filled by the next meeting in August 2023.

Resolved:

To appoint Marlene Corbey as Vice-Chairman for the forthcoming year.

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

Cllr Nick Botterill attended the meeting in his capacity as the Cabinet Member for Finance, Development Management and Strategic Planning.

191 **Apologies**

Apologies were received from Laura Fisher.

192 **Minutes**

The Part I (public) minutes of the previous meeting held on 1 February 2023 were considered.

Resolved:

The Board approved and signed the Part I (public) minutes of the previous meeting held on 1 February 2023 as a true and correct record, and the Board's action log was noted.

193 **Declarations of Interest**

There were no declarations of interest.

194 **Chairman's Announcements**

There were no Chairman's announcements.

195 **Public Participation**

There were no statements or questions submitted.

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

The Part I (public) minutes from the last ordinary meetings of the Wiltshire Pension Fund Committee (WPFC) meetings held on 2 March 2023 and 23 March 2023 were considered.

Resolved:

The Board noted the Part I (public) minutes from the last ordinary meetings of the Wiltshire Pension Fund Committee held on 2 March 2023 and 23 March 2023.

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

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

The report detailed updates in the following areas:

- Headlines
- Key business plan items – Aggregations backlog, i-Connect & controls and Resourcing.
- Scheme, Regulatory, Legal and Fund Update
- Risk Register
- Administration KPI update – 1 January 2023 to 30 April 2023.
- Fund SWAP audit actions log 2022/23
- Training - Update members on the Fund's approach to member training

In response to questions, the Head of Wiltshire Pension Fund, the Fund Governance Manager and the Pensions Fund Operations Manager explained that the aggregations backlog referred to the joining of employment records; appointment to the Employer Services Manager role to the new team structure

was proving to be very challenging as suitably qualified applicants had not applied for the position; there may be a need for additional support for the development of a monthly cycle of work for the Employer Services Team; further investigations into the completion on target of the aggregations process with further information being sent to the Chairman and Cllr Richard Britton; it was anticipated that the KPI performance Improvement Plan would be met by early October 2023; officers confirmed that the Wiltshire Pension Fund Committee will be asked for an extension to complete progress against internal audit recommendation item 10 – KPI's, Reports & Monitoring of Staff Productivity, however officers felt that item 9 – Workflow Management should still be achievable by 30 June 2023.

Following the Committee's decision to defer approval of the members training plan for the scheme year 23/24 in favour of a revised training strategy, officers confirmed that the revised strategy will be presented to the Committee at their June Investment focused meeting. It was noted by the Board that the annual MiFID II self-certification exercise had taken 3 months to complete during the scheme year 2022/23. Officers therefore request Committee member support in being able to complete this exercise more quickly.

The Chairman thanked officers for their clear and honest reporting.

Resolved:

- a) **to note the Fund updates and progress against the Business Plan 2023/24 key priorities;**
- b) **to endorse the risk register in Appendix 2 & the summary of risk changes since the last review, as a true and fair view of the risks currently being experienced by the Fund and to recommend that endorsement to the Committee;**
- c) **to note the progress recorded on the SWAP audit actions log, as well as the changes to the target dates, which are in line with the key business plan activities approved by the Committee at their meeting in March 2023;**
- d) **To recommend to Committee members their support for officers concerning the Fund's MiFID II compliance obligations.**

198 **Training**

The Board received an update presentation from Mark Briggs – Pension Fund Operations Manager on the 2023 non-KPI administration roadmap.

The Pension Fund Operations Manager commented on the administration work of the Member Services Team, Employer Services Team, Operations Team and Service Improvement Team and responded to questions about timescales for clearing backlogs, the receipt of information about new employees joining the

Fund, the pensions dashboard and the structure of the Service Improvement Team.

Resolved:

To note the presentation update.

199 **Key Financial Controls (Budget outturn 2022/23)**

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

The Pension Fund Accounting and Investment Officer reported that the full Wiltshire Council Accounts for 2019/20, 2020/21 and 2021/22 continued to be delayed due to the Wiltshire Council figures, however, work was progressing well with the completion of accounts and annual report for 2022/23 to present to the Wiltshire Pension Fund Committee in July 2023.

In response to questions, officers indicated that the cash flow figures for June 2023 onwards required amending to include a positive figure rather than a negative one as detailed in the table at paragraph 11; would provide a written responses in relation to the differences of the total payment figure for March 2023 compared to previous months and paid contributions; confirmed that Fund officers would continue to seek the finalisation of a formal legal document outlining the Service Level Agreement Recharge from Wiltshire Council Finance Team.

Resolved:

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

200 **Low Volume Performance Report**

The Board considered a report of Jennifer Devine – Head of Wiltshire Pension Fund and Richard Bullen – Fund Governance Manager which provided an update on the Fund’s performance measures for 2022/23 for six disclosure requirement areas identified in the report.

The report provided individual commentary for each of the low volume performance measures, as detailed below:

- a) ICO Data Protection breach log;
- b) tPR breach log;
- c) Freedom of Information (FOI) log;
- d) Subject Access Request (SAR) log.
- e) Complaints log;
- f) Internal Dispute Resolution Procedures (IDRPs) log;

In response to questions, officers explained that under the Freedom of Information log the second and fifth items were identical as analytical research groups requested the same information in different quarters; to enable comparison; officers confirmed that under the same heading no optant out information was held by the Fund, as auto enrolment was an employer responsibility under the Pension Act 2008.

Resolved:

- 1. That the Board supported the view that there were no material operational needs present in the report that would warrant the attention of the Wiltshire Pension Fund Committee.**
- 2. That the findings of the low volume performance measures being monitored by officers on behalf of the Fund be noted.**

201 **Draft LPB Annual Report 2022/23**

The Board received the Draft Local Pension Board Annual Report for 2023 prepared by Richard Bullen – Fund Governance Manager.

The Chairman highlighted that he had prepared the introduction to the Annual Report and thanked the Fund Governance Manager, for his hard work in producing the remainder of the report.

Officers noted that the budget table on page 12 would need to be updated and highlighted changes in the style of the report from previous years, in particular the introduction of vision goals associated with each section and the creation of an appendix for standard legal text. Officers explained that all recommendations for the previous 12 months had been accepted, noting that the Board's recommendation for the Training Plan had been deferred into the 2023/24 Scheme Year.

Resolved:

The Board approved the draft LPB Annual Report, subject to the updates highlighted above.

202 **Urgent Items**

The Chairman referred to a matter relating to an employer within the Wiltshire Pension Fund that he would raise in Part II of the meeting due to its sensitive nature.

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

The next ordinary meeting of the Board will be held on 10 August 2023.

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

Resolved:

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

204 **Exclusion of the Public**

The Board considered the recommendation to exclude the public.

Resolved:

To agree that in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the business specified in Item Numbers 17-18 and the additional urgent item at 19 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in 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.

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

The Part II (private) minutes from the last ordinary meetings of the Wiltshire Pension Fund Committee (WPFC) meetings held on 2 March 2023 and 23 March 2023 were considered.

Resolved:

The Board noted the Part II (private) minutes from the last ordinary meetings of the Wiltshire Pension Fund Committee held on 2 March 2023 and 23 March 2023.

206 **Brunel Governance Update**

The Board received a verbal update on the report from officers updating members on the ongoing Brunel governance arrangements.

Resolved:

To note the update.

207 **Wiltshire Pension Fund - Reporting Issues**

The Board received a verbal report from officers, following a request by the Chairman for further information about the reporting arrangements of an employer to the Wiltshire Pension Fund.

Resolved:

That the update from officers be noted and that a more detailed update would be reported to the Wiltshire Pension Fund Committee on 13 July 2023.

(Duration of meeting: 10.00 am - 12.05 pm)

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

Press enquiries to Communications, direct line 01225 713114 or email communications@wiltshire.gov.uk

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WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
15 June 2023

RESPONSIBLE INVESTMENT UPDATE REPORT

Purpose of the Report

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

Key Considerations for Committee

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

2. The road map from the Responsible Investment Plan 2023/24 is shown on the following page. Progress against actions for Q2 2023 is as follows:

Responsible Investment Road Map

Q2 2023 -

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

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

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

Q3 2023 -

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

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

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

Q4 2023 -

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

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

Q1 2024 -

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

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

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

3. Investments and strategy:

- The Fund's statement on divestment from fossil fuels has been finalised and will be incorporated into the new Responsible Investment Policy to be published in Q3 2023.
- Progress has been made on a specific allocation to renewable infrastructure and climate solutions of 7%. Implementation options are currently being explored with Mercer and considered via the Brunel Investment Sub Group (ISG).
- Mercer are also reviewing the affordable housing fund market and will be advising on the remaining £30m to allocate against the allocation of 5%.

4. Reporting and disclosure:

- The [Stewardship Report 2023](#) was submitted to the Financial Reporting Council (FRC) on 9 May 2023. This will be reviewed to secure renewed signatory status against the 2020 Code. A mini magazine highlights report will be published in due course.
- The [Affordable Housing Impact Report 2023](#) was published on 25 April 2023. This report, the first of its kind, is aimed at providing stakeholders with impact measures for this allocation. The metrics included in the report demonstrate that the portfolio is delivering against its social impact objectives. Financial performance is considered elsewhere.
- Further reporting developments for 2023 include a much enhanced [Voting review for 2022](#) and more interactive content on voting records, analysis and case studies. Voting records will be reviewed quarterly and issues of interest reported back on the webpage. The voting summary for Q1 2023 is provided as an appendix.

5. Training and engagement:

- Officers have continued to consider options for holdings transparency for stakeholders. Brunel have been able to build on reporting capability, via the new platform provided by Opus Nebula, to provide 'look through' reports on underlying equities in both active and passive pooled funds. Further development work will be required to incorporate legacy manager holdings.
- The private markets team at Brunel have been made aware of plans to include a new target for property which sets the aim of "all underlying property funds of the target portfolio to have set a target of net zero by 2050 or earlier, by 2030."
- A short research report is currently being drafted on the topic of Cement. This considers carbon emissions, holding and Climate 100+ analysis and case studies/examples of where these have been reduced/eliminated. The outcome of this will be published online and circulated to members at that point.
- An initial planning meeting to conduct engagement activity targeted at younger members of the scheme is planned, a further update will be provided at the next committee meeting.

Environmental Impacts of the Proposals

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

7. There are no known implications at this time.

Proposals

8. The Committee is asked to

- use this 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 2023/24 actions and discuss whether any additional actions are needed at the current time.

Report Author: Liam Robson (Accounting and Investment Officer)

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

Appendix 1 – Voting summary Q1 2023

Q1 2023 - Summary

The following summary includes votes cast on equity holdings in Developed (Brunel), Listed Infrastructure (Magellan) and Emerging Markets (Ninety One)

- We voted at **40** meetings on **447** separate resolutions.
- We only abstained on 3 votes, showing that we exercised our rights to vote the vast majority of the time.
- We voted 28.5% in support of management and 71.4% against management (meetings where one or more resolutions were voted against). This demonstrates that we upheld our intention to be supportive of management to help them continue to run successful businesses, but also exert pressure on companies when it is needed.

Commentary and case studies

Most of Wiltshire's equities are held within global mandates managed by **Brunel**, with stewardship services provided by Federated Hermes (EOS). The first quarter of the year was fairly quiet, with fewer meetings (generally, voting season occurs in the second quarter of the year). A recurring theme, as reported in the 2022 review, was remuneration. We observed seven resolutions in the above meetings relating to pay and remuneration (for example, Becton, Dickinson and Company and Apple Inc.) with "against" votes cast accordingly.

Magellan manage a mandate of listed infrastructure, the number of stocks held is relatively small; this quarter there were no meetings and therefore no voting activity. During Q1, Magellan engaged with Severn Trent regarding their climate and sustainability metrics in executive remuneration and encouraged the company to consider evolving the metrics to be more output focused. Magellan view Severn Trent as one of the leaders in the sector in terms of commitment to climate and the environment. The engagement was positive given the acknowledgement from the Board of the benefits of output driven metrics. Constructive dialogue around the challenges with selecting and measuring metrics, as well as ensuring outcomes aligned with performance was of particular note.

Ninety One voted at 26 meetings. There was an abstention on a remuneration resolution which officers queried. Further context was provided that the vote flag was due to lack of transparency/disclosure around remuneration (which is a common theme in emerging markets) rather than a fundamental issue. Ninety One also abstained a vote with Netcare, a healthcare provider, which was also in relation to remuneration. Ninety One expressed concerns about two out of the four financial targets set for variable remuneration. They have engaged with the board regarding this matter and received assurance that changes will be implemented in the future. This will now be an engagement point for the team moving forward.

Find out more detail in the Voting and Engagement reports:

[Wiltshire Pension Fund - Voting statistics - 2023 Q1 \(PDF\) \[357KB\] \(opens new window\)](#)

[Wiltshire Pension Fund - Engagement statistics - 2023 Q1 \(PDF\) \[362KB\] \(opens new window\)](#)

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WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE

15 June 2023

Fund Training Plan

Purpose of the report

1. Following the Committee's decision to defer approval of the Fund's training plan 2023/24 in March 2023, this report is intended to submit a revised plan to Committee members for their approval.

Background

2. The Board recommended the original training plan to the Committee which was based on a Hymans training report published in November 2022, derived from member feedback of their training requirement. Due to the legal requirement on Board members under the Public Service Pensions Act 2013, Board members were content to continue with the original training plan in order to fulfil their knowledge and understanding obligations.
3. A restructure within the Fund's Pension Dept. has led to the appointment of a new Training and Engagement Officer, Denise Robinson. Going forward the new Training and Engagement Officer will implement training plans not just for the Committee and Board Members, but also for Officers and Employers too.
4. The revised Committee Member training plan has been prepared by taking into account the following factors:
 - a) Consulting with members concerning their training requirements:
 - b) Consideration of the levels of knowledge and understanding required to oversee a scheme of this size and nature: &
 - c) Members concern in relation to the delivery, content and volume of training

Considerations for the Committee

5. Based on the consultation process with members, Appendix 1 incorporates the feedback, whilst also giving consideration to the standards which would be expected by the Pension Regulator. The consultation highlighted suggested topics that should be covered to increase the knowledge and understanding of members. In particular, these topics will be included in the next training plan will include:
 - a) Pensions Accounting and Audit Standards
 - b) Decision Making – creating and updating a decision matrix to ensure visibility of the role each group across the spectrum of potential decisions
 - c) Procurement and Relationship Management

Environmental Impact of the Proposal

6. Not Applicable

Financial Considerations and Risk Assessment

7. The Financial costs or the training and development are expected to be minimal and will form part of the budget agreed by the Committee.

Legal Implications

8. There are no legal Implications currently

Safeguarding Considerations/Public Health Implications/Equalities Impact

9. There are no known implications currently

Reason for Proposal

10. To fulfil training and development, compliance requirements of stakeholders associated with the Wiltshire Pension Fund

Proposal

11. The Committee are asked to approve the training plan presented in Appendix 1.

Report Author: Denise Robinson (Training and Engagement Officer)

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

Appendix 1 – Training plan

Wiltshire Pension Fund Committee & Board Member Training Plan					
2023 - 2024					
PENSION FUND 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.					
Q1 2023	02/03/23	Investment Performance	Investment Manager updates	Officers	Investment Board members to be invited
Q1 2023	23/03/23	Administration	KPI Improvement Plan	Officers	Administration Board members to be invited
Q2 2023	15/06/23	Accounting & Audit	Cost Transparency	Officers	Investment Board members to be invited
Q2 2023	13/07/23	Governance	Roles and responsibilities of each group at differing points during the annual life cycle of the Fund. To include guidance on advisors, scheme of delegation & policies and documents	Officers	Administration Board members to be invited
Q3 2023	14/09/23	Financial Markets and Products Knowledge	Risk and return characteristic of the main asset classes, the work of financial markets and available investment vehicles and the importance of the Fund's ISS and investment strategy decisions	Officers	Investment Board members to be invited
Q3 2023	05/10/23	Actuarial method	The Actuary, the formal valuation process (including the FSS and inter-valuation modelling) and the treatment of new and ceasing employers (including employer covenants)	Hymans	Administration Board members to be invited

MiFID II self certification Annual self-assessment review					
Q4 2023	23/11/23	Financial Markets and Products Knowledge	The Investment Governance framework	Officers	Investment Board members to be invited
Q4 2023	14/12/23	Administration	Pensions Dashboard	Officers	Administration Board members to be invited
Q1 2024	29/02/24	Accounting & Audit	Treasury Management arrangements	Officers	Investment Board members to be invited
Q1 2024	28/03/24	Administration	Complaints, Dispute & Disclosure requirements	Officers	Administration Board members to be invited
LOCAL PENSION BOARD					
Period	Actual Meeting Date	CIPFA Framework category	Proposed training item	By whom	Comments
Q2 2023	24/05/23	Administration	The annual administration lifecycle	Officers	Committee members to be invited
Q3 2023	10/08/23	Accounting & Audit	Accounting & Auditing Standards and the role of the internal and external auditor	Officers	Committee members to be invited
Annual self-assessment review					
Q4 2023	01/11/23	Administration	The background, approach & remedy to "McCloud"	Officers	Committee members to be invited
Q1 2024	13/02/24	Procurement & Relationship Mgt	The Public Procurement requirement and how performance of suppliers can be monitored	Officers	Committee members to be invited
Q2 2024	To be confirmed	Administration	Pension Scams	Officers	Committee members to be invited

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