

# AGENDA

**Meeting:** Wiltshire Pension Fund Committee  
**Place:** West Wiltshire Room - County Hall, Bythesea Road,  
Trowbridge, BA14 8JN  
**Date:** Thursday 29 February 2024  
**Time:** 10.00 am

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This Agenda and all the documents referred to within it are available on the Council's website at [www.wiltshire.gov.uk](http://www.wiltshire.gov.uk)

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## 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

#### Employer Body Representatives

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](#).

The full constitution can be found at [this link](#).

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**PART I****Items to be considered when the meeting is open to the public****1 Apologies**

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

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

To approve and sign as a true and correct record the Part I (public) minutes of the previous meeting held on 14 December 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 Actions arising from previous meeting(s)**

To review progress on any actions requested by the Committee in previous meetings.

**6 Minutes and Key Decisions of the Local Pension Board**

To consider the Part I (public) minutes, and recommendations arising, from the last meeting of the Local Pension Board held on 13 February 2024 respectively.

Please note that this report will follow as a supplement.

**7 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 **Thursday 22 February 2024** 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 26 February 2024**. 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.

8 **Responsible Investment Update** *(Pages 17 - 60)*

The Investment and Accounting Team Lead to present a report on the Fund quarterly responsible investment performance, including the RI Plan for 24/25 and the results of the most recent survey of the membership on investment matters.

9 **Date of Next Meeting**

The next ordinary meeting of the Committee will be held on 28 March 2024.

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 – 19 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraphs 1 & 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.**

**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 61 - 72)*

10.30am

To approve and sign as a true and correct record the Part II (private) minutes of the previous meeting held on 14 December 2024.

13 **Minutes and Key Decisions of the Local Pension Board**

To consider the Part II (private) minutes, and recommendations arising, from the last meeting of the Local Pension Board held on 13 February 2024 respectively.

Please note that this report will follow as a supplement.

14 **Quarterly Investment Update** *(Pages 73 - 112)*

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

15 **Brunel Budget Proposal** *(Pages 113 - 116)*

To discuss the proposed Brunel budget for 2024/25 and inform the shareholder response.

16 **Brunel Shareholder Representative** *(Pages 117 - 118)*

To discuss the Fund's shareholder representative to Brunel Pension Partnership.

17 **Brunel Governance Update**

A verbal update on the report from officers summarising the ongoing Brunel governance arrangements.

18 **Evolve Payroll Update and Progress Report** *(Pages 119 - 130)*

An update on progress being made in the transition of the Pensioner Payroll.

19 **MAN Group Presentation**

**12.00pm**

Affordable housing manager, MAN Group, to present on the portfolio performance and return.

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## Wiltshire Pension Fund Committee

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

**Present:**

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

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143 **Apologies**

Apologies for absence were received from Cllr George Jeans and Lizzie Watkin.

144 **Minutes of Previous Meetings**

The minutes of the meeting held on 23 November 2023 were presented for consideration, and it was,

**Resolved:**

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

145 **Declarations of Interest**

There were no declarations of disclosable interests.

146 **Chairman's Announcements**

There were no Chairman's Announcements.

147 **Review of Actions arising from previous meeting(s)**

The Committee reviewed the list of ongoing actions.

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

All Local Pension Board minutes to date were presented at the 23 November Committee meeting.

149 **Public Participation**

No statements or questions were submitted.

150 **Key Financial Controls**

Chris Moore, Investment and Accounting Team Lead, presented an update concerning the operational accounting arrangements, which also included budget monitoring. The update included that the final sign off for the full Wiltshire Council Accounts for 2019/20, 2020/21 and 2021/22 continued to be delayed. Additionally, work had been conducted on the accounts and annual report for 2022/23, however work had recently paused, with the auditors being chased for a progress update.

It was outlined that the new Evolve system went live in November 2023, however this had since changed from green to amber on the quarterly financial performance dashboard as the reconciliation and implementation of the system had not been smooth and had caused significant problems to the accounting team. Issues had included that the team had been unable to post journals and daily processes, however this was now possible.

Detail was provided regarding cashflow, banking and capital calls that the single approval limit for payments had been an issue due to the Council accounts not being signed off therefore meaning the limit could not be increased. The Treasury team in the Council had however provided an update that progress had been made and changes are expected to be applied to the limit.

Reference was made to the budget forecast, with it noted that there was a forecast overspend of £44k against the original budget. This overspend includes an additional £49k of costs approved by Committee for the new office space. An additional cost of £50,000 is also forecast should the Committee approve the recommendation for investment in the Climate Opportunities Portfolio. It was noted that previously there had been uncertainty with the budget regarding the pay award, however this had now come to fruition in line with what was budgeted for, therefore meaning the cost risk was removed.

Detail was provided that since writing the report, one of the employers in the Fund was experiencing insolvency, with officers set to work with the company to work out what will happen in due course.

The Committee discussed the update, which included reference to the Dorset & Wiltshire Fire and Rescue Service Financial Audit Committee who had had concerns about information not being provided for auditing purposes. It was stated that this could potentially be related to the external auditors as the Fund had provided all that it could to the auditors.

Clarity was provided regarding mismatched records between Altair and SAP payroll and that though the difference had come down in February and March, this had increased in April due to the way the pension increase was applied to members.

It was questioned regarding the performance dashboard, whether payroll should be rated as a red rather than amber due to the experience of implementation. It



was clarified this was treated as two separate issues with it rated red in the risk register but amber for progress made to align the two systems.

A question was posed regarding employer contributions as to why there were big variants and sudden peaks in June 2023 compared to other entries. It was clarified that the table provided summarised contributions from 187 employers with total payments circa £8million a month from employees with a spike in April due to a prepayment of contributions from Wiltshire Council of £35million. Furthermore, it would not take much for the table to be impacted, for example a late payment from a large employer, which could potentially distort the figures.

A discussion took place regarding whether the Fund charged interest on late payments, to which it was stated that the Fund could do but has not and rather takes an engagement approach. It was outlined that there was a focus on educating employers on their responsibilities and that the Fund might charge interest in the future.

A point was raised regarding running costs per member and whether the Fund was different to other organisations. It was clarified that a previous paper had included cost per member analysis and that this benchmarking had identified the Fund as being within the average expected number for the size of the Fund. Furthermore, though there was an increased running cost per member, this would still not be in the highest level with all funds experiencing the same increase.

It was questioned whether persistent late payers are flagged for action, to which it was noted that there is a list of those who are regularly late and that there is a control route for this, with an employer data and contributions working group reviewing the list each month. Furthermore, the list was also used to understand covenant risk. Officers also outlined that the escalation policies had been reviewed to now have a six-stage approach in comparison to the previous one of four stages. Additionally, it was acknowledged that there is also a breach log which is reported to the Pension Board on an annual basis.

At the conclusion of debate, it was,

**Resolved:**

**The Committee agreed to:**

- **Use this report to monitor progress against resolving the issues which have been identified.**
- **Approved the additional £50k of investment due diligence and advice in relation to the Climate Opportunities Portfolio.**

Richard Bullen, Fund Governance Manager, presented the results of SWAP's Key Performance Indicator audits conducted in November. The presentation included that it had been a request of the Chairmen of the Committee and Board for KPIs to be audited to and provide insight as to whether reporting was operating in a consistent manner. SWAP had since completed the audit and provided reasonable assurance with 4 management actions identified.

It was noted that the one of the management points related to data extraction which is manually copied, and an action identified to improve the process and remove human error. The second point raised was regarding data accuracy, particularly in relation to opening and closing balances, with it highlighted in the previous Key Controls review that there were inaccuracies in the KPI data for aggregations and KPI work. It was however noted that this had since improved over the course of the year since March.

Other supplementary issues and observations included that the pensions administration strategy document which was currently being reviewed to ensure consistency and to make sure that reporting was improved based on feedback from members. Following the completed audit, an actions log would be created to conclude the recommendations made by SWAP.

The Committee discussed the update, with clarity provided on the use of pivot tables and Tableau to generate data, which is then put into spreadsheets.

At the conclusion of debate, it was,

**Resolved:**

**The Committee agreed to:**

- **Note the SWAP Audit Report 2024.**

152 **Audit Plan 2024/25**

Richard Bullen, Fund Governance Manager, presented a draft audit plan for the Fund for the scheme year 2024/25. The plan included recommendations split between standard audits and audits of fund innovations, progress improvements and new regulations. Detail was provided that it had been hoped that the new Pension Regulator Code of Practice would have been in place by now, however this was likely to be delayed until April 2024. As the Fund had not been audited on its compliance against the Code of Practice this year, the Fund would assess itself against the old code and ask SWAP to audit itself against that. An internal audit could then be undertaken on implementation of the new code once in place.

An update was provided regarding the Phase II Payroll Migration Audit, and the audit scope being prepared by SWAP. Regarding the Fraud case this year, it

was stated that an audit was desired to determine whether exceptional circumstances exist for the Fund to adopt its own policy which supplements the Council's whistleblowing policy and arrangements.

The Committee discussed the update, with comments received but not limited to that it was perceived that the internal audit work looked thin, to which officers noted that a lot of work would be picked up by a full KFC audit next year and that the Fund was looking to introduce a customer service excellence project. These would take into account internal controls and consideration of how customers are treated.

Regarding the SWAP workload, it was clarified that SWAP would be aware of the Payroll Migrations Audit and the KFC audit, however as it stood an auditor had not yet been chosen for the Fraud audit and SWAP might feel conflicted if requested to do this as they had undertaken the fraud review. The Chairman raised concern that the SWAP workload was unable to be responsive to ad hoc demands which might arise through the year. Officers noted that with big projects on the horizon, more support might be required and that it could potentially be beneficial for the Fund to have its own contract with SWAP.

A further discussion took place regarding the potential for the Fund to purchase additional hours from SWAP as well as discussing how the Fund was currently assessed by SWAP as part of the Council's risk profile, even though it was financially separate. It was stated that the suggested plan was focused on what was needed to be done rather than what the Fund would like to be done.

The Committee believed that a way forward might be for Officers, Committee and Board to articulate what extra work could be conducted by SWAP for it then to be considered by the Audit and Governance Committee.

Clarity was sought regarding the Phase II Payroll Migration Audit, which was set to be completed 30 April 2024, which suggested that the auditors would be reviewing work while it was taking place. It was clarified by officers that 30 April was a hard deadline and that this would be a readiness review rather than a full investigation. It was also noted that internal testing would take place in January, therefore meaning that data could be provided earlier.

A suggestion was made that a discussion should take place between the Chairman, the Head of the Pension Fund, and the Section 151 Officer to discuss resourcing and the relationship of the Wiltshire Pension Fund and Wiltshire Council.

It was suggested that the Fund's Risk Register be added to the Audit Plan 2024/2025 as this would ensure that all operational and strategic risks were being managed efficiently.

It was suggested that the Chairman of the Wiltshire Pension Fund Committee have a discussion with the Chairman of the Audit and Governance Committee.

At the conclusion of debate, it was,

**Resolved:**

**The Committee agreed:**

- **To approve the scope of audits and auditors set out in paragraph 4 with the addition of the Fund Risk Register.**
- **For the Chairman of the Wiltshire Pension Fund Committee have a discussion with the Chairman of the Audit and Governance Committee.**

153 **Immediate payment report**

James Franklin, Pension Administration Lead presented an “immediate payments” update following transfer of the fund payment process to Oracle. The update covered that there had been delays in Oracle going live, which meant that the first batch of payments failed and as a result emergency payments had to be made. Over 100 emergency payments went through but then when the payments were loaded to Oracle some were not removed meaning that circa 67 potential members received duplicate payments. It was outlined that the Accounts team now have received full data to work out the number of duplicates. The process had started to contact those who received duplicate payments, with the majority happy to return the money, however this had had a large impact on the Member Services Team having to deal with the issues. A full review would be conducted regarding the issue with an update set to be provided on what payments were made and what was missed.

It was outlined that the issue was caused as the template designed to load payments to Oracle was not working and only came three days before the Oracle go live date. Furthermore, due to resource issues within the Evolve Team, communications were limited meaning it was not possible to obtain updates or manage the expectations of members. A positive development was noted that the internal payment system had now gone live and that there should not be any new members affected.

The Committee discussed the update, with assurance provided that the accounting team had all the necessary data and had been working to make sure that the code mapping was correct for ledgers. Assurance was sought by the Committee, to which officers noted that following the issue, Oracle now could run dummy payrolls and the risk was consequently lower with further checks also in place. It was outlined that risk is further being minimised by the pensions increase being ran on Altair and with Oracle to then be provided with a file to upload.

The impact caused by the duplicate payments was discussed and that the issue had impacted on all work within the department, however this would be mitigated by prioritising work. Feedback was also provided by the Committee that there was an impression that the process had taken a last-minute approach and that there had been a failure of communication.

It was questioned how further issues could be prevented from taking place when pensioner payroll is migrated to Oracle in 2024, to which officers were confident with the steps in place and that there would be more reporting requirements with notes to be shared to the Committee to provide comfort. A second meeting would be taking place with the Evolve team in January, after which a summary would be provided.

It was questioned whether the Evolve team formally understood their responsibilities, to which officers stated that they were aware of what was required and that a review would be required to understand what had gone right and wrong in the current project to prevent it from happening again.

The Committee recommended that that the Fund obtained a project plan from Evolve to show that the pensions requirements (including the uploads required for pensions increase) were clearly included in the plan.

At the conclusion of debate, it was,

**Resolved:**

**The Committee agreed:**

- **Based on the experience of the Fund during the initial live rollout of Oracle, to recommend to the SWAP auditor's that within the scoping of the Payroll Migration Audit – Phase II, particular emphasis is placed on ensuring that the operational requirements of the Fund are at the centre of any audit recommendations.**

154 **Committee Forward Work Plan**

The Committee discussed the Forward Work Plan.

It was,

**Resolved:**

**To note the Forward Work Plan.**

155 **Date of Next Meetings**

The dates of upcoming meetings were confirmed as 29 February 2024 and 28 March 2024.

156 **Urgent Items**

There were no urgent items.

157 **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 16 - 20 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.**

158 **Minutes**

The private minutes of the meeting held on 23 November 2023 were presented for consideration, and it was,

**Resolved:**

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

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

All Local Pension Board minutes to date were presented at the 23 November Committee meeting.

*The Chairman called the meeting to a break at 11.42am and resumed at 11.50am.*

160 **KPI Improvement Plan**

James Franklin, Pension Administration Lead presented the KPI improvement plan.

At the conclusion of debate, it was,

**Resolved:**

**The Committee agreed to:**

- **Approve timeline for inclusion in 2023/26 Business Plan noting success is dependent on the actions detailed in this Plan primarily successful recruitment and increased support and upskilling of current staff.**
- **Approve reporting requirements.**

161 **Brunel Governance and investment presentation**

The Committee discussed the recent BPP Investment Manager presentation held on 28 November 2023.

At the conclusion of debate, it was,

**Resolved:**

**The Committee agreed to:**

- **Note the recent presentation by Brunel Pension Partnership.**

162 **Training**

Mark Briggs, Operations Manager provided a training session to the Committee which covered the Pension Payroll and National Fraud Initiative.

(Duration of meeting: 10.00 am - 12.58 pm)

The Officer who has produced these minutes is Ben Fielding - Senior Democratic Services Officer of Democratic Services, direct line: 01225 718656 or e-mail:

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## WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE  
29 February 2024

### RESPONSIBLE INVESTMENT UPDATE REPORT

#### Purpose of the Report

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

#### Key Considerations for Committee

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

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

Action	Work due	Progress status	Comments
Finalise the divestment statement	Q2 23	Complete	Complete – approved by Committee and included in the RI Policy 2023
Begin work to implement the renewable infra and climate solutions portfolio	Q2 23	In progress	In progress – more detail elsewhere on this agenda
Publish the stewardship report and mini-magazine	Q2 23	Complete	Complete - <a href="#">Summary - Wiltshire Pension Fund</a>
Publish the affordable housing impact report	Q2 23	Complete	Complete - <a href="#">Affordable Housing Impact Report 2023 - Wiltshire Pension Fund</a>
Research and publish the cement case study	Q2 23	Complete	Complete – included in the Climate Report
Set net zero targets relating to climate solutions, transition alignment and stewardship	Q3 23	Complete	Complete – pragmatic approach taken and included in the RI Policy 2023
Set net zero targets related to property and infrastructure	Q3 23	Complete	Complete – included in the RI Policy 2023
Review and update the RI policy	Q3 23	Complete	Complete - <a href="#">Exciting news - Our 2023 Responsible Investment Policy has been published! - Wiltshire Pension Fund</a>
Publish an expanded Climate Report (including TCFD reporting)	Q3 23	Complete	Complete - <a href="#">Wiltshire Pension Fund presents our Climate Report 2023: Advancing Towards Net Zero - Wiltshire Pension Fund</a>
Conduct an engagement activity with the scheme's younger members	Q3 23	Complete	Complete (and now working on follow-on actions)
Progress the approach to net zero with the Fund's listed infrastructure manager	Q4 23	Complete	Complete
Investigate carbon offsets (as both an investment opportunity and as something used by our holdings)	Q4 23	In progress	In progress
Progress the water engagement via Brunel	Q4 23	Complete	Our involvement in this has concluded
Report on progress and developments against the theme of biodiversity	Q1 24	In progress	First stage done by including a section in the RI Policy 2023
Launch a holdings transparency tool via the Fund's website	Q1 24	In progress	To be launched in March 2024
Use established industry tools to investigate the theme of health in our portfolios	Q1 24	In progress	In progress

**Responsible Investment Road Map**

**Q2 2023 -**

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

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

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

**Q3 2023 -**

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

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

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

**Q4 2023 -**

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

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

**Q1 2024 -**

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

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

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

3. **More detail on selected actions is provided below:**

- All actions are either complete or on track to be complete by the end of Q1 2024, with the exception of implementing the allocation to the Climate Opportunities (Clops) portfolio.
- Significant progress has been made towards implementing Clops, however due to staffing shortages within the investments team, funds have had to be selected for the different buckets one-by-one, rather than multiple workstreams going on at once, so the work will now be expected to conclude in Q2 2024.
- We have now removed ourselves from the water engagement with Brunel. We had been participating in this engagement as we had significant holdings with two of the in-scope companies via our listed infrastructure portfolio, but now that this portfolio has been redeemed, continued involvement in the engagement did not appear to be an appropriate use of our limited resources.

**Other Responsible Investment matters this quarter**

4. During January 2024, we ran a survey of the membership on responsible investment issues. A similar survey was last conducted in March 2021. We received a very high volume of responses from the members, at 2,914. This was a 30% increase on the March 2021 survey.
5. The purpose of the survey was to engage with the membership, raise awareness, and understand their views and priorities. It was clearly communicated to the members (via an information page which was sent out with the survey link: [The Big Survey 2024! - Wiltshire Pension Fund](#)) that the findings would be used to help with decision-making and communications.
6. The results of the survey have been included in Appendix 1 and highlights will be presented at this meeting. Once Committee members have had sight of the results and an opportunity to comment on whether any further follow up actions, other than the ones already identified, are needed, we will publish the results online for the membership to see. A summary of the results and actions will also be included in the Annual Report 2024, and the Stewardship Report.
7. The Stewardship Report for 2024 is currently being drafted. Work is almost complete, and will be finalised in early April once we have access to data such as membership numbers as at 31 March 2024, and the report will be ready for submission to the FRC by the deadline of the end of May 2024.
8. In early February 2024, the FMLC (Financial Markets Law Committee) published a paper titled "Pension Fund Trustees and Fiduciary Duties: Decision-making in the context of Sustainability and the subject of Climate Change". The full paper is available here: [Paper-Pension-Fund-Trustees-and-Fiduciary-Duties-Decision-making-in-the-context-of-Sustainability-and-the-subject-of-Climate-Change-6-February-2024.pdf \(fmlc.org\)](#)
9. This is a topic which has been debated by the Committee on many occasions, and this is an extremely relevant report. There is a good article in Professional Pensions which addresses the high-level findings: [Analysis - FMLC review 'a breakthrough on fiduciary duty' \(professionalpensions.com\)](#)
10. Some key highlights are as follows:

- The paper finds that it is imperative for trustees to classify climate change and other sustainability factors as financial factors, and to take them into account in decision-making.
- The paper makes a significant point that sometimes it might be appropriate to forego a short-term gain if such a gain would result in identifiable longer-term risks to the sustainability of returns to the fund.
- The paper addresses the fact that although climate change or other systemic risks are hard to understand and to model, this does not mean that they can be ignored, and trustees must not disregard them just because they are too complex to accurately model.

11. The Committee are already well ahead of these findings and can take comfort that the established investment approach is in line with their fiduciary duty.

12. Brunel client group have been debating options for introducing activity-based exclusions, which may provide a pathway to partial alignment with WPF's stated position around fossil fuel investment. Brunel have prepared a paper on this topic, which examines the impact of excluding companies that meet the following criteria:

- Thermal Coal Extraction revenues equal or greater than 50%
- Oil Sands Extraction revenues equal or greater than 25%
- Controversial Weapons and Non-Compliant with Principle 2 of UNGC
- Tobacco Production revenues equal or greater than 25%

13. There would be a very limited impact on the current portfolios in making this decision, and it would future-proof the portfolios to ensure that such companies are not added in the future. Specifically for Wiltshire, looking at the holdings as at 30 June 2023 (this is the date used by Brunel in their paper), only 3 companies would need to be sold as a result of adopting this policy. It is the opinion of officers that Wiltshire should support Brunel in adopting the policy, and this is also consistent with the views of the Fund membership, as clearly illustrated in the recent survey.

14. As always with pooling, there is a chance that other client funds may not support these proposals, in which case regardless of the views expressed by Wiltshire, they may not be implemented. Officers will update the Committee in due course.

### **Looking ahead: The Responsible Investment Plan for 2024/25**

15. The Responsible Investment Plan 2024/25 is attached as Appendix 2. The Plan is a lot shorter this year, as much of the information including in prior years was duplicated in the Fund's Responsible Investment Policy. Members are invited to comment on the proposed Plan and make suggestions for any additional actions if deemed appropriate.

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

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

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

17. There are no known implications at this time.

### **Proposals**

18. The Committee is asked to:

- use this report as a basis for monitoring the progress that is being made towards implementing responsible investment policy;
- approve that officers support Brunel in implementing the activity-based exclusions;
- note the progress made against the Responsible Investment Plan 2023/24 actions; and
- approve the Responsible Investment Plan 2024/25.

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

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

**Appendices:**

Appendix 1 – Membership Survey Results

Appendix 2 – Responsible Investment Plan 2024/25

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Wiltshire Pension Fund  
Scheme Membership  
Responsible Investment Survey  
Results  
January 2024

# Introduction

- In January 2024, we conducted a survey of the scheme membership on responsible investment issues.
- This survey was launched for three main reasons:
  1. Engagement with the scheme membership, to raise awareness and to continue the dialogue. Although members' benefits are guaranteed, and therefore unaffected by investment returns, they may still have opinions on how the investments are managed;
  2. So that the results could be considered by the Pension Fund Committee alongside other important information when deciding the direction of travel for the Fund, in the context of setting the Fund's Responsible Investment Plan.
  3. To check in with the membership, after the last survey which was conducted in March 2021, to ensure that members voices are heard and to monitor how member views are evolving.



# Who was surveyed and who responded

**Total responses: 2,914**

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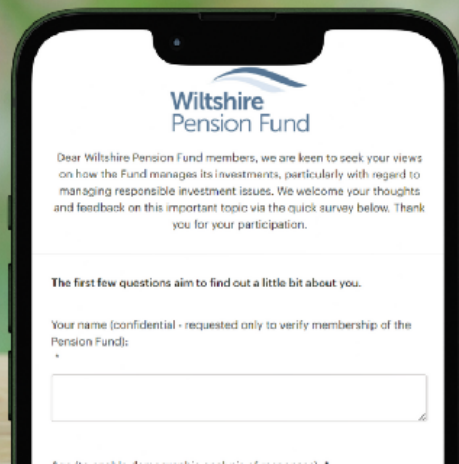
	Total number	Contacted	% Contacted	Responded	% of those contacted who responded
Active members	23,549	23,549	100%	944	4.0%
Deferred members	40,669	13,511	33%	581	4.3%
Pensioner members	21,240	7,303	34%	1,389	19.0%

# 2024 vs 2021

- Total responses: 2,914 – **30% more** than last time (2,251)!
- Fewer active members responded at 944 (1,095 last time).
- More deferred members responded at 581 (413 last time).
- Many more pensioner members responded at 1,389 (743 last time) – and a huge response rate of 19% (13.5% last time).
- Response rates were broadly in line at c.4% for active and deferred members.

# How did we encourage responses?

- The survey was publicised via the following methods:
  - Emailing all members for whom we have email addresses.
  - Using Wiltshire internal comms to encourage all staff to complete the survey.
  - Emailing all HR contacts at every employer organisation to ask them to make staff aware of the survey and encourage them to complete it.
  - Reminders were sent in order to draw members attention to the survey.
  - A dedicated information post was created to explain more about the survey, our approach to investment, and to encourage members to respond. This link was provided in all our communications about the survey: [The Big Survey 2024! - Wiltshire Pension Fund](#)



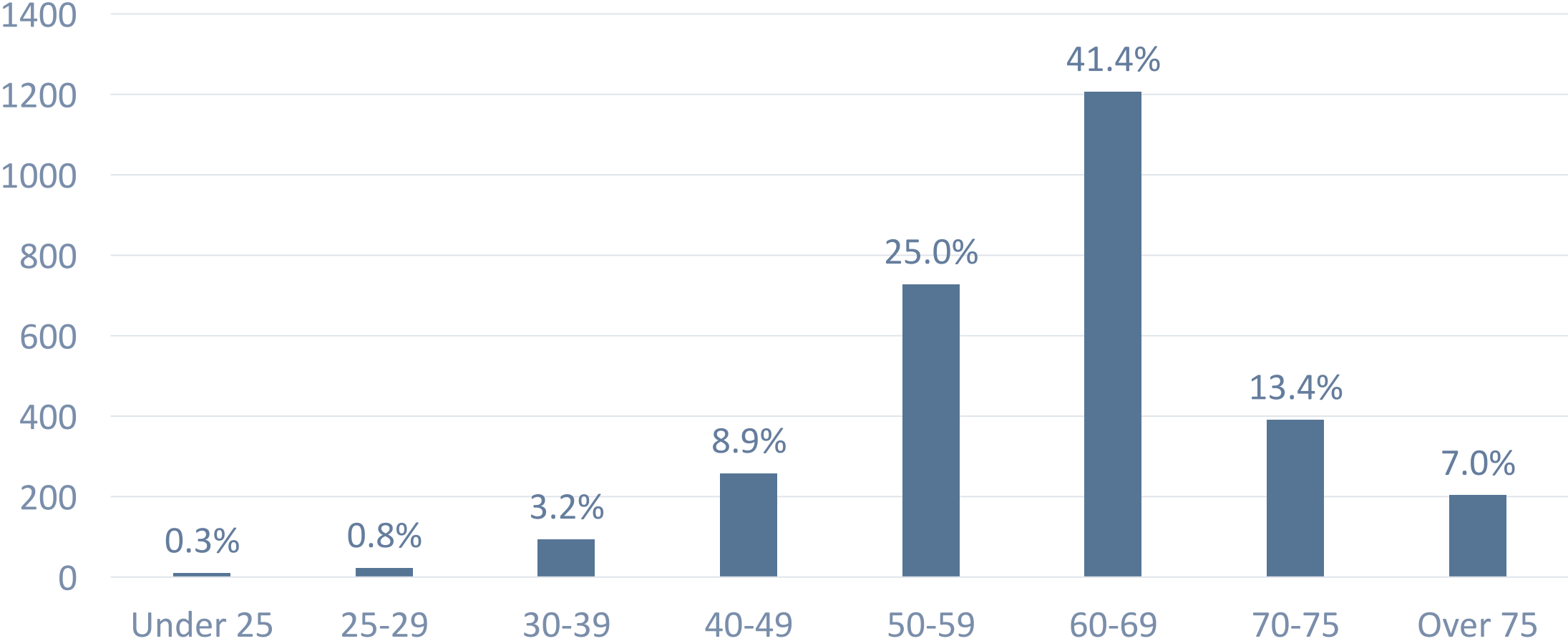
**Wiltshire**  
Pension Fund

**WE WANT YOUR FEEDBACK!**

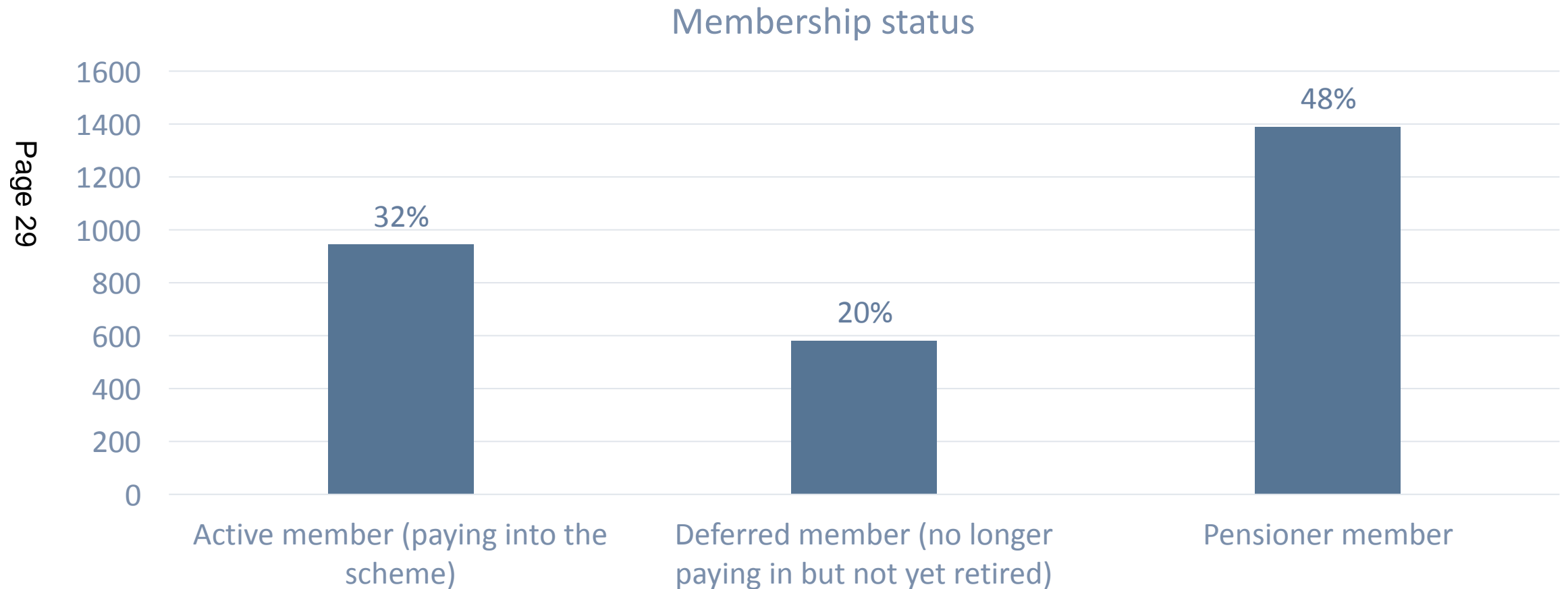
# Demographic Analysis – age profile

Age of respondents

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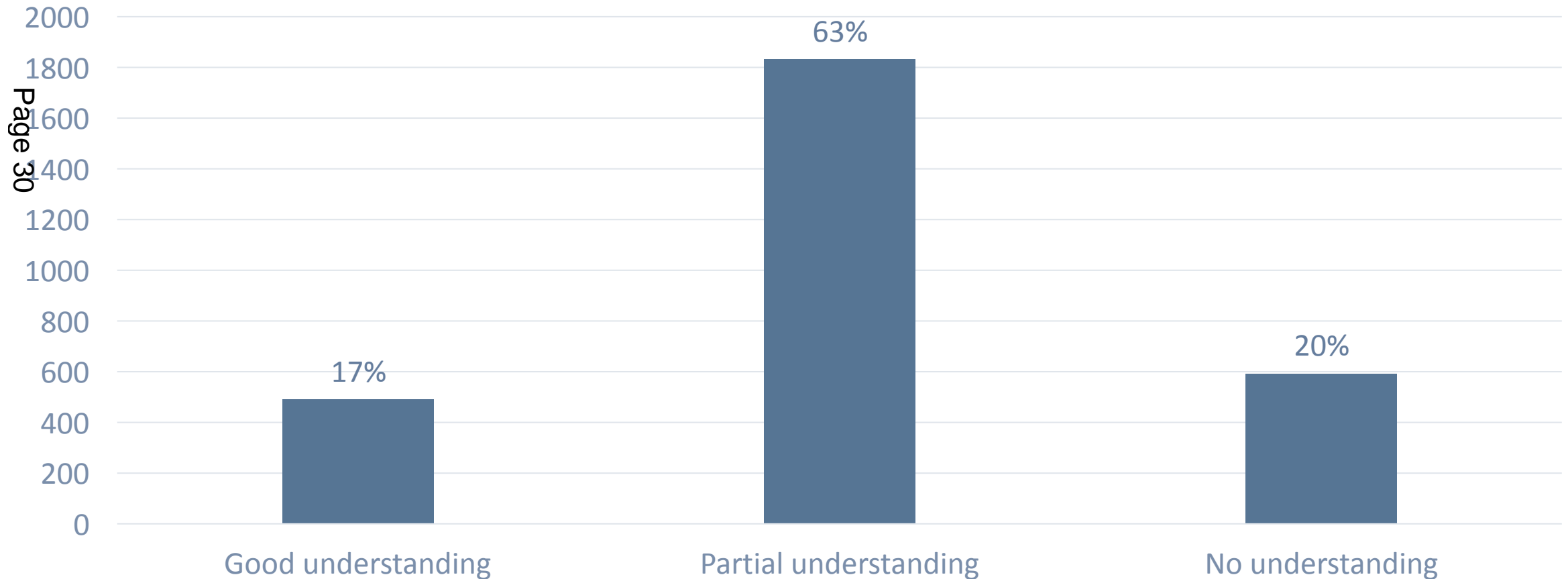


# Demographic Analysis – membership status



# Understanding of Responsible Investment

Level of understanding of Responsible Investment



# Who responded?

- The response rate was incredible, and we were blown away by how much our members care about responsible investment.
- As mentioned above, several more pensioners responded compared to last time.
- This affected the age profile of responses, with the largest group by far (**41.4%**) being those in the 60-69 age bracket.
- Based on last time and the fact that we can reach all active members through the employer organisations, we would have expected more responses from active members. For future surveys we will investigate ways to boost this engagement.
- Only **33** individuals under the age of 30 responded. We are actively working on engagement initiatives with our younger members.

# Views on ESG / climate risk





# Views on ESG / climate risk / sustainable assets

Q: Do you believe that ESG issues present a financial risk to the Pension Fund's investments?

A: Yes/maybe **59%** No/don't know **41%**

Q: Do you believe that climate change in particular presents a financial risk to the Pension Fund's investments?

A: Yes/maybe **71%** No/don't know **29%**

Q: Is it important to you for WPF to invest in sustainable and/or low carbon assets?

A: Yes/maybe **85%** No/don't know **15%**

Q: Are you aware that WPF has a net zero by 2050 target?

A: Yes **27%** No **73%**

# Views on ESG / climate risk

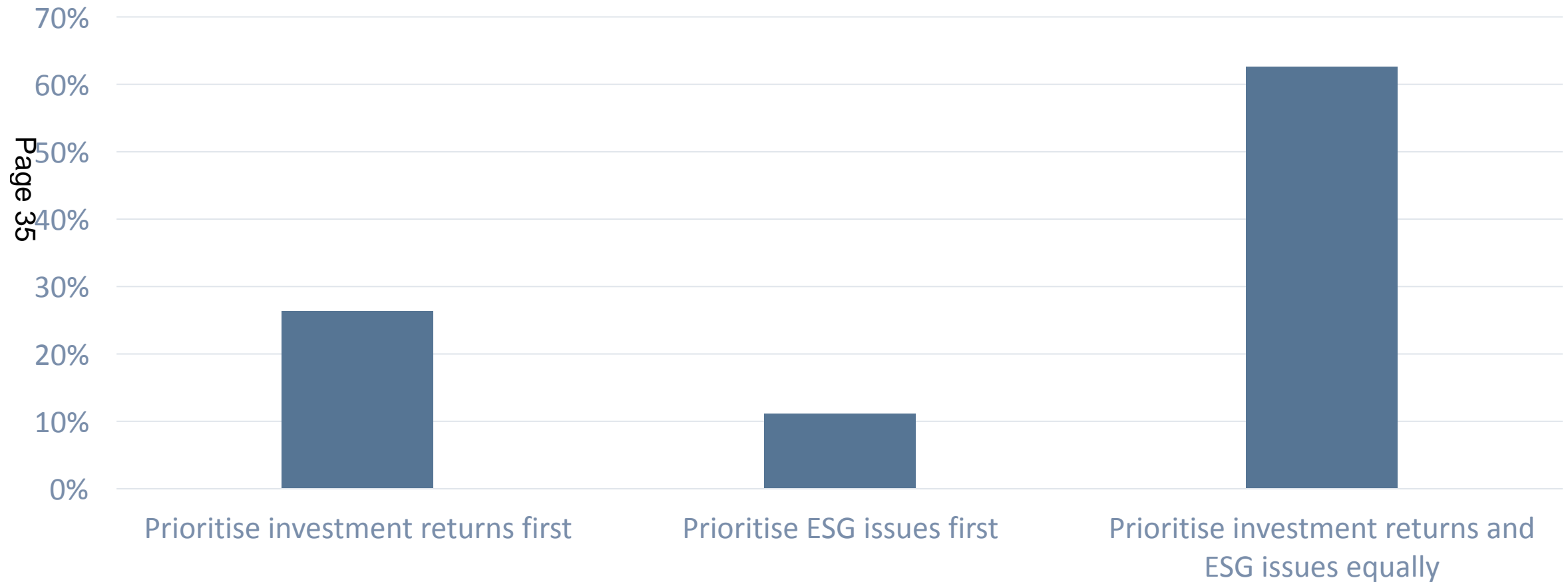
- Members clearly believe that climate change is or could be a risk to the investments. It is also important to them that the Fund invests in sustainable and/or low carbon assets – this is more important to them than how strongly they believe ESG issues or climate change could present a financial risk. These results are consistent with last time.
- We asked a new question this time – did members know we have set a net zero by 2050 target? Only **27%** responded “Yes”, in spite of several comms around this message. We will continue to ensure this is clearly communicated.

## **Response:**

We will continue to communicate climate-related news, case studies, and decarbonisation progress. We will also consider other ways that we can get this important message across which are accessible and easy-to-understand, incorporating messaging that this work is carried out in the Fund’s best financial interests.

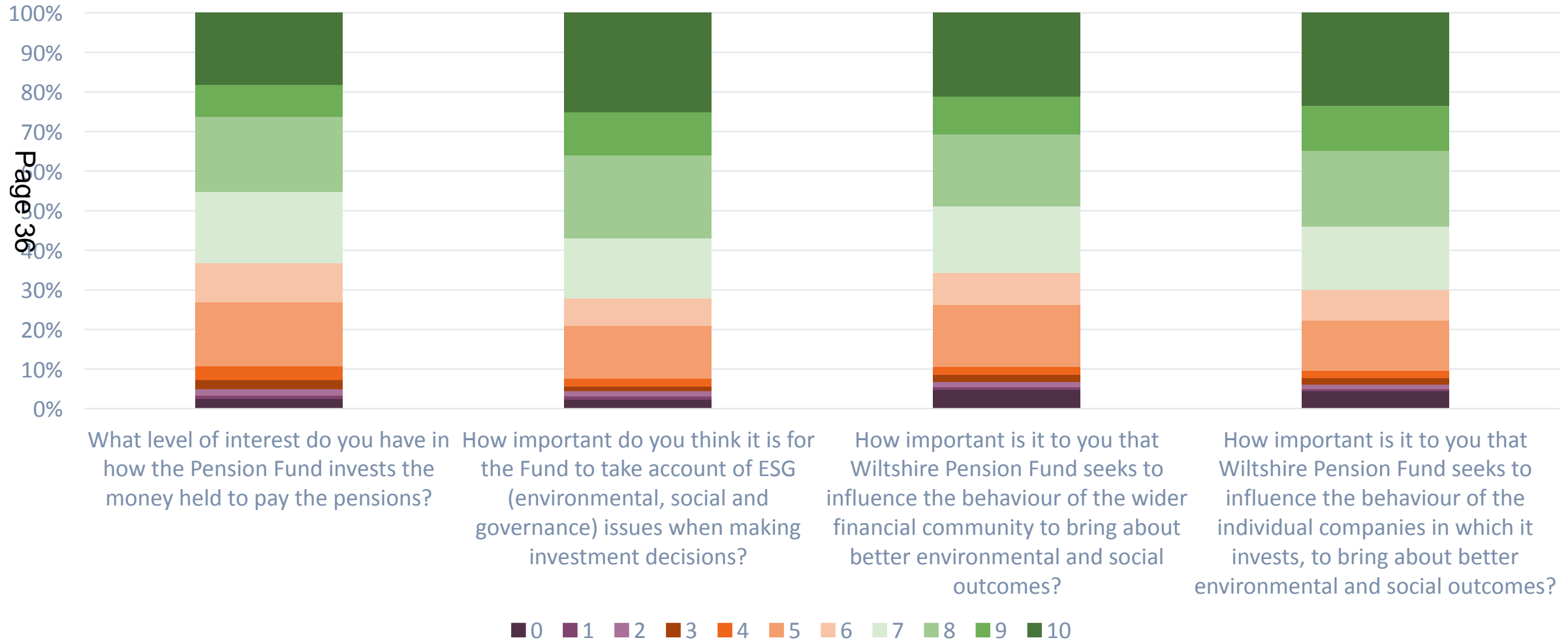
# Priorities

In your opinion, should WPF prioritise investment returns, ESG issues, or both?



# Interest in investments / ESG integration / wider engagement

Interest, importance of ESG, wider engagement



# Interest in investments / ESG integration / wider engagement

Possible answers: 1-10 (1 = not interested at all/not important at all, 10 = very interested/very important)

Q: What level of interest do you have in how the Pension Fund invests the money held to pay the pensions?

A: **7.0**

Q: How important do you think it is for the Fund to take account of ESG (environmental, social and governance) issues when making investment decisions?

A: **7.5**

Q: How important is it to you that Wiltshire Pension Fund seeks to influence the behaviour of the wider financial community to bring about better environmental and social outcomes?

A: **7.0**

Q: How important is it to you that Wiltshire Pension Fund seeks to influence the behaviour of the individual companies in which it invests, to bring about better environmental and social outcomes?

A: **7.3**

# Interest in investments / ESG integration / wider engagement

- Members are interested in how the Fund's investments are managed, with scores across these questions being broadly consistent with last time.
- **59%** of members answered “yes” or “maybe” that ESG issues represent a financial risk to the Pension Fund. Members answered on average **7.5** (i.e. “important”) when asked how important it is for the Fund to take account of ESG issues when making investment decisions. And a majority of members (**63%**) felt that the Fund should prioritise ESG and investment returns equally. This indicates that members want us to earn strong investment returns, from investing responsibly and in a sustainable way. We are pleased that this is completely aligned with our existing approach.
- Members also value our impact on the wider financial community and on the companies in which we invest.

# Interest in investments / ESG integration / wider engagement

## Response

- We will continue to ensure that our responsible investment approach is well communicated, to provide members the assurance that we are always investing in the Fund's best financial interests, and do not compromise on earning competitive returns.
- We will continue to publish our voting and engagement highlights online, and will expand the information we make available to include a transparency tool so that interested members can see all the Fund's equity holdings.
- We will work to maintain signatory status of the Stewardship Code, and practice high standards.

# Responsible Investment issues

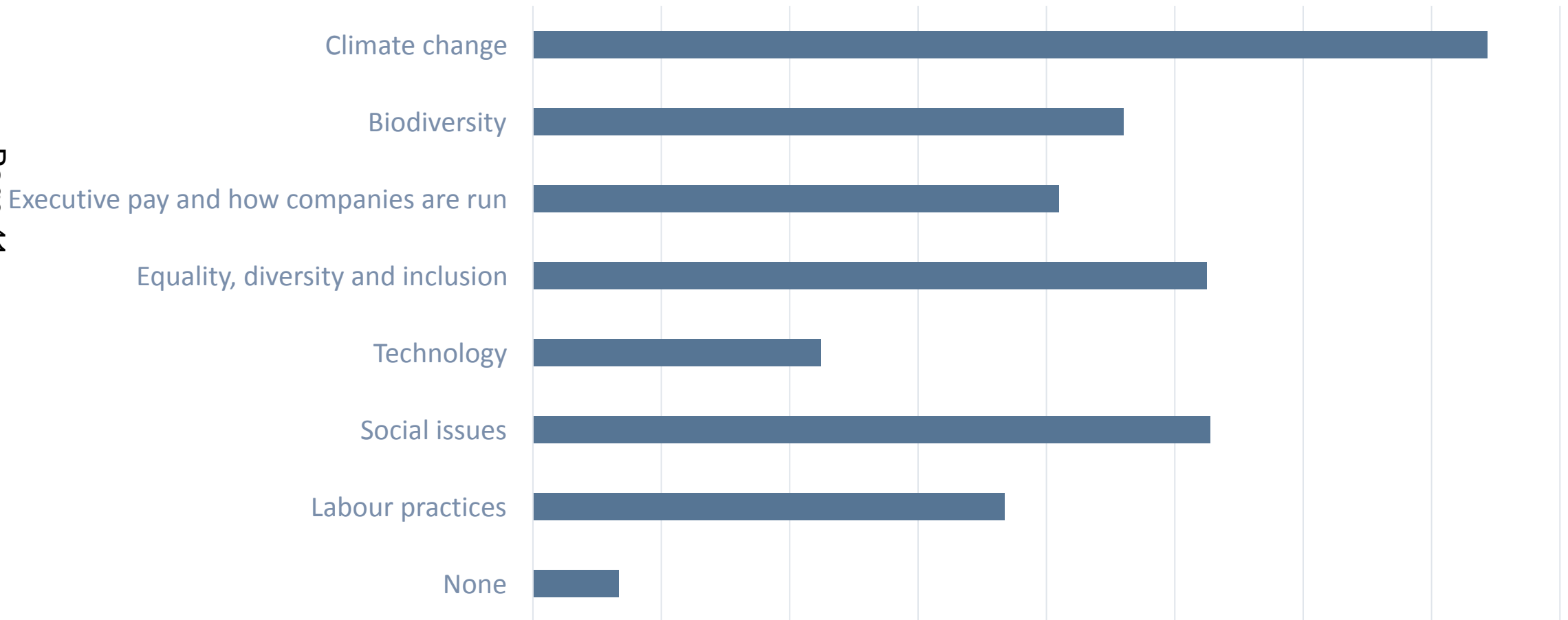
- This year we introduced a new question, inviting members to express which responsible investment issues were most important to them. The purpose of this question was to inform our engagement activity, and to ensure that we communicate with our members regarding the issues they are most interested in.
- Members could select as many issues as they wanted, and there was also an “other” option, where members made **29** suggestions. Popular issues submitted under “other” included **animal welfare** and **avoiding weapons**.
- Perhaps unsurprisingly, climate was the top issue, selected by **74%** of members, with social issues (**53%**) and equality, diversity and inclusion (**52%**) in second and third place.



# Responsible Investment issues

Which ESG (environmental, social and governance) issues are most important to you?

0% 10% 20% 30% 40% 50% 60% 70% 80%



# Responsible Investment issues

## Response

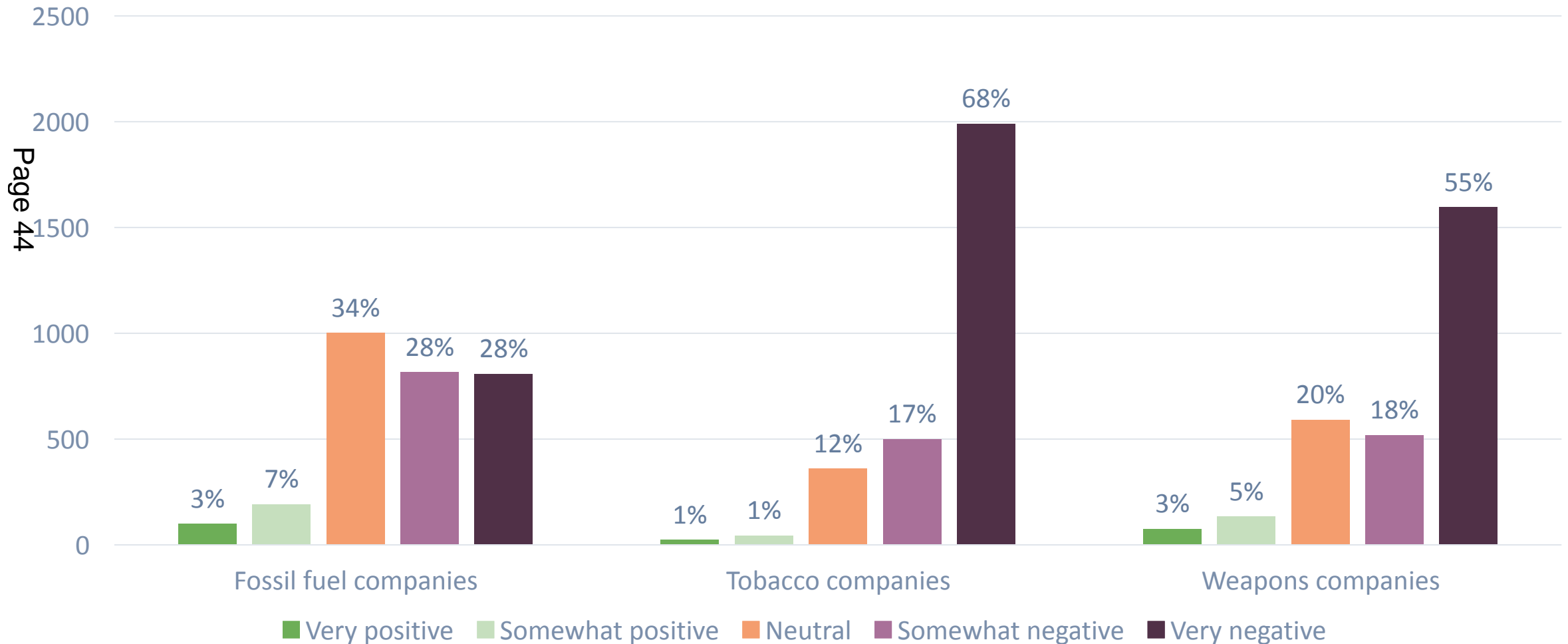
- We will continue to work to enhance our climate reporting, and in 2024 will look to expand this to include reporting on biodiversity and nature.
- We will publish a short report on the “S” in ESG, in order to update members on the work we are doing in this area, and to demonstrate that this is done to protect and enhance the Fund’s investments.
- We will include a “deep dive” case study in this year’s Stewardship Report on Equality, Diversity and Inclusion.

# Specific types of company

- We asked another new question this year, inviting members to express how they would feel about WPF investing in specific types of company. The purpose of this question was to explore member sentiment towards types of company that commonly form the top of an exclusion list.
- It is important to note that at the time of the survey, WPF does not operate any exclusions, although we have set a plan to be divested from fossil fuel companies by 2030, and to only invest in fossil fuel companies which are making the transition and delivering real World change up until this point. This plan is a tool to help achieve our goal of net zero by 2050, set in the Fund's best financial interests.
- The answers to this question would be considered alongside other information in the event that any exclusion was adopted.

# Specific types of company

Views on specific types of company

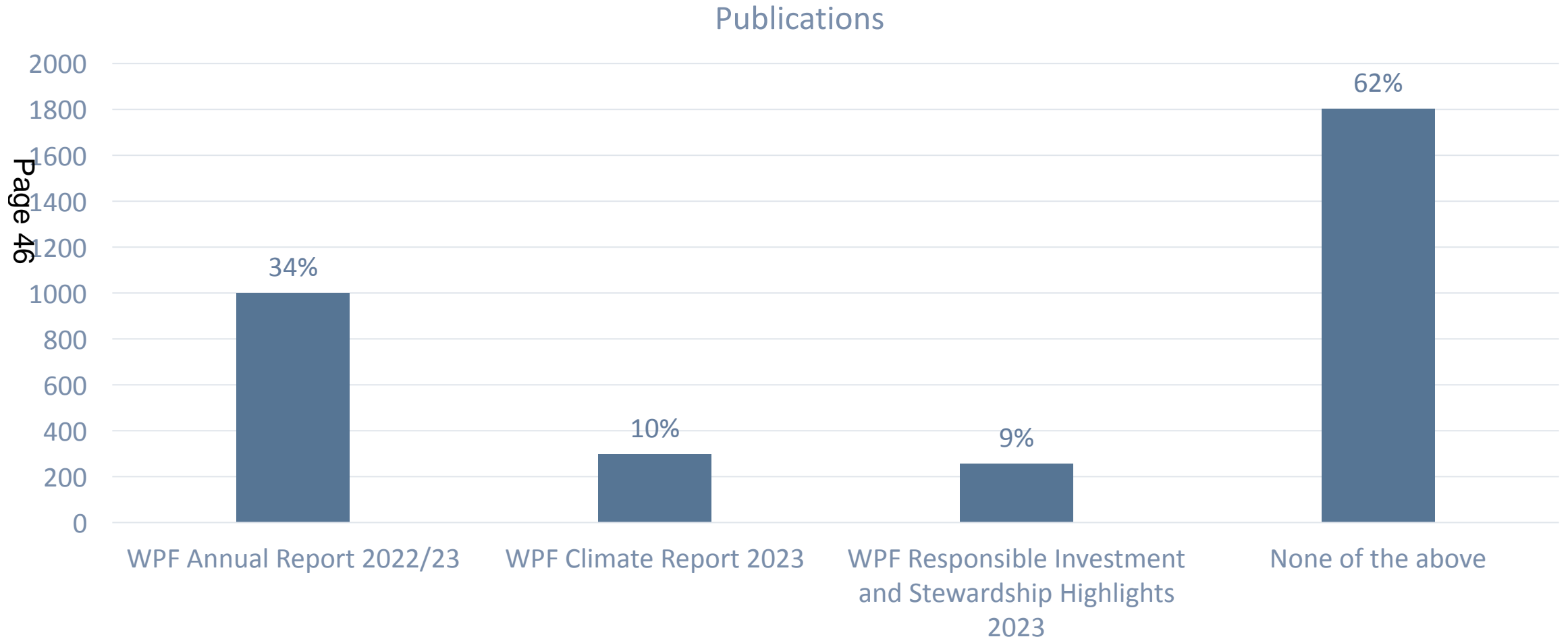


# Specific types of company

- Results to this question were clear. Members were most opposed to tobacco companies, with **85%** being negative. This was a very strong answer.
- Regarding weapons companies, there was a little more balance but still overwhelmingly negative, with **73%** of members being negative.
- The most balanced response was regarding fossil fuel companies, where **56%** of members felt negative, and **34%** felt neutral. This may be reflecting the fact that some fossil fuel companies are helping to fund alternative technologies, or in support of ensuring energy security (ideas for reasoning based on some comments received).
- The difference between the three types of company was mostly around negative vs neutral – for all three types very few members felt positive about the idea of WPF being invested.

**Response:** We will ensure that any holdings in these types of company are closely monitored and are subject to an enhanced level of scrutiny through enquiries with the relevant investment manager.

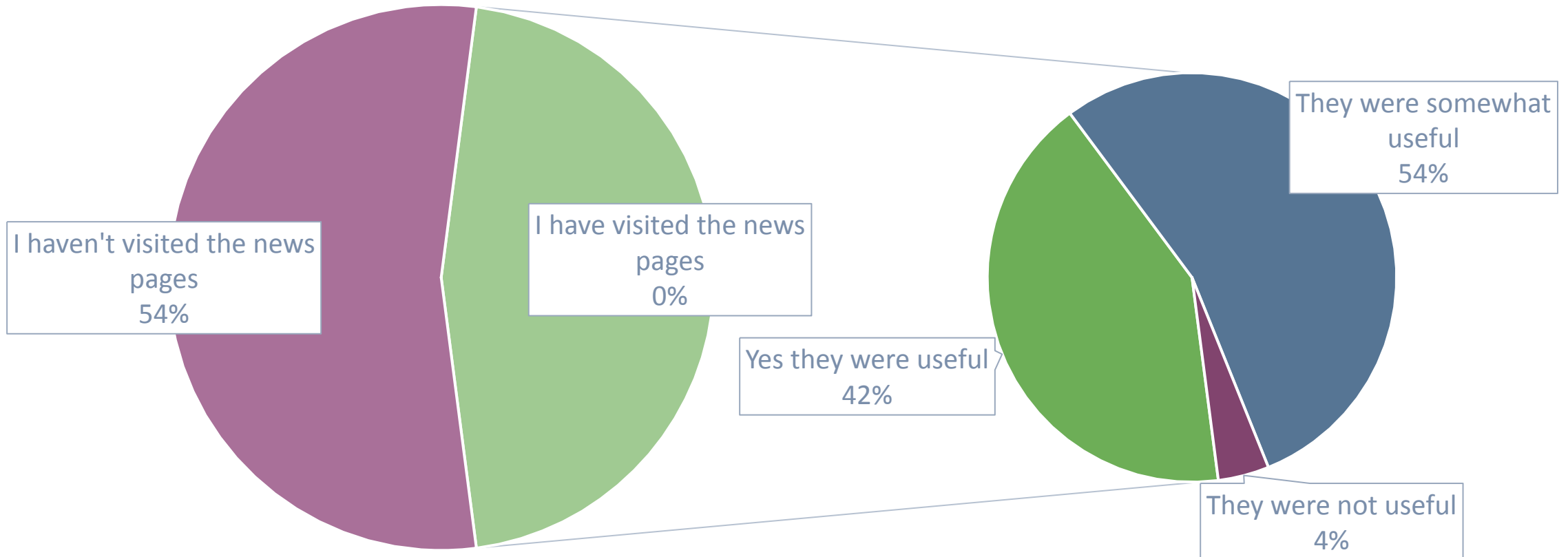
# Communications and publications



# Our news pages

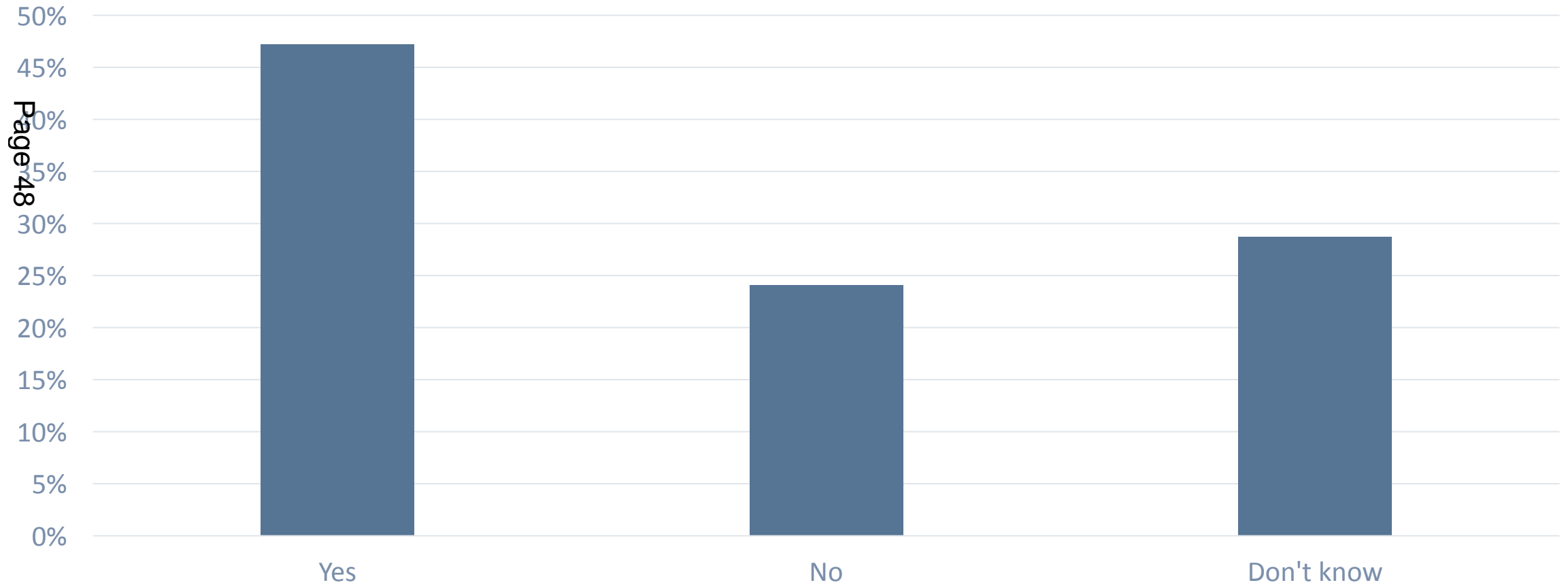
Usefulness of WPF news pages

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# Further interest

Would you be interested in learning more about WPF's approach to responsible investment?





# Member Engagement

- Although the majority of members (**62%**) had not seen any of the publications we asked about, we were pleased to note that **34%** had seen the Annual Report. This represented a huge increase since last time, when only **13%** had seen it. We believe this is evidence of our communications efforts generating results.
- Of those **46%** of members who had seen the news pages, **96%** reported that they found the content useful/somewhat useful.
- This time, **47%** of members reported wanting to learn more (compared to **56%** last time). This could mean that due to increased comms efforts over the last 3 years, members now feel better informed. Or it could mean a reduction in interest in responsible investment as a topic (although the response rate to this survey would indicate that is not the case).

## Response

We will continue to investigate how we can communicate to our members to highlight key publications, whilst also being respectful of the fact that members will not wish to be bombarded with excessive amounts of information.

# Other comments and feedback

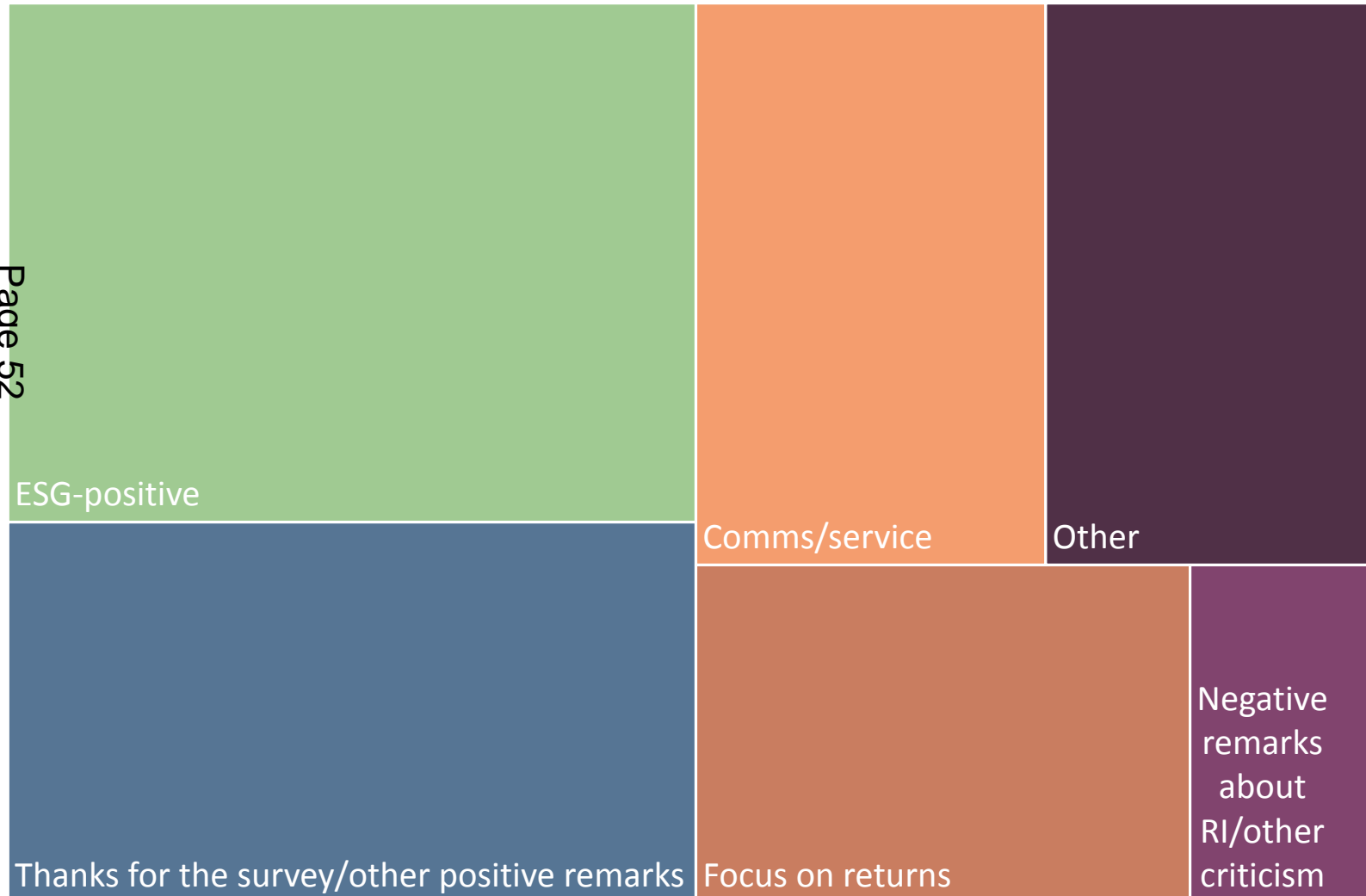
- Members were invited to submit other comments at the end of the survey. These have been broadly classified by theme, as well as analysed as to which membership group the comments came from. We received **329** comments in total.
- Comments were overall very positive. **33%** of comments were positive about ESG, with many commenting that consideration of ESG factors would boost returns. **24%** of comments thanked WPF for conducting the survey and/or shared other positive feedback. We would like to thank our members for these kind remarks.
- **16%** of comments were along the theme of how the Fund should prioritise investment returns, including several who were under the impression that the investment returns would impact their pension. The pension benefits paid out are set by law and so remain unaffected by the investment returns, so it is apparent that in some cases this misconception persists.

# Other comments and feedback

- Some **18%** of comments requested more information, or made suggestions for the format of the information or method of delivery. This is supported by the **47%** of respondents who answered that they would like to know more about the Pension Fund's approach to responsible investment, and the average score of **7.0** ("interested") to the question "what level of interest do you have in how the Pension Fund invests the money held to pay the pensions?".
- A small minority of comments (**6%**) were negative about responsible investment and/or critical of WPF.
- All membership groups added comments, ranging from **9%** of responses for actives to **13%** for pensioners.

# Other comments and feedback

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- Thanks for the survey/other positive remarks
- Focus on returns
- Negative remarks about RI/other criticism
- ESG-positive
- Comms/service
- Other

# Other comments and feedback

Membership category	No. of comments	% of membership category who commented
Active	83	9%
Deferred	72	12%
Pensioner	174	13%

Thank you to all scheme members for participating in the survey, we appreciate your engagement and feedback

# What questions were asked?

1. Name (confidential - requested only to verify membership of the Pension Fund)
2. Age: under 25, 25-29, 30-39, 40-49, 50-59, 60-69, 70-74, 75+
3. Membership status: Active, Deferred, Pensioner
4. What level of interest do you have in how the Pension Fund invests the money held to pay the pensions? 1-10 (not interested at all – very interested)
5. What level of understanding do you have of responsible investment? good understanding, partial understanding, no understanding
6. How important do you think it is for the Fund to take account of ESG (environmental, social and governance) issues when making investment decisions? 1-10 (not important at all – very important)
7. Do you believe that ESG (environmental, social and governance) issues present a financial risk to the Pension Fund's investments? Yes, No, Maybe, Don't know
8. Do you believe that climate change in particular presents a financial risk to the Pension Fund's investments? Yes, No, Maybe, Don't know

# What questions were asked? Cont'd

9. Is it important to you for Wiltshire Pension Fund to invest in sustainable and/or low carbon assets? Yes, No, Maybe, Don't know
10. Are you aware that WPF has a net zero by 2050 target? Yes, No
11. In your opinion, should the Wiltshire Pension Fund prioritise investment returns, ESG (environmental, social and governance) issues, or both? Prioritise investment returns first, prioritise ESG issues first, prioritise investment returns and ESG issues equally
12. Which ESG issues are most important to you? Climate change, biodiversity, executive pay and how companies are run, EDI, technology, social issues, labour practices, none, other.
13. How would you feel about the Fund investing in fossil fuel companies? Very negative, somewhat negative, neutral, somewhat positive, very positive
14. How would you feel about the Fund investing in tobacco companies? Very negative, somewhat negative, neutral, somewhat positive, very positive
15. How would you feel about the Fund investing in weapons companies? Very negative, somewhat negative, neutral, somewhat positive, very positive



# What questions were asked? Cont'd

16. How important is it to you that Wiltshire Pension Fund seeks to influence the behaviour of the wider financial community to bring about better environmental and social outcomes? 1-10 (not important at all – very important)
17. How important is it to you that Wiltshire Pension Fund seeks to influence the behaviour of the individual companies in which it invests, to bring about better environmental and social outcomes? 1-10 (not important at all – very important)
18. Which of the following publications have you seen? WPF annual report 2022/23, WPF Climate Report 2023, WPF Responsible Investment and Stewardship Highlights 2023, None of the above
19. Have you found the articles on our news pages informative? Yes, No
20. Would you be interested in learning more about Wiltshire Pension Fund's approach to responsible investment? Yes, No, Don't know
21. Are there any further comments you would like to make?

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## Introduction

In previous years, the Responsible Investment Plan has been a comprehensive document setting out context, resourcing etc around this topic. This content is now included in the Fund's dedicated Responsible Investment Policy, which is reviewed annually in September. Therefore, this year the plan has been stripped back to simply include a road map of work planned for the year ahead.

The road map is intended to set out some key pieces of work that will be done during the year, there will also be additional work done to continue to progress work started in previous years, as well as flexibility to cover additional topical matters throughout the year.

## Designing the 2024/25 Road Map

The 2024/25 Road Map is not intended to be limiting, and other topic areas may also be considered if/when they become relevant or highlighted as a priority. Pieces of work have been included on the Road Map based on the following criteria:

- i. There are **existing commitments** to complete this work (for example, climate commitments as set out in the Responsible Investment Policy, implementing portfolios in the strategic asset allocation, or continuing with established reporting).
- ii. Continuation of **existing work** (for example, developments along the theme of biodiversity, or enhancement of the transparency of holdings tool via the website).
- iii. **Improving current practices** (for example, expanding the Climate Report to provide additional information on nature, or publishing a short report on our social impact, an area of interest for scheme members).
- iv. Addressing **topical issues**, which we have identified as priorities due to their impact across our portfolios and/or membership, examples as follows:
  - a. Food systems – a sector which we are exposed to, which makes up a large proportion of global emissions.
  - b. Younger members – continuing to engage with this demographic.
  - c. Exposure to fashion companies in our portfolios, another highly emitting and polluting sector, and one with high risks around various social factors.
  - d. Private markets – taking a closer look at how responsible investment is embedded here and what financial value this is adding.
  - e. “Levelling up” – attempting to get ahead of the game and begin reporting on our UK-based investments and considering options for metrics such as jobs created, provision of housing, and supply of renewable energy.

Responsible Investment Road Map

**Q2 2024 -**

**Investments and strategy:** Complete allocations to a nature-based fund and listed equities strategy in the Clops portfolio.

**Reporting and disclosure:** Publish the Stewardship Report and mini-magazine, the Affordable Housing Impact Report, and a report into our fossil fuel holdings.

**Training and engagement:** Research and write up case study on fashion holdings, conduct a site visit to an affordable housing development, and deliver a younger members focus group.

**Q3 2024 -**

**Investments and strategy:** Carry out climate scenario modelling. Review and update the Responsible Investment Policy.

**Reporting and disclosure:** Publish a Climate and Nature Report, and a Social Impact Report.

**Training and engagement:** Conduct an employer survey, and a case study into one of our private markets managers.

**Q4 2024 -**

**Investments and strategy:** Investigate best practice ESG integration for bank loans, and make the final affordable housing allocation.

**Reporting and disclosure:** Develop the transparency tool to cover fixed income holdings, and publish a case study into "levelling up" investments.

**Training and engagement:** Research and write up a case study into food systems. Investigate the topic of ESG as a risk management tool in private debt.

**Q1 2025 -**

**Investments and strategy:** Investigate climate targets for private markets portfolios.

**Reporting and disclosure:** Scope the Clops Impact Report.

**Training and engagement:** Research and write up a case study into a just transition.

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