

# AGENDA

**Meeting:** Wiltshire Pension Fund Committee  
**Place:** Kennet Room - County Hall, Bythesea Road, Trowbridge,  
BA14 8JN  
**Date:** Thursday 28 March 2024  
**Time:** 10.00 am

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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](mailto:Benjamin.fielding@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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## 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 - 12)

To approve and sign the Part I minutes of the Investment focused Committee meeting on 29 February 2024.

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 Log** (Pages 13 - 14)

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

6 **Review of the Minutes of the Local Pension Board** (Pages 15 - 28)

To receive the minutes of the meeting of the Local Pension Board held on 13 February 2024. To review the summary of the recommendations made by the Board.

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 21 March** 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 25 March**. 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 **Headlines and Monitoring (HAM)** *(Pages 29 - 60)* **10.10am**
- A report for the committee's ongoing oversight of:
- Scheme, Regulatory, Legal and Fund Update
  - Risk Register
  - Administration – KPI review – 1 October 2023 to 29 February 2024
  - SWAP Audit KPI 2023/24 update
  - Training update (verbal)
- 9 **Business Plan 2024/27 & Budget 2024/25** *(Pages 61 - 98)* **10.30am**
- The Head of Wiltshire Pension Fund will present the Fund's Business Plan and Budget to Committee for approval.
- 10 **Key Financial Controls** *(Pages 99 - 104)* **10.50am**
- An update by the Investment and Accounting Team Lead concerning the operational accounting arrangements, to include budget monitoring.
- 11 **Stewardship Report** *(Pages 105 - 154)* **11.00am**
- The Head of Wiltshire Pension Fund will present the draft Stewardship Report for approval by members.
- 12 **Administering Authority Discretions Policy** *(Pages 155 - 172)* **11.10am**
- The Pension Administration Lead will present an updated version of the Administering Authority Discretions Policy for approval by members.
- 13 **Employer Update** *(Pages 173 - 176)* **11.20am**
- The Employer Funding & Risk Lead will update the Committee on employer related activities.
- 14 **Employer Covenant Risk Policy** *(Pages 177 - 184)* **11.30am**
- The Employer Funding & Risk Lead will update the Committee on the Employer Covenant Risk Policy and request its approval.

15 **Committee Forward Work Plan** *(Pages 185 - 188)* **11.40am**

To review the work plan for the committee.

16 **Date of Next Meeting**

To determine the date of the next Committee meeting dates:

- Investment focused meeting 13 June 2024
- Administration focused meeting 11 July 2024

17 **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.

18 **Exclusion of the Public** **11.45am**

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 19 – 23 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in 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**

19 **Minutes** *(Pages 189 - 198)* **11.50am**

To approve and sign as a true and correct record the Part II (private) minutes of the previous meeting held on 29 February 2024.

20 **Review of the Part II Minutes of the Local Pension Board**  
*(Pages 199 - 214)*

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

21 **Integrated payroll system project update** **12.00pm**

The Pension Administration Lead will present an “payroll migration” update from SAP to Oracle, which includes the PI exercise.



## Wiltshire Pension Fund Committee

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**MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 29 FEBRUARY 2024 AT WEST WILTSHIRE ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.**

**Present:**

Cllr Richard Britton (Chairman), Cllr George Jeans, Cllr Gordon King, Cllr Vijay Manro, Cllr Stuart Wheeler, Mike Pankiewicz and Claire Anthony

**Also Present:**

Cllr Nick Botterill

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1 **Apologies**

Apologies for absence were received from Cllr Kevin Small and Cllr Christopher Newbury.

2 **Minutes**

The minutes of the meeting held on 14 December 2023 were presented for consideration, and it was,

**Resolved:**

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

3 **Declarations of Interest**

There were no declarations of disclosable interests.

4 **Chairman's Announcements**

There were no Chairman's Announcements.

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

The Committee reviewed the list of ongoing actions.

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

The Committee reviewed the minutes of the Local Pension Board meeting held on 13 February 2024, and it was,

**Resolved:**

**To note the minutes of the Local Pension Board meeting on 13 February 2024.**

**7 Public Participation**

No statements or questions were submitted.

**8 Responsible Investment Update**

Jennifer Devine, Head of Wiltshire Pension Fund, presented 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.

The update included that on page 18 of the report was a road map, in which all actions had been completed or would be completed by the end of March, with credit given to the team for their work whilst carrying a vacancy. The only action which would not be done in Q1, would be the completion of the implementation of the CLOPs portfolio, but this would be done within the first quarter of the next financial year.

It was outlined that the report covered that Brunel had prepared a paper on introducing activity-based exclusions, which the Fund wanted to support Brunel in carrying out.

Reference was made to a Responsible Investment Survey, which had been carried out by the Fund in January 2024, with the results included within Appendix 1. Detail was provided that the last survey had been conducted in March 2021, and that the 2024 survey had received 2,914 total responses, an increase of 30% compared to 2021. Analysis was provided of the demographic who responded, with those aged 60-69 providing the majority of responses. An overview of the questions asked was provided as well as the responses which were received.

Attention was drawn to the new holdings tool on the website, launching soon, which listed all the companies that the Fund was invested in.

The Committee discussed the update with clarity provided by officers on the definition of a “controversial weapon”. An update was provided on the vacancy, with it stated that the Fund had attempted to hire 4-5 times with adverts placed at a junior and senior level, however no suitable applicants had been found, even after raising the offered salary. It was stated that the Fund was going to seek advice on HR on filling the vacancy.

Assurance was provided that there was not expected to be any pinch points within the investment plan with the Fund coping well and the designed plan in Appendix 2 based on what the Fund should be able to deliver.



It was questioned what the Fund would change following the survey findings, to which officers stated that communication would be a focus, with a need to make information more available. It was noted that the survey demonstrated an interest in social issues, therefore case studies on these would be published as a report. A summer workshop for young people was also being prepared to encourage that demographic to engage. It was suggested that the optimum frequency of conducting such surveys would be every three years.

A suggestion was made that the Fund could contact the local press to spread news of the positive work of the fund with the example cited of a site visit to the recently purchased solar farms.

The details of the activity-based exclusions were discussed, in particular the exclusion of controversial weapons and how far this exclusion might extend. It was suggested that the list provided by Brunel was a pragmatic approach and to refine and make the list more detailed might cause difficulty, therefore it might be sensible to examine potential investments on a case-by-case basis.

At the conclusion of debate, it was,

**Resolved:**

**The Committee agreed 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.**

9 **Date of Next Meeting**

The date of the next meeting was confirmed as 28 March 2024.

10 **Urgent Items**

There were no urgent items.

11 **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 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.

12 **Minutes**

The private minutes of the meeting held on 14 December 2023 were presented for consideration, and it was,

**Resolved:**

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

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

The private minutes of the Local Pension Board meeting held on 13 February 2024 were presented for consideration, and it was,

**Resolved:**

**To note the minutes as a true and correct record.**

14 **Quarterly Investment Update**

Chris Moore, Investment and Accounting Team Lead, presented a report on the Fund quarterly investment performance.

At the conclusion of debate, it was,

**Resolved:**

**The Committee agreed to:**

- **Use the investment reports and the update provided by officers and advisers at the meeting as a basis for monitoring the investment performance and implementation of the strategic asset allocation.**
- **Approve the proposed commitments to the Brunel Private Equity and Private Debt Cycle 4 portfolios. £80m to Private Equity and £160m to Private Debt.**

15 **Brunel Budget Proposal**

Jennifer Devine, Head of Wiltshire Pension Fund and Andy Brown, Brunel Shareholder Representative presented a report on the proposed Brunel budget for 2024/25 and informed the shareholder response.

At the conclusion of debate, it was,

**Resolved:**

**The Committee agreed to:**

- **Approve that a new approach to the budget is requested via the shareholder forum, as set out in this report.**

16 **Brunel Shareholder Representative**

Andy Brown, Brunel Shareholder Representative for Wiltshire Pension Fund, provided a verbal update on the Fund's shareholder representative to Brunel Pension Partnership.

At the conclusion of debate, it was,

**Resolved:**

**The Committee agreed to:**

- **Provide their formal support and endorse this new arrangement as a way forward.**

17 **Brunel Governance Update**

Jennifer Devine, Head of Wiltshire Pension Fund, provided a verbal update summarising the ongoing Brunel governance arrangements.

18 **Evolve Payroll Update and Progress Report**

James Franklin, Pension Administration Lead and Mark Briggs, Operations Manager provided an update on progress being made in the transition of the Pensioner Payroll.

At the conclusion of debate, it was,

**Resolved:**

**The Committee agreed to:**

- **Note this update and is invited to make any comments or recommendations that it has in relation to this piece of work.**

*Chairman called the meeting to a break at 11:55am and resumed the meeting at 12.05pm.*

19 **MAN Group Presentation**

Shamez Alibhai and Charles Elson, MAN Group, presented on the portfolio performance and return.

(Duration of meeting: 10.00 am - 12.50 pm)

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

Press enquiries to Communications, direct line 01225 713114 or email [communications@wiltshire.gov.uk](mailto:communications@wiltshire.gov.uk)

**Wiltshire Pension Fund Committee - Actions Log**

<b>Minute reference</b>	<b>Section</b>	<b>Meeting Action</b>	<b>Task owner</b>	<b>Target date for completion</b>	<b>Date completed</b>
142 (23/11/23)	Administration (KPI Improvements)	A detailed KPI Improvement plan with actions and time scales will be presented in December 2023.	JF	14/12/24	14/12/24
142 (23/11/23)	Governance (Business Plan)	The Committee to receive a 3 year Business Plan for the period 2024-27 at their March 2024 meeting which will include the KPI Improvement Plan	JD	28/03/24	On agenda
142 (23/11/23)	Governance (Budget)	To receive the findings of a resource review of the whole Fund for incorporation, if necessary, into the budget to support the 2024-27 Business Plan	JD	28/03/24	On agenda
16 (29/02/24)	Investment (BPP)	To receive an update following the contacting of other Fund's concerning a new approach to budget setting.	JD	20/06/24	
18 (29/02/24)	Administration (Payroll migration)	The Committee was invited to make any comments or recommendations in relation to the payroll migration	Committee	28/03/24	On agenda

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## Local Pension Board

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**MINUTES OF THE LOCAL PENSION BOARD MEETING HELD ON 13 FEBRUARY 2024 AT KENNET ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.**

**Present:**

Mark Spilsbury (Chairman), Laura Fisher, James Nicholson, Mike Pankiewicz, and George Simmonds

**Also Present:**

Cllr Richard Britton

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1 **Membership**

The Chairman began by informing Members that Karl Read had been appointed as a new Member of the Board pending ratification by Full Council during their meeting on 20 February 2024.

Nominations were then sought for a Vice-Chair for the year 2024-25. The Chairman thanked Marlene Corbey for her hard work, dedication, and time as Vice-Chair during the past two years.

Finally, the Chairman noted that he had been appointed as Chairman of the Board on a 4-year contract from April 2020 and as such, his tenure was coming to an end. However, he had agreed to continue in the role for another year in response to an invitation from officers to do so.

Following which, it was:

**Resolved:**

**The Board elected George Simmonds as Vice-Chair of the Local Pension Board for the year 2024-25.**

2 **Attendance of Non-Members of the Board**

The Chairman welcomed Councillor Richard Britton, Chairman of the Wiltshire Pension Fund Committee, to the meeting.

3 **Apologies**

Apologies for absence were received from:

- Marlene Corbey

#### 4 **Minutes**

The Part I (public) minutes of the previous meeting of the Board held on 1 November 2023 were considered alongside the Board's Action Log. After which, it was:

#### **Resolved:**

**The Board approved and signed the Part I (public) minutes of the previous meeting held on 1 November 2023 as a true and correct record.**

#### 5 **Declarations of Interest**

There were no declarations of interest from Members of the Board.

The Democratic Services Officer alongside Richard Bullen, Fund Governance Manager, updated the Board with regard to Members' Registers of Interest forms and the Code of Conduct and Conflict of Interest Policy guidelines as attached to the Agenda Pack.

It was confirmed that Registers of Interest forms for all Members of the Board were on file, with copies of such available on the public meeting page for the Local Pension Board. Members were asked to review their Registers of Interest and send any updated forms to the Democratic Services Officer if needed.

It was further confirmed that there were no changes to the existing Code of Conduct and Conflict of Interest Policy, but Members were informed that as there was a new tPR (The Pensions Regulator) General Code of Practice being introduced, there was a chance that the policy would need to be reviewed in the future.

Following which, it was:

#### **Resolved:**

**The Board approved the Conflict of Interest Policy.**

#### 6 **Chairman's Announcements**

The Chairman urged those Members who hadn't completed the training needs analysis to do in order to assist with future training sessions.



Furthermore, with the introduction of the new tPR (The Pensions Regulator) General Code of Practice, Members were informed that officers had arranged a training event on the 13 March 2024 to be presented by Hymans Robertson and any Members that could attend were urged to do so.

## 7 **Public Participation**

There were no statements or questions submitted.

## 8 **Minutes and Key Decisions of the Wiltshire Pension Fund Committee**

The Part I (public) minutes of the previous meetings of the Wiltshire Pension Fund Committee held on 23 November and 14 December 2023 were considered. Following which, it was:

### **Resolved:**

**The Board noted the Part I (public) minutes of the previous meetings of the Wiltshire Pension Fund Committee held on 23 November and 14 December 2023.**

## 9 **Headlines & Monitoring (HAM) Report**

Jennifer Devine, Head of Wiltshire Pension Fund, presented the Headlines and Monitoring (HAM) report 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:

- Scheme, Regulatory, Legal, and Fund Update
- Risk Register
- Administration KPI Update – 1 October to 31 December 2023
  - a) Key Business Plan Items – Aggregation Backlogs/i-Connect and Controls/Resourcing
  - b) Outsourcing Updates
  - c) Business Plan 2024-27 Summary
- Audit Update
  - a) SWAP Audit KPI – 2023-24
  - b) SWAP Audit KFC – 2023-24

Officers began by drawing attention to Paragraphs 5 and 6 of the report which detailed the significant resourcing issues being experienced by the Fund which was negatively impacting on officers' ability to deliver the Business Plan priorities, increasing strain on staff, and workloads for managers who were

required to act down. Recruitment campaigns were still ongoing, and Members were reassured that they would be updated on any progress.

Two presentations were then delivered by Nat Harrison, Employer Services Work Management Officer, and Matt Thorpe, Service Improvement Lead Analyst, with the first focussing on updating Members on the i-Connect project.

The different resources and actions that had been undertaken and introduced for employers and Fund officers were detailed, including:

- Updated online resources.
- New i-Connect user request forms.
- Publication of a new i-Connect Guide with FAQs.
- Development of an i-Connect Common Errors page.
- Further internal training and the development of a site containing all relevant training documents and updated process and procedure notes.
- Creation of a training log detailing personal training and development plans.

Further controls had been implemented such as the development of a mandatory pre-onboarding checklist, and monthly meetings on employer data and contributions. Additionally, both the Employer Data Quality Categorisation Policy and Employer Data Quality Checking Guide had been approved in January 2024 and it was confirmed that all policies and guides had been aligned.

Future projects were detailed including an i-Connect Online Return video which would set out the process for employers, and a Knowledge Test to help employers both improve their knowledge of i-Connect for internal staff training, and to ensure that those people responsible for the i-Connect submission within their organisations had a certain level of knowledge. Furthermore, officers were looking to introduce a system in which employers could manually upload documents themselves instead of emailing to officers, thus reducing processing and administration time for Fund officers.

In response to questions, it was explained that if an employer did not pass the Knowledge Test first time, officers would engage with them to improve understanding until the point of passing. It was confirmed that positive feedback had been received from employers with regard to the changes implemented and that just under 140 employers had been onboarded, with officers continuing to work with the remaining employers due to either the complexity of their organisations or resistance to the changes.

The second presentation focused on the different service improvements that had been undertaken through the Service Improvement Team (SIT) to simplify processes for members and officers. The process of identifying areas for upcoming projects was briefly detailed in which it was explained that suitable staff would be seconded from the wider team based on their strengths and

would solely focus on the work being undertaken in the SIT. Feedback from seconded staff had noted that they left with a wider understanding of the Fund's vision.

It was explained that several new bulk processes had been introduced which aimed at increasing efficiencies, ensuring accurate and up-to-date records, and creating a more fluid member journey. Examples of future projects were then detailed such as implementing a smarter communications system to work at reducing direct officer enquiries through more regular correspondence, email automation, and chatbots.

Officers then highlighted Paragraph 12 of the report which listed the main updates as result of the new tPR (The Pensions Regulator) General Code of Practice being introduced. Members were informed that as the new Code was based on the Code of Practice 14 template, the changes required would have minimal impact on the Fund. The material movements to the Risk Register that had occurred between September and December 2023 were then highlighted as per Paragraph 15 of the report, and the Chairman noted that he felt that Investment and Performance movements in the report should be considered under Agenda Items 13 and 19. Finally, officers briefly detailed Paragraphs 18 to 25 which outlined the results of the SWAP KPI and KFC Audits 2023-24.

Members queried if any contractual retenders had been affected as per the Fund Governance Risk Section. Officers acknowledged that Procurement had experienced a few challenges due to resourcing levels, however as the Fund operated through the Local Government Pension Scheme (LGPS) National Framework, retenders could be appropriately made in the assurance that they were subject to specific processes and would therefore ensure transparency and offer strong relationships with contractors.

Members highlighted an error with regard to some of the figures presented in the Administration KPI reports and sought reassurance as to their accuracy. Officers reiterated the resourcing issues being experienced but noted that the area was subject to an improvement plan and would be an area of focus during the coming months.

Officers were thanked for their presentations and hard work in the face of the challenges taking place.

**Resolved:**

- 1) The Board noted the Fund updates and progress against the Business Plan 2023-24 key priorities.**
- 2) The Board did not endorse the change to the Compliance and Regulations Risk Section, but recommended endorsement to the Wiltshire Pension Fund Committee for the rest of the Risk Register in Appendix 2 and the summary of the risk changes since the last**

**review as a true and fair view of the risks currently being experienced by the Fund.**

- 3) The Board noted the Committee's approval of the KPI audit recommendations.**
- 4) The Board endorsed the SWAP KFC audit review report in Appendix 5a and recommended the report to the Wiltshire Pension Fund Committee as a true reflection of the progress made.**

*(The decision number 2 above, was made later in the meeting under Agenda Item 19)*

#### 10 **LPB Budget**

Members considered the report on the Local Pension Board budget. There being no questions or comments, it was:

#### **Resolved:**

**The Board agreed the draft Local Pension Board Budget and recommended to the Wiltshire Pension Fund Committee that it was included in the Fund's Administration Budget for 2024-25.**

#### 11 **Key Financial Controls**

Christopher Moore, Investment and Accounting Team Lead, updated the Board on the issues in relation to the Fund's key financial controls as per the report.

Officers highlighted Paragraphs 3 and 4 of the report which referred to the delays to the final sign offs for the full Wiltshire Council Accounts for 2019-20, 2020-21, and 2021-22. Officers emphasised that the delays were due to an issue within the Wiltshire Council figures and not in relation to the Fund's. Furthermore, officers had complied with all requests by the external auditors for further information and in line with The Pensions Regulator (TPR) requirements, had published a subsequent Events Notice in the audit report section explaining the unaudited status.

The ongoing payroll reconciliations in respect of correcting the discrepancies between the Altair pension administration system and SAP payroll records was then discussed. Officers noted that the graph under Paragraph 5 of the report showed a significant improvement in December 2023 as a result of the hard work undertaken to bulk correct cases. As such, the Fund was close to resolving all discrepancies between the payroll and Altair system.

The issues that Fund officers were encountering with regard to the Council's Evolve system since its launch in November 2023 were then detailed as per Paragraphs 7 and 8. Members were reassured that officers were working closely with the Evolve Team to overcome the issues and to ensure that statutory reports could be completed on time. As a result, officers were seeking temporary resources to assist in clearing the backlog of work and to reestablish working practices for the future, hence the increased risk register rating from medium to high for the accounting function. Members expressed concern as to the issues being experienced and queried if the reconciliations could be made if the additional resource was not acquired. Officers explained that they were facing some recruitment challenges and although the work could be completed by existing officers, it would result in increased strain on those staff.

At the end of the discussion, it was then:

**Resolved:**

**The Board used the report to monitor progress against resolving the issues which had been identified.**

12 **Employer Update**

Matt Allen, Employer Funding & Risk Lead, updated the Board on employer related activities, which included:

- 1) The Employer Scorecard
- 2) Employer Compliance – DSAs
- 3) The Employer Review – internal working practices
- 4) The Employer Forum

Each of the above activities were then discussed in order as per the report.

With regard to Employer Scorecards, Members queried how many employers were meeting their targets to which officers explained that as the scheme was still being drafted, those figures were still being calculated. Furthermore, there was an Employer Data and Contributions Working Group who met monthly and who had helped to develop the scheme and would therefore continue to monitor its progress.

Members felt that the Employer Review focussing on internal working practices was a positive step forward with regard to identifying areas for improvement, transparent reporting, and clear actions for officers to undertake. Officers were then praised in respect to the Employer Forum, and Members were keen to see higher employer attendance for the next meeting.

In response to a question, officers confirmed that the value of the London property pertaining to the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Debt Spreading Arrangement (DSA) and Legal

Charge, was approximately £20m. It was further clarified that the DSA stipulated a five-year payment plan until June 2028, and officers were confident that the full amount would be paid within this timeframe.

After which, it was:

**Resolved:**

**The Board noted the report.**

13 **Immediate Payments Update**

James Franklin, Pension Administration Lead, presented an “immediate payments” update to the Board following the transfer of the Fund payment process to Oracle.

Officers began by providing a brief background to the report as per Paragraphs 2 to 5, before moving on to explaining the issues experienced with member and supplier payments and accounting as a result of the transition to Oracle as per Paragraphs 6 to 11. Officers emphasised that Fund officers sought to liaise with the Evolve Team with regard to member communications and immediate payment loading arrangements to Oracle ahead of its launch, but due to time constraints faced by the Evolve Team, they were unable to respond to officers until 3 days before the official launch date. Despite this, as the Altair Immediate Payments and Integrated System went live on 8 December 2023, the Fund was in control of its own payments, thus reducing the risk of incorrect or duplicate payments and improving the processing time of payment tasks.

It was stressed that as the payroll system was split from the initial Oracle implementation and was planned to be launched in April 2024, officers felt that there were significant risks to the operations of the Fund during that transition which would be further exacerbated by the annual pensions increase exercise occurring at the same time. As such, officers were requesting information on timings and resource requirement from the Evolve Team to ensure adequate time to load and test data before and during the migration to minimise the risk of a second and more significant service disruption.

Members expressed concerns as to the potential impacts to the Fund during the imminent payroll integration and sought further clarity on Bullet Point B of Paragraph 6. In response, officers confirmed that the Fund was not the only affected service area during the initial transition and that senior officers within the Council were aware of the impact on the Fund. The additional administration work necessary in order to rectify the issues, and the subsequent impact on other Fund services, was discussed, with officers highlighting that as the Council were experiencing similar resourcing issues to that of the Fund, additional support from the Evolve Team would be difficult to negotiate.

Councillor Richard Britton, Chairman of the Wiltshire Pension Fund Committee (WPFC), raised his concerns on the matter and stated that he had liaised with

the Chairman of the Evolve Task Group and had requested assurance from senior Council officers that they were aware of the impact on the Fund, and of Fund requirements moving forward. Cllr Britton noted that he was not satisfied with the response received and was concerned as to the risk to the Fund if the payroll integration were to go ahead come April 2024. Members echoed Cllr Britton's concerns and unanimously agreed with the Chairman's suggestion of requesting that a senior officer attend the next meeting of the WPFC with a report outlining a response to the issues raised by Board Members.

At the conclusion of the discussion, it was then:

**Resolved:**

**The Board recommended that the Wiltshire Pension Fund Committee agree to request that the Corporate Director (or Director) responsible for the Evolve Team arrange for a report to be produced for submission and presentation to the 28 March 2024 meeting of the Wiltshire Pension Fund Committee which provides, at least:**

- **An explanation of why the upload templates and spreadsheets for the Immediate Payments system failed, and why the BACs file created for loading into Oracle was not updated for all members, leading to duplicate payments of £228,000, of which, at the time of the Board meeting, £153,000 remained outstanding.**
- **A detailed timetable, including the expected resource requirements expected to be input by Pension Fund officers, for the transfer of the Pension's payroll to the Oracle system.**
- **Details of the testing that has been completed to date and any outstanding testing due to be completed, including all input and upload processes, prior to the transfer of the Pension's payroll to the Oracle system.**
- **Details of the training, and training documentation, that has been provided to relevant Pension Officers by the EVOLVE team, and the level of on-going support available to pension officers if needed.**
- **Proposed parallel running arrangements.**
- **An update on any payrolls that have already been moved to Oracle and a "lessons learned" analysis based on any major problems that have arisen.**

- **An assessment of risk, from an IT expert, of transferring the Pension's payroll to the Oracle system in April 2024, at the same time as the pensions increase exercise.**

14 **Administering Authority Discretions Policy**

The Board considered the updated version of the Administering Authority Discretions Policy. There being no question or comments, it was:

**Resolved:**

**The Board recommended the recent amendments to the Administering Authority Discretions Policy to the Wiltshire Pension Fund Committee.**

15 **Urgent Items**

Members had a comfort break from 11.55am to 12.00pm.

Jennifer Devine, Head of Wiltshire Pension Fund, updated the Board on the results of the recent member Responsible Investment Survey ahead of a full report being published and circulated in the near future.

Members were shown breakdowns of the response rates, member engagement, and respondents' views on Environmental, Social, and Governance (ESG) considerations, specific types of companies, and the Fund's investment approach. Officers confirmed that there were a number of actions that would be undertaken as a result of the responses and members' views.

It was highlighted that following from the latest responsible investment guidance, sustainability and climate change issues were firmly established financial issues and therefore needed to be considered as part of a Fund's fiduciary duty in order to prevent potential legal challenge.

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

The date of the next ordinary meeting of the Local Pension Board was confirmed as 22 May 2024.

The Board additionally considered the Scheme Year Forward Work Plan. After which, it was:

**Resolved:**

**The Board noted the Forward Work Plan.**



17 **Exclusion of the Public**

The Board considered the recommendation to exclude the public. Following which, it was:

**Resolved:**

**To agree that in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the business specified in Item Numbers 18-24 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.**

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

The Part II (private) minutes of the previous meetings of the Wiltshire Pension Fund Committee held on 23 November and 14 December 2023 were considered. Following which, it was:

**Resolved:**

**The Board noted the Part II (private) minutes of the previous meetings of the Wiltshire Pension Fund Committee held on 23 November and 14 December 2023.**

19 **Brunel Governance Update**

Jennifer Devine, Head of Wiltshire Pension Fund, presented a verbal update to the Board summarising the ongoing Brunel governance arrangements.

**Resolved:**

**The Board noted the update.**

20 **KPI Improvement Plan**

Jennifer Devine, Head of Wiltshire Pension Fund, and James Franklin, Pension Administration Lead, presented the KPI Improvement Plan, which included a summary of the results of the recent Staff Engagement Survey.

**Resolved:**

**The Board noted the update.**

21 **Scheme of Sub-Delegation**

Richard Bullen, Fund Governance Manager, presented an updated version of the Scheme of Sub-Delegation for review by the Board.

**Resolved:**

**The Board noted the changes to the Scheme of Sub-Delegation following the Fund's operational restructure.**

22 **Training**

Richard Bullen, Fund Governance Manager, delivered a presentation on Pension Fund procurement and how the performance of suppliers could be monitored.

**Resolved:**

**The Board noted the update.**

23 **LBP Minutes**

The Part II (private) minutes of the previous meeting of the Board held on 1 November 2023 were considered. After which, it was:

**Resolved:**

**The Board approved and signed the Part II (private) minutes of the previous meeting held on 1 November 2023 as a true and correct record.**

24 **Urgent Items**

There were no urgent Part II items.

(Duration of meeting: 10.00 am - 1.20 pm)

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

Press enquiries to Communications, direct line 01225 713114 or email [communications@wiltshire.gov.uk](mailto:communications@wiltshire.gov.uk)

**Wiltshire Council**

**Wiltshire Pension Fund Committee**

**28 March 2024**

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**Recommendations of the Local Pension Board 13 February 2024**

<b>Minute at Board</b>	<b>Recommendation</b>	<b>Committee Agenda</b>
Minute 10 – Risk Register Update	To endorse the Risk Register and summary of risk changes since the last review and to recommend the Committee they accept the proposed changes as set out in the HAM Report.	Item 08 – Headlines and Monitoring – Risk Register
Minute 10 – SWAP Audit update	To endorse the SWAP KPI & KFC audit report recommendations.	Item 08 – Headlines and Monitoring – SWAP Audit
Minute 11 – LPB Budget	To recommend LPB Budget 24/25 for inclusion and approval in the Fund’s budget for 24/25	Item 09 – Business Plan 2024/27 & Budget 2024/25
Minute 13 – Immediate Payments update	To recommend to the Committee they request that the Corporate Director (or Director for the Evolve Team) prepare a report for presentation to the Committee at their March meeting (Ref: Immediate Payments & Payroll migration)	Item 21 – Integrated payroll system project update
Minute 14 – Administering Authority Discretions Policy	To recommend that the Committee approve the changes to the Administering Authority Discretions Policy.	Item 12 – Administering Authority Discretions Policy

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## WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE  
28 March 2024

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### **WILTSHIRE PENSION FUND HEADLINES AND MONITORING REPORT**

#### **Purpose of the Report**

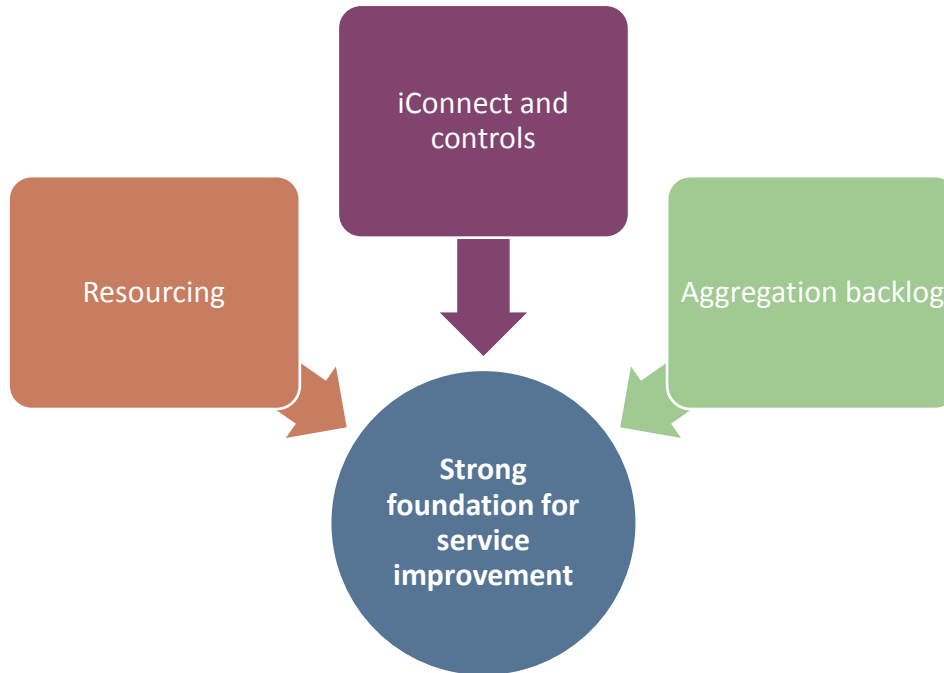
1. The purpose of this report is to provide the Committee with information in relation to various standard issues, to enable the Committee to fulfil its monitoring role.
  - a) Scheme, Regulatory, Legal and Fund Update
  - b) Risk Register
  - c) Administration – KPI review – 1 October 2023 to 29 February 2024
  - d) SWAP Audit KPI 2023/24 update
  - e) Training update
2. This report is intended to highlight key issues and developments. Full detail is provided in the Appendices.

#### **Report from Head of Wiltshire Pension Fund**

3. This section summarises key events across the Pension Fund over the last quarter.
  - a) Investment performance for the quarter to Dec-23 was +3.9%, compared to a benchmark return of +3.8%. The fund value at the end of Dec-23 was just over £3.2bn. Performance for the full calendar year 2023 was +8.1%.
  - b) The funding level at the end of Dec-23 was 126.4% (based on a roll-forward of the 2022 funding level).
  - c) The backlogs project and the pensioner payroll rec projects are now complete. There is a small residual amount of work for the WPF team to complete.
  - d) We are experiencing ongoing issues with a high level of vacancies in the team, at all levels from admin manager down to processing staff, and also within the investment team.
  - e) We have now successfully gone live with our integrated payments system. One-off payments (such as refunds, transfers etc) started being paid in December, and the first payroll run for new pensioners only was paid in January. Our focus is currently firmly on the transition of the legacy payroll from SAP to Oracle, as part of the Council's move to Oracle.
  - f) The first investment in Wessex Gardens, our South West renewable energy fund, has now been made, in a historical deal that made the press: [LGPS funds back largest operational solar deal in the UK \(room151.co.uk\)](#)
  - g) We ran a responsible investment survey of our members during January 2024 (having last done one in March 2021). We received an amazing 2,914 responses. The findings were shared with the Committee and discussed at the meeting in February 2024.
  - h) The actuarial contract, investment advisor contract, and investment consultant contract are now all out for tender.
  - i) The new General Code has been published, and training on this important topic was arranged for the LPB and Committee in March 2024.
  - j) The Committee members have now been added to the distribution list for our internal Fund Focus newsletter, so that interim updates can be received on a monthly basis.

## **Business Plan Priority Area Progress Updates**

4. As set out in the Business Plan 23/24, the priority areas where we need to focus in order to deliver the maximum improvements to our admin service are as follows:



### ***Resourcing – progress rating red***

5. As at the end of 23/24, resourcing remains red. We are carrying multiple vacancies in the team, at both senior and junior levels, in both the administration and investment teams. Multiple different avenues are being pursued in order to resolve this situation.
6. In spite of the red rating, here has been a lot of work done and positive progress made in this area, as follows:
- Staff now all have their bespoke training and development plans, and training is being delivered.
  - There have been some new recruits to the team at junior levels.
  - Monthly whole fund meetings continue to be carried out, and at each meeting the team take part in collaborative group exercises to promote the Fund's values in a positive way.
  - Creative initiatives are being carried out to celebrate successes and make an example of the sorts of positive behaviours we want to encourage, for example through [Employee Appreciation Day](#), and in our monthly Fund Focus newsletter.

### ***iConnect and related controls – progress rating green***

7. This area has been improved from red/amber to green, to reflect the fact that significant progress has been made. At the meeting, the Employer Services Work Management Officer will deliver a presentation to the Committee, showing what work has been done to improve controls, design a monthly cycle of work, ensure that iConnect is being properly used, and to train and engage with employers.
8. We are now finally in a position where we can begin onboarding employers to iConnect again, and this will begin with Swindon Borough Council.

**Aggregation backlog – progress rating *amber***

- 9. As mentioned above, the Hymans contract has now finished, and from a combination of this work and internal projects, the open cases now sit at 3.5k, down from around 9k back in Sept-22. Of those open cases, only 1.5k are actually overdue, with the others still being within target. If the team had been on top of BAU, we would have no overdue backlog at all at this point. Next steps will be an audit of the remaining backlog, and project work to clear it.
- 10. The Service Improvement Team (SIT), as well as working on various initiatives to deliver efficiencies, has cleared a large number of old cases. The Service Improvement Lead Analyst will attend this meeting to deliver a presentation on the highlights of what the team have achieved since it was set up in May 2023.

**Scheme, Regulatory and Legal Update (Appendix 1)**

- 11. A scheme update is included in paragraph 3 of this report. Regulatory & legal updates have been provided via Hymans March 2024 Current Issues circular (Appendix 1). Key additional strategic Fund updates have been incorporated within the Fund’s risk register section of this report.

**Risk Register (Appendix 2)**

*LPB Recommendation – Minute 10 – 13 February*

- 12. The version of the risk register presented in Appendix 2 relates to the month of December 2023. However, at the Committee’s request officers have also included the latest available version (the February version) in support of the December version reviewed by the Board at their last meeting.
- 13. For members to be able to monitor the key changes between versions submitted to meetings officers have provided a summary table below. At the Board meeting in February, they recommended all the risk register changes submitted by officers with the exception of the increased risk in Compliance and Regulations during the period. Consequently, this risk has been removed as Board felt that fulfilling the current Investment Governance Officer vacancy, as well as certain 3<sup>rd</sup> party service providers to scheme employers not providing their contribution data to the Fund within the statutory deadline as not materially significant to warrant a change in rating. This was particularly so as the second item had since been resolved.
- 14. The summary of key changes between the September and December versions of the risk register are:

<b>Risk Section</b>	<b>Section rating change</b>	<b>Key notes and mitigations during the period</b>
Fund Governance	Amber to Green & back to Amber	a) Whilst a 2024/25 audit plan had been commissioned & the KPI, KFC and external audit completed, as well as the Payroll Migration Phase II audit scope agreed, significant concerns remain about the appointment of auditors and the relevant services they can offer to the Fund. b) A new external auditor is to be appointed from 1 April 2024 and as a result of the Council’s/Fund’s accounts not being formally signed off for several years concern in

		<p>relation to the audit handover arrangements has been highlighted.</p> <p>a) A review of contractual tenders for 2024/25 has been completed and circulated. However, key tenders are still a work in progress with the Procurement team's attitude to risk, priorities and processes creating barriers.</p>
Investment	Green to Amber	<p>a) The Fund's relationship with BPP has caused concern after the Fund's complaint was rejected concerning inappropriate stock holdings.</p> <p>b) The Government's autumn statement indicated that more investment powers would be passed to pooling arrangements, which may exasperate the Fund's relationship with BPP and increase potential conflicts of interest.</p> <p>c) BPP governance arrangements and 2024/25 budget expectations continue to cause concern for the Fund.</p>
Performance	Amber to Green & back to Amber	<p>a) As a result of the rollout of Oracle immediate payments in November where hundreds of payments were paid late and many duplicated, a significant increase in complaints occurred. A lack of controls was highlighted as well as communication issues. Whilst these are being addressed, the risk of future occurrences means that this performance risk rating has increased.</p>

### **Administration KPIs (Appendix 3)**

15. Tables 1 & 2 show the admin performance over the period from 1 December 2023 to 29 February 2024. The overall Admin KPI picture, continues to be challenging and has unfortunately worsened over the last 3 months. The focus for the administration team has been on training with process training occurring for every team member, in the office, every Wednesday. The impact of Oracle migration has also impacted the team's ability to process work. However, even when taking this into account productivity has not been at the required levels. The backlog has increased by 101 cases since the KPI improvement plan was presented to the Committee. Two new officers joined the Employer Services Team and two are due to join the Member Services Team imminently, this additional resource should help address this decline in productivity.

16. Table 3 provides some analysis of the open cases. Table 3 shows that the number of cases older than 2 years is now 101, we are on course to have this at 0 by the end of the next quarter. The graph under the table shows the difference between completed and received cases. We are now completing less cases that we receive, even though cases received remain low. The second graph shows that cases over SLA are currently increasing, we are currently addressing this and plan to return the December 2023 level by the end of May.

### **Audit update (SWAP KPI audit) (Appendix 4)**

#### *LPB Recommendation – Minute 10 – 13 February*

17. The Committee approved SWAP's KPI audit recommendations at its meeting in December 2023. The summarised recommendations were:

- To ensure that the data extracted from the Pension Database provides statistical reporting to the Board/Committee which is consistent, accurate and peer reviewed before that information is circulated (Priority 2 rating).



- For weekly reports to management to be flagged for any discrepancies in the data, in particular relating to Aggregation and Undecided leaver casework being processed. The statistical results should also ensure that opening and closing balances are reconciled. (Priority 2 rating).
- To review the Pensions Administration Strategy document to ensure that it clear and accurately and reflects the statistical management reporting of completed casework (Priority 3 rating).
- To revise reporting to the Board/Committee based on the recommendations made by the Board/Committee (Priority 3 rating).

18. Progress to date against the recommendations has been made, however the recommendations are yet to be fully implemented. Officers are therefore requesting an extension to the target date from 31 March to 30 June. The progress to date includes:

- An automated KPI reporting tool has been adopted and is currently in testing. It is understood that the tool only requires a few improvements to be made. Report results are reviewed at weekly KPI meetings (80% Completed).
- Recording of deleted and terminated casework between reporting is now embedded in officer processes. These figures which caused the opening and closing balance discrepancies are discussed at weekly KPI review meetings (80% Completed).
- The Pensions Administration Strategy document is currently under review and may need to go to consultation with the Fund's Scheme Employers. It is intended that this document will also reflect officer commitments set out in the KPI Improvement Plan and other related process guides (50% Completed).
- The introduction of traffic light style dots, indications against targets, clarity of text to members and the reconciliation of opening and closing balances have been introduced. Additionally, a full key of colours used in the tables should be presented each time. These are largely implemented, however due to the complexity of the analysis further mitigations are still required (75% Completed).

### **Training Plan 2024/25**

19. Members will receive a verbal update from the Head of Wiltshire Pension Fund at the meeting, concerning their proposed training plan for 2024/25.

### **Financial Implications**

20. No direct implications.

### **Legal Implications**

21. There are no known implications from the proposals.

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

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

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

23. There are no known implications currently.

### **Proposals**

24. The Committee is asked:

- a) to approve the risk register recommendations made by the Board and the officer assessment of risk as presented in the December version of the risk register:
- b) to note progress in the SWAP KPI audit update and approve an extension to the target deadline to 30 June 2024:

JENNIFER DEVINE  
Head of Wiltshire Pension Fund

Report Authors: Richard Bullen (Fund Governance Manager) and Jennifer Devine (Head of Wiltshire Pension Fund)

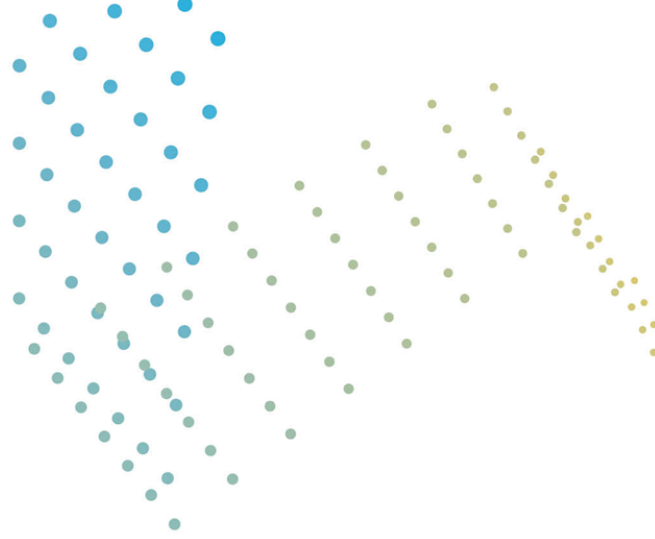
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Unpublished documents relied upon in the production of this report: NONE

**Appendices:**

- Appendix 1 – Legal & Regulatory update – Current Issues
- Appendix 2a – Full risk register 1 – December 2023 version.
- Appendix 2b – Full risk register 2 – February 2024 version.
- Appendix 3 – Administration KPIs

# Current issues in the LGPS



March 2024



Richard Warden  
Partner – Actuarial Public

There's plenty going on at Scottish funds with new amendment regulations and the 2023 valuations being signed off. Our investment focus this month is on the UK – should the LGPS consider venture and growth capital? And if you need inspiration for 2024/25 business planning then have a look at our webinars.

## Turning attention to 2025

The LGPS conference season is getting into full swing and the next main event is LGC's at Carden Park on 14 & 15 March. Along with Strathclyde's Richard McIndoe, our own Rob Bilton will be exploring what the significant change in funding environment since 2022 will mean for the upcoming 2025 valuations in England & Wales. Keep an eye out for further communications on this topic in the coming weeks.

## General Code of Practice checker – available soon

The Pension Regulator's (TPR's) General Code of Practice is expected to be effective from 27 March. Around the time of its release, we expect funds will want to assess their current levels of compliance. Our team has designed a comprehensive self-assessment tool for practitioners covering all LGPS relevant areas of the new Code. The tool will allow officers to gauge current compliance levels and monitor ongoing progress. It also provides an editable report that can be presented to stakeholders, such as Pension Committee and Board, and the ability to track and report on progress over time. We're providing a demo ([register here](#)) of our compliance checker on 13 March, with the checker tool available week commencing 18 March. If you'd like any further information, please [get in touch](#).

## UK venture and growth capital

The UK government wishes to boost the economy by making it a more attractive place for companies to start up, and eventually list on a stock exchange. One approach is to steer pension fund money towards venture and growth capital. The ambition for the LGPS is to invest 10% of assets in private equity, with a preference for UK venture and growth capital. But what is this asset class and should the LGPS be considering it? We've outlined our thoughts in a [briefing note](#).

## The finish line is in sight for Scotland

With the statutory deadline looming, final reports are being signed off for the Scottish 2023 valuations. This will be the first time each valuation report will include a Section 13 dashboard and commentary on climate risk. Of course, there is no rest for our actuarial team as preparation for the 2025 and 2026 valuations is already underway! With this in mind, we will be in touch with

all our Scottish funds to set up a feedback meeting, to take all the learnings and experiences from the 2023 valuations and build them into our future plans.

### Scottish Amendment Regulations

[Local Government Pension Scheme \(Scotland\) amendment regulations 2024](#) come into force on 28 March 2024 and will be backdated to 31 March 2023. These amendments cover changes to the CARE annual revaluation date, triennial actuarial valuations, and employer cessation valuations. We welcome these amendments and have produced a [briefing note](#) detailing which regulations have changed along with our thoughts. The change that allows an indicative cessation valuation to replace a final cessation valuation, if actual exit occurs within the subsequent 90 days, can introduce extra risks for a fund. Please speak to your Fund actuary about how these risks can be managed.

### Business planning

With business planning in full flow ahead of the new financial year, this will be a current 'hot topic' for many LGPS funds. If you need a hand, we previously hosted two webinars on the subject. Both are still available and relevant - [webinar 1](#) covered topics such as horizon scanning and stakeholder engagement whilst [webinar 2](#) focussed on success measures, planning for implementation and delivery, and monitoring and reporting.

### Excess deaths – what did we expect?

The Office for National Statistics (ONS) has [announced](#) a new calculation method for estimating excess deaths in the UK. How does the new approach affect the assessment of excess deaths when examining population changes, mortality rate trends, and the impact of the COVID-19 pandemic? Read [Club Vita's blog](#) to find out more.

### FRM – Scotland joins the party and some new features

With the 2023 valuations ending, Scottish funds can now access our self-service Funding and Risk Monitoring (“FRM”) tool that tracks daily whole fund and employer funding analytics on-demand. Following its initial launch on 1 April 2023, we've been enhancing the features that are available with the tool. The latest addition this month allows users to chart daily assumptions for future returns and inflation. Please speak to your Hymans consultant for further details about FRM.

### InflationWatch

LGPS benefits are due to increase in April by 6.7% (based on annual CPI as at September last year). However, since then, inflation has been falling but remains high relative to the Bank of England's target rate. Our latest edition of [InflationWatch](#) looks at market indicators, consensus forecasts around future inflation and our view on whether the risks to the consensus view are tilted to the upside or downside.

### Events, webinars & training

#### Together, stepping into the future of the LGPS: 16 May

Following last month's announcement that we're hosting a LGPS conference on 16 May 2024 in Edinburgh, we're excited to share the [conference agenda](#). The event, which is for LGPS fund officers only, will have a future focus, underpinned by sharing experience, best practice and actionable outputs.

#### LCG Investment Seminar: 14 -15 March

We're looking forward to once again supporting the annual LGC Investment Seminar at Carden Park. Rob Bilton will be looking ahead to the 2025 valuation and will be joined by Richard McIndoe from Strathclyde Pension Fund. [Click here](#) to book your place.

#### LGPS employer training

Our employer training sessions are back for 2024! The next block of sessions is taking place in April and will focus on final pay and assumed pensionable pay and will include dedicated worked example sessions. You can [register interest here](#), or if you have any questions, please get in touch with [Claire McDines](#).

## GAP recruitment opportunity

Our growing LGPS Governance, Administration and Projects (GAP) Team is advertising for a [senior consultant](#). If you have experience of working in, or with, the LGPS and are keen to hear more about this opportunity please contact [susan.black@hymans.co.uk](mailto:susan.black@hymans.co.uk) or your usual Hymans contact.

## In brief...

### Latest inflation figures

The latest ONS release showed that CPI for the year to January 2024 remained steady at 4.0%. RPI for the same period was 4.9%.

### Stewardship and voting

The PLSA has updated its [guidelines](#). They provide a framework for pension funds to ensure that companies are held to account on key issues in the AGM season.

### Dashboards

The [Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) Order 2024 \(SI 2024 No. 169\)](#) will, when it comes into force on 11 March, mean that anyone providing pensions dashboards services without FCA authorization will be guilty of an offence.

### McCloud

LGA have published a spreadsheet that calculates the McCloud element of a non-Club transfer value for funds in England and Wales. It's available [here](#). A similar tool for Scottish funds will be available once GAD publishes their transfer guidance.

### ESG

With climate change governance and reporting now widely adopted, a TPR [blog](#) is urging pension funds to think about how they could develop their management and reporting around other ESG risks and opportunities, such as nature and social.

### UK Stewardship Code

The FRC has [announced](#) the successful signatories to the Code following the latest round of applications covering £43.3 trillion of AUM. We're glad to see Hymans and plenty of LGPS funds and pools on the list!

### Pensions tax

The Finance Bill 2023/24 has received Royal Assent to become the Finance Act 2024. It contains the provisions on the abolition of the lifetime allowance that will take effect from 6 April 2024 (amendments to the provisions will be achieved by secondary legislation i.e. regulations).

### TPR restructure

From April, TPR has [announced](#) that it will create three new regulatory functions to help them to deliver good outcomes for savers whilst strengthening their regulatory grip on a rapidly evolving pensions landscape.

### Codes of Practice

The [Pensions Act 2004 \(Codes of Practice\) \(Revocation\) Order 2024 \(SI 2024/273\)](#) does exactly what it says! The Order comes into force on 28 March 2024 to coincide with the expected effective date of TPR's new General Code.

## Appendix

### General Code of Practice checker – available soon

<https://event.on24.com/wcc/r/4526496/329BA00F8CB6EAB12CE7804154EA99BA>

[Andrew.mckerns@hymans.co.uk](mailto:Andrew.mckerns@hymans.co.uk)

### UK venture and growth capital

<https://www.hymans.co.uk/insights/research-and-publications/publication/venture-to-be-wise-uk-venture-and-growth-capital/>

### Scottish Amendment Regulations

<https://www.legislation.gov.uk/ssi/2024/37/introduction/made>

<https://www.hymans.co.uk/insights/research-and-publications/publication/briefing-note-local-government-pension-scheme-scotland-amendment-regulations-2024/>

### Business planning

<https://event.on24.com/wcc/r/3974511/22753AB46F6AC8226EAE27AAAD2BF570>

<https://www.hymans.co.uk/insights/webinars/effective-business-planning-in-the-lgps-session-2/>

### Excess deaths – what did we expect?

<https://blog.ons.gov.uk/2024/02/15/excess-deaths-a-new-methodology-and-better-understanding/>

<https://www.clubvita.net/uk/news-and-insights/what-did-you-expect>

### InflationWatch

<https://www.hymans.co.uk/insights/research-and-publications/publication/inflationwatch-february-2024/>

### Events, webinars & training

[https://www.hymans.co.uk/media/uploads/Hymans\\_Robertson\\_LGPS\\_Conference\\_Agenda.pdf](https://www.hymans.co.uk/media/uploads/Hymans_Robertson_LGPS_Conference_Agenda.pdf)

<https://investmentseminar.lgcplus.com/2024/en/page/book-now>

<https://analytics-eu.clickdimensions.com/hymanscouk-atwsv/pages/phqw2dwoee6qtqaismb06a.html>

[claire.mcdines@hymans.co.uk](mailto:claire.mcdines@hymans.co.uk)

### GAP recruitment opportunity

<https://hymans.current-vacancies.com/Jobs/Advert/3405862?cid=2054&t=Senior-GAP-Consultant>

### In brief...

<https://www.plsa.co.uk/Policy-and-Research/Document-library/PLSA-Stewardship-Voting-Guidelines>

<https://www.legislation.gov.uk/uksi/2024/169/made>

<https://www.lgpsreqs.org/resources/guidesetc.php>

<https://blog.thepensionsregulator.gov.uk/2024/02/21/trustees-take-stock-and-plan-for-wider-esg-risks-and-opportunities/#more-3084>

<https://www.frc.org.uk/news-and-events/news/2024/02/frc-announces-successful-signatories-to-uk-stewardship-code/>

<https://www.thepensionsregulator.gov.uk/en/media-hub/press-releases/2024-press-releases/the-pensions-regulator-makes-strategic-shift-in-its-oversight-of-the-workplace-pensions-market>

[https://www.legislation.gov.uk/uksi/2024/273/pdfs/uksi\\_20240273\\_en.pdf](https://www.legislation.gov.uk/uksi/2024/273/pdfs/uksi_20240273_en.pdf)

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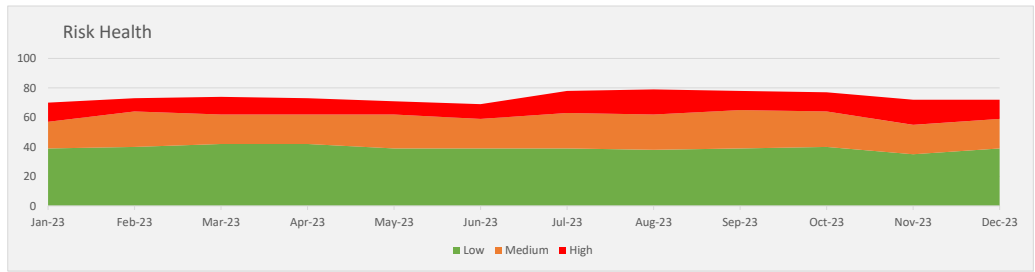
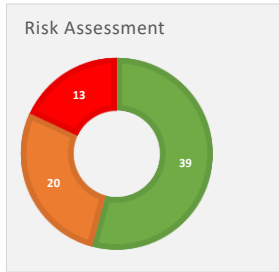
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# Committee Risk Register

Owner: Richard Bullen

Medium Overall Risk



Risk Area	Key Risks	Risk Assessment	Updates to note
Service Delivery	<p>A failure exists where levels of post and work volumes remain high creating a concern over the failure to meet the KPI targets. This includes the internal backlogs which staff are seeking to reduce.</p> <p>The processing of death notifications is a key risk in the failure to meet KPI targets.</p> <p>A risk that resourcing constraints will cause work to not be received and allocated in a timely manner.</p> <p>Poor or out of date documentation, particular of an external nature could lead to service risks</p>	High	<p>A new business plan for 2024/2027 is being prepared for March 2024 and a KPI Improvement plan has also been developed.</p> <p>A Service Improvement team has settled in well to facilitate data preparation and in turn productivity. The SIT Team are focused on undertaking work to reduce the internal backlog.</p> <p>A work allocation system has been embedded for member services, with employer services managing their own work using different measures of reporting.</p> <p>Weekly KPIs are now circulated and analysed and weekly insights have been launched for the member services team which show staff productivity.</p> <p>Embedding the use of bulk processing is now better supporting Fund processes.</p> <p>A review of member documentation is being undertaken to make sure its clear, accurate and concise.</p> <p>A first report is anticipated of possible membership deaths, now that the new mortality screening arrangements are in place. A special exercise to focus on potential cases will be managed.</p>
Financial Management	<p>Failure to maintain an accurate employer contribution rate schedule, or the Fund is unable to determine if it is receiving the correct contributions, or identify ceasing employers at an early stage is a key risk</p> <p>The Fund pays incorrect pensions, lump sums and other one off payments to pensioner members. In particular, where the new Oracle system is not operating effectively.</p> <p>Failure to process Treasury Management actions on a timely basis could be caused by changes to external approval limits. It could also impact budgeting and forecasting.</p> <p>A lack of guidance relating to covenant reviews and processes could cause a financial risk to the Fund.</p> <p>The non-reporting of information to complete Fund and employer accounts could lead to reputational damage.</p>	Medium	<p>Officers maintain an Employer Contribution and Data Management Working Group to mitigate the risk of the schedule not being maintained. An update will be presented to members at each meeting cycle.</p> <p>Officers ensure that the contributions rates are implemented &amp; paid by all employers, and that this requirement is maintained.</p> <p>Covenant guidance requested from Hymans remains outstanding and is being followed up by officers. An employer process review has been undertaken with changes implemented, particularly in relation to the management of Admission Agreements which have ceased or lapsed.</p> <p>Officers are working with Wiltshire Council Finance to ensure that the appropriate approval limits are in place.</p> <p>The new Oracle rollout has impacted ledger coding, poor quality recording in the accounts &amp; access issues. Officers are working with the Evolve team to resolved these issues.</p> <p>Officers are liaising with Hymans to ensure all Scheme Employers are receiving the FRS102 reports they need to complete their company accounts.</p>
Fund Governance	<p>Failure to maintain the implemented risk and control framework and embed it into departmental culture</p> <p>A failure to receive consistent independent auditing of the Fund's internal controls could lead to material risks being created.</p> <p>A failure to manage key procurements and ensure the completion of these procurements as a result of poor resource knowledge and experience. This concern extends to the sourcing of existing contracts.</p>	Medium	<p>Officer training on the risk and control framework has been completed and regular meetings are held to reinforce the concept. An independent audit in 2024/25 is scheduled in relation to risk management.</p> <p>Officers are working with both the procurement team and internal auditors to ensure that these strategic management issues of the Fund are fulfilled.</p>

Systems Management	The Council's contract with SAP expires in December 2023. However, SAP's payroll function is currently planned to continue until April 2024. The Evolve Project plans to migrate the payroll to other fund service to Oracle during 2023/24.	Medium	The migration to new payroll databases is crucial. In addition, other SAP functions such as HR could also impact the Fund if not properly migrated. Implementation of the Altair payroll to mitigate the cessation of SAP will help, however the Fund remains reliant on the Council's Evolve programme to move forward as expected. The expected mitigation is due in April 2024.
Investment	Investment performance by managers is poor or misaligned with expectations leading to risks concerning the funding level, the achievement of the investment strategy and poor benchmarking. BPP needs to operate effectively to ensure funds are well managed & investments are made on a timely basis and delivering their objectives.	Medium	The Fund is working with Brunel on pooling arrangements, particularly in relation to stock holdings not consistent with the Fund's SAA. Progress is slow in this area with a recent complaint letter being rejected. The autumn statement 2023 indicated more investment powers into pooling arrangements. The Fund is currently benefitting from net fee savings and costs are under constant pressure to rise with high budget increases. The new BPP budget request for 2024/25 was 19%, but now reduced to 15%. Officers are working with BPP and other authorities in the partnership to update BPP's constitution. A new arrangement with BPP is enabling face to face visits concerning portfolio discussions
Compliance with Regulations	Anticipated changes in legislation could impact the Fund adversely, specifically regarding compliance and resourcing. Failure to achieve statutory requirements & deadlines due to work volumes A lack of governance resource and experience could lead to the Fund losing its Stewardship Reporting status	Medium	Regular updates to the Committee and Board enable all stakeholders to monitor any potential changes in legislations. This work is supported by adviser guidance. The new pooling guidance may increase areas of potential conflict between BPP and the Fund. Project planning and holding of regular management meetings to ensure deadlines are achieved. Where required, meetings with Scheme Employers are also held to ensure deadlines are met, where those deadlines involve 3rd party input. Fund officers are seeking to fill a key Investment Governance officer vacancy to prevent regulatory failure. Officers are also completing work where a statutory deadline needs to be met.
Performance	Poor operational performance, communication and implementation of new software and working practices could lead to an increased management of complaints	Medium	The implementation of Oracle has seen a surge in complaints from informal through to IDPRs. Officer are devoting resource to manage and mitigate the level of complaints, including extending the contract of the independent adjudicator.
Employer Management	Contacts have inadequate knowledge, skills and experience to administer the Scheme correctly and effectively. Contact maintenance requires ongoing improvement. Employers are not set up, maintained or leaving the Fund correctly. This can affect the starting position for funding, unitisation adjustments, pooling or cessation arrangements due to untimely or incorrect information.	Medium	The Fund offers training to employers to mitigate the risks highlighted. Implementation of the Stabilisation Policy provides a certain amount of increased security for employers. The Fund also works closely with our Actuarial advisers to ensure new sets up are managed correctly. In addition, officers maintain the Fund's unitisation database. An exercise updating the employer contacts is being reviewed.
Data Management	A lack of i-Connect controls & checks may impact data accuracy and timeliness, noting that information is posted through both i-Connect & employer spreadsheets and can be provided late. Poor data provision from large individual employers can heavily impact the Fund's data management and its ability to fulfil statutory deadlines. A lack of i-Connect controls & checks may impact data accuracy and timeliness, noting that information is posted through both i-Connect & employer spreadsheets and can be provided late.	Medium	To enable the i-Connect onboarding process officers have worked closely with the outstanding employers, particularly major employers to obtain outstanding data. The suspended process will now recommence. Relevant data quality checks associated with i-Connect submissions have been implemented and then passed to accounts for financial checks. A clear plan is now in place. However, with the migration to Oracle, accounting resource has been assigned to managing this implementation. Assignment of responsibilities to specific officers aids the management of data. Where employers or their payroll providers are not providing data on a timely basis, or correctly, officers are actively contacting those organisations. TUPE & cessation reporting is in place and officers are migrating work to LGPS Create to enable more effecting processing.
Stakeholder Engagement	No material risks are current identified in this area	Low	
Funding	No material risks are current identified in this area	Low	

Resourcing	<p>The Fund is not appropriately resourced and staff all adequately trained to enable the service to be delivered in a sustainable and reliable way. In addition, key departures could lead to a loss of crucial knowledge in the team.</p> <p>Failure to maintain an approved Committee training plan could increase the risk around a lack of knowledge and understanding in key areas</p>	High	<p>Key people in the team are seeking to transfer specialist knowledge to colleagues by documenting procedures and notes. In addition, a training strategy is under review for the department. However, in the event of a knowledge gap, we can call on our external consultants and independent advisors for help in the short-term;</p> <p>Whilst key vacancies have been filled staff have also left leading to a cycle of recruiting &amp; replacement which can effect the overall knowledge base.</p> <p>Employer service staff have received focussed training relating to their roles to mitigate processing errors and encourage i-Connect data checks.</p> <p>The Committee approved their training plan in November and will review their 2024/25 in March, noting the implementation of new legislation.</p>
Climate risk	<p>Failure to manage the risks in the investment portfolios, and/or to take advantage of the investment opportunities which arise from transition to a low carbon economy could cause the Fund to suffer material negative financial impacts.</p> <p>Difficulty in receiving climate data reporting from the Fund's Investment consultants and pooling arrangement could lead to poor decision making</p>	Medium	<p>The Fund has a climate change policy (within the responsible investment policy), decarbonisation targets, and has assessed alignment of all portfolios. The Fund reports against the requirements of the Task Force on Climate-related Financial Disclosures (TCFD).</p> <p>BPP continue to hold stock in the name of the Fund which is not in accordance with the Fund's climate change flightpath. This could lead to reputational damage. Officers continue to liaise with BPP and other Fund's in the group to ensure that the SAA of the Fund's climate change flightpath remains on track</p>
Projects	<p>Projects are managed by a designated Project Manager. Key projects currently being managed are the Backlog project and McCloud. The backlog project has been outsourced to a 3rd party administrator. Regular oversight of &amp; updates to the management team, Committee and Board to avoid the projects failing. The other projects relating to internal backlogs &amp; the introduction of a new payroll system are also considered a risk areas and are being managed in a similar way.</p> <p>The McCloud project is beginning to move forward and the outsourced backlog project is due to cease by 31 January 2024.</p> <p>Failure of the Evolve programme is also contributing to risk in this area, as well as a possible risk associated with the implementation of the Altair payroll system.</p>	High	<p>As part of the oversight of Evolve Payroll Programme periodic strategic updates are received by the s151 Officer to assess level of risk.</p> <p>Mitigations relating to the Evolve project involve the implementation of an Altair payroll system, and weekly meeting with Evolve team.</p> <p>From October McCloud calculation routines have been run and its is anticipated that only about 50 potential members will be effected.</p> <p>Officers continue to work with Hymans to mitigate delays and bring the outsourced backlog casework to a satisfactory conclusion by 31 January, to hand back to the WPF.</p>
Other External Risks	No "other" risks currently identified.	Low	

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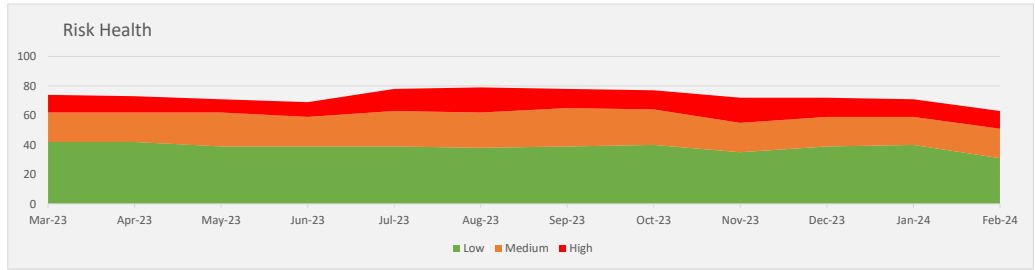
Risk Assessment		72
Low	39	54%
Medium	20	28%
High	13	18%

	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23		
Low	39	40	42	42	39	39	39	38	39	40	35	39		
Medium	18	24	20	20	23	20	24	24	26	24	20	20		
High	13	9	12	11	9	10	15	17	13	13	17	13		

# Committee Risk Register

Owner: Richard Bullen

Medium Overall Risk



Risk Area	Key Risks	Risk Assessment	Updates to note
Service Delivery	<p>A failure exists where levels of post and work volumes remain high creating a concern over the failure to meet the KPI targets. This includes the internal backlogs which staff are seeking to reduce.</p> <p>A failure exist where the late payment of benefits to members occurs, which in turn impacts the Fund's KPI targets.</p> <p>A failure to address casework backlogs in accordance with the KPI Improvement Plan.</p>	High	<p>A new business plan for 2024/2027 is being prepared for March 2024 and a KPI Improvement plan has also been developed.</p> <p>A Service Improvement team supports the Member and Employer Services team and is focused on undertaking work to reduce the internal backlog.</p> <p>A new casework log to be introduced "Principals and Precedent" to record a consistent treatment of complex cases.</p> <p>Weekly KPIs are now circulated and analysed and weekly insights reports have been published to the team which show staff productivity.</p> <p>Embedding the use of bulk processing is now better supporting Fund processes.</p>
Financial Management	<p>Failure to maintain an accurate employer contribution rate schedule, the Fund being unable to determine if it is receiving the correct contributions, or identify ceasing employers at an early stage is a key risk</p> <p>The Fund pays incorrect pensions, lump sums and other one off payments to pensioners. In particular, where the new Oracle system is not operating effectively.</p> <p>Failure to process Treasury Management actions on a timely basis could be caused by changes to external approval limits. It could also impact budgeting and forecasting.</p> <p>A lack of guidance relating to covenant reviews and processes could cause a financial risk to the Fund.</p>	High	<p>Officers maintain an Employer Contribution and Data Management Working Group to mitigate the risk of the schedule not being maintained. An update will be presented to members at each meeting cycle.</p> <p>Officers ensure that the contributions rates are implemented &amp; paid by all employers, and that this requirement is maintained.</p> <p>Covenant guidance has been received and a draft policy is to be circulated to employers for consultation.</p> <p>Officers are working with Wiltshire Council Finance to ensure that the appropriate approval limits are in place. Additionally, a review of finance procedures is taking place enabling Fund officers direct reconciliation against the Fund's bank account.</p> <p>The new Oracle rollout has impacted ledger coding, poor quality recording in the accounts &amp; access issues. Officers are working with the Evolve team to resolved these issues.</p>
Fund Governance	<p>Failure to maintain the implemented risk and control framework and embed it into departmental culture</p> <p>A failure to receive consistent independent auditing of the Fund's internal controls could lead to material risks being created.</p> <p>A failure to manage key procurements and ensure the completion of these procurements as a result of poor resources, knowledge and experience. This concern extends to the sourcing of existing contracts.</p>	Medium	<p>Officer training on the risk and control framework has been completed and regular meetings are held to reinforce the concept.</p> <p>Officers are working with both the procurement team and internal auditors to ensure that these strategic management issues of the Fund are fulfilled.</p>
Systems Management	<p>The Council's contract with SAP formally expired in December 2023. However, SAP's payroll function is planned to continue until April 2024. The Evolve Project plan is to migrate the payroll and other fund services to Oracle will continue during 2024.</p>	Medium	<p>The migration to new the Oracle payroll database is crucial. In addition, other SAP functions such as HR could also impact the Fund if not properly migrated. Implementation of the Altair payroll to mitigate risks will help and has been successful. However the Fund remains reliant on the Council's Evolve programme to move forward as expected. The expected mitigation is due in April 2024.</p>

Investment	Investment performance by managers is poor or misaligned with expectations leading to risks concerning the funding level, the fulfilment of the investment strategy and poor benchmarking. Failure of BPP to operate effectively and ensure funds are well managed, with investments being made on a timely basis to deliver their objectives.	Medium	The Fund is working with Brunel on pooling arrangements. The Fund is currently benefitting from net fee savings and costs are under constant pressure to rise with high budget increases. The new BPP budget has been approved. Officers are working with BPP and other authorities in the partnership to update BPP's constitution. A new arrangement with BPP is enabling face to face visits concerning portfolio discussions
Compliance with Regulations	Anticipated changes in legislation could impact the Fund adversely, specifically regarding compliance and resourcing. Failure to achieve statutory requirements & deadlines due to work volumes	Low	Regular updates to the Committee and Board enable all stakeholders to monitor any potential changes in legislations. This work is supported by adviser guidance. Project planning and holding of regular management meetings to ensure deadlines are achieved. Where required, meetings with Scheme Employers are also held to ensure deadlines are met, where those deadlines involve 3rd party input.
Performance	Failure to deliver good customer service by maintaining performance in line with the KPI Improvement Plan. This includes poor operational performance, communication and implementation of new software and working practices Failure of Scheme Employers to perform appropriate, by providing full and accurate information of a timely basis. Which as a result require escalation measures to be taken	Medium	Weekly and Monthly meetings are held to ensure performance is maintained in line with the KPI Improvement Plan. Objectives are set to keep the plan on track. Note: Resource limit progress Scheme Employers are regularly monitored via the Employer Data and Contribution Working Group. Where required, the performance of underperforming employer is escalated. The revised escalation strategy is being updated within the Pension Administration Strategy document.
Employer Management	Failure of contacts to have inadequate knowledge, skills and experience to administer the Scheme correctly and effectively. Failure of contact maintenance which requires ongoing improvement. Failure of employers not being set up, maintained or leaving the Fund correctly. This can effect the starting position for funding, unitisation adjustments, pooling or cessation arrangements due to untimely or incorrect information.	Medium	The Fund offers training to employers to mitigate the risks highlighted. Implementation of the Stabilisation Policy provides a certain amount of increased security for employers. The Fund also works closely with its Actuarial advisers to ensure new sets up are managed correctly. In addition, officers maintain the Fund's unitisation database. Exercises to update employer contacts, issue scorecards, communicate forums, review historic employer relationship issues and admission agreements are all being undertaken.
Data Management	Failure to meet strategy deadline due to poor data provision from individual employers, particularly large one. This can heavily impact the Fund's data management. Failure to implement and maintain internal controls particularly in relation to i-Connect. Controls & checks by employers may impact data accuracy and timeliness, noting that information is posted through both i-Connect & employer spreadsheets and can be provided late.	Medium	To enable the i-Connect onboarding process officers have worked closely with the outstanding employers, particularly major employers to obtain outstanding data. Relevant data quality checks associated with i-Connect submissions have been implemented and passed to accounts to enable financial checks. A clear plan is now in place. However, with the migration to Oracle accounting resource has been assigned to managing this implementation. Assignment of responsibilities to specific officers aids the management of data. Where employers or their payroll providers are not providing data on a timely basis, or correctly, officers are actively contacting those organisations.
Stakeholder Engagement	Failure to ensure good customer service is maintained due to poor service delivery	Low	Feedback from members indicates a fall in customer satisfaction with the Fund's service. Officers are reinforcing the KPI Improvement Plan as the framework by which to improve the underlying poor customer service. The key issue being the delay in the payment of member benefits.
Funding	No material risks are current identified in this area	Low	
Resourcing	Failure to appropriately resource the Fund and train adequately staff to enable the service to be delivered in a sustainable and reliable way. In addition, key departures leading to a loss of crucial knowledge in the team. Failure to maintain an approved Committee training plan could increase the risk around a lack of knowledge and understanding in key areas	High	Key people in the team are seeking to transfer specialist knowledge to colleagues by documenting procedures and notes. In addition, a training strategy is in place for the department. However, in the event of a knowledge gap, we can call on our external consultants and independent advisors for help in the short-term; Whilst key vacancies have been filled staff have also left leading to a cycle of recruiting & replacement which can effect the overall knowledge base. The Board/Committee are following their approved training plans and a new training plan for 2024/25 is being developed.

Climate risk	<p>Failure to manage the risks in the investment portfolios, and/or to take advantage of the investment opportunities which arise from transition to a low carbon economy could cause the Fund to suffer material negative financial impacts.</p> <p>Difficulty in receiving updated climate data reporting could lead to poor decision making</p>	Medium	<p>The Fund has a climate change policy (within the responsible investment policy), decarbonisation targets, and has assessed alignment of all portfolios. The Fund reports against the requirements of the Task Force on Climate-related Financial Disclosures (TCFD).</p> <p>BPP hold stock in the name of the Fund which is not in accordance with the Fund's climate change flightpath. However, all the overall investments are close to the SAA. Officers continue to liaise with BPP and other Fund's in the group to ensure that the SAA of the Fund's climate change flightpath remains on track</p>
Projects	<p>Failure of projects to be managed effectively, the key project currently being managed is McCloud. Regular oversight is provided by the management team, Committee and Board to avoid projects failing.</p> <p>The McCloud project is beginning to move forward.</p> <p>The potential failure of the Evolve programme is contributing to risk in this area.</p> <p>Failure to manage the Fun's internal backlog in line with the KPI Improvement Plan</p>	Medium	<p>As part of the oversight of the Evolve Payroll Programme periodic strategic updates are received by the s151 Officer to assess level of risk. Weekly meetings with the Evolve and payroll teams are also undertaken by officers at an operational level.</p> <p>Mitigations relating to the Evolve project involve the implementation of an Altair payroll system and a Plan B to extend the life of the SAP payroll service. McCloud calculation routines have been run and its is anticipated that only about 200 potential members will be effected.</p> <p>The Fund's internal backlog activity is being reviewed &amp; the level of risk reconsidered.</p>
Other External Risks	No "other" risks currently identified.	Low	

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Risk Assessment		63
Low	31	49%
Medium	20	32%
High	12	19%

	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24
Low	39	40	42	42	39	39	39	38	39	40	35	39	40	31
Medium	18	24	20	20	23	20	24	24	26	24	20	20	19	20
High	13	9	12	11	9	10	15	17	13	13	17	13	12	12



## Appendix 3 – Administration KPI's

An analysis of the administrative performance over the period

1 December 2023 – 29 February 2024



### Internally set targets (Fund)

The Fund's internally set administration targets are set to help met the goals of the Fund's business plan. The Fund also must meet certain disclosure targets, but these will now only be monitored on an exceptions basis (i.e. if we are failing).

Table 2 Performance over 1 December 2023 to 29 February 2024

Priority Category	Process	SLA (Working days)	Target KPI	Closing cases prior report	Terminated Cases	Cases Open at Start	Cases received	Cases processed	Cases open at end	Case Change	Completed on target
High	Deaths	5/10/20 days	95%	309	56	253	457	411	299	●	81%
High	Retirements	10/20 days	95%	564	252	312	702	589	425	●	58%
High	Refunds	10 days	95%	24	15	9	168	160	17	●	99%
Medium	Transfers Out	10/20 days	90%	311	90	221	276	242	255	●	59%
Medium	Transfers In	10/15/20 days	90%	34	14	20	38	16	42	●	69%
Medium	Aggregations	23 days – 1 year	90%	1323	219	1104	937	758	1283	●	85%
Medium	Leavers	23 days – 46 days	90%	1095	320	775	1805	1860	720	●	80%
Medium	Divorce	20 – 25 days	90%	24	4	20	58	52	26	●	88%

\*red alert shown for anything below 10% of tolerable performance

Process	Reply Due	In Office	Of which: Currently within SLA	Of which: Already beyond SLA
Deaths	245	54	36	18
Retirements	268	157	96	61
Refunds	17	0	0	0
Transfers Out	110	145	53	92
Transfers In	9	33	14	19
Aggregations	297	986	423	563
Leavers	293	427	213	214
Divorce	7	19	8	11
<b>Total</b>	<b>1246</b>	<b>1821</b>	<b>843</b>	<b>978</b>



\*Table 1 shows the Fund's process times against the timeframes set out in the administration strategy

Table 2: Monthly breakdown of completion on target percentage

				Financial QTR3 Jul - Sept 2023	Financial QTR4 Oct - Dec 2023	January	February
Priority Category	Process	SLA (Working days)	Tolerable Performance				
High	Deaths	5/10/20 days	95%	81%	92%	92%	91%
High	Retirements	10/20 days	95%	58%	70%	71%	61%
High	Refunds	10 days	95%	100%	100%	100%	100%
Medium	Transfers Out	10/20 days	90%	61%	66%	74%	80%
Medium	Transfers In	10/15/20 days	90%	71%	68%	63%	80%
Medium	Divorce	20 - 25 days	90%	89%	80%	78%	100%
Medium	Aggregations	23 days - 1 year	90%	84%	83%	86%	89%
Medium	Leavers	23 days - 46 days	90%	77%	79%	80%	62%

\*red alert shown for anything below 10% of tolerable performance

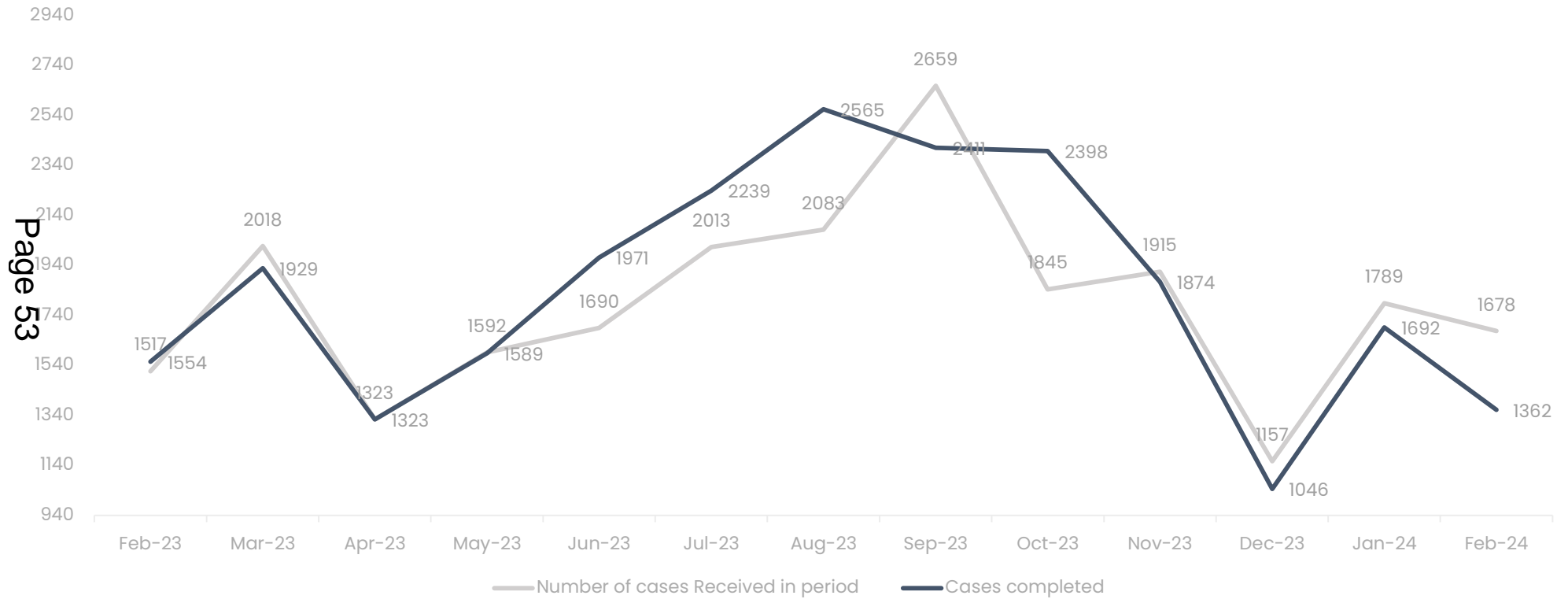
**Table 3: 'In Office' (as at 29 February 2024)**

\*'In Office' refers to any cases that are currently ready to be worked on

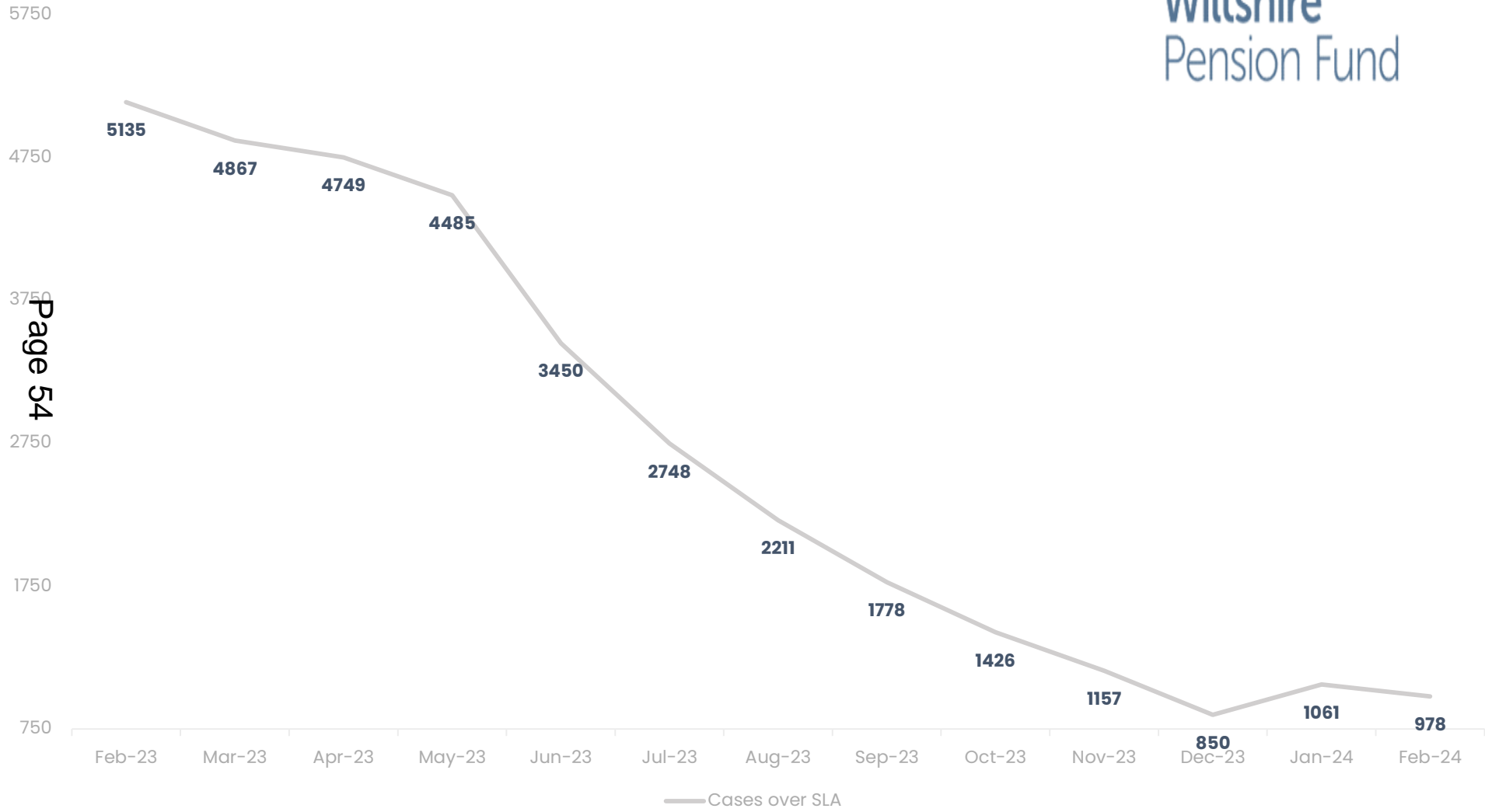
		Age analysis (working days)							
Priority level	Process	1-40	2-6 months	6-12months	1year +	2year +	3year +	4 year +	Total
High	Deaths	43	3	7	1	0	0	0	54
High	Retirements	151	2	0	4	0	0	0	157
High	Refunds	0	0	0	0	0	0	0	0
Medium	Transfers Out	103	41	1	0	0	0	0	145
Medium	Transfers In	23	10	0	0	0	0	0	33
Medium	Aggregations	292	515	49	49	81	0	0	986
Medium	Leavers	227	19	96	65	17	3	0	427
Medium	Divorce	17	2	0	0	0	0	0	19

\*The leaver and aggregation scores are reliant on bringing case numbers down and therefore the existing KPI target scores are likely to worsen while older cases are cleared. With both Officers and Hymans working on aggregations we can see that this is starting to have an impact on the statistics.

Comparison of cases completed in period vs cases received



### Open cases over SLA



**4. i-Connect onboarding progress figures at end of period**

\* I-Connect onboarding resumed with effect from 01/02/2024\*

**5. MSS (My Wiltshire Pension) take up**

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	<b>As at 29/02/2024</b>		
	<b>Active</b>	<b>Deferred</b>	<b>Total</b>
<b>Registered</b>	13,168	13,984	<b>27,152</b>
<b>Total</b>	24,469	30,589	<b>55,058</b>
<b>Percentage</b>	54%	46%	<b>49%</b>

\*Excludes members with password resets or disabled account.

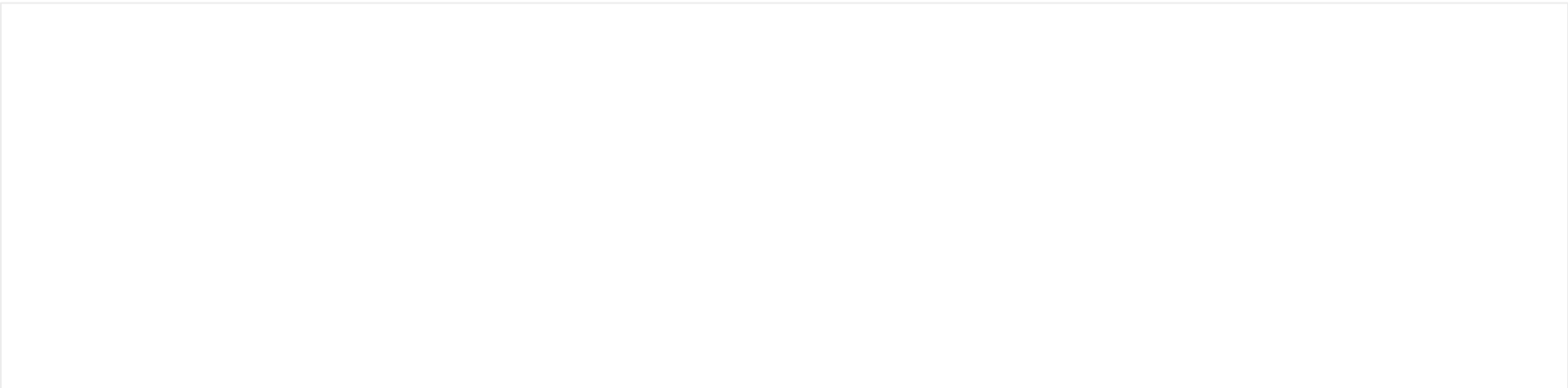
# Internal targets - Employers



6. i-Connect submission performance

	December			January			February		
Size of Scheme	On-time	Late	Submitted on Target	On-time	Late	Submitted on Target	On-time	Late	Submitted on Target
Small									
Medium									
Large									
Total									

Data unavailable at time of drafting





## tPR Data performance measures

The Pension Regulator (tPR) helps regulate each LGPS's Fund compliance with various legislation. In respect of administrative performance, tPR focuses on Common and Conditional data measures. The Fund is required to submit its scores against these measures each year as part of its Scheme Return

98

### tPR Common Data

Percentage score at 29 February 2024

Common Data various data measures it expects all Pension Funds to hold (e.g., name, address etc).

98

### tPR Conditional Data

Percentage score at 29 February 2024

*Conditional/Scheme Specific data scores are those data types which are needed for the administration of that specific scheme. For the LGPS, the Scheme Advisory Board (SAB) has determined the relevant data items.*

98.8

### Active Annual Benefit Statements (ABS)

Percentage score at 31 August 2023

+0.1% increase since 31 August 2021

*The Fund is required under the LGPS Regulations to produce active ABSs by the 31 August of each year. The Fund currently uploads all ABS to the member portal. The Active Annual Benefit Statement score is slightly short of the target of 99%. Most of failures relate to Swindon Borough Council employees, due to their ongoing administrative difficulties following their change of payroll system early this year.*

*However, this score is still relatively high compared to previous years:*

*2022: 98.7% 2021: 99.5%; 2020: 96.9%; 2019: 95.0%; 2018: 93.9%.*

100

### Pension Saving Statements

Percentage score at 5 October 2023

*All Pension Saving Statements (relating to annual allowance tax charges) were sent on time despite a number of delays with receiving data from certain employers (in particular, Swindon Borough Council). All active members were analysed (c23,000) to see whether they exceeded the annual allowance limit and the final exercise resulted in 90 statutory statements being sent and 36 members being likely to need to pay a tax charge.*





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## WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE  
28 March 2024

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### **WILTSHIRE PENSION FUND BUSINESS PLAN & BUDGET**

#### **Purpose of the Report**

1. This report seeks Members' approval for the Business Plan and Budget for the Wiltshire Pension Fund, as shown in the attached Appendices.

#### **Business Plan**

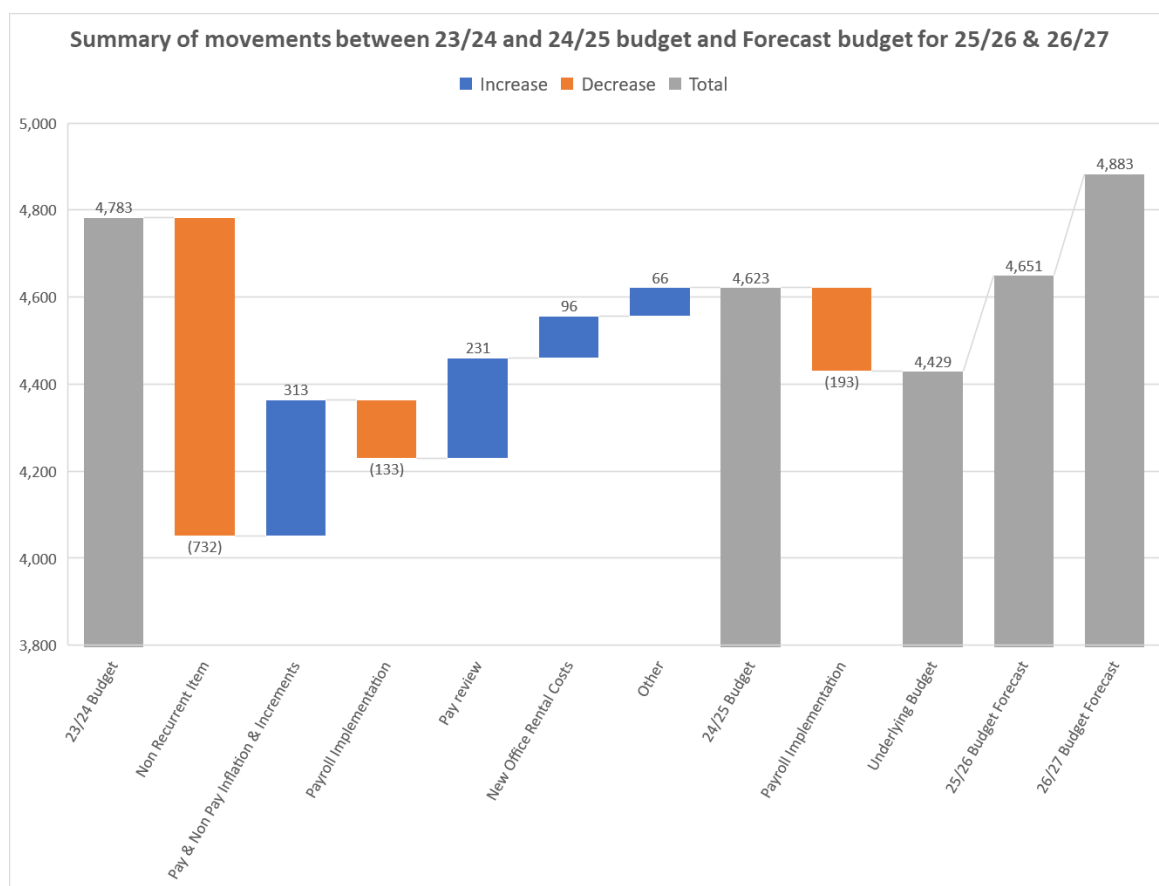
2. For the last two years, the Committee have approved one-year business plans, as there was a need to identify why we were not delivering the service to the required standards, and to put in place some actions which were designed to tackle high-impact areas and put in place the foundations for a proper improvement plan.
3. Over the last year, a significant amount of progress has been made (although not all actions in last year's Business Plan were achieved, as set out in the HAM report). One such important achievement was the Committee's approval of a KPI Improvement Plan. Officers believe that we are now in a position to set out a three-year plan which can take us to a place where we are delivering against our vision and objectives. The draft Business Plan 24/27 is attached as Appendix 1 for the Committee's review and approval.
4. The Business Plan has been structured slightly differently this time in order to represent the longer period of time over which it will be implemented. Ownership for each section of the plan has been given to senior managers within the Pension Fund team, covering the following areas:
  - a) Service delivery
  - b) Investments and Accounting
  - c) Operations (including systems, payroll and self-service functionality)
  - d) Stakeholder engagement
  - e) Governance
  - f) People/resourcing
5. Each section sets out the aims, the actions that we will continue, the actions that we will implement, and measures of success. At the end of the Business Plan, the final section summarises the key measures of success across the whole Fund. We intend to report against the measures to the Local Pension Board and Committee each quarter.
6. Once approved, the Business Plan 24/27 will be graphically designed and read by the entire WPF team and used by managers as an engagement tool. We will review progress each quarter at our whole fund meetings.
7. The Business Plan 24/27 includes a short foreword from the team to state the officers' commitment to delivering against the objectives in the plan. It would also be beneficial to include a short foreword from the Committee, and some draft wording is suggested as follows. Members are invited to review this wording and amend it as appropriate for inclusion in the final version:
  - a) As a Committee, we have a fiduciary duty to act in the best interests of our beneficiaries, and we work tirelessly to represent the interests and requirements

of our valued c.180 employer organisations and >85,000 members. Over the last two years, the Committee members have demonstrated their commitment to identifying and resolving the legacy issues facing the Fund, as well as looking forward, with a goal of setting the Fund up for success into the future. We will continue to support the Fund's officers in facing the problems and delivering the required improvements. We have discussed various models for delivery of the administration service, and our vision is for a best-in-class service, delivered by a skilled and resilient in-house team. We are in full support of this 3-year plan, and believe that successful achievement of the actions set within the plan will secure a sustainable future for Wiltshire Pension Fund, and deliver value for money for our beneficiaries.

8. Risks to not achieving the plan: the areas of the Business Plan 24/27 which represent the greatest issues are "Service delivery" and "People". As explained when the KPI Improvement Plan was reviewed and approved, delivery of this will only be possible with the correct resourcing in place. Significant work is being done, exploring multiple different avenues, to resolve the current issues that persist within the team, however elements of this area are somewhat out of our control. As we progress with this area, officers will report back progress to the Committee, as delays in resolving the resourcing issues will put pressure on achieving other areas of the plan.
9. The next section of this report sets out the budget required to deliver against the Business Plan 24/27. In preparing the budget, there has been a strong focus on controlling costs and delivering value for money, alongside investment in the areas required to deliver against the Business Plan 24/27.

## Key features of the proposed 2023/24 budget

10. The total budget proposal for 2024/25 is for an operational budget of £4,623k, this is a decrease of £160k (3.3%) from the prior year.
11. On a £'s per member basis the 2024/25 budget is £51, a decrease of £3 compared to the prior year. On the underlying budget, which excludes one off costs, the cost per member is £49.
12. The following graph shows the key movements between the 2023/24 and 2024/25 budget and the underlying budget. A forecast has also been included of costs for the next two financial years based on a 5% annual increase in fund costs.



## Key year on year movements

13. Details of the key movements from 2023/24 budget to 2024/25 budget:
  - a) *Non recurrent items*: A key driver of the year-on-year reduction has been large outsourced projects coming to an end, Payroll Reconciliation project, Backlog clearance and integrated payroll implementation.
  - b) *Pay and Non-Pay Inflation and Increments*: See details in the budget setting process section on these costs.
  - c) *Payroll Implementation*: This is the reduction in running costs from bringing the legacy payroll into the pension fund team. This reduction assumes that the payroll is run by Wiltshire Council for 6 months, the saving is not paying for 6 months of the Council payroll service partially offset by an additional payroll officer.

- d) *Pay Review*: This is an additional 10% increase to the overall pay budget to cover the outcome and recommendations from the pay benchmarking work.
- e) *New Office Rental Costs*: The annual cost of the new office space in County Hall for the pension fund team, as agreed by Committee in 2023/24.
- f) *Other*: This includes the increase to external audit fee's which are agreed through the national framework, additional risk budget to cover key uncertainties in 2024/25, additional costs to deliver staff training, offset by savings from review of pay and non-pay items

14. The 2024/25 budget is then reduced further to the underlying budget figure. This aims to provide a figure for the ongoing regular running costs for the pension fund. The key item which reduces the 2024/25 budget to the underlying figure is removing the 6 months of the council payroll service charge.

### **Key Budget Risks**

15. The following items are key risks to the budget that has been set:

- a) The pay award for 2024/25 has not been set and is subject to negotiation, the budget provides for a 4.5% pay award, anything agreed above this would be a cost pressure to the fund.
- b) The budget plans for the legacy payroll being run by the Council transferring to the pension fund team from October 2024. Any delay to this date would cause additional costs of £28k per month.
- c) Several large contracts are due for retender in 2024/25, investment advisor and actuary. The outcome of these procurement processes could result in increased costs for the fund. Value for money against these new contracts will be ensured during the procurement process.

16. To ensure the fund sets a prudent budget a risk budget of £113k has been set to cover these potential risks and to cover any other unexpected costs. If the risks do not materialise the fund would expect to underspend its budget.

### **Budget setting process**

17. The key assumptions used in setting the budget:

- a) Non pay inflation at 8.9% based on the latest September inflation measure.
- b) Pay Inflation – Pay inflation of 4.5% Pay inflation assumption is in line with the Council.
- c) Pay increments - cost to the fund 2.2% increase in pay, confirmation from the Council that the increment freeze has ended.

18. Staffing costs are based on the current structure, all roles have been confirmed with managers.

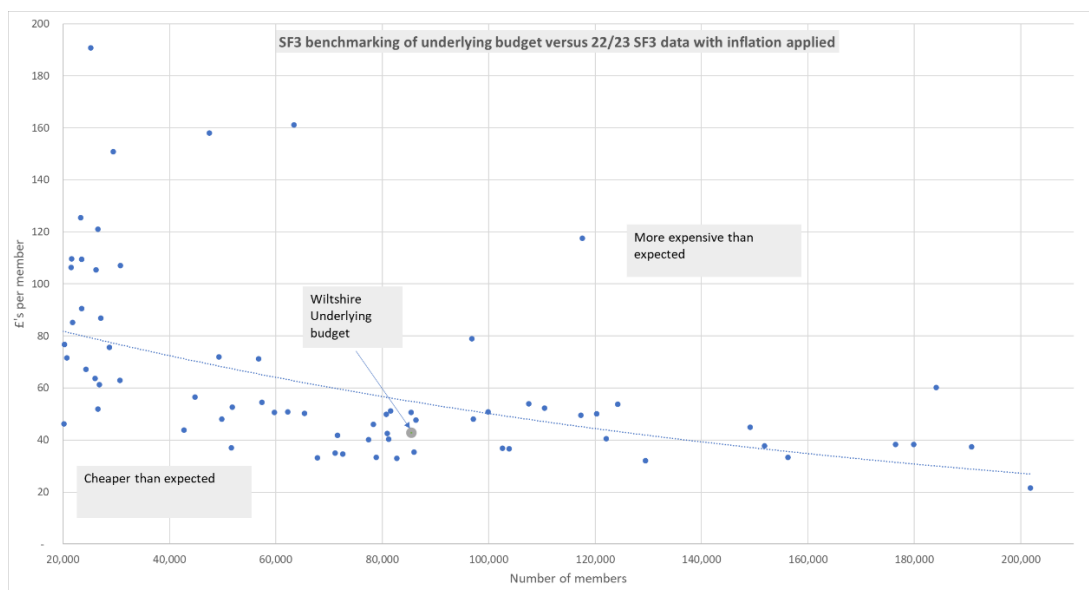
19. All non-pay costs and costs for key contracts have been reviewed by managers with oversight for each area. Savings have been identified where possible to keep running costs per member down.

### **Benchmarking**

20. A key performance indicator for the fund is benchmarking the funds underlying operating cost per member (excluding investment costs) relative to other LGPS funds of a similar size. The latest benchmarking data is available for year ending March 2023. The cost per member from this period has been inflated to make it comparable to the 2024/25 budget being presented here. The following graph shows the proposed budget for 2024/25 being



cheaper than expected given the trend line of LGPS fund costs and in the pack of other funds of a similar size.



### **Investment management fees and related costs**

21. The fees and costs for managing the investment portfolios are reported separately, following the year end (i.e. in the next cycle of Committee meetings). These costs are dependent on asset values and so are difficult to predict and budget. The costs and savings of pooling are monitored regularly and reporting to the Committee on a quarterly basis.
22. The costs of implementing investment pooling are set out in the Brunel Pension Partnership budget. This budget developed in consultation with clients, reviewed by the Brunel Oversight Board, and then formally approved by a Special Reserve Matter. The costs of Brunel are reported separately to the Funds operating budget.

### **Budget Monitoring 2023/24**

23. As flagged through the key financial controls report, the issues experienced with the new Oracle system prevented reporting against the operating budget for 2023/24. As soon as this reporting functionality returns it will be reported to the Committee through the Key financial controls report.

### **Environmental Impact of the Proposal**

24. There are no direct, known environmental impacts from these proposals, although the effect of climate risk on the Fund's investments, and steps to mitigate this risk for the financial benefit of the Fund, is dealt with as part of the business plan.

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

25. There are no known implications at this time.

## **Risk Assessment**

26. The approval of this budget is essential to continue the good governance of the Fund, and to deliver improvements which have been identified as high priority by independent assessments. When viewed in relation to the overall value of assets, these controllable costs represent 0.16% of the total Fund value.
27. In line with good governance practice, officers will bring budget monitoring reports back to Committee quarterly.

## **Proposals**

28. The Committee is asked to:
- a) Approve the Business Plan 24/27, including the Committee's foreword.
  - b) Approve the Pension Fund operating budget for 2024/25 of £4.623m (0.14% of total fund value).

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 – Draft Business Plan 24/27

Wiltshire Pension Fund Business Plan 2024/27

“Our pathway to success”

DRAFT

## Introduction

### Foreword from the Team

Our team is committed to achieving our vision of delivering an outstanding service to our scheme employers and members. As a team we are passionate about pensions, and we are excited about carrying out our business plan over the next three years. We believe that what we have set out is appropriately ambitious, and we will be working with the whole team to embed the goals of this business plan within our team targets and workplans. We put our employers and members at the heart of everything we do, and we are keenly aware that membership of WPF is a huge part of our members' financial futures, as well as being a significant and important benefit offered by our employers. We aim to ensure that WPF delivers what all our stakeholders (both internal and external) need and is a pension scheme that is valued by them. We look forward to updating everyone on our progress over the next three years!



### Foreword from the Wiltshire Pension Fund Committee

As a Committee, we have a fiduciary duty to act in the best interests of our beneficiaries, and we work tirelessly to represent the interests and requirements of our valued c.180 employer organisations and >85,000 members. Over the last two years, the Committee members have demonstrated their commitment to identifying and resolving the legacy issues facing the Fund, as well as looking forward, with a goal of setting the Fund up for success into the future. We will continue to support the Fund's officers in facing the problems and delivering the required improvements. We have discussed various models for delivery of the administration service, and our vision is for a best-in-class service, delivered by a skilled and resilient in-house team. We are in full support of this 3-year plan, and believe that successful achievement of the actions set within the plan will secure a sustainable future for Wiltshire Pension Fund, and deliver value for money for our beneficiaries.

## Vision and Long-term Plan

Wiltshire Pension Fund (WPF) administers the pensions for the >85,000 members of our scheme, for our c.180 employers. It is our responsibility to ensure that the members' records are kept accurate and up to date, and that the correct benefits are paid on time. We need to responsibly manage the Fund's investments in order to ensure that we generate sufficient investment returns to help maintain the employers' contributions rates at stable and affordable levels. For our members, their pension represents a significant asset, which will help secure their financial future into retirement.

The purpose of the WPF Business Plan 2024/27 is to set out the Fund's vision, aims, actions and measures of success for the coming three years.

There is a clear thread all the way down from our vision, through our goals and values, to how we operate as a team. Our strong sense of purpose and focus ensures that all our activities are working to deliver against our vision, and ultimately to deliver better outcomes for our beneficiaries.



### Our Vision

The Fund's focus needs to be firmly set on achieving outcomes for our customers, i.e. the scheme employers and members. Everything that we do needs to keep this in mind, and decisions need to be made with an eye to the end goal of delivering an outstanding service, as set out in the Fund's vision:

**Our vision is to deliver an outstanding service to our scheme employers and members**

Everyone’s role in the team either directly contributes to the vision, or creates the foundations and environment which make it possible. We will measure success against the vision by monitoring our progress against various service-related KPIs, targets, and actions.

### Strategic Vision Goals

The vision is supported by 16 strategic vision goals (SVGs), which are focussed on outcomes. The goals broadly map to outcomes for employers, members, investments, and governance, but across the team staff are encouraged to think about how their work maps to different goals.

The SVGs run through everything that we do, and the team are asked to map all activities to the SVGs, in order to promote a focus on delivering the vision. SVGs will also be used when setting goals and objectives for the teams and staff at an operational level.



Our Culture

In order to help us achieve our strategic goals, and deliver our vision, we need to adopt certain outlooks and ways of working. We aim to demonstrate the following values, and embed them firmly in our culture:

<p>Working together as One Fund</p> <p><b>1</b></p> <p>We work together as One Fund, demonstrating the values of transparency, accountability, ownership, critical thinking, respect, and agility</p>	<p>High performing team</p>  <p>We aspire to be role models and leaders, through our commitment to develop knowledge and training</p>	<p>Data driven decisions</p>  <p>We use data to inform and evidence our decision making, and to measure our progress and successes</p>	<p>Efficiency through technology</p>  <p>We collaborate, and challenge our systems and processes, to create innovative solutions and drive continuous improvement</p>	<p>Long term thinking</p>  <p>We always act with the long term in mind, whether we are setting our investment strategy, planning improvements, or working towards our net zero by 2050 goal</p>	<p>Clear communications</p>  <p>We communicate with all our stakeholders in a clear, concise, relevant and effective way</p>	<p>Smarter working</p>  <p>We maintain focus on our core objectives, and work in a proactive and disciplined way, to promote simplicity and efficiency in everything we do</p>
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As well as having goals and objectives set which map to the SVGs, annual staff appraisals will look at ways that the values have been modelled. As part of team meetings, staff will take part in several activities to encourage them to think of their work in terms of the SVGs and values, and to fully incorporate them in the way the team works.

### Background and context to this Business Plan

Over the last two years, we have been investing significant time and resources into delivering an improvement journey. This work has looked at all aspects of the Fund, and we have taken steps to put in place strong foundations for improvement and address priority areas, including the following actions:

- Setting our **Vision, Strategic Goals, and Values**, and working to embed these within the team, in order to establish purpose and focus.
- **Restructuring our team**, setting ourselves up for success by implementing career-graded roles in order to encourage a motivated and skilled workforce, and creating new roles to address key areas, such as employer risk, management information, and responsible investment.
- Successfully **outsourcing significant and long-standing legacy issues**, specifically the pensioner payroll system discrepancies, and the aggregation backlog.
- Adopting an open and accountable approach, **by conducting independent reviews and working with internal audit** to identify areas where our service needs to be improved.
- Achieving the huge milestone of **launching our own integrated payments system**, in order to generate efficiencies and improve controls over payments.
- Developing and embedding a new framework for monitoring the Fund's **risks and associated controls**.

**Service delivery** and **People** are the Fund's greatest issues. Other areas are progressing well, specifically **Investments & Accounting, Operations, Stakeholder Engagement** and **Governance**.

We believe that we are now in a position to look ahead and plan to deliver against our objectives.



## Service Delivery



### Service delivery context

**The Fund is here to provide security and support for its c85,000 members throughout their working lives and their retirement.** Our team of 25 pension professionals achieve this by ensuring that the correct benefits are calculated correctly and paid on time. Historically, due to resourcing and training issues the Fund has not been able to provide the level of service the members, employers, and the Fund itself expects. This has created a significant backlog of work resulting in delays in payment of benefits. A KPI Improvement plan is now in place and its aim is to provide the level of service all stakeholders expect.

We have made significant progress towards establishing the foundations needed in order to achieve our aims as set out below. Our backlogs have reduced significantly, training plans have been developed and we now have written processes for all administration related tasks. Work on these areas will continue to help improve our standards.

A KPI Improvement Plan has been in place since 1 January 2024 with a target completion date of 31 December 2026.



Key areas where we need to improve in order to deliver are as follows:

#### Resourcing

We need to recruit to fill all vacancies within the team and focus on retaining our existing staff and ensuring their ongoing development. All members of staff have an individual training plan to suit their personal needs, whether they are just starting at the Fund or are long serving members of the team. With the implementation of career graded posts we are able to promote staff, build skills within the team, and improve resilience. This acts as a way of rewarding our teams and encouraging personal growth and provides motivation for the team.

Once the teams are fully trained and resourced, we will be able to stay on top of our incoming work and clear our backlogs.

#### Process reviews

We are undertaking a full process review, with a view to improve efficiencies and the standard of the work the team produces. We will look at what processes can be run in bulk to help reduce processing time as well as encouraging our members and employers to use the self-serve tools available to them on the website. This will enable our team to focus on non-standard tasks and allow them the time to ensure these are delivered correctly and on time.

#### Member Communications

We also plan on a full review of our member communications to ensure they are in line with current legislation and regulations. They will also be a focus on improving the member journey, the communications will use clear and concise language, consistent format with a clear identify to showcase the high standards that WPF strive for. Member engagement is covered in more detail in the Stakeholder Engagement section of this plan.

#### iConnect

The fund has carried a review of all iConnect procedures and new training materials and is now recommencing iConnect onboarding with an aim of having all employers on iConnect at the end of

this three-year period. This will reduce the risk of incorrect data provided which will ensure the Fund will be able to calculate benefits in a more timely and accurate manner. This will also make it easier for the employers to meet their statutory obligations and will be less time consuming for the employer compared to the current method of submitting data, and this will reduce the number of queries raised by the team with employers.

#### Administration policies

All administration policies will be reviewed during the period of this business plan. The first being the Administration Strategy which will include updated administration KPIs. The aim of this review to simply and clarify, which will mean any of the stakeholders will be able, at glance, understand the service we are aiming to provide. During the first six months a full project plan will be developed to show.

#### We aim to...

- Deliver an excellent service, as defined by the following:
  - Zero backlogs
  - Correct benefits calculated and paid on time
  - 100% of all KPIs met
  - Clear communications through all forms of media
  - Fully informed and engaged membership and employers
- Deliver against the KPI Improvement Plan
- Have fully embedded policies, processes and procedures.
- Ensure that all employers are successfully onboarded onto iConnect and are supported to fulfil their responsibilities in submitting high quality data.
- Foster an environment where staff are highly skilled and supported by individual training plans.
- Maintain the pension database with improved functionality and accurate and up-to-date records.
- Have a fully embedded framework of quality management information in order to ensure standards are met.
- Continuously improve our monthly cycle of work for employer services.
- Embed clear internal controls and internal quality sampling to ensure standards are maintained and improved where possible

#### We will continue to...

- Recruit to vacant roles and deliver staff training and development.
- Deliver continuous improvement of our policies, procedures and processes.
- Ensure managers are using a robust framework of management information in order to look ahead and hit our targets proactively.

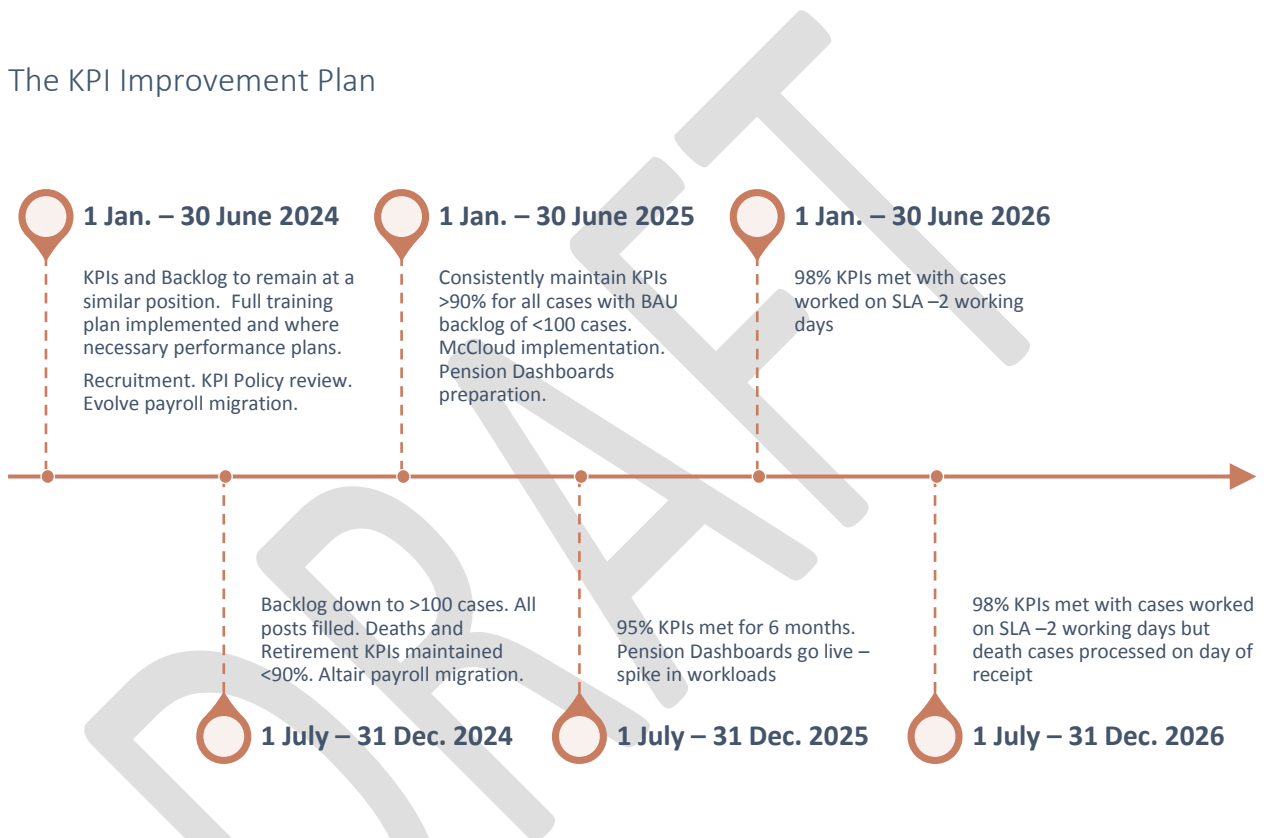
#### We will implement...

- Full onboarding of all employers onto iConnect.
- Delivery of the KPI Improvement Plan.

Measures of success

- **Consistently meeting our KPIs.**
- **No backlog of work.**
- Low level of complaints regarding bad service.
- Increased member and employer satisfaction shown through our surveys.
- **Customer Service Excellence accreditation.**
- **High assurance rating from internal audit.**
- Recognition from our peers externally (other funds and professional bodies).

The KPI Improvement Plan



The priority areas of focus and when we plan when to achieve them:

1 January 2024 to 30 June 2024

**Training**

Training plans have been developed for all members of staff and the focus for the first six months of 2024 is up skill our current staff to ensure there are no key person failures and the final aim of everyone having a working knowledge of all tasks processed on their respective teams. In addition to process training there will also be training to focus on soft skills to improve inclusivity, the Fund’s

culture, and the standard of customer service we provided. Our performance in this area will be shown in the KPIs being achieved and the feedback we receive from staff, members, and employers.

### **Recruitment**

We aim to complete recruitment to all vacant roles by 31 December 2024.

### **Admin Strategy Review**

A revised Admin Strategy will be implemented by 30 June 2024. This strategy will be reduced in size and the current complexities removed. Members and employers will be able to easily ascertain when they can expect to receive a response in relation to any requests raised.

### **Evolve Payroll Migration**

We will complete the project to completely align the admin system (Altair) with the payroll system, in advance of the migration of our legacy pensioner payroll from SAP to Oracle in April 2024.

1 July 2024 to 31 December 2024

#### **Administration backlog to less than 100 cases**

As a result of the training and recruitment work on the first half of 2024 this should lead to an increase in both capacity and efficiency and the number of outstanding administrative cases over target will be less than 100 and we will be meeting 90% of the agreed KPIs in respect of deaths and retirements. This is the minimum standard of a good service that we and our stakeholders should expect, however it is dependent on meeting the Recruitment and Training targets during the first half of 2024.

### **Altair Payroll Migration**

This is the final stage of the payroll migration which will involve moving 19,000 pensioners from Oracle to Altair, and therefore completing the move to a fully in-house payroll. This will be our biggest priority for 2024. The preparation work leading to this will ensure a smooth transition. Oracle and Altair will run in line with no discrepancies following the Oracle go-live in April with the aim of migrating the data in July and the first pension payment made on 25 August.

1 January 2025 to 30 June 2025

#### **KPIs greater than 90% and backlogs maintained at less than 100 cases**

Due to the payroll migration from Oracle to Altair and the projects below we do not expect a huge improvement in the backlog position during this period. However, we expect to maintain the backlog position and meet at least 90% of the KPIs during this period.

### **McCloud implementation**

Following the McCloud ruling and the regulations being passed the Fund is required to review all members' benefits to ensure they are compliant with these regulations. Any member who has not yet retired will receive any potential uplift at their date of retirement. This has been incorporated in members' retirements since the McCloud regulations came into effect. During the first six months of

2025 we will be paying the uplift due to pensioners, members who have transferred out and the estates of the members who have died and are affected by the McCloud judgement.

#### **Pensions Dashboards implementation**

Before the Pensions Dashboards go-live we will be testing the link between the Fund and the Dashboards to ensure the data can be shared when dashboards go live for the LGPS in September 2025. We will also need to review the data held on Altair during this time. As the backlogs will have been significantly reduced, we expect this work to be minimal but clean data is essential to minimise possible matches. Possible matches are where a person might have a benefit in the Fund but this can't be confirmed until they contact the administrator. To avoid an unmanageable spike in workloads we will be working to ensure that the data we hold is as accurate as possible.

1 July 2025 to 31 December 2025

#### **KPIs are met 95% of the time for 6 months**

There will be minimal cases in the backlog and we will be meeting 95% for all 6 months of this period.

#### **Pensions Dashboards go live!**

Due to the increased workloads caused by the Pensions Dashboards going live we expect a large spike in workloads which we are aiming to be able to manage as well as maintaining the KPI targets set.

1 January 2026 to 30 June 2026

#### **98% of cases meeting SLA**

We will be consistently hitting 98% of its KPIs and this will become business as usual whilst carrying a backlog of no more than 10 cases.

#### **Cases are processed 2 days before they are due**

Members and employers will consistently be receiving responses to their queries 2 working days prior to the agreed service standard. This will be achieved by maintaining resourcing levels and continual development of officers. We will also increase our bulk processing and encouraging members to use our online services.

1 July 2026 to 31 January 2027

#### **Service standards and backlogs**

Standards will be maintained as set out in the 6-month period above, with the addition of the below.

#### **Death cases are processed on day of receipt.**

Due the sensitive nature of these cases we will aim to respond to all death queries within 24 hours.

**Once these targets have been met and maintained we can then be confident that we are providing an outstanding service.**

## Investments & Accounting



### Investments context

**WPF's investment portfolios are currently valued at around £3.2bn. The funding level is around 125%. The Fund is a member of the Brunel pool, where currently around 70% of assets are held.** Over the last few years, the Fund has developed its approach to responsible investment, and is now well regarded in this area, with a dedicated responsible investment policy and an established and evidence-led approach to climate risk. The Fund is a signatory of the 2020 Stewardship Code.



We aim to...

- Meet our target investment return over the medium/long term.
- Achieve funding success.
- Hit our decarbonisation targets in line with our goal of net zero by 2050 across all investment portfolios.
- Be industry leaders in the area of responsible investment, with a strong reputation for our forward-looking investment approach.
- Maintain our signatory status of the Stewardship Code.
- Collaborate with other partner funds to ensure that investment pooling delivers positive outcomes.
- Demonstrate strong alignment in our approach with our scheme employers and members.

We will continue to...

- Maintain well-controlled investment administration and reporting.
- Meet all capital calls for private markets investments.
- Hold our investment managers (including Brunel) to account.
- Work to ensure that pooling delivers value for money, fee savings, competitive investment performance, strong governance, and comprehensive reporting to clients.
- Maintain stewardship activities and stakeholder engagement and communications, such as investment site visits, new stories, case studies, impact reporting, surveys etc.
- Deliver against an ambitious and forward-looking responsible investment plan.
- Report against our decarbonisation targets and our progress towards our net zero by 2050 goal.
- Implement our climate opportunities portfolio.



### We will implement...

- Refreshed climate scenario modelling, and any resulting strategy changes.
- Reporting in line with the Task Force on Nature-related Financial Disclosures.
- Reporting on our Social impacts.
- Ongoing engagement with industry bodies, participation in events, roundtables and effective stewardship.
- Ongoing progress to decarbonise all asset classes.
- A full review of our strategic asset allocation alongside the 2025 actuarial valuation.
- Retendering of our investment advisory contracts.

### Measures of success

- **Ongoing funding level maintained or improved above 100%.**
- **Investment returns (over 3 and 5 year periods) of at least the target return level (as defined by the actuarial required return).**
- Investments within target ranges of the strategic asset allocation.
- Decarbonisation on track to meet our net zero by 2050 goals (as set out in our Responsible Investment Policy).
- Maintained signatory status of the Stewardship Code.
- Industry recognition.

### Accounting context

The accounting function is responsible for maintaining accurate and compliant financial records and publishing the annual accounts. **We account for over £100m of employer contributions from c180 employers and £100m of pension payments to over 20,000 pensioners each year.** We are responsible for overseeing the cashflow of the fund, ensuring sufficient cash is always available to meet payments. We oversee setting and monitoring the operating budget of the Fund. We are responsible for completing a range of statutory returns and the team plays an important role in implementing financial controls working with functions across the fund.



### We aim to...

- Publish accurate, timely and informative annual accounts, with a clean audit opinion and a high level of readership of our Annual Report.
- Maintain a resilient and well document process for producing accounting records, with a high rating from internal audit.
- Ensure that all contributions are received from our employers in a timely manner.

- Deliver a cost-effective service for our scheme employers and members.
- Ensure that cash is always available to meet operational payments.
- Submit statutory returns and reports in line with deadlines.
- Deliver reconciliations and controls to ensure accurate fund data.

We will continue to...

- Engage with other WPF departments, working closely to ensure financial controls and reports are effective and accurate.
- Collaborate with colleagues in the Employer Data and Contributions working group.
- Deliver our annual accounts in advance of the 31 May deadline.

We will implement...

- Ongoing staff training and recruitment to enable team resilience and succession planning.
- New processes to make the most of the Oracle finance system.
- Embedding of the new key control between contribution receipts, remittances, and data files on the iConnect system.
- Improved documentation for all processes and procedures.

Measures of success

- **Unqualified audit opinion.**
- **High assurance rating from internal audit.**
- **Value for money compared to peer group, measured by cost-per-member.**
- High and increasing readership of the Annual Report.
- Cash holdings in line with treasury limits.
- At least 90% of employers paying contributions on time.
- Clean reconciliations between all systems.

## Operations



### Operations context

The Operations Team was formed in November 2022 as a standalone team to address the changing landscape in the pensions industry. Staff specialise in systems, data and reporting as well as providing project management to the wider Fund. Our own integrated pensioner payroll was introduced in December 2023 and the dedicated payroll team sit outside of the main administrative function within the Operations Team, to ensure a complete segregation of duties. Wiltshire Pension Fund uses Heywood Pension Technologies to provide market-leading pensions technology and software solutions. Members of the Operations Team represent the Fund on multiple national and local user groups that promote the direction of development, particularly around the area of Member Self-Serve, which remains relatively new to the LGPS.

The Operations section of the Business Plan is split between self-serve functionality, software systems, and payroll.

### Self-serve Functionality

Members who are better-informed and more confident in making decisions about their pensions and retirement planning will achieve the best outcomes; we firmly believe that **simple self-serve functionality** can reduce the fear and complexities that act as a barrier to engagement.

Wiltshire Pension Fund strives to provide members with the opportunity to view their pension benefits online and manage their pension remotely. To achieve this, we need to provide the best

possible tools using the latest technology, managed by a team that **thrives on opportunities to innovate.**



### We aim to...

- Provide a secure and stable pensions portal for our members.
- Enable members to make informed decisions about their pension planning using our online calculation tools.
- Offer members self-serve facilities, to instigate all processes from retirement to transferring their benefits.
- Introduce an electronic verification identification tool, improving the registration experience and reducing the number of pieces of documentation required to proceed with any retirement or transfer process.
- Give members the option to update their personal information directly.
- Provide access for Pensioners to view payslips and P60s.

### We will continue to...

- Digitise and automate processes for our membership so that they can self-serve.
- Champion the use of self-serve and the My Wiltshire Pension Portal with members and continue to work with employers to direct their employers to this way of working.
- Automate simple administration functions to allow our pensions experts to work on complex cases and have the time to provide more personal support to those requiring help.
- Provide a fully working and intuitive website offering for all members and employers.

### We will implement...

- A new version of the My Wiltshire Pension Portal to provide additional, improved security and allow faster and more regular updates.
- Online verification identification to reduce the risk of fraudulent payments being made.
- A plan to review our data integrity ahead of the implementation of the Government's approved Pensions Dashboards.
- Interaction with Pensions Dashboards using an appropriate interface with a procured integrated service provider (ISP).

### Measures of success

- Increasing uptake of membership to pensions portal - My Wiltshire Pension.
- Increasing number of processes available for self-serve.

- Increasing level of uptake in members utilising self-serve processes and decrease in emails/calls about these processes.

### Efficient and Effective Software Systems

The administration **software systems are the heartbeat for us providing an excellent service** to both our membership enrolled in the LGPS and our employers who offer the LGPS as part of their employee package.

‘A workman cannot blame his tools’ is true, but we need to make sure ours are working at maximum capacity so that they do not impact the service levels we are able to provide. To ensure an efficient system we will work with our providers to develop our software in the right direction and grow our own internal testing policies to ensure they are working appropriately.

Cyber security remains a significant and evolving issue. We will continue to ensure we have the appropriate measures in place to protect ourselves and our members.



### We aim to...

- Provide a selection of suitable systems that allow us to give an excellent service to our administration teams.
- Maintain software systems that are fully tested and running at maximum capacity.
- Carry out regular cyber security risk assessments to identify key business objectives and ensure resources are in place to prevent potential cyber-attacks.
- Continue to make data-driven decisions with the relevant reporting in place to facilitate this.

### We will continue to...

- Create our own bespoke reporting so that we can focus on making data-driven decisions.
- Work with our systems and software providers to influence the direction of future development.
- Represent the South West on the national Joint Pensions Group (JPG) to provide technical knowledge and attend systems-related national user groups.

We will implement...

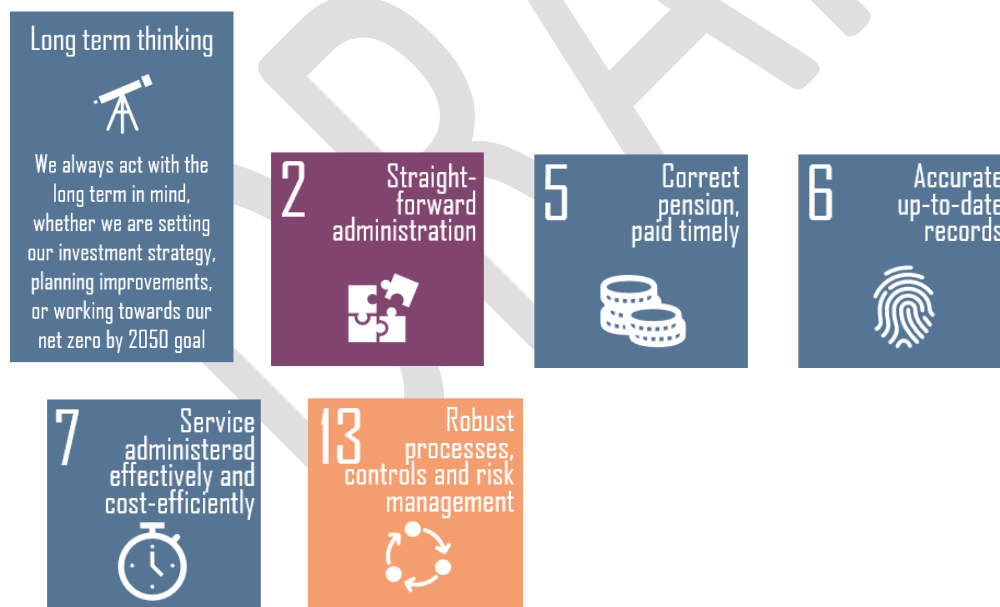
- A review of our current administration system(s) to ensure continued suitability.
- A new system testing strategy to ensure that all systems are robust when new releases are implemented.
- Full controls and documented process guides for all systems-related processes and system updates.
- A review of the cyber security policy and implementation.

Measures of success

- Minimal errors occurring throughout the year in both administration and payroll (payments) functionality.
- Documented full member journey testing and controlled user acceptance testing prior to all releases.
- A secure system with no cyber breaches.

Fully Integrated Payroll

Paying pensioners their **correct pension is the core of what we do** at Wiltshire Pension Fund. Having our own payroll system integrated with the administration system ensures that we make correct payments aligned with those calculated and avoid inconsistencies between systems. Integrated payroll enables us to deliver operational efficiencies whilst improving controls.



We aim to...

- Pay our members the right pension at the right time.
- Provide a fully integrated payroll with all relevant controls.
- Give members a seamless move from the active portal used to project and calculate their benefits to a pension portal providing payslips and other payroll documentation.
- Maintain fully reconciled data between the pension administration and payroll databases.

- Clearly segregate between pensions administration and pensions payroll areas and implement appropriate approval policies.

We will continue to...

- Roll out the new integrated payroll to all new retirements.
- Manage all payments through our own integrated payment system, linking directly between our administration systems and general ledger.

We will implement...

- The successful transfer of pensioners from our legacy system to our integrated payroll, including the switch to one tax reference.
- Access for pensioner and dependant members to the retirement section of our My Wiltshire Pension portal.
- Improved engagement around the annual pension increase exercise with pensioners and dependants to provide a better member experience.

Measures of success

- Pension payments fully reconciled each month to the administration system.
- All payments made correctly and securely.
- A smooth transition to our new integrated pension payroll.

## Stakeholder Engagement



### Stakeholder engagement context

**We administer the pensions for the >85,000 members of our scheme, for our c.180 employers.** For the purposes of this section of the Business Plan, we seek to address the needs of these two stakeholder groups. Internal stakeholders (i.e. the team, Committee and Local Pension Board) are dealt with in other sections of the Business Plan. Our customer mission is as follows:

**“Our mission is to deliver an effective service, providing our members with the tools they need to plan for their financial future.”**

In order to do this, it is vital that employers understand their role and responsibilities under the LGPS regulations in the delivery of the administration function. The data they provide is essential to their employees’ pensions being paid correctly and on time when they retire. As a Fund we are committed in supporting our scheme employers in navigating through these responsibilities, being advocates for the scheme.





We aim to...

- Facilitate a high level of member and employer engagement with the Fund and their LGPS pensions, through training, webinars, accessibility of information, and targeted communications.
- Ensure that members understand their benefits and employers are advocates of the scheme.
- Have a high level of take up for self-service offerings available to members and employers, such as more online forms, and retiring online.
- Deliver clear communications, making sure information accurate, easy to understand and accessible.
- Achieve Customer Service Excellence status, helping to ensure we are providing an effective service to our members and employers.
- Promote straight forward administration, through identification of where more efficient employer focused procedures and processes can be adopted.
- Increase awareness and understanding surrounding the 2025 Triennial Valuation, ensuring compliance and best practice for our employers.

We will continue to...

- Work as One Fund to embed the Customer Service Policy within the teams, building on our customer service standards through training and feedback gathering.
- Build on staff engagement with other teams, through continued transparency and information sharing, such as through the Fund Focus and whole fund meetings.
- Make data driven decisions through the continued use of incoming data streams, helping to monitor the effectiveness of communications and creation of targeted communications.
- Promote self service solutions and tools available for members and employers.
- Support our scheme employers to understand their risks and responsibilities through straight forward administration, regular training, quarterly employer newsletters, and technical updates.
- Help members on their pension journey to understand their benefits, planning for a secure retirement, through targeted communications, webinars, and accessibility of information and resources.
- Effectively collaborate with internal and external stakeholders ensuring the service is not only administered effectively and cost effectively, but also ensuring stable and affordable contributions for employers with the actuary during valuation.

We will implement...

- Improved service delivery through the exploration of digital development opportunities, such as more automation where appropriate and increased self service solutions for our members and employers.
- Improved accessibility of our website through regular external assessments.
- Customer Service benchmarking through the annual Customer Service Excellence Assessment.
- Introduction and embedding of clearer service measures and responsibilities such as employer covenant reviews, ensuring compliance and best practice.

- Distribution of Employer Scorecards to help ensure accurate and up-to-date records, along with helping to identify training opportunities.

Measures of success

- **Customer Service Excellence assessment results and recommendations.**
- Customer Service KPIs (as detailed in the customer service policy).
- Increasing My Wiltshire Pension registration levels.
- Member, Employer and Pensioner engagement level monitoring: email and website data, along with webinar/ event attendance levels.
- Employer Scorecard data monitoring showing an understanding of the administration function and their responsibilities.
- 2025 Valuation completed with stable and affordable employer contributions.

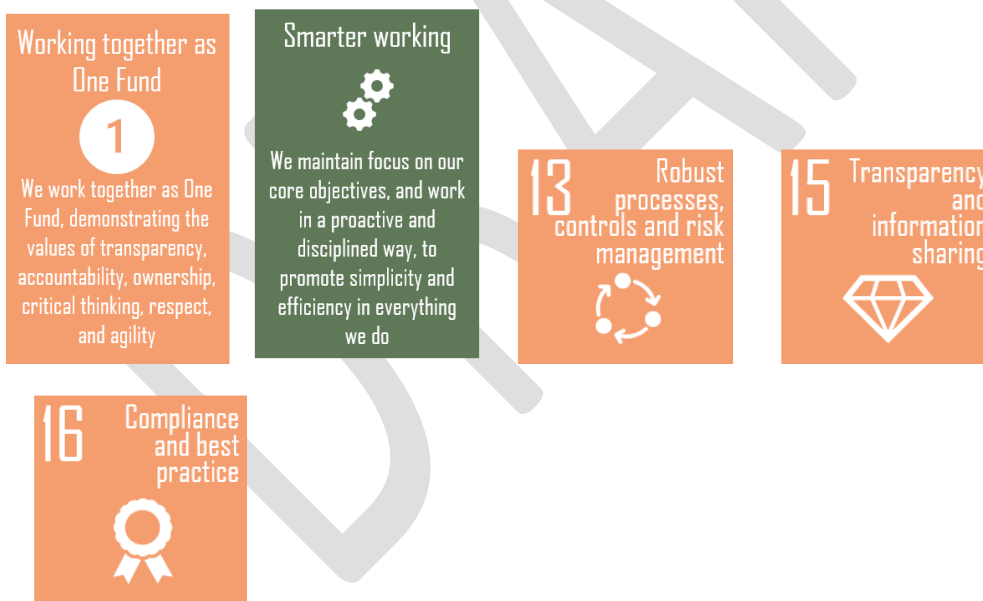
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## Governance

### Governance context

**In the last 10 years the requirements of LGPS governance have grown significantly to support the size and complexity of a Fund like WPF.** New regulations and legislation have notably impacted our investment and corporate governance, leading to major changes in the Council's constitution, the Fund's internal controls, Committee/Board member effectiveness, the cycle of Committee meetings and the Fund's audit strategy and procurement arrangements, to name but a few. The publication of the Pension Regulator's new general code of practice and the anticipated publication of SAB's final guidance concerning its good governance review are likely to further increase the emphasis on Fund governance in key areas like knowledge and understanding, cyber security, business continuity plans and conflicts of interest and decision-making.

In addition, Pension & Finance Acts as well as associated legislation such as the Data Protection Act, also continue to contribute to a state of continuous change management for Fund officers in relation to the Fund's governance structures. Consequently, over the next 3 years officers anticipate not only implementation these new initiatives, but undertaking periodic holistic reviews of the Fund's governance framework to ensure that its structures remain co-ordinated, proportionate, effective and manageable for everyone required to operate within it.



### We aim to...

- Be aligned with the overall direction of travel for the LGPS and the pensions industry as a whole.
- Be compliant with all relevant legislation and be prepared for any upcoming changes.
- Have fully addressed all legacy issues, setting ourselves up for success in the future.
- Encourage independent professional challenge, to develop best practice.

- Promote a compliant and accountable workforce, through thoroughly embedded policies, procedures and processes.
- Ensure that all delegations are operating compliantly and effectively through accurate and up-to-date constitutional documentation.
- Facilitate a highly effective and well-trained Local Pension Board and Committee.
- Be able to evidence a well-managed approach to conflicts of interest.
- Promote a fully integrated approach to risk management.
- Achieve high ratings from internal audit to evidence our strong control environment.

#### We will continue to...

- Implement the requirements of the new general code of practice and the Scheme Advisory Board (SAB)'s good governance review.
- Complete our internal controls project, co-ordinating and maintaining all of the Fund's policies, procedures, and other documentation with the Fund's documentation hierarchy.
- Actively embed our annual data minimisation and deletion exercises in line with Data Protection Act requirements.
- Encourage professional challenge not just from independent auditors and the LPB, but also 3<sup>rd</sup> party accredited bodies and SAB's anticipated Independent Governance Reviews (IGRs)
- Bring up to date the Council's constitution, Governance Compliance Statement (GCS) and other strategic documents like the Fund's Business Continuity Plan.
- Draft a Corporate SLA outlining the services provided to the Fund by the Council.
- Maintain key Fund activities including its risk management monitoring, audit strategies, & procurement & contract management arrangements.

#### We will implement...

- A governance year planner to highlight the work undertaken within this practice area.
- Project plan reviews seeking to enhance operation efficiency. In particular, rationalising legacy AVC providers and the Fund's data storage arrangements.
- A strategy of internal audits which will be independently reviewed and seek to maintain external professional accreditations.
- The Pension Regulator's best practice approach of Own Risk Assessments

#### Measures of success

- To successfully achieve and maintain accreditation with the Pension Administration Standards Association.
- Successful annual effective systems of governance reviews to demonstrate tPR compliance.
- Demonstrate up to date constitutional documentation, including terms of reference and the GCS, which ensure that the Fund's strategic documents are consistent with its operational practice.
- Report project closure outcomes to the Board and Committee.
- **High assurance rating from internal audit.**

## People



### We aim to...

- Attract and retain a skilled and motivated workforce.
- Embed our culture, as defined by our values, thoroughly within the team.
- Promote an inclusive workplace.
- Offer our staff opportunities for career development.
- Foster an engaged and happy workforce.
- Achieve a low vacancy rate within the team.
- Be recognised as an attractive place to work.

### We will continue to...

- Promote hybrid working and office attendance.
- Prioritise training and development, and encourage staff to gain new skills and build their careers.
- Engage with the team through team building days and activities at whole Fund meetings.
- Use the monthly Fund Focus newsletter as a key means of communicating news, changes, and celebrate team and individual successes.

### We will implement...

- The resourcing plan as set out in this Business Plan.
- New training resources, such as in-house customer service training, vulnerable people training, and promote ways for teams to share knowledge with each other.
- A shadowing scheme as part of team members' personal development plans.

- Mapping of career pathways within the Fund, such as via apprenticeships, to promote team resilience.

Measures of success

- Low vacancy rate.
- Low level of staff turnover.
- Several examples of progression within the team, such as professional qualifications earned and/or internal promotions.
- Low level of staff absence.
- **High (and increasing) engagement scores as measured by the annual survey.**

Resourcing Plan

Introduction

WPF is administered by Wiltshire Council, and the staff in the WPF team are employed under Council terms and conditions. We employ around 40 individuals within the team. Resourcing is acknowledged as a challenging area in the LGPS, and this plan aims to set out **our approach to ensuring that we have a resilient, skilled and motivated workforce.**

Resourcing core principles

Our core principles around resourcing are as follows:



We believe that following these principles will support us in achieving our aims and ensure that WPF is a place where people are proud to work.

## Culture

As set out in the introduction to this Business Plan, our culture is defined by our values:



We ensure that the team are well aware of our values and strategic vision goal by displaying them prominently throughout our office, mapping our roles and work to the values and goals, and carrying out regular activities based around the values and goals at our whole Fund meetings.

As employees of Wiltshire Council, we also embrace the Council's Identity, which is entirely consistent with our own culture.

## Equality, Diversity and Inclusion (EDI)

EDI is an area of huge importance for WPF. This is something that we consider at all levels, from our governance arrangements and the team through to how we deal with our members, and also as a stewardship priority for our investments.

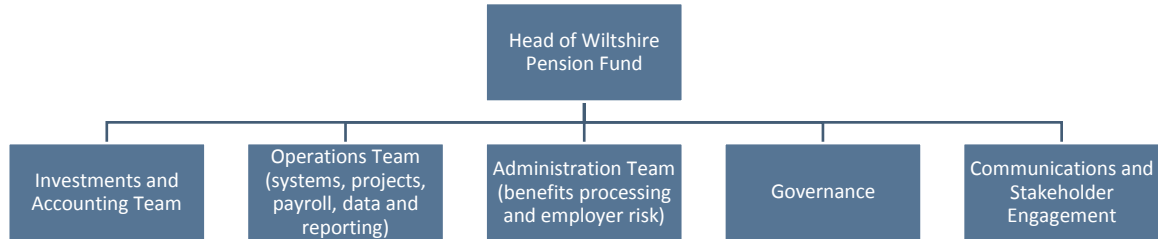
The team have all received training on creating an inclusive workplace, and any new members of the team will also receive this training. The team have set themselves a goal to promote inclusivity, and this is something that we will continue to monitor and develop. We believe that an inclusive workplace will benefit all members of the team and promote better decision-making by incorporating a diverse range of viewpoints, as well as enabling us to provide a better service to our scheme members.

## Team structure

Our team structure was designed to provide career progression and ensure that there is adequate resource in priority areas. Key roles with responsibility for each area report directly to the Head of Wiltshire Pension Fund, who works exclusively on the pension fund. This supports a One Fund approach.

Where possible, the structure includes career-graded roles. Staff are able to progress up through the career grades as they learn more technical skills and professional behaviours (such as training and mentoring more junior staff). Skills learned are cumulative, so more senior staff are equipped to tackle any type of work within the team. This will lead to improved resilience.

### High-level WPF Team Structure



### Resilience and succession planning

One of our resourcing core principles is “Grow-your-own”. We believe that by supporting people with training and development and offering opportunities for people to progress in their careers, we can build a more resilient team. Our managers are encouraged to be mindful of succession planning, and we put in place measures that encourage staff to act up and take the lead, gaining exposure to experiences such as presenting to the Pension Fund Committee, or leading on mini-projects etc.

### Training and development

Pensions is a highly technical area, which is constantly evolving with new rules and regulations. Training is vital to ensure that the team are appropriately skilled and able to carry out the work, and also to provide personal development opportunities which will encourage staff retention.

We make available to the team a range of external and internal training opportunities. Staff have individual training plans which support their career goals. We support our current and aspiring managers to take part in leadership training, as well as promoting the Council’s mentoring and coaching programmes.

We promote an agile way of working, and staff are encouraged to go on secondments to other areas of the team. During these secondments they can learn new skills and knowledge and take these back to their teams to share. They can also take ownership of specific projects and feel a sense of accomplishment.

### Team building and ways of working

WPF rents a dedicated office space from the Council within County Hall. We promote hybrid working, with a minimum of two days per week in the office for full time staff. This helps with building relationships across the Fund and sharing knowledge. We will continue to promote this model.

We hold monthly in-person whole Fund meetings, the purpose of which is to bring the team together to learn what different areas are doing, receive important updates, celebrate successes and take part in group activities. These provide a forum for staff to provide feedback, suggest improvements, and to discuss the values and strategic vision goals.

We carry out an annual staff engagement survey, and do a deep dive on the responses, sharing findings with the team and following up with actions.



The monthly “Fund Focus” newsletter invites contributions from all staff, and shares news, updates and successes across the whole team.

Through listening to staff and building a team spirit, we aim to encourage trust within the team, so that we can effectively collaborate and achieve better outcomes.

### Productivity and Efficiency

We have a strong public sector ethos, and are committed to delivering value for money. We will always prioritise investigating ways that we can make the most of our existing resources before adding more posts to the team, although we will invest in additional resource if we determine that this is the best option. Ways that we will do this could include the following:

- Ensuring that all staff are appropriately trained and supported so that they are able to perform their roles effectively.
- Monitoring staff productivity using standardised metrics, so that we can identify areas where staff may need support or additional training.
- Evaluating our processes to identify efficiencies.
- Making a data-driven assessment of how many staff we need to cover our workloads.

### Recruitment and Pay

Recruitment is a key challenge for WPF. There have been instances where vacancies in key roles persist after numerous rounds of recruitment. Therefore, retention is important, and the measures set out above are aiming to achieve a culture where staff are heard, valued, and empowered to develop.

We have created a “working for WPF” page on our website to showcase the benefits of working for WPF as well as staff testimonials. We make use of paid job boards and agencies where appropriate to attempt to find and attract the best candidates.

Pay can be challenging due to years of sub-inflationary wage growth in the public sector, and a widening gap with the private sector, with which we have to compete for talent. We conduct salary benchmarking exercises to ensure that we are offering suitably attractive pay, and apply market supplements where evidence exists to show that this is necessary.

### Conclusions

By using all the tools, techniques, and approaches set out in this Resourcing Plan, we aim to foster a high-performing team, which is fully resourced, highly-skilled, thoroughly engaged, and motivated to work together to achieve our vision as a Fund.

## Measures of Success

Throughout this Business Plan, we have detailed measures of success across all areas. We have highlighted some of these measures, which we believe are the Fund's key measures of success, and which together make up an overall dashboard of health for the Pension Fund. We intend to report on these measures regularly to the Local Pension Board, Committee and team, to illustrate how we are doing. If we are successful in implementing this Business Plan, all these measures should be "green" by the end of the Business Plan's 3-year period.

- **Service delivery KPIs** should be 98% or higher, and backlogs should be <10 cases.
- **Investment performance** should be in line with the expected investment return as set out in the actuarial valuation over the longer term (3-5 year periods).
- The **funding level** should be >100% on an ongoing basis.
- We should have **Customer Service Excellence** accreditation.
- We should have unqualified accounts from external **audit**, and a rating of "reasonable" or higher from internal audit.
- Our **cost-per-member** for admin & governance costs should be below average compared to peers of a similar size.
- **Staff engagement** should be high, measured as at least 80% agreement in the annual staff engagement survey.



## WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD  
28<sup>th</sup> March 2024

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### **KEY FINANCIAL CONTROLS REPORT**

#### **Purpose of the Report**

1. The purpose of this report is to highlight the significant issues in relation to the Fund's key financial controls.

#### **Background**

2. The purpose of this report is so that the Committee and Local Pension Board can easily review key areas of financial controls and monitor progress against planned improvements.

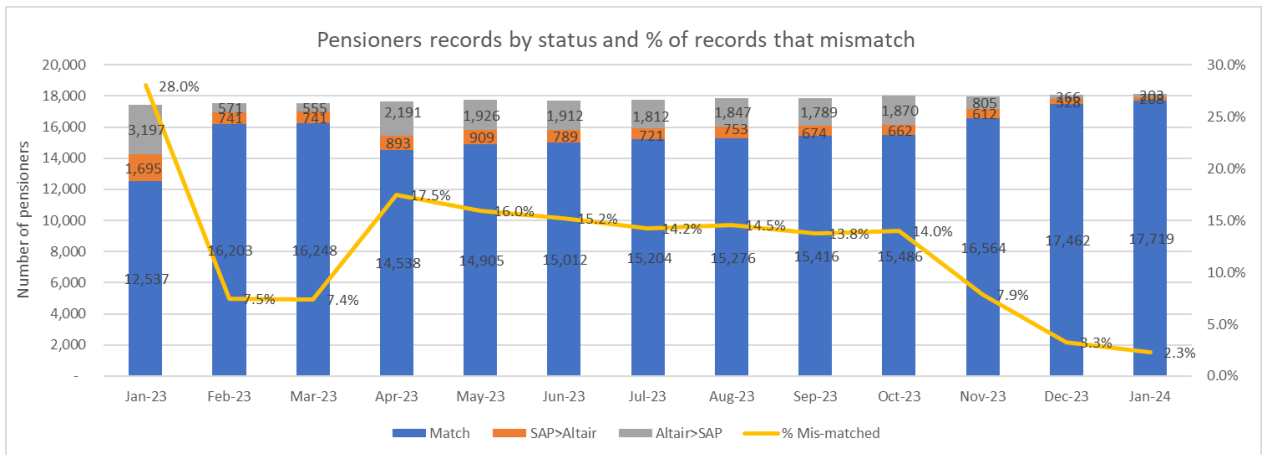
#### **Key Considerations for the Committee / Risk Assessment / Financial Implications**

##### *Accounts and Annual Report*

3. Final sign off for the full Wiltshire Council Accounts for 2019/20, 2020/21 and 2021/22 continues to be delayed, the Pension fund accounts form a part of the full Council accounts and the delay, which is due to an issue within the Wiltshire Council figures, has meant the pension fund accounts have not received their final audit opinion for inclusion in the annual report. Officers have responded to all requests by the external auditors for information for all years of accounts. To ensure we comply with The Pensions Regulator (TPR) requirement to publish the report, they are available on the website for all years with a note in the audit report section explaining the unaudited status.
4. Work is completed on the accounts and annual report for 2022/23, the external auditors commenced their work in October, however work has recently paused, we are chasing the auditors up for a progress update. Work has commenced on planning for the 2024/25 annual accounts and officers are working with the new external auditors.

##### *Payroll reconciliations*

5. Work to reconcile and correct discrepancies between the Altair pension admin system and SAP payroll records is almost complete. The reconciliation compares the annual pension payable on each system and quantifies the number of cases and value of discrepancies. The following graph shows the extent of the variances between the two systems. The reconciliation classifies anything >£1 per annum as a variance. There can be multiple reasons for the discrepancies which can range from a fundamental incorrect payment to data mismatch problems.



- The reconciliation data shows a significant improvement as a result of the various projects that have been focusing on this issue. All issues will be cleared by the March 24 payroll ahead of the oracle payroll transition.

### Finance System

- The new Evolve system went live in November 2023, the finance team were actively involved in training and testing for the system. Unfortunately, despite this the team are encountering significant problems with the accounting system post going live, something which has not been isolated to the pension fund team. There have been problems posting journals, the accurate accounting for payments and running the reports needed on the new system, this has been compounded by the duplicate payments issues which have added further work.
- The accounting team are working hard to re-establish their accounting processes and to get things up and running with support from the evolve team. All daily banking is being kept up to date and reconciliation controls are as up to date as they can be prior to the system go live. However, it has impacted the team's ability to provide up to date financial reports which has resulted in an increase to the risk register rating from medium to high for the accounting function. We are pleased to announce that temporary resource has been secured to overcome these issues ahead of year end and to rebuild the reporting and accounting controls.

Quarterly Financial Performance Dashboard

Wiltshire Pension Fund - Key Financial Controls Dashboard

Control Area	RAG	Items reviewed under this control area	Comments on Performance	Ongoing Actions
	Feb-24			
1. Employer Contributions		Timely and accurate payment of employer contributions each month.	See summary performance table for full details. Almost all employers paying on time and with the correct rate. New reconciliation process established between I connect and banking	To chase Swindon Council for accurate remittance information.
2. Cashflow, banking and capital calls		Maximum and minimum cash balances, private markets capital calls and distributions and treasury performance.	See summary performance table for full details.	None
3. Balance Sheet Reconciliations		All balance sheet control codes are reviewed for accuracy and outstanding issues.	All control codes have been reviewed and checked, no unexplained balances prior to Evolve implementation. Evolve implementation has made review of all balance sheet reconciliations.	Get the processes up and running again following the evolve implementation
4. Altair Checks		Check between the ledger and pension admin system (altair) that any transactions, such as payments or receipts match the admin system.	All reconciliations have been undertaken discrepancies have reduced following active engagement with the Admin team to review old cases. Evolve implementation has delayed this work, latest reconciliations are being caught up to October 23.	To catch up on outstanding months following the evolve implementation. New integrated payments process will remove the need for these checks.
5. Financial Budget Reporting		Review of year to date and forecast operating budget performance, or any unusual monthly movements on the overall fund account.	Latest forecast in line with budget however now out of date. Issues with new system have prevented effective review of the latest spend.	Get the processes up and running again following the evolve implementation. Budget setting completed and ready for committee approval .
No material concerns				
Minor issues				
Major issues				

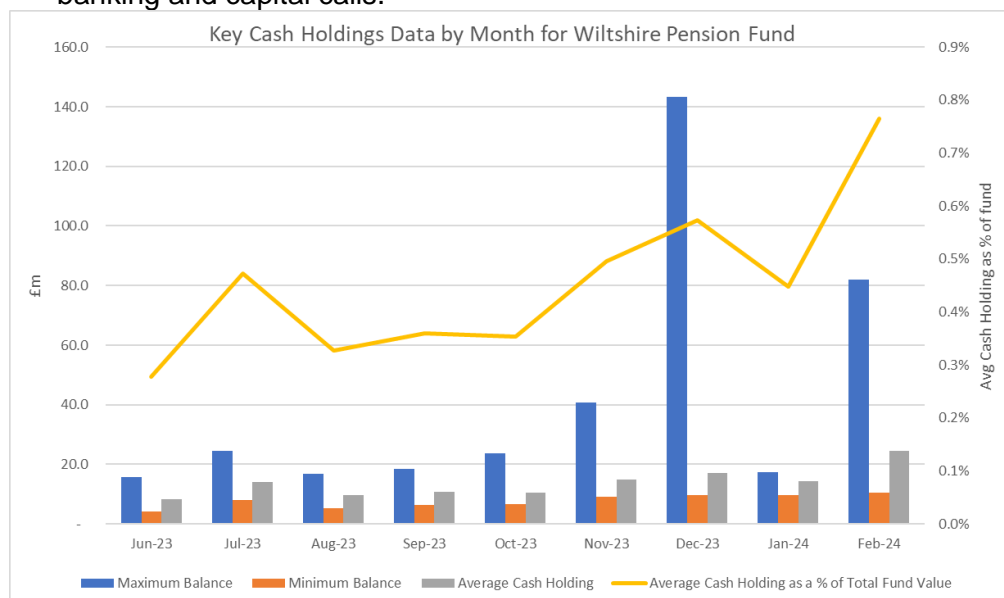
9. The following table provides further details for performance dashboard item 1. Employer contributions.

Summary of Contributions Payment Performance										
Quarter	Payroll Month	Paid contributions £000's				Average late and overdue contributions total		Number of employers payments status		
		Total Payment	On Time Payment	Late Payment	Late Payment %	Days Late Recd	Days Overdue	On time	Late	Not Received
Q1	Apr-23	35,505	34,625	881	2.5%	22.0	-	169	8	-
Q1	May-23	8,289	6,267	2,022	32.3%	14.6	-	166	11	-
Q1	Jun-23	8,297	8,286	9	0.1%	69.0	-	176	1	-
Q2	Jul-23	8,289	6,011	2,278	37.9%	9.5	-	164	11	-
Q2	Aug-23	8,233	8,218	15	0.2%	3.3	-	169	6	-
Q2	Sep-23	8,072	7,204	868	12.0%	4.1	-	169	8	-
Q3	Oct-23	8,258	7,150	1,108	15.5%	3.9	-	166	10	-
Q3	Nov-23	10,372	10,370	3	0.0%	4.3	113.3	171	3	3
Q3	Dec-23	9,967	9,964	3	0.0%	7.3	72.0	171	3	3
Q4	Jan-24	9,048	8,190	858	10.5%	8.8	30.7	169	5	3
<b>Total</b>	<b>Q1</b>	<b>52,091</b>	<b>49,178</b>	<b>2,912</b>	<b>5.9%</b>	<b>35.2</b>	<b>-</b>	<b>511</b>	<b>20</b>	<b>-</b>
<b>Total</b>	<b>Q2</b>	<b>24,594</b>	<b>21,434</b>	<b>3,161</b>	<b>14.7%</b>	<b>5.6</b>	<b>-</b>	<b>502</b>	<b>25</b>	<b>-</b>
<b>Total</b>	<b>Q3</b>	<b>28,597</b>	<b>27,484</b>	<b>1,114</b>	<b>4.1%</b>	<b>5.2</b>	<b>61.8</b>	<b>508</b>	<b>16</b>	<b>6</b>

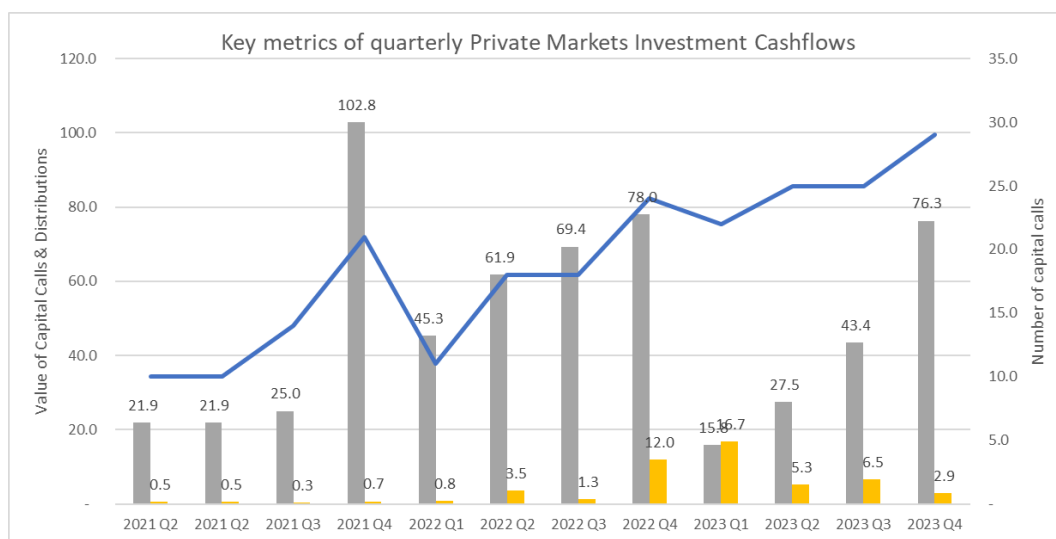
10. The majority of the late payments are received within a day or two of the deadline and all employers who have not paid are contacted immediately after the deadline day to remind them to pay. Persistently late payments or employers where we have problems are escalated to the employer engagement and training officer for resolution.

11. The 9 payments not received are all from contracts held by Imperial Cleaning. The company has gone into Administration and the employer relationship manager is working with this employer on the outstanding payments.

12. The following graph provides further details for performance dashboard item 2. Cashflow, banking and capital calls.



13. Overall average cash holdings were slightly increased in month due to a single large movement to fund the £70m drawdown to Wessex gardens. Cash was held temporarily prior to the payment being made.
14. Cashflow activity for private markets capital calls have continued to be met as commitments are called. Large calls are anticipated for early 2024 to fund new commitments to the Climate Opportunities fund, these will be funded from funds recently divested from Magellan.



Planned improvements and key items to monitor

15. The team has been making improvements to accounting processes in several areas. A summary of planned improvements, current issues and progress to date, is shown below:

Improvement / Issue	Last RAYG* rating	Current RAYG* rating	Comments
Evolve			The implementation has caused significant issues for payments and the ongoing operations for the pension fund accounting team. Work is ongoing to ensure these are resolved.
Wiltshire Council – Wiltshire Pension Fund SLA charge			<b>LPB Action Point – SLA Recharge</b> Have not received confirmation from Wiltshire Council on the latest SLA charge. Officers are drafting an SLA document to support all the charges.
	Significant concern		
	Not started		
	Work has commenced		
	Significant progress made		
	Completed/situation under control		

**Environmental Impacts of the Proposals**

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

**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 to monitor progress against resolving the issues which have been identified.

Report Author: Chris Moore, Pension Fund Accounting and Investments Team Lead

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



## WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE  
28 March 2024

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### **STEWARDSHIP REPORT**

#### **Purpose of the Report**

1. The purpose of this report is to update members on the process for the Stewardship Report 2024.

#### **Key Considerations for Committee**

2. Wiltshire Pension Fund is a signatory to the Financial Reporting Council's (FRC) UK Stewardship Code 2020. Signatory status needs to be maintained by submitting an annual report, which is due by the end of May each year. Signatory status represents a high standard and it is best practice to maintain this.
3. Officers are in the process of drafting the 2024 stewardship report in line with the Code, which will be accompanied by a 'highlights' summary report. The report sets out the Fund's stewardship activity and outcomes against the 12 principles defined in the Code.
4. The deadline for sending renewal applications to the FRC is 31 May 2024, which must be completed to retain signatory status. Some of the information required for inclusion in the report cannot be obtained until after 31 March 2024 (for example, analysis of the scheme membership). Therefore, it is not possible to present a completely finalised version ready for submission at this meeting. An almost finalised version is attached as Appendix 1.
5. Prior to submission, the draft report will be graphically designed, and the final pieces of information will be inserted. The Committee is asked to review the draft report, and approve that this is submitted, once the final edits have been made.

#### **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 approve that the draft report is subject to final edits and submitted to the FRC.

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: Draft Stewardship Report 2024

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# Wiltshire Pension Fund – Stewardship Report 2024

## Introduction

**The Financial Reporting Council defines Stewardship as "the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society".**

We are proud to present our annual report in line with the principles of the Stewardship Code 2020.

Our investment objectives are to achieve sufficient investment returns such that there are funds available to pay the pensions as they fall due, and to meet the liabilities over the long term whilst maintaining stable employer contribution rates. As a long-term investor, we recognise the value which can be generated through stewardship activities, both in terms of reducing risk and improving returns.

This mindset is demonstrated by the following investment belief:

"Stewardship and engagement are generally more effective tools than divestment in encouraging changes that will help safeguard the Fund's investments. The Fund values the benefits of working with other investors to strengthen these activities and achieve better outcomes."

We have long-established activities in this area. This report sets out the principles of the Code and how we comply with these principles, what activities are undertaken in each area, examples of the outcomes that we have achieved, and how things have changed and improved since last year.

A short mini magazine highlights report will be published alongside this full version to help make the information as engaging and understandable as possible for a non-technical audience.

This report was approved by the Wiltshire Pension Fund Committee at its meeting on 28 March 2024, and published shortly thereafter.

## Purpose and governance

### Principle 1

Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

### Who are we?

Wiltshire Pension Fund is part of the Local Government Pension Scheme (LGPS), a defined benefit pension scheme for local government and associated employees.

### Our purpose

Our purpose as a Fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death before or after retirement for their dependants. We are funded by employee and employer contributions, and returns from our investment assets.

The objective is that the Fund should be at least 100% funded on an ongoing basis. The projection is that full funding is achieved over a time frame agreed appropriate by the Actuary for each employer, as set out in the [Funding Strategy Statement](#).

## Our vision is to deliver an outstanding service to our scheme employers and members

Our vision is set to establish a sense of purpose, and to focus the team on delivering outcomes for the employers and members of the Fund. We measure success against the vision by monitoring our progress against various service related KPIs, targets, and actions. Our vision is supported by our Strategic Vision Goals, which provide a focus to everything we do, and our Values, which define our culture.



### Long term thinking



We always act with the long term in mind, whether we are setting our investment strategy, planning improvements, or working towards our net zero by 2050 goal

The value “**Long Term Thinking**” runs through everything we do. Wiltshire Pension Fund is a long-term investor, and so is able to participate in stewardship activities which can add value to the Fund’s investments over the long term.

The strategic goal 11, “**Responsible Ownership and Stewardship**”, is particularly relevant to stewardship activities. The goal focusses on ensuring that our responsible investment and stewardship activities are in line with best practice (which also contributes to strategic goal 16, “**Compliance and Best Practice**”), and that these activities are a central part of delivering an outstanding service to our scheme employers and members.

For these different groups this may mean different things – employers will be best served by the delivery of long-term positive investment returns, which will help keep their contribution rates affordable (strategic goal 1, “**Stable and Affordable Contributions**”, is targeting this outcome), and stewardship activities can help preserve capital and enhance value.

Members may be concerned about how the funds held to pay their pensions are invested, and goal 15, “**Transparency and Information Sharing**” contributes to this outcome. Stewardship has a role to play here in the information that is shared with members – the Fund publishes its engagement and voting records online, and also a magazine version of this report will be published alongside this full version, to help make the information as engaging and understandable as possible for a non-technical audience.

### Investment Beliefs and Objectives

Our investment beliefs help to inform the investment strategy. The full list of beliefs are detailed in the [Investment Strategy Statement](#).

Our RI policy ([Exciting news - Our 2023 Responsible Investment Policy has been published! - Wiltshire Pension Fund](#)) sets out implications against each RI-related investment belief:

Investment belief	RI implication
The strategic asset allocation is the key factor in determining the risk and return profile of the Fund’s investments	The Fund has embedded ESG issues and sustainability within the strategic asset allocation and has set specific strategic allocations to Paris-aligned passive equities, sustainable active global equities, renewable infrastructure, and impact affordable housing, in order to manage risk and secure returns into the future.
Investing over the long term provides opportunities to improve returns	Investing over the long term means that the Fund can take advantage of opportunities in long-term sustainability trends and/or growth style portfolios, as well as benefit from engagement activities with companies in which the Fund is invested.
Environmental, Social and Governance factors, including Climate Change are important factors for the sustainability of investment returns over the long term	The Fund’s status as a long-term investor means that the Fund needs to consider the risks and opportunities presented by wider issues such as climate change and the potential impact on the investments. This can help the Fund avoid the risk of being exposed to stranded assets and help ensure that the Fund can benefit from exposure to companies which are well prepared for transition to a low carbon economy.
In order to protect the Fund’s investments into the future, the Fund supports a global warming scenario of well below 2°C, and states an ambition to achieve net-zero carbon emissions across all investment portfolios by 2050	The Fund acknowledges that climate change is a material systemic risk which could have significant adverse impacts on the investment portfolio if not managed correctly. The Fund is actively working to mitigate this risk, and the Committee has reviewed scenario modelling and undertaken training, and the Fund reports in line with TCFD recommendations, which disclose how the Fund manages climate change risk.

<p>We seek to invest in a way that, where possible, aligns the interests of the Fund with those of the contributing employers and the Fund membership</p>	<p>The Responsible Investment policy contains an employer and member engagement plan and is actively advancing the approach in this area. Member and employer views formed part of the decision-making process when setting the net zero target. A recent survey of employers showed that in the majority of responses, employers believe that it is important that the Fund's investment strategy should, where possible, try to reflect the wider goals and philosophy of the employer organisations. A recent survey of the Fund's membership showed that from the 2,251 responses, 86% of members answered "Yes" or "Maybe" to the question "Is it important to you that the Fund invests in low carbon and/or sustainable assets?"</p>
<p>Investing with a positive social and environmental impact is an increasingly important issue for investors and can be achieved alongside competitive market returns. Investing with impact can also help incorporate risk and return drivers which would otherwise not be considered. The Fund wishes to invest in a way that minimises negative impacts on society and the environment and, where possible, makes a positive contribution</p>	<p>Impact investing is a rapidly growing area and the Fund has made dedicated strategic allocations to Impact Affordable Housing and Renewable Infrastructure &amp; Climate Solutions.</p>
<p>Stewardship and engagement are generally more effective tools than divestment in encouraging changes that will help safeguard the Fund's investments. The Fund values the benefits of working with other investors to strengthen these activities and achieve better outcomes.</p>	<p>We are signatories of the 2020 Stewardship Code. We also publish a mini-magazine on our Responsible Investment and Stewardship Highlights each year, designed to make this information accessible to our stakeholders. We continue to work with wider initiatives and fully engage with them.</p>

Source: Wiltshire Pension Fund Investment Strategy Statement

### Case study – continuous improvement



Our RI policy is reviewed and updated annually. The 2023 version includes new areas as follows:

- New targets to help us achieve our goal of net zero across all portfolios by 2050.
- Considerations on how we will approach the important topic of Biodiversity.
- A statement around Equality, Diversity and Inclusion (EDI).
- A bold pledge around divesting from fossil fuel companies.

Annual review of the policy delivers the **outcome** that we are able to consider emerging subject areas and developments, and ensure that our approach evolves over time. Our fully integrated approach in this area has twice won us the LAPF Investment Award for "Best Approach to Responsible Investment", in 2021 and again in 2023.

## Case study – climate opportunities training

The Committee received training on Climate Opportunities at their meeting in November 2023. This training looked at the Fund’s Clops portfolio, which is being set up to implement the 7% allocation to renewable infrastructure and climate solutions. The Committee looked at the portfolio’s objective (shown below), portfolio construction, manager selection, due diligence and reporting. Through this process we were able to achieve the **outcome** that the Committee members were comfortable with the level of due diligence that was being carried out, and ask questions of experts regarding issues such as the risk of changes in regulation. The members endorsed the work done to implement the portfolio, demonstrating that the training supported better decision-making.

“**To earn superior risk-adjusted returns by investing in a diversified mix of assets which have the intention to deliver real World change by actively supporting the transition to a low carbon economy.**”



### Deep dive – Equality, Diversity and Inclusion (EDI)

#### ***Our team and our membership – who are we?***

The total Wiltshire Pension Fund team headcount of staff is around 40. We have >84,000 members, and c.180 employer organisations.

As the team is relatively small, information that can be published is limited so as preserve the anonymity of individuals. We also share similar high-level information about our membership.

Insert pie charts for gender and bar charts for age ranges for both team and membership, as well as numbers in bubbles to illustrate the number of individuals in both the scheme and the membership (split by active, deferred, pensioner).

#### ***Industry context***

The Pensions Regulator recently published guidance on EDI, explaining why this is an important topic and offering practical ways that pension schemes can improve EDI on the governing body. The guidance recommends training as a first step for governing bodies.

#### ***Embedding EDI in our policies***

The Local Pension Board and Committee both considered EDI at their meetings in Q3 2023. One **outcome** from consideration of EDI was that the Committee and Local Pension Board decided to include a specific statement about EDI within the 2023 revision of the Responsible Investment Policy:

The Fund regards EDI as an important ESG factor, a stewardship priority, and an area where investment managers should focus their voting and engagement efforts, as several pieces of research have shown that diverse boards lead to better financial outcomes (for example, [this publication](#) by the FRC).

Consideration of EDI is embedded at an operational level, and has been [highlighted as an important area](#) in the running of pension funds by the Pensions Regulator. Training will be provided to the full Pension Fund team as well as the Committee and Local Pension Board, in order to improve the way we are run as a fund, and to deliver better outcomes for our employers and members.

### **What do our members think?**

We carried out a survey of our membership in January 2024, about responsible investment. One of the questions we asked was for members to select which ESG issues were most important to them (they could select as many as they liked). This was to help inform our engagements and communications. EDI was a top three issue, with 52% of respondents selecting this as an important issue to them.

### **Training and development**

During the year, both the Local Pension Board and Committee attended a dedicated training day, provided by Aon, on EDI through a pensions lens. Member feedback on the training was that this was a really positive and informative session, and gave them plenty to consider.

The WPF team have also all attended training on “Creating an Inclusive Workplace”. This is important not just for the team to be as inclusive as possible, but also in dealing with members. One **outcome** of this training was that at a recent team building day, the team set themselves a goal to promote inclusivity in the workplace, as they believed that this was an action that would help lead the Fund to achieve our vision.

### **Communications**

The infographic is a collage of information for International Women's Day. It features several panels with illustrations of women and various data points:

- Top Left:** A gauge icon with a needle pointing to 33%. Text: "Women's pensions, on average, are 33%\* smaller than the size of men's."
- Top Middle:** "My Wiltshire Pension" logo and a woman's avatar. Text: "Our members online portal."
- Top Right:** "Wiltshire Pension Fund" logo and a woman's avatar. Text: "Avg. Mens Pension £3,230" and "Avg. Womens Pension £1,965". Below this, it says "Feb 2024 figures".
- Center:** Large text "International Women's Day" with "Day" in a cursive font.
- Bottom Left:** A woman's avatar and a group of icons representing people. Text: "Did you know women form 81% of Wiltshire Pension Funds Membership?"
- Bottom Middle:** A woman's avatar. Text: "The LGPS is one of the most **generous** pension schemes in the UK!"
- Bottom Right:** A pie chart icon with a percentage sign and a woman's avatar. Text: "Your pension is built up on a fixed formula and is **guaranteed for LIFE!**"

To celebrate International Women’s Day in March 2024, we [published](#) some interesting membership stats and information about the gender pensions gap, in order to encourage all our members to get involved and engage with their pension. We also featured profiles and achievements from some of the female members of our team. Although we already have a majority of female team members, the goal was to use the powerful tool of representation to encourage women to enter the financial profession. This provided the **outcome** of feeling valued among the participants.



As a result of a collaborative team exercise, another **outcome** was that the team designed and adopted new customer service pillars. This included a pillar about treating customers fairly and equally. This has now been included in the latest revision of our customer service policy.

### ***Engaging with our younger members***

During the year, we launched a survey to engage more with our younger members. This was driven by a commitment to understanding and meeting the expectations of our younger members. By initiating this project, we aimed to create a more inclusive, responsive, and future-oriented pension fund that aligns with the values and priorities of our members. This project was deeply informative. As expected, the response rate was fairly low, but the act of carrying out the survey was a good piece of engagement in itself, by helping to increase the awareness of younger members regarding pensions. The **outcome** of the survey is that we will be carrying out several follow-on actions:

- We were interested to learn that the younger members thought climate was an important issue, but they thought that equality, diversity and inclusion was even more important, as well as other social issues. We will therefore ensure they are informed of any case studies or engagements we do in this area.
- All respondents felt that it was important for younger people to take an interest in their pension (possibly a self-selecting response).
- There was a lot of confusion around pensions, with several people expressing that it was unclear to them what the benefits were, or the practicalities around joining the scheme. We will therefore be making a short “Pensions 101” video to share with all new joiners to the scheme and will also circulate this to employers so they can use it as part of their induction materials.
- We will be hosting a one-off focus group for younger members in 2024.

The findings of the survey were reported on our website: [Engaging with our younger members - Wiltshire Pension Fund](#).

### ***EDI as an engagement theme***



**EMBRACING  
EQUALITY,  
DIVERSITY AND  
INCLUSION.**

During the year, we published a news story on the work we have been doing on EDI ([Embracing Equality, Diversity and Inclusion \(EDI\) - Wiltshire Pension Fund](#)). As part of this work, we looked outwards to our investment managers, to gain an understanding of how they are embedding consideration of EDI in their investment approach, with a particular focus on the challenges in emerging markets.

A positive **outcome** here was that we were able to gain a clear understanding of how the manager was incorporating the 'S' (social) aspect of ESG criteria. This helped us to ensure genuine inclusivity and a strong commitment to diversity and equality, both in the workplace and in their investment decision-making processes.

### ***Voting for better EDI***

Our Q3 2023 [voting summary](#) included voting highlights with a focus on EDI. One example was for Nike, an American athletic footwear and apparel corporation in which we have almost £6m invested through our Brunel portfolio. We are pleased that EOS (who carry out the voting) were able to use the vote to support the introduction of reports on the median gender and racial pay gap, and report on effectiveness of supply chain management on equity. Voting in favour of these reports is thought to promote better management of opportunities and risks. The **outcome** was that both these shareholder proposals gained significant (although not majority) backing, and although not successful, this did prompt further explanations and a statement from the board. This instance underscores the dual commitment to holding companies accountable while also promoting fairness and responsible business practices. The emphasis on EDI considerations within voting decisions will align our investments not just for financial gain but also for societal impact and ethical progress.

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#### Outcome

There is a clear thread all the way down from our vision, through our goals and values, to how we operate as a team. Our strong sense of purpose and focus ensures that all our activities are working to deliver against our vision, and ultimately to deliver better outcomes for our beneficiaries.

## Principle 2

### Signatories' governance, resources and incentives support stewardship.

#### Governance arrangements

**Pensions Committee** – meets at least eight times a year to review the investment, administration and governance affairs of the Fund, review performance, and plan the implementation of policy.

**Local Pension Board** – responsible for securing compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, requirements imposed by the Pensions Regulator and ensuring effectiveness and efficiency.

Both these groups regularly discuss responsible investment and stewardship matters. Being regularly informed delivers the **outcome** that these groups are aware of the issues and are able to support better decision making, as well as raise relevant issues for consideration.

#### Our team



Relevant roles in our team include a Governance Manager, a Communications and Customer Engagement Manager, and a team of investment and accounting professionals.

The investment team's responsibilities include development of the Fund's strategic asset allocation, **stewardship** and responsible investment issues, selection and monitoring of the Fund's asset managers, working with the Brunel Pension Partnership pool in setting up portfolios, transitioning assets, representing the Fund's interests, and holding Brunel to account.

[Officers and Managers of the Fund](#) come from a wide range of backgrounds, accountancy, communications, consulting, pension and information systems, bringing a wealth of experience and range of qualifications. Training needs for officers are assessed as part of setting the workplan for the team and in setting goals and performance targets for individual team members.

#### Stewardship resourcing – in-house, at the pool, consultancy support and wider initiatives

Work done on responsible investment issues is largely resourced by officer time. Officers have been set responsible investment and stewardship objectives as part of the annual goal setting process, and an assessment of progress against these objectives forms part of the annual appraisal performance review.

As well as the work done in-house, responsible investment work is also carried out by the Brunel pool, which has a dedicated team of staff. This resource is a benefit of pooling, as we can use the scale from working with our partners to make our collective voice heard. We engage with Brunel on responsible investment issues regularly – one of the ways this takes place is through the Responsible Investment Sub-Group, which Wiltshire officers regularly attend and is strongly supportive of stewardship. This group learns about engagement case studies, helps to develop reporting, and sets the responsible investment agenda at the pool in line with client requirements.

The Fund's investment adviser, Mercer, have allocated a specialist responsible investment adviser to work with the Fund. This continuity of specialism will benefit the Fund as the approach is further developed.

As set out in the Fund’s investment beliefs, the Fund values the benefits of working with other investors to achieve better **outcomes**. A full list of the initiatives we support is included in our RI Policy. We continuously assess how effective these initiatives are, whether we are using them to our best advantage, and what outcomes they are delivering for us.

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### Case study – responsible investment plan

Each year we design a new Responsible Investment Plan to set out areas of focus and development for the coming year. The plan is then reviewed and approved by the Committee. This important piece of work delivers the **outcome** that we are focussing on key areas. It also holds the team accountable to deliver against the plan, demonstrating a positive way to incentivise the team. As set out in the plan, pieces of work are included based on the following criteria:

- i. There are existing commitments to complete the work.
- ii. Continuation of existing work.
- iii. Improving current practices.
- iv. Addressing topical issues, which we have identified as priorities due to their impact across our portfolios and/or membership.

This way of working also delivers the **outcome** that we are constantly pushing ourselves to improve and advance our approach in this area.

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### Case study – Analytics for Climate Transition ACT (tool)



Developing carbon metrics, understanding of where emissions are most intense, and how to target reductions and alignment with transition pathways are key parts of our strategy. Mercer’s ACT tool has been a valuable resource for insight into how this looks in practice from bottom-up and top-down viewpoints. This analysis is always evolving, and we collaborate with Mercer on what information will be most valuable to us. For the 2023 report, we requested the inclusion of analysis of which of our equity holdings met our definition of “fossil fuels”. An **outcome** from receiving this new analysis is that we have now launched a new piece of work to review each of these companies to ensure that it is on a path to transition, and we will be publicly reporting on this work, in the interests of transparency and information sharing.

---

### Outcome

By making efficient use of resources, we are able to use third party data and advice to supplement our own expertise, and focus our efforts on priority areas. Our ways of working ensure that we are on the front foot and promote a culture of continuous improvement. This approach enables us to stay agile and react to emerging issues.

### Principle 3

Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.

#### What are conflicts?

The [Public Service Pensions Act 2013](#) defines a conflict of interest in relation to a person, as “a financial or other interest which is likely to prejudice the person’s exercise of functions as a member of the board (but does not include a financial or other interest arising merely by virtue of membership of the scheme or any connected scheme).”

Due to the nature of the LGPS (as a funded statutory scheme, without the same separation that would exist in a trust-based arrangement) there is a possibility that potential conflict between the Fund and the Council could occur if interests were not managed appropriately.

#### Declaration of Interests – identifying conflicts

As Administering Authority, Wiltshire Council requires that all Councillors and co-opted members of Wiltshire Council must [register disclosable pecuniary interests](#) for public view.

All members of the Pension Fund Committee and Local Pension Board’s declared interests, including any that may affect the stewardship of the Fund’s investments, are maintained, and monitored on a Register of Member Interests. These are kept up to date and published on the Council’s website under each member’s name and profile:

[Committee details - Wiltshire Pension Fund Committee | Wiltshire Council](#)

[Committee details - Local Pension Board | Wiltshire Council](#)

The Local Pension Board has its own [Code of Conduct and Conflict of Interest Policy Guidelines](#).

#### Monitoring conflicts

Each member of the Pension Fund Committee is required to declare their interests at each meeting. No declarations were made during the year 2023/2024.

Brunel maintain a ‘Disclosure of conflicts of interest log’ which is presented to Client Group. The log of disclosures lists any interest that could potentially present a conflict, this is also monitored by internal compliance in Brunel.

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#### Case study – Affordable Housing Portfolio

We have made an allocation of 5% of the Fund to impact affordable housing. During a review of this portfolio in late 2023, Committee members spotted a local development within the portfolio that is also part of a Council project, and were quick to enquire whether this represented a conflict of interest. The development is held within a pooled property fund which is managed by a third-party manager, who are set both financial and impact performance targets. Therefore, the Committee were able to gain assurance that this development had been independently selected and that governance arrangements were appropriately separated from the Council, and that therefore no conflict existed.

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### Case study – divesting from fossil fuels

During the year, the Committee debated the concept of divesting from fossil fuels and agreed a plan for divestment. In this discussion a potential conflict of interest was flagged between the Fund’s net zero target (set in the Fund’s best financial interests) and the fact that the Fund still has a small number of fossil fuel holdings, which have been selected by the Fund’s investment managers as part of a balanced portfolio. Wording was added to the Responsible Investment Policy to provide context to the divestment statement which was agreed by the Committee:

The Fund also holds the following investment belief: ***“In order to protect the Fund’s investments into the future, the Fund supports a global warming scenario of well below 2°C, and states an ambition to achieve net-zero carbon emissions across all investment portfolios by 2050”***. The Fund still holds a small amount of investments in fossil fuel companies, which we acknowledge could be seen to be in conflict with this belief, and could even be interpreted as potentially supporting the very scenario we are trying to avoid, which would be financially detrimental to the Fund, and therefore incompatible with the fiduciary duty to our beneficiaries.

The divestment plan acknowledges this potential conflict and aims to divest in a managed way by 2030. In the meantime, all fossil fuel investments will be monitored to ensure that they are delivering real World change, and investment managers will be challenged on their holdings.

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### Outcome

**By embedding consideration of conflicts at both a decision-making and operational level, we are able to maintain high standards and ensure that conflicts of interest are appropriately managed and do not negatively impact on stewardship activities.**

## Principle 4

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

### Risk management



Our framework for risk management has undergone a huge revamp over the last two years, with the new risk and control register being thoroughly embedded in ways of working, and continued meetings of the CROC working group (Compliance, Risk, and Operational Controls). The new risk register contains tabs for each area, with ownership assigned to a manager within the team. Controls are linked to specific risks, and need to be evidenced. Managers review and update their risks and control dashboards every month, and engage in challenging monthly meetings. An **outcome** of this new way of working has been to promote ownership of risk, and has embedded a “whole Fund” approach to risk management.

The Local Pension Board and Committee continue to review the risk register on a quarterly basis, and the Local Pension Board highlight areas of importance to the Committee for their particular attention. A positive **outcome** from this regular review is that the Committee are highly aware of the “high” risks facing the Fund, and this enables more effective decision making.

A full commentary on risk identification and response specifically as it relates to investments, is given in the [Investment Strategy Statement](#) (ISS).

The following summary highlights key risks from our risk and control register which address market-wide and systemic risks, and explains how the risk has evolved over the year and what actions have been taken as a result of regular review and oversight.

Risk area	Details of risk	Updates and actions
Strategic asset allocation	The fund fails to implement the optimum risk / return strategy as set out in the ISS, with assets falling outside of their permitted allocation ranges	Due to market movements, which vary between asset classes, the portfolios can move out of their permitted ranges. A monthly review assesses the position, alongside thoughtful consideration of upcoming changes. An <b>outcome</b> of this work has been that proper planning for implementation of the Clops (climate opportunities) portfolio being tied in with redemption of an interim listed infrastructure portfolio to fund the changes.
Investment performance	Investment performance by managers is poor or misaligned with expectations leading to risk of funding level, achievement of investment strategy and poor benchmarking	Performance is reviewed monthly and then (unless anything urgent is identified) in detail quarterly with investment managers. During the year we experienced underperformance from our sustainable equities portfolio, but an <b>outcome</b> from regular review was that we were assured that this was due to extreme market events such as the ongoing Ukraine conflict, and therefore performance was not out of line with expectations.

Investment governance	Lack of compliance with legislation, LGPS 2016 regulations, MIFID 2, CMA order, Stewardship code, TCFD, Pooling guidance, etc.	Multiple workstreams during the year tackled this risk, including publication of the Fund's Stewardship Report and mini-magazine, and Climate Report. We worked collaboratively with the Committee to form a consensus of views for our response to the Government's pooling consultation in autumn 2023.
Internal controls of investment managers and custodian	Poor controls by investment managers and custodian could lead to loss of assets.	We have received and reviewed all control reports, and through this process have gained assurance that this risk is well managed.
Climate change risk	Climate risk is arguably the most significant financial risk facing the Fund. Failure to manage the risks in the investment portfolios, and/or to take advantage of the investment opportunities which arise from transition to a low carbon economy could cause the Fund to suffer material negative financial impacts.	We have approached this risk from both a risk mitigation perspective, and to ensure there are no lost opportunity costs. We have launched our Clops (climate opportunities) portfolio this year and set new climate-related targets. For <b>outcomes</b> , please refer to the deep dive case study below.
Responsible investment and stewardship strategy achievements	The fund fails to meet its RI objectives, including climate.	Our responsible investment plan has kept up on track and led to exciting <b>outcomes</b> such as the younger members engagement project (covered elsewhere in this report), and the publication of our first ever Affordable Housing Impact Report.
Funding position	There is a risk that failure to consider the multiple factors affecting the Fund's funding position could lead to adverse outcomes for the Fund, including lack of awareness around the impact of macroeconomic events on the Funding position, failure to act in a timely manner in response to significant falls (>20%) in the funding level, or failure to proactively address employer cessation and solvency issues.	The funding position is at a high level. We have experienced investment underperformance over the year, but due to rising gilt yields, our discount rate has risen, and the present value of our liabilities has fallen. For <b>outcomes</b> , please refer to the case study below for more detail.
Cost of living crisis	The cost-of-living crisis could impact the Fund from numerous perspectives (funding, investments, comms, admin, cash flow, resourcing etc). There is a risk that this is not properly considered and acted on, the Fund could experience adverse outcomes.	For <b>outcomes</b> , please refer to deep dive case study below.
	Low risk	
	Medium risk	





## Deep dive – cost-of-living crisis

Working together as One Fund

**1**

We work together as One Fund, demonstrating the values of transparency, accountability, ownership, critical thinking, respect, and agility

In December 2022, we published an in-depth analysis of the cost-of-living crisis, and the potential risks to all areas of the Fund and our membership: [The cost-of-living crisis, and the impact on WPF - Wiltshire Pension Fund](#). Throughout the year, we have maintained this risk on our risk register, and continue to consider and review it monthly. The following two pieces of work evidence that we have adopted a fully integrated “One Fund” approach to managing this risk.

### Liquidity management



One risk arising from the cost-of-living crisis is that with benefits rising with high inflation, but salary increases (and the corresponding pension contributions) not keeping pace, could the Fund suffer cashflow issues? Our modelling concluded that this was not something we needed to worry about in the short-term, but this is an area where we need to be able to operate sustainably going forward. Our SALAMI (strategic allocation to liquid asset-matching investments) portfolio enables us to hold funds in EFTs (exchange-traded funds) which broadly match the overall strategic asset allocation of the Fund, but with daily liquidity. This has meant that we have been able to top this portfolio up as part of monthly rebalancing work, and then easily withdraw money as needed for investment purposes.

The **outcome** of this portfolio has been to improve liquidity without sacrificing returns, reducing the risk that we may need to sell investments at inconvenient times.

### Pension Awareness Week (PAW)



For PAW this year ([Pension Awareness Week - 11 - 15 September 2023 - Wiltshire Pension Fund](#)), we wanted to support our members to understand their pension and provide them with useful tools and information to enable them to plan their financial future. Over the week we sent out a series of factsheets to our members, covering topics such as basics about the Fund and how their pension is paid for, financial tools, information about scams, and highlights on how their pension is making a difference, to promote a feeling of pride in being a member of the scheme. In a tough financial landscape, there is a risk that we may see more members opting out of the scheme, and we believe that a better understanding of the benefits will support members in making the best decision for their personal circumstances.

The **outcome** from PAW was that we achieved a wide reach with our messaging, seeing c.65k emails opened, and c.115% increase in website traffic across the week.

## Case study – funding position



Our funding level rose to a high of xxx% during the year to 31 March 2024. This was driven almost entirely by gilt yields rising, which meant that the discount rate also rose. This reduced the present value of the liabilities and pushed up the funding level. We closely monitor the funding level as we are concerned about the risk of this falling, but ironically the rise in the funding level presented new risks. Specifically, this introduced the risk that pressure and misunderstanding from employers might lead to demands that contribution rates are reduced or even for a contributions holiday. We held an employer forum in November 2023, and part of the messaging for employers was an educational session on the funding level. We shared the following messages:

- The funding level looks really good – but this movement has been driven primarily by gilt yields – it’s been a weird year!
- If inflation is reduced to the long-term target of 2%, gilt yields will reduce.
- If gilts yields reduce, then so does the funding level.
- Therefore, it would be very unwise to make any changes at the current time.
- In addition, the funding level assumes that we continue to invest in the same way as we currently do. If we moved some of our investments to less risky assets (i.e. away from equities and put more in gilts), then the funding level would immediately drop, as the future investment returns would be projected to be lower.
- In short – things look good, but we won’t be making any changes in the short term.

The positive **outcome** from this session was that employers understood the current position and supported the Fund in not making any snap decisions.



## Deep dive – climate risk and opportunities

Our approach to managing climate risk, arguably the biggest financial risk facing the Fund, is that we consider many different angles. The following examples show the way that we are tackling this risk, leaving no stone unturned in our work.

### ***New climate targets***

During the year, we set two new climate targets. These are as follows:

- We commit to all of our property investments being aligned with a net zero by 2050 target by 2030.
- We commit to engaging with our top 10 emitters and reporting transparently on our findings.

Our net zero by 2050 target, set following extensive modelling and stakeholder engagement work in the Fund’s best financial interests, covers all asset classes. We assess that property is a high risk area, but it has taken time and consideration to set a target for this asset class, due to lack of data

availability. This year we decided on a target which we can accurately measure. The **outcome** of this target is that we are more aware of which managers are aligned to our approach, and this will reduce the risks of financial loss from physical risks.

The **outcome** of setting the engagement target is that we have been able to identify and engage on our Top 10 Emitters ([Engaging with our Top Emitters - Wiltshire Pension Fund](#)). This work covered c.40% of the emissions in our active equity portfolios!

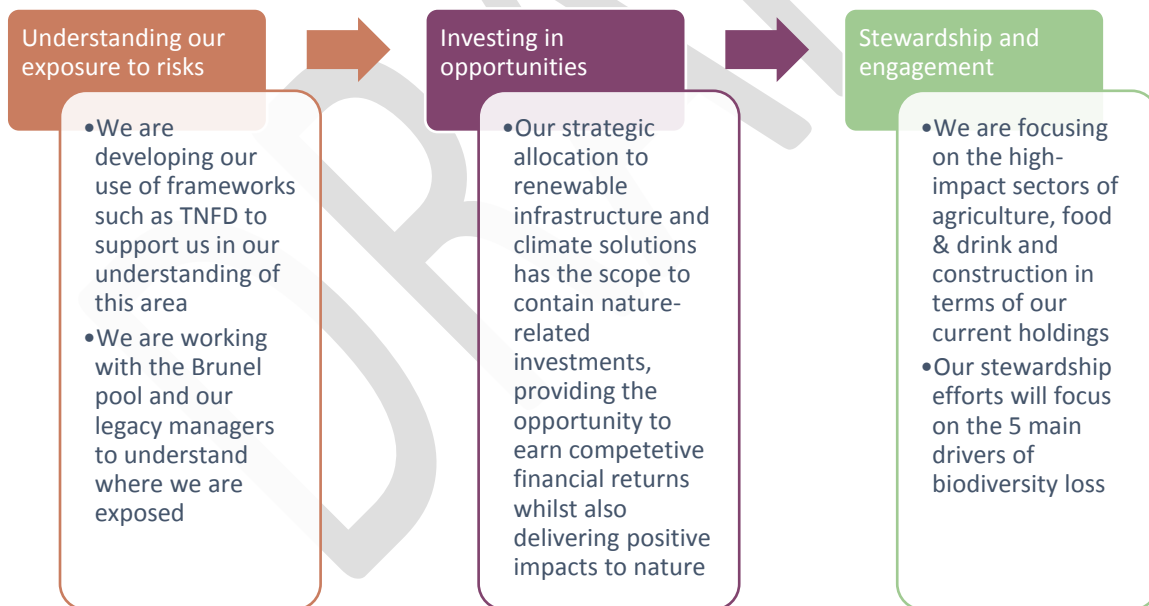
**Climate Opportunities (Clops) portfolio**



During the year we began work to implement our strategic allocation of 7% of the Fund to renewable infrastructure and climate solutions. The key **outcome** here is that this portfolio helps to manage the risk that we miss out on the opportunities presented by transition, as a key aim of the portfolio is to generate competitive financial returns. But it also helps us to help drive the transition by directly investing in solutions, thereby reducing the risk that as a World we end up in an unmanageable warming scenario, which would itself be financial damaging for the Fund, as indicated by the climate scenario modelling.

**Biodiversity**

The research shows that we will not achieve net zero without nature-based solutions. In our 2023 RI Policy, we included a framework for biodiversity risk, as follows:



This delivers the **outcome** that we now have a framework to approach this large and not-yet-well-understood risk, which will promote better outcomes for the Fund in the future.

## Smarter working



We maintain focus on our core objectives, and work in a proactive and disciplined way, to promote simplicity and efficiency in everything we do

### Case study – using our initiatives

[Climate Action 100](#) is an investor-led initiative to ensure the world’s largest corporate greenhouse gas emitters take necessary action on climate change. This initiative enables us to access information on key companies. We use this data when assessing our exposure to climate risk, in order to identify which companies we need to focus on.

We also support the [Transition Pathway Initiative \(TPI\)](#), which is a global, asset-owner led initiative which assesses companies' preparedness for the transition to a low carbon economy. The TPI tool assesses progress against companies and sectors to measure the level management quality and carbon performance, to aid in risk assessment.

An **outcome** from using these initiatives is that we were able to use this data to help identify our Top 10 Emitters, and therefore see where we are most exposed, and use this information to conduct targeted engagement activities. We reported on this work on our news pages: [Engaging with our Top Emitters - Wiltshire Pension Fund](#)

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### Outcome

Our fully embedded approach to risk management means that at all levels, from our Committee to our team, we understand our risks and are responsive to them. This supports our Committee in better decision making, and empowers our team to take ownership of risks. Throughout the year this has led to a One Fund approach, where we have considered risks (and developed solutions) from multiple different angles.

## Principle 5

Signatories review their policies, assure their processes and assess the effectiveness of their activities.

### Review of our policies

Relevant policies here include the following, all of which are approved by the Committee:

- **Funding Strategy Statement** – reviewed every three years as part of the actuarial valuation, with external support and review from the Fund’s actuary.
- **Investment Strategy Statement** – as above, with ad hoc amendments made as required, with external support and review from the Fund’s investment consultant.
- **Responsible Investment Policy** – reviewed and updated annually, incorporating information and guidance from the Fund’s investment consultant, as well as thoroughly researched content from the internal investment team, and incorporating wider stakeholder views.
- **Stewardship Report** – reviewed and updated annually by the Fund’s internal investment team, following feedback on the previous year’s submission from the FRC.



The annual review cycle illustrated to the left enables actions to be set in the RI Plan, which can then be investigated and incorporated into the next revision of the RI Policy. The Committee discusses progress against the Plan every quarter, which holds everyone accountable to completing actions and making progress towards ensuring the approach is up-to-date and taking account of all new information in the wider industry. This also embeds a continuous assessment of how effective our approach has been, with a quarterly recommendation to our Committee to discuss whether any new actions need to be added to our Plan.

### Assurance

Our investment consultant, Mercer, have allocated a dedicated responsible investment consultant to our account. This oversight provides assurance around the robustness and appropriateness of our approach. We also reflect on the feedback provided by the FRC each year on our stewardship submission and update the following year’s report accordingly. We also rely on in-house expertise from our investment team and peer group comparisons. The **outcome** of this well-rounded process is that we have sufficient broad knowledge to be assured that our approach is proportionate and ambitious.

## Case study – team expertise and culture



In order to make sure that the work we are doing is progressive and effective, we need our team to be well informed, highly skilled, and collaborative. The team is small, so we regularly take advice and work with our consultants and advisers. We collaborate with other LGPS funds to share knowledge and best practice. An important assessment criterion for team members is taking ownership for their own professional development. Members of the team have achieved industry qualifications such as the CFA’s Investment Management Certificate, and ESG Certificate. Training is obtained through many different sources, including (but not limited to):

- Industry events (conferences, webinars etc).
- Research.
- Information provided through the various initiatives we are members of.
- Publications.
- Deep dives with investment managers.
- Investment site visits.
- On-the-job learning.

The **outcome** of this drive for excellence is that we are able to carry out quality research into our investments, and produce a variety of case studies and [news stories](#) to share with our stakeholders.

We promote an inclusive team culture, and ideas and suggestions for improvements are welcome from any member of the team.

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### Outcome

By regularly reviewing our policies, and incorporating input from specialist advisers, qualified members of the team, stakeholder views, and wider review of peers, we are able to ensure that our policies are up-to-date, and that we are considering all relevant issues. Quarterly review of progress by our Committee ensures that we are held to account, assessing our effectiveness and are constantly evolving our approach. Our inclusive team culture means that ideas for development and/or stewardship actions are welcomed from everyone, and this diversity of thought leads to better decision making.

## Investment approach

### Principle 6

Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

#### Our beneficiaries

As covered under Principle 1, WPF is part of the LGPS, a defined benefit pension scheme. We are responsible for the pensions of c.84000 members across c.180 employers. Total membership of the Fund as at 31 March 2023 was xxxx (include number, split between act, deferred and pensioner, average age and average pension in payment).

#### What we invest in

The Fund maintains a ~£3.0bn portfolio of assets, managed by a range of managers across diversified asset classes and geography. Full information can be found in the [Annual report and accounts](#).

Asset Class	SAA %	Sub Asset Class	Manager/Mandate	SAA %
Equities	42.00%	Listed Equity	Brunel (passive and active)	24.5%
		Private Equity	Brunel	7.5%
		Emerging Markets (Equity and Debt)	Ninety One	10.0%
Growth Fixed Income	15.00%	Multi Asset Credit	Brunel Multi-Asset Credit	7.5%
		Private Debt	Brunel Private Debt	7.5%
Real Assets	32.00%	Core Infrastructure	Partners Group, Brunel	4.0%
		Renewable Infrastructure / Climate Solutions	Schroders Greencoat, Ninety One, World Fund, others tbc	7.0%
		Secured Income	Brunel Secured Income	8.0%
		Impact Affordable Housing	CBRE, Gresham House, Man Group	5.0%
		Core Property	Brunel	8.0%
Low Risk	11.00%	Index Linked Gilts	Brunel	7.0%
		Liquid Loans	Pinebridge	4.0%
		Liquidity Sleeve (ETF) [SALAMI]	BlackRock	0.0%

#### Our investment time horizon

##### Long term thinking



We always act with the long term in mind, whether we are setting our investment strategy, planning improvements, or working towards our net zero by 2050 goal

Our time horizon is modelled as part of the triennial actuarial valuation process. Our projected cashflow stretches **over 100 years**. In practice, with the scheme open to new entrants and future accrual, this time horizon will continue into perpetuity.

## How we consider what our beneficiaries need



**Clear communications**

We communicate with all our stakeholders in a clear, concise, relevant and effective way

Our strategic Goals help us to focus on what we need to do to achieve our Vision. Through our stewardship activities, we focus mainly on the goals highlighted above. We want to ensure that our investment strategy is designed to deliver **stable and affordable contributions** for our employers, and through stewardship activities we can protect against risk and deliver better risk-adjusted returns, which supports this goal. We also want to provide our employers with the information and tools they need to act as **advocates for the scheme**, which will deliver better outcomes for our members. Our members need to **understand their benefits**, and also how the money held to fund their pensions is invested.

This will help deliver a **positive impact** to our members, supporting their financial future and delivering what they need at significant moments in their lives. Our goal of **transparency and information sharing** further supports us in achieving these desired **outcomes**.



In order to check-in with our members and employers and find out what information is going to support them the best, we have to ask them. We have carried out various surveys of both our membership and employers to ask these questions. In these surveys we ask:

- What issues are important?
- What topics are most interesting and useful?
- How do they want to receive information?
- What can we do to support them?

We analyse the information received and put together an action plan. Then, once the actions have been carried out, we assess how effective this has been – this could be via direct requests for feedback, or through reviewing data (email opens, clicks, web visits, self-service portal logins etc). This feedback and/or data will help inform our approach going forward.



## Case study – youth engagement



Full information on our youth engagement project can be found in the EDI “deep dive” under Principle 1. It is worth another brief mention here, as this project illustrates how we are embedding consideration about our investment timeline in stakeholder engagement. We recognise the importance of engaging with our future pensioners to better understand their expectations, preferences, and priorities regarding their pensions and how it is invested, whilst also keeping them well informed of their benefits. As we are an open scheme we have a constant influx of new joiners, therefore we need to be mindful of how we keep our members well-informed about their pension benefits and our investment rationale. We are aware that young people are typically less likely to engage with their pension. As a Fund we want to engage with all our members about their LGPS pensions, ensuring there are appropriate materials and support for them through their pension journey with us.

## Case study – employer forum



During November 2023 we held our first post-pandemic in-person forum for our scheme employers. We covered the following topics:

- What's new in the World of Pensions?
- Guest Speaker (from the Pensions Regulator)
- Investments - why they matter to you and how you can get involved
- Employer Responsibilities and Discretions
- What is Pensionable Pay?
- Communicating Pensions- unveiling the benefits
- McCloudy with a chance of rain
- Meet your Employer Rep and find out how you can get involved

An excellent day with relevant and engaging sessions. Really enjoyed it and found it very useful. Good to network with the pensions team and discuss points of interest and meet other employer colleagues

All sessions were tailored to deliver the **outcome** that employers received information that was directly relevant to them and had actions to take away. There was strong attendance at the forum, with 31 attendees and 18 employers represented. We carried out a feedback survey after the event and received helpful information to help us make future events even more useful.

A specific **stewardship outcome** was that employers engaged with a session on investments which included information and case studies on our approach to responsible investment. They took away a clear, strong message about how the work

we do benefits them by delivering stable returns, and how our responsible investment and stewardship work is in line with our fiduciary duty.

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### Case study – our approach to communications

Different members and employers may wish to receive information in different ways. Our surveys have indicated that both these groups have a strong preference for short communications via email which they can digest in their own time, as well as information on the web. This is therefore how we focus the bulk of our communications. During the year, we published the following documents:



- Annual Report, mini-magazine and one-pager
- Responsible Investment Policy
- Climate Report and one-pager
- Affordable Housing Impact Report
- Stewardship Report and mini-magazine

As well as the in-person employer forum we also hosted member webinars, published many news stories, increased our presence on LinkedIn, participated in industry events, and used several different methods to engage with members and employers (emails, videos, website updates etc).

Insert comms stats here.

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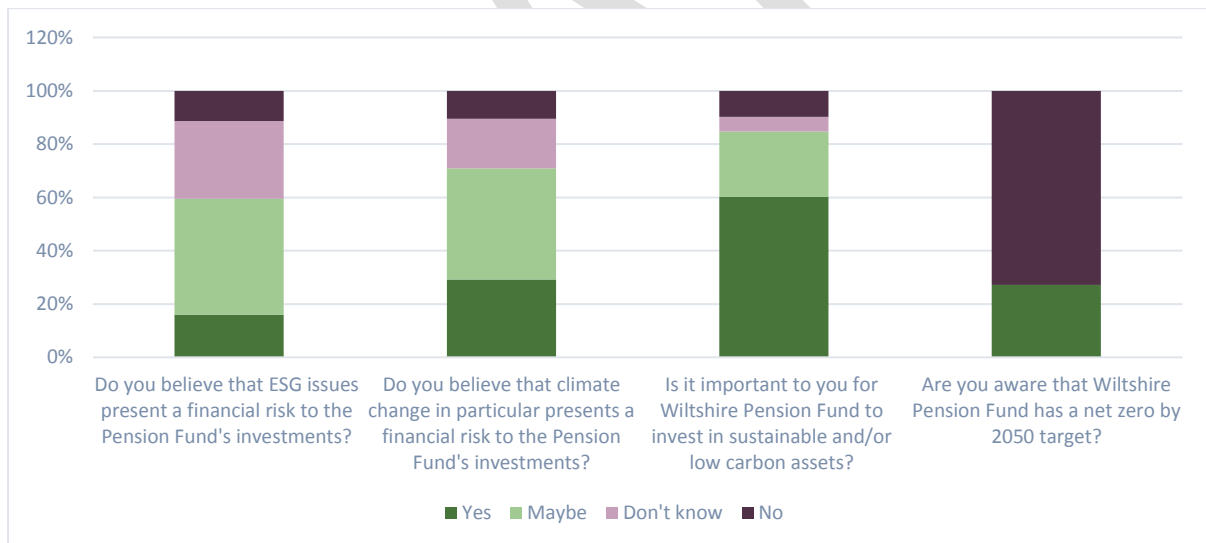
## Deep dive – membership survey 2024

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.

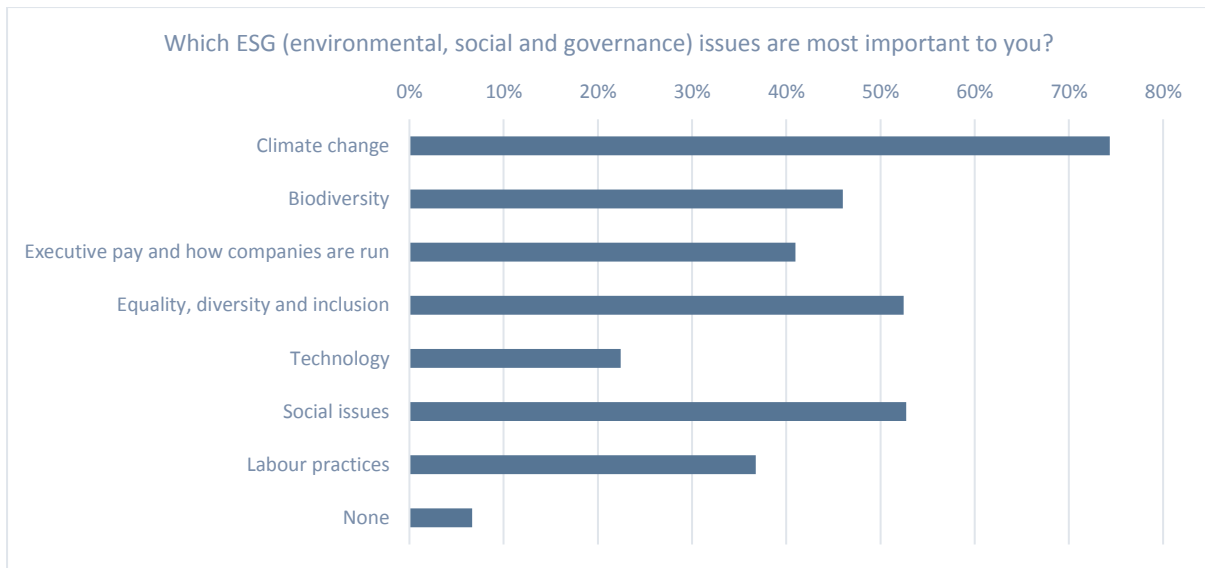
We were blown away by how much our members care about responsible investment. We received a staggering **2,914 responses**, 30% more than in 2021. We saw the highest response rates from pensioner members, and a very low number of responses from members under 30, justifying our continued efforts to engage with this demographic.

We learned that although members are unsure about whether ESG issues present a financial risk to the Fund’s investments, it is still important to them that we invest in sustainable and/or low carbon assets, with 85% answering yes or maybe to this question.



Our members overwhelmingly (63%) want us to prioritise investment returns and ESG issues equally. This indicates that members want us to earn strong investment returns, by investing responsibly and in a sustainable way. We are pleased that this is completely aligned with our existing approach. They also value stewardship activities – it was “important” to them that we work to influence the behaviour of the wider financial community and the companies in which we invest, to bring about better environmental and social outcomes.

We asked members to select which ESG issues were most important to them (they could select as many as they liked).



These findings will help inform our engagement and communication approach, so that we can keep members informed about issues that are important to them. 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. As a result of these findings, 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.
- 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 asked about the effectiveness of our comms and found that 34% of respondents had seen our Annual Report, a significant increase from 13% in 2021. Of the 46% of respondents who had seen our news pages, 96% reported that they found the content useful/somewhat useful. These findings have given us a steer that we should 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.

We are very grateful to our members for engaging with us in this way and providing us with valuable insights into their views and preferences. The **outcome** of this exercise has been to raise awareness of these issues among the members, and to provide us with information that we can use to help inform our responsible investment plans, engagement topics, and communications.

## Case study – award-winning member communications



In late 2023, we were delighted to be awarded “Best Climate Change Member Communication” at the Pension for Purpose stakeholder event and awards. This award was for our [Purposeful Pensions film](#). We are passionate about transparency and information sharing with our members, not only ensuring they understand their benefits but are also aware of the positive impact their pension is making. We loved

visiting some of our investments during the making of the film, and taking the time to not just tell but actively show our members what our approach to investing looks like.

### Outcome

Through a programme of engagement, we understand what our members and employers want to know, what is important to them, and how they want to receive information. We are responsive to feedback and work creatively to communicate stewardship and responsible investment activities and outcomes in effective ways. We have received industry recognition for our communications efforts.

## Principle 7

Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

### Our Responsible Investment Policy

We are constantly evolving our approach to responsible investment and have set ourselves a goal to be an example of best practice in this area.

Our dedicated Responsible Investment Policy, updated annually, brings all information on the Fund's responsible investment activities into one place and to promote transparency and engagement with stakeholders. This includes our climate change action plan.

### Our fully integrated approach

We integrate responsible investment issues across the whole investment process:

- i. Investment Strategy Statement (ISS)
- ii. Strategic Asset Allocation (SAA)
- iii. Monitoring of managers and the pooling company
- iv. Stewardship and engagement
- v. Internal reporting and accountability
- vi. Reporting externally
- vii. Stakeholder engagement



At the LAPF Investment Awards in September 2023, we were delighted to be awarded “**Best Approach to Responsible Investment**”. The judges’ comments highlighted our fully integrated approach as a key reason for our win.

### Our stewardship priorities

We believe that the best approach is to focus on priority ESG issues, since research has shown that this can generate the largest positive contribution to returns and is also a practical approach considering resource limitations.

The Committee has used the United Nations Sustainable Development Goals (UN SDGs) as a framework to prioritise issues for engagement activity. This prioritisation was assessed through a series of workshops supported by Pensions for Purpose, and subsequent debate at a Committee meeting. Issues for priority engagement are as follows:

- Climate (SDGs 13 Climate Action & 7 Affordable and Clean Energy)
- Economic growth (SDGs 8 Decent Work and Economic Growth & 9 Industry Innovation and Infrastructure)

➤ Education (SDG 4 Quality Education)

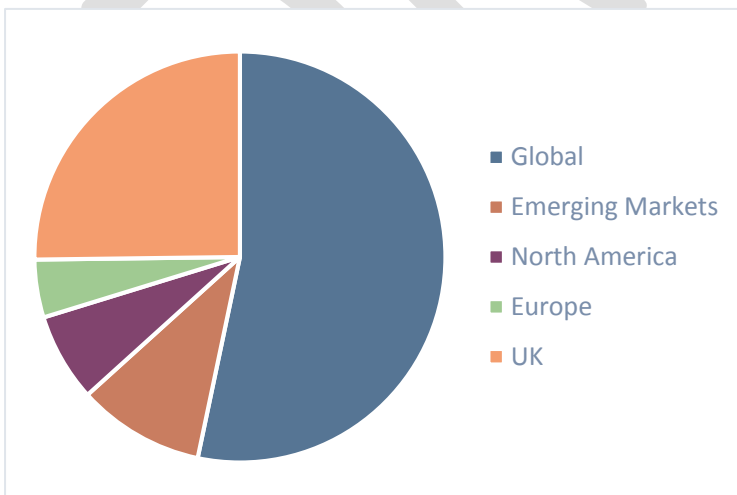
As well as working with the Committee, we always focus on which stewardship priorities will have the biggest impact on our returns, bearing in mind our long-term investment horizon and the opportunity to enact change over a longer timeframe. We look to a variety of sources to form this view. These sources could include industry research, the largest financial risks as identified by the World Economic Forum, our own climate scenario modelling, consultant views, and many more. We also ask our members and employers what their priorities are – this by itself would not be enough to set a new priority, but it certainly delivers the **outcome** that we ensure we communicate with members and employers about issues that are of most interest to them.

Another way to summarise our priorities is through an ESG lens:



We communicate our priorities to our managers every year, through circulation of our Responsible Investment Policy, and we specifically ask our managers to acknowledge our Policy and confirm to us that they will invest in line with it. When selecting new managers, being able to align with our RI Policy is one of the key hurdles that must be passed in order for a manager to be investable. This delivers the **outcome** that our managers are aligned to our approach.

**Integration of stewardship across different asset classes and geographies**



The graph shows a very high-level indication of the split of our investment portfolios by geography. Although geography does have an impact (such as the level of risks or data availability for certain ESG factors), asset class is a larger determinant of how we adapt our approach to stewardship and engagement. [Brunel's Stewardship Policy](#) outlines the integration across all asset classes in more detail. An example of how we have considered

our long-term investment horizon in our approach is our philosophy on emerging markets – we believe it is better to remain invested and earn strong returns by helping to drive real World change, rather than divest and see an immediate benefit to our carbon footprint.

## Case study – climate engagement across all asset classes

Our plan is to expand climate target setting across all asset classes, but for now data availability is a big challenge for some asset classes. In the meantime, we engage across all asset classes and assess how each of our portfolios is doing.

The following table shows our assessment of our entire strategic asset allocation against various climate criteria. This shows that, as expected, we are making strong progress in our equity portfolios, and that there are still challenges with data availability in private markets. We are working with all our managers to drive forward improvements.

Portfolio	Net Zero Target by 2050 or sooner	Metrics and Reporting	Data Coverage	Transition Alignment (per Mercer, where available)	Combined Net Zero Score
Paris Aligned Passive Equity	Green	Green	Green	Green	Green
Global High Alpha Equity (Active)	Green	Green	Green	Green	Green
Global Sustainable Equity (Active)	Green	Green	Green	Green	Green
Private Equity	Orange	Orange	Orange	Grey	Orange
Emerging Markets Equity	Green	Green	Green	Orange	Green
Multi Asset Credit	Orange	Green	Green	Orange	Orange
Private Lending/Debt	Orange	Orange	Orange	Grey	Orange
Emerging Markets Debt	Green	Orange	Orange	Grey	Orange
Infrastructure (Unlisted)	Orange	Orange	Orange	Grey	Orange
Private Infrastructure	Orange	Orange	Orange	Grey	Orange
Infrastructure (Listed)	Green	Green	Green	Green	Orange
Secured Income - Long Lease Property	Green	Orange	Orange	Grey	Orange
Impact Affordable Housing	Green	Green	Green	Grey	Green
Property	Green	Orange	Orange	Grey	Orange
Secured Income - Operational Renewables	Green	Orange	Orange	Grey	Green
Gilts	Green	Orange	Orange	Grey	Green
Bank loans	Orange	Orange	Orange	Grey	Orange

Fully delivering against the Fund's climate objectives	Very good progress made towards target setting/reporting and metrics/high level of coverage	Strong foundations, working towards formal targets/metrics in development/coverage improving	Significant progress needed by way of target setting, metrics and/or coverage, but no causes for concern	Actively causing problems for the Fund's climate objectives	Not available
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This work has delivered the **outcome** that we are aware of the limitations across different asset classes and are able to focus our efforts on the key things that need to be progressed in order get to our long-term goal.



## Case Study – a collaborative approach to target setting for an emerging markets multi-asset (EMMA) portfolio

We began our collaboration work to set net zero targets with Ninety One, who manage our EMMA portfolio, in February 2022. We then held further strategy evolution workshops in July and October 2022. These workshops involved looking at investment processes, scorecards, target setting and reporting. The EMMA strategy includes equities and debt, in a roughly 50:50 split, as well as additional “tilts” to the portfolio, which are smaller exposures to certain themes. The outcome of this project was to agree the targets below.

We were delighted to collaborate with Ninety One on this review of the portfolio’s objectives, and found that the strong challenge provided by ourselves, combined with Ninety One’s deep knowledge of emerging markets has led us to a pragmatic but suitably ambitious **outcome**.

1. Investing with the aim of achieving emissions reductions (in the portfolio) consistent with the goal of global net zero emissions by 2050, and a fair share science-based pathway for emerging markets.
2. 75% of equity holdings (by emissions) to have a science-based commitments by 2030.
3. Engage on the portfolios highest emitters (equities), accounting for 65% of total emissions.
4. At least 80% of sovereign bonds to be classified as either “very high alignment” or “high alignment” categories of the Net Zero Sovereign Index by 2030 (with no exposure to Sovereigns in the lowest two Net Zero Index Categories).
5. A minimum 10% exposure to sustainable investments by the end of 2023, rising to 15% beyond.



I-r Grant Webster (91), Annika Brouwer (91), Jennifer Devine (WPF) and Daniel Smith (WPF) at a meeting to discuss the portfolio’s goals and strategy

### Outcome

**Our approach to stewardship and responsible investment is fully integrated, and this enables us to apply our priorities across all asset classes and geographies, adapting our approach as appropriate.**

Our stewardship priorities and activities are clearly aligned to our fiduciary duty and vision, and we use our long-term investment horizon to enact these priorities and deliver positive outcomes for our beneficiaries.

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## Principle 8

### Signatories monitor and hold to account managers and/or service providers.

#### Monitoring our managers

We hold quarterly meetings with our asset managers (including the Brunel pool), and the Pension Fund Committee meet with each manager at least annually on a rota basis, during which responsible investment matters are discussed.

#### How do we hold our managers to account?

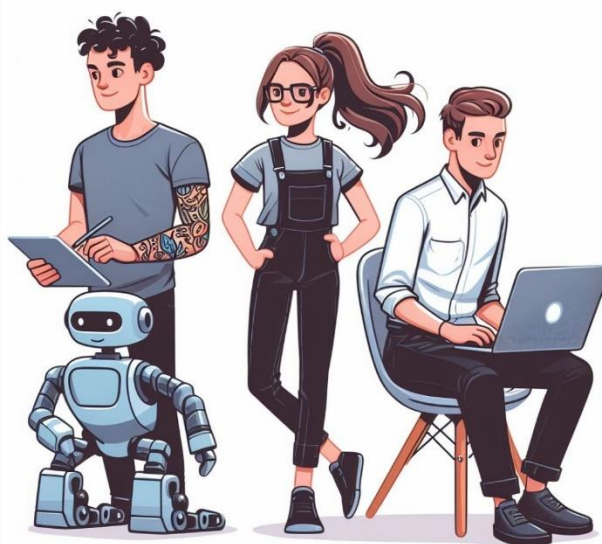
We monitor financial performance, but more importantly we are concerned that a portfolio is performing in the way we would expect given the manager's established strategy and what has been going on in the relevant markets. We also need to understand what stewardship work managers have been carrying out on our behalf, and how well they are responding to topical issues and current events. As well as the regular review meetings, we carry out ad hoc pieces of work to gain assurance that managers are properly stewarding our assets and acting in line with their mandates. This can involve activities like researching case studies or conducting site visits (please see case studies below). An additional positive **outcome** from this work is that we can write up our findings and share them with our stakeholders to help bring our investments to life.

#### Investment Consultant monitoring

In line with the CMA Order ([Investment Consultancy and Fiduciary Management Market Investigation Order 2019](#)) we set our investment consultants objectives, and conduct an annual appraisal against these objectives.

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#### Case study – artificial intelligence (AI)'s impact on investments



The World Economic Forum has identified adverse outcomes of AI technologies as a top 10 risk over the next decade. Recently, we worked with one of our investment managers to delve into the significance of AI as an investment theme. We aimed to understand how AI investments relate to our sustainable goals while exploring our capital exposure to Nvidia, a prominent player in the AI and semiconductor industry.

AI is experiencing a surge in prominence across various industries, and its impact on investments is becoming increasingly evident.

Our investment portfolio has capital exposure of **£13m to Nvidia, a leading company in AI and semiconductors**, in our Global High Alpha portfolio with Brunel. In quarter two of 2023, the performance of the top seven names; Apple, Microsoft, Amazon, Nvidia, Alphabet, Tesla and Meta accounted for 85% of the total gains made by world equities. And from October 2022 to October 2023, **Nvidia's stock performance is up by almost**

**300%**. This exposure signifies our long-term investment horizon and our role in investing in tech, AI and other growth sectors.

As well as looking at AI within our portfolios and as an investable theme, we also enquired about the broader societal impact. AI may not necessarily destroy jobs but could disrupt job functions. We considered how AI's role in various industries could transform job functions, much like automation did in the past. Some job roles may evolve, while others could become obsolete as AI capabilities improve.

Having delved into this theme, we undertook to communicate our findings to our stakeholders, as AI is something that they will have heard about in the press and therefore this topical issue could be a way to engage their attention and share news of our stewardship activities. We used AI tools to help both write and illustrate a news article as a further attempt to contextualise the information ([AI's Impact on Investment: Insights from Wiltshire Pension Fund - Wiltshire Pension Fund](#)).

The positive **outcomes** from conducting this case study were that we gained assurance that the investment manager was thoroughly taking this important theme into account and was assessing it from a broad perspective, and we had interesting material with which to communicate our activities to stakeholders.

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### Case study – focus on high emitting sectors: cement



On our journey to net zero, we are using many different approaches in order to achieve our goal. One area that we looked at recently was the high-emitting cement sector. This sector accounts for a huge part of global emissions, so we wanted to understand how we are exposed to the sector, whether this is something that can support our journey, and how well our managers are dealing with their investments in this sector.

Even though cement may generate a lot of emissions, it is such a vital part of modern society. If we can invest in a highly-emitting company and support it to decarbonise, we believe that this will help the Fund to earn superior returns into the future, and protect us from the risk of financial loss which may occur from investing in a company which fails to transition.

During our investigations, we looked at a variety of different pieces of information:

- What companies we are exposed to.
- Industry tools to assess how prepared companies are for the transition to net zero.
- Views of our investment managers.
- Company information including seeing whether they are putting money behind their plans to transition.

We learned that at the current time, we are exposed to one cement company, Holcim. From discussions with the manager who holds Holcim, as well as wider research into the company and industry, we were able to achieve the **outcome** that we understood the investment rationale, and were assured that the manager was aligned with our approach, and had selected a company that

was ahead of its peers. We were able to get comfortable with the company being held in our portfolio in spite of the high emissions. We communicated our findings to our stakeholders via a news article during COP28: [Focus on high emitting sectors: Cement - Wiltshire Pension Fund](#)

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### Case study – site visit to a modular housebuilder



One of our affordable housing managers, Man Group, have partnered with TopHat to deliver 226 affordable modular homes at a site in East Sussex, all of which will be operationally net zero (WPF share approx. £7m). Recently we had the exciting opportunity to visit Derby and Tophat's 125,000 sq ft factory, in order to explore and understand how sustainable practices can be embedded into the construction of affordable homes.

During the factory visit we were taken on a tour of the factory by Top Hat staff. During this tour we went on a journey from the raw materials, to seeing the walls, rooms, and modules coming together to form the finished product. Each step of the process gave us the opportunity to enquire about methods and materials, and understand the environmental implications. We were also able to find out more about the social aspects, such as training for staff and female representation within the team (in what is traditionally a male-dominated industry). We mapped these enquiries to the UN SDGs set by our Committee as stewardship priorities, SDG4 and SDG9.



In addition, we were able to learn more about the company itself, and how Man Group were managing the risks of contracting with a start-up company.

A positive **outcome** from this site visit was a deepened understanding about the environmental credentials of these innovative houses, and assurances that the manager

(Man Group) were properly managing the risks. We were also able to write up this visit as a news article (<https://www.wiltshirepensionfund.org.uk/article/7878/Investing-in-Innovative-Zero-Waste-Construction>) to communicate to our stakeholders that our affordable housing portfolio is helping to address the challenges faced by the housing industry and contribute towards better outcomes for both people and the planet.

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### Outcome

The work we do to monitor our managers is both disciplined and innovative. We identify the important factors that will ensure the managers are meeting our stewardship and investment priorities and develop bespoke approaches to gain the assurance that we need.

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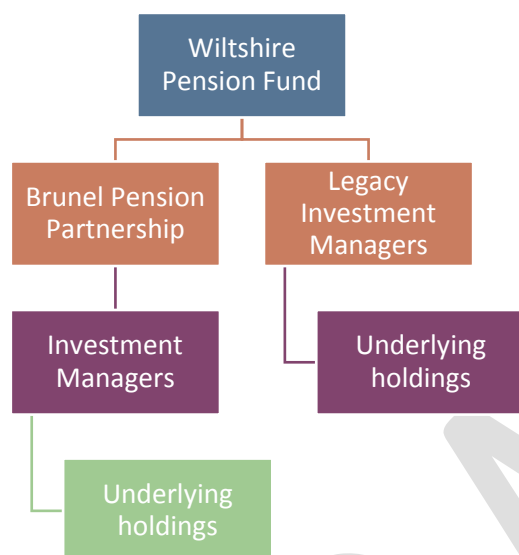
## Engagement

### Principle 9

#### Signatories engage with issuers to maintain or enhance the value of assets

##### Engagement policy

Our engagement policy is set out in our RI Policy. This explains who we engage with, and the scope of our work. Our engagement policy applies to all portfolios and all asset classes. The Fund's relationships with the underlying holdings in the investment portfolios are set out as follows:



Where portfolios are held through the Brunel pool (currently >70% of the Fund), Brunel appoint investment managers to manage the portfolios. Where assets are still managed locally, the Fund has appointed its own investment managers, referred to as “legacy investment managers”.

As shown in the diagram, the Fund has no direct relationship with the underlying holdings in either scenario. Engagement with the underlying holdings is delegated to the legacy investment managers and Brunel, who are all provided with the Fund's Investment Strategy Statement (including the RI Policy), so that they can ensure alignment in their approach.

The Fund's own engagements do not currently extend to direct contact with the underlying holdings. The type of engagement work we carry out ourselves is with the managers, as described under Principle 8.

Brunel has appointed Federated Hermes EOS as the engagement and voting services provider. The appointment enables a wider coverage of assets and access to further expertise across different engagement themes. For full transparency, the Fund publishes its voting and engagement activities on its website on a quarterly basis.

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##### Case study



Asset class: **Global equities (active and Paris-aligned passive)**

Company: **Nestle**

Engagement partner/provider: **EOS**

Objective: **Regenerative agriculture**

Date: **2023**

**Engagement work:** An increasing number of corporations are shifting towards regenerative agriculture to mitigate their impact on land use changes and pollution, both of which are key factors contributing to the loss of biodiversity. Regenerative agriculture practices offer the potential to not only reduce but also capture carbon emissions within agricultural supply chains. EOS have been proactively engaging with Nestle to set and pursue goals related to incorporating regenerative

agriculture into their supply chains. EOS have also advocated for the measurement of the impact of these practices on soil health, water quality, carbon, and biodiversity.

**Outcome:** Nestle now integrate regenerative agriculture as part of their overall strategy to reach net zero by 2050. The company has made a commitment to sourcing 50% of their key ingredients through regenerative agriculture by 2030.

**Ongoing issues:** EOS have encouraged the Nestle management team to expand this target to 100% by 2050.

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### Case study



Asset class: **Global equities (active and Paris-aligned passive)**

Company: **Danone**

Engagement partner/provider: **EOS**

Objective: **Climate targets**

Date: **2023**

**Engagement work:** Danone is a French food and beverage company built around four businesses: essential dairy and plant-based products, early life nutrition, medical nutrition and waters. At the end of 2022 the company announced new climate targets, aligned with, and validated against a 1.5°C pathway, as part of the Danone impact journey.

**Outcome:** During engagements with the lead independent director and the sustainable finance director, EOS urged the company to ensure that it was clear how these new targets and associated strategies were being reflected in the financial statements and the audit. However, in Danone's next annual report there was a lack of information as to how the company and its auditor had considered climate in the preparation of the accounts.

**Ongoing issues:** This lack of information prompted EOS to recommend a vote against the financial report and accounts at the company's AGM in April 2023.

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### Case study



Asset class: **Bank loans**

Company: **A global airline company**

Engagement partner/provider: **Pinebridge**

Objective: **Emissions reduction targets**

Date: **2023**

**Engagement work:** Pinebridge requested that in addition to the existing carbon reduction targets, if the company could disclose annual targets/milestones for lenders to track on a recurring basis.

**Outcome:** The company have shown willingness to consider this request.

**Ongoing issues:** Pinebridge will follow up to determine the progress and conviction of the company in making the requested changes.



## Outcome

Engagement with specific holdings is delegated to our investment managers, with whom we have communicated our priorities, and who also have freedom to pursue their own priorities depending on the characteristics of the individual holdings and/or portfolio. We review engagement activity and challenge our managers on their engagements to ensure that the approach has been effective and that our priorities have been acted on.

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## Principle 10

Signatories, where necessary, participate in collaborative engagement to influence issuers.

### Our partners for collaborative engagement

#### **LAPFF (Local Authorities Pension Fund Forum)**

We are a member of LAPFF ([Local Authorities Pension Fund Forum](#)), which enables us to act with other local authorities on corporate governance issues. LAPFF's mission is to protect the long-term investment interests of beneficiaries by promoting the highest standards of corporate governance and corporate responsibility amongst investee companies.

#### **Climate Action 100+**

We are a signatory of Climate Action 100. This is an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. This initiative enables the Fund to support engagement activities which promote the target of net zero by 2050. More information is available here: <https://www.climateaction100.org/>

#### **Brunel Pension Partnership**

We engage and collaborate with other shareholder funds through the client group, the Responsible Investment Sub-Group (RISG), and ad hoc communications from Brunel on responsible investment initiatives, for example engagement and voting matters.

#### **Federated Hermes EOS**

Engagement implementation at Brunel is undertaken by asset managers, our specialist provider means by which client fund investment priorities are communicated to EOS is via the RISG and directly to EOS at (RISG) meetings which are attended by the EOS engagement team.

### Assessing effectiveness of collaborative engagement

It is difficult to measure the success of engagement activity, particularly on thematic issues. Changes in public opinion, policies, practice and regulation take place over the long term as the incremental effect of many smaller scale discussion, debate and decisions, diplomatic and activist actions place pressure on governments, asset owners, asset managers and issuers in turn.

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### Case study – Home Depot engagement



Company: **Home Depot**

Engagement partner/provider: **LAPFF**

Objective: **To request that the company conduct risk-based supply chain mapping, following reports that the company had alleged links to forced labour in its supply chain.**

Date: **Q2 2023**

**Engagement work:** LAPFF met with the company in Dec-22 and subsequently attended the AGM in May-23 and asked a question.

**Outcome:** At the AGM, LAPFF asked the company if it would commit to undertaking a mapping of its supply chain in higher-risk areas such as Xinjiang, and whether it would undertake an independently led human rights impact assessment on its PVC supply chain. The company provided a general response on its supply chain due diligence but did not commit to either of LAPFF's requests.

**Ongoing work:** Alongside the other investors involved in the engagement, LAPFF will be seeking to organise another call with the company to further discuss its global supply chain due diligence with a focus on its PVC supply chain and Uyghur forced labour.

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### Case study – Toyota collaborative engagement



Company: **Toyota**

Engagement partner/provider: **LAPFF via CA100+ transportation group**

Objective: **To seek to address risks around transition, given concerns around lobbying and plans for moving towards electric vehicles.**

Date: **Q2 2023**

**Engagement work:** Letter, shareholder resolution, company meetings

**Outcome:** LAPFF signed on to a letter to Toyota which called on the company to align its strategy and lobbying activity to a 1.5 degree scenario. Concern about Toyota's lobbying activity led to a shareholder resolution, calling for an annual review and report on the impact on Toyota caused by climate-related lobbying activities and the alignment of their activities with the goals of the Paris Agreement. As part of its climate voting alerts LAPFF supported the resolution.

During the quarter, LAPFF also met with the company as part of the collaborative engagement. The meeting covered proposed US regulations, capital expenditure on EVs, plans for EV production, and the challenges around battery sourcing.

**Ongoing work:** LAPFF will continue to engage with Toyota, and other carmakers, to ensure that plans for EV production are aligned to a 1.5 degree pathway and also ensure alignment of public policy positions with the Paris agreement.

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### Outcome

**By joining with other investors in collaborative engagement activities, we are more effective and achieve wider reach across our investments. By monitoring the engagements carried out on our behalf, we are able to ensure that key themes are picked up and followed through.**

## Principle 11

Signatories, where necessary, escalate stewardship activities to influence issuers.

### Setting engagement and escalation expectations

We have provided all managers and Brunel with our RI Policy, setting out our expectations on engagement. We expect both our managers and Brunel to take appropriate action when engaging in stewardship activities on our behalf – engagements need to be convincing, and we want our managers to escalate as needed. This may eventually lead to divestment if insufficient progress is being made. Our own engagement activities with our investment managers may also lead us to escalate issues if we do not feel that adequate progress is being made.

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### Case study – escalating on oil sands



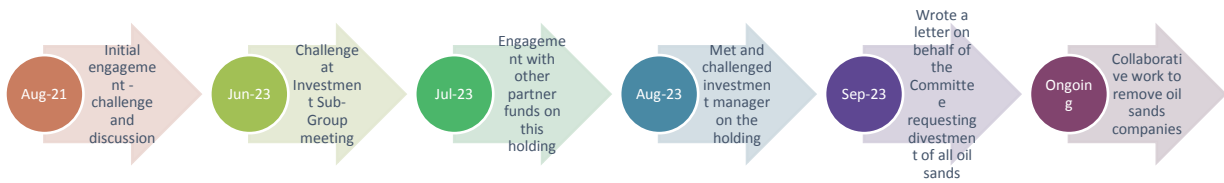
As at March 2023, we held £1.5m in Suncor Energy, via the Brunel Global High Alpha active equity portfolio. Suncor self-describe their operations as “oil sands development, production and upgrading; offshore oil and gas; petroleum refining”. This is a holding where we have questioned its appropriateness in Brunel’s portfolio for some time; we initially engaged with Brunel on Suncor’s activities in **August 2021**. This engagement activity involved raising concerns around the credibility of Suncor’s target-setting and ability to decarbonise and transition.

Having made enquiries with the RLAM, the underlying manager who held this company, they acknowledged that Suncor presents “significant ESG risks and high transition risks” but the rationale for maintaining Suncor in the portfolio is due to its ability to “demonstrate superior wealth creation and [is] attractively valued when this is considered. [There is a] strong investment case over next 5 to 10 years, with credible and explicit 2030 goals, which will have a significant impact on carbon reduction”.

The goals set by Suncor only apply to the act of taking the oil out of the ground, not how it is then used. Suncor’s renewable energy production has consistently remained minimal, in addition to little decline in revenues from oil since 2018, it is apparent that their approach to renewables may be a symbolic gesture. We therefore maintained strong reservations about the credibility of transition plans for this company.

In **April 2023**, Suncor bought an oil sands operation for \$4bn. These operations clearly do not align with the Fund’s net-zero ambitions, and we were unable to understand the legitimacy of the company’s decarbonisation commitments whilst actively expanding extractive operations. We again engaged, questioning the investment case and flagging concerns. This increased engagement led to a dedicated meeting in **August 2023** for Brunel client funds to ask questions of the manager. We also wrote a letter on behalf of our Committee, requesting that all oil sands holdings be sold.

Shortly after this meeting, the manager sold Suncor, due to comments made at the Q2 2023 earnings call. While this removed the problem of this specific holding, we continue to engage on oil sands companies more widely, as we believe that these represent an unjustifiable risk to the Fund and are fundamentally misaligned with a new zero future. This includes collaborative work with other client funds, exploring options such as activity-based exclusions. Watch this space!



### Case study – an escalated engagement in emerging markets



Our emerging markets multi-asset manager, Ninety One, has been engaging with Samsung Electronics over a long period of time, with multiple escalations. Highlights of this long-term engagement are as follows:

**Company:** Samsung (£8.4m holding as at Q3 2023).

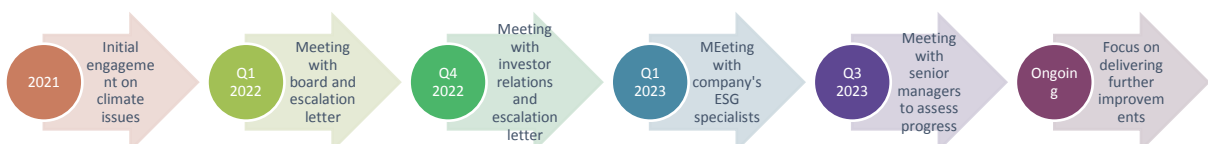
**Engagement priorities:** sustainability, including improved net zero target setting.

Ninety One began engaging with Samsung in 2021 on climate-related issues, as the company is a high emitter, but had not committed to net zero or published any meaningful targets. They met with the board in Q1 2022, and then escalated the engagement via letter to the Chair of the board setting out key recommendations. In Q2 2022 responses were received agreeing that this matter was a priority.

In Q3 2022, a net zero goal was set, but the interim targets were deemed to be insufficient, and this matter was escalated via letter and a meeting with investor relations in Q4 2022 to discuss the matter and propose recommended actions.

In Q1 2023, Ninety One met with Samsung’s ESG specialists to reiterate priorities and obtain more information. In Q3 2023, another meeting was held with senior managers in the sustainability team to discuss further detail and monitor progress. During this time, positive progress was made, specifically on the priority of interim scope 1 & 2 reduction targets.

At the time of writing, Ninety One assess that the company is moving in the right direction, but more needs to be done. Samsung remains a key strategic engagement priority as one of Ninety One’s highest emitters.



## Outcome

We have set clear expectations that the engagement work which we delegate to our investment managers needs to be focused and convincing, and this means that they are appropriately escalating engagements where progress is not fast enough. In our own engagements with our investment managers, we monitor process on an ongoing basis, escalate if necessary, and work to achieve results.

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## Exercising rights and responsibilities

### Principle 12

#### Signatories actively exercise their rights and responsibilities.

##### Voting policy

Our [Investment Strategy Statement](#) sets out expectations on asset managers for exercising rights and responsibilities on our behalf:

##### **Voting Policy**

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

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

For listed equities still held outside the Brunel pool, voting is delegated to the investment manager for the portfolio.

We do not use default recommendations from proxy advisors. Brunel's responsible investment policy and voting guidelines have been agreed by all clients and shareholders, so there is no process or facility to override this on a client-by-client basis. Brunel may vote on behalf of partnership funds in segregated accounts. For pooled account asset managers, the voting policy is considered as an important part of the procurement process.

We engage in securities lending through Brunel portfolios. Brunel has developed a stock lending policy which embeds a commitment to responsible investment. Specifically, where there is a perceived trade-off between the economic benefit of stock lending and Brunel's ability to discharge its obligations as a responsible long-term investor, the latter will have precedence.

##### Our voting records



We publish our voting records online: [Voting - Wiltshire Pension Fund](#).

Once we receive our quarterly voting information from our investment managers, we analyse the data to ensure that managers have voted in line with expectations. For example, we will look at the number of abstentions (which we expect to be very low). We also look at analysis of where we have voted with or against management. We expect that our managers will be supportive of management to help them continue to run successful businesses, but also exert pressure on companies when it is needed.

We then review the data to select case studies – for example where a manager has voted on a climate-related resolution, as this is one of our stewardship priorities, we will look to understand the story behind this vote. We also receive voting recommendations from LAPFF, which we provide to

our managers. Where the manager has not voted in line with this recommendation, we will discuss this with them to gain an understanding.

All this review work is written up into a quarterly voting summary, which is reviewed by our Committee and published online, in order to hold our selves accountable and bring our approach to life for our stakeholders.

### Other asset classes

Exercising our rights and responsibilities for asset classes other than listed equities is something that we delegate to the relevant investment manager, with expectations set that they will act in accordance with our RI Policy. We discuss actions that they have taken on our behalf with them, both at manager selection stage and as part of ongoing assessment. Actions of the type of things that we have seen include the following examples:

- Use of ESG ratchets for private debt investments, whereby if a company achieves certain ESG milestones (e.g. setting climate targets, improvements in disclosure etc), they will see a decrease in the cost of debt. Our managers see this as a way to drive industry improvements, but also a risk management tool – companies who perform better from an ESG perspective will be more likely to survive as businesses, and therefore less likely to default on their debt.
- Use of climate-related debt covenants, whereby if certain climate milestones are met/failed (depending on the specific milestone), then a covenant is breached, which may mean that the company is unable to pay dividends that year, or other similar penalties. This can be a very powerful tool to influence behaviour.

### Annual voting summary (for the calendar year 2023)

	Meetings	Resolutions	Votes in favour	Votes against	Abstentions
Global active equities (EOS)	191	2,516	81%	19%	<0.1%
Paris-aligned passive equities (LGIM)	884	13,380	74%	25%	1%
Listed infrastructure (Magellan)	31	474	90%	5%	5%
Emerging markets (Ninety One)	127	1,215	89%	7%	4%
<b>Total</b>	<b>1,233</b>	<b>17,585</b>	<b>77%</b>	<b>22%</b>	<b>1%</b>

### Case study – Enbridge (listed infrastructure) – climate disclosures



As a member of LAPFF, we receive voting alerts, including those for climate related lobbying and carbon emission target resolutions. One of these alerts was in respect of Enbridge, an energy company held by Magellan (our listed infrastructure manager), regarding their disclosure of scope 3 emissions data. We shared the resolution recommendation with Magellan to inform their voting



intentions. Magellan's own analysis of the company recommended voting against the proposal which differed from the LAPFF alert to support. Magellan highlighted how Enbridge are above their peers on reporting emissions data, and that the proponent of the vote may have missed disclosures that have already been made. On this basis, Magellan voted against the shareholder resolution. In the event, the shareholder resolution received significant support (24%), but was not carried.

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### Case study – Netflix (listed equities) – board diversity and exec remuneration



EOS highlighted a particular example of concerns related to the approach to board diversity and excessive CEO pay at Netflix, Inc. Last year, some 73% of shareholders rejected the pay proposal at Netflix and we were disappointed that the company had not done more to address shareholder concerns this year.

Against the backdrop of a Hollywood writers' strike, Netflix shareholders (including EOS) again withheld support for the sizable packages awarded to the content streamer's executives, voting against the resolution.

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### Case study – Vale (emerging market equities) – financial statements and board appointments



During quarterly meetings last year, we learned of Ninety One's engagement with Vale, the Brumadinho tailings dam collapse in 2019 that killed 272 people causing significant environmental damage to surrounding communities, and the company's progress in Brumadinho and reparations.

LAPFF recommended voting against resolutions on the Approval of the Financial Statements and Re-election to the Board of directors. We forwarded the alert to Ninety One, learning of the decision to vote in favour, and noted the manager comments as follows:

Ninety One's policy flagged risks that the financials "may be adjusted significantly in future periods, as new facts and circumstances become known". This is regarding estimates of costs surrounding the decommissioning of tailings dams following the Brumadinho incident. Vale has endeavoured to be transparent by sharing comprehensive expense estimates and disclosing their process and actions. Additionally, they hold an unqualified audit opinion from an independent auditor. As a result, Ninety One saw no reason to oppose their financials, and in the event this resolution was successfully passed. In Ninety One's opinion, the proposed Board member for re-election had been instrumental in reframing the audit and risk function and been an important part of overall governance improvement at Vale, and at the meeting was successfully re-elected.

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### Outcome

The work we do to set expectations, engage with our managers, and analyse voting data means that we are assured that our managers are acting in line with our priorities, that we are exercising our rights appropriately, and that we are using our vote to help generate positive change.

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## WILTSHIRE COUNCIL

### WILTSHIRE PENSION FUND COMMITTEE

28 March 2024

*LPB Recommendation – Minute 14 – 13 February*

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### **Administering Authorities Discretions Policy**

#### **Purpose of the Report**

1. To note four minor amendments to the Fund's regulatory discretions.

#### **Background**

2. In various parts of the LGPS Regulations, the Fund is afforded discretion over how the rules of Scheme operate, allowing a degree of localised decision making.
3. In line with best practice, the Fund summarises its approach to all of these areas of discretion in an Administering Authority Discretions Policy. This whole policy was last reviewed and approved by the Committee on 31 March 2021.
4. As with all key policies and strategies, it is good practice to review its contents periodically, normally every 3 years for policies of this nature.
5. As one of the core policies identified in the Committee's terms of reference, this policy has been submitted to the Committee for your approval.

#### **Considerations for the Committee**

6. As no new LGPS Regulations have been published since the last review officers have not undertaken a full review of all the discretions. However, a full review of all policies and procedures will be undertaken over the next 12 months, notably within the administration area and where required, officers will propose changes to discretions to reflect any updates. Where this occurs, a revised Administering Authorities Discretions Policy will be brought back for further approval.
7. The Committee is asked to note, that whilst it is common place to summarise all discretions into a single document, the discretions themselves are wide-ranging and are mostly independent of one another which is why a partial review was deemed a reasonable way forward.
8. For information, the four minor amendments to the Fund's regulatory discretions are:
  - a). Name changes to reflect the new operational staffing structure from January 2023.
  - b). Policy No. 2: Under WPF discretion column, just after... R3(5) & RSch 2, Part 3, para1) "and s75 of the NHS Act" has been included.
  - c). Policy No. 3: Under WPF discretion column just after...where, possible, through reasonable means "and within a reasonable period (specified by the Administering Authority)" has been included.
  - d) Policy No. 4: Under WPF discretion column reference to "Fund" have been changed to "Administering Authority".
9. The Board reviewed the Administering Authority Discretions Policy at its meeting in February and has recommended the changes made by officers to the Committee.

### **Environmental Impact of the Proposal**

10. Not applicable.

### **Financial Considerations & Risk Assessment**

11. There are no specific financial and risk assessments resulting from this report.

### **Legal Implications**

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

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

13. There are no known implications at this time.

### **Proposals**

14. The Committee is asked to approve the recent amendments to the Administering Authority Discretions Policy.

**Jennifer Devine**  
**Head of Wiltshire Pension Fund**

Report Author: Richard Bullen, Fund Governance Manager

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Appendix 1: Administering Authority Discretions Policy

# Wiltshire Pension Fund's Administering Authority Discretions Policy

**External publication:** Applies from 28 March 2024

Approved by the Wiltshire Pension Fund Committee on the date above.

## Introduction:

The following policy outlines Wiltshire Pension Fund's approach to exercising the discretions afforded to it with the LGPS Regulations. In all cases, the discretion outlines the normal approach the Fund will use but the Fund reserves the right to waiver from a discretion stated in extraordinary circumstances where the Fund deems it appropriate and reasonable to do so.

## Regulatory references

The discretions held within this policy originate from various versions of the LGPS Regulations as shown in the list below. In the interests of brevity, a one or two letter prefix related to each set of Regulations has been used for each regulatory reference within the discretions policy. The prefix used are shown in square brackets.

- The Local Government Pension Scheme Regulations 2013 [prefix R]
- The Local Government Pension Scheme (Transitional Provisions and Savings) Regulations 2014 [prefix TP]
- The Local Government Pension Scheme (Administration) Regulations 2008 [prefix A]
- The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended) [prefix B]
- The Local Government Pension Scheme (Transitional Provisions) Regulations 2008 [prefix T]
- The Local Government Pension Scheme Regulations 1997 (as amended) [prefix L]

Policy No	Regulation Reference	Brief Description	Wiltshire Pension Fund's (WPF) Discretion
1	R3(5) & RSch 2, Part 3, para 1	Whether to agree to an admission agreement with a body applying to be an admission body	The Fund's approach to applying to discretion is outlined in its New Employer Policy, as approved by its Committee and updated from time to time.
2	R4(2)(b)	Whether to agree to an admission agreement with a Care Trust, NHS Scheme employing authority or Care Quality Commission	WPF will accept the admission of a Care Trust, NHS Scheme employing authority or Care Quality Commission subject to the relevant authority meeting the criteria set out in R3(5) & RSch 2, Part3, para 1 and s75 of the NHS Act. Further details are outlined in the Fund's New Employer Policy.
3	RSch 2, Part 3, para 9(d)	Whether to terminate a transferee admission agreement in the event of: <ul style="list-style-type: none"> <li>- insolvency, winding up or Liquidation of the body</li> <li>- breach by that body of its obligations under the Admission agreement</li> <li>- failure by that body to pay over sums due to the Fund within a reasonable period of being requested to do so</li> </ul>	In the first instance, the terms of the relevant Admission Agreement will apply. Where the terms of the relevant Admission Agreement leave the decision open to the Administering Authority, the Administering Authority will cease the admission agreement in the event of insolvency, winding up or liquidation of the body unless there are strong reasons not to do so. If the terms of the Admission Agreement are broken, WPF will try to resolve the matter, where possible, through reasonable means and within a reasonable period (specified by the Administering Authority). If WPF is unable to resolve the matter satisfactorily, WPF will terminate the Admission Agreement.

4	RSch 2, Part 3, para 12(a)	Define what is meant by “employed in connection with” in relation to admission agreements.	This applies where an admission agreement states that only those employed in connection with the service have the right to remain in the LGPS. The Administering Authority determines that a member should spend at least 50% of their time on the relevant contract to remain eligible to be an active member in the LGPS unless an individual admission agreement states otherwise in which case the definition outlined in that admission agreement should prevail for that admitted body arrangement.
5	R22(3)(c)	Pension account may be kept in such form as is considered appropriate.	WPF will maintain a separate pension account as required by legislation within the electronic pension administration system (currently Altair).
6	TP10(9)	Decide, in the absence of an election from the member within 12 months of ceasing a concurrent employment, which ongoing employment benefits from the concurrent employment which has ceased should be aggregated (where there is more than one ongoing employment).	WPF will proceed with what is considered to be the most advantageous decision to the member at the point of time of processing the case.
7	R49(1)(c) & B42(1)(c)	Decide, in the absence of an election from the member, which benefit is to be paid where the member would be entitled to a benefits under 2 or more regulations in respect of the same period of Scheme membership.	WPF will proceed with what is considered to be the most advantageous decision to the member at the point of time of processing the case.
8	L12(5)	Frequency of payment of councillor’s Contributions	N/A for English LGPS Funds
9	L17(4),(7),( 8), & 89(4) & Sch 1	Whether to extend normal 12-month Period following end of relevant Reserve forces leave for "Cancelling notice" to be submitted by a councillor member requesting that the service should not be treated as relevant	N/A for English LGPS Funds



		reserve forces service.	
10	R69(1), L12(5) & L81(1)	Decide frequency of payments to be made over to the Fund by employers and whether to make an admin charge.	This information is outlined in the Fund's charging policy on its website.
11	R69(4) & L81(5)	Decide form and frequency of information to accompany payments to the Fund	Employers must provide the information set out in <a href="#">Regulation 69(3)</a> of the LGPS Regulations 2013. This must be provided on a monthly basis and in appropriate electronic format as determined by WPF and updated from time to time.
12	R70 & TP22(2)	Whether to issue employers with notice to recover additional costs incurred as a result of the employer's level of performance	WPF will consider each case on its individual merits and take in consideration the level of cost incurred by the Fund. WPF sets out the procedure and circumstances where costs might be recoverable in its Administration Strategy.
13	R71(1) & L82(1)	Whether to charge interest on payments by employers overdue by more than 1 month	WPF will follow the procedures outlined in the Fund's Administration Strategy before issuing such a charge. If a charge is issued, then the rate will be 1% above base rate compounded quarterly.
14	R16(10)	Whether to require a satisfactory Medical before agreeing to an application to pay an Additional Pension Contribution (APC) or Shared Cost APC	WPF will require that a medical certificate from a GP, or another appropriate qualified practitioner, is provided to the Fund by any member wishing to take up an APC/SCAPC for extra pension which would buy upon completion at least £500 of annual pension (in one or more APCs, regardless if paid as a lump or in instalments). The certificate must state that as far as a GP or appropriate qualified practitioner are aware, or can reasonably assess, that there is no reason to believe that the member will retire on ill health grounds before the age of 65 or the member's State Pension Age if later. Any costs obtaining the certificate will be paid for the member.

			For the avoidance of doubt, all APCs for “lost pension” do not require a medical certificate
15	R16(10)	Whether to turn down an application to pay an APC / SCAPC if not satisfied that the member is in reasonably good health.	WPF will assess each case and a decision will be determined on its individual merits.
16	R16(1)	Whether to turn down a request to pay an APC/SCAPC over a period of time where it would be impractical to allow such a request (e.g. where the sum being paid is very small and could be paid as a single payment).	Except in exceptional circumstances, WPF will turn down a request to pay an APC/SCAPC for extra pension where the contract results in paying in instalments of less than £20 per month.
17	TP15(1)(d) & A28(2)	Whether to charge member for provision of estimate of additional pension that would be provided by the Scheme in return for transfer of in house AVC/SCAVC funds (where AVC/SCAVC arrangement was entered into before 1/4/14).	Members may request a quote for free that is valid for three months. In the exceptional case that WPF are asked to do another, we reserve the right to make a charge.
18	R17(12)	Decide to whom any AVC/SCAVC monies (including life assurance monies) are to be paid on death of the member	As per discretion number 45: WPF has absolute discretion when deciding to whom any death grant shall be paid upon the member’s death. In exercising this discretion, WPF will endeavour to comply with the member’s wishes by taking into consideration the nominee(s) stated on a completed ‘expression of wish’ form, where one exists. Where WPF reasonably believes any expression of wish to be invalid or inappropriate for any reason, including if it believes the expression of wish may not have reflected the member’s final wishes, it reserves the right, in accordance with its absolute discretion, to ignore any such wishes as expressed. Where no expression of wish has been made, WPF will consider the claims of anyone appearing to be a relative or

			<p>dependant of the member and exercise its absolute discretion accordingly, taking into account the contents of the Will (if one exists). In exceptional circumstances, WPF also reserves the right to pay the death grant to the estate via the personal representatives, if it considers this an appropriate form of action.</p>
19	R55*	<p>Governance Compliance Statement policy must state whether the admin authority delegates their function or part of their function in relation to maintaining a pension fund to a committee, or an officer of the admin authority and, if they do so delegate, state</p> <ul style="list-style-type: none"> <li>- the frequency of any committee meetings</li> <li>- the terms of reference, structure and operational procedures appertaining to the delegation</li> <li>- whether representatives of employing authorities or members are included and, if so, whether they have voting rights.</li> </ul> <p>-The policy must also state the extent to which a delegation, or the absence of a delegation, complies with Sec of State guidance and, to the extent it does not so comply, state the reasons for not complying.</p> <ul style="list-style-type: none"> <li>- The terms, structure and operational procedures appertaining to the local Pensions Board.</li> </ul>	<p>WPF has a Governance Compliance Statement on its website.</p>
20	R54(1)	<p>Whether to set up a separate Admission agreement fund.</p>	<p>The Fund's approach to applying this discretion is outlined in its New Employer Policy and Funding Strategy Statement, which broadly states that each admitted body will be a standalone employer unless a risk-</p>

			<p>sharing arrangement is in place which implies or states that the letting body and admitted body should be pooled.</p> <p>Admitted bodies will not be set up as a separate pool.</p>
21	R58*	Decide on Funding Strategy for inclusion in funding strategy Statement.	WPF's latest Funding Strategy Statement is available for inspection on the WPF's website.
22	R64(2A)	Whether to suspend, for up to 3 years, an employer's obligation to pay an exit payment where the employer is again likely to have active members within the specified period of suspension.	WPF's approach to applying this discretion is outlined in its Cessation Policy.
23	R64(4)	Whether to obtain revision of employer's contribution rate if there are circumstances which make it likely a Scheme employer will become an exiting employer.	WPF's approach to applying this discretion is outlined in its Funding Strategy Statement (FSS).
24	R65	Decide whether to obtain a new Rates and adjustments certificate if The Secretary of State amends the Benefits Regulations as part of the "cost sharing" under R63.	WPF will consider the likely significance of the impact of any such changes on employer rates and the amount of time remaining before the next triennial valuation before deciding whether the administrative cost of making such a change is justifiable.
25	R68(2) & L80(5)	Whether to require any strain on Fund costs to be paid "up front" by employing authority following redundancy, flexible retirement, or the waiver (in whole or in part) of any actuarial reduction on flexible retirement or any actuarial reduction that would otherwise have been applied to	<p>WPF will require costs relating to redundancy, flexible retirement and the waiver of any actuarial reduction on flexible retirement to be paid "up front". WPF will invoice for such payments and will require payment to be made within its normal invoice terms.</p> <p>If there is any cost to the fund for deferred benefits being released at the employer's consent before the former member attains age 60</p>

		benefits which a member voluntarily draws before normal pension age.	these will be recharged to the former employer of the member concerned.  The Head of the Wiltshire Pension Fund may allow a different approach in exceptional circumstances, after seeking the advice of the Fund actuary if necessary.
26	TPSch 2, para 2(3)	Whether to require any strain on Fund costs to be paid “up front” by employing authority if the employing authority “switches on” the 85 year rule for a member voluntarily retiring (other than flexible retirement) prior to age 60, or waives an actuarial reduction under TPSch 2, para 2(1) or releases benefits before age 60 under B30(1) or B30A.	WPF will require costs relating to the employer “switching on” the 85 year rule or waiving an actuarial reduction to be paid “up front”. WPF will invoice for such payments and will require payment to be made within its normal invoice terms.  The Head of the Wiltshire Pension Fund may allow a different approach in exceptional circumstances, after seeking the advice of the Fund actuary if necessary.
27	TSch1 & L83(5)	Extend the 3 month time period for the member to due to capitalise (pay off) of their added year’s contract upon leaving due to redundancy.	WPF will not normally allow an extension of the period of time to capitalise an added years contract except in exceptional circumstances.
28	A45(3) & L89(3)	Outstanding employee contributions can be recovered as a simple debt or by deduction from benefits.	WPF’s preferred approach is for outstanding employee contributions to be deducted through payroll but where this is not possible it may either accept a recovery as a simple debt (potentially as a deduction from any lump) or to deduct any unpaid employee contributions from benefits as appears appropriate given the circumstances (for example by reducing the service to match the contributions period)
29	R82(2), A52(2), L95	Can pay death grant due to personal representatives or anyone appearing to be beneficially entitled to the estate without need for grant of probate/letters of administration	WPF will normally make payments due in respect of deceased persons without the production of probate or letters of administration of estates, where the amounts due are below the amount specified in any order under section 6 of the Administration of Estates (Small Payments) Act 1965. [Currently applies to all death

			<p>payments under £5,000].</p> <p>Discretion 45 outlines the Fund's full approach to exercising its discretion over death grants.</p>
30	R36(3), A56(2), L97(10)	Approve medical advisors used by employers (for ill health benefits)	<p>Except in exceptional circumstances, WPF will approve the use by employers of any suitably qualified and experienced Independent Registered Medical Practitioner (IRMP) they wish to use for ill health purposes.</p>
31	R76(4), A60(8), L99	Decide procedure to be followed by admin authority when exercising its stage two IDRPs functions and decide the manner in which those functions are to be exercised	<p>Stage 1 IDRPs will be determined by an independent adjudicator procured by the WPF..</p> <p>Stage 2 IDRPs will be determined by the Administering Authority following a review of the case being undertaken by its actuarial, benefit and governance service provider or another appropriate adviser if deemed necessary by the Administering Authority.</p>
32	R79(2), A63(2) & L105(1)	Whether Admin. Authority should appeal against employer decision (or lack of a decision)	<p>WPF will only appeal against employer decisions, by approaching the Secretary of State for determination, in exceptional cases where the Fund is adversely affected.</p> <p>In the first instance, regarding all levels of employer decisions, WPF will attempt to resolve the matter with the employer.</p>
33	R80(1)(b), TP22(1) & A64(1)(b)	Specify information to be supplied by employers to enable admin. authority to discharge its functions	<p>WPF will specify the standard information and actions required by employers, their format, frequency and level of accuracy in an online <a href="#">Employer's Guide</a> and Administration Strategy.</p>

34	R59(1) & (2)	Whether to have a written pensions administration strategy and, if so, the matters it should include	WPF has written pension administration strategy and this can be found on the WPF website.
35	R61*	Communication policy must set out policy on communicating with members, representatives of members, prospective members and employing authorities and format, frequency and method of communications	WPF has written Communication Strategy and this can be found on the WPF website.
36	TP3(13), A70(1)* & A71(4)(c) & T12 & L109* & L110(4)(b)	Decide policy on abatement of pensions following re-employment	WPF will not abate pensions following re-employment.
37	R98(1)(b)	Agree to bulk transfer payment	WPF will agree to bulk transfer payments where, with actuarial advice and where necessary with employer consultation, the Fund believes the amount transferred represents a fair valuation of benefits.
38	R100(6)	Extend normal time limit for acceptance of a transfer value beyond 12 months from joining the LGPS	WPF will normally only agree to extend the normal time limit for the acceptance of a transfer value where the employer also agrees to the extension of the normal time limit. However, if a member has expressed an interest within the 12 month period, but there has been a delay in the Fund returning a quote within the 1 period, the Fund may provide a short extension to allow the member to make an election.
39	R100(7)	Allow transfer of pension rights into the Fund	The Fund accepts all non-club transfers in unless it is agreed otherwise in the terms of the employer's admission agreement or in a separate, formal written agreement between the Fund and employer (and its guarantor, if deemed necessary by the Fund).
40	R106(6)	Decide procedures applicable to the Local Pension Board	Wiltshire Council as administering authority has determined the

			procedures applicable to the Local Pension Board in its full council meeting dated 24 February 2015. Furthermore, the Local Pension Board has a terms of reference in place which is reviewed and updated from time to time and approved by full council.
41	R107(1)	Decide appointment procedures, terms of appointment and membership of local pension board	Wiltshire Council as administering authority has determined the procedures applicable to the local pension board in its full council meeting dated 24 February 2015 and within the Local Pension Board terms of reference.
42	TP3(6), TP4(6)(c), TP8(4), TP10(2)(a), TP17(2)(b) & B10(2)	Where member to whom B10 applies (use of average of 3 years pay for final pay purposes) dies before making an election, whether to make that election on behalf of the Deceased member	Where WPF is aware that member's family would have benefited from such an election and the member did not have the opportunity to make the election themselves, WPF will make the election on the member's behalf which provides the largest benefit to the member's family.
43	L47(1), L47(2), G11(1) & G11(2)	Whether to pay the whole or part of a child's pension to another person for the benefit of that child.	Where there is more than one eligible child WPF will divide a children's pension equally between them. Where a child is under 18, WPF will normally pay the pension to the person who has responsibility for their care with the expectation that the money is used for the benefit of that child (including for day to day expenses). In certain circumstances, WPF may pay the pension to an account in the name of the eligible child, if the carer of the child so wishes. For 'children' aged 18-23 who are still in full-time education, WPF will normally pay the pension into the child's bank account. However, for 'children' aged 18+, who are deemed to have a permanent physical or mental impairment the Fund may pay the pension into a parent's or guardian's account. If the 'child's' incapacity does not prevent them from managing their own affairs, WPF will normally pay the pension into a bank account in the child's name.



44	R83, A52A	Whether, where a person is incapable of managing their affairs, to pay the whole or part of that person's pension benefits to another person for their benefit.	<p>If through receipt of a Power of Attorney notice (or an equivalent provision from the court of protection) or through correspondence from a solicitor or GP, the Fund is made aware that a person is unable to manage their own affairs, WPF may pay benefits to a person managing the affairs in accordance with an enduring Power of Attorney or equivalent. WPF will request the 'persons incapable of managing their own affairs' form is completed.</p> <p>Where the individual is a child and under the age of 18, WPF will normally pay their pension to the person who is responsible for the care of that child. The pension is to be applied for the benefit of that child, or paid into a bank account in the name of the child if the carer of the child wishes.</p>
45	TP17(5) to(8) & R40(2), R43(2) & R46(2) & B23(2) & B32(2) & B35(2) & TSch1 & L155(4) & L38(1) & L155(4) & E8	Decide to whom death grant is paid	<p>WPF has absolute discretion when deciding to whom any death grant shall be paid upon the member's death.</p> <p>In exercising this discretion, WPF will endeavour to comply with the member's wishes by taking into consideration the nominee(s) stated on a completed 'expression of wish' form, where one exists. Where WPF reasonably believes any expression of wish to be invalid or inappropriate for any reason, including if it believes the expression of wish may not have reflected the member's final wishes, it reserves the right, in accordance with its absolute discretion, to ignore any such wishes as expressed. Where no expression of wish has been made, WPF will consider the claims of anyone appearing to be a relative or dependant of the member and exercise its absolute discretion accordingly, taking into account the contents of the Will (if one exists). In exceptional circumstances, WPF also reserves the right to pay the death grant to the estate via the personal representatives, if it considers this an appropriate form of action.</p>

46	RSch 1, TP17(9)(b) & B25	Decide evidence required to determine financial dependence of cohabiting partner on scheme member or financial interdependence of cohabiting partner and scheme member	The evidence to determine financial dependence or interdependence will be assessed and agreed on a case by case basis and may include, but not be restricted to evidence such as a joint bank account, shared utility bills, joint mortgage arrangements, insurance policies, joint loans, evidence of regular transfers of money between the partners (or from one to the other) etc.
47	TP17(9)(a), RSch 1,	Decide to treat child as being in continuous education or training despite a break	WPF will treat a child as being in continuous education or training in all cases where the child is under age 18. Where the child is aged between 18 and 23, WPF will ignore all breaks up to 6 months and will ignore longer breaks in exceptional circumstances.
48	R34(1), B39, T14(3), L50 & L157	Decide whether to commute small pension	<p>WPF will offer trivial commutation of benefits where the capital value of their LGPS is such that it is possible to pay out in this way regardless of what benefits are held elsewhere (i.e. If the capital value is under £10k and the member left after 31/03/2008 or if they are a dependant and the capital value is under £10k).</p> <p>In other limited circumstances, where the member can demonstrate that all other schemes/funds do not exceed HMRC's limits and all benefits from these funds are commuted within a period of 12 months, the Fund will permit the trivial commutation of benefits. Members are required to provide information on all their pension rights held in a HMRC tax-approved pension arrangement in order for WPF to determine whether the benefits can be commuted. Members are required to declare that all information provided is correct and accurate and that if they are making a false statement they will be liable for any tax charged by HMRC.</p>

49	TP3(6), TP4(6)(c), TP8(4), TP4(6)(c), TP8(4), TP10(2)(a), TP17(2)(b) & TSch 1 & L23(9)	Make election on behalf of deceased member with a certificate of protection of pension benefits i.e. determine best pay figure to use in the benefit calculations (pay cuts/ restrictions occurring pre 1.4.08.)	Where WPF is aware that member's family would have benefited from such an election and the member did not have the opportunity to make the election themselves, WPF will make the election on the member's behalf which provides the largest benefit to the member's family.
50	L147	Discharge Pension Credit liability (in respect of Pension Sharing Orders for councillors and pre 1.4.08 Pension Sharing Orders for non-councillor members)	WPF will discharge pension credit liabilities by conferring appropriate rights under the scheme on the ex-spouse or ex-civil partner. Alternatively, the ex-spouse or ex-civil partner may request a transfer of those rights to a HMRC tax-approved pension arrangement
51	F7	Whether to pay spouse's pensions for life for pre 1.4.98 retirees / pre 1.4.98 deferreds who die on or after 1.4.98 (rather than easing during any period of remarriage or cohabitation)	WPF will pay a spouses pension for life.
52	R30(8)*, TP3(1), TPSch 2 para 2(1), B30(5) and B30A(5)*	Whether to waive, in whole or in part, actuarial reductions on benefits drawn before Normal Pension Age (Where employer has become defunct)	WPF will refer requests to be considered by the Head of the Wiltshire Pension Fund and assessed on their merits taking into account such factors as costs and the views of any employer which has inherited responsibility for the liabilities.
53	TPSch 2, para 1(2)*	Whether to "switch on" the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60 (Where employer has become defunct)	WPF will refer requests to be considered by the Head of the Wiltshire Pension Fund and assessed on their merits taking into account such factors as costs and the views of any employer which has inherited responsibility for the liabilities.
54	B30(2)* & B30A(3)*	Whether to grant application for early payment of deferred benefits or a suspended tier 3 ill health pension on or after age 55 and before age 60 (Where employer has become defunct)	N/A – legislation has changed.

55	B30(5)* & B30A(5)*	Whether to waive, on compassionate grounds, the actuarial reduction applied to benefits paid early (Where employer has become defunct)	WPF will refer requests to be considered by the Head of the Wiltshire Pension Fund, in consultation with the funding employer if relevant to be decided on a case by case basis
56	R32(7)	Whether to extend the time limits within which a member must give notice of the wish to draw benefits before normal pension age or upon flexible retirement.	WPF will extend the time limit that a member must advise the fund of their intention to receive their benefits within reason.

## WILTSHIRE COUNCIL

### PENSION COMMITTEE

28<sup>th</sup> March 2024

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### Employer Related Activities Update

#### Purpose of the Report

1. The purpose of this report is to update the Pension Committee with employer related activities undertaken by the Fund. The Pension Committee is asked to note the report and to seek from Officers such clarifications or further information as they require.

#### Background

##### 2. **Employer Scorecards**

The purpose of employer scorecards is to introduce a method by which employers and the Fund can track employer performance against the responsibilities and obligations. A significant amount of work has been completed in this in obtaining the relevant data from different data sources e.g. employer database, i-Connect, employer contributions received and Rates and Adjustments Certificate data. A draft report is currently being reviewed and the expectation was that employers would have received their scorecard each quarter from April 2024 however, the person leading on this for the Fund is currently off work through illness, therefore this is now likely to be delayed until later in the year.

Each employer will be scored using a RAG rating (red, amber and green). Where an employer isn't performing at a satisfactory level, the Fund will engage with them to address and discuss the issues including putting in a plan to improve employer performance.

##### 3. **Employer Compliance – Data Sharing Agreements (DSAs)**

The Fund Governance Manager leads on this, these allow the Fund to share membership data with third party payroll providers or an outsourced HR provision. As at 15<sup>th</sup> January 2024, 78% of these have been completed and are held by the Fund. Of the remaining 22%, 3% are in progress and 19% of which we are awaiting a response.

A review was undertaken between the Fund Governance Manager and Employer Funding and Risk Lead to ensure all employers continue to be captured.

The Fund Governance Manager is chasing the outstanding DSAs on an ongoing basis.

##### 4. **Employer Review – Internal working practices**

Since the appointment of the Employer Funding and Risk Lead in June 2023, they have reviewed and tested the current processes/procedures, ensuring compliance, reducing risk and finding more efficient ways of working.

A new employer process was developed for Fund Officers, whereby now as per the regulations, employers are only scheme employers once the admission agreement is signed and thereby pay contributions to Fund accordingly. Clear responsibilities and functions are now identified by each team/Fund Officer in the new employer process.

The New Employer Policy and Cessation Policy were reviewed, previously presented and approved by the Board and Committee in July 2023.

The Employer Database was overhauled so now end dates, open/closed admissions, i-Connect status, current and payroll providers, company numbers and risk sharing arrangements are captured in one location, previously these were held in various locations and in some cases, not recorded at all.

As a result of the above, this identified some lapsed admission agreements which were previously un-detected. Fund Officers are now working with the relevant employers to establish if the contracts were extended or awarded to an alternative provider. The end dates are now monitored and flagged for action for Fund Officers, by the employer database. In addition, any new admission agreements set up from December 2023 are now tracked via Eversheds Sutherland LGPS Create system which also sends a reminder to the Fund Officers.

The TUPE Tracker was overhauled to now guide Fund Officers through the TUPE process, with various “check-in” points to ensure the relevant action has been completed, which was previously missing.

The Cessation Tracker was overhauled to now capture all the relevant information needed, with various “check-in” points to ensure the relevant action has been completed, which was previously missing.

One key change as part of this review and especially as a result of feedback from employers, was to make the drafting of admission agreements more efficient. Before the review, Wiltshire Council Legal Services were instructed by the Fund to construct admission agreements, they would send these out to all parties and then wait for them to be returned. From December 2023, the Fund now uses Eversheds Sutherland LGPS Create portal to construct admission agreements, send out virtually and obtain the relevant signatures virtually via DocuSign. Eversheds Sutherland also pro-actively chase any missing signatures. This has significantly reduced turnaround times from months or even years for fully signed admission agreements to 3 or 4 weeks. An employer cannot legally join the Fund and send contributions until the admission agreement is signed.

The review is still ongoing, with the Fund currently drafting and consulting with employers on a new Employer Risk Management/Covenant Policy. A more detailed update on this be given in a separate agenda item at the Committee meeting.

All the above now means the Fund can effectively track employers from “cradle to the grave” and conduct tasks more efficiently going forward.

Feedback received so far from the wider Fund and employers has been positive to date.

## **5. Employer Forum**

On 16<sup>th</sup> November 2023 the Fund held it's first face to face Employer Forum at the Council Offices in Trowbridge, with over 30 employers attending. The Pension Regulator was the key note speaker and other areas covered included investment performance, discretions policies, employer responsibilities, pensions news, pensionable pay and communicating pensions with members.

After the event, a survey was conducted of those that attended with positive feedback being received and this also identified there was a need to undertake more forums to engage and share information with employers.

In 2024 the Fund had planned to hold up to three Employer Forums throughout the year in the Swindon, Salisbury and Trowbridge area however, this has been paused due to the person leading on this for the Fund currently being off work through illness.

## 6. **Employer Changes**

Imperial Cleaning Services Ltd – The Fund were notified in December 2023 that the employer was entering administration. The Fund were contacted directly by the Administrators Quantuma. Imperial had three active contracts in the Fund, all on full pass-through risk sharing arrangements. The Fund contacted the ceding scheme employers via Wiltshire Council Legal Services, to advise of their obligations.

Imperial Cleaning Services Ltd three contracts in the Fund were: Imperial Cleaning (Highworth), Imperial Cleaning (Greentrees) and Imperial Cleaning (King William Street), with a total of 3 active members across all these contracts.

In January 2024, the Fund were notified that Imperial Cleaning Services Ltd were sold to Imperial Cleaning Services (South West) Ltd. on 1<sup>st</sup> December 2023. Fund Officers are currently liaising with Wiltshire Council Legal Services, Eversheds Sutherland, Imperial Cleaning Services (South West) Ltd and the ceding scheme employers to consider the implications and draft new admission agreement, as applicable.

Aster – In January 2024, the Fund were notified that following consultation with their members, Aster's intention is to exit the Fund from 1<sup>st</sup> April 2024. Fund Officers are currently working with the actuaries to assess if any deficit/surplus payments are applicable. Aster currently holds three employer records/contracts in the Fund: Aster Living Ltd, Aster Group Ltd and Aster Property Ltd, with 6 active members across these in total.

The Chartered Institute of Public Finance and Accountancy (CIPFA) – Fund Officers since CIPFA's exit in September 2022, have been negotiating with them and their legal advisors in the arrangement of a Debt Spreading Arrangement (DSA) and Legal Charge on their 77 Mansell Street, London property. The Fund have sought legal advice from Osborne Clarke and actuarial advice from Hymans Robertson throughout this process. The exit payment due was £12.7million. In December 2023, the final documentation was agreed and sent to them for their signature. The documents have now been received from CIPFA and are currently being actioned through the Council's sealing process before being forwarded to Osborne Clarke for the relevant executions.

Diocese of Bristol MAT (DBAT) – It was reported in the local media that the employer was looking to withdraw as Multi Academy Trust (MAT) in the Swindon and Wiltshire areas following an adverse Ofsted report. The Employer Funding and Risk Officer contacted DBAT immediately following the report, to ascertain the current situation and understand potential timelines. DBAT confirmed this was ongoing and will remain in contact with the Fund. DBAT currently has 12 schools in the Wiltshire and Swindon area and the Department of Education are looking for other MAT/s to take on these schools from September 2024.

## **Considerations for the Committee**

7. It is proposed that the Committee note this report and the work currently being undertaken to resolve the employer changes issues, seeking reassurance as required.

## **Environmental Impact of the Proposal**

8. There are no known environment implications from this report.

### **Financial Considerations & Risk Assessment**

9. Appropriate risks are suitably mitigated for the employer changes indentified in this report. Actuarial work may be required for the DBAT dissolution and Imperial Cleaning (South West) Ltd joining the Fund.

### **Legal Implications**

10. New admission agreements may be required for Imperial Cleaning (South West) Ltd.

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

11. There are no known implications at this time.

### **Reasons for Proposal**

12. To bring to the attention of the Pension Committee the ongoing employer activity currently being undertaken by the Fund.

### **Proposal**

13. The Pension Committee is asked to note the report and to seek from Officers such clarifications or further information as they require.

Matt Allen  
Employer Funding and Risk Lead

Report Authors: Matt Allen, Employer Funding and Risk Lead

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



## WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE  
28<sup>th</sup> March 2024

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### Employer Covenant Risk Policy

#### Purpose of the Report

1. The purpose of this report is to present to Wiltshire Pension Fund Committee a new policy namely the Employer Covenant Risk Policy. The Committee is asked to consider and approve the proposed policy (see Appendix).

#### Background

2. The Fund has not had a formal policy on employer covenant risk management previously and it has been identified that this is now required.
3. The Fund's Employer Funding and Risk Lead has been working with the Fund actuaries Hymans Robertson on the drafting of the proposed Employer Covenant Risk Policy to ensure it meets the needs of the Fund and its Scheme employers.
4. Officers have consulted with Fund employers on the draft policy, with the consultation opening on 22<sup>nd</sup> February 2024 and ending on 22<sup>nd</sup> March 2024.

#### Considerations for the Committee

5. The Fund's new policy aims set out the Fund's approach to assessing employer covenant risks and the impact of employer risks within the funding strategy.

6. The key sections of the new policy are:

**3.1 Initial employer risk categorisation** – each employer will initially be assessed based on their tax-raising powers or if a government guarantee applies or not

**3.2 Identifying covenant risks** – the employers ability to make contributions, likelihood of exit and outcomes in an exit e.g. current deficit amount

**3.3 Assessment and monitoring of risks** – The Fund will carry out a risk profiling exercise, carry out further analysis of financial metrics, may seek the use of a covenant specialist and categorise employers into high, medium and low based on their covenant assessment.

**3.4 Frequency of monitoring** – triennially unless an employer is a high risk employer, changes in economic or regulatory environment or approaching exit whereby they will be monitored more frequently.

**3.5 Risk mitigations and impact on funding strategy** – securities, guarantees, insurance, termination/cessation policy and contribution policy

7. Given the time between the production of this report and the employer consultation closing on 22<sup>nd</sup> March 2024, the Employer Funding and Risk Lead will give a verbal update at the Pension Committee on any feedback received from employers.

8. The Employer Covenant Risk Policy will also be presented at the Local Pension Board on 22<sup>nd</sup> May 2024 to seek their approval. If approved by both the Pension Committee and Local Pension Board, the policy would be implemented thereafter.

### **Environmental Impact of the Proposal**

9. There are no known environment implications from this report.

### **Financial Considerations & Risk Assessment**

10. In general, the new policy proposed is aimed at reducing the risk to Fund and setting a formal covenant monitoring process in place.

### **Legal Implications**

11. There is currently no legal requirement to produce an Employer Covenant Risk Policy, but the application of a policy reduces the risk of significant legal costs needing to be incurred upon an employer ceasing unexpectedly or failing to maintain their liabilities in the Fund.

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

12. There are no known implications at this time.

### **Reasons for Proposal**

13. To ensure that the has an employer covenant policy in place including outlining the approach to assessing and monitoring the employer risk.

### **Proposal**

14. The Committee is asked to approve this Employer Covenant Risk Policy, and seeks from Officers such clarifications or further information as they require.

Matt Allen  
Employer Funding and Risk Lead

Report Authors: Matt Allen, Employer Funding and Risk Lead

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Unpublished documents relied upon in the production of this report: Draft Employer Covenant Risk Policy (See Appendix)

# Wiltshire Pension Fund

## Policy on Employer Covenant Risk

Effective date of policy	
Date approved	
Next review	

### 1 Introduction

The purpose of this policy is to set out the administering authority's approach to assessing employer covenant risks and the impact of employer risks within the funding strategy.

#### 1.1 Aims and objectives

The administering authority's aims and objectives related to this policy are as follows:

- To set out the framework within which the Fund seeks to identify, assess, monitor and mitigate employer risks.
- To provide employers with an outline of factors that will be considered in determining funding strategy, to ensure each employer is treated fairly and with respect to their own circumstances.

#### 1.2 Background

The key risks to the Fund are detailed in Appendix C of the Funding Strategy Statement (FSS). Taking a holistic view on these risks is essential to meeting the Fund's objective of long term sustainability and paying member benefits. Assessing and monitoring employer covenant risk forms part of a robust integrated risk management framework.

The Pensions Regulator defines employer covenant as "*the extent of the employer's legal obligation and financial ability to support the scheme now and in the future*".

Each employer in the Fund presents a different degree of covenant risk to the Fund. If an employer defaults on its obligations to the Fund, the cost is spread amongst the remaining employers. Employer insolvency or cashflow issues can also present the Fund with potential operational or liquidity risks.

To provide protection to all stakeholders (and fairness to employers), it is important to assess and monitor covenant risks, providing mitigation where possible.

#### 1.3 Guidance and regulatory framework

[Part 3 of Schedule 2](#) (para 6) states the requirement for an admission body to carry out *an assessment, taking account of actuarial advice, of the level of risk arising on premature termination of the provision of service or assets by reason of insolvency, winding up, or liquidation of the admission body*.

As set out in Section 5.5 of the FSS the administering authority may require the admission body to provide security, such as a guarantee from the letting employer, an indemnity or a bond.

The Pension Regulator code sets out further [guidance](#) on schemes assessing and monitoring covenant and that covenant should be considered when setting funding strategy.

## 2 Statement of principles

This statement of principles covers the Fund's approach to employer risk management. The Fund maintains discretion over the application of this policy, but in general:

- Employer risks will be assessed upon a new admission body joining the Fund and may require the body to provide a form of security against certain risks.
- The administering authority will seek to maintain up to date records of security and participation status (eg contract length, guarantors etc.) which may require employers to provide data on request of the administering authority.
- Employer covenant will be assessed triennially as part of the formal valuation, or more regularly depending on the nature of the employer risks or other circumstances.
- Employers may be required to provide financial or management data to support the Fund in carrying out covenant assessments.
- Where data is provided late, or not at all, the Fund may determine that the employer's covenant is weaker.
- Employer covenant may be used as a factor in determining employer funding strategy, which may result in an employer paying a higher or lower contribution rate.

## 3 Policy

### 3.1 Initial employer risk categorisation

There are various employer types that participate within the Fund from different sectors. These can be broadly categorised by those which have tax-raising powers or a government guarantee and those that do not.

#### Category A (lower risk)

- Local authorities including Police and Fire
- Academies (including multi-academy trusts)

#### Category B (higher risk)

- Colleges & Universities
- Charities
- Housing associations
- Town & Parish councils
- Contractors\*

\*Contractors with a guarantee from a Category A employer may be viewed as lower risk as the awarding authority would act as guarantor of last resort.

Note that the above would be an initial categorisation and subject to change following completion of the steps outlined in the remainder of section 3 of this policy.

### **3.2 Identifying covenant risks**

The key employer covenant risks for the Fund to consider are:

1. Ability to make contributions – financial constraints leading to non-payment or underpayment of regular contributions.
2. Likelihood of exit – events leading to termination of the admission, as detailed in Section 7.1 of the FSS.
3. Outcomes in an exit – current pension deficit (on the employer's exit basis) relative to their financial strength. Other considerations include potential additional costs such as redundancy strains.

The administering authority will seek to assess and monitor these risks for each employer, and provide mitigation where possible. Although the primary concern is the default risk posed by (3), the administering authority is also concerned with risks associated with (1) and (2) to protect against other operational risks such as administration and cashflow management.

### **3.3 Assessment and monitoring of risks**

To assess and monitor the risks identified under 3.2, the administering authority will do the following:

1. Maintain an up to date employer database, including key information on contract end dates, guarantors, and other forms of security. Employers may be asked to provide or check information is accurate at regular intervals (eg annually).
2. The administering authority will carry out a pension risk profiling exercise which focuses on quantitative pension risk metrics such as number of active employees, contract period, current deficit on exiting basis, deficit gearing (deficit vs payroll), initial risk categorisation (per 3.1). This exercise will be carried out triennially as part of the formal valuation process.
3. For any employer identified as potentially higher risk under (2), the administering authority will carry out analysis of key financial metrics (past and projected). The employer may be asked to provide data where necessary including completing a questionnaire (with information on cashflow projections, debt facilities, creditors and other financial constraints). This exercise will be carried out triennially as part of the formal valuation process.
4. The administering authority may also request that a covenant specialist carry out further analysis of specific employers or sectors to inform the covenant assessment. This work would consider both quantitative and qualitative analysis, including assessment of governance structures, management and exposure to climate related risks.
5. Based on the analysis carried out under (1-4), the administering authority will categorise employers into three risk categories, high, medium and low (or Red, Amber, Green), based on their covenant assessment.
6. Employer categorisation will be shared with employers and management will be encouraged to engage with the administering authority on the results and funding strategy implications (see Section 3.5).
7. The administering authority may change the risk categorisation after engaging with employers and/or being able to evidence stronger covenant. This could include the provision of additional information by the employer, or carrying out a full covenant assessment by a covenant specialist (depending on the circumstances the employer may be required to pay for the cost of this assessment).
8. Where financial data is provided late, or not at all, the Fund may determine that the employer's covenant is weaker.

9. Where an employer can provide any additional form of security (such as security over an asset), the administering authority may view the employer covenant to be stronger.

### 3.4 Frequency of monitoring

A full review of employer covenant will be carried out triennially as part of the formal valuation process. More regular updates may be required depending on circumstances, including:

- **Employer database** - will be reviewed annually to ensure the information is accurate and up to date. This will include a review of bond status and employers may be required to provide evidence that forms of indemnity remain in place and are up to date.
- **Higher risk employers** - may be asked to provide financial information via a questionnaire annually, as part of an annual review process. If there is judged to be a material change in covenant there is provision for contributions to be reviewed in line with the fund's contribution review policy (see [Wiltshire Pension Fund policies](#))
- **Employer approaching exit** - such as employers with contracts due to end before the next formal valuation, or those with few active members will be monitored more regularly. The administering authority will monitor these employers annually (or more frequently) using pension risk metrics, including monitoring the active membership and the funding position on the employer's exit basis. The administering authority will continue to engage with these employers as they approach exit to help manage the exit and ensure the employer is aware of their pension obligations and the exiting process.
- **Changes in economic or regulatory environment** – may require the administering authority to carry out ad-hoc reviews of employer covenant - recent examples include the Covid-19 pandemic or the reclassification of colleges.

### 3.5 Risk mitigations and impact on funding strategy

The Fund will seek to manage employer risks appropriately to protect stakeholders and ensure fairness to employers. Forms of risk management include:

- **Provision of security** – as outlined in Section 5.5 of the FSS, the administering authority will seek to obtain a form of security from bodies upon admission. Some employers may also provide security (such a charge over an asset) during their participation to evidence stronger covenant and enable more flexibility in funding strategy. As part of ongoing risk assessments, the Fund will also seek to ensure that bonds and other forms of security are up to date and maintained for the appropriate level of indemnity.
- **Guarantees** – certain employers participating in the Fund may have a guarantee from central government, a parent company or another employer within the Fund. The administering authority will seek to ensure that information relating to these guarantees is accurate and up to date. This may require employers to provide evidence such as risk sharing agreements or a copy of guarantees.
- **Insurance** (and other forms of risk transfer) - where appropriate, employers (or the Fund on behalf of employers) may also take out insurance against certain risks (such as ill health early retirements).
- **Termination policy** – employers with no guarantee will exit the Fund on the Fund's cessation basis (as described in Appendix D5 of the FSS). Where an employer is seeking to enter into a post cessation funding arrangement (such as a deferred debt arrangement), the Fund will consider the employer's covenant in agreeing to or in setting the terms of the arrangement.

- **Contribution policy** – while participating in the Fund, the administering authority will consider employer covenant when determining funding strategy and the level of employer contributions (and any flexibilities afforded).
  - **Funding target** – contributions may be set to target full funding on an employer’s cessation basis, to minimise the risk of underfunding on exit. Where a higher risk employer is approaching exit (eg few active members or approaching contract end date), the administering authority may begin to transition the funding target towards the exit basis.
  - **Time horizon** – a shorter funding time horizon may be adopted for higher risk employers when setting contributions.
  - **Likelihood of success** – a higher likelihood of success may be adopted for higher risk employers when setting contributions.
  - **Contribution flexibility** – employer covenant will be a factor when considering contribution flexibility, such as phasing of contribution increases or whether a reduction in contributions as a result of any funding surplus can be allowed. For example, employers with weaker covenant may be required to pay a minimum of the Primary Rate (cost of accruing benefits).

The administering authority will aim to provide all employers with a clear framework of how employer risk categorisation will be used in setting funding strategy, as detailed in section 2.2 of the FSS. However, the Fund has ultimate discretion over the application of this policy and associated funding strategy.

## 4 Related policies

The fund’s approach to setting regular employer contribution rates is set out in the Funding Strategy Statement, specifically “Section 2 – How does the fund calculate employer contributions?”.

The treatment of new employers joining the fund is set out in the in the Funding Strategy Statement, specifically “Section 5 – What happens when an employer joins the fund?”

The treatment of employers exiting the fund is set out in the in the Funding Strategy Statement, specifically “Section 7 – What happens when an employer leaves the fund?”

[Wiltshire Pension Fund policies](#)

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Meeting:	15/06/23	13/07/23	14/09/23	05/10/23	23/11/23	14/12/23	29/02/24	28/03/24	Guidance comments
<b>GOVERNANCE - Committee Specific</b>									<b>Comments</b>
Confirmation of annual election of Chair & Vice Chair	✓								Annual appointments made by Full Council
Review Committee's Terms of Reference (if and as required)								✓	This review should be in conjunction with the Board ToR review to ensure continuity. Lasted reviewed in July 2020. With the ISC meetings discontinued and the publication of final guidance on the Good Governance review and new Single Code of Practice anticipated, this is expected to be a material review.
Fund's annual budget setting								✓	Prior to 31st March each year
Budget Monitoring		✓		✓	✓			✓	Quarterly spend & allocation of costs review against budget
Budget Outturn		✓							Annual actual review of financial pension fund spend against the previous year's budget
Committee Annual Training Plan Update								✓	To be completed following each Scheme year for subsequent inclusion in the Fund's AR&A
Training Item relevant to agenda	✓	✓	✓	✓	✓	✓	✓		To be consistent with Members training & development strategy
Committee effectiveness review		✓							4 year plan last raised with the Committee on Nov 2022. The Committee should also compare itself against its own terms of reference core functions.
Forward Work Plan Review		✓		✓				✓	Quarterly review of Committee's work plan. Officers to update the next Scheme year's plan with annual reviews undertaken in calendar Q2
<b>GOVERNANCE - Fund Specific</b>									<b>Comments</b>
Scheme Legal, Regulatory & Fund update		✓		✓	✓			✓	Quarterly update by the Head of Pensions
Review of Risk Register		✓		✓	✓			✓	Quarterly review. Request risks to be added & changes made by Board prior to Committee approval.
Updates & comments on the previous Committee & Board meeting minutes	✓	✓	✓	✓	✓	✓	✓	✓	Amongst other purposes Members should use the minutes to identify risks which can be added to the risk register
Review Governance Compliance Statement								✓	5 year plan last approved on 30/03/2021.
Effective System of Governance (ORA document)								✓	To prepare on publication of tPR Single Code of Practice. The self-assessment will be independently audited. To replace tPR Code of Practice 14
Review Fund Training Programme				✓				✓	Complete 4 year training plan last approved on 16/12/2021. Annual reviews undertaken in Q4 each year
Club Vita update						✓			As at 31st August each year & to be submitted by 1st week of October to Hymans. Purpose - statistical analysis
Review the Fund's Annual Report & Accounts		✓	✓						Annual Report & Accounts to be completed & published by statutory deadline of 1st December
Approve Internal Audit Report scope		✓		✓				✓	Audits include 2023/24 - Report 1: AR&A's - Published by 1st December, Report 2: Key Financial Controls, Report 3: Payroll Migration Parts 1 & 2, Report 4 - ESoG & Report 5 - KPI accuracy.
Monitor Internal & External Audit Reports		✓		✓				✓	Audit recommendations actioned
Input to Annual Internal & External Audit Plans						✓			Committee to liaise with the Audit Committee concerning the scope of Council's AR&A's and SWAP audits

Treasury Strategy								✓	Annual review, including cashflow forecasting and preferred bank account maintenance (Last reviewed 23/03/2023)
Review service providers, both internal & external. Include advisor appointments, processes, controls & SLAs								✓	Committee to receive an annual update from the Board on the effectiveness of the Fund's advisers
Review Actions from previous meetings	✓	✓	✓	✓	✓	✓	✓	✓	Addressed primarily during meeting agenda planning stage
<b>GOVERNANCE - Fund Plans, policies &amp; strategies</b>									<b>Comments</b>
Review Business Plan				✓				✓	3 year plan last approved on 23/03/2023. Further review due on 05/10/2023
Review Pension Administration Strategy		✓							3 year plan last approved on 28/07/2022
Review Communication strategy				✓					3 year plan last approved on 16/12/2021. E-communication strategy updated and Customer Service Excellence rollout update
Review Data Improvement Plan				✓					All 3 year plans Data Improvement last approved on 30/09/2021. Data Protection Policy and Data Retention Policy last approved on 10/01/2023. No review required in 23/24.
Review Admin Charging Policy									2 year plan last approved on 28/07/2022. No review required in 23/24.
Review Admin Authority Discretions								✓	3 year plan last approved in 30/03/2021
Review Employer Cessations policy (New Employer Policy)		✓							3 year plan last approved in 17/12/2022.
Review Funding Strategy Statement									3 year plan last approved on 17/11/2022. Next Fund Valuation 31/03/2025
Review Compliance with FRC stewardship code			✓					✓	Last approved on 23/03/2023. Annually - Consider TCFD requirements as part of the process
Review Investment Strategy Statement								✓	Annual review. last approved on 02/03/2023 (Ensure inclusion of MiFID II arrangements)
Review Fund "Responsible Investment Strategy"			✓					✓	To be reviewed in conjunction with the Investment Strategy Statement. To cover Climate Change Statement. To also cover topical changes on policy relating to BPP & ESG
<b>ADMINISTRATION</b>									<b>Comments</b>
Review Fund fraud risk prevention and mitigation measures				✓					Stood down in favour of the Council's standard policy. Should be completed every 2 years and will be an update of the Fund's NFI & Certificate of Existence exercises. Anti-Fraud & Corruption Policy (also AML & Whistle Blowing policy) Last reviewed April 2020. To include Whistleblowing policy in 2022. No review required in 23/24.
Receive an annual report of an complaint & IDPR cases, including a review of the Fund's procedures		✓							Covered in Low Volume Performance Report. To be managed by LPB with issues submitted to the Committee on an exceptions basis
Review of Data Security & Business Recovery							✓		Report sets out the arrangements in place & when they were last tested. BCP last reviewed April 2023. Scope subject to Retained EU Law Bill and DP & Digital Information Bill.
Review GMP Rectification		✓		✓			✓	✓	Regular update concerning SAP & Altair database reconciliation. To consider migration to new payroll system.

Committee KPIs to monitor		✓		✓		✓		✓	Quarterly Administration performance reporting. Including outsourced backlog KPIs
Benchmark KPIs in Annual Report & Accounts information with other Funds								✓	Annual Report & Accounts must be disclosed each 1st December
Review of Annual Benefit Statement process				✓					Percentage issued, action plan to issue outstanding ABSs & process improvement review
Review employers compliance (data)						✓			Ideally incorporate with ABS review process & update on Fund's Data Improvement Plan. Statistics on Employer Report Cards
Payroll migration, i-Connect & Members Self-service update				✓					Present as part of a Fund digital platform update. Progress report on take up and functional developments
<b>INVESTMENT PERFORMANCE &amp; RISK</b>									<b>Comments</b>
Investment Quarterly Progress Report	✓		✓		✓		✓		Provided by each Investment Manager & the Investment Adviser, Mercer, who summarise the information and offer independent assessment of the market generally
Review Investment performance against Fund's benchmarking criteria	✓	✓	✓		✓		✓		To be presented quarterly and in conjunction with the draft Annual Report & Accounts
Investment Strategy Review / Asset Allocation Review	✓		✓		✓		✓		Quarterly review of strategy, plus an annual document last updated in 17/11/2022. To cover topical changes relating to BPP & ESG
Governance update relating to BPP	✓		✓		✓		✓		Quarterly (generally verbal) update on Brunel governance and operational issues
Cost transparency of BPP, Managers & the Custodian	✓								Usually presented in conjunction with the draft Annual Report & Accounts
<b>Total number of Agenda Items:</b>	<b>9</b>	<b>18</b>	<b>10</b>	<b>18</b>	<b>10</b>	<b>12</b>	<b>10</b>	<b>21</b>	

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