

AGENDA

Meeting: Wiltshire Pension Fund Committee

Place: Council Chamber, County Hall, Trowbridge, BA14 9JG

Please see text in red below for details of what to expect if wishing to attend this meeting in person.

Date: Thursday 24 June 2021

Time: 10.00 am

Please direct any enquiries on this Agenda to Libby Johnstone of Democratic Services, County Hall, Bythesea Road, Trowbridge, direct line 01225 718214 or email libby.johnstone@wiltshire.gov.uk

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

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

Voting Membership:

Wiltshire Council Members

Cllr Richard Britton (Chairman)
Cllr Edward Kirk (Vice-Chairman)
Cllr Gordon King
Cllr Christopher Newbury
Cllr Elizabeth Threlfall

Substitute Members

Cllr Pauline Church
Cllr Sarah Gibson
Cllr Gavin Grant
Cllr Carole King
Cllr Ian Thorn
Cllr Robert Yuill

Swindon Borough Council Members

Cllr Steve Heyes
Vacancy

Substitute Members

Vacancy

Employer Body Representatives

Tracy Adams
Vacancy

Non-voting Membership:

Observers

Stuart Dark
Mike Pankiewicz

Covid-19 safety precautions for public attendees

To ensure COVID-19 public health guidance is adhered to, a capacity limit for public attendance at this meeting will be in place. **You must contact the officer named on this agenda no later than 5pm on 22 June if you wish to attend this meeting.**

Places will be allocated on a first come first served basis.

To ensure safety at the meeting, all members of the public are expected to adhere to the following public health arrangements to ensure the safety of themselves and others:

- Do not attend if presenting symptoms of, or have recently tested positive for, COVID-19
- Wear a facemask at all times (unless due to medical exemption)
- Maintain social distancing
- Follow any one-way systems, signage and instruction

Where it is not possible for you to attend due to reaching the safe capacity limit at the venue, alternative arrangements will be made, which may include your question/statement being submitted in writing.

Recording and Broadcasting Information

Wiltshire Council may record this meeting for live and/or subsequent broadcast. At the start of the meeting, the Chairman will confirm if all or part of the meeting is being recorded. The images and sound recordings may also be used for training purposes within the Council.

By submitting a statement or question for an online meeting you are consenting that you will be recorded presenting this, or this may be presented by an officer during the meeting, and will be available on the public record. The meeting may also be recorded by the press or members of the public.

Any person or organisation choosing to film, record or broadcast any meeting of the Council, its Cabinet or committees is responsible for any claims or other liability resulting from them so doing and by choosing to film, record or broadcast proceedings they accept that they are required to indemnify the Council, its members and officers in relation to any such claims or liabilities.

Details of the Council's Guidance on the Recording and Webcasting of Meetings is available on request. Our privacy policy can be found [here](#).

Parking

To find car parks by area follow [this link](#). The three Wiltshire Council Hubs where most meetings will be held are as follows:

County Hall, Trowbridge
Bourne Hill, Salisbury
Monkton Park, Chippenham

County Hall and Monkton Park have some limited visitor parking. Please note for meetings at County Hall you will need to log your car's registration details upon your arrival in reception using the tablet provided. If you may be attending a meeting for more than 2 hours, please provide your registration details to the Democratic Services Officer, who will arrange for your stay to be extended.

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](#).

For assistance on these and other matters please contact the officer named above for details

AGENDA

Part I

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

1 **Membership**

To note any changes to the membership of the Committee.

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

3 **Apologies**

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

4 **Minutes of the previous meeting** (*Pages 9 - 22*)

To approve and sign as a true and correct record the Part I (public) minutes of the previous meeting held on 30 March 2021 and the Investment Sub-Committee minutes of 10 June 2021 (to follow).

5 **Review of Actions Log** (*Pages 23 - 26*)

6 **Review of the Minutes of the Local Pension Board & the recommendations made** (*Pages 27 - 36*)

7 **Chairman's Announcements**

To receive any announcements through the Chairman.

8 **Declarations of Interest**

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

9 **Public Participation**

The Council welcomes contributions from members of the public, however, to ensure Covid-19 public health guidance is adhered to, physical attendance at this meeting will be limited. Please contact the officer named on this agenda no later than 5pm on 22 June 2021 if you wish to attend this meeting.

Where it is not possible for you to attend due to reaching the capacity limit, alternative arrangements will be made which may include your question/statement being submitting in writing.

Statements

Members of the public who wish to submit a statement in relation to an item on this agenda should submit this electronically to the officer named on this agenda no later than 5pm on 14 May 2021. Up to three speakers are allowed for each item.

Each statement must:

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

State points clearly, and;

Be readable aloud in approximately 3 minutes.

Questions

Those wishing to ask questions are required to give notice of any such questions electronically to the officer named on the front of this agenda no later than 5pm on 17 June 2021 in order to be guaranteed of a written response. In order to receive a verbal response, questions must be submitted no later than 5pm on 21 June 2021.

Please contact the officer named on the front of this agenda for further advice. Questions may be asked without notice if the Chairman decides that the matter is urgent. Details of any questions received will be circulated to members prior to the meeting and made available at the meeting and on the Council's website; they will be taken as read at the meeting

10 **Training Day** (*Pages 37 - 44*)

Verbal update & reminders. Training on Administering Authority's discretions policy.

11 **Scheme, Legal, Regulatory and Fund Update** (*Pages 45 - 52*)

To receive a report from officers updating the Committee on various developments.

12 **Key Performance Indicators (KPIs)** (*Pages 53 - 62*)

A revised report summarising the latest KPIs in a changed format for the period 1 January 2021 to 31 March 2021.

13 **Budget Outturn** (*Pages 63 - 66*)

A report outlining the 2020-2021 budget outturn position for noting.

14 **Fund Annual Report and Accounts** (*Pages 67 - 116*)

A report covering the current audit progress both internal and external for the Fund and an update on the progress of the Annual Report and Accounts 2020/21.

15 **Responsible Investments Update** (*Pages 117 - 128*)

An update on the Fund's responsible investments arrangements by the Head of Pension Fund Investments

16 **Local Pension Board Annual Report** (*Pages 129 - 158*)

Members are asked to consider the LPB Annual Report.

17 **Pension Fund Risk Register** (Pages 159 - 166)

An updated Risk Register is brought to the Committee for its consideration.

18 **Look Forward Plan Review** (Pages 167 - 172)

To consider the plan for 2021-22.

19 **Date of Next Meeting**

The next ordinary meeting of the Committee will be held on 23 September 2021.

20 **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.

21 **Exclusion of the Public**

To consider passing the following resolution:

To agree that in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the business specified in Item Numbers 22 – 31 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

22 **Minutes of the previous meeting** (Pages 173 - 190)

To approve and sign as a true and correct record the Part II (private) minutes of the previous meeting held on 30 March 2021.

23 **Pension Payroll Database Reconciliation** (Pages 191 - 198)

A report updating the progress of this project by the Head of Pension Administration and Relations.

24 **New pension payroll and immediate payments system** (Pages 199 - 202)

A brief report outlining the early plans by the Heads of the Pension Fund service to introduce a new pensioner payroll and immediate payments system.

25 **Key Financial Controls** *(Pages 203 - 208)*

A update by the Head of Pension Fund Investments outlining the operational accounting arrangements in place.

26 **Brunel Governance Review Update**

A verbal update on the BPP governance arrangements by the Head of Pension Fund Investments.

27 **Brunel Shareholder Representative** *(Pages 209 - 210)*

An update by the Head of the Pension Fund Investments.

28 **Manager Fees** *(Pages 211 - 216)*

A brief report presented by the Head of the Pension Fund Investments.

29 **AVC Provision** *(Pages 217 - 220)*

A brief report presented by the Head of the Pension Fund Investments.

30 **Treasury Management Annual Report** *(Pages 221 - 226)*

A brief report presented by the Head of the Pension Fund Investments.

31 **Investment Sub-Committee and Local Pension Board Minutes (Part II)**
(Pages 227 - 238)

A review of the last Investment Sub Committee meeting (10 June 2021 – to follow) and the Local Pension Board minutes (20 May 2021).

This page is intentionally left blank

Wiltshire Pension Fund Committee

MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 30 MARCH 2021 AT ONLINE MEETING.

Present:

Tracy Adams, Cllr Pauline Church (Vice-Chairman), Cllr Tony Deane (Chairman), Cllr Robert Jandy, Cllr Gordon King, Chris Moore and Cllr Christopher Newbury

Also Present:

Andy Brown, Richard Bullen, Joshua Caughey, Andy Cunningham, Jennifer Devine, Anthony Fletcher, Kieran Harkin and Elizabeth Muir

241 Membership

It was noted that there was one impending change to the membership of the Wiltshire Pension Fund Committee. Chris Moore, a member of the Committee, had been appointed for a role within the Wiltshire Pension Fund's (WPF) Investments team and would therefore be stepping down as an Employer Representative before the next ordinary meeting of the Committee.

242 Apologies

Apologies were received from:

- Cllr Steve Allsopp
- Cllr George Jeans
- Stuart Dark
- Mike Pankiewicz

243 Minutes

The Part I (public) minutes of the previous ordinary meeting held on 17 December 2020 and extraordinary meeting held on 14 January 2021 were considered, and it was:

Resolved

The Committee approved and signed the Part I (public) minutes of the previous ordinary meeting held on 17 December 2020 and extraordinary meeting held on 14 January 2021 as true and correct records.

244 **Review of Actions Log**

The actions log for the Wiltshire Pension Fund Committee was considered, and it was:

Resolved

The Committee noted the actions log.

245 **Declarations of Interest**

There were no declarations of interest.

246 **Chairman's Announcements**

The Chairman raised the length of the Part II agenda pack and noted that the topic would be discussed further in later agenda items.

247 **Public Participation**

There were no statements or questions from the public or Councillors.

248 **Minutes and Key Decisions of the Local Pension Board and Investment Sub-Committee**

The Part I (public) minutes, and recommendations arising, from the last meetings of the Local Pension Board and Investment Sub-Committee held on 18 February 2021 and 25 February 2021 respectively were considered, and it was:

Resolved

The Committee noted the Part I (public) minutes from the last meetings of the Local Pension Board and Investment Sub-Committee held on 18 February 2021 and 25 February 2021 respectively.

249 **Training Update**

Richard Bullen, Fund Governance and Performance Manager, provided a verbal update outlining the training strategy for 2021-22.

It was noted that governance, legislation and investment issues would be three key areas of development. Officers confirmed that after the local May 2021 election, the training strategy would be updated to give a more comprehensive perspective taking the next four years into consideration. Members would be asked to assess themselves on a wider scale as to how and in which areas they would like to develop their knowledge and understanding. Officers stated that they would be circulating training records in due course and asked members to notify officers if their records needed to be updated.

The new Hymans-Robertson training tool was raised, and members were informed that officers were awaiting a release date and that this would be communicated to members when received.

Officers additionally noted the Committee and Board training session which took place on 10 March 2021. The session was organised to provide members with further insight and to aid in the discussions surrounding the Wiltshire Pension Fund's (WPF) approach towards tackling climate change related issues and risk.

The Chairman sought further clarification as to the induction process for any potential new members of the Committee post-election. Officers noted that they were in discussions with Democratic Services to finalise the details and noted that the new four year training strategy would be amended to reflect members' opinions as discussed above, and that this would be presented back to the Committee in the scheduled December 2021 meeting.

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

Andy Cunningham, Head of Pension Administration and Relations, updated the Committee on the various Scheme, Legal, Regulatory and Fund developments.

Officers noted that since the last Committee meeting, the Treasury had unexpectedly decided to disapply the legislation around the exit cap payments, with the intention that it would therefore be legally revoked in the coming months. Exact details and reasonings were not publicised, but officers explained that the statement made reference to "unintended consequences" of the legislation. As such, all of the past issues concerning the contradictory legislative position were eliminated. It was noted that it was believed that the Government's intention was to introduce new legislation surrounding the topic, however timeframes for such a review had yet to be provided.

The Scheme Advisory Board's (SAB) Good Governance Review was briefly raised and officers noted that a number of recommendations were beginning to slowly move forward and would soon be turned into statutory guidance but again, SAB had not provided any further details of when this may happen.

It was highlighted that the Pensions Regulator (tPR) was in the process of consolidating their Code of Practices into one singular Code which would, to some extent, change the way that they view different pension Funds. Officers noted that a consultation was live, but they had not had the chance to review it ahead of the Committee meeting.

Officers reminded members of the resolution made in the December 2020 meeting of the Committee where the cessation policy was approved subject to consultation with employers and no material issues being raised as part of the consultation process. As such, it was confirmed that no concerns were raised, and officers would therefore be implementing the move from the previous outsourcing model to the new internal model from 1 April 2021.

The Chairman raised McCloud and sought further clarification as to why the risk continued to be red on the Risk Register and why there had been no further movement. Officers explained that the McCloud consultation had been circulated at the end of 2020 and it was now closed, with officers awaiting the final outcome, hence why the risk seemed static. It was highlighted that until further communication was released by the Government, officers were limited as to what they could implement in preparation. It was noted that existing resources were expected to be able to handle the forecasted workload but that officers were continuing to recruit additional staff as per the resolution made by the Committee in December 2020 approving an additional resource spending of £105,000.

Resolved

The Committee noted the report.

251 **Proposed Business Plan - 2021-22**

Both Andy Cunningham, Head of Pension Administration and Relations, and Jennifer Devine, Head of Pension Fund Investments, presented the report that reviewed the progress of actions set for 2020-21 and proposed new actions for 2021-22.

Officers firstly confirmed that the Local Pension Board recommendation that officers reorder the Business Plan by priority had been implemented. It was highlighted that the vast majority of actions set for 2020-21 had been completed and that the 2021-22 actions were strategically similar to the previous year and were focussed on developing more streamlined processes and infrastructure to aid in the move towards a more digital way of working.

One member of the Committee referenced the appraisal enhancements noted in number 40 of the 2020-21 Business Plan and asked if members could have sight of the staff survey results and when the next planned survey was due to go live. Officers noted that the Pension Fund usually released their staff survey alongside any from Wiltshire Council and that they were unsure when this would be scheduled. Officers emphasised that the staff feedback raised no significant fallbacks and it was therefore being used to continue enhancing their processes and workplace to achieve an even better environment.

The Chairman asked how officers monitor the performance of the actions on the Business Plan. Officers responded by explaining that each action was assigned to a specific person and/or team which would then be discussed during their regular one-on-one and team reviews/meetings.

Resolved

The Committee approved the business plans actions set out in Appendix 2 of the report.

252 **Budget - 2021-22**

Jennifer Devine, Head of Pension Fund Investments, introduced the report seeking approval for the Wiltshire Pension Fund 2021-22 budget.

It was highlighted that officers had updated the budget to include the pre-approved changes from last year such as the backlog agency recruitment drives and staffing changes. The main changes were noted as the increases to advisory fees, the commitment to sign up to the Stewardship Code and the increases/differences in the estimated cost of living. It was noted that the comparable budget had increased by 2.9%. Officers additionally highlighted that the Brunel Pension Partnership budget was included within the Part II agenda pack for transparency.

Resolved

The Committee approved the Pension Fund Administration, Investment and Governance budget for 2021-22 shown in the Appendix totalling £3.125m (0.1% of total Fund value).

253 **Key Performance Indicators (KPIs)**

Andy Cunningham, Head of Pension Administration and Relations, introduced the report that summarised the Fund's performance against its KPIs for the period of 1 October 2020 to 31 December 2020.

Officers referred to the previous meeting on 17 December 2020 where it was noted that tPR had benchmarked annual benefit statements success rates. It was again confirmed that WPF were similar to the average score but that officers were confident for a higher result next year due to the continued onboarding onto i-Connect. Officers noted that they were yet to have sight of other Funds' performance for comparison with regard to the tPR Common and Conditional Data percentages, however they explained that WPF were in the top quartile in 2020 which was expected to follow into 2021.

i-Connect was discussed and it was noted that officers had not achieved their expected level of onboarding, however it was explained that the system provider had released a new tool which allowed officers to solve some of the complications that employers had encountered which had hindered the progress of the rollout (i.e: the need to obtain data for McCloud first).

The Chairman asked who set the disclosure requirements as per Appendix 1 of the report. Officers explained that the template used was one that CIPFA had created in line with various bits of legislation, therefore multiple other Funds should in theory follow the same template. The Vice-Chair sought further clarity as to what was meant by the "Legal Timeframe" as per the same Appendix. Officers explained that the legal timeframe was set at the same level as what was required by the legislation. It was further questioned if Appendix 1 showed any problems with refunds or deferments and if it helped officers to identify

where further resources could be needed. Officers clarified that the i-Connect rollout would help solve any of those issues with time.

Resolved

The Committee noted the current situation and the Fund's plans for further improvement.

254 **Administering Authority's Discretion Policy**

Andy Cunningham, Head of Pension Administration and Relations, introduced the report which was proposing amendments to the Funds regulatory discretions.

Officers noted that a full review of the policy had not been undertaken for approximately 5 years but noted that an employer had approached the Fund and requested a change to the policy which had been agreed upon and approved alongside three other amendments at the 24 September 2020 meeting of the Committee.

Members of the Committee sought further clarification as to the consequences of the changes to which officers explained that the amendments would improve the approach to handling certain discretions/scenarios which the current approach did not cover. In short, the amendments were allowing for more robust decision making. Members requested that further training be provided to aid in their understanding of the topic.

Resolved

- 1) The Committee approved the proposed amendments to the Administering Authority Discretions Policy.**
- 2) The Committee requested that officers provide further training on Administering Authority Discretions at the next ordinary meeting of the Committee.**

255 **Review of the Governance Compliance Statement and Investment Sub-Committee Terms of Reference**

Richard Bullen, Fund Governance and Performance Manager, introduced the report reviewing the updated Governance Compliance Statement and Investment Sub-Committee Terms of Reference.

Officers made reference to the Member Effectiveness Review conducted in 2018 and noted that the changes to the submitted documents were as a natural consequence to the approved changes to the Local Pension Board and Wiltshire Pension Fund Committee Terms of Reference made in 2020, thus ensuring that all of the documents were synchronised.

The eight mandatory principles that the Fund must abide by were raised and it was noted that two additional principles had been included to reflect the current situation of the WPF; namely, the introduction of the Local Pension Board, the Investment Sub-Committee and the move into the Brunel pool. Officers noted that they had sought legal advice from Wiltshire Council as to the content within the documents and confirmed that no objections had been raised.

Officers then highlighted the Local Pension Board recommendation that officers should change the Governance Compliance Statement to include external assurance in conjunction with any confirmed changes arising from the SAB's Good Governance Review. Members noted the recommendation, following which it was:

Resolved

The Committee approved the updated Governance Compliance Statement and Investment Sub-Committee terms of reference.

The Committee noted that further changes will be made following completion of the Scheme Advisory Board's Good Governance Review and will include the Board's external assurance recommendation.

256 **Pension Fund Risk Register**

Richard Bullen, Fund Governance and Performance Manager, updated the Committee in relation to the changes made to the Fund's Risk Register.

Officers noted the Local Pension Board's queries concerning PEN058 and why it was categorised as 'Green'. As they clarified during the previous Board meeting in February 2021, officers explained that this was due to the fact that it was classed as a horizon risk and whilst officers were aware of it, nothing had yet been implemented. Officers again confirmed that it would be kept under review as and when more information became available.

Resolved

The Committee approved the attached Risk Register and accepted the recommendations for changes/actions made and submitted by the Board in points 5 to 8.

257 **Investment Strategy Statement**

Jennifer Devine, Head of Pension Fund Investments, introduced the report which explained the process in place to update the Investment Strategy Statement (ISS) for consideration and approval.

Officers explained that the report was a minor update to the 2020 version following on from a full assessment of climate change risk. It was confirmed that after suggestions by Committee members to consult on the changes with

employers ahead of the meeting, officers had received 6 responses to the consultation with an analysis of those responses attached to the agenda pack. Elizabeth Muir, a Wiltshire Council Solicitor and the designated contact for the WPF, was introduced, her role was explained, and reference was made to her memo that was attached to the agenda pack.

Cllr Christopher Newbury referred to their concerns over the fiduciary duty of the Fund when considering the direction of travel towards a more sustainable asset allocation. They described their apprehensions with regard to approving the revised ISS; namely, limiting the range of investment options open to the Fund by only considering those that were ESG focussed and the lack of detail surrounding how the Fund could achieve a net-zero target and what this meant. Cllr Newbury further noted the consultation that had been conducted with employers and questioned if the consultation was lawful in consideration of the low number of responses received. Officers and advisors clarified that there was no obligation to consult, but that it was regarded as best practice, and had been done for two reasons: openness and transparency, and to help provide a full picture to assist Committee members in their decision making on the amended ISS. Officers clarified that the difficulty in defining a precise practical meaning with regard to the net-zero target was explained by Mercer when their climate change modelling was presented to members. Officers reiterated that although the path would become clearer as progress was made, this should not prevent the Fund committing to the target of net-zero by 2050. Reference was made to the Paris Agreement and the UK Government goals and the member sought further clarification as to how the WPF goal of net-zero by 2050 was in line with those bodies/agreements. Officers explained that a net-zero target for pension funds specifically was not set out as a requirement by the Paris Agreement or by the UK Government, but that a target of net-zero by 2050 was consistent with the general targets set out by both. Officers highlighted how other Funds/companies making these types of commitments were becoming even more common, and that a majority of other Funds within the Brunel pool had made or were imminently seeking to make such commitments.

Elizabeth Muir then answered the questions that the member of the Committee had sent via email to officers ahead of the meeting. Reference was made to the memo that was attached to the agenda pack, particularly in respect of the section under 'Fiduciary Duties'. It was reiterated that the commitments and targets being discussed were commonplace within the industry. Anthony Fletcher, MJ Hudson, noted that that the UK Government were moving towards this direction and therefore the WPF were aligning themselves with the general legislations of the Country and more broadly with many other Countries across the world. He stated that members need not worry with regard to professional indemnity as in the event of a challenge, members need only to demonstrate that they acted in a reasonable way based on the information that was available at the time. He referred to a statement that his colleague, Peter Scales, had provided which noted that he found nothing that suggested that the WPF were not being compliant, applauded the memo and stated that he did not feel that anything Fund officers were doing could be held up for reproach. Cllr Newbury further stressed that they felt that the internal legal staff did not have the necessary expertise to answer the questions posed, and that a specialist legal

advisor should be sought for advice on the subject. He further asked that Elizabeth Muir investigate the lawfulness of the consultation that had been conducted. Officers emphasised that advice had been sought from well-respected organisations such as Mercer and Hymans-Robertson, whose research and advice reinforced the other's and clearly outlined the need to move towards this direction and how by not doing so, the Fund would be materially disadvantaged.

On the point of diversification, it was explained that in practice, the amended ISS would lead the Fund to invest in a way that would increase diversification rather than reduce it. Examples given were the sustainable equities portfolio which was currently under consideration and would add exposure to small-cap quote equities, and the increasing opportunity set within private markets to invest at an early stage in the development of renewable assets and electric vehicle charging infrastructure. It was further reiterated that the Fund did not currently have a policy of excluding fossil fuel companies, but favoured a policy of engagement, and through this means could influence companies to prepare for a transition to a low-carbon economy. It was highlighted that companies will have to reduce their emissions, and that the Fund would benefit from investing in those companies who were best positioned to do this.

Other members of the Committee then gave their opinions and acknowledged the amount of work undertaken by officers. Reference was made to the Wiltshire Council net-zero target of 2030, and the consultation responses which requested that the target date be moved forward to 2030, and members were asked if they would like to amend the current 2050 target to be in line with these. Members noted that 2050 seemed a more realistic target as a commitment to 2030 would require significant changes to the asset allocation which officers and advisors cautioned may not be in the Fund's best interest.

Members then voted upon each recommendation separately, following which it was:

Resolved

- 1) The Committee approved the revised ISS.**
- 2) The Committee approved that Wiltshire signs up to the IIGCC framework, to support the net-zero by 2050 target.**
- 3) The Committee approved that the new investment belief in the ISS, and the action of signing up to the IIGCC framework, are communicated to the wider public via a press release.**

Councillor Christopher Newbury requested that his vote against Resolution 1 be recorded.

258 **Responsible Investment Update**

Jennifer Devine, Head of Pension Fund Investments, presented a report updating members on responsible investment issues.

Officers highlighted the UNISON Share Action Report that was included in the agenda pack and the recent scheme membership survey that went live for three weeks immediately following the 25 February 2021 Investment Sub-Committee meeting. Officers were pleased with the level of engagement and informed members that 2,251 responses had been received. The results, as per Appendix 3 of the report, were then detailed and explained by officers.

The Chairman questioned how the Fund could improve the reach of their engagement with scheme members, to which officers explained that they were limited to some regard, as they predominantly used the Wiltshire Council Communications team and systems. Additionally, any communications circulated to scheme members employed by Wiltshire Council, were embedded within a constant influx of other important information and therefore could be glossed over. However, officers noted that there were a number of different communication methods utilised such as contacting members who had signed up to the 'My Wiltshire Pension' online portal directly via email. Officers further explained that they were considering updating the annual report to make the information more accessible and educational for scheme members. Anthony Fletcher, MJ Hudson, commended officers on the survey and questioned if the results could be reframed to show the proportion of different demographics within the scheme, as the results showed a low response rate for 25-34 year olds, but this could be due to the fact that there was a smaller proportion of scheme members in that demographic. The Vice-Chair suggested engaging with marketers outside of the internal Wiltshire Council teams to consider different communication strategies.

With regard to publishing voting records via the Fund's website, officers explained that this had been included in the ISS and would allow any freedom of information requests to be referred to a specific webpage, alike to Brunel. Anthony Fletcher again commended the idea and noted that it was best practice to do so.

Resolved

- 1) The Committee noted the report and the progress that is being made towards implementing responsible investment related issues.**
- 2) The Committee noted the engagement work carried out, specifically the consultation on the ISS and the scheme membership survey, and endorsed the approach taken.**
- 3) The Committee endorsed the approach to publishing voting records via the Fund's website.**

259 **Look Forward Plan Review**

Richard Bullen, Fund Governance and Performance Manager, presented the Look Forward Plan for the remainder of 2020-21 and noted that a new plan for the new scheme year based on the back of the Business Plan for 2021 – 2022 would be brought forward to the next meeting of the Committee.

One member of the Committee requested that officers slightly amend the format of the plan by including the headings for every column on each page for ease of reference, to which officers agreed.

Resolved

The Committee noted the plan for the remainder of 2020-21.

Officers agreed to amend the layout of the document by including headings for all columns on each page.

260 **Date of Next Meeting**

The next ordinary meeting of the Wiltshire Pension Fund Committee would be held on 24 June 2021.

261 **Urgent Items**

There were no urgent items.

262 **Exclusion of the Public**

The Committee considered the recommendation to exclude the public. After 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 23 – 32 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 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.

263 **Minutes**

The Part II (private) minutes of the previous ordinary meeting held on 17 December 2020 and extraordinary meeting held on 14 January 2021 were considered, and it was:

Resolved

The Committee approved and signed the Part II (private) minutes of the previous ordinary meeting held on 17 December 2020 and extraordinary meeting held on 14 January 2021 as true and correct records.

264 **Pensioner Payroll Database Reconciliation**

Andy Cunningham, Head of Pension Administration and Relations, presented a report on the progress of the reconciliation project.

Resolved

- 1) The Committee approved all the recommendations in the report, concerning the approach to the issues identified.**
- 2) The Committee agreed that officers start undertaking Stage 4 (rectification) for individual members, once Stage 3 (and 2) have been completed.**
- 3) The Committee requested that updates on the project be brought to all future meetings until the situation is resolved.**

265 **Key Financial Controls**

Jennifer Devine, Head of Pension Fund Investments, introduced the report which outlined the operational accounting arrangements being undertaken by officers.

Resolved

The Committee noted the issues identified within the report, and the progress made to rectify problems and develop improvements.

266 **Brunel Pension Partnership Update**

Jennifer Devine, Head of Pension Fund Investments, updated the Committee on the Brunel Pension Partnership governance arrangements.

Resolved

The Committee noted the progress made towards improving the governance arrangements at Brunel.

267 **Brunel Pension Partnership Business Plan and Budget Update**

Jennifer Devine, Head of Pension Fund Investments, provided an update on the Brunel Pension Partnership Business Plan and Budget.

Resolved

The Committee noted the report and the position regarding the Brunel budget and business plan, and the monitoring work which is being carried out.

268 Minutes of the Brunel Oversight Board

The minutes of the previous meeting of the Brunel Oversight Board (BOB) were considered.

Resolved

The Committee noted the minutes of the previous meeting of the Brunel Oversight Board.

269 Minutes and Key Decisions of the Local Pension Board and Investment Sub-Committee

The Part II (private) minutes, and recommendations arising, from the last meetings of the Local Pension Board and Investment Sub-Committee held on 18 February 2021 and 25 February 2021 respectively were considered, and it was:

Resolved

The Committee noted the Part II (private) minutes from the last meetings of the Local Pension Board and Investment Sub-Committee held on 18 February 2021 and 25 February 2021 respectively.

270 Investment Quarterly Progress Report and Sustainable Equities Report

Jennifer Devine, Head of Pension Fund Investments, introduced a report in relation to the Fund's investment performance to 31 December 2020, and a report providing members with information regarding Brunel's Sustainable Equities portfolio.

Resolved

- 1) The Committee noted the investment reports and the update provided by officers and advisors at the meeting.**
- 2) The Committee noted the report and the invitation for a representative from Brunel to present on the Sustainable Equities portfolio at the Investment Sub-Committee meeting on 10 June 2021.**
- 3) Officers agreed to consider different options for the way in which agenda packs are collated and circulated.**

271 **Gilts and Strategic Asset Allocation Ranges**

Jennifer Devine, Head of Pension Fund Investments, introduced the report providing members with information to enable consideration of the allocation to gilts and a minor review of the strategic ranges.

Resolved

- 1) The Committee endorsed the decision not to rebalance the portfolio again in February 2021.**
- 2) The Committee approved the new strategic ranges for equities and gilts.**
- 3) The Committee noted the conclusions from Mercer's paper.**
- 4) The Committee noted that when the gilts portfolio transitions to the Brunel pool, the portfolio will be in line with Mercer's recommendations.**

272 **The Future**

The Chairman, Cllr Tony Deane, spoke to the future of the Wiltshire Pension Fund Committee.

Resolved

The Committee endorsed the Treasurer of the Fund to review the management structure of the Wiltshire Pension Fund and to bring back a range of options to the next ordinary meeting of the Committee.

(Duration of meeting: 10.00 am - 2.00 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

Press enquiries to Communications, direct line (01225) 713114/713115

Wiltshire Pension Fund Committee - Actions Log

Minute reference	Section	Meeting Action	Task owner	Target date for completion	Date completed
72 (03/10/19)	Administration (AVCs)	Officers would report the results of their AVC reviews annually to Committee on an exception basis & that future reporting should focus on funds primarily used by members	JD	23/09/21	On agenda
72 (03/10/19)	Administration (AVCs)	Future AVC reporting should recommend whether AVC investment choices need to altered	JD	23/09/21	On agenda
98 (17/12/19)	Governance (Fund Benchmarking)	The committee agreed for officers to discuss benchmarking issues with Brunel and informally with other Funds	AC/JD	16/12/21	
210 (17/12/20)	Governance (Member training)	The Committee agreed to the introduction of Hyman's on-line training for Committee members	RB	30/03/21	30/03/21
212 (17/12/20)	Administration (KPIs)	Officers to provide the Committee with a Year End update on the number of Employers on-boarded onto i-Connect	AC	30/03/21	30/03/21
216 (17/12/20)	Administration (Employer Cessation)	Confirmation of implementation of the new policy following a successful employer consultation process	AC	30/03/21	30/03/21
223 (17/12/20)	Administration (Pensioner Reconciliation)	Officers to provide an update and Members to approve additional actions concerning the completion of this project	AC	30/03/21	30/03/21
223 (17/12/20)	Administration (Pensioner Reconciliation)	Officers to provide an update on staffing for a project team in relation to this task as well as the migration of historic data	AC	30/03/21	30/03/21
224 (17/12/20)	Administration (Employer IHER Insurance)	Confirmation by officers on the completion of a successful employer consultation concerning the switch to the new ill-health insurance model from 1 April 2021.	AC	30/03/21	30/03/21

225 (17/12/20)	Investments (BPP)	Committee to receive regular updates on its relation with BPP, both an a Shareholder & Client following the submission of a letter highlighting their residual concerns	JD	30/03/21	30/03/21
227 (17/12/20)	Investments (ISS)	An updated Investment Strategy Statement to be drafted and brought back to the Committee for approval by officers	JD	30/03/21	30/03/21
227 (17/12/20)	Investments (Stewardship Code)	Confirmation to Committee that the Fund has been signed to the 2020 Stewardship Code during 2021	JD	16/12/21	
227 (17/12/20)	Investments (Climate change)	Officers will further explore commissioning Mercer to advise on a road map for the Fund to achieve net zero by 2050	JD	24/06/21	On agenda
227 (17/12/20)	Investments (Climate change)	Officers to prepare a paper on the Brunel sustainable equities portfolio for consideration at the next Investment Sub-Committee and main Pension Fund	JD	30/03/21	25/02/21
254 (30/03/21)	Administration (Administering Authority's Discretions Policy)	Committee requested that officers provide further training on Administering Authority Discretions at the next ordinary meeting of the Committee	AC	24/06/21	On agenda
257 (30/03/21)	Investments (ISS)	Committee approved the action of signing up to the IIGCC framework and that it be communicated to the wider public via a press release	JD	24/06/21	
259 (30/03/21)	Governance (Look forward Plan)	Officers agreed to amend the Look forward Plan layout to include headings for all columns on each page	RB	24/06/21	On agenda
264 (30/03/21)	Administration (Pension Payroll Database Reconciliation)	Committee requested that updates on the project be brought to all future meetings until the situation is resolve	AC	24/06/21	On agenda
271 (30/03/21)	Investment (Sustainable Equities)	To invite a representative from Brunel to present on the Sustainable Equities portfolio at the Investment Sub-Committee meeting on 10 June 2020	JD	10/06/21	

272 (30/03/21)	Governance (The Future)	The Treasurer of the Fund to review the management structure of the Wiltshire Pension Fund and provide a range of options to the next meeting	AB	24/06/21	To be discussed with the new Chair
-------------------	-------------------------	---	----	----------	------------------------------------

This page is intentionally left blank

Local Pension Board

MINUTES OF THE LOCAL PENSION BOARD MEETING HELD ON 20 MAY 2021 AT ONLINE MEETING

Present:

Mark Spilsbury (Chairman), Smith (Vice-Chairman), Marlene Corbey and Rod Lauder

Also Present:

Richard Bullen, Andy Cunningham, Jennifer Devine

1 **Membership**

Following the meeting of Full Council on 18 May 2021 after the local elections on 6 May 2021 it was confirmed that Cllr Richard Britton had been appointed as Chairman of the Wiltshire Pension Fund Committee. Accordingly, he would no longer be a Member of the Local Pension Board.

The Chairman thanked Cllr Britton for his support while a Member of the Board, and noted that a new employer representative would be appointed for the next meeting.

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

There was no additional attendance at the meeting.

3 **Apologies**

Apologies were received from Ian Jones.

4 **Minutes and Action Tracking**

The public minutes of the meeting held on 18 February 2021 were presented for consideration, along with the action tracking summary, and it was,

Resolved:

To approve and sign the Part I (public) minutes as a true and correct record.

5 **Declarations of Interest**

There were no declarations.

6 **Chairman's Announcements**

The Chairman noted the outcome of the local elections on 6 May 2021. Three new members from Wiltshire Council had been appointed to the Wiltshire Pension Fund Committee, with membership from Swindon Borough Council soon to be announced.

The Chairman gave thanks to Cllr Tony Deane, who had not been returned to the Council, who had been Chairman of the Wiltshire Pension Fund Committee since 2009. He paid tribute to Cllr Deane's work to ensure the Fund was delivering a high quality and value for money service and that the strategic allocation was effective.

7 **Public Participation**

There were no public statements or questions submitted.

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

The public minutes and key decisions of the Wiltshire Pension Fund Committee on 30 March 2021 and the Investment Sub-Committee held on 25 February 2021 were received for consideration.

Resolved:

To note the Part I (public) minutes from the meetings of the Wiltshire Pension Fund Committee on 30 March 2021 and the Investment Sub-Committee on 25 February 2021.

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

Andy Cunningham, Head of Pension Administration and Relations, updated the Board on the various Scheme, Legal, Regulatory and Fund updates. Details were provided on Covid-19 and return to work policies, with Wiltshire Council undertaking a pilot scheme, and Fund officers looking at the trial in respect of its own working practices.

It was then,

Resolved:

That the Board note the report.

10 **Training Update**

Richard Bullen, Fund Governance and Performance Manager, provided a training update verbal and written report.

Details were provided of an online tool developed by Hymans, and Legal Services was currently reviewing the proposed contract. The online tool would include 20 minute training items on specific topics.

The role of the Scheme Advisory Board (SAB) was highlighted, established as part of arrangements to address concerns regarding the increasing complexity and knowledge and understanding requirements in respect of Local Government Pension Schemes. The SAB could provide advice to the Secretary of State on the desirability of making changes to the Scheme and provide advice to administering authorities and Local Pension Boards in relation to effective and efficient administration and management. Further details were provided on functions of the SAB, which it was felt the terms of reference could be clearer on, and how processes such as vacancy process for members could be improved.

The Board discussed the update and sought additional information. It was confirmed that there were multiple SABs, but each was service specific, meaning there was only one SAB for Local Government Pensions. The online training portal from Hymans was confirmed to be available to go live, once the legal processes had been resolved. All Board members would receive instructions for the portal, and it was stated the portal may be referred to as a Learning Academy in some Hyman emails.

Board support for the Pension Fund Committee was discussed, with the Chairman confirming he intended to attend as many Committee meetings as he could, and was happy to offer support to the new Chairman of the Committee, Cllr Richard Britton, if this would be of assistance.

11 **Administration Quarterly Key Performance Indicators Key Performance Indicators (KPIs)**

A report was received from Andy Cunningham, Head of Pension Administration and Relations, in respect of the Fund's performance against Key Performance Indicators (KPI) in relation to the administration of pension benefits. This was stated to be a measure of data quality. The use of the i-Connect system had seen improvements toward meeting targets, which was expected to improve further through further implementation of the system, with 75% active members now covered. There was an intention to get close to 100% by the end of the next financial year.

It was stated that there were issues identified with reconciliation and rectification, to be discussed further under Minute 22, and that there had been a focus on clearing backlogs, with one post filled since December with approval for further staff to be recruited. In response to queries it was stated that recruitment was a national problem, as even with entry admin positions the technical complexity of systems and processes meant it took time for an impact to show.

At the conclusion of discussion, it was,

Resolved:

That the Board note the current situation.

12 **Low Volume Key Performance Indicators**

A report was presented by Richard Bullen, Fund Governance and Performance Manager, in relation to the Fund's performance measures in respect of data protection, Freedom of Information, complaints and other governance measures as detailed in the report, in order to provide the Board with oversight of all key functions.

It was detailed that this was an annual report designed to focus on Key Performance Indicators (KPI) that may not be necessary or appropriate to report on a quarterly basis. The previous report had focused on data breaches and Pension Regulator (tPR) breaches, with complaints, freedom of information, and subject access request logs also included in the latest update.

It was stated that there had been a slight drop in tPR and data breaches reported, with many borne out of historic case work. Details were provided on the internal dispute resolution procedure (IDRP), a formal process typically involving payment of benefits, with some recent examples which would need to be monitored.

The Board discussed the report, with the officer team praised for the very low number of breaches. Details were sought on 2 outstanding tPR breaches regarding late payments, which were being addressed. It was also stated that developing a scorecard reporting system to better quantify the status of specific issues was being looked into.

At the conclusion of discussion, it was,

Resolved:

- 1) **The Board noted the findings of the low volume performance measures being monitored by officers on behalf of the Fund.**
- 2) **In view of the low level of activity recorded within this annual report the Board recommended that the content of the report is only submitted to the Committee on an exceptional basis, where it is felt that a material operational need is present that would warrant the attention of the Committee.**

13 **Draft LPB Annual Report 2020/21**

The Chairman presented a draft annual report on the activities of the Local Pension Board for 2020, which the Board was required to produce and which would be provided to the Wiltshire Pension Fund Committee and published on the Pension Fund site. He thanked officers for preparing the report and stated

that a number of changes had been made in response to comments he had made, and he had produced the summary introduction.

The recommendations made by the Board to the Committee were set out in the report, and it was noted that all had been accepted by the Committee, and details provided of actions taken in response, including accepting requests or additional resources and facilitating staffing increases. The Chairman stated that the report indicated the Board was able to provide assurance that it was complying with its statutory duties.

The Board discussed the draft annual report. It was noted that the Fund's 2019/20 accounts had not been signed off at the Audit and Governance Committee on 10 February 2021 and remained unsigned, although it was stated this was not due to any issue with the Fund's accounts.

It was then,

Resolved:

To approve the draft Local Pension Board Annual Report.

14 **Responsible Investment**

Jennifer Devine, Head of Pension Fund Investments, presented a report on progress made in implementing responsible investments, following Committee focus and Mercers being commissioned to carry out climate change scenario modelling on strategic asset allocation. The business plan for 2021/22 had a high priority to further developing the Fund approach to responsible investment.

The Board received the update, welcoming the plan and progress report, and requested biannual updates on progress against that plan.

Resolved:

To note the progress made in developing the Fund's approach to responsible investment issues, and to receive biannual updates to be received by the Board.

15 **TPR Code of Practice 14 Self-Assessment for 2020/21**

Richard Bullen, Fund Governance & Performance Manager, presented an update on the findings of an internal review of the Wiltshire Pension Fund's compliance with the Pension Regulator's Code of Practice 14 for the Fund year 2020-21. The review had found 7 out of 8 areas marked for improvement had seen such an improvement in the last 12 months. A key factor had been the introduction of a digital platform, i-connect, which had helped with data quality and processing in a timely fashion. This was the fourth year in a row to see an improvement. The remaining area for improvement was around communications and disclosure, related to a backlog of work requiring further resource to address.

The Board discussed the update, and it was confirmed the findings of the review was not audited in 2020, partly as a new Code of Practice had been anticipated for the year, but that the findings would be reviewed for the next year.

At the conclusion of discussion, it was,

Resolved:

To note the internal self-assessment undertaken.

16 **Local Pension Board outturn report 2020/21**

The Chairman presented the outturn report for 2020/21, detailing the Board's spend against its budget. It was emphasised that this was small in context of the overall Fund.

Details were sought on the funding set aside for consultancy services, which had been reduced as some previous budget had not been utilised, but that it was intended to seek some consultancy service to provide external assessment on reports and governance to ensure best practice was maintained.

It was then,

Resolved:

To note the spend against budget for 2020/21.

17 **Fund Annual Report and Accounts and Audit update**

A verbal update was provided by Jennifer Devine, Head of Pension Fund Investments. It was confirmed the 2019/20 Fund accounts had not been signed off, and that there were no issues identified by the auditors, but that the auditors received the Fund accounts as part of the overall council accounts and there had been delays elsewhere. It was not known when the accounts would be signed off.

The auditors had already begun work on the 2020/21 accounts, with a draft completed the previous week.

The Board agreed to discuss issues relating to the accounts further under Item 24.

18 **Risk Register Update**

Richard Bullen, Fund Governance and Performance Manager, presented a report in relation to updates to the Fund's Risk Register.

The register had been reviewed against the business plan. No additional items had been included, and it was wanted to complete some projects before a new 3 year business plan was in place.

The Board discussed the changes made to the register. It was requested and agreed to amend the register to make clear the risk in relation to payroll and pension reconciliation, which would be discussed further under item 22. Further details were requested for risk PEN022 as set out in the report, to include any other differences between record systems that might be identified.

At the conclusion of discussion, it was,

Resolved:

That the risk register to be amended to be clear that it covers the payroll/pensions reconciliation due to GMP and other issues.

19 **Urgent Items**

There were no urgent items.

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

It was noted that the date of the next meeting conflicted with the rescheduled Police and Crime Commissioner election on 19 August 2021. It was agreed to amend the meeting date, with details to be circulated to Board members once a new date was agreed.

21 **Exclusion of the Public**

The Board considered the recommendation to exclude the public. After 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 22-27 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.

22 **Pension Payroll Database reconciliation**

A report was received on the ongoing reconciliation project between the pension administrations system and the pensioner payroll system.

At the conclusion of discussion, it was,

Resolved:

The Board,

- 1) confirmed its support for the recommendations approved by the Pensions Committee in March 2021 in relation to this matter.
- 2) recommends to officers and the Pension Committee that, before any recovery processes are started, the Fund obtains advice on the legal position in relation to the recovery, or partial recovery, of over-payments, in terms of evidential requirements, any past case law, and the robustness of the decision making processes in this area.

23 **New pension payroll and immediate payments system**

A report was presented to update the Board on proposals to bring the pensioner payroll and immediate payment systems in-house.

At the conclusion of discussion, it was,

Resolved:

The Board supports, and recommends to the Pension Committee, the proposals set out in the report.

24 **Key Financial Controls (Budget outturn 2020/21)**

A report was received highlighting significant issues in relation to the Fund's key financial controls.

At the conclusion of discussion, it was,

Resolved:

The Board,

- 1) notes the issues identified within the report, and the progress made to rectify problems and develop improvements.
- 2) have concerns with the continued delay in the sign-off of the Administering Authority accounts for 2019/20, and recommends that the Pension Committee requests an update from Wiltshire County Council on the position for the next meeting of the Pension Committee.

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

The Part II (private) minutes of the Wiltshire Pension Committee meeting held on 30 March 2021 and the Investment Sub-Committee meeting held on 25 February 2021 were received, and it was,

Resolved:

The Board noted the Part II (Private) minutes from the meetings of the Wiltshire Pension Fund Committee and the Investment Sub-Committee.

26 **Brunel Governance Review Update**

Jennifer Devine, Head of Pension Fund Investments, updated the Board on the governance review in respect of the Brunel Pensions Partnership.

Resolved:

The Board noted the update on the governance review.

27 **Local Pension Board Minutes**

The Part II (private) minutes of the previous meeting held on 18 February 2021 were considered, and it was,

Resolved:

To approve and sign as a true and correct record the Part II (Private) minutes of the meeting held on 18 February 2021.

(Duration of meeting: 10.05 - 11.55 am)

The Officer who has produced these minutes is Kieran Elliott of Democratic Services, direct line 01225 718259, e-mail ellen.ghey@wiltshire.gov.uk

Press enquiries to Communications, direct line (01225) 713114/713115

Administering Authority Discretion Policies

Training item
24 June 2021

Agenda

Background

Objectives of the policy and general approach

Key discretions

Q & A

Background

The LGPS Regulations generally dictate how the Scheme is administered and details the benefits of the Scheme.

Regulations allow for certain decisions to be made either by employers or the Fund (the “Administering Authority”).

It is a requirement for the Fund to outline their policy discretions in a “Administering Authority Discretions Policy”.

The current policy is available to view on the Fund’s website and was last fully reviewed in March 2021 (at which time the Committee approved it but asked for more training information at this meeting).

Objectives of the policy and general approach

Transparency: To provide transparency to decision making

Consistency: To treat members consistently (where situations are comparable)

To act reasonably: To aim to meet the test that an average person (with relevant knowledge) would consider policy decisions as being 'reasonable' to the member and justifiable.

Balance: To balance the Fund's and employer financial interests (i.e. cost to taxpayers), the member's interest and the efficiency and practicality of certain policy decisions on the administration of the Scheme.

Pragmatism: To avoid creating unnecessary bureaucracy or rigid procedures which put up unnecessary complications or barriers for the member, Fund or employer.

Complaint management: To reduce the likelihood of complaints and appeals.

Key existing policy areas

- **12 - Issue employers with notice to recover additional costs incurred as a result of employer's level of performance**
- **13 – Charge employers interest on payments overdue by more than 1 month**
- **14 – Require a satisfactory medical before agreeing application to pay APC**
- **25 – Require strain costs to be paid “up front”**
- **36 – Decide policy on abatement of pensions following re-employment**

Key existing policy areas (continued)

- **38 – Extend normal time limit for acceptance of transfer value beyond 12 from joining LGPS**
- **39 – Allow transfer of (non-club) pension rights into the Fund**
- **43 – Pay a child’s pensions to another person for the benefit of that child**
- **45 – Decide to whom a death grant is paid**
- **46 – Decide evidence required to determine financial dependence of cohabiting partner or financial interdependence**
- **48 – Decide to commute small pensions**

Questions?

This page is intentionally left blank

Scheme, legal, regulatory and Fund update

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

Organisation	Subject	Link	Status	Comments	Risk Ref
		climate-risk-improving-governance-and-reporting-by-occupational-pension-schemes-response-and-consultation-on-regulations		<p>MHCLG consultation will apply to the LGPS and is expected to be virtually identical.</p> <p>The Fund is in a good place here as the Committee has already done significant work to address this risk, via modelling, education (both of Committee members and the wider scheme membership), transparent reporting and meaningful actions.</p>	
The Department of Work and Pensions (DWP)	Pension dashboard project	https://pensionsdashboardproject.uk/industry/about-the-pensions-dashboard-project/	No change since the last meeting	Discussions are still going on at a national level. Recent discussion suggests an implementation timeframe of mid 2020s	PEN038
Financial Reporting Council	Proposed revision to the UK Stewardship Code	https://www.frc.org.uk/investors/uk-stewardship-code	No change since the last meeting	<p>The Financial Reporting Council (FRC) published the revised Stewardship Code on 24th October 2019 which sets substantially higher expectations for investor stewardship policy and practice.</p> <p>Officers will now review Fund compliance to the new code and begin drafting a new Statement of Compliance for review by the FRC, but 31 March 2021.</p>	None

Organisation	Subject	Link	Status	Comments	Risk Ref
Scheme Advisory Board (SAB)	Academies' review	http://www.lgpsboard.org/index.php/structure-reform/review-of-academies	No change since the last meeting	<p>SAB commissioned PwC to produce a report on "Options for Academies in the LGPS" and the report was published in May 2017. The report identified and highlighted problems/issues experienced by stakeholders. No recommendations were made in the report, although the potential benefits of new approaches to the management of academies within the LGPS were highlighted. The proposals were wide ranging from minor alterations to academies being grouped together in a single LGPS Fund.</p> <p>SAB's work is still on-going and Bob Holloway from the LGA previously stated that a wide range of options in both work streams are still be considered. For example, changing the administration arrangements or putting academies into their own Fund etc. However, a consultation will be released on any changes proposed before they are put into force.</p>	None
	Cost cap mechanism & McCloud case		No change since the last meeting	<p>The McCloud consultation has now closed and officers still await to see the final outcome.</p> <p>As part of the i-Connect, officers continue to update part-time hours histories for active staff. For other categories, there is little work officers can do until the final remedy is released and the administration software is updated.</p>	PEN042
	Goodwin Case		No change since the last meeting	<p>With some similarities to McCloud, another discrimination case affecting public service schemes including the LGPS, this time on the grounds of sexual orientation whereby it has been shown that it is discriminatory for female partners of members who are in a same sex or opposite sex marriage to receive different survivor benefits from one other.</p> <p>Although the funding costs will be small, this will be a further administration and communication burden to address.</p> <p>Little information has so far been provided of the impact on the LGPS, but the DfE has started a consultation in relation to the Teacher's Pension Scheme to start the process of altering the scheme rules. It is expect MHCLG will undertake a similar process for the LGPS in due course.</p>	PEN056

Organisation	Subject	Link	Status	Comments	Risk Ref
	Tier 3 employers review	http://www.lgpsboard.org/index.php/board-publications/invitation-to-bid	No change since the last meeting	Covers those Fund employers with no tax raising powers or guarantee (excludes academies). SAB is keen to identify the issues and risks related to these employers' participation in the LGPS and to see if any improvements/changes can be made. There are currently two concurrent phases of work involved – collating data and identification of issues. SAB will then assess the risks to Funds and consider next steps. In 2019, Aon Hewitt produced a detailed report which is available on the SAB website which outlines its finding on the identification of issues but the report doesn't make any specific recommendations. SAB is yet to advise what actions it will take following receipt of the report.	None
	Good Governance Project (formerly known as the Separation Project)	http://www.lgpsboard.org/images/PDF/BoardFeb18/PaperBItem50218.pdf	No change	Hymans-Robertson, on behalf of the SAB, has released its report on phase II which outlines a number of specific recommendations. Hymans Robertson and SAB are now moving towards Phase III of the project and a proposal is going to MHCLG to implement the proposals. The timeframes for implementation are still unclear.	None
	Guidance Project	http://www.lgpsboard.org/images/PDF/BoardFeb18/PaperBItem50218.pdf	No change since the last meeting	The Guidance project will identify regulations which may be better placed within statutory guidance and to both propose the necessary amendments and assist HMCLG with the drafting of guidance. This project is at an early stage and no further information is available at this time.	PEN039

Organisation	Subject	Link	Status	Comments	Risk Ref
	Data Project	http://www.lgpsboard.org/images/PDF/BoardFeb18/PaperBItem50218.pdf	No change since the last meeting	<p>The SAB describes this project as: The Data project will aim to assist administering authorities in meeting the Pension Regulators requirements for monitoring and improving data and include the identification of scheme specific conditional data and the production of guidance for authorities and employers.</p> <p>No further information is currently available from the SAB. However, the SAB did consult on a common set of data points for the part of the project relating to scheme specific conditional data over the last couple of months before deciding to postpone implementation until 2019, in time for the 2019 tPR Scheme Return.</p>	None
The Pension Regulator (tPR)	Single code of practice		New	<p>tPR have released a consultation concerning its intention to produce a single code of practice covering all pension schemes (rather than over 15 at the moment).</p> <p>Whilst some of the exercise is merely one of administrative consolidation, tPR have also used this as an opportunity to make some changes.</p>	None

This page is intentionally left blank

Fund updates

Area	Description	Business Plan reference/Risk Register (if applicable)
<p>COVID-19 update and return to work</p>	<p>(Updated)</p> <p>a). Some employers have continued to be operationally affected by the pandemic, which has caused some delays to making progress with McCloud and i-Connect onboarding although due to further software updates which have been applied to Altair, some of those barriers have been removed.</p> <p>b). Funding levels have remained higher than pre-crisis after initial sharp dips around a year ago.</p> <p>c). The Council is currently piloting a return to work proposal which will includes an intention to have a 1:6 desk to staff ratio with the intention of sustained home working and occasional office attendance. This will be facilitated by improved technology to allow 'hybrid meetings' to take place (i.e. some people in a Council meeting room and others accessing remotely) – this could include future Local Pension Boards and Committee meetings. The additional space would then be commercially available to organisations closely linked to the Council, such as partner companies. Fund officers are currently working with Council officers to consider how Fund officers would be best suited to the new arrangements.</p> <p>d). A recent report from Club Vita (a company which monitors death trends on our behalf) states that they noted a 10% increase in deaths in 2020 but as only a small number of deaths are predicted each year, this will only have had a modest impact on future cashflows. In the longer term, there could be other indirect impacts on funding levels such as deaths caused by disruption to non-Covid 10 medical care, global recessions and potential for future health care improvements (in response) or persistent mutations and healthcare decline etc. The best case scenario (for members/society) of the indirect impacts that was modelled would lead to around a 2.1% increase in liabilities while the worst case would be reduction of around 5% (Note: the best/worse case scenario for pension finances is broadly the opposite)</p>	<p>N/A on Business Plan</p> <p>Risk PEN052</p>

This page is intentionally left blank

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
24 June 2021

ADMINISTRATION KEY PERFORMANCE INDICATORS

Purpose of the Report

1. The purpose of this report is to present the Fund's performance against its key performance indicators (KPIs) in relation to the administration of pension benefits.

Background

2. In the interests of transparency and to help monitor overall administration performance, officers agreed with Committee and Board to publish quarterly benefits administration key performance indicators (KPIs)
3. KPIs are an important aspect of providing an efficient and effective customer-focussed benefits administration service.

Considerations for the Committee

4. The figures in this report cover the period 1 January 2021 to 31 March 2021 unless otherwise indicated.

Conclusions

General comments

Disclosure Regulations (Appendix 1)

5. The table in appendix 1 shows the Fund continues to perform well against these targets, further improvements are anticipated with greater onboarding on to i-Connect and with the bedding in of other process improvements.

tPR Common and Conditional Data percentages (Appendix 2)

6. The Fund's common data figure of **98.5%** and the conditional/scheme specific figure of **96.4%** (both improvements since last year) compare favourable to industry averages of 96.6% (common) and 94.6% (conditional) respectively. Whilst still lower than the long-term goal, which we expect will be met through further implementation of i-Connect, good progress in this area has been made over the last three years.

Administration Strategy KPIs – Fund (Appendix 3)

7. Chart 1 shows the Fund is operating below its desired targets for most cases, although the percentages are stronger against the CIPFA metrics. Additional resourcing is still being sought in addition to process improvements to improve these metrics.

i-Connect and My Wiltshire Pension (MSS) onboarding (Appendix 4)

8. i-Connect take up has received a significant boost with the onboarding of Swindon Borough Council (the 2nd largest employers) and a large payroll provider in the Fund,

FS4S; both with effect from March 2021, increasing the active membership coverage to over 75%. Officers will continue to work with the remaining circa 93 employers (mostly reasonably small), with the aim of onboarding them by the end of the financial year.

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

Backlog monitoring (Appendix 5)

10. Whilst the current backlogs are not leading to a material number of complaints, they are still an issue which needs further attention to improve overall efficiency and customer service.
11. However, there has been a reduction in the number of outstanding cases in the last quarter and officers have recently appointed a new member of staff, who is undergoing training, and are advertising for a further one, both of whom will be focussing nearly all of their time on reducing down the backloads which are identified.

Administration Strategy KPIs – Employers (Appendix 6)

12. In the majority of cases, employers provide retirement information before the date the member retires, as the Fund requests. Officers intend to develop more relevant tables relating to the performance of employer in light of the introduction of i-Connect for future meetings.

Environmental Impact

13. There is no environmental impact from this report.

Financial Considerations

14. There are no immediate financial considerations resulting from the reporting of the Fund's performance against its key performance indicators.

Risk Assessment

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

Legal Implications

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

17. There are no implications at this time.

Proposals

18. The Committee asked to note the current situation and is invited to make any comments or recommendations that it has.

Andy Cunningham

Head of Pensions Administration and Relations

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

APPENDIX 1 Table 1: Disclosure Requirements (CIPFA template)

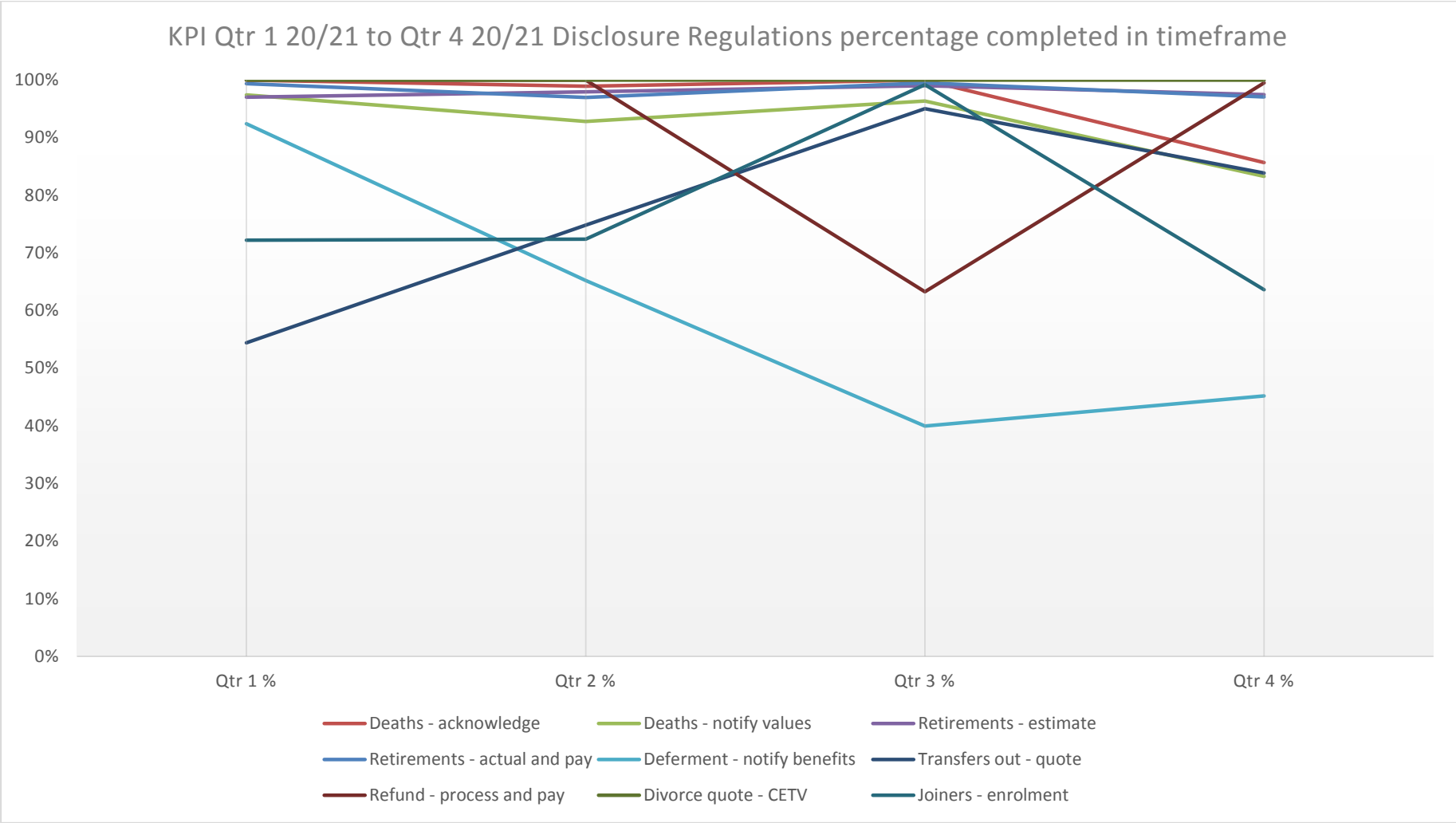
Benefit Administration Key Performance Indicators

Disclosure Regulations

Period 01/01/2021 To 31/03/2021

Process name		Disclosure Requirement	%	No. cases within Legal Timeframe
Deaths - initial letter acknowledging death		2 months	86%	110
Deaths - letter notifying amount of dependants pension		2 months	83%	106
Retirements - letter notifying estimate of retirement benefits	Active	2 months	n/a	n/a
	Deferred		n/a	n/a
	Total		97%	461
Retirements - letter notifying actual retirement benefits + process and pay benefits on time	Active	2 months	96%	192
	Deferred		99%	221
	Total		97%	413
Deferment - calculate and notify deferred benefits		2 months	45%	290
Transfers out - letter detailing transfer quote		2 months	84%	51
Refund - process and pay a refund		2 months	100%	203
Divorce quote - letter detailing cash equivalent value and other benefits		3 months	100%	56
Joiners - notification of date of enrolment*		2 months	64%	565

APPENDIX 1, Chart 1: Disclosure Requirements



APPENDIX 2: tPR Data Quality scores

The Fund scores against the two the Pension Regulator (tPR) key data scores are as follow:

Both scores are based on data held as at 12 October 2020 (these scores are updated annually)

a). tPR Common Data Percentage Breakdown

Total score = 98.5% (+0.6% since 11/10/2019)

b). tPR Conditional Data Percentage

Total score = 96.4% (+1.0% since 11/10/2019)

Officers commission Aquila Heywood (our software provider) to re-calculate these percentages annually, in line with our requirement to report these figures to tPR. The target for both figures is 100%.

APPENDIX 3: Administration Strategy KPIs - Fund (Table 1)

Wiltshire Pension Fund

Administration Strategy

Benefit Administration Key Performance Indicators

Period 01/01/2021 to 31/03/2021

Type of case	Created cases in period	Open cases at period end	Percentage against membership	Completed cases time to complete						Total	Timescales		
											CIPFA (Admin Strategy)		
				0 - 5 days	6 - 10 days	11 - 15 days	16 - 20 days	20 - 40 days	40 + days		% on target (CIPFA)	% on target (Admin)	working days
Active to Retirement	273	237	1.1%	7	9	23	38	93	31	201	19%	19%	15 (15)
Deferred in to retirement	224	30	0.1%	86	54	49	15	15	5	224	84%	84%	15 (15)
Processing of Death cases	158	176	0.2%	8	12	20	10	43	37	130	15%	31%	10 (15)
Benefit Estimates	551	120	0.5%	60	48	67	84	193	21	473	37%	23%	15 (10)
Leavers to Deferred status	1069	2922	13.0%	140	39	17	19	35	399	649	36%	33%	30 (20)
Leavers to Deferred status (i-Connect)	142	129	0.6%	0	0	6	8	17	35	66	34%	21%	30 (20)
Refund of contributions	184	3	0.0%	19	122	57	2	2	2	204	97%	98%	15 (15)
Grand Total	2601	3617		320	284	239	176	398	530	1947			
Percentage				16%	15%	12%	9%	20%	27%				

APPENDIX 4: i-Connect and My Wiltshire Pension (Member portal) progress

i-Connect

The following table shows the progress in onboarding employers on to i-Connect. The long-term target is now to onboard all employers on to i- by the end of 2021/2022. Data was last calculated on 7 June 2021.

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

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

MSS (My Wiltshire Pension)

A table summarising the position as at 7 June 2021 is shown below. Note the figures are 'pension record' level figures, rather than member level, as this is easier to report and there is little difference in the percentages. There has been very little change since the last period.

RECORDS	
ACTIVE	7 June 2021
Registered	9,041
Total	23,101
Percentage	39.1% (up 1.6%)
DEFERRED	
Registered	10,291
Total	31,692
Percentage	32.5% (up 1.2%)
TOTAL	
Registered	19,340
Total	54,793
Percentage	35.3%

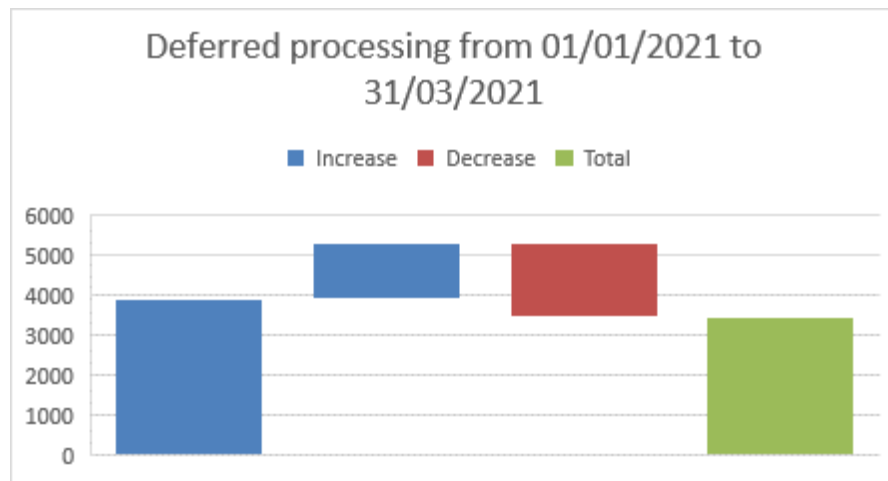
APPENDIX 5: Backlog monitoring

Prior to making a number of process improvements to the refunds, deferreds and aggregations processes, the Fund accumulated processing backlogs in certain areas. Officers have defined a backlog for a process where there are more than 250 outstanding cases. Where this is the case, officers plan to ring-fence this area of work and manage the backlog area of work separately although this is not in place as at the date of this report.

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

a). Deferred/Refunds

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



b). Internal aggregation cases

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

Cases currently outstanding: c3,400 (immaterial change since the last quarter)

(Analysis similar to the above will be available in future, once developed)

APPENDIX 6: Administration Strategy KPIs - Employers (Table 1)

Employer Key Performance Indicators

Administration Strategy

Period 01/01/2021 to 31/03/2021

Type of case	Time to advise							Total	Timescales	
	To Target	Target - 5 days	6 - 10 days	11 - 15 days	16 - 20 days	20 - 40 days	40 days +		% on target	Admin Strategy working days
<i>Retirement</i>	83	11	16	9	3	32	47	201	47%	2
<i>Leavers</i>	29	22	24	49	40	118	433	715	23%	20
<i>Refund of contributions</i>	169	45	15	23	24	50	209	535	52%	20
Grand Total	281	78	55	81	67	200	689	1451		
Percentage	19%	5%	4%	6%	5%	14%	47%			

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
24 June 2021

WILTSHIRE PENSION FUND RUNNING COSTS OUTTURN 2020-21

Purpose of the Report

1. The purpose of this report is to present the financial outturn of the funds running costs versus budget for 2020-21.

Background

2. To ensure good governance, budgets are required to monitor the stewardship of the Fund's expenditure and financial plans assist in mitigating risks by allocating necessary resources to deliver the service.
3. This report sets out the final Pension Fund outturn results for 2020-21 as at 31 March 2021. The appendix presents the outturn against the main budget areas of the Fund.

Key variances against 2020-21 budget

4. There was a net underspend £131k (4.7%) against the Fund's controllable budget. This comprises a £3k net underspend against the Pension Fund Administration budget a £12k underspend against the Investment Administration budget a £103k underspend against the Oversight and Governance budget and a £14k underspend against the Local Pension Board budget.
5. The summary table below sets out the prior year expenditure (2019/20), the in year actual (2020/21) compared to plan and the budget agreed by committee for 2021/22. A detailed budget schedule is included in Appendix 1 for reference.

Pension Fund Running Costs - Summary Report							
£ 000's	2019/20	2020/21				2021/22	
	Actual	Actual	Budget	Variance	%	Budget	
Investment Administration	127	115	127	12	9%	217	
Scheme Administration	1,738	1,845	1,848	3	0%	1,988	
Oversight and Governance	729	704	807	103	13%	895	
Local Pension Board	14	14	27	14	50%	25	
Controlable Budget Total	2,607	2,678	2,810	131	5%	3,125	
Investment Management Fees	34,614	26,496					
Total Fund Running Costs	37,221	29,174	2,810	131	5%	3,125	

6. Investment management fees are considered outside of the controllable budget total as they vary in relation to investment performance over the year. Given their scale and variability no budget is set for these costs. This is covered elsewhere on this agenda.
7. The key variances that contributed towards the net underspend against the controllable Pension Fund budget were:
 - a) Underspend of £50k versus the staffing budget due to lower use of agency staff than planned to address backlogs and some vacant posts in year.

- b) Underspend of £32k against anticipated legal fees from external firms.
 - c) Underspend of £20k on costs of conferences and training partially due to restrictions on such events over the year.
8. Total fund running costs per member in 2020/21 were £354, a decrease of £107 from 2019/20. The £8m year on year reduction in investment management costs are the main driver of this reduction. Other scheme running costs have remained largely static year on year.

Fund Running Costs per member	2019/20	2020/21
Total Membership	80,824	82,454
	£'s per member	£'s per member
Investments (admin and management fee's)	429.8	322.7
Scheme Administration	21.5	22.4
Oversight and Governance (Inc Local Pension Board)	9.2	8.7
Total Cost Per Member	460.5	353.8

9. The Government annually publishes information on fund running costs, the latest data is from 2019/20. This incorporates all running costs including the investment management fees. When 2020/21 information is available officers will bring a summary of the fund running costs benchmarked against this data.

Environmental Impact of the Proposal

10. There are no known environmental impacts from these proposals.

Safeguarding Considerations/Public Health Implications/Equalities Impact

11. There are no known implications at this time.

Risk Assessment

12. The Committee is asked to recognise that some costs, particularly investment fees, are dependent upon factors that are outside of the Council's control. They may go up or down, depending on market conditions.
13. In line with good governance practice, officers will be bringing budget monitoring reports back to Committee each quarter.

Proposals

14. The Committee is asked to note the outturn for 2020/21 and figures in the attached Appendix.

JENNIFER DEVINE Head of Pension Fund Investments &
 ANDY CUNNINGHAM Head of Pensions Administration and Relations

Report Author: Chris Moore, Accounting and Investments Officer

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

Wiltshire Pension Fund Budget Report 2020/21

£'s	2019/20	2020/21				2021/22
	Actual	Actual	Budget	Variance	%	Budget
Investment Administration						
Investment Administration Staffing Costs	119,299	114,227	123,364	9,137	7.4%	209,768
Investment Administration Travel/Conferences/Training Costs	7,480	913	3,600	2,688	74.7%	7,500
INVESTMENT ADMINISTRATION COSTS	126,779	115,140	126,964	11,824	9.3%	217,268
Scheme Administration						
Pension Scheme Administration Staffing Costs	995,688	1,035,704	1,071,844	36,140	3.4%	1,207,549
Staff Training	18,689	22,288	32,200	9,912	30.8%	22,960
Corporate charges	311,450	311,450	311,450	0	0.0%	311,450
Pension Administration systems and data cleansing	310,093	354,084	353,600	(484)	-0.1%	357,405
Other Administration Costs	101,749	51,161	79,000	27,839	35.2%	88,750
SCHEME ADMINISTRATION COSTS	1,737,669	1,774,688	1,848,094	73,406	4.0%	1,988,114
Oversight and Governance						
Oversight and Governance Staffing Costs	168,360	180,128	181,945	1,817	1.0%	221,388
Training and Conferences	9,942	575	8,000	7,425	92.8%	23,000
Subscriptions, memberships and levies	33,906	32,480	44,950	12,470	27.7%	42,200
Actuarial Services	205,546	153,619	156,000	2,381	1.5%	152,785
Audit Fees	10,309	27,000	27,300	300	1.1%	27,300
Legal Fees	12,530	26,120	58,250	32,130	55.2%	48,250
Advisory Fees (Investment and Independent Advisor)	142,277	195,871	184,500	(11,371)	-6.2%	233,375
Corporate charges & other costs	146,250	158,950	146,250	(12,700)	-8.7%	146,250
OVERSIGHT AND GOVERNANCE COSTS	729,120	774,743	807,195	32,452	4.0%	894,548
LOCAL PENSION BOARD COSTS	13,901	13,736	27,400	13,664	49.9%	25,209
GRAND TOTAL	2,607,469	2,678,307	2,809,653	131,346	4.7%	3,125,139
Investment Management Fees	34,613,531	26,496,126				
Total Fund Running Costs	37,221,000	29,174,432				

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
24 June 2021

ANNUAL REPORT AND ACCOUNTS

Purpose of the Report

1. The purpose of this report is to update the Committee regarding the Wiltshire Pension Fund annual report and accounts for the year ended 31 March 2021.

Background

2. As originally set out in Regulation 34 of the LGPS (Administration) Regulations 2008, the Pension Fund is required to produce an annual report, and the 2020/21 version is currently in the process of being prepared.

Considerations for the Committee

3. The Pension Fund accounts, which form part of the annual report, are subject to audit as part of the main Wiltshire Council accounts. In recent years, due to issues with the Wiltshire Council accounts, sign-off has been delayed. The sign-off of the 2019/20 accounts will hopefully occur at the July 2021 audit committee.
4. Last year, due to COVID-19, the auditors introduced different requirements with regard to going concern, which they have carried through into 2020/21. They have requested sign off by the Committee of a going concern statement, which is attached as Appendix 1.
5. The 2020/21 accounts are attached as Appendix 2. The audit work on the 2020/21 accounts is almost complete and the version attached is very unlikely to significantly change – there may be minor adjustments as a result of the conclusion of the audit work and final review. During this meeting, officers will provide a high level explanation of the accounts, including significant variances and any changes from 2019/20.
6. This year's annual report will largely follow the same format as last year, as the CIPFA guidance has not changed. The one significant change to note this year is that for the first time the Fund will be reporting in line with TCFD (Task force on Climate-related Financial Disclosures). This will set out the Fund's approach to climate risk, from a perspective of governance, strategy, risk management, and carbon metrics. It is strongly anticipated that this will become mandatory for LGPS funds in coming years, however the Fund wishes to be prepared and demonstrate best practice, so is making the disclosures this year. This report is attached as Appendix 3, for the Committee's information. Additionally, the annual report will include a section on the responsible investment membership survey which was carried out during March 2021, showing highlights of the findings.
7. It is proposed that the annual report for 2020/21 is published in July 2021, as an unaudited version. At this point in time the audit for the Pension Fund will have been fully completed, and we will have certainty that the figures are final, but like last year it will not be possible to obtain full sign off from the auditors until the audit of the Council accounts is fully completed. However, as this is a formality, and in the interests of publishing information while it is still relevant, it is proposed that the Committee approve that the annual report is published on the Wiltshire Pension Fund website as soon as it is completed.

Environmental Impact of the Proposal

8. Environmental impact is dealt with in Appendix 3 – TCFD reporting.

Safeguarding Considerations/Public Health Implications/Equalities Impact

9. There are no known implications at this time.

Financial Considerations & Risk Assessment

10. There are no financial considerations resulting from this proposal.

Proposals

11. The Committee is asked to:

- a) note the status of the audit of the 2019/20 accounts;
- b) approve the 2020/21 accounts, and authorise officers to make any necessary minor amendments following the conclusion of the audit;
- c) recommend to the audit committee that the 2020/21 accounts are approved for signing;
- d) approve the going concern statement in Appendix 1;
- e) approve the process for publication of the 2020/21 annual report.

JENNIFER DEVINE
Head of Pension Fund Investments

Report Author: Jennifer Devine, Head of Pension Fund Investments

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

Appendices:

Appendix 1 – going concern statement
Appendix 2 – 2020/21 accounts
Appendix 3 – TCFD reporting

Wiltshire Pension Fund Committee – Statement of Going Concern

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

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

In the capacity described above, the Committee confirms that members have considered the evidence set out below, as well as their knowledge of the legislative framework surrounding the LPS, and confirm that the Wiltshire Pension Fund is a going concern as at 31 March 2021.

Supporting evidence

Funding level

The Funding level (i.e. the ratio of the Fund’s asset to liabilities) as at the last actuarial valuation (31 March 2019) was 96.6%. With positive investment performance since this formal valuation the funding level has reached 100.2% (31 March 2021). The strategic asset allocation is set in order to deliver the investment returns which the Fund requires over time, in order to achieve full funding, and was modelled over a wide range of possible market environments.

Liquidity

As set out in the Investment Strategy Statement, the Fund’s approach to Liquidity risk is as follows:

“Liquidity risk – the Committee recognises that there is liquidity risk in holding assets that are not readily marketable and realisable. Given the long term investment horizon, the Committee believes that a degree of liquidity risk is acceptable, given the potential return. The majority of the Fund’s assets are realisable at short notice.”

The Fund maintains a balance of cash sufficient to meet operational requirements, and this is reviewed on a regular basis. If cash balances fell (for example, due to payment of a large invoice, or from employers failing to make contribution payments), the Fund has sufficient liquid assets which can be liquidated to fund benefit payments, for example the gilts portfolio (which is currently over 15% of the Fund’s total assets). As an illustration, the gilts portfolio at the end of March 2021 was valued at £468m. Total benefits payable for 2020/21 was £112m. Using the liquid gilts portfolio alone, the Fund has sufficient assets to pay the benefits for 4 years.

Currently the cash flow position of the Fund is broadly neutral, which is to say that contributions from employers and employees are sufficient to meet the payments of benefits due without needing to utilise investment income, or liquidate investment assets.

Employer contributions

The Fund actively monitors timeliness of receipt of employer contributions on a monthly basis, and this data is reported to the Committee. The latest set of data reported to the Committee was up to 31 January 2021, 99.4% by value of contributions were received on time. Following 31 March 2021, there have been no concerning trends regarding timely receipt of contributions. Data on contributions is collated by one of the Fund's Investment and Accounting Technicians, this is reported to the Head of Pension Fund Investments and the Fund Governance and Performance Manager.

Value of assets

During the year to 31 March 2020, the Fund experienced negative investment performance, mainly due to market turbulence during March 2020. The fund started the year with £2.5bn of assets, during the year to 31 March 2021 investment values have rebounded significantly and grown to reach £3.0bn.

Arrangements with employers

The majority of the Fund's employers are public sector bodies, such as councils and academies, who are long term secure, tax backed employers, where the covenant is strong and backed by statute or the Department of Education guarantee. These types of bodies are unlikely to pose an insolvency risk to the Fund. Similarly, they are likely to be able to make contributions when they fall due, albeit there will be some who may face cashflow challenges whilst balancing reduced income and increased outgoings due to funding pandemic related activity. This is monitored as mentioned above.

The most significant impact on covenant is in respect of other employers including those who are close to exit and/or are not public sector. However, it should be noted that from 1 October 2012, the LGPS 2012 Miscellaneous Regulations introduced mandatory new requirements for all Admission Bodies brought into the Fund from that date; the regulations required Admission Bodies to provide some form of security, such as a guarantee from the letting employer, an indemnity or a bond. The security is required to cover some or all of the following:

- the strain cost of any redundancy early retirements resulting from the premature termination of the contract;
- allowance for the risk of asset underperformance;
- allowance for the risk of a greater than expected rise in liabilities;
- allowance for the possible non-payment of employer and member contributions to the Fund;
and/or
- the current deficit

Operational concerns

Wiltshire Council has always promoted flexible and home working, and it has been a relatively easy transition to move to this way of working on a continuous basis. Staff are provided with the IT equipment they need, and Wiltshire Council has installed Microsoft Teams to aid in keeping teams in touch via video calls. Wiltshire Council itself is experiencing some budgetary

difficulties, but this does not affect the Pension Fund, as it is funded by its own budget, which is agreed by the Committee. There have been no redundancies or furloughing of staff who work on the Pension Fund.

Key suppliers

Officers have been in regular contact with the investment managers, Brunel pool, Hymans (Fund actuaries), Mercer (investment consultants), Anthony Fletcher (independent adviser), and State Street (the global custodian) over the period since COVID-19 became a disruption and home-working became the norm. All suppliers have provided updates on their operational resilience, and all are successfully working remotely, and are readily contactable via phone, email or video conferencing. The Fund has experienced no issues in progressing projects, obtaining advice, arranging meetings, or otherwise being able to access these key suppliers and advisers.

Signed on behalf of the Wiltshire Pension Fund Committee:

This page is intentionally left blank

Wiltshire Pension Fund

The Wiltshire Pension Fund ('the fund') is part of the Local Government Pension Scheme (LGPS) ("the scheme") and is administered by Wiltshire Council for local authorities within Wiltshire and other local government associated organisations. It meets the cost of pension benefits due to current and former employees of these organisations.

General

The scheme is governed by the [Public Service Pensions Act 2013](#). The fund is administered in accordance with the following secondary legislation:

- the [Local Government Pension Scheme Regulations 2013](#) (as amended)
- the [Local Government Pension Scheme \(Transitional Provisions, Savings and Amendment\) Regulations 2014](#) (as amended)
- the [Local Government Pension Scheme \(Management and Investment of Funds\) Regulations 2016](#).

It is a contributory defined benefit pension scheme administered by Wiltshire Council to provide pensions and other benefits for pensionable employees of Wiltshire Council, the town and parish councils in Wiltshire and a range of other scheduled and admitted bodies. Teachers, police officers and firefighters are not included as they come within other national pension schemes. The fund is overseen by the Wiltshire Pension Fund Committee, which is a committee of Wiltshire Council.

Membership

Membership of the scheme is voluntary and employees are free to choose whether to join, remain or make their own personal arrangements outside the scheme.

Organisations participating in the Wiltshire Pension Fund include the following:

- Scheduled bodies, which are automatically entitled to be members of the fund.
- Admitted bodies, which participate in the fund under the terms of an admission agreement between the fund and the employer. Admitted bodies include voluntary, charitable and similar not-for-profit organisations, or private contractors undertaking a local authority function following outsourcing to the private sector

Membership details are set out as below:

Membership	31 March 21	31 March 20
Active	23,131	23,487
Deferred	40,287	39,187
Pensioners	19,036	18,150
Total number of members in the pension scheme	82,454	80,824

Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the fund in accordance with the [Local Government Pension Scheme Regulations 2013](#) and ranged from 5.5% to 12.5% of pensionable pay for the financial year ended 31 March 2021. Employers' contributions are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2019.

Benefits

Prior to 1 April 2014, pension benefits under the scheme were based on final pensionable pay and length of pensionable service. From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is uprated annually in line with the Consumer Prices Index.

A range of other benefits are also provided including early retirement, disability pensions and death benefits, as explained on [the LGPS website](#).

Responsibility for the Report

Wiltshire Council

The Council must arrange for the proper administration of the Wiltshire Pension Fund. It needs to ensure an economic, efficient and effective use of resources in carrying out this administration and that the fund's investments are safeguarded.

The Council has delegated this responsibility to the Wiltshire Pension Fund Committee. It also, however, must ensure that one of its officers has responsibility for the financial aspects of that administration, this being the Corporate Director Resources & Deputy Chief Executive (S.151 Officer).

Wiltshire Pension Fund Committee

There are seven elected members of the Committee, comprising five Wiltshire Councillors and two Swindon Borough Council members. In addition, there are two representatives of the admitted bodies and two observers representing staff interests. Details of the membership of the Committee in 2020/21 are shown in the Wiltshire Pension Fund Annual Report.

Included amongst the powers delegated by the Council to the Committee are requirements to:

- arrange and keep under review the investments of the fund through one or more properly authorised investment managers, and to
- appoint investment managers and external advisers as necessary to support the work of the Committee.

Local Pensions Board

The Local Pension Board was established in April 2015 to assist the Administering Authority in securing compliance with the scheme regulations and the effective and efficient governance and administration of the Fund. It is made up of 3 scheme members' representatives and 3 scheme employers' representatives along with a non-voting independent chairman. The LPB has an oversight function to ensure the Fund is compliant with the Pensions Regulator.

The Fund will liaise closely with the Local Pension Board, so they can fulfil their duties providing support and advice to the Administering Authority.

Chief Finance Officer

The Chief Finance Officer is responsible for preparing the financial statements of the Wiltshire Pension Fund, which must show the financial position of the Fund at the accounting date and its income and expenditure for the year.

In preparing the statements, suitable accounting policies must be selected and applied consistently, and judgements and estimates made where necessary that are reasonable and prudent and comply with the appropriate accounting Code of Practice.

Proper accounting records must be maintained and kept up to date and all reasonable steps must be taken to prevent and detect fraud and other irregularities. An anti-fraud and corruption and whistle blowing policy has been implemented for the Fund.

Audit

Deloitte LLP act as the external auditor of the Council, and therefore the pension fund.

Investment Management Policy

Overall responsibility for investment policy lies with the Wiltshire Pension Fund Committee, which reports directly to Wiltshire Council.

The Investment Strategy is reviewed regularly by the Fund, at least once every three years in line with the Government guidance.

The current strategy has the dual aim of increasing returns and reducing risk by increasing diversification and alternative approaches. Details of the strategy are provided in the Investment Strategy Statement (ISS) which can be supplied upon request or viewed at www.wiltshirepensionfund.org.uk.

Safe custody of all investments is the responsibility of State Street Global Advisors and as such, they are registered in the name of, and are held by, its nominee companies or, alternatively, by overseas agents.

The Wiltshire Pension Fund

Fund Account

For the year ended 31 March 2021

	Notes	2020/21 £'000	2019/20 £'000
Dealings with members, employers and others directly involved in the Fund			
Contributions	5a	118,383	119,936
Transfers in from other pension funds	5b	228	19,444
		118,611	139,380
Benefits	6	(104,268)	(91,621)
Payments to and on account of leavers	7	(7,999)	(11,136)
		(112,267)	(102,757)
Net additions from dealings with members		6,344	36,623
Management expenses	8 & 9	(29,164)	(37,221)
Net withdrawals inc. fund management expenses		(22,820)	(598)
Returns on investments			
Investment income	10	10,027	12,489
Taxes on income		-	(78)
Profits and losses on disposal of investments and changes in market value of investments	12a	468,900	(127,856)
Net return on investments		478,927	(115,445)
Net increase/(decrease) in the net assets available for benefits during the year		456,107	(116,043)
Opening net assets of the scheme		2,503,878	2,619,921
Closing net assets of the scheme		2,959,985	2,503,878

The following notes on pages 6 to 33 form an integral part of these financial statements

The Wiltshire Pension Fund

Net Asset Statement

At 31 March 2021

	<i>Notes</i>	31 March 2021 £'000	31 March 2020 £'000
Long Term Investments			
Brunel Pension Partnership		768	427
		768	427
Investment assets			
Pooled investment vehicles		2,537,890	2,145,268
Pooled property investments		392,126	329,510
Cash held on deposit		32,291	17,950
Other investment balances		216	246
Total net investments	12	2,963,291	2,493,401
Current assets	17	15,002	28,917
Current liabilities	18	(15,044)	(10,645)
Long term liabilities	18a	(3,264)	(7,795)
Net assets of the scheme available to fund benefits at the end of the reporting period		2,959,985	2,503,878

Notes

Related notes form an integral part of these financial statements

1. Basis of Preparation

The statement of accounts summarises the fund's transactions for the 2020/21 financial year and its financial position at 31 March 2021. The accounts have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2020/21* (the Code) which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

Paragraph 3.3.1.2 of the Code requires disclosure of any accounting standards issued but not yet adopted. IFRS 16, introduced on 1 January 2019, is due to be adopted by the Code for accounting periods commencing on or after 1 April 2022. This new accounting standard largely removes the distinction between operating and finance leases by introducing an accounting model that requires lessees to recognise assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value. This will bring assets formerly off-Balance Sheet onto the Balance Sheet of lessees. Implementation of IFRS 16 is not expected to have a material impact on the pension fund because it does not hold any assets as a lessee.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year nor do they take into account the actuarial present value of promised retirement benefits. IAS26 requires the actuarial present value of promised benefits to be disclosed. The Code gives administering authorities the option to disclose this information in the net assets statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. A separate report has been prepared by Hymans Robertson and is enclosed below in note 24.

The accounts have been prepared on an accruals basis except where otherwise stated, i.e. income and expenditure are accounted for as it is earned or incurred, rather than as it is received and paid.

The accounts have been prepared on a going concern basis.

2. Summary of Significant Accounting Policies

The principal accounting policies of the Fund are as follows:

Fund account – revenue recognition

a) Contributions

Contributions are received from employer bodies in respect of their own and their pensionable employees' contributions.

Normal contributions are accounted for on an accruals basis as follows:

- Employee contribution rates are set in accordance with Local Government Pension Scheme regulations, using common percentage rates for all schemes which rise according to pensionable pay.
- Employer contributions are set at the percentage rate recommended by the fund actuary for the period to which they relate.

Employer deficit funding contributions are accounted for on the basis advised by the fund actuary in the rates and adjustment certificate issued to the relevant employing body. Additional employers' contributions in respect of ill-health and early retirements are accounted for in the year the event arose. Any amount due in the year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

Employer augmentation contributions are accounted for in accordance with the agreement under which they are being paid.

b) Transfers to and from other schemes

Transfers in and out relate to members who have either joined or left the fund.

Individual transfers in/out, i.e. those sums paid to, or received from, other pension schemes relating to previous periods of employment, have been brought into account on a cash basis. Transfers in from members wishing to use the proceeds of their additional voluntary contributions (see below) to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In (Note 5b).

Bulk (group) transfers are accounted for on an accruals basis at the point when the members are transferred in accordance with the terms of the transfer agreement.

c) Investment Income

- Dividends, interest and coupon receipts have been accounted for on an accruals basis. Income on pooled investments is accumulated and reflected in the valuation of units.
- Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.
- Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.
- Changes in the value of investments are recognised as income and comprise all realised and unrealised profits/losses during the year.

Fund account – expense items**d) Benefits payable**

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

Refunds of contributions have been brought into account on the basis of all valid claims approved during the year.

e) Taxation

The fund is a registered public service scheme under Section 1(1) of Schedule 36 of the [Finance Act 2004](#) and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. As Wiltshire Council is the administering authority, VAT input tax is recoverable on all expenditure.

Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

f) Management expenses

The fund discloses its pension fund management expenses in accordance with the CIPFA guidance [Accounting for Local Government Pension Scheme Management Expenses \(2016\)](#) as shown below. All items of expenditure are charged to the fund on an accruals basis as follows:

Administrative expenses	All staff costs relating to the pensions administration team are charged direct to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.
Oversight and governance	All costs associated with governance and oversight are separately identified, apportioned to this activity and charged as expenses to the fund.
Investment management expenses	Investment management expenses are charged directly to the Fund as part of management expenses and are not included in, or netted off from, the reported return on investments. Where fees are invoiced directly these are included on an accruals basis. Where fees are netted off valuations by investment managers, these expenses are shown separately in Note 12 and the change in value of investments is grossed up to account for this. Transactions costs which have been passed through the investment portfolios (which include costs directly attributable to the Fund's investment portfolios, such as fees, commissions, stamp duty and other fees) are identified via year end transparency reporting provided by the managers, and are accounted for and disclosed separately in Note 9. Fees and costs associated with the underlying funds in multi-manager portfolios are also accounted for and disclosed separately in Note 9. The costs of the investment team are charged to the Fund, as well as a proportion of the time spent by officers on investment management activity.

Net Asset Statement**g) Financial assets**

Wiltshire Pension Fund and nine other shareholders each hold a 10% share in Brunel Pension Partnership Ltd (company number 10429110) so no fund is deemed to have a significant influence. This long-term investment has been included in the accounts at the Fund's share of the total equity in Brunel Pension Partnership as taken from the latest audited accounts.

All other financial assets are included in the accounts on a fair value basis in line with the SORP as at the reporting date using the valuations for the Fund's assets based on the figures provided by the Fund's custodian, State Street Global Advisors. A financial asset is recognised in the net assets statement on the date the fund becomes party to the contractual acquisition of the asset. Any amounts due or payable in respect of trades entered into but not yet complete at 31 March each year are accounted for as financial instruments held at amortised cost and reflected in the reconciliation of movements in investments and derivatives in Note 14a. Any gains or losses on investment sales arising from changes in the fair value of the asset are recognised in the fund account.

The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13. For the purposes of disclosing levels of fair value hierarchy, the fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

Valuation of Investments

Investments are shown in the accounts at market value, determined on the following basis:

- (i) **Unquoted securities**
Unquoted securities have been valued according to the latest trades, professional valuation, asset values or other appropriate financial information.
- (ii) **Pooled investment vehicles**
Pooled investments are stated at bid price for funds with bid/offer spreads, or single price/net asset value where there are no bid/offer spreads, as provided by the investment manager.

(iii) Foreign Currency Transactions

All investments held in foreign currencies are shown at market value translated into sterling using the WM 4PM rate on 31 March 2021.

Foreign currency transactions are accounted for on the basis of the equivalent sterling value of the underlying transactions, by applying the relevant exchange rate ruling at the time. Any profit or loss arising on currency transactions either realised or unrealised, will be reflected in the Net Asset Statement.

(iv) Cash and cash equivalents

Cash comprises cash in hand and demand deposits and includes amounts held by the fund's external managers.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

h) Financial liabilities

A financial liability is recognised in the net assets statement on the date the fund becomes legally responsible for that liability. The fund recognises financial liabilities relating to investment trading at fair value as at the reporting date, and any gains or losses arising from changes in the fair value of the liability between contract date, the year-end date and the eventual settlement date are recognised in the fund account as part of the Change in Value of Investments.

Other financial liabilities classed as amortised cost are carried in the net asset statement at the value of the outstanding principal at 31 March each year. Any interest due not yet paid is accounted for on an accruals basis and included in administration costs.

i) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of International Accounting Standard (IAS) 19 and relevant actuarial standards. As permitted under the Code, the fund has opted to disclose the actuarial present value of promised retirement benefits by way of a separate report which has been prepared by the fund's actuary Hymans Robertson and is enclosed below after note 23.

j) Additional Voluntary Contributions (AVCs)

The Wiltshire Pension Fund provides an additional voluntary contribution (AVC) scheme for its members, the assets of which are invested separately from those of the pension fund.

AVCs are not included in the accounts in accordance with Section 4(1)(b) of the [Local Government Pension Scheme \(Management and Investment of funds\) Regulations 2016](#) but are disclosed for information in note 19.

k) Contingent assets and contingent liabilities

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by the occurrence of future events.

A contingent liability arises where an event has taken place prior to the year-end giving rise to a possible financial obligation whose existence will only be confirmed or otherwise by the occurrence of future events.

Contingent liabilities can also arise in circumstances where a provision would be made, except that it is not possible at the balance sheet date to measure the value of the financial obligation reliably.

Contingent assets and liabilities are not recognised in the net asset statement but are disclosed by way of narrative in the notes.

3. Critical Judgements in Applying Accounting Policies**Pension Fund Liability**

The net pension fund liability is re-calculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS19.

Assumptions underpinning the valuations are agreed with the actuary and are summarised in the actuarial position statement. This estimate is subject to significant variances based on changes to the underlying assumptions.

Actuarial re-valuations are used to set future contribution rates and underpin the fund's most significant investment management policies, for example in terms of the balance struck between longer term investment growth and short-term yield/return.

4. Assumptions made about the Future and Other Major Sources of Estimation Uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts. Estimates are made considering historical experience, current trends and future expectations. However, because balances cannot be determined with certainty, actual results could be different from the assumptions and estimates made.

The items in the net asset statement at 31 March 2021 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Pooled Property Investment	Valuation techniques are used to determine the carrying values of directly held freehold and leasehold property. Where possible these valuation techniques are based on observable data, otherwise the best available data is used.	Changes in the valuation assumptions used, together with significant changes in rental growth, vacancy levels or the discount rate could affect the fair value of property-based investments by up to 10% ie an increase or decrease of £39m on carrying values of £392m.

5a. Contributions receivable

	2020/21	2019/20
	£000	£000
Employers' contributions		
- Normal	82,683	78,960
- Augmentations	2,123	2,248
- Deficit recovery contributions*	9,517	15,840
	94,323	97,048
Employees' contributions		
- Normal	23,956	22,726
- Additional contributions	104	162
	24,060	22,888
	118,383	119,936
Analysis of contributions by type of employer		
	2020/21	2019/20
	£000	£000
<i>Contributions from employees (Including additional contributions)</i>		
- Wiltshire Council	8,632	8,347
- Other scheduled bodies	14,303	13,400
- Admitted bodies	1,125	1,141
	24,060	22,888
<i>Contributions from employers (Including augmentations)</i>		
- Wiltshire Council	36,354	35,489
- Other scheduled bodies	53,419	52,057
- Admitted bodies	4,550	9,502
	94,323	97,048
Total contributions receivable	118,383	119,936

* Deficit funding contributions are paid relevant employers for the three years commencing from 1 April 2019 with a minimum specified in the Rates and Adjustment Certificate dated 31 March 2021 to improve the Fund's funding position. The recovery period at the last valuation over which the deficit funding is recovered is mainly 20 years for scheduled bodies and 14 years or the length of the employer's contract (whichever is the shorter) for admitted bodies.

5b. Transfers in from other pension funds

	2020/21	2019/20
	£000	£000
Group transfers	(3,640)	9,305
Individual transfers	3,868	10,139
	228	19,444

The value for group transfers in 2020/21 is negative as £3,640k of the £9,305k due from White Horse Federation in 2019/20 was reallocated to another LGPS fund, there were no other group transfers in during the year.

The volume of individual transfers was higher in 2019/20, both due to timings of requests from members and prioritisation of workload within the pensions administration team.

6. Benefits Payable

	2020/21 £000	2019/20 £000
By category		
Pensions	89,109	77,241
Commutation and lump sum retirement benefits	13,060	13,087
Lump sum death benefits	2,099	1,293
	104,268	91,621
	2020/21 £000	2019/20 £000
By type of employer		
Wiltshire Council	46,938	44,978
Other scheduled bodies	39,139	37,335
Admitted bodies	9,942	9,308
Provision for underpayment	8,250	-
	104,269	91,621

See details in Note 18 regarding new provision made for underpayment.

7. Payments to and on account of leavers

	2020/21 £000	2019/20 £000
Individual transfers	7,706	10,943
Refunds to members leaving service	294	195
State Scheme Premiums	(1)	(2)
	7,999	11,136

8. Management expenses

	2020/21 £000	2019/20 £000
Administration costs	1,754	1,738
Investment Management expenses (Note 9)	26,611	34,662
Oversight & Governance costs	799	821
	29,164	37,221

The fund discloses its pension fund management expenses in accordance with the CIPFA guidance [Accounting for Local Government Pension Scheme Management Expenses \(2016\)](#).

8a. External Audit Costs

	2020/21 £000	2019/20 £000
Payable in respect of external audit	19	19
	19	19

External audit costs are also included in oversight and governance costs in note 8 above.

9. Investment management expenses

	2020/21			
	£000			
	Total	Management fees	Performance fees	Transaction costs
Pooled investments	21,181	8,325	3,042	9,814
Pooled property investments	3,202	3,202	-	-
	24,383	11,527	3,042	9,814
Custody fees	74			
Transition costs	69			
Costs associated with investment pooling	1,501			
Indirect costs incurred in managing investment portfolios	584			
	26,611			

	2019/20			
	£000			
	Total	Management fees	Performance fees	Transaction costs
Equities	13,366	945	12,455	(34)
Pooled investments	14,167	7,118	1,212	5,837
Pooled property investments	3,365	3,365	0	0
	30,898	11,428	13,667	5,803
Custody fees	193			
Transition costs	2,550			
Costs associated with investment pooling	888			
Indirect costs incurred in managing investment portfolios	133			
	34,662			

10. Investment income

	2020/21	2019/20
	£'000	£'000
Income from equities	192	1,262
Pooled property investments	7,758	9,835
Pooled investments - unit trusts & other managed funds	1,193	111
Interest on cash deposits	22	201
Stock lending income	48	245
Other	814	834
Total before taxes	10,027	12,489

11. Stock lending

During 2020/21, the Pension Fund participated in a securities lending programme administered by Brunel Pension Partnership, for the Pension Fund's active global equities portfolio.

Previously (including 2019/20), the Council participated in a securities lending programme administered by State Street Global Advisors. Securities in the beneficial ownership of the Council to a value of £15.8million (0.5% of the total fund value) were on loan at 31 March 2021. Collateral held for these securities had a market value of £17.2million, which represents 108.85% of the value of the shares on loan. Income earned from this programme amounted to £48,278 in the year.

	2020/21	2019/20
	£m	£m
Market value of securities on loan	15.8	0
<i>(percentage of total Fund value)</i>	0.5%	0.0%
Market value of collateral	17.2	0.0
Collateral %	108.85%	0.0%
Income earned in year	0.048	0.245

12. Details of investments held at year end

	31 March 2021	31 March 2020
	£'000	£'000
INVESTMENT ASSETS		
Pooled funds		
- Fixed income unit trusts	842,333	785,516
- Infrastructure funds	84,651	62,598
- Global equity	1,308,053	1,025,876
- Diversified growth funds	0	33,096
- Emerging market multi-asset	301,359	238,182
	2,536,397	2,145,268
Other investments		
- Pooled property investments	392,126	329,510
- Private equity	1,493	0
	393,619	329,510
- Cash deposits	32,291	17,950
- Investment income due	0	6
- Recoverable tax	216	240
- Amounts receivable for sales	0	0
	32,507	18,196
Total investment assets	2,962,523	2,492,974
LONG TERM INVESTMENTS		
UK unquoted equity - shares in Brunel Pension Partnership	768	427
Net investment assets	2,963,291	2,493,401

12a. Reconciliation of movements in investments

	Market value 01 April 2020	Purchases and derivative payments	Sales and derivative receipts	Change in value during the year	Market value 31 March 2021
	£'000	£'000	£'000	£'000	£'000
Long term investments:					
- Brunel Pension Partnership	427	0	0	341	768
Funds held with Brunel:					
Pooled funds	896,241	130,064	(202,561)	441,962	1,265,705
Equities	0	0	0	0	0
Pooled Investment Vehicles					
- Other	1,249,028	2,093,456	(2,027,346)	32,048	1,347,185
Property	329,510	2,269	(9,212)	(5,440)	317,126
	2,475,205	2,225,788	(2,239,119)	468,911	2,930,784
Other investment balances:					
- FX contracts	0			0	0
- Cash deposits	17,950			(11)	32,291
- Receivable for investment sales	0			0	0
- Investment income due	6			0	0
- Tax reclaims due on investment income	240			0	216
- Payables for investment purchases	0			0	0
Net investment assets	2,493,401			468,900	2,963,291

12a. Reconciliation of movements in investments (cont'd)

	Market value 01 April 2019	Purchases and derivative payments	Sales and derivative receipts	Change in value during the year	Market value 31 March 2020
	£'000	£'000	£'000	£'000	£'000
Long term investments:					
- Brunel Pension Partnership	840	0	0	(413)	427
Funds held with Brunel:					
Pooled funds	409,784	1,414,164	(806,969)	(120,738)	896,241
Equities	432,614	13,111	(472,843)	27,118	0
Pooled Investment Vehicles					
- Other	1,390,746	1,481,839	(1,592,582)	(30,975)	1,249,028
Property	334,978	16,809	(19,531)	(2,746)	329,510
	2,568,961	2,925,924	(2,891,925)	(127,754)	2,475,205
Other investment balances:					
- FX contracts	(1)			(2)	0
- Cash deposits	15,321			(100)	17,950
- Receivable for investment sales	0			0	0
- Investment income due	29			0	6
- Tax reclaims due on investment income	154			0	240
- Payables for investment purchases	(2,326)			0	0
Net investment assets	2,582,139			(127,856)	2,493,401

12b. Investments Analysed by Fund Manager

	31 March 2021	31 March 2020
	£'000	£'000
Investments managed by Brunel Pension Partnership asset pool:		
Brunel - Low Carbon Hedged Passive Equities	557,832	479,769
Brunel - Global High Alpha active global equities	609,552	416,472
Brunel - private equity	1,493	0
Brunel - generalist infrastructure	54	0
Brunel - renewable infrastructure	5,016	0
Brunel - secured income	91,758	0
	1,265,705	896,241
Long-term investment - Brunel Pension Partnership	768	427
Investments managed outside of Brunel Pension Partnership asset pool:		
Baillie Gifford - Global Equity	216	240
Ninety One - Emerging Markets	301,359	238,182
Barings - Dynamic Assets Allocation	0	33,096
CBRE Global Multi Manager - Property	346,803	347,080
Partners Group - Infrastructure	62,823	62,598
Magellan Select Infrastructure Fund	140,669	129,636
Loomis Sayles - Multi Asset Credit	154,766	187,206
Pinebridge - Bank Loans	219,561	0
M&G - Financing Fund	3	3
Legal & General - Gilts	468,003	598,308
Cash held at custodian	2,614	384
	1,696,818	1,596,733
Total	2,963,291	2,493,401

The following investments represent over 5% of the net assets of the fund.

Security	Market value	% of total market
	31 March 2021	value
	£m	
Brunel - Global High Alpha	609.55	20.58%
Brunel - GPCU MSCI World Low Carbon OFC	557.83	18.83%
BBAE 2071 Gilt Fund	468.00	15.80%
Ninety One - Emerging Market Multi-Asset Fund	301.36	10.17%
Pinebridge Global Secured Credit Funds	219.56	7.41%
Loomis Sayles - Multi Asset Credit	154.77	5.22%
	2,311.07	78.01%

13. Derivative Contracts

There are no balances to report for the 2020/21 or 2019/20 financial year.

14. Fair value – basis of valuation

All investment assets are valued using fair value techniques based on the characteristics of each instrument, where possible using market-based information. There has been no change in the valuation techniques used during the year.

Assets and liabilities have been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1 – where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities, comprising quoted equities, quoted bonds and unit trusts.

Level 2 – where quoted market prices are not available, or where valuation techniques are used to determine fair value based on observable data.

Level 3 – where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

The valuation basis for each category of investment asset is set out below:

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted investments	Level 1	Published bid market price ruling on the final day of the accounting period	Not required	Not required
Unquoted pooled investments - unit trusts	Level 2	Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Not required
Pooled investments - property funds	Level 2	Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Not required
UK and Overseas property, private equity and infrastructure partnerships	Level 3	Valued using a number of different market and income valuation methods as well as comparable market transaction prices	Market transactions, market outlook, cash flow projections, last financings and multiple projections	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts
Unquoted equity holding in Brunel pool	Level 3	Valued as share of the company's equity as per the latest available audited financial statements	Earnings and revenue multiples, discount for lack of marketability, control premium	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts

14. Fair value – basis of valuation (cont'd)

Sensitivity of assets valued at level 3

	Assessed valuation range (+/-)	Value at 31 March 2021 £'000	Value on increase £'000	Value on decrease £'000
Pooled property	3.20%	143,924	148,530	139,318
M&G Financing Fund - residual holding	0.0%	3	3	3
Infrastructure	11.1%	84,651	94,047	75,255
Private equity	24.2%	1,493	1,854	1,131
Brunel Pension Partnership	0.0%	768	768	768
		230,840	245,203	216,476

14a. Fair value hierarchy

The following table provides an analysis of the assets and liabilities of the pension fund grouped into levels 1 to 3, based on the level at which the fair value is observable. This has been produced from analysis provided by our custodian State Street Global Advisors, which is based on valuations provided by the investment managers.

2021

	£'000 Quoted market price Level 1	£'000 Using observable inputs Level 2	£'000 With significant unobservable inputs Level 3	£'000 Total
Brunel Pension Partnership			768	768
Pooled investment vehicles:				
- Other	0	2,451,742	86,147	2,537,890
- Property	0	248,202	143,924	392,126
- Futures	0	0	0	0
Cash deposits	1,033	31,258	0	32,291
Other investment balances	216	0	0	216
	1,249	2,731,203	230,840	2,963,291

2020

	£'000 Quoted market price Level 1	£'000 Using observable inputs Level 2	£'000 With significant unobservable inputs Level 3	£'000 Total
Brunel Pension Partnership			427	427
Pooled investment vehicles:				
- Other	-	2,082,667	62,601	2,145,268
- Property	-	154,780	174,730	329,510
Cash deposits	122	17,827	-	17,950
- Futures	-	-	-	-
Other investment balances	247	-	-	247
	369	2,255,275	237,758	2,493,402

14a. Fair value hierarchy (cont'd)

Wiltshire Pension Fund determines that transfers between levels of the fair value hierarchy have occurred when the investment manager for those assets notifies the Fund's custodian of the change. During 2020/21 4 funds were reclassified from level 3 to level 2 due to removal of gating and material uncertainty that existed at March 2020. One investment has moved from level 2 to level 3 following reclassification by the investment manager. The gross value of these adjustments are shown in note 14b below.

As at 31st March 2021 £12m of assets held in Cordatus Property Trust as part of a pooled property investment were subject to a trading restriction. These assets were classified as Level 3 in the accounts.

14b. Reconciliation of fair value measurements within Level 3

The following tables present the movement in level 3 instruments for the year end 31 March 2021.

	2021 £'000	2020 £'000
Opening balance	237,758	221,668
Adjustment for reclassifications	(20,971)	20,186
Total gains/losses	616	(11,761)
Purchases	44,395	21,444
Sales	(30,959)	(13,779)
Transfer out of Level 3	-	-
Closing balance	230,839	237,758

15. Classification of Financial Instruments

The following table analyses the carrying amounts of financial assets and liabilities by category and net asset statement heading.

2020/21			2019/20		
Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost	Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost
£000	£000	£000	£000	£000	£000
Financial assets					
768			427		
2,536,397			2,145,268		
392,126			329,510		
1,493			0		
	37,847			25,422	
	216			247	
	9,446			21,445	
2,930,784	47,509	0	2,475,205	47,113	0
Financial liabilities					
		(15,044)			(10,645)
		(3,264)			(7,795)
2,930,784	47,509	(18,308)	2,475,205	47,113	(18,440)
	2,959,985			2,503,878	
Grand total			Grand total		

15. Classification of Financial Instruments (cont'd)

Net gains and losses on financial instruments

2020/21		2019/20
£000		£000
	Financial assets	
468,911	Fair value through profit and loss	(127,754)
(11)	Amortised cost - realised/ unrealised gains	(102)
468,900	Total	(127,856)

All realised gains and losses arise from the sale or disposal of financial assets which have been derecognised in the financial statements. The fund has not entered into any financial guarantees that are required to be accounted for as financial instruments

16. Nature and extent of risks arising from financial instruments***Risk and risk management***

Responsibility for the Fund's risk management strategy rests with the Pension Fund Committee. The Fund's primary long-term risk is that its assets will fall short of its liabilities (ie promised benefits payable to members). The aim of investment risk management is to minimise the risk of an overall reduction in the value of the fund and to maximise the opportunity for gains across the whole fund portfolio. The fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the fund manages its liquidity risk to ensure there is sufficient liquidity to meet the fund's forecast cash flows. The fund manages these investment risks as part of its overall pension fund risk management programme.

The Committee obtains regular reports from each investment manager and its Investment Consultant on the nature of investments made and associated risks.

The analysis below is designed to meet the disclosure requirements of IFRS 7.

16.1. Market Risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix. The objective of the fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, while optimising investment return.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the pension fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis, and manage any identified risk in two ways:

The exposure of the fund to market risk is monitored through a factor risk analysis, to ensure that risk remains within tolerable levels.

Specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments.

Other Price Risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or by factors affecting all such instruments in the market.

16.1. Market Risk (cont'd)

The fund is exposed to share price risk. The fund's investment managers mitigate this price risk through diversification.

Market Price - Sensitivity Analysis

The sensitivity of the Fund's investments to changes in market prices has been analysed using the volatility of returns experienced by asset classes. The volatility data was provided by the Fund's custodian, State Street Global Advisors, and was calculated as the monthly volatility of returns using 36 months of historical data, where available. Where this data was not available, due to the Fund holding a portfolio for less than 36 months, historical data for the strategy was provided by the investment manager, or data for an appropriate benchmark was used. Such a measure is appropriate for measuring "typical" variations in the relative values of the assets and liabilities over short time periods. It is not appropriate for assessing longer term strategic issues. The analysis assumes that all other variables, in particular, interest rates and foreign exchange rates, remain constant

Movements in market prices would have increased or decreased the net assets valued at 31 March 2021 and 2020 by the amounts shown below.

As at 31 March 2021	Value £'000	Volatility of return	Increase £'000	Decrease £'000
Baillie Gifford - residual holding	216	0.00%	0	0
Brunel - Global High Alpha	609,552	18.04%	109,963	(109,963)
Brunel - Low Carbon Equities	557,832	14.75%	82,280	(82,280)
CBRE Global Multi Manager - Property	346,803	3.20%	11,098	(11,098)
Legal & General - Gilts	468,003	22.30%	104,365	(104,365)
Magellan - Listed Infrastructure	140,669	14.50%	20,397	(20,397)
Partners Group - Infrastructure	62,823	11.10%	6,973	(6,973)
Ninety One - Emerging Markets	301,359	11.20%	33,752	(33,752)
Loomis Sayles - Multi Asset Credit	154,766	9.70%	15,012	(15,012)
Pinebridge - bank loans	219,561	8.85%	19,431	(19,431)
Brunel - Private Equity	1,493	24.20%	361	(361)
Brunel - Infrastructure	5,070	11.10%	563	(563)
Brunel - Secured Income	91,758	3.20%	2,936	(2,936)
M&G - Financing Fund - residual holding	3	0.00%	0	0
Cash held at custodian	2,614	0.00%	0	0
Long-term investment - Brunel Pension Partnership	768	0.00%	0	0
	2,963,291		407,132	(407,132)
As at 31 March 2020				
	Value £'000	Volatility of return	Increase £'000	Decrease £'000
Baillie Gifford - Global Equity	240	16.48%	40	(40)
Brunel - Global High Alpha	416,472	16.48%	68,638	(68,638)
Brunel - Low Carbon Equities	479,769	12.16%	58,348	(58,348)
CBRE Global Multi Manager - Property	347,080	2.49%	8,640	(8,640)
Legal & General - Gilts	598,308	18.63%	111,465	(111,465)
Barings - Dynamic Assets Allocation	33,096	10.05%	3,325	(3,325)
Magellan - Listed Infrastructure	129,636	12.20%	15,816	(15,816)
Partners Group - Infrastructure	62,598	10.36%	6,488	(6,488)
Investec - Emerging Markets	238,182	10.78%	25,677	(25,677)
Loomis Sayles - Multi Asset Credit	187,206	8.24%	15,432	(15,432)
M&G - Financing Fund	3	28.32%	1	(1)
Cash held at custodian	385	0.00%	0	0
Long-term investment - Brunel Pension Partnership	427	0.00%	0	0
	2,493,401		313,869	(313,869)

16.2. Interest Rate Risk

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 1% change in interest rates. The analysis demonstrates that a 1% increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value, and vice versa. Changes in interest rates do not impact on the value of cash and cash equivalent balances but they will affect the interest income received on those balances. Loans have a floating rate income stream and therefore any change in interest rates would not impact the market value of these assets.

Interest Rate – Sensitivity Analysis

	Asset values at 31 March 2021 £'000	Impact of 1% increase £'000	Impact of 1% decrease £'000
Cash held on deposit	37,847	0	0
Fixed Interest Securities	622,769	(6,228)	6,228
Loans	219,564	0	0
	880,181	(8,423)	8,423

As at 31 March 2020	Asset values at 31 March 2021 £'000	Impact of 1% increase £'000	Impact of 1% decrease £'000
Cash held on deposit	25,422	0	0
Fixed Interest Securities	785,513	(11,607)	11,607
Loans	3	0	0
	810,939	(11,607)	11,607

16.3. Currency Risk

Currency risk represents the risk that the fair value of financial instruments will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on any cash balances and investment assets not denominated in UK sterling. When sterling depreciates the sterling value of foreign currency denominated investments will rise and when sterling appreciates the sterling value of foreign currency denominated investments will fall.

The tables below show approximate exposures to each of the two major foreign currencies based on manager benchmarks and target allocations.

2021	US Dollar £'000	Euro £'000
Net Currency Exposure	118,205	33,657

2020	US Dollar £'000	Euro £'000
Net Currency Exposure	119,883	33,823

16.3. Currency Risk (cont'd)**Currency Risk – Sensitivity Analysis**

The sensitivity of the Fund's investments to changes in foreign currency rates has been analysed using a 10% movement in exchange rates in either direction. This analysis assumes that all variables, in particular interest rates, remain constant.

A 10% strengthening or weakening of Sterling against the various currencies at 31 March 2021 and 31 March 2020 would have increased or decreased the net assets by the amount shown below

2021	Assets Held	Change in net assets	
	at Fair Value	+10%	-10%
	£'000	£'000	£'000
US Dollar	118,205	11,820	(11,820)
Euro	33,657	3,366	(3,366)
Net Currency Exposure	151,862	15,186	(15,186)

2020	Assets Held	Change in net assets	
	at Fair Value	+10%	-10%
	£'000	£'000	£'000
US Dollar	119,883	11,988	(11,988)
Euro	33,823	3,382	(3,382)
Net Currency Exposure	153,706	15,371	(15,371)

The Fund hedges 50% of its overseas equity holdings therefore only a proportion of the gains/losses would be experienced. One important point to note is that currency movements are not independent of each other. If sterling strengthened generally it may rise against all the above currencies producing losses across all the currencies.

16.4. Credit Risk

Credit risk represents the risk that the counterparty to the financial instrument will fail to meet their obligations and the Fund will incur a financial loss.

The Fund is exposed to credit risk through its investment managers, custodian and its daily treasury management activities. Credit risk is minimised through the careful selection and monitoring of counterparties.

Another source of credit risk is the cash balances held internally or by managers. The Pension Fund's bank account is held at HSBC, which holds an AA- long term fitch credit rating and it maintains its status as a well-capitalised and strong financial institution. The management of the cash held in this account is managed by the Council's Treasury Management Team in line with the Fund's Treasury Management Strategy which sets out the permitted counterparties and limits. Cash held by investment managers, besides those in pooled investment vehicles, is invested with the custodian in a diversified money market fund rated AAAM.

The Fund's exposure to credit risk at 31 March 2021 and 2020 is the carrying amount of the financial assets.

Summary	Balances as at	Balances as at
	31 March 2021	31 March 2020
	£000	£000
Cash held at custodian	32,291	17,950
Bank current account - HSBC	(305)	(357)
Money Market Funds	5,862	7,829
	37,847	25,422

16.4. Credit Risk (cont'd)

Credit risk may also occur if an employing body not supported by central government does not pay contributions promptly, or defaults on its obligations. The pension fund has not experienced any actual defaults in recent years and the current practice is to obtain a guarantee before admitting new employers so that all pension obligations are covered in the event of that employer facing financial difficulties. All contributions due at 31 March 2021 and 31 March 2020 (£8.3m and £8.9m respectively) were received in the first two months of the financial year.

16.5. Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The main liabilities of the Fund relate to the benefits payable which fall due over a long period of time. The investment strategy reflects this and set out the strategic asset allocation of the Fund. Liquidity risk is mitigated by investing a proportion of the Fund in actively traded instruments in particular equities and fixed income investments. The Fund maintains a cash balance to meet operational requirements.

The following tables analyse the Fund's non-investment financial liabilities as at 31 March 2021 and 2020, grouped into relevant maturity dates.

2020/21

	Carrying Amount £000	Less than 12 months £000	Greater than 12 months £000
Sundry creditors	6,953	4,355	2,598
Benefits payable	650	650	0
Other	10,704	10,039	666
	18,308	15,044	3,264

2019/20

	Carrying Amount £000	Less than 12 months £000	Greater than 12 months £000
Sundry creditors	15,543	7,748	7,795
Benefits payable	927	927	0
Other	1,970	1,970	0
	18,440	10,645	7,795

17. Current assets

	31 March 2021 £000	31 March 2020 £000
Contributions due - employees	1,887	1,814
Contributions due - employers	6,423	7,059
	8,310	8,873
Bulk transfer values receivable	0	9,305
Sundry debtors	743	2,865
Prepayments	393	402
	1,136	12,572
Cash balances	5,556	7,472
Net current assets	15,002	28,917

18. Current liabilities

	31 March 2021 £000	31 March 2020 £000
Sundry creditors	4,355	7,748
Benefits payable	650	927
Payable to Wiltshire Council	1,789	1,970
Provision for pension underpayments	8,250	0
	15,044	10,645

A provision of £8.250m has been made in 2020/21 for underpayment of pensions which have arisen due to discrepancies between the Funds membership database and payroll system. The provision calculated includes the maximum possible underpayment adding in potential interest and compensation costs. Amounts due to Wiltshire Council include costs incurred throughout the year, including corporate recharges and payroll.

18a. Long Term Creditors

	31 March 2021 £000	31 March 2020 £000
Manager fees	2,598	7,795
Brunel Pension Partnership pension reimbursement liability	666	0
Total	3,264	7,795

The managers fees balance represents a final performance fee due to an investment manager on termination of their contract, due to transferring the portfolio into the Brunel pool. The fee is due in four annual instalments with two remaining to be paid one of which is due within one year, included in sundry creditors in note 18.

During 2020/21 a pension recharge agreement was signed by all 10 shareholders in Brunel Pension Partnership (BPP), in which shareholders have guaranteed that any pension costs arising in respect of BPP's participation in the LGPS defined benefit pension scheme will be underwritten by the shareholders. This is reflected as a long-term debtor on BPP's balance sheet, and as a corresponding long term liability in the Pension Funds accounts, at a value of £666k.

19. Additional Voluntary Contributions (AVCs)

AVC contributions are not included in the Fund's financial statements as they do not come under the requirements of Regulation 4(1)(b) of the Pension Scheme (Management and Investment of Funds) Regulations 2016 regarding regulation 69(1)(a) of the Local Government Pension Scheme Regulations 2013.

Contribution data was not available from the Funds AVC provider, Prudential, at year end due to a significant system issue affecting all Prudential AVC funds. Therefore, it is not possible to provide in-year information on contributions paid and the value of the funds invested. In 2019/20 Fund members paid contributions totalling £0.999million into AVC funds held with Prudential during the year. At 31 March 2020 the value of funds invested on behalf of members with Prudential was £4.1m.

20. Employer Related Assets

There were no employer related assets within the Fund during 2020/21.

21. Related Party Transactions

The Wiltshire Pension Fund is administered by Wiltshire Council. Consequently, there is a strong relationship between the Council and the Pension Fund.

The Council incurred costs of £1.804m (2019/20: £1.819m) in relation to the administration of the Fund which was included as a creditor at 31 March 2021, and the Council was subsequently reimbursed by the Fund for these expenses in April 2021. The Council is also the single largest employer of members of the Pension Fund and contributed £36.4m to the Fund in 2020/21 (2019/20: £35.5m) in respect of employers and employees contributions, £1.26m of which was due to the Pension Fund as at 31 March 2021, and was paid in April 2021.

Part of the pension fund cash holdings are invested in the money markets by the treasury management operations of Wiltshire Council, through a service level agreement. During the year to 31 March 2021, the fund had an average investment balance of £6.8m (31 March 2020: £8.5m), earning interest of £20k (2019/20: £66k) in these funds.

Brunel Pension Partnership Limited (BPP Ltd.) was formed on the 14th October 2016 and oversees the investment of pension fund assets for Wiltshire, Avon, Buckinghamshire, Cornwall, Devon, Dorset, Environment Agency, Gloucestershire, Oxfordshire and Somerset Funds.

Each of the 10 local authorities, including Wiltshire Pension Fund own 10% of BPP Ltd. In 2017/18 the Pension Fund paid BPP £840k and there has been no subsequent investment. The fair value of the shareholding as at 31st March 2021 was £768k. During 2020/21 the Pension Fund paid BPP £835k (£888m in 2019/20) in respect of the costs of delivering investment pooling. During 2020/21 a pension recharge agreement was signed by all 10 shareholders in BPP, in which shareholders have guaranteed that any pension costs arising in respect of BPP's participation in the LGPS defined benefit pension scheme will be underwritten by the shareholders. This is reflected as a long-term debtor on BPP's balance sheet, and as a corresponding long-term liability in the Pension Funds accounts, at a value of £666k. This is also included in the cost of pooling for 2020/21 in Note 9. BPP are an employer in the Wiltshire Pension Fund as an admitted body. During 2020/21 BPP paid contributions of £904k into the Fund (£860k in 2019/20) in respect of employers and employees contributions.

21.1. Governance

Two members of the Pension Fund Committee are active members of the Pension Fund. One member of the Committee is a pensioner member of the Pension Fund. Two members of the Pension Fund Board are pensioner members of the Pension Fund and one is an active member of the Pension Fund.

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

22. Guaranteed Minimum Pension (GMP)

Following the cessation of contracting out in April 2016 HMRC embarked on a GMP reconciliation programme with its former contracted out pension schemes including the Wiltshire Pension Fund (WPF) which concluded in December 2018. Since then the WPF has continued this project by reviewing all its relevant member benefits to ensure that the GMP it promised to pay to its members for the period that they had opted out of the State Second Pension (S2P) are correct. This continuation of the project is known as the Rectification project and seeks to verify that each member's GMP accrued between 1978 & 1997 would broadly speaking be equivalent to the S2P that would have accrued by that member on becoming a pensioner in payment after their State Pension Age (SPA).

The Rectification project sought not only to undertake an automated recalculation of all individual GMP values based on a first principles approach to arrive at each member's present-day amount, but also to assess whether there would be any consequential impact on any pensioners in payment, when compared against the current values being paid to them. In conjunction with the recalculation exercise the Pension Fund has also sought to gather clear guidance from its advisers, the LGA & the Scheme Advisory Board (SAB) to ensure that those pensioners in payment who are affected by these changes are fairly & appropriately treated. As stated in last year's Annual Report the effect of not showing the correct amount of GMP is that a member's pension will be increased by more than it should have been, however any overpayments will have been treated as costs to the WPF and will have already been included as expenditure in previous pension fund accounts, therefore requiring no restatement.

During the past couple of years there has also been considerable press coverage concerning the Lloyds Banking Group Pensions Trustees Limited v Lloyds Bank plc in relation to GMP equalisation, the last, at the time of writing this article being the High Court judgement on 20 November 2020. The basis of this latest judgement is that pension schemes will need to revisit any individual transfer payments made since 17 May 1990 and check to see if any additional value is due. (Note: The original Court judgement in October 2018 ruled that Pension Schemes had to equalise benefits for men and women and consequently adjust any GMP benefits accrued between 1978 & 1997). However, the Fund's understanding, based on a HM Treasury statement, is that this judgement does not impact the current method to achieve equalisation and indexation in public sector.

Along with this ruling and as part of the Local Government Pension Scheme (LGPS), the WPF has recently received guidance on how it should address GMP indexation after 5 April 2021. In summary the Government has announced that there isn't the time or resource to carry out a full conversion of GMPs to normal scheme benefits. As a result, LGPS funds will continue to apply full indexation to any member with a GMP who reaches state pension age after 5 April 2021. Guidance concerning the revisiting of transfer cases due to equalisation is still to be received by the Fund on the next steps it should take.

23. Contingent Liabilities and Contractual Commitments

Capital Commitments

Outstanding capital commitments (investments) at 31 March 2021 totalled £618.5m (£734.5m at 31 March 2020). £551.5m of these commitments relate to amounts committed to private equity, infrastructure, secured income and private debt portfolios managed by the Brunel Pool. The balance (£66.9m) relates to outstanding call payments due on unquoted limited partnership funds held in the infrastructure part of the portfolio. The amounts 'called' are irregular in both size and timing from the original commitment.

Transitional protections

When the LGPS benefit structure was reformed in 2014, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from 1 April 2014 by these members are subject to an 'underpin' which means that they cannot be lower than what they would have received under the previous benefit structure. The underpin ensures that these members do not lose out from the introduction of the new scheme, by effectively giving them the better of the benefits from the old and new schemes.

The "McCloud" case

On 21 December 2018, the Court of Appeal held that transitional protections that protected older judges and firefighters from the public services pension scheme changes in 2015 were unlawfully discriminatory. This case is known as the 'McCloud case' and whilst the complaints related to two specific public sector pension schemes, it was deemed that the remedy should apply to all public service pension schemes.

On 27 June 2019, the Supreme Court refused the Government permission to appeal the McCloud case in respect of age discrimination and pension protection, and the Government announced it would work with

employment tribunals to find a solution. On 26 March 2020, a ministerial statement confirmed that detailed proposals for removing the discrimination would be published later in 2020 and be subject to public consultation. In July 2020, MHCLG consulted on changes to the LGPS and in May 2021, Luke Hall MP released a statement outlining the Government's response.

The LGPS England & Wales Scheme Advisory Board (SAB) maintains a McCloud page on its website with regular updates, and is engaging with the Government and with Administering Authorities to discuss the remedy and its implementation. We will await further details to confirm the next steps in the process, and continue to keep members informed through newsletters and wiltshirepensionfund.org.uk.

In 2019, the Fund actuary's central estimate for the potential impact of the McCloud judgement on the pension fund liabilities for the Wiltshire Council Pool as at 31 March 2019 was an increase of approximately £2.7m. Last year, the impact has been updated to £1.9m, allowing for changes to overall membership and the assumptions made for the 2019 fund valuation. The estimate will be refined once the final legislation is in place. As well as the liability impact, the remedy to the McCloud judgement will have a significant impact on administration costs and complexity, for potentially many decades to come. We have not sought to quantify these costs at this stage.

Similarly to the calculation carried out last year, the Fund's actuary has adjusted GAD's estimate of the estimated impact on liabilities to better reflect the Wiltshire Pension Fund's local assumptions, particularly salary increases and withdrawal rates. In carrying out the adjustment, we have made allowance for the assumptions adopted as at the 2019 formal valuation.

These numbers are high level estimates based on scheme level calculations and depend on several key assumptions.

24. Actuarial Statement in respect of IAS26 as at 31.03.2021**Introduction**

CIPFA's Code of Practice on Local Authority Accounting 2020/21 requires Administering Authorities of LGPS funds that prepare pension fund accounts to disclose what IAS26 refers to as the actuarial present value of promised retirement benefits. I have been instructed by the Administering Authority to provide the necessary information for the **Error! Reference source not found.** ("the Fund").

The actuarial present value of promised retirement benefits is to be calculated similarly to the Defined Benefit Obligation under IAS19. There are three options for its disclosure in the pension fund accounts:

- showing the figure in the Net Assets Statement, in which case it requires the statement to disclose the resulting surplus or deficit;
- as a note to the accounts; or
- by reference to this information in an accompanying actuarial report.

If an actuarial valuation has not been prepared at the date of the financial statements, IAS26 requires the most recent valuation to be used as a base and the date of the valuation disclosed. The valuation should be carried out using assumptions in line with IAS19 and not the Fund's funding assumptions.

Present value of Promised Retirement Benefits

Year ended	Error! Reference source not found.	Error! Reference source not found.
Active members (Error! Reference source not found.)	Error! Reference source not found.	Error! Reference source not found.
Deferred members (Error! Reference source not found.)	Error! Reference source not found.	Error! Reference source not found.
Pensioners (Error! Reference source not found.)	Error! Reference source not found.	Error! Reference source not found.
Total (Error! Reference source not found.)	Error! Reference source not found.	Error! Reference source not found.

The promised retirement benefits at 31 March 2021 have been projected using a roll forward approximation from the latest formal funding valuation as at **Error! Reference source not found.**. The approximation involved in the roll forward model means that the split of benefits between the three classes of member may not be reliable. However, I am satisfied that the total figure is a reasonable estimate of the actuarial present value of benefit promises.

Note that the above figures at 31 March 2021 include an allowance for the "McCloud ruling", i.e. an estimate of the potential increase in past service benefits arising from this case affecting public service pension schemes. **Error! Reference source not found.**

The figures include both vested and non-vested benefits, although the latter is assumed to have a negligible value. Further, I have not made any allowance for unfunded benefits.

It should be noted the above figures are appropriate for the Administering Authority only for preparation of the pension fund accounts. They should not be used for any other purpose (i.e. comparing against liability measures on a funding basis or a cessation basis).

Assumptions

The assumptions used are those adopted for the Administering Authority's IAS19 report and are different as at **Error! Reference source not found.** and **Error! Reference source not found.**. I estimate that the impact of the change in financial assumptions to **Error! Reference source not found.** is to **Error! Reference source not found.** the actuarial present value by **Error! Reference source not found.**. **Error! Reference source not found.**

Financial assumptions

Year ended (% p.a.)	Error! Reference source not found.	Error! Reference source not found.
Pension Increase Rate	Error! Reference source not found.	Error! Reference source not found.
Salary Increase Rate	Error! Reference source not found.	Error! Reference source not found.
Discount Rate	Error! Reference source not found.	Error! Reference source not found.

Longevity assumption

Life expectancy is based on the **Error! Reference source not found.** **Error! Reference source not found.**. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	Error! Reference source not found. years	Error! Reference source not found. years
Future pensioners (assumed to be aged 45 at the latest formal valuation)	Error! Reference source not found. years	Error! Reference source not found. years

Please note that the longevity assumptions have changed since the previous IAS26 disclosure for the Fund.

Commutation assumptions

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

Sensitivity Analysis

CIPFA guidance requires the disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the liabilities are set out below:

Sensitivity to the assumptions for the year ended Error! Reference source not found.	Approximate % increase to liabilities	Approximate monetary amount (Error! Reference source not found.)
0.5% p.a. increase in the Pension Increase Rate	Error! Reference source not found.	Error! Reference source not found.

0.5% p.a. increase in the Salary Increase Rate	Error! Reference source not found.	Error! Reference source not found.
0.5% p.a. decrease in the Real Discount Rate	Error! Reference source not found.	Error! Reference source not found.

The principal demographic assumption is the longevity assumption. For sensitivity purposes, I estimate that a 1 year increase in life expectancy would approximately increase the liabilities by around 3-5%.

Professional notes

This paper accompanies my covering report titled 'Actuarial Valuation as at **Error! Reference source not found.** for accounting purposes'. The covering report identifies the appropriate reliance's and limitations for the use of the figures in this paper, together with further details regarding the professional requirements and assumptions.

Prepared by:-

Error! Reference source not found.

18 May 2021

For and on behalf of Hymans Robertson LLP

Schedule of Employer Bodies**Scheduled/ Resolution bodies**

Wiltshire Council	Whiteparish Parish Council	New College
Swindon Borough Council	Wilton Town Council	Oasis Community Learning
Dorset and Wiltshire Fire Authority	Wroughton Parish Council	Palladian Multi Academy trust
Wiltshire Police PCC & CC	Acorn Academy	Peatmore Primary Academy
Alderbury Parish Council	Activate Learning Education Trust	Pewsey Vale Academy
Amesbury parish Council	Athelston Trust (Bradon Forest)	Pickwick Academy Trust
Blunsdon Parish Council	Athelston Trust (Malmesbury Academy)	Reach South Academy Trust
Bradford-on-Avon Town Council	Bishop Wordsworth Academy	River Learning Trust
Calne Town Council	Blue Kite Academy	Royal Wootton Bassett Academy
Central Swindon North Parish Council	Brunel SEN Multi Academy Trust	Salisbury Plain Multi Academy Trust
Central Swindon South Parish Council	Bybrook Valley Academy	Shaw Ridge Academy
Chippenham Town Council	Commonweal Academy	Sheldon Academy
Corsham Town Council	Corsham Secondary Academy	Somerset Road Academy Trust
Cricklade Town Council	Dauntsey Academy	South Wilts Grammar School
Devizes Town Council	Diocese of Bristol Academy Trust	South Wilts UTC
Downton Parish Council	Diocese of Salisbury Academy Trust	St Augustines School
Durrington Town Council	Dorcan Technology Academy	St Catherines Academy
Haydon Wick Parish Council	Diocese of Salisbury Academy Trust	St Edmunds Calne
Highworth town council	Dorcan Technology Academy	St Josephs Academy Devizes
Hullavington Parish Council	Equa Multi Academy Trust	St Josephs Academy Swindon
Idminster Parish Council	Excaliber Academy	St Laurence Academy
Ludgershall Parish Council	Goddards Park Academy	St Leonards Academy
Malmesbury Town Council	Grove Learning Trust	St Mary's Swindon Academy
Marlborough Town Council	Hardenhuish School	Swindon College
Melksham Town Council	Hazelwood Academy	The Mead Primary Academy
Melksham Without Parish Council	Highway Warneford Academy	The Parks Academy Trust
Mere Parish Council	Holy Cross Catholic Primary	United Learning Trust
Purton Parish Council	Holy Family Catholic Academy	Wansdyke Academy
Redlynch Parish Council	Holy Rood Primary Academy	Westlea Academy
Royal Wootton Bassett Town Council	Holy Trinity Calne Academy	White Horse Federation
Salisbury City Council	Holy Trinity Academy – Great Cheveral	Wiltshire College
St Andrews Parish Council	John of Gaunt Academy	Woodford Valley Academy
Stratton St Margaret Parish Council	King Alfred trust	
Tidworth Town Council	King William Academy	
Trowbridge Town Council	Lethbridge Academy	
Wanborough Town Council	Magna Learning Partnership	
Warminster Town Council	Malmesbury Primary Academy	
Westbury Town Council	Millbrook Academy	
West Swindon Parish Council	Morgan Vale & Woodfalls Academy	

Schedule of Employer Bodies (cont'd)**Admitted Bodies**

ABM Catering	Idverde
ABM - John of Gaunt School	Idverde – Chippenham Town Council
Adoption West	Imperial Cleaning 1
Alina Homecare	Imperial Cleaning 2
Agincare	Innovate Services 2
Aspens – St Augustines	KGB Cleaning
Aspens Lethbridge	Lex Leisure
Aster Communities	Oxford Health NHS Trust
Aster Group	Places for People Leisure
Aster Property Management	Public Power Solutions
Atkins Global	Rapid Cleaning
Brayborne Facilities Services	Ringway
Brunel Partnership	Sansum
Capita Business Services Ltd	Selwood Housing
Care Home Select (CHS)	Sodexo 1
Caterlink WHF	Sodexo 2
Caterlink Gorsehill School	Sodexo – Lydiard
Caterlink - Melksham Oak	Somerset Care Ltd HTLAH
Caterlink – Devizes School	Somerset Care Ltd HTLAH 2
Caterlink – The Grange School	Spurgeons
Cera	Supreme Contract Cleaners
Churchill Services 1	Swindon Dance
Churchill Services 2	Swindon Music Services
CIPFA	Swindon and Wiltshire Local Enterprise Partnership (SWLEP)
Collaborative Schools	The Order of St John Care Trust
Community First	Thera South West
Community Golf and Leisure Trust	Turning Point
Classes Abroad	Westlea Housing Association (Green Square)
Deeland	Wiltshire and Swindon Sports Partnership
Direct Cleaning - Wansdyke	Wyclean
Direct Cleaning - Westbury School	
Elior UK	
Expedite	
First City Nursing	
Greenwich Leisure Ltd (GLL)	
GLL Oasis Leisure	
Great Western Hospital	
Greensquare (Westlea housing Association)	
Hills Group	

These accounts form a summary from the Wiltshire Pension Fund Annual Report and Financial Statements publication. This provides information on its activities and a full detailed statement of its accounts. Requests for this report, or any other queries arising from the Wiltshire Pension Fund Accounts, should be addressed to the Chief Financial Officer, County Hall, Bythesea Road, Trowbridge, BA14 8JN.

Introduction - Task Force on Climate-related Financial Disclosures (TCFD)

The Financial Stability Board, an international body that monitors and makes recommendations about the global financial system, established the Task Force for Climate Related Financial Disclosures. The recommendations it has developed aim to promote more informed investment and highlight the financial system's exposures to climate-related risks across sectors and jurisdictions.

In the UK, occupational pension schemes will be mandated to report against these recommendations from spring 2022, with similar regulations strongly anticipated to apply to the LGPS along the same timescales.

Wiltshire Pension Fund has taken several steps towards furthering its identification, analysis and management of climate related risks and reporting this information. This [report] [section of the annual report] sets out the work in these areas against the recommendation structure around the four themes of: governance, strategy, risk management, and metrics and targets.

Governance

Describe the organization's governance around climate-related risks and opportunities.

- a. Describe the organization's governance around climate-related risks and opportunities.

Wiltshire Pension Fund's Governance Policy & Compliance Statement sets out the statutory framework under which the administering authority delegates statutory functions to committees, sub-committees or to officers. The existing governance arrangements of the Fund are provided for using the following structure;

Pensions Committee – the role and responsibilities of which are set out in its own terms of reference within the Council's Constitution¹; The Committee meets at regular quarterly intervals to review the affairs of the Fund, to review Fund performance and to plan the implementation of policy.

Investment sub-Committee (ISC) – a secondary committee reporting to the Pensions Committee, with its own terms of reference (effective June 2015); again, this sub committee meets quarterly, and the role of the ISC is to implement and monitor investment manager performance while considering and to make recommendations to the main committee on changes in the investment strategy of the Fund.

Local Pension Board – the role and responsibilities of which are set out in the Council's Constitution²; is responsible for securing compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements

¹ under Part 3B paragraph 2.7 and Protocol 2A

² under Part 3B paragraph 7 and Protocol 2B (effective April 2015)

imposed by the Pensions Regulator in relation to the Scheme and; ensuring the effective and efficient governance and administration of the Scheme.

Brunel Pension Partnership (BPP)** – an FCA regulated investment pooling company with its own governance structure in which the Fund seeks to integrate its own governance arrangements. The Administering Authority has dual relationships as both shareholder and client, these role and responsibilities are set out in Shareholder and Client Service Agreements (2017).

The approach to consideration of Environmental, Social and Governance ESG factors is set out in the Fund's Investment Strategy Statement (March 2021).

A responsible investment policy for Wiltshire Pension Fund will be drafted during 2021/2022. This will draw on the existing policies and beliefs in the Investment Strategy Statement and develop work which will be done with Mercer in planning a net zero carbon by 2050 road map. This document will be a resource for all stakeholders, for governance of the Fund, engagement with pension fund members and for wider audiences.

b. Describe management's role in assessing and managing climate-related risks and opportunities.

The scheme of delegations sets out the responsibility of the Treasurer of the Pension Fund (S151 officer) and the day to day responsibility for management of the Fund and climate related risks and opportunities is delegated to The Head of Pension Fund Investments.

Wiltshire Pension Fund investments are managed by external managers. External manager appointments are assessed against ESG factors, which includes climate, during the procurement process, and Brunel Pension Partnership conduct extensive assessment and reporting of responsible investment factors for investments held.

The investment sub-committee and pension committee monitor their activities, together with the support of officers, on a regular basis. Responsible Investment is a standing item on the quarterly ISC and Committee agendas

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.

a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.

The primary risks of the Wiltshire Pension Fund related to climate are those to the investment portfolio and asset values. Companies, assets or investment strategies that are carbon intensive are potentially more likely to be exposed to regulation, rising costs as a result of taxation and changing consumer behaviour.

Short to medium term factors identified were cost of investing in new technology and policy risks during the transition from high to lower carbon. Longer term risks were the availability of natural resources and the impact of natural catastrophes.

Potential opportunities include investment in sustainable equities and renewable infrastructure, for example, and positive influence via stewardship. Federated Hermes EOS, via Brunel Pension Partnership, provides engagement and voting services together with activity reporting.

The Fund is currently exploring options to incorporate sustainable equities and affordable housing – where there is the opportunity to be at the forefront of decarbonisation - into its investment strategy.

b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.

In December 2019, the Fund transitioned all of its passive equity exposure to a low carbon passive equities portfolio managed by Brunel.

The Pensions Committee has completed several training sessions on responsible investment, including climate change and related topics such as embedding ESG issues within the investment process, impact investing, and what has been done by the Brunel pool on responsible investment.

In the summer of 2020, the Committee commissioned Mercer (as the Fund's investment consultants) to carry out climate change scenario modelling, on both the existing strategic asset allocation, and one with a more sustainable tilt.

The modelling work completed by Mercer showed that the Fund may be able to realise a material financial benefit by taking advantage of the opportunity to invest in sustainable equities. This will also have the additional bonus of diversifying the Fund's investment strategy via exposure to different investment styles and sizes/types of company. The Committee has reviewed initial information on Brunel's sustainable equities portfolio and will be making a formal decision in due course.

In addition, Hymans (as the Fund's actuary) carried out modelling looking at different levels of policy response to climate risk. The results of this modelling have been used by the Committee to help understand the financial implication of climate change risk and to develop the investment strategy along with other information from training, other professional advice from the Fund's independent adviser and investment managers.

The Committee has shown support of the updated Stewardship Code (the Fund was a signatory of the previous code), by committing to develop a plan to report in line with the new code. The plan will be put in place through 2021, ready for full reporting the following year.

The most recent Investment Strategy Statement outlines a programme of scheme employer and membership engagement including member and employer webinars on responsible investment matters, communication with the membership on the new net zero by 2050 target, development of the Fund's website, and a scheme membership survey on responsible investment.

c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Scenario analysis for the Wiltshire Pension Fund was conducted by Mercer in November 2020.

The current and previous portfolios compared with a more sustainably tilted asset allocation were modelled against global policy environments resulting in warming increase scenarios of 2, 3 and 4°C. This modelling can be used to illustrate both the current exposure to climate risk and also the impact that changes already made may have.

		Current SAA	Sustainably tilted AA
Climate change impact on return (% p.a.)			
2°C	2030	0.18%	0.37%
	2050	-0.01%	0.12%
	2100	-0.06%	-0.01%
3°C	2030	-0.02%	0.00%
	2050	-0.08%	-0.05%
	2100	-0.12%	-0.10%
4°C	2030	-0.08%	-0.08%
	2050	-0.15%	-0.15%
	2100	-0.20%	-0.20%

■ ≤-10bsp
 ■ >-10bsp, <10bsp
 ■ ≥10bsp

The reported findings and recommendations will be used to develop the Fund’s Responsible Investment Policy during 2021/2022.

The findings of Mercer’s modelling were considered alongside multiple training sessions, modelling by the Fund’s actuaries, consultation with the employers, and a responsible investment membership survey, and led to the Committee agreeing a new investment belief **“In order to protect the Fund’s investments into the future, the Fund supports a global warming scenario of 2°C or lower, and states an ambition to achieve net-zero carbon emissions across all investment portfolios by 2050”**. This new investment belief has been included in the Investment Strategy Statement. The Committee also agreed a budget for Mercer to develop an action plan for the net zero target.

Risk Management

Disclose how the organization identifies, assesses, and manages climate-related risks

- a. Describe the organization’s processes for identifying and assessing climate-related risks.

The approach or process Wiltshire Pension Fund takes to identify climate related risks may be considered at both macro and micro levels. At a total Fund level, governance processes and policies are used to manage them. At the stock selection level, external investment

managers take responsibility for identifying and assessing climate-related risks where appropriate.

Work in this area is developing and the Committee monitors external managers performance on a regular basis.

Brunel views engagement with companies, fund managers and policy makers as a key part of the approach to managing climate change risks. Engagement implementation is undertaken by fund managers, Brunel's dedicated engagement provider Federated Hermes EOS, and via collaborative forums such as the UN, PRI, IIGCC and Climate Action 100+.

b. Describe the organization's processes for managing climate-related risks.

Risks are managed according to their likelihood and impact of occurrence; action is taken to mitigate these as far as possible. In the case of climate related risks, stewardship activity is key to influencing companies which the Fund is invested in (indirectly via pooled funds).

Brunel use a number of different complimentary ESG and carbon specific datasets in the portfolio management tool in order to manage risks within investment portfolios. Carbon footprint (Scope 1, Scope 2 and first tier Scope 3) and fossil fuel revenues and reserves exposure (proxy for downstream scope 3) of each of the listed equity portfolios are monitored. This enables Brunel to assess exposure to high carbon industries. Data, such as that provided by the Transition Pathway Initiative (TPI), helps understand exposure to any carbon-intensive companies and assessment of their preparedness for the transition to a low carbon economy.

Brunel has a robust approach to incorporating climate change factors in its voting decisions, including on specific climate-related shareholder resolutions. Wiltshire Pension Fund officers are active members of the Brunel responsible investment sub-group, and engage with Brunel in developing RI policy and reporting.

The Fund's direct Emerging markets Equity portfolio is managed by an external manager, and the manager is responsible for casting the votes in line with their policies, which include specific consideration of climate change factors.

Federated Hermes EOS are the dedicated engagement provider for Brunel, and report quarterly internally and externally.

Wiltshire Pension Fund is a member of the Local Authority Pension Fund Forum. LAPFF's mission is to protect local authority pension fund by promoting the highest standards of corporate governance and corporate responsibility. Engagement lies at the heart of the Forum's work as a means of delivering positive change. Outcomes from these engagements are disclosed publicly in the LAPFF Annual and Quarterly Engagement Reports.

c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

Wiltshire Pension Fund uses a risk register to record and monitor its risk. This document identifies all risks to the Fund which are reviewed regularly; at least once a quarter.

Climate risk is identified on the risk register as a high priority but reduced to a medium residual risk after mitigating controls are considered. The failure to manage climate risk effectively via the investment strategy could result in lower investment returns over the long term.

Further measures, such as developing a Responsible Investment Policy (to be drafted in 2021/2022), further information gathering, analysis, and progress towards set targets may further reduce the residual assessment over time.

Metrics and Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

- a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

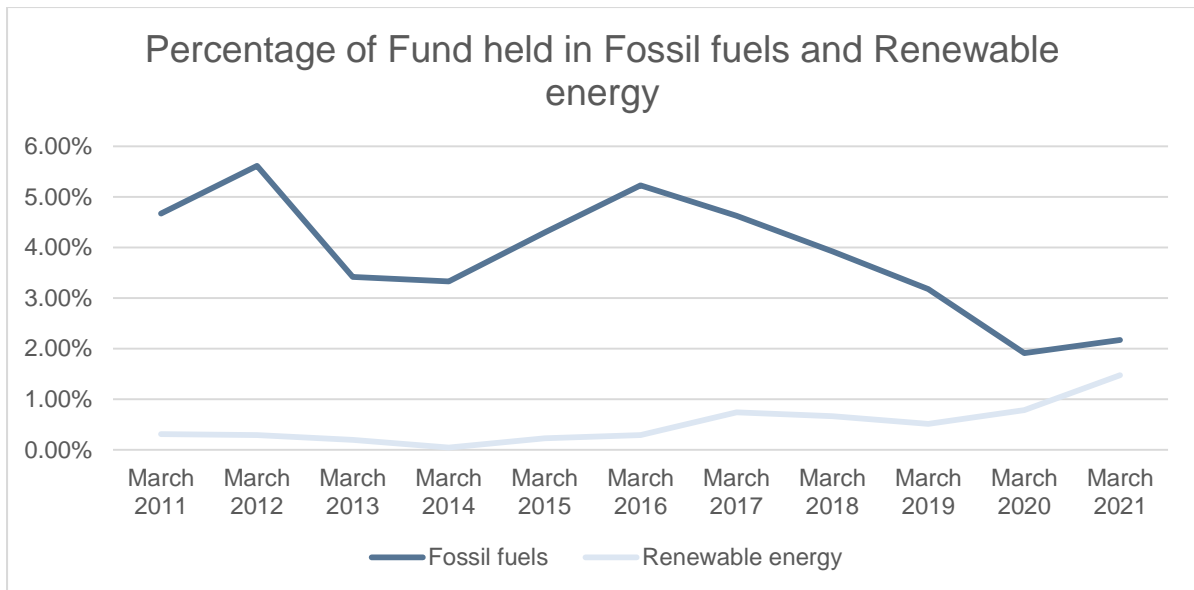
Currently, equities are the only asset class with readily available carbon metrics. Equity holdings represent approximately 50% of the total assets under management. Stewardship information is also widely reported and has been in place for some time.

The metrics for other asset classes are being developed and where information is less readily available, the investment manager, asset class or strategy are assessed by looking at how climate factors are incorporated into investment philosophy and portfolio strategy.

The Committee monitors on an annual basis, as at 31 March, the Fund's overall exposure to companies which derive the bulk of their revenues from fossil fuels, as well as companies or assets (mainly via the infrastructure portfolio) which are focussed on renewable energy. A graph showing the exposure as a percentage of the total Fund value over the last 11 years is shown below.

The exposure to fossil fuels increased over the year from just under to just over 2% of the total fund value, but broadly in line with the previous year. It is anticipated that this will resume its downward trend, as the Fund puts in place targets to reduce carbon intensity in line with the new target of net zero by 2050.

The exposure to renewables has risen, more than doubling in absolute terms over the year. This trend is expected to continue, as global policy demands a reduction in carbon emissions and the Fund's managers seek investment opportunities in companies and assets which support a transition to a low carbon economy.



b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.

Brunel produce a Carbon Metrics Report on an annual basis which details the following for each Portfolio against its relevant benchmark:

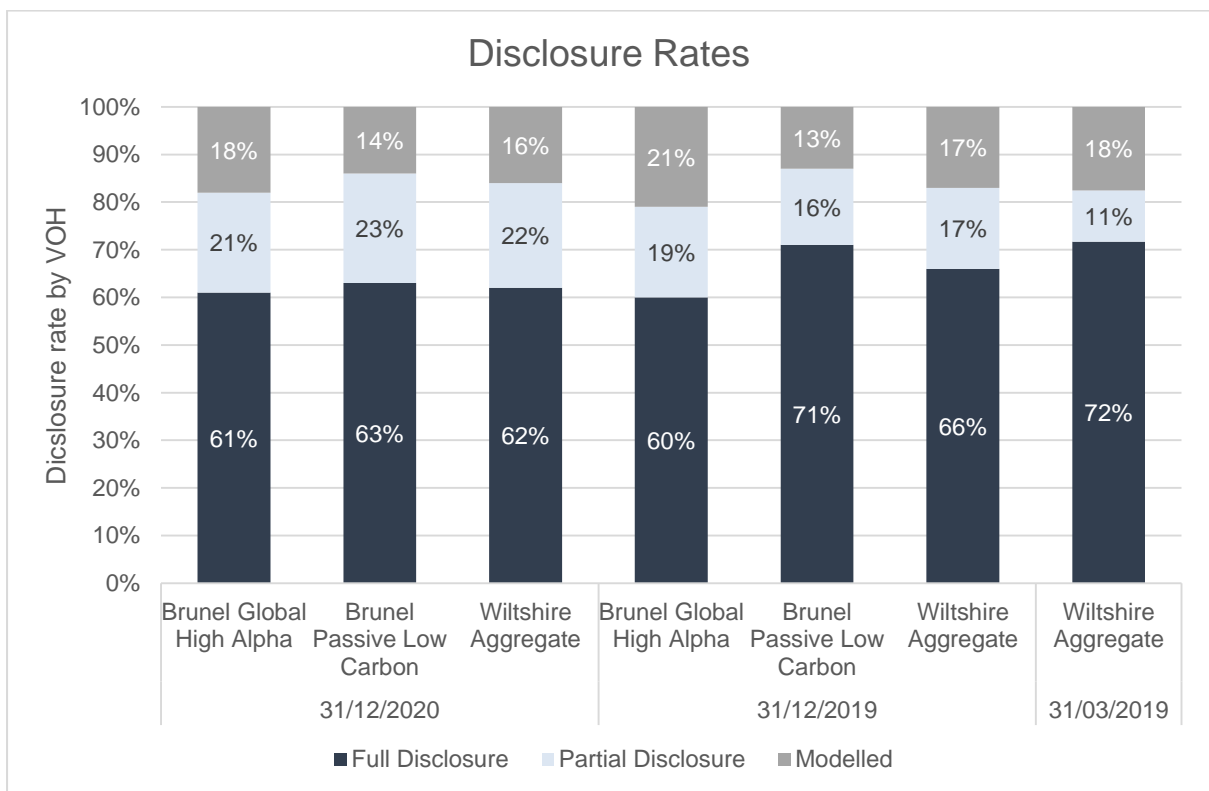
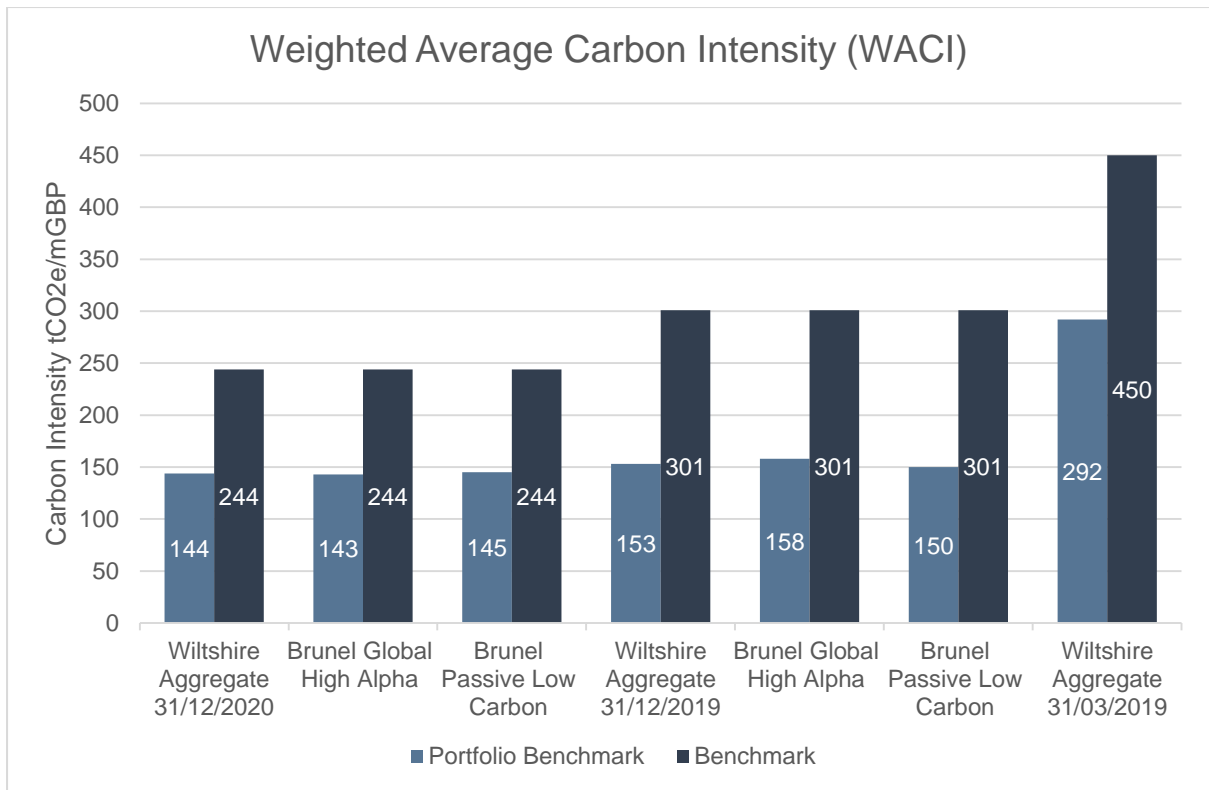
- The Weighted Average Carbon Intensity (WACI) of the Portfolio and its benchmark for both the current and previous quarter
- Exposure to fossil fuel in terms of the proportion of the Portfolio that derives revenues from fossil fuel extraction and energy activities.
- The proportion of the Portfolio that has fossil fuel reserves exposure
- The disclosure rates of companies within the Portfolio (both for a greenhouse gas and value of holdings basis)

Brunel also report on the level of company disclosures for Aggregate Portfolios and each sub-portfolio. The definitions of these are below:

Full Disclosure - Companies reporting their own carbon data (e.g. in financial reports, CDP disclosures etc).

Partial Disclosure - The data disclosed by companies has been adjusted to match the reporting scope required by the research process. This may include data from previous years' disclosures, as well as changes in business activities.

Modelled - In the absence of usable or up-to-date disclosures, the data has been estimated by employing Trucost models.



The weighted average carbon intensity (WACI) shows the portfolio's exposure to carbon intensive companies. This measure is determined by taking the carbon intensity of each company and weighting it based on its holding size within the Portfolio.

These disclosures of (Brunel) equity fund carbon metrics form a baseline from which to progress. While metrics from other asset classes, investment managers, strategies or vehicles are not readily available yet, the Fund will be engaging with all relevant stakeholders as this initiative widens.

Wiltshire Pension Fund has made strategic asset allocation changes into low carbon products (Passive Low Carbon and Global High Alpha). As such, the relative efficiency is likely to decrease over time and be incrementally lower going forwards.

As is shown in the charts at both fund and aggregate portfolio level, the large drop in WACI for the MSCI World benchmark was a result of carbon intensive names in the energy and utilities sectors declining and making up proportionally less of the index. This was driven by the decline in the oil price seen in Q1 2020 and exacerbated by the COVID crisis. The Portfolios that Wiltshire are invested in (Passive Low Carbon and Global high Alpha) are significantly less carbon intensive than the MSCI World, with much lower exposure to companies with fossil fuel related activities. As a result, the market movements seen throughout 2020 had less of an impact on the WACI of the Portfolios.

c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

In reporting in line with TCFD recommendations this year, the Fund is keen to demonstrate best practice in this area in advance of any regulatory or mandatory requirements imposed on the LGPS or pension funds.

In March 2021, the Pension Committee approved and committed to a target of net zero carbon by 2050 for the Fund's investment portfolios. This has been added to the Investment Strategy Statement – "In order to protect the Fund's investments into the future, the Fund supports a global warming scenario of 2°C or lower, and states an ambition to achieve net zero carbon emissions across all investment portfolios by 2050."

The Commitment also intends to report in line with the Stewardship Code 2020 (as a signatory of the previous code). A plan to report in line with the new code will be put in place during 2021, with full reporting in 2022.

At the asset class level, there are varying degrees of data availability, consistent methodologies and transparency around climate factors.

As demonstrated above in the disclosure charts provided by Brunel, larger, more established markets with greater reporting obligations and regulations appear to have moderate ratings. Setting targets and making quantifiable assessments against climate factors is more difficult in smaller cap, emerging, developing and private markets, where disclosure practices may need time to evolve.

In the meantime, and to support its strategy and policy implementation there will be regular training on climate change issues for the Committee, Board, and Officers so that decision making of the Fund is sufficiently informed.

This page is intentionally left blank

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
24 June 2021

RESPONSIBLE INVESTMENT UPDATE REPORT

Purpose of the Report

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

Key Considerations for Committee

Climate risk work and the investment strategy

2. Following on from the Mercer climate change modelling, which was presented to members at a dedicated workshop on 19 November 2020, and the responsible investment beliefs survey, the findings of which were presented at the Committee meeting on 17 December 2020, an extraordinary Committee meeting was held on 14 January 2021. This meeting specifically focussed on responsible investment issues, to help define the way forward for the Fund.
3. Further training was organised for 8 March 2021, part of which was provided by the Fund's actuaries, Hymans. During March 2021, a scheme membership survey on responsible investment issues was carried out, as well as a consultation with the Fund employers on an amended Investment Strategy Statement (ISS). Results were reported back to Committee on 30 March 2021, and at that meeting, on consideration of all the information, a decision was made to agree an amended ISS, containing a new investment belief and a commitment to net zero by 2050 for the Fund's investment portfolios.
4. Follow-on actions from the recent Committee meetings are as follows:

Recommendation	Action
Members agreed...	
To approve an updated Investment Strategy Statement (ISS) including a new investment belief: "In order to protect the Fund's investments into the future, the Fund supports a global warming scenario of 2°C or lower, and states an ambition to achieve net-zero carbon emissions across all investment portfolios by 2050."	The approved ISS has been published on the Fund's website, and the net zero commitment has been discussed with the Fund's investment managers.
That the Fund should adopt the recommendations of the Task force on Climate related Financial Disclosures (TCFD)	The TCFD reporting will feature in the Fund's annual report for 2020/21, and a commitment to this has been added to the revised ISS
That the Fund should aim to sign up to the 2020 Stewardship Code during 2021	Fund officers have been working with Brunel and other member funds to define an approach to signing up to the 2020 Stewardship Code. An amount of £5,000 was approved as part of the 2021/22

Recommendation	Action
Members agreed...	
	Pension Fund budget to help support this commitment.
That officers will further explore commissioning Mercer to advise on a road map for the Fund to achieve net zero by 2050	A quote for this work was obtained (£65,000) and was approved as part of the 2021/22 budget. Mercer have commenced work, and conclusions will be reported back to the Committee in September 2021.
<p>To instruct officers to prepare a paper on the Brunel sustainable equities portfolio, for consideration at the next Investment Sub-Committee and main Pension Fund Committee in March 2021.</p> <p>Following on from review of that paper at the March 2021 meeting, the Committee requested that Brunel attend the June 2021 Investment Sub-Committee so that members would have an opportunity to ask questions of Brunel, before a final decision would be made on whether to allocate to this portfolio.</p>	Representatives from Brunel were invited to the Investment Sub-Committee meeting on 10 June 2021 to present on the portfolio and answer the members questions. Members agreed to recommend to full Committee that an allocation is made to this portfolio.
To instruct officers to organise a training session on impact investing with Karen Shackleton	This is being organised for 8 July 2021 at 10am. All members of the Committee and Local Pension Board will be invited. The session will also include affordable housing. This should be a fascinating training opportunity and all members are encouraged to attend.

5. In order to ensure that progress continues to be made against the objectives set by the Committee, a Responsible Investment Plan for 2021/22 has been prepared, and is included in Appendix 1. The Plan includes background and context, as well as the actions taken so far. The Plan also includes proposals for next steps, and a suggested timeline, so that officers can report back on completed actions, and Committee members can measure progress against the Plan. The Investment Sub-Committee reviewed the plan and agreed to recommend it to full Committee for approval at the meeting on 10 June 2021.
6. At the meeting on 30 March 2021, the Committee approved the new investment belief **“In order to protect the Fund’s investments into the future, the Fund supports a global warming scenario of 2°C or lower, and states an ambition to achieve net-zero carbon emissions across all investment portfolios by 2050.”** It was also decided at the same meeting was that this decision should be communicated to Fund members and the wider public via a press release. This has now been actioned, and a press release went out on 8 June 2021, along with other investors making similar commitments. An example of one of the articles can be found at the following link: <https://www.pensionsage.com/pa/UK-pension-funds-sign-up-to-Net-Zero-Asset-Owner-Commitment.php>
7. At the Investment Sub-Committee meeting on 10 June 2021, members reviewed a paper on investing in sustainable equities. This followed on from one of the key findings from the Mercer climate scenario modelling. The modelling found that under a 2°C scenario, returns could be enhanced by around 0.2% p.a. over the next 10 years by adjusting the

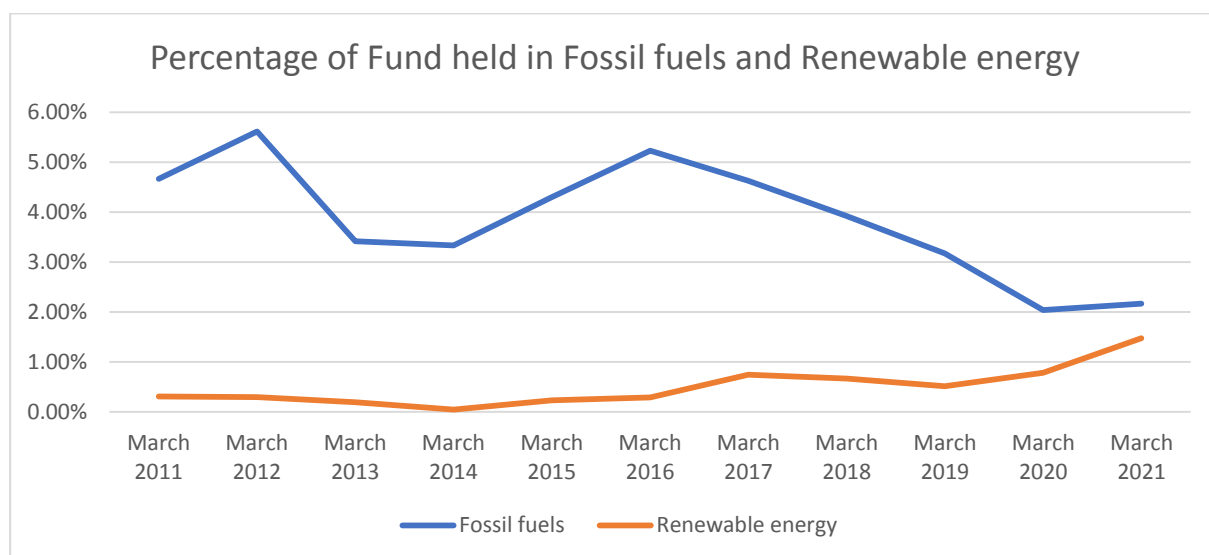
current strategic asset allocation to be more sustainable. The biggest impact would come from making a specific allocation to sustainable equities, which under a 2°C scenario, would deliver 1.63% p.a. more than standard global equities over the next 10 years.

8. To put this into context, the Fund is currently valued at £3bn, and the long-term allocation to active global equities is 10% of the Fund (although currently it is roughly 2x higher pending drawdowns into the private equity portfolio and recent good performance). 1.63% p.a. over 10 years on a portfolio of £300m is equivalent to the Fund potentially benefitting to the tune of £53m, from making a switch into a sustainable equities portfolio. Of course, this figure is purely illustrative, and stock selection and strong active management of either type of portfolio will be a key contributor to returns.
9. An allocation to sustainable equities could be implemented through the Brunel pool. At the meeting on 10 June 2021, members of the Investment Sub-Committee received a presentation from David Cox, Head of Listed Markets at Brunel, which set out the characteristics of the portfolio, and had the opportunity to ask questions. After this presentation, members agreed to recommend that the Committee:
 - make a strategic allocation to sustainable equities, of 8% of the Fund in the interim, and 5% long term;
 - approve that this allocation is implemented via the Brunel sustainable equities portfolio;
 - approve that the sustainable equities portfolio is funded by transferring funds from the Brunel Global High Alpha portfolio.

Fossil Fuel and Renewable Energy Exposures

10. For the past 11 years officers have performed an annual (as at 31 March) analysis of the investment portfolios, to monitor the exposure to fossil fuels companies, and the level of investment made into renewable energy. The investments in renewable energy are mostly via unlisted infrastructure investments, but can also be in listed equities, for example a company which manufactures the blades for wind turbines.

11. The analysis, updated to 31 March 2021, follows:



12. There is a very slight uptick this year in the exposure to fossil fuels, from just under to just over 2% of the total fund value, but overall this is broadly in line with the previous year. In future years it is anticipated that this will resume its downward trend, as the Fund puts in place targets to reduce carbon intensity in line with the new target of net zero by 2050.
13. The exposure to renewables has risen significantly, and has more than doubled in absolute terms since 12 months ago. This is a trend that is anticipated to continue, as global policy demands a reduction in carbon emissions, the Fund's managers are seeing over-increasing investment opportunities in companies and assets which support a transition to a low carbon economy.
14. More importantly than the holdings, is how those holdings are performing with regards to reducing their carbon emission. Brunel have now published reporting on each individual Fund's carbon metrics, as at 31 December 2020. This now enables comparison with the data which Brunel produced for Wiltshire as at 31 December 2019 and 31 March 2019. The full report is attached as Appendix 2. Extracts from the reporting will be included in this year's Annual report.

Wiltshire Pension Fund – Carbon Footprint Analysis as at 31 December 2020				
Metric	Unit	Portfolio	Benchmark	Relative Efficiency
Weighted Average Carbon Intensity	tCO2e/mGBP	144	244	41%
Extractive Industries Revenue Exposure (VOH)	%	1.1	2.6	58%

Wiltshire Pension Fund – Carbon Footprint Analysis as at 31 December 2019				
Metric	Unit	Portfolio	Benchmark	Relative Efficiency
Weighted Average Carbon Intensity	tCO2e/mGBP	153	301	49%
Extractive Industries Revenue Exposure (VOH)	%	2.3	5.3	57%

Wiltshire Pension Fund – Carbon Footprint Analysis as at 31 March 2019				
Metric	Unit	Portfolio	Benchmark	Relative Efficiency
Weighted Average Carbon Intensity	tCO2e/mGBP	292	450	35%
Extractive Industries Revenue Exposure (VOH)	%	4.3	8.0	46%

Definitions:

15. **WACI:** The weighted average carbon intensity shows the portfolio's exposure to carbon intensive companies. This measure is determined by taking the carbon intensity of each company and weighting it based on its holding size within the Portfolio. Because carbon intensive companies are more likely to be exposed to potential carbon regulations and carbon pricing, this is a useful indicator of potential exposure to transition risks such as policy intervention and changing consumer behaviour.

16. **Extractives Industries Revenue Exposure (VOH):** This is calculated by summing the weights of any holdings in companies that have a revenue dependency on extractives-related activities. This measure is useful as an indicator to show potential exposure to stranded assets.
17. This analysis shows that between March 2019 and December 2020, there has been significant improvement in Wiltshire's carbon footprint situation. Of particular note is the change in the WACI, which has reduced by 49% over the period.

Brunel Updates

18. Brunel have recently published a few relevant reports on their responsible investment work, which can be found at the following link:
<https://www.brunelpensionpartnership.org/2021/05/06/brunel-realises-ambitions-across-responsible-investment-and-climate-change/>
19. Included via the link are the 2021 Responsible Investment and Stewardship Outcomes Report, which details the breadth of work carried out by Brunel, the Climate Change Action Plan Report (TCFD reporting), and the Carbon Metrics Report.

Environmental Impacts of the Proposals

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

21. There are no known implications at this time.

Proposals

22. The Committee is asked to
- note the report and the progress that is being made towards implementing responsible investment related issues;
 - approve the Responsible Investment Plan 2021/22, and the actions and costs noted therein;
 - make a strategic allocation to sustainable equities, of 8% of the Fund in the interim, and 5% long term;
 - approve that this allocation is implemented via the Brunel sustainable equities portfolio;
 - approve that the sustainable equities portfolio is funded by transferring funds from the Brunel Global High Alpha portfolio.

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

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

Appendices

Appendix 1 – Responsible Investment Plan 2021/22

Appendix 2 – Brunel carbon footprinting report as at 31 December 2020

This page is intentionally left blank

Holdings as at 31st December 2020

Key Info: AUM in mGBP: 1,156 Coverage: 98% 13/04/2021

The Wiltshire Aggregate Portfolio

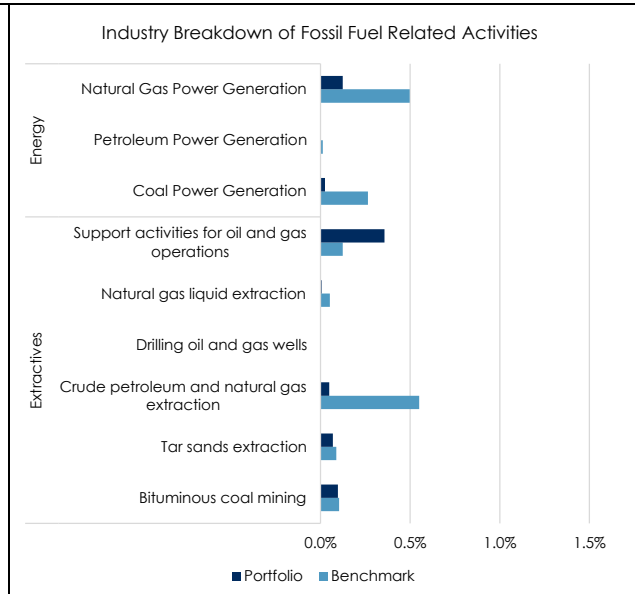
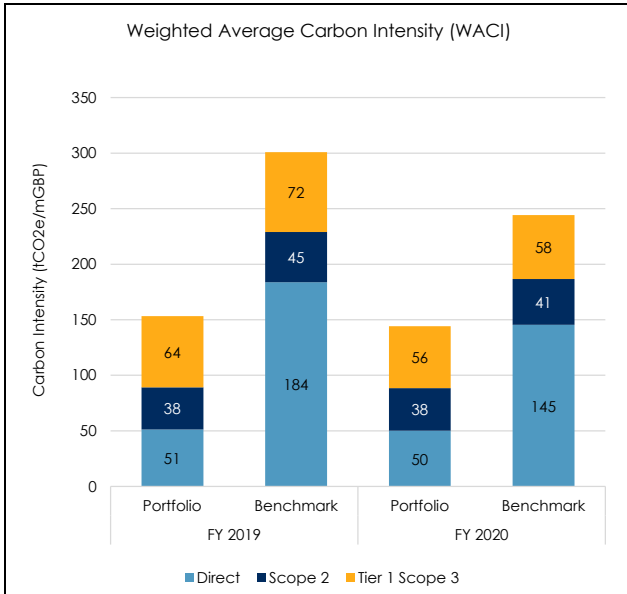
- This report illustrates key Carbon Metrics for the Wiltshire Aggregate Portfolio and the two associated underlying Brunel Portfolios.
- The Wiltshire Aggregate Portfolio is made up of Wiltshire's share of Brunel Portfolios (Passive Low Carbon and Global High Alpha) weighted by investments as of 31 December 2020.
- A custom benchmark has been used so that the Wiltshire Aggregate Portfolio can be measured against a meaningful comparator.

Performance Summary

- The Weighted Average Carbon Intensity (WACI) of the Wiltshire Aggregate Portfolio is below its custom benchmark, with a relative efficiency of +41%.
- From 31 December 2019 to 31 December 2020 the WACI of the Wiltshire Aggregate Portfolio has declined by 5.9%.
- Both Portfolios within the Aggregate have carbon intensities significantly below their MSCI World benchmarks. Brunel Passive Low Carbon has a WACI of 145 tCO₂e/mGBP and Global High Alpha has a WACI of 143 tCO₂e/mGBP versus 244 tCO₂e/mGBP for the MSCI World.
- The Wiltshire Aggregate Portfolio is less exposed to both fossil fuel revenues (0.73% vs 1.69%) and future emissions from reserves (1.1 MtCO₂ vs 1.5 MtCO₂) than its custom benchmark.
- Both Brunel Portfolios, Passive Low Carbon and Global High Alpha, have future emissions from fossil fuel reserves significantly below their benchmark.
- The rate of companies in the Wiltshire Aggregate Portfolio for which fully disclose carbon data was available was 56% (carbon weighted method) and 62% (investment weighted method), indicating scope for improved reporting among investees.

Wiltshire Aggregate vs. MSCI World

2021



Current Year Top Contributors to WACI

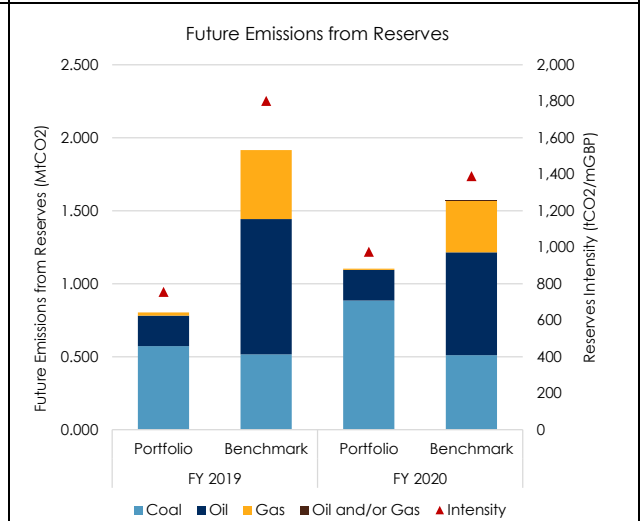
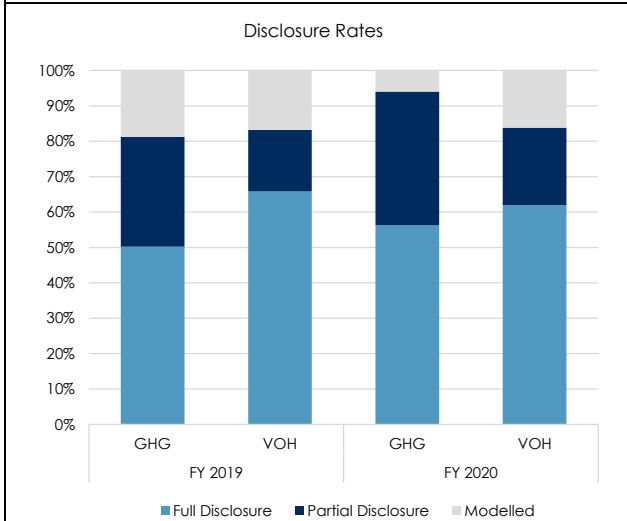
Name	Carbon-to-Revenue intensity (tCO ₂ e/mGBP)	Weight (%)	Contr. (%)
LafargeHolcim Ltd	6,862	0.08%	-3.86%
Nestle SA	545	1.35%	-3.82%
NextEra Energy, Inc.	3,169	0.15%	-3.07%
Steel Dynamics, Inc.	1,043	0.40%	-2.50%
Taiwan Semiconductor Manufacturing Co.	407	1.16%	-2.15%

Top Contributors to Weighted Fossil Fuel Revenues

Name	Weight (%)	Weighted FF Revenue (mGBP)
Schlumberger Limited	0.22%	48
Berkshire Hathaway Inc.	0.80%	47
Halliburton Company	0.15%	27
Glencore Plc	0.32%	24
Suncor Energy Inc.	0.20%	20

The **WACI** shows the portfolio exposure to carbon intensive companies. This metric takes the carbon intensity (total carbon emissions divided by total revenue) of each investee and multiplies it by its weight in the portfolio.

The **Industry Breakdown of Fossil Fuel Related Activities** chart above breaks down the 'extractives' and 'energy' revenue exposure into specific industry exposures.



Portfolio Disclosure Rates by Method

Carbon disclosure category	GHG-weighted disclosure	Value-weighted disclosure
Full Disclosure	56%	62%
Partial Disclosure	38%	22%
Modelled	6%	16%

Future Emissions from Reserves by Type (MtCO₂)

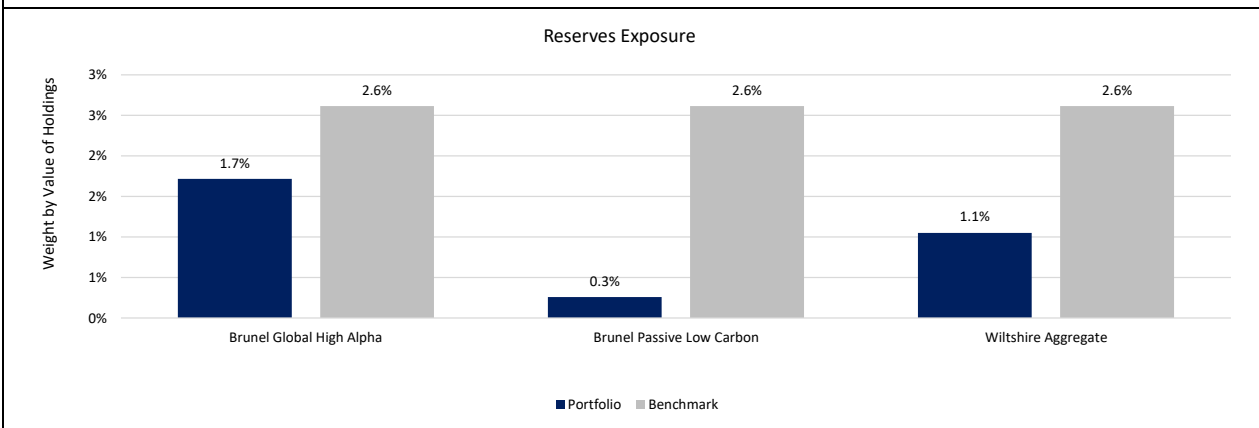
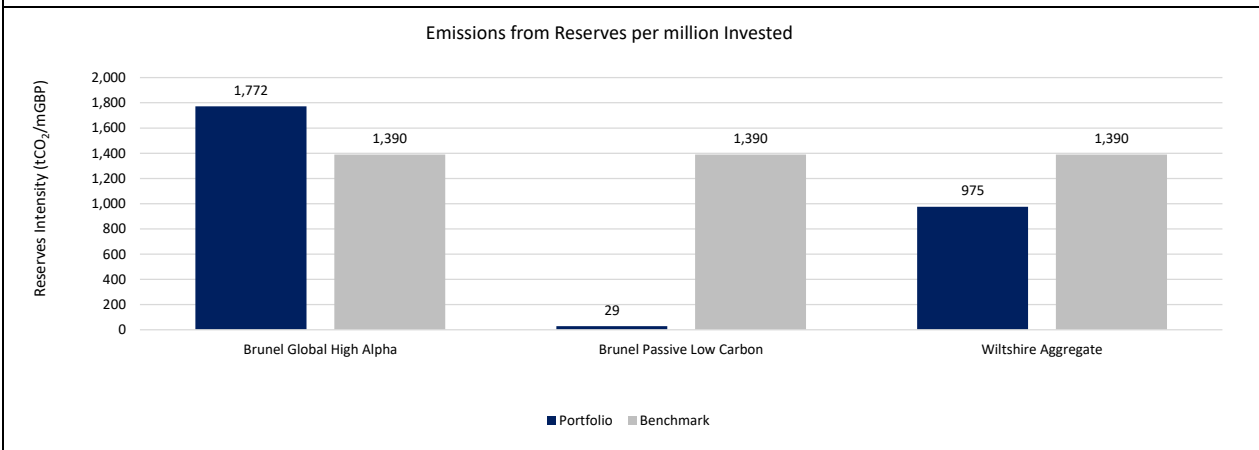
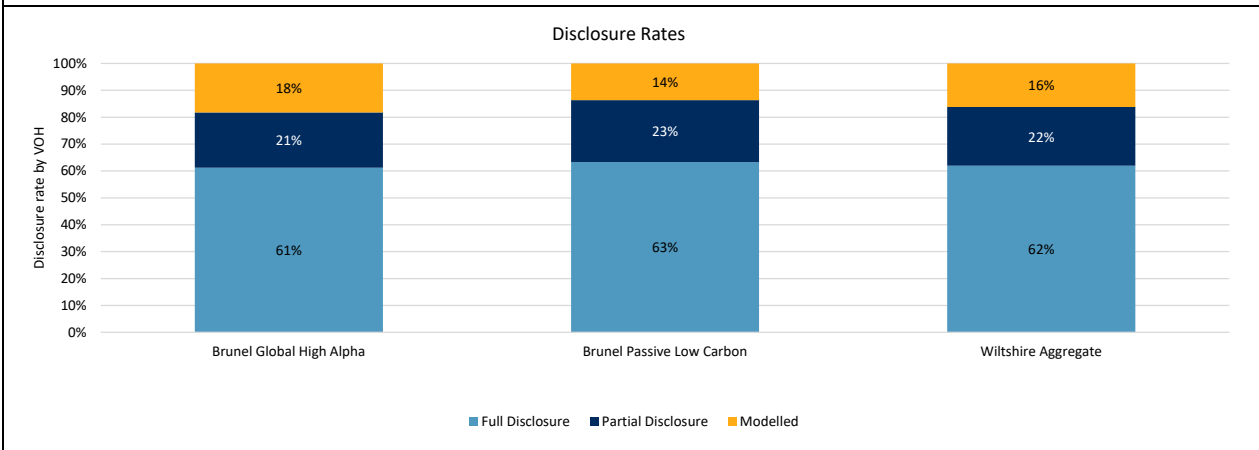
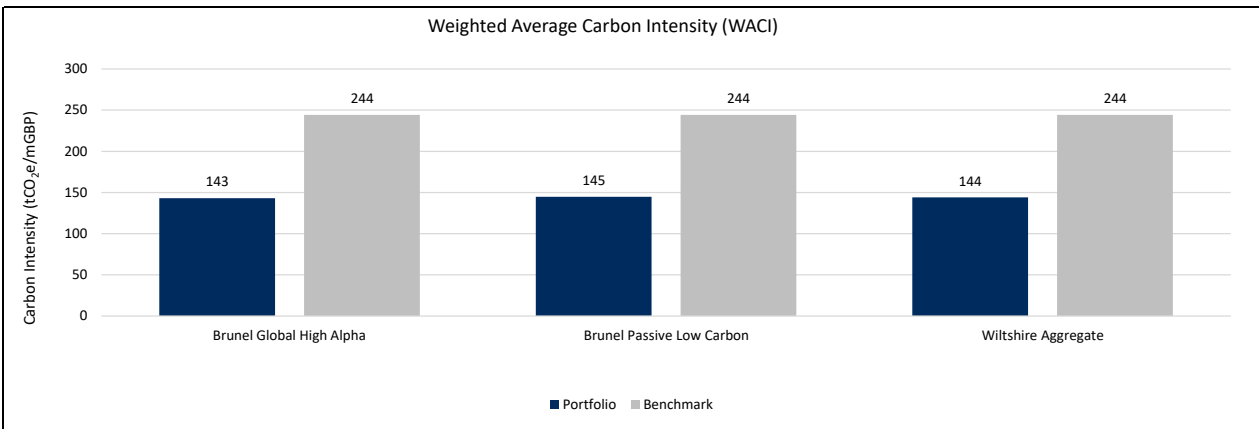
Source	FY 2019 Port.	FY 2019 Ben.	FY 2020 Port.	FY 2020 Ben.
Coal	0.57	0.52	0.89	0.51
Oil	0.21	0.93	0.21	0.71
Gas	0.02	0.47	0.01	0.35
Oil and/or Gas	0.00	0.00	0.00	0.00

Full Disclosure - Data disclosed by a company in an un-edited form.
Partial Disclosure - Trucost has used data disclosed by a company but has made adjustments to match the reporting scope required by its research process. Values may also be derived from a previous year's disclosed data using changes in business activities and consolidated revenues.
Modelled - In the absence of usable disclosures, the data has been modelled using Trucost's EE-IO model.

Companies may disclose both 1P and 2P reserves (1P refers to those held with 90% confidence, 2P are those held with 50% confidence). Both 1P and 2P are used when assigning embedded emissions to a company.
 The chart above shows the total tonnes of apportioned CO₂ from reserves, broken down by reserve type. It also shows the reserves' intensity by normalizing the apportioned embedded emissions by the VOH.

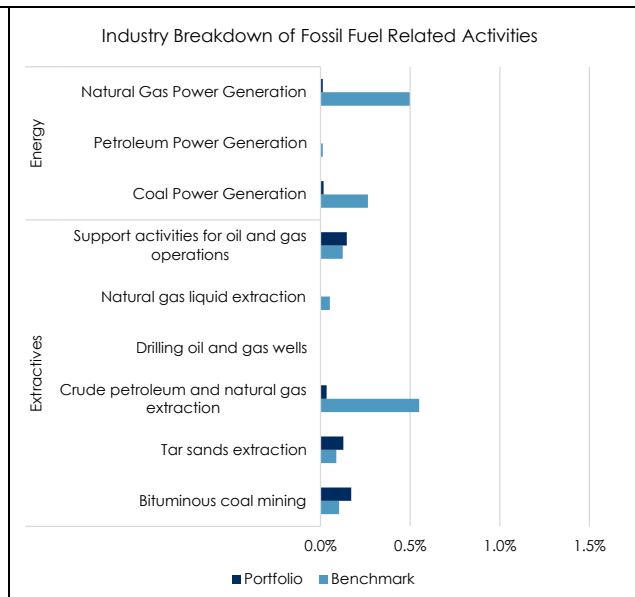
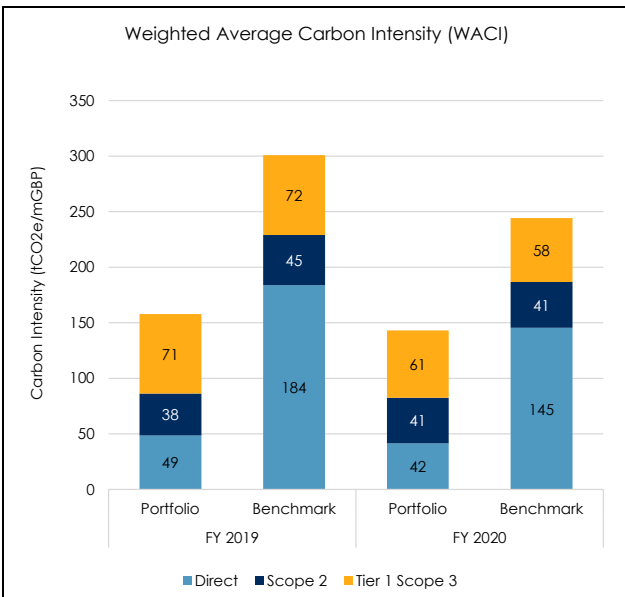
Summary Sheet

2021



Brunel Global High Alpha vs. MSCI World

2021



Current Year Top Contributors to WACI

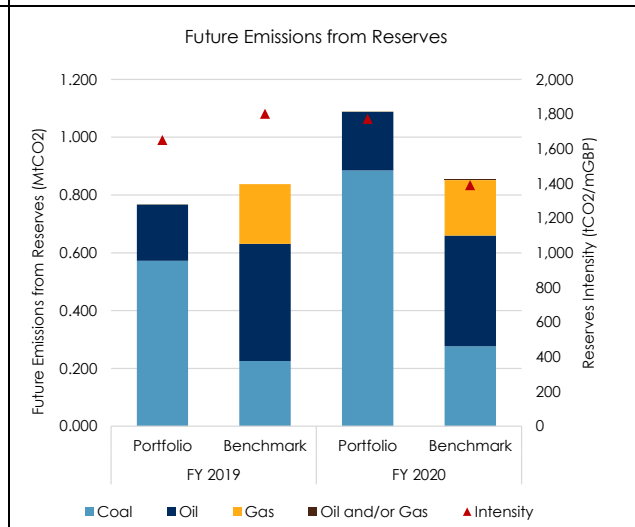
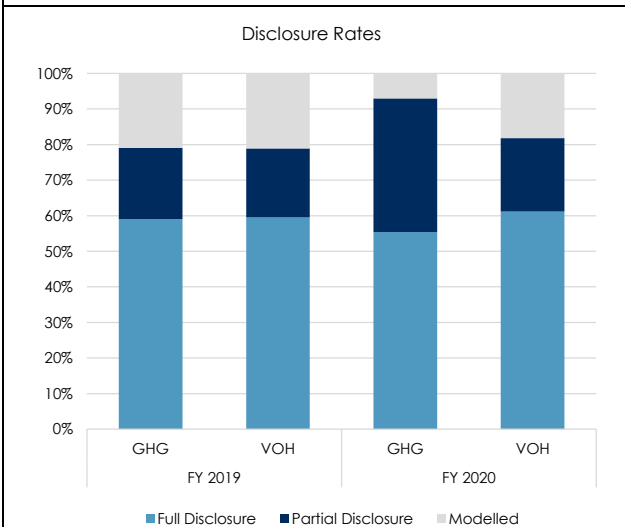
Name	Carbon-to-Revenue intensity (tCO ₂ e/mGBP)	Weight (%)	Contr. (%)
LafargeHolcim Ltd	6,862	0.15%	-7.18%
Nestle SA	545	1.93%	-5.51%
Steel Dynamics, Inc.	1,043	0.74%	-4.67%
Taiwan Semiconductor Manufacturing (407	2.15%	-4.05%
Anglo American Plc	870	0.76%	-3.88%

Top Contributors to Weighted Fossil Fuel Revenues

Name	Weight (%)	Weighted FF Revenue (mGBP)
Berkshire Hathaway Inc.	0.94%	56
Glencore Plc	0.59%	44
Suncor Energy Inc.	0.37%	37
Anglo American Plc	0.76%	34
Halliburton Company	0.15%	26

The **WACI** shows the portfolio exposure to carbon intensive companies. This metric takes the carbon intensity (total carbon emissions divided by total revenue) of each investee and multiplies it by its weight in the portfolio.

The **Industry Breakdown of Fossil Fuel Related Activities** chart above breaks down the 'extractives' and 'energy' revenue exposure into specific industry exposures.



Portfolio Disclosure Rates by Method

Carbon disclosure category	GHG-weighted disclosure	Value-weighted disclosure
Full Disclosure	55%	61%
Partial Disclosure	38%	21%
Modelled	7%	18%

Future Emissions from Reserves by Type (MICO₂)

Source	FY 2020 Port.	FY 2020 Ben.
Coal	0.89	0.28
Oil	0.20	0.38
Gas	0.00	0.19
Oil and/or Gas	0.00	0.00

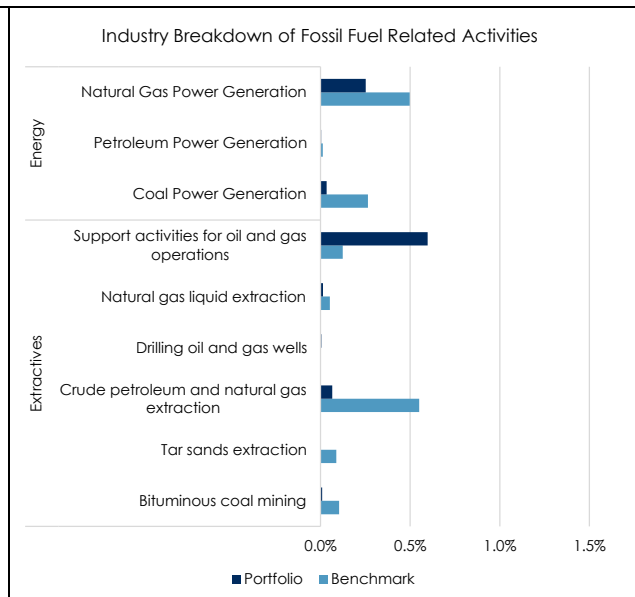
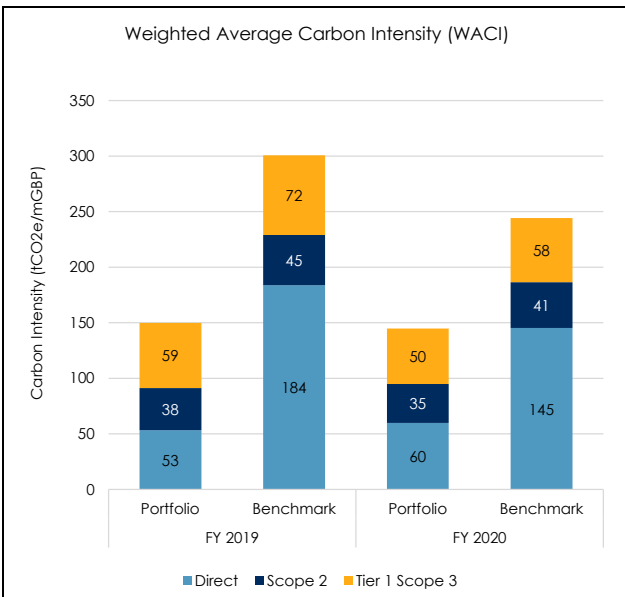
Full Disclosure - Data disclosed by a company in an un-edited form.
Partial Disclosure - Trucost has used data disclosed by a company but has made adjustments to match the reporting scope required by its research process. Values may also be derived from a previous year's disclosed data using changes in business activities and consolidated revenues.
Modelled - In the absence of usable disclosures, the data has been modelled using Trucost's EE-IO model.

Companies may disclose both 1P and 2P reserves (1P refers to those held with 90% confidence, 2P are those held with 50% confidence). Both 1P and 2P are used when assigning embedded emissions to a company.

The chart above shows the total tonnes of apportioned CO₂ from reserves, broken down by reserve type. It also shows the reserves' intensity by normalizing the apportioned embedded emissions by the VOH.

Brunel Passive Low Carbon vs. MSCI World

2021



Current Year Top Contributors to WACI

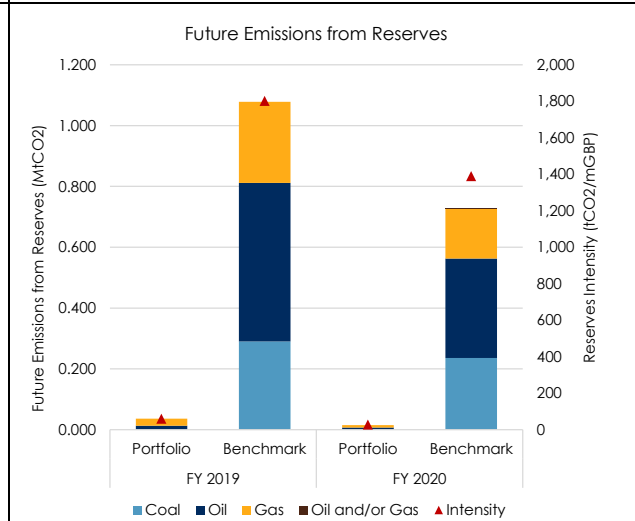
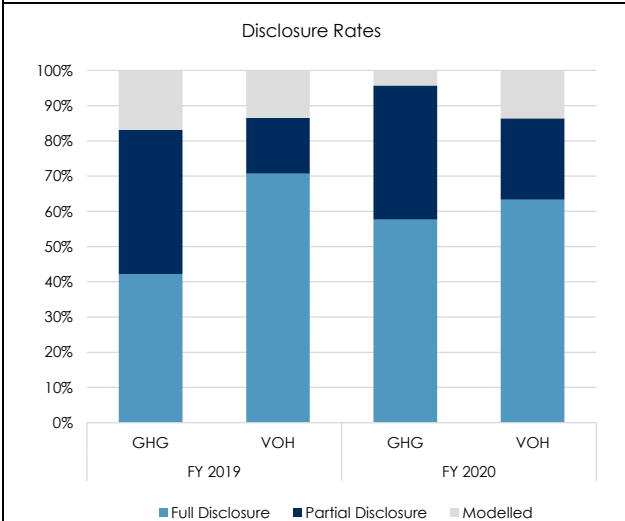
Name	Carbon-to-Revenue intensity (tCO ₂ e/mGBP)	Weight (%)	Contr. (%)
NextEra Energy, Inc.	3,169	0.32%	-6.66%
Linde plc	1,746	0.28%	-3.09%
Dominion Energy, Inc.	2,750	0.13%	-2.43%
Nestle SA	545	0.67%	-1.87%
Air Products and Chemicals, Inc.	3,996	0.06%	-1.50%

Top Contributors to Weighted Fossil Fuel Revenues

Name	Weight (%)	Weighted FF Revenue (mGBP)
Schlumberger Limited	0.48%	103
Berkshire Hathaway Inc.	0.62%	36
Halliburton Company	0.15%	27
NextEra Energy, Inc.	0.32%	24
Mitsui & Co., Ltd.	0.18%	13

The **WACI** shows the portfolio exposure to carbon intensive companies. This metric takes the carbon intensity (total carbon emissions divided by total revenue) of each investee and multiplies it by its weight in the portfolio.

The **Industry Breakdown of Fossil Fuel Related Activities** chart above breaks down the 'extractives' and 'energy' revenue exposure into specific industry exposures.



Portfolio Disclosure Rates by Method

Carbon disclosure category	GHG-weighted disclosure	Value-weighted disclosure
Full Disclosure	58%	63%
Partial Disclosure	38%	23%
Modelled	4%	14%

Future Emissions from Reserves by Type (MICO₂)

Source	FY 2019 Port.	FY 2019 Ben.	FY 2020 Port.	FY 2020 Ben.
Coal	0.00	0.29	0.00	0.24
Oil	0.01	0.52	0.01	0.33
Gas	0.02	0.27	0.01	0.16
Oil and/or Gas	0.00	0.00	0.00	0.00

Full Disclosure - Data disclosed by a company in an un-edited form.
Partial Disclosure - Trucost has used data disclosed by a company but has made adjustments to match the reporting scope required by its research process. Values may also be derived from a previous year's disclosed data using changes in business activities and consolidated revenues.
Modelled - In the absence of usable disclosures, the data has been modelled using Trucost's EE-IO model.

Companies may disclose both 1P and 2P reserves (1P refers to those held with 90% confidence, 2P are those held with 50% confidence). Both 1P and 2P are used when assigning embedded emissions to a company.

The chart above shows the total tonnes of apportioned CO₂ from reserves, broken down by reserve type. It also shows the reserves' intensity by normalizing the apportioned embedded emissions by the VOH.

Disclaimer

©2021 S&P Trucost Limited ("Trucost"), an affiliate of S&P Global Market Intelligence. All rights reserved.

The materials have been prepared solely for informational purposes based upon information generally available to the public and from sources believed to be reliable. No content contained in these materials (including text, data, reports, images, photos, graphics, charts, animations, videos, research, valuations, models, software or other application or output therefrom or any part thereof ("Content")) may be modified, reverse engineered, reproduced or distributed in any form or by any means, or stored in a database or retrieval system, without the prior written permission of Trucost or its affiliates (collectively, S&P Global). S&P Global, its affiliates and their licensors do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Global, its affiliates and their licensors are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content. THE CONTENT IS PROVIDED ON AN "AS IS" BASIS. S&P GLOBAL, ITS AFFILIATES AND LICENSORS DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, CONDITIONS, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Global, its affiliates or their licensors be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the Content even if advised of the possibility of such damages.

Trucost's opinions, quotes and credit-related and other analyses are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. Trucost assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions.

S&P Global keeps certain activities of its divisions separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain divisions of S&P Global may have information that is not available to other S&P Global divisions. S&P Global has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P Global may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P Global reserves the right to disseminate its opinions and analyses. S&P Global's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge) and www.ratingsdirect.com (subscription), and may be distributed through other means, including via S&P Global publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

This content is produced by the Brunel Pension Partnership Limited. It is for the exclusive use of the recipient and is neither directed to, nor intended for distribution or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or jurisdiction where distribution, publication, availability or use of this document would be contrary to law or regulation.

This content is provided for information purposes only and is Brunel's current view, which may be subject to change. This document does not constitute an offer or a recommendation to buy, or sell securities or financial instruments, it is designed for the use of professional investors and their advisers. It is also not intended to be a substitute for professional financial advice, specific advice should be taken when dealing with specific situations.

Past performance is not a guide to future performance.

Authorised and regulated by the Financial Conduct Authority No. 790168



Local Pension Board Annual Report

20 May 2021

Wiltshire Council
Where everybody matters

Contents

Chairman’s introduction	2
Legal basis of LPB and annual reporting	2
LPB members register and declarations of interests	5
LPB approved training plan and members training logs	6
LPB Year 3 Work plan and outcomes	9
Outcomes and LPB recommendations made to the Administering Authority (Pension Committee)	10
LPB Actions log.....	21
Review of LPB compliance with the Pension Regulator’s Code of Practice No.14	22
Summary of LPB communications outlining links to the website.....	24
LPB operational costs for 2020-21 & Budget for 2021-22	26
Assurance of the LPB Annual Report	27
LPB Annual timetable 2021-22 and proposed work plans.....	28

Chairman's introduction

Welcome to the Annual Report of the Local Pension Board (LPB) of Wiltshire Pension Fund (WPF). This report covers the period from 1st April 2020 to 31st March 2021 during which the LPB held 4 meetings. Due to the Coronavirus all of these meetings were held virtually, with the public having full access to all of the non-confidential agenda items, via a weblink available on the Wiltshire County Council website.

The focus of the LPB has been on ensuring the LPB and WPF governance complies with the Public Service Pensions Act, all of the relevant LGPS regulations, LGPS best practice guidance issued by the national LGPS Advisory Board or CIPFA, and the requirements of the Pensions Regulator (TPR).

I am pleased to say that, during my first year as the new Independent Chair of the Wiltshire LPB, with the support of the officers and advisors to the Wiltshire Pension Fund Committee, the Board has made good progress in fulfilling its terms of reference in its sixth year, and the LPB is again able to provide assurance that the WPF is complying with its statutory duties.

The LPB is pleased that Wiltshire Council, as the Administering Authority, continues to support the Wiltshire Pension Fund staffing structure, ensuring the provision of suitable training and development to staff, and agreeing to provide additional resources to facilitate an increase in staffing numbers, as supported by the LPB, which will provide continued resilience from the ever increasing workload required by law to effectively manage the WPF.

During 2020/21 the LPB undertook a wide range of work, as set out in the "outcomes and LPB recommendations made to the Administering Authority" section of this Annual Report, on pages 10 to 20. This work included a self-assessment of the compliance with TPR Code of Practice 14, as reported on page 22, and the LPB welcomes the significant improvements achieved during the year and the high level of compliance being achieved by the Fund..

During the year, the LPB made a number of recommendations in respect of various improvements to the governance and administration of the WPF, as set out in the outcomes table, and is pleased that the vast majority were accepted, and have either been completed or are in the process of being completed. These included various amendments and additions to the WPF risk register, the adoption by the Committee and Board members of a new on-line development portal provided by the Funds actuary, enhancements to the WPF key administration performance indicators, and action taken in relation to audit reports. In respect of key audit reports, the LPB has closely monitored the project being undertaken by the Fund's officers to undertake a full reconciliation of the records held on the Pensions Payroll system with those held on the Pensions Administration system. This project is on-going and will continue to be monitored during 2021/22.

The LPB has also monitored the on-going process and risks and opportunities surrounding the pooling of the fund's asset with the Brunel Pensions Partnership (BPP), and has supported the Pension Committee, in the actions taken to help to facilitate the continued improvements in the governance arrangements within the partnership.

Finally, I would like to thank my fellow Board members for their support and commitment to their roles on the LPB during the last financial year, and I commend this report to you.

Mark Spilsbury - Independent Chair of the Wiltshire Local Pension Board.

Legal basis of LPB and annual reporting

The Local Government Pension Scheme Regulations 2013 (“the Regulations”) establish Wiltshire Council as the administering authority for the Wiltshire Pension Fund, with responsibility for managing and maintaining the Fund. The Regulations further require that Wiltshire Council in its capacity as administering authority, and in accordance with the Public Service Pensions Act 2013, establish a Local Pension Board for the purposes of assisting it;

- to secure compliance with the LGPS Regulations, other legislation relating to the governance and administration of the LGPS, and the requirements imposed by the Pension Regulator in relation to the LGPS; and
- to ensure the effective and efficient governance and administration of the LGPS

The functions of the Local Pension Board do not sit neatly within the typical arrangements that apply to local authority committees, including those that apply to the Wiltshire Pension Fund’s Pension Committee. Importantly, the Local Pension Board cannot be delegated to carry out the functions and responsibilities that legally pertain to the administering authority and has no decision-making authority.

The creation of a Local Pension Board does not change the core role of the administering authority or the way it delegates its pension functions. Instead the Local Pension Board operates outside of the usual local authority committee structure and serves an advisory and compliance role for the Fund. The role of the Local Pension Board is sometimes likened to that of a “critical friend”.

The Regulations require that the Local Pension Board must be constituted of at least 4 members, two of whom must represent the membership of the fund and two of who must represent the fund’s employers. Employer and Scheme member representatives are required to have the capacity to represent their respective constituencies. While it is permissible for the Local Pension Board to contain “independent” members i.e. those who are neither member nor employer representatives, such members are not permitted to vote. Details of how the Chair and members of the Local Pensions Board were and are appointed can be found in the terms of reference.

<http://www.wiltshirepensionfund.org.uk/media/3560/terms-of-reference-local-pension-board.pdf>

The Wiltshire Pension Fund Local Pension Board is comprised of;

- 3 scheme member representatives, and
- 3 employer representatives, and
- 1 non-voting Independent Chair

The Regulations do permit an administering authority to combine its Local Pension Board with the pension committee to which it has delegated some or all of its decision-making responsibilities in respect of the maintenance of the fund. Such a combined committee and board may only be created with the express permission of the Secretary of State for the Ministry of Housing, Communities and Local Government.

Wiltshire Council has chosen not to operate a combined Local Pension Board and Pension Committee.

In addition to making Local Pension Boards a mandatory part of the LGPS governance structure the Public Service Pensions Act 2013 also brought about a new role for The Pensions Regulator. The Regulator now has the role of overseeing good governance within all Public Service Schemes, which includes the LGPS. The Regulator can issue enforcement notices where it believes that LGPS Funds are not complying with certain pension legislation, including, in respect of Local Pension Boards, matters such as representation and ensuring that conflicts of interest do not exist on Boards.

While there is no statutory obligation for the Local Pension Board to publish a report, it is recognised as best practice for the Board to report on its activities for the year and its future plans.

The Public Service Pensions Act 2013 does require an administering authority to publish information about its pension board. The administering authority is required to publish a governance compliance statement which, in addition to information on the governance of the Fund, it should include details of the terms, structure and operational procedures relating to its Local Pension Board.

The Board is accountable solely to the administering authority for the effective operation of its functions and reports to the Pension Committee at least annually and more often if deemed necessary on its work that it has done. The subject of the Board's reports shall include;

- a) a summary of the work undertaken since the last report;
- b) the work plan for last year and the programme for the next 12 months;
- c) areas raised to the Board to be investigated since the last report and how they were dealt with;
- d) any risks or other areas of potential concern it wishes to raise;
- e) details of training received since the last report and planned;
- f) details of all expenses and costs incurred over the past 12 months and projected for the next year; and
- g) details of any conflicts of interest identified since the last report and how they were dealt with.

The Governance Compliance Statement of the Wiltshire Pension Fund can be found here http://www.wiltshirepensionfund.org.uk/media/4115/governance_compliance_statement.pdf

LPB members register and declarations of interests

Local Pension Board as at 31 March 2021

Role	Member	Date of Appointment	Date left Office	Meetings attended in 2020/21 (maximum 4)
Independent Chairman	Mark Spilsbury	01/04/2020	-	4
Employer Member Representatives	Cllr. Richard Britton	16/05/2017	-	4
	Paul Smith	25/02/2020	-	3
	Ian Jones	26/11/2019	-	3
Scheme Member Representative	Mike Pankiewicz	14/07/2015	-	3
	Barry Reed	14/07/2015	16/09/2020	3
	Marlene Corbey*	20/10/2020	-	2
	Rod Lauder	26/11/2019	-	3

*Attendance includes being present as an observer

Biographies of the Local Pension Board Members

Independent Chairman:

Mark Spilsbury, former Head of the Gloucestershire Local Government Pension Fund & Chair of the Local Pension Board for the Cornwall Pension Fund.

Employer Member Representatives:

Richard Britton, Wiltshire Councillor

Paul Smith, Head of Finance and Deputy S151 officer - Swindon Borough Council

Ian Jones, Chief Operating Officer - The White Horse Federation

Scheme Member Representative:

Barry Reed, Unison representative, retired member

Mike Pankiewicz, Unison representative, retired member

Marlene Corbey, Unison representative, retired member

Rod Lauder, Wiltshire Council employee, active member

Full biographies for all Board Members can be found here

<http://www.wiltshirepensionfund.org.uk/wiltshire-pension-fund/about-us/local-pension-board/>

The register of interests for members of the Local Pension Board can be found here

<http://cms.wiltshire.gov.uk/ieListMeetings.aspx?Cid=1280&Year=0>

LPB approved training plan and members training logs

The Public Service Pensions Act 2013¹ requires that members of Local Pension Boards have an appropriate level of knowledge and understanding in order to carry out their role. Any individual appointed to a Local Pension Board must be conversant with;

- The regulations of the Local Government Pension Scheme, including historical regulations and transitional provisions, to the extent that they still affect members; and
- any document recording policy about the administration of the scheme

Local Pension Board members must also have knowledge and understanding of;

- the law relating to pensions, and
- such other matters as may be prescribed in other legislation

The degree of knowledge and understanding required by Board members is appropriate for the purposes of enabling the individual to properly exercise the functions of a member of the Local Pension Board.

The Wiltshire Pension Fund is committed to supporting Local Pension Board members to achieve the level of knowledge and understanding they require by providing the appropriate level of training and assistance.

Degree of Knowledge and Understanding

Members of the Local Pension Board are expected to be conversant with the rules of the LGPS and the policies of the Fund. "Being conversant with" implies a working knowledge of what is relevant to the subject under discussion. A Board member should have an understanding of what is relevant to their role and be able to identify and challenge a failure to comply with;

- the LGPS Regulations;
- other legislation relating to the governance and administration of the scheme;
- requirements imposed by the Pensions Regulator; and
- any failure to meet the standards and expectations set out in any relevant code of practice issued by the Pensions Regulator

Areas of Knowledge and Understanding

The areas in which Local Pension Board Members would be expected to be conversant include, but are not limited to –

- Scheme approved policies (e.g. managing conflicts of interest, reporting breaches of the law or record keeping)
- Risk assessment and management
- Scheme booklets and other members' communications
- The role of Local Pension Board Members and the scheme manager (Wiltshire Pension Fund)
- Policies in relation to the exercise of discretions
- Communications with scheme members and employers
- Key policy documents on administration, funding, and investment (e.g. the administration strategy, Funding Strategy Statement or Investment Strategy Statement)

¹ The Public Service Pensions Act 2013 made amendments to the Pensions Act 2004 (see s248A)

Achieving the required level of knowledge and skills

The Board members approved training programme covering the period 2018 to 2021 has been fully implemented and is designed to develop the necessary level of knowledge and skills for members. The strategy integrates with the Pension Fund Committee members training programme & aims to offer the widest opportunity for development. During 2020/21 the key elements of the programme were;

- To provide induction training for all new Board members. During 2020 one member of the Board was appointed, however due to Covid-19 the Board's normal induction training had to be reconfigured in so far that the usual attendance at a 3-day LGPS Pension Fundamentals Course presented by the Local Government Association was replaced within additional focus on a review of the Fund's key documentation such as the Annual Report & Accounts. Attendance for new members at the LGPS's Pension Fundamentals Course will be revisited in future years, in addition to being accompanied by the new on-line development and training portal adopted by the LPB, and the e Member's handbook and Officer led Induction training at an appropriate time. This suite of basic training on all the key areas of the LGPS will provide a thorough understanding of the scheme, its legislation and an appreciation of the different areas of work which needs to be undertaken.

In addition;

- New Board members will complete the Pension Regulator's on-line toolkit designed to provide a sound understanding of the roles and responsibilities of public service pension board members.
- During the summer of 2021, the results of an extensive self-assessment platform will be used to develop an updated training programme for all members, for the next four years as well as a members training programme for 2021-22.
- To continue to receive regular training as part of Local Pension Board meetings and to supplement knowledge by attendance at relevant on-line seminars, conferences & webinars.

The Local Pension Board's training plan can be viewed here [Wiltshire Local Pension Board Training Plan](#)

This year the Local Pension Board received the following training sessions:

Date of meeting	Topics Covered	Duration (Minutes)	MS	RB	IJ	PS	MP	BR	MC	RL
21/05/2020	The Roles & responsibilities of the S151 & Monitoring officers	45	x	x	x	x		x		x
06/08/2020	National Fraud Initiative & Certificate of Existence Exercise	20	x	x			x	x		
18/02/2021	Administering Authority's Discretions Policy	20	x	x	x	x	x		x	x

The following were joint training sessions with the Pension Committee:

Date of meeting	Topics Covered	Duration (Minutes)	MS	RB	IJ	PS	MP	BR	MC	RL
16/07/2020	Investment Risk	60	x				x			x
27/11/2020	New Member Induction training	135							x	
02/12/2020	Investment Manager Presentation - PineBridge	30					x			
02/12/2020	Investment Manager Presentation - NinetyOne	30					x			
25/02/2021	Investment Manager Presentation - Partners Group	30							x	
25/02/2021	Investment Manager Presentation - BPP	30							x	
10/03/2021	Climate Change Modelling workshop	140		x	x				x	x

The following was additional training opportunities undertaken by Board Members:

Date of meeting	Topics Covered	Duration (Minutes)	MS	RB	IJ	PS	MP	BR	MC	RL
01/04/2020	TPR toolkit completion	330	x		x	x				x
02/04/2020	CIPFA LPB Spring Seminar	45	x							
19/05/2020	Taking an Employer Health Check	45				x				
06/05/2020	Helping to keep you up-to-date on what's happening in the LGPS	30				x				
18/06/2020	Mortality impact of Covid-19	30								x
24/06/2020	LGPS Local Pension Board Members' Annual Event - Webinar	45	x							x
18/11/2020	Brunel Investor Day 1 - Webinar	120	x							x
19/11/2020	Brunel Investor Day 2 - Webinar	120								x
18/02/2021	Public Sector Exit Cap (£95k) - Revocation	30								x
23/03/2021	Review of last year and the year ahead	30								x

Key:

HP – Mark Spilsbury, Independent Chair

RB – Richard Britton, Employer Representative

IJ – Ian Jones, Employer Representative

PS – Paul Smith, Employer Representative

MP – Mike Pankiewicz, Retired Member Representative

BR – Barry Reed, Retired Member Representative

MC – Marlene Corbey, Retired Member Representative

RL – Rod Lauder, Member Representative

LPB Year 3 Work plan and outcomes

The primary function of the Local Pension Board (LPB) is to assist the Administering Authority in securing compliance with the LGPS Regulations, other legislation relating to the governance and administration of the Scheme and requirements imposed by the Pensions Regulator. In the pursuit of this aim it is for the Local Pension Board to set up a work plan that operates in conjunction with the workplan of the Fund whilst being committed to its own primary function.

The Local Pension Board's terms of reference which was updated in July 2020 requires that it develops and reports to the Wiltshire Pension Fund Committee, at least annually, on its work plan for the year. Examples of the areas that the Local Pension Board may wish to consider include (but are not limited to) the following;

- Regular compliance monitoring of reports which shall include reports to and decisions made by the Committee made under the Regulations.
- Management, administrative and governance processes and procedures to ensure that they remain compliant with the Regulations, Relevant Legislation and in particular the Code.
- The compliance of scheme employers with their duties under the Regulations and Relevant Legislation.
- Reviewing such documentation as is required by the Regulations including the Governance Compliance Statement, Funding Strategy Statement and Investment Strategy Statement.
- Reviewing scheme members and employers' communications as required by the Regulations and Relevant Legislation.
- Monitoring complaints and performance on the administration and governance of the scheme.
- The Internal Dispute Resolution Process.
- Pension Ombudsman cases.
- The arrangements for the training of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme.
- The complete and proper exercise of employer and administering authority discretions.
- The outcome of internal and external audit reports.
- The draft accounts and Fund annual report.

The second core function of the Local Pension Board is to ensure the effective and efficient governance and administration of the Scheme. Again, the Local Pension Board may determine the areas it wishes to consider, including but not restricted to:

- Monitor performance of administration, governance and investments against key performance targets and indicators.
- Review the effectiveness of processes for the appointment of advisors and suppliers to the Administering Authority.
- Monitor investment costs including custodian and transaction costs.
- Monitor internal and external audit reports.
- Review the risk register as it relates to the scheme manager function of the Administering Authority
- Review the outcome of actuarial reporting and valuations.
- Provide advice and make recommendations when required to the Committee on areas that may improve the effectiveness and efficient operation and governance of the Fund.

Outcomes and LPB recommendations made to the Administering Authority (Pension Committee)

Decisions about the running of the Pension Fund are made by the Wiltshire Pension Fund Committee which is delegated to carry out that function by Wiltshire Council in its capacity as the Administering Authority for the Wiltshire Pension Fund. This function is also supported by the Investment Sub-Committee.

The creation of the Local Pension Board does not change the core role of the Administering Authority nor the way it delegates its pension functions to the Pensions Committee & in turn the Investment Sub-Committee. The role of the Local Pension Board is to oversee decisions made by the Administering Authority and to make recommendations to improve the efficient and effective administration and governance of its pension function, including funding and investments.

This year the Local Pension Board has fulfilled its role in the following ways;

Date - Ref	Area	Minute	Outcome
All meetings	Pension Committee and Investment Sub-Committee decision making	The Local Pension Board actively scrutinises all Pension Committee and Investment Sub-Committee papers and minutes.	Minuted in LPB minutes
21 May 2020 (Min 36)	Scheme Legal, Regulatory & Fund update	The Board requested clarification concerning the Fund's process whereby an immediate review of the Fund's investment strategy is undertaken should the funding level drop by more than 20% from the latest actuarial valuation figure. Resolved: Advice to be sought from the Fund's actuary and investment consultants.	Advice was sought and updates were provided at both the Investment sub-Committee & Committee meetings in July 2020. It determined that no action should be taken in anticipation of a longer-term recovery.
21 May 2020 (Min 39)	Draft Investment Strategy Statement (ISS)	Considering the concerns raised over the threat to investment opportunities as a result of COVID-19 the Board sought clarification concerning the use of suitably qualified and experienced experts. Resolved: The Board endorsed the process being taken by Committee concerning Fund's long-term investment strategy and to wait until the markets stabilise.	Regular updates were provided to members of all groups during 2020 & the Head of Pension Fund Investments held weekly calls with the Fund's professional investment advisers.
21 May 2020 (Min 40)	New Employer Policy	Clarification was sought concerning whether the Fund should insist on a guarantee being in place for certain categories of employers. For admitted bodies who can only join the Fund upon signing an admission agreement the process could only be completed if	The Employer policy was approved by Committee on 16 July 2020

Date - Ref	Area	Minute	Outcome
		sufficient security was in place. Academies had a statutory right to join and were funded through the Department for Education who effectively acted as their guarantee. Resolved: To recommend the new Employer Policy to the Committee.	
21 May 2020 (Min 42)	Risk Register update	The Board recommended following risks be added to the register: failure to implement the Fund's Data Retention Strategy & failure to implement an interim investment portfolio in private markets & multi asset credit arrangements. Resolved: To recommend the changes/actions in the risk register to the Committee.	Changes to the risk register were made by officers as instructed, following which approval was provided by the Committee.
21 May 2020 (Min 43)	Administration Key Performance Indicators	The Board noted that the Administration Strategy's target days were aspirational and designed to facilitate a high level of customer service. The regulatory timeframes were quite generous and were not in line with what the Fund considered to be customers' expectations. Resolved: The Board endorsed the Fund's plans for improvement to its customer service.	Whilst the Committee accepted the Board's recommendation it requested revised targets as the initial targets set were to aspirational. These revised targets were approved in September 2020.
21 May 2020 (Min 44)	Low Volume Key Performance Indicators	This new annual low volume KPI report was designed to give visibility to the Fund's low volume regulatory requirements by collating them into one document. The KPI's included tPR breaches, ICO breaches, IDPRs, Complaints, Subject Access & Freedom of Information requests. Resolved: It was recommended that the report be managed by officers and submitted to the Committee on an exception basis only.	Officers noted the Board's recommendation and adopted the approach suggested.
21 May 2020 (Min 45)	tPR Code of Practice 14 Self-Assessment for 2019-20	An improvement was observed in the number of compliance areas which did not fall below the required standard, from ten areas identified in 2018-19 to eight in 2019-20. Of the ten areas identified in 2018-19 two had moved to a	The action plan for improvement was taken forward by officers and is primarily included within the quarterly KPI update to members.

Date - Ref	Area	Minute	Outcome
		<p>well-managed green risk status, most notably the understanding of tPR breach reporting. One risk had also shown marginal improvement being lowered from a red to an amber risk rating. Officers would continue to implement their action plan to address any failing risks.</p> <p>Resolved: To endorse the self-assessment and recommend a continuation of the officer's action plan.</p>	
<p>6 August 2020 (Min 61)</p>	<p>Scheme Legal, Regulatory & Fund update</p>	<p>Details of the McCloud judgement and the cost cap mechanism consultation had been considered and a project team had analysed the resource needed and administrative impact of the final legislation. Despite refining the membership numbers affected by McCloud it was noted that the administrative impacts were more significant than the financial ones. Once fully analysed the administrative impact on the risk register rating would be reviewed. A watching brief would continue concerning the cost cap. Resolved: The Board recommended that the risk register rating for the McCloud judgement remain unchanged.</p>	<p>The risk rating of "red" concerning McCloud was submitted to Committee is line with the Board's recommendation. The Committee agreed with the Board's recommendation.</p>
<p>6 August 2020 (Min 62)</p>	<p>Training item – NFI & Certificate of Existence exercise</p>	<p>The mortality screening existence exercise for the overseas pensioners and the LGPS National Insurance Database were discussed. The differences between the mortality register, access to records between the UK and overseas and methods for determining the death of a member were also discussed. In conclusion the Fund would use the NI database to prevent duplicate grant payments being paid.</p> <p>Resolved: The Board endorsed the communication, escalation & record checking processes for the granting of payments.</p>	<p>A Death Grant policy was presented to the Board in February 2021 and the Committee approved an updated version of the Administering Authority's Discretions Policy in December 2020.</p>

Date - Ref	Area	Minute	Outcome
6 August 2020 (Min 64)	Internal Audit update	It was noted that to the audits had specifically looked at Fund processes but had not extended to the Brunel's processes. The auditors (SWAP) recommended that Brunel share their cost transparency information but to date a full picture had not been received. As a result, the auditors were asked to look at the savings arising from the pooling with Brunel and see whether these are being realised. Resolved: To recommend that an audit of Brunel's cost savings be included in the next financial year.	An audit of Brunel's cost savings was approved by Committee for inclusion in their audit strategy for 2021/22.
6 August 2020 (Min 65)	Employer Training Policy	The Board asked if an annual report of Employer performance would go to both the WPFC and the LPB and if there could be updates in the administrative reporting showing the number of employers in each performance category and their movements since the previous report. Resolved: Once the strategy had been implemented officers would provide an annual report with the relevant information.	A report for presentation to the Board is anticipated in the 2021/22 Scheme Year.
6 August 2020 (Min 66)	Fraud Risk Prevention & Mitigation Measures	The internal Council financial risk controls were discussed including the different levels of authorisation and approval; specifically, around the different layers of checking dependant on the level and amount of payments made. The Board questioned the possibility of an increase in the risk of fraud due to the impact of COVID-19. No evidence that COVID-19 increased the risk was currently present but nationally it was noted that there was an increase in cases of fraud linked to transfers out. Resolved: Officers agreed to monitor fraud risk.	Officers have adopted the Board's recommendation and as part of the monitoring process intend conduct a review of the Fund's anti-fraud, corruption and whistleblowing policy in 2021/22
6 August 2020 (Min 67)	Risk Register update	The following risk was added to the register: a failure by Brunel to properly address shareholder concerns via their governance	The Board's recommendations for the risk register were approved by Committee.

Date - Ref	Area	Minute	Outcome
		<p>review. Other risk changes included an inability to implement a strategy to ensure Climate Change considerations and a failure to comply with the FCAs MiFID II compliance. In addition, following Committee's decision that the Fund's cyber security measures should be increased to Amber, the Board agreed that this risk rating should be increased too. The Board highlighted the transition of pooled assets to Brunel and the potential failure to deliver the projected savings. Timescales would need to be reviewed and a report made to the Board. Resolved: The Board recommended the changes/actions in the risk register to the Committee.</p>	
<p>6 August 2020 (Min 68)</p>	<p>Administration Key Performance Indicators</p>	<p>An additional column of CIPFA targets will be shown alongside the aspirational targets, to measure both basis and new measures should be added to illustrate the progress of onboarding employers onto i-Connect and members onto My Wiltshire Pension. Another measure aimed at splitting out the backlog cases and monitoring backlog work separately should also be made. As these changes, particularly the CIPFA targets were appropriate to give clarity to the Fund's financial position and performance improvement. Resolved: The Board endorsed the recommendation for the planned improvements to KPI monitoring.</p>	<p>With reference to Minute 43, 21 May 2020 the changes requested were incorporated into the Fund's KPI reporting framework.</p>
<p>6 August 2020 (Min 69)</p>	<p>Member Effectiveness Review</p>	<p>The changes to the WPFC and LPB terms of reference had been approved on 21 July 2020 by Full Council and a review of the Fund's Investment Sub-Committee terms of reference and Governance Compliance Statement would now take place to ensure consistency. Resolved: To endorse the review of the next set of documents.</p>	<p>The Committee approved the updated Investment Sub-Committee terms of reference and Governance Compliance Statement in March 2021.</p>

Date - Ref	Area	Minute	Outcome
6 August 2020 (Min 71)	Date of next meeting and Forward Plan	An action on the actions log concerning MiFID II and the Fund's requirement to gain approval from Brunel concerning their acceptance of its MiFID II compliance arrangements was asked to be removed. Resolved: The Board approved removal of this action.	The action was removed
6 August 2020 (Min 73)	Fund Data Security, Cyber Resilience & Business Continuity Planning	A report updating the Board on the Fund's approach to managing its cyber resilience, data security and business continuity planning was presented. Resolved: The Board recommended the findings of the report be submitted to the Committee for their endorsement.	The Committee approved the Fund's strategy and instructed officers to take additional measures during the Scheme Year 2021/22. Minute 197, 24 September 2020.
15 October 2020 (Min 84)	Scheme Legal, Regulatory & Fund update	Reforms to the public sector exit payments were highlighted as being challenging in respect of the proposed changes to the primary legislation, in so far that the Fund could be legally required to follow two pieces of legislation which contradicted one another. LGPS regulations changes to employer contribution rates, subject to certain conditions being met also needed to be implemented affecting the Cessation Policy and Funding Strategy Statement. However, Fund agreement to an employer's request for a flexible approach to cessation debt would still be required. A review of the employer ill health insurance policy was taking place to limit the risk to employers but provide a similar cover in a more cost-effective way. Resolved: The Board requested that all three issues be brought back to the Board until they were resolved & could be forwarded to the WPFC for approval.	The issues of public sector exit payments, LGPS regulations changes relating to employers and the employer ill health insurance policy were all brought back to the Board on a regular basis.
15 October 2020 (Min 85)	Training Update	Due to the COVID-19 restrictions preventing members from attending conferences, seminars and other events alternative training methods had been considered. Hymans Robertson on-line training portal was reviewed by	The Committee adopted the Board's recommendation to adopt the new on-line training platform being offered by the Fund's professional advisers.

Date - Ref	Area	Minute	Outcome
		<p>the Board as an addition to the existing member training arrangements. The Board agreed to adopt the training platform and indicated that WPFC members and their substitutes also adopt it.</p> <p>Resolved: The Board recommended that the Committee members & their substitutes adopt the training platform.</p>	
<p>15 October 2020 (Min 88)</p>	<p>Board Insurance</p>	<p>The annual premium for the Board's insurance was discussed, bearing in mind past legal advice. Officers had approached the Scheme Advisory Board (SAB) for updated legal guidance as well as other Board's to receive feedback of their views. The Board's insurable risk was discussed, and an assurance was requested from the Council affirming that no action would be taken against the Board for recommendations that it made.</p> <p>Resolved: To recommend that the insurance continue until written assurance is received from Wiltshire Council and SAB had provided updated legal guidance.</p>	<p>Officers agreed to ensure that the Board's insurance would continue until it had received the relevant assurance from Wiltshire Council and confirmation from SAB concerning its legal guidance.</p>
<p>15 October 2020 (Min 89)</p>	<p>Internal Audit 2020-21</p>	<p>The key findings relate to i-Connect's contributions which highlighted a process flaw in posting contribution data to the general accounting ledger. To resolve the issue employers had been asked to submit simplified returns including spreadsheets which could be uploaded to the ledger minimising the risk of errors. An integrated monitoring report would also provide clarity. In addition, the reconciliation of administration and payroll databases from the 2018-19 audit was noted. Resolved: To endorse the management actions being taken and recommend that a report on the administration and payroll database reconciliation should be submitted to the WPFC in December 2020. An audit action</p>	<p>Officers are providing regular reports to the Board & Committee on the important administration and payroll database reconciliation, which is currently on-going. Officers have also implemented a new contribution monitoring process which integrates with i-Connect.</p>

Date - Ref	Area	Minute	Outcome
		progress update should also be brought to the next Board meeting.	
15 October 2020 (Min 90)	Internal Audit 2021-22	The strategy for audits should include an audit of the expected Brunel cost savings, Pension transfers to BPP, internal financial controls and GDPR, as well as challenging the significant and newly implemented functions of i-Connect, GDPR and access controls and the Fund's treasury management arrangements. The self-assessment of the Code of Practice 14 should be excluded. It recommended that the Fund should be allowed to request SWAP audits from other service areas within Wiltshire Council to fulfil its oversight function. It noted the conclusion to the outstanding external audit for the 2018-19 Wiltshire Council accounts was on a qualification basis, which had affected the sign off the Pension Fund accounts. Resolved: The Board recommended that the audit strategy outlined above should be commissioned by the WPFC. Furthermore, if the 2019-20 accounts were not signed off the Board would require a written explanation.	The audit strategy for 2021/22 was approved by the Committee and submitted to the Council's internal auditor in January 2021. The 2019/20 accounts were signed off in April 2021.
15 October 2020 (Min 91)	The LPB's Register of Interests & Conflict of Interests Policy	Following changes to the LPB's terms of reference the Board's Code of Practice had been aligned with the administering authority's Code of Practice, rather than it operating as a standalone arrangement. Resolved: To approve the following recommendations; a) Members declarations on the Register of Interests forms should continue to be completed b) To extend the review cycle from two years to three years, subject to c) below c) On receipt of updated guidance from tPR in anticipation of a new "Single Code of Practice", review the policy & d) To update the	Officers have actioned the three of the four recommendations made by the Board. At the time of writing this report it is noted that tPR's new single code of practice is likely to come into effect by Q4 2021, at which stage officers will implement the changes required.

Date - Ref	Area	Minute	Outcome
		Board's Code of Conduct, Register and Conflicts of Interests Policy to reflect Protocol 2B	
15 October 2020 (Min 92)	Risk Register Update	The following risk was added to the risk register: a failure to implement the findings of the Goodwin case. Other risk changes included a failure to collect and account for contributions on time, an over-reliance on key officers and a failure to comply with Data Protection legislation. It was noted that website improvements concerning accessibility for members who had additional needs would be added too. Resolved: To recommend the changes/actions in the risk register to the Committee and to request that the Accessibility regulations risk be added.	The Board's recommendations for the risk register were approved by Committee.
18 February 2021 (Min 104)	Annual Report & Accounts	The Fund's 2019-20 Accounts had not been signed off at the Audit and Governance Committee's meeting on 10 February 2021, although not due to any issue with the Fund's Accounts. Officers expect the accounts to be signed off at the next meeting on 28 April 2021. Resolved: If the Accounts are not signed off in April, the Board should consider a recommendation.	The 2019/20 accounts were not signed off in April 2021. Officers will continue to monitor the situation.
18 February 2021 (Min 110)	Training Update	It was recommended that the Board monitor the training of Board and Committee members. The Chairman noted his support for the recommendation, subject to anonymity conditions. Resolved: To monitor members' training on a no more than sixth-monthly basis	Officers noted the Board's recommendation and would adopt the approach suggested
18 February 2021 (Min 111)	Administering Authority's Discretion Policy	The key existing policy areas included a satisfactory medical before agreeing the application to pay APCs, allowing transfers of non-club pension rights and deciding to whom a death grant is paid. Resolved: The Board noted	The policy was approved by the Committee.

Date - Ref	Area	Minute	Outcome
		the amendments recommended them to the Committee.	
18 February 2021 (Min 113)	Proposed Business Plan - 2021/22	Officers highlighted the key strategic actions such as the continued rollout of i-Connect and E-Communication improvements. Where high priority actions had not been completed in 2020/21 it was due to the complexity of the issues and resources needed to complete them. Resolved: To recommend the proposed business plan for 2021/22, subject to the actions being ordered into service priority order.	Officers actioned the Board's recommendation to prioritise the objectives.
18 February 2021 (Min 114)	LPB Budget Setting 2021-22	The current climate required Council budget cuts and it was proposed that the LPB reduce its consultancy advice budget by £2,000. Resolved: To recommend the Board's budget for 2021-22 to the Committee including a reduction in budget for consultancy advice. Furthermore, the Board resolved to review its budget annually, with updates provided only on an exception basis.	Officers actioned the Board's recommendation to reduce their budget due to the current financial climate.
18 February 2021 (Min 116)	IHER Insurance Proposal	The report outlined the new approach to providing employers with insurance against ill-health retirement strain costs which is due to take effect from 1 April 2021. The Board noted the discussions with the Fund's advisers and the employer consultation, as well as the benefits for protecting smaller employers. Resolved: To note the new arrangements already recommended to the Committee	The new insurance arrangement was approved by the Committee.
18 February 2021 (Min 118)	Governance Compliance Statement (GCS) and Investment Sub-Committee (ISC) Terms of Reference (ToR)	Following the changes to the Pension Committee and LPB's ToR these documents require synchronising. GCS changes included its relationship with the ISC and the Brunel pool. It was noted that the GCS should refer to assurance from external agencies in executing the Committee's responsibilities. Resolved: To recommend the Committee	The GCS & ISC ToR were approved by the Committee.

Date - Ref	Area	Minute	Outcome
		approve the GCS and ISC ToR, noting that external assurance would be included when changes are made following the SAB's Good Governance Review	
18 February 2021 (Min 120)	Risk Register Update	A new risk concerning the Council's Evolve programme had been categorised as 'Green'. As a horizon risk officers indicated that they were aware of it, however nothing had yet been implemented Resolved: To recommend the changes/actions to the risk register to the Committee.	The Board's recommendations for the risk register were approved by Committee.
18 February 2021 (Min 121)	Investment Strategy Statement (ISS)	The ISS had been updated to include the Fund's approach to Climate change, a statement on TCFD and on its investment beliefs for approval at the Committee meeting on 30 March 2021. Resolved: To recommend approval of the changes advised.	The ISS was approved by the Committee.
18 February 2021 (Min 127)	Pensioner Payroll Database Reconciliation	Officers outlined policies they propose to adopt to enable the reconciliation. These included the management of over & underpayments & the scope of delegated decision making. A resource budget to facilitate the project was also proposed along with the arrangements to migrate historic records to the current pension database. Resolved: To recommend the approach to the Committee and request updates on the project be brought to all future meetings	The approach was adopted by Committee and regular updates will be provided to the Committee and Board by Officers during 2021/22
18 February 2021 (Min 129)	Key Financial Controls	An internal audit had made observations concerning the Fund's contribution posting and payroll reconciliations. Consequently, a process review had taken place and the new approaches to both were outlined to the Board by officers. Furthermore, the external auditors had been informed that the Fund was actively attempting to resolve the points raised. Resolved: To endorse the approach to rectifying both reconciliation issues.	Officers have implemented improvement plans in respect of both recommendations.

LPB Actions log

The Local Pension Board use an Actions Log to track the progress of its actions. The Actions Log forms part of the Board's minutes and is considered at every meeting.

Review of LPB compliance with the Pension Regulator's Code of Practice No.14

From April 2015 the Pensions Regulator assumed a new oversight responsibility in respect of Public Service Pension Schemes, including the LGPS. To assist schemes in understanding the Regulator's expectations they have issued Code of Practice No. 14 that applies specifically to the governance and administration of public service pension schemes setting out the legal requirements in these specific matters. It also provides practical guidance and sets out standards of conduct and practice expected of those who exercise functions in relation to the legal requirements. This guidance can be viewed on the following link;

[Governance and administration of public service pension schemes | The Pensions Regulator](#)

One of the key responsibilities of the Local Pension Board is to assist the Administering Authority, Wiltshire Council, to ensure compliance with any requirements imposed by the Pensions Regulator in relation to the Scheme.

Self-assessment against Pension Regulator's Code of Practice 14

In March 2021 Officers of the Wiltshire Pension Fund undertook an internal review of its compliance against the Regulators Code of Practice the results of which were submitted to the Board in May 2021.

Using the Fund's standard questionnaire composed of 84 questions covering all areas of the Fund's internal controls the Officers report outlined an overall improvement, with a reduction from 8 areas requiring improvement in 2019-20 to 1 area in 2020-21. This represented the fourth year of improvement in a row. The answers to most of the areas reviewed were found to be adequately controlled & the risks were being well managed. With the anticipated introduction of the new Single Code of Practice as well as SAB's Good Governance review in the next 12 months it was however expected that future improvements to the Fund's internal controls would still be required in order to maintain its overall compliance.

Of the 8 areas identified as requiring improvement in 2019-20, the 7 areas moving to a well-managed risk status, primarily reflect the Fund's improvements in internal controls arising from the impact of its new digital & automated platforms, particularly i-Connect. Consequently, improvements in data management and quality had occurred. This left 1 risk where no significant progress had been made and this centred around the Fund's communication and timely disclosure of information. Officers would continue to implement the existing action plan to address this risk, which concentrates on the Fund's casework backlogs so that it can reach an adequate standard. The key elements of this action plan include;

- Improved data on which to process member casework provided by automated platforms such as i-Connect;
- Increased staffing to process the backlogs, including the availability of overtime for staff;
- The introduction of a digital programme, particularly My Wiltshire Pension which would enable Fund members to enjoy a self-service facility; &
- The introduction of process automation to assist staff by enabling the Fund to bulk process straightforward casework.

On agreement with the Board the results of the March 2021 review were not subject to independent audit. In light of the ongoing improvements identified through the self-assessment process and the anticipated introduction of a new Single Code of Practice towards the end of 2021, the Board had also agreed that no South West Audit Partnership (SWAP) audit would take place in this area until 2022.

At the time of writing this report the Board is also aware that changes to strategic policy documents will need to be implemented in consideration of the new Single Code of Practice, however as the Regulator has used the Code of Practice 14 as the basis of their new Single Code it is anticipated that the performance measurement of the Fund in fulfilling its legal obligations under the new Code will continue to be fundamentally the same and be broken down into the following 4 sections;

- Governing your scheme
- Managing risks
- Administration
- Resolving issues

Over the next 12 months Officers will focus their project plan on the introduction of the new Single Code requirements, whilst maintaining their existing compliance requirements under the old code to ensure compliance with all statutory deadlines.

The full officers Regulators Compliance check can be found here;
<https://cms.wiltshire.gov.uk/ieListDocuments.aspx?CId=1280&MId=9433&Ver=4>

Internal Audit Update

In addition to an Officers self-assessment, the internal auditor's annual review provided a "Reasonable" assurance concerning the Fund's processes, however they did make three key recommendations for the Fund to take forward, two of which had been highlighted in previous years. These were;

- To continue to focus on the casework backlogs, ensuring that individual team member productivity is monitored as part of this process.
- To ensure accurate data is held by conducting full reconciliations between the Pension and Payroll databases and that these reconciliations are completed on a frequent basis.
- To tighten any internal control inefficiencies in relation to the new procedures for the i-Connect system. This being primarily focused on the contribution payments being received onto the Fund's bank account from employers against the data being received, as opposed to any data management and quality issues self-assessed by officers.

In all three instances cited above, as well as the other minor audit observations noted a progress plan against the audit recommendations had been implemented and is regularly submitted to the Local Pension Board for monitoring.

External Audit Update

Whilst an external audit had been undertaken by Deloitte the Board noted that the auditor had not signed the Fund's Annual Report and Accounts for the 2019/20 Scheme Year. During 2020/21 the Board has made several enquiries to Wiltshire Council's concerning the nature of the delayed sign off and in turn Wiltshire Council has reported that the nature of the auditor's delay lay with the Council's accounts and not the Fund's.

It is noted that the Fund's accounts are joint accounts with the Administering Authority, Wiltshire Council, and therefore the Auditor will sign off the Fund's accounts at the same time as the Council's accounts. In light of this assurance was requested and has been received by the Fund that the auditor is satisfied that the Fund's accounts being in good order. The Fund's accounts for 2019/20 were signed off by the Auditor in April 2021.

As a result of the delay it is noted that no recommendations for improvement have been forthcoming from the external auditor during this period.

In spite of there being no recommendations the Management Team of the Pensions Fund will continue to move forward with it known improvement issues, namely the number of projects indicated within this report designed to improve the Fund's internal controls. Key to this will be the regular reconciliations outlined within the internal audit update.

Summary of LPB communications outlining links to the website

Under the LGPS Regulations each Fund must produce a statement setting out how it will communicate with its members, member's representatives, prospective members and the many employers who participate in the fund. A Communication Strategy was approved in December 2019 setting out the Fund's fulfilment of this responsibility over the following 3-year period. The Strategy is accompanied the Pension Administration Strategy, which was also approved at the same time, as well as a new Customer Service policy designed to foster the continued high standards of service the Fund expects to offer its members. The Board noted the usefulness of the information provided to members and emphasised the need to keep it up to date.

The Fund's member website "My Wiltshire Pension" launched in 2019 for the benefit of active and deferred members is now well embedded into the Fund's digital arrangements with its membership continuing to grow as a result of both an ongoing campaign to sign new members up, as well as the rolling out of additional functionality allowing members a greater self-service experience. This service allows members to not only see their pension online and provide further education material, but has also now started to offer a communication function with Pension Department staff and enable members to complete their own approximate pension forecasts.

In 2020/21 the Fund also began to publish members annual benefit statements online via "My Wiltshire Pension" improving its publication percentage rates by the statutory deadline and fulfilling its aim to operate in a more environmentally friendly & cost-effective manner. However, members can still request to receive their statements by post if they wish. In addition, in March 2021 the Fund's launched its own new website which has granted it greater versatility in the provision of information and communication with all of its stakeholders and enabling it to embrace its compliance obligations for the future, including the new accessibility regulations.

The complete Communications Strategy can be seen here;

<http://www.wiltshirepensionfund.org.uk/media/3183/communications-policy.pdf>

The new Wiltshire Pension Fund's website is supported by GOSS and maintained in house on a day to day basis. As stated above the website went live in March 2021, replacing the former website launched in April 2018 and replacing the bespoke Employer website which was launched in February 2020. The new website integrates both former website areas into one offering and provides greater back office versatility for Pension Fund staff, allowing them to better serve Fund members and employers.

Main website link: www.wiltshirepensionfund.org.uk

LPB operational costs for 2020-21 & Budget for 2021-22

The cost of the Wiltshire Pension Fund Local Pension Board is part of the overall running costs of the Fund and should be seen in the context of its role in assisting with the good governance and administration of the Fund.

The budget for the Local Pension Board is approved by the Pension Fund Committee as part of the process of setting the Fund's budget for the year. Any expenditure in excess of the agreed budget must be approved by the Wiltshire Council Associate Director, Finance.

The budget for 2020-21 and 2021-22 can be seen below.

	2020-21 Budget £	2020-21 Actual £	2021-22 Budget £
Independent Chair Remuneration	10,300	10,300	10,351
Consultancy Fees	6,500	-	4,500
Training	3,400	190	3,400
Committee Services	3,000	3,000	3,000
Travel & Subsistence & costs	1,000	54	1,000
Catering	400	-	400
Insurance	2,800	3,192	3,200
Total	27,400	16,736	25,851

Assurance of the LPB Annual Report

It is the role of the Local Pension Board to assist Wiltshire Pension Fund as the Administering Authority for the Wiltshire Pension Fund to secure compliance with;

- The LGPS Regulations and related legislation
- The requirements of the Pensions Regulator; and
- to ensure the effective and efficient governance and administration of the Scheme

The Local Pension Board is not intended to replace existing bodies such as the Wiltshire Pension Fund Committee or Investment Sub-Committee. Nor is the Board responsible for the auditing of the Wiltshire Pension Fund.

In carrying out its role, the Local Pension Board has;

- Considered the minutes of the Pension Fund Committee and Investment Sub-Committee
- Considered the main policies and documents of the Wiltshire Pension Fund
- Considered the Funds Business Plan, Audit Report and Risk Management Strategy
- Received a report on the Fund's compliance with the Pension Regulator's Code of Practice No. 14
- Received legal and regulatory updates on LGPS matters
- Received training from external advisers and Fund officers.

The funds external auditors have reviewed the LPB annual report as part of their annual audit of the Wiltshire Pension Fund, but they do not provide any assurance over its contents.

This Report is intended for the information of Wiltshire Council, the Scheme members and employers who participate in the Wiltshire Pension Fund. This Report has been formally noted by the Wiltshire Pension Fund Committee at their meeting of 24th June 2021.

LPB Annual timetable 2021-22 and proposed work plans

[The Board's workplan for 2021-22](#)

This page is intentionally left blank

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
24 June 2021

WILTSHIRE PENSION FUND RISK REGISTER

Purpose of the Report

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

Background

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

Key Considerations for the Committee / Risk Assessment

4. The significance of risks is measured by the interaction of the likelihood of occurrence (likelihood) and the potential impact of such an occurrence (impact). This register uses the Council's standard "4x4" approach, which produces a risk status of Red, Amber or Green (RAG). On this basis the Local Pension Board reviewed the risks set out within this report at their meeting on 18 February 2021 and recommended that they be submitted to the Pension Fund Committee.
5. During the last quarter no "new risks" were identified.
6. The evidence-based review of the register identified the following risks had changed or need to be recategorized;
 - **PEN007b: Significant rise in employer contributions for non-secure employers due to poor/negative investment returns:** (From Amber to Green) PEN007a in respect of the Fund's secure employers is already classed as a green risk and in view of the Fund's recent investment performance increasing its funding position to approx. 100% as at 31 March 2021 the risk to non-secure employers is considered to have reduced.
 - **PEN021: Ineffective implementation of the Public Sector Exit Cap:** (From Amber to Green) In February 2021 the Government announced that it would

disapply the £95k Public Sector Exit Cap introduced by legislation in November 2020. However, a further review may take place (Move from Dynamic to Ongoing).

- **PEN045: GMP legislative changes:** (From Amber to Green) In March 2021 the Government announced that LGPS funds will continue to apply full indexation to any member with a GMP who reach their state pension age after 5 April 2021. Whilst certain clarifications remain outstanding officers believe this risk has reduced and can move from a Dynamic to Ongoing risk register category.

7. Risks remaining “red”, high risk:

- **PEN022: Rectification of records with GMP issues – Time-consuming, costly & may causes reputational damage:** (Red) Potentially incorrect liabilities being paid by the Fund as a result of GMP and other pension component values missing, incorrectly recorded or incorrectly valued. Consequently, progress with the Pensioner Payroll Database reconciliation project may impact on the Fund’s liabilities and its reputation.
- **PEN041: The Fund's inability to implement a strategy to ensure Climate Change considerations are integral to its investment strategy:** (Red) Work on developing the Fund's policies, disclosures and strategy is ongoing. Additional resource will be required, likely to be by way of specialist consultancy support.
- **PEN042: Significant retrospective legislation changes related to the McCloud case:** (Red) Following the release of the Government's consultation document in July 2020 analysis of the Scheme’s members who may be affected was undertaken. Early indications suggest that potentially c27k members may be affected, as well as increasing the work on several supplementary administrative tasks. The impact actuarially speaking is likely to be minimal. Members requested that it be kept as a red risk until the administrative impact is completely clear.
- **PEN048: The transition of the pooling of LGPS assets with BPP fails to deliver the projected savings:** (Red) Progress and updates should continue to be regularly reported to Committee. The Board recommended the introduction of a monitoring & reporting timetable & an independent audit will be conducted in 2021.
- **PEN052: COVID-19:** (Red) An infectious global virus which WHO has classed as a pandemic. Its multiple impacts on the Fund continue to be continuously monitored & managed, until the risk(s) subside.
- **PEN055: Failure by Brunel Pension Partnership to properly address shareholder concerns via the governance review:** (Red) Governance arrangements set in place at the outset of Brunel's creation are being reviewed and it is vitally important that Wiltshire and all the shareholders are satisfied with the breadth and depth of this review and any resulting changes. Recent communications suggest progress is beginning to be made.

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

Financial Implications

9. No direct implications.

Legal Implications

10. There are no known implications from the proposals.

Environmental Impacts of the Proposals

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

12. There are no known implications currently.

Proposals

13. The Committee is asked to approve the attached Risk Register and accept the recommendations for changes/actions made submitted by the Board in points 5 to 8.

ANDY CUNNINGHAM
Head of Pensions Administration and Relations
& JENNIFER DEVINE
Head of Pensions Investments

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

This page is intentionally left blank

Ref.	Risk	Cause	Impact	Primary Risk Category (CIPFA)	Secondary Risk Category (Operational)	Risk Owner	Level of risk (Inherent)	Impact	Likelihood	Inherent risk score	Controls in place to manage the risk	Impact	Likelihood	Residual risk score	Further Actions necessary to manage the risk	Level of risk (Residual)	Direction of Travel	Risk Action Owner	Date for completion of action
PEN058	Service disruption is created during the implementation of the Council's Evolve Programme on the Fund	Wiltshire Council intends to introduce a replacement for SAP, with the intended process due to be completed by September & the implementation by December 2022	SAPs replacement will impact on multiple services areas provided by the Council to the Fund, most notably the Fund's payroll function & IT services.	GOVERNANCE	BUSINESS PLAN 2021/22 (Objective(s) 6)	Andy Brown	Low	3	1	3	As part of the Fund's oversight of its Payroll & IT services, it is recommended that the Committee request periodic strategic updates during the course of 2021 from the Fund's s151 Officer to be able to assess the level of risk & whether any mitigations need to be identified. Consideration is being by the Fund concerning the migration of its payroll to its own separate payroll software service.	1	1	1		Low	↔	Andy Brown	Dec-21
PEN056	Failure to implement the findings of the Goodwin vs the UK case in relation to discrimination which will affect public service pension schemes on the grounds of sexual orientation	Following a male to female transsexual post operative procedure the claimant stated that her human rights had been infringed when she was still treated as a man for National Insurance contributions purposes, as she continued to make payments after the age at which a woman would have ceased payments, thus causing harassment. A second similar claimant stated she was unable to obtain work as she was unable to provide her birth certificate revealing her gender history.	There is no remedy proposed yet, although some auditors are pressing for an allowance to be included in 2020 IAS19/FRS102 reports. Whilst the funding costs are expected to be small, this will be a further administration and communication burden to address.	ADMINISTRATION	BUSINESS PLAN 2021/22 (Objective(s) 31)	Andy Cunningham	Low	1	1	1	The implementation of risk controls will be introduced on communication of remedies.	1	1	1		Low	↑	Andy Cunningham	N/A
PEN050	Failure to comply with IPR's anticipated new Single Code of Practice Statement	The new requirements for pension scheme governance came into force on 13 January 2019 as part of the transcription of the IORP II Directive into UK law. The new EU Directive covers the activities and supervision of institutions for occupational retirement provision (IORP)	Consequently the IPR is simplifying its codes of practice as part of its 'clearer, quicker, tougher' campaign and in response to new requirements for scheme governance, the Occupational Pension Schemes (Governance) (Amendment) Regulations 2018. Codes combined notably relate to 9, 13, 14 & 15.	GOVERNANCE	BUSINESS PLAN 2021/22 (Objective(s) 6,31)	Richard Bullen	Low	2	2	4	It is anticipated that early focus will be on the codes that are most affected by the new regulations, starting with internal controls & effective governance. Trustees will need to be able to demonstrate that they have an effective system of governance within 12 months of its publication	3	1	3	None, until the Single Code of Practice Statement is released which not anticipated until 2021.	Low	←	Richard Bullen	N/A
PEN044	Change to valuation cycle	The Government is consulting on changing the fund valuation cycle. The next valuation will be in 2022 but it is unclear when the next one will follow.		GOVERNANCE	SERVICE FUNCTION	Andy Cunningham	Low	1	3	3	Officers will respond to the consultation stating they are not in favour of such a change	1	3	3		Low	→	Andy Cunningham	N/A
PEN043	Administration disruption and employer cost pressures cause by the Cost Cap review	The cost cap floor has been breached meaning the Scheme rules need to be adjusted.	Administration: Some impact on administration processes and communications - unknown at the moment as the details have not been finalised. Cost: Higher costs for employers	ADMINISTRATION	SERVICE FUNCTION	Andy Cunningham	Medium	2	4	8	None until further information is available. Note: this is unlikely to happen until the McCloud case changes are finalised, as McCloud will already increase costs in itself.	2	4	8	None	Medium	→	Andy Cunningham	N/A
PEN042	Significant retrospective legislation changes related to the McCloud case	An age discrimination case taken to Court by a group of firefighters and Judiciary employees	Increased contribution rates for employers and high levels of administration time and complication.	ADMINISTRATION	BUSINESS PLAN 2021/22 (Objective(s) 31)	Andy Cunningham	High	3	4	12	None - Whilst it now appears almost certain that a change will take place, it is still unclear exactly what the change will be, its magnitude and how the Fund can mitigate it. It is noted that the Valuation results have made no allowance for the consequences of the McCloud case, primarily due to the prudence applied to the investment return expectations of 75%, but also due to the implementation of actuarial guidance.	2	4	8	a) On actuarial guidance it is anticipated that whilst a review will be required the financial impact may be minimal as in most cases the underpin check for a member's benefits will not bite. b) Following the release of the Government's consultation document in July analysis of the Scheme's members who may be affected has been undertaken. Early indications suggest that c27k members from all status types will need to be reviewed, however cases where the underpin bites continues to be considerably less. Supplementary impacts such as the Annual Allowance, transfers & dependent benefits will also need to be considered, as well as changes to the Fund's internal controls to ensure that cases are reviewed as the liability falls due & that those which have been reviewed are marked accordingly.	Medium	→	Andy Cunningham	N/A
PEN039	The Fund's inability to implement the reforms associated with the Good Governance Project	SAB has requested a review of governance structures for the LGPS using a criteria of four possible governance models which might help funds to deliver good governance for their employers and members. A final consultation report is due in July 2019	Poor governance has a reputational risk impact, leading to poor service for Fund stakeholders, a lack of clarity of roles & responsibilities and potential conflicts of interest emerging	GOVERNANCE	BUSINESS PLAN 2021/22 (Objective(s) 6,29,30,31)	Andy Cunningham	Low	2	2	4	Officers have contributed feedback to the consultation exercise in May 2019 and taken part in various discussions. This has helped officers gain an understanding of the likely direction of travel and help ensure the Fund is aligned and prepared (for example by making certain adjustments to the terms of reference).	2	2	4	Officer to introduce a statement of Fund principles, beliefs & precedents.	Low	→	Richard Bullen	N/A

Dynamic Risks

PEN057	Failure to implement the Accessibility Regulations	For the Fund to comply with the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018, the Equality Act 2010 & subject to understanding the Web Content Accessibility WCAAG 2.1 guidelines which came into full force from September 2020.	Government Digital Service (GDS) monitors public sector bodies' compliance on behalf of the Minister for the Cabinet Office. If GDS decides that a public sector body has failed to publish an accessibility statement, or that the accessibility statement is incorrect, it will publish the name of that body & a copy of the decision. In addition organisations in breach of the Equality Act 2010 and the Disability Discrimination Act 1995 may be liable to investigations, unlawful act notices and court action leading to reputational damage.	GOVERNANCE	BUSINESS PLAN 2021/22 (Objective(s) 1,23,24)	Andy Cunningham	Low	1	1	1	Although not strictly a Pension Fund responsibility, the Administering Authority determined that as the Pension Fund operated a separate URL in respect of the Pension Fund's website it would view it as a separate entity & therefore required the Fund to make its own compliance arrangements. Fund officers have therefore initiated a project team to implement website compliance which will include an independent audit of its website compliance. The Fund's initial accessibility meeting took place on 5th November to scope its strategy.	1	1	1	The key actions agreed on 5th November are;	Low	→	Ashleigh Salter	N/A
PEN055	Failure of the Brunel Pension Partnership to properly address shareholders concerns via the governance review	Governance arrangements set in place at the outset of Brunel are due for review and it is vitally important that Wiltshire and all shareholders are satisfied with the breadth and depth of the review, and the resulting changes.	With the Wiltshire Pension Fund & other stakeholders being required to invest significant sums of money with BPP, robust governance arrangements are vital to ensure that shareholders are able to take assurance over the running of the partnership	GOVERNANCE	BUSINESS PLAN 2021/22 (Objective(s) 14)	Andy Brown	High	4	4	16	Brunel's governance review is ongoing. Wiltshire has actively engaged with Brunel, by sending a letter on behalf of Committee members, to make Wiltshire's expectations clear, and also via the Head of Pension Fund Investments' input at a client group level.	4	2	8	Officers will regularly monitor the progress of the governance review and engage at all possible opportunities. Committee members will be kept informed of all developments.	Medium	→	Andy Brown	N/A
PEN053	Failure to implement Fund's Data Retention Strategy	Poorly implemented strategies agreed by the Board & Committee to ensure that the retention of data is properly executed in respect of both the Fund & Scheme Employers may occur.	A failure to adhere to the strategy could potentially breach GDPR compliance & create service issue in the event of data being inadvertently minimised or deleted.	ADMINISTRATION	SERVICE FUNCTION	Mark Anderson	Low	1	2	2	Heywood (Altair Database manager) to introduce a tool to minimise & delete records. Includes an export function to identify records managed via this process which can be reported on. This can be cross referenced against the membership statistics if required.	1	2	2		Low	←	Mark Anderson	N/A

PEN052	COVID-19	COVID-19 is an infectious global virus which WHO has classed as a pandemic. The UK could be taking similar actions to other countries bad affected by this virus such as China & Italy which will cause significant business continuity issues to the pension fund	In a worst case scenario the Council's officers & service provider offices will be closed making remote working essential but difficult. In addition, it is expected that up to 20% of people will be off sick & needing to self-isolate causing service issues. Consequently issues around staffing, investment returns, employers supplying data, management of employer covenants, support from suppliers & contractors are all likely to be factors in the management of the Fund	GOVERNANCE	SERVICE FUNCTION	Andy Cunningham/ Jenny Devine	High	4	4	16				16	The Council's/Fund's Business Continuity Plan will need to be activated. Regular communication with key services & service providers should be maintained. Fund officers have already taken a series of steps to ensure ongoing service & are giving consideration to the daily government updates & Council policy in the taking of those decisions.	4	4	16	The series of steps have been specifically identified to manage this risk. In particular, maintaining the movement of money, communication with all stakeholders & essential operating practices; Consequently the following risks were focussed upon; Movement of money PEN001, PEN002, PEN003, PEN015 & PEN033. Communication with stakeholders PEN013, PEN030 & PEN033 & Essential operating practices PEN004, PEN010 & PEN037. A survey was also sent to Employers requesting information about their circumstances & a close monitoring of actual employer behaviour has been adopted & will continue to be in relation to their service obligations.	High	↕	Andy Brown/ Andy Cunningham/ Jenny Devine	N/A
PEN047	There is uncertainty around the ability of Brunel to resource its property portfolio offering	It is intended that property assets will transfer to Brunel in late 2020.	If Brunel are not adequately resourced, this could result in the portfolio not being effectively managed, and/or costs being higher than expected.	INVESTMENT PERFORMANCE & RISK	BUSINESS PLAN 2021/22 (Objective(s) 26)	Jennifer Devine	Low	4	1	4				4	Officers are working with Brunel to ensure that the transition plan is appropriate before proceeding with this transition. Define reporting metrics for the Committee to make a decision.	4	1	4	BPP to build resilience in their private markets team by outsourcing more, so that there is less key person risk and the portfolios are scalable. BPP want to add several members of staff to their team and do more in house as well. I The best way forward might be to commission an independent review of the best model to deliver private markets via pooling, to best serve our client requirements.	Low	→	Jennifer Devine	Jun-20
PEN045	GMP legislative changes	The Government has been planning to make a number of changes to way that GMPs work which brings about certain risks. In particular, changes to the indexation approach (which have been repeatedly delayed) and equalisation between males and females.	Both sets of plans could increase scheme costs and cause material amounts of additional administrative work.	ADMINISTRATION	SERVICE FUNCTION	Andy Cunningham	Low	2	2	4				4	HMRC undertook a consultation in the last quarter of 2020 requesting responses by 30 December 2020. The WPF along with many other organisations responded to that consultation and on publication of the results the Fund will seek guidance from its professional advisers in respect of both its equalisation & indexation responsibilities on the next steps it should take. Results expected by April 2021.	2	2	4	None	Low	↓	Andy Cunningham	N/A
PEN041	The Fund's inability to implement a strategy to ensure Climate Change considerations are integral to its investment strategy	Climate change is a key environmental risk which could have a material financial impact on the Fund's returns, and as such needs to be considered, managed and monitored as part of the Committee's fiduciary duty, and to protect the investment returns of the Fund.	Failure to embed climate change considerations in the investment strategy could cause a negative impact on investment returns over the long term.	FINANCIAL MARKETS & PRODUCTS	BUSINESS PLAN 2021/22 (Objective(s) 12,20,30)	Jennifer Devine	High	3	4	12				8	The Committee is engaged in ongoing work to help determine the most appropriate direction of travel, with expert consultancy support. Significant progress has been made so far, but current considerations around amending the investment strategy and implementing changes are still a work in progress. Work is also being done within the Brunel pool to address this risk.	2	4	8	Work on developing the Fund's policies, disclosures and strategy needs to continue. Additional resource will be required, likely by the way of specialist consultancy support	Medium	↑	Jennifer Devine	On-going
PEN038	The Fund's inability to implement the DWP's Dashboard within a notified timescale.	Late communication by the DWP to specify their requirements for the Fund to comply with this new nationwide Dashboard. Potential for unexpected implementation costs and/or the Fund being unable to meet the reporting requirements.	Non-compliance would lead to a reputational risk for the Fund. A statutory requirement to contribute may also be created.	ADMINISTRATION	SERVICE FUNCTION	Andy Cunningham	Low	1	2	2				2	Senior officers to keep themselves apprised of developments and seek more detailed information as the project develops.	1	2	2	None	Low	→	Mark Anderson	N/A
PEN037	Failure to implement a strategy to address the administration backlogs	Failure to effectively administration the scheme could result in incorrect payments, inefficiencies in the process, failure to meet disclosure timeframes, complaints and inadequate oversight over the fund.	Poor administration resulting in incorrect payments and can lead to reputational risk issues. The mitigation of this risk is contingent on the mitigation of other risks such as PEN034 & PEN036	ADMINISTRATION	BUSINESS PLAN 2021/22 (Objective(s) 9,22,23,27)	Andy Cunningham	Medium	3	3	9				6	The implementation of PEN034 & PEN036 along with addressing the internal auditors comments in their 2018/19 Key Controls report should mitigate this risk. As part of the 2020/2021 budget, approval for more resource is available to help mitigate this risk although this could take time to use given the impact of COVID-19 on office based working.	3	2	6	Employer training to be enhanced to assist the provision of information to officers & efficient management of backlogs. Improving peer review policy to enhance they way work is checked.	Medium	→	Jennie Green	On-going
PEN034	Failure to implement Lean process review	Low KPI performance has been identified, particularly in relation to the disclosure requirements, as a result of inefficient processes and insufficient training and support.	An end to end processing review of all repeatable processes with the key objectives of improving the customer experience and identifying and realising efficiencies. Semi-automated work allocation is required to target key items of casework more quickly	ADMINISTRATION	BUSINESS PLAN 2021/22 (Objective(s) 6,9,11,13,16,23,27)	Andy Cunningham	Medium	3	2	6				3	The Fund's Project team has started a programme of work over a 2 year timeframe to review repetitive processes within the dept. As at April 2020, revised processes are in place for starters, leavers/refunds, aggregation and child pension reviews. Other processes will be looked at based on priorities with the intention of completing the reviews during 2020/2021.	3	1	3	Officer training to be enhanced to assist with the efficient processing practices. Officers have introduced a 2nd line of review strategy, where experienced officers conduct internal audits at a technical level, not just at a process level.	Low	→	Samantha Wooster	On-going
PEN022	The rectification of records with GMP issues is time-consuming, costly & causes reputational damage.	From 1 April 2016, State Second Pension ceases and HMRC no longer provides GMP data on members to Funds. The Fund is looking to complete the reconciliation during the 2020/2021 year.	If GMP records for members are inaccurate there is the potential for incorrect liabilities being paid by the Fund.	ADMINISTRATION	BUSINESS PLAN 2021/22 (Objective(s) 8)	Andy Cunningham	High	3	4	12				8	Large project is still ongoing and software from Heywood's is being used to process amendments to Altair on bulk. Progress has been delayed due to the Fund trying to engage with Government to agree on a nationwide approach and in order to undertake further analysis of the problems identified.	2	4	8	A common approach between south-west Funds has been reached with feedback from SAB. A paper was submitted to the Committee in December setting out the current situation and outlining a proposed strategy. A more detail approach will follow with additional supporting information & guidance as well as an update concerning member record reconciliation. An update will be provided to the Committee in March 2021.	Medium	↑	Mark Anderson	u/k
PEN021	Ineffective implementation of the Public Sector Exit Cap	The Treasury is consulting on draft regulations to introduce a cap of £35,000 on exit payments in the public sector, in response to concerns about the number of exit payments that exceed or come close to £100,000 and the need to ensure they represent value for money. This will include changes to LGPS regulations. Introduction of exit cap will require an additional burden on the administration team as it is likely to effect all redundancy calculations. Funds are often given little time to implement changes which brings about this risk.	Changes need to be communicated to individuals and employers and systems adapted once the revised regulations have been approved. LGPS Funds could be in breach of the legislation in they are logistically unable to implement the cost cap mechanism once introduced. Engagement with the relevant public service HR dept's in relation to the implementation of the Exit will be essential.	LEGISLATIVE	SERVICE FUNCTION	Andy Cunningham	Low	2	1	2				6	The consultation is due to be completed on 9th November. Key risk controls should include; 1) Fund officers should ensure that relevant HR officers understand the implications of the Cap. 2) Review the Compensatory Regulations after they've been re-written and LGPS Regulations too as a priority 3) Ensure Fund officers understand the new regulations & draft proforma to manually calculate options, prior to the delivery of automated calculation routines 4) Consider any TUPE transfer implications 5) Liaise with HR department concerning potential redundancy exercises in 2021 & 6) Undertake a review of Fund's documentation to include disclaimers	2	3	6	Legislation was introduced concerning the Exit Cap at the end of 2020, however this legislation is now in conflict with the LGPS regulations. Guidance is being sought to resolve these conflicts. A further review of resources may still be needed following a review of the final details & feedback from HR departments.	Medium	↑	Andy Cunningham	N/A
PEN018	Failure to set in place appropriate Cyber Security measures	Over reliance by Fund is potentially being place on its Administering Authority's IT security arrangements & that of its key software database providers without proper scrutiny/reporting of their security arrangements	Impact is significant concerning the operational effectiveness of the Fund, notably in relation to the data held and the ability to calculate and process member benefits	ADMINISTRATION	BUSINESS PLAN 2021/22 (Objective(s) 23)	Andy Cunningham	Medium	4	2	8				4	Cyber security reports to be requested on an annual basis from both Wiltshire Council's IT department & the main database manager Heywood's. Further steps will be considered on the receipt of those reports	4	1	4	During 2020 Heywood's provided a suite of documents concerning their cyber security arrangements & ICT gave a verbal update to the Committee in December. Officers were tasked with actions by the Committee to build upon the 2020 progress in 2021.	Low	↑	Andy Cunningham	N/A

Ongoing Risks

PEN048	The transition to pooling of LGPS assets with BPP fails to deliver the projected savings	The Fund needs to pool its LGPS assets with other Funds using the Brunel Pensions Partnership.	Poor implementation could be costly in terms of unanticipated costs and/or savings less than projected.	INVESTMENT PERFORMANCE & RISK	BUSINESS PLAN 2021/22 (Objective(s) 3,4)	Jennifer Devine	High	4	3	12				9	The Fund is working with Brunel Pension Partnership on pooling arrangements. Progress and updates regularly reported to Committee. The Fund's passive portfolios have been pooled with significant fee savings, but a budget increase is also currently being proposed. The final position is still uncertain.	3	3	9	Significant amount of resource still required by officers to progress this project. On 13th February 2020 the Board recommended that a monitoring & reporting timetable being put in place concerning BPP's transition to help mitigate this risk.	Medium	→	Jennifer Devine	On-going
--------	--	--	---	-------------------------------	--	-----------------	------	---	---	----	--	--	--	---	--	---	---	---	--	--------	---	-----------------	----------

PEN036	Failure to implement a Dashboard of KPIs for regular monitoring	Difficulties in extracting the required data from the workflow section of the administration system. Improve the range of Key Performance Indicators (KPIs) produced for the Committee and Local Pension Board to help provide transparency and clearer oversight & management of administration performance.	Failure to implement a dashboard of comparable benchmarks, will be counter to the Pension Regulator's requirements on factors such as data quality measures	ADMINISTRATION	BUSINESS PLAN 2021/22 (Objective(s) 6,13,16,18)	Andy Cunningham	Low	1	2	2	Officers have implemented a suite of KPIs to be utilised at different levels. Namely, at a Statutory level, for the Committee & the Board, for use between Employers & the Fund & at management level for use at an operational level within the Pension's dept. The introduction of a new PAS document will enhance the flow of KPI information to members. Further work is required to introduce a suite of customer service based KPIs.	1	2	2	Low	↓	Mark Anderson	On-going
PEN033	Failure to manage AVC providers	The Fund is a Data Controller with four AVC providers under management who operate to a system of policies & endorsements rather than service provider contracts. Consequently, there is a risk due to the mismatch between Fund responsibility & control in relation to the assets under management.	Failure of a AVC provider can lead to issues of reputational risk to the Fund, as well as being exposed to adverse governance & financial implications.	ACCOUNTING & AUDITING	BUSINESS PLAN 2021/22 (Objective(s) 6)	Jennifer Devine	Low	2	2	4	A minimum of annual service review reviews have been implemented with all AVC providers, managed by the Investment & Accounting team. The review will cover customer service & investment performance.	2	1	2	Low	→	Jennifer Devine	On-going
PEN028	Failure to introduce new administration software effectively	Implementation of new software including I-connect, payment instruction automation and a new member website. All to be completed during 2021/2022.	Delay in the payment of member benefit, poorer data quality, sub-standard communication arrangements with members & employers & slower delivery times leading to a more costly service	ADMINISTRATION	BUSINESS PLAN 2021/22 (Objective(s) 10,21,23,32,33)	Andy Cunningham	Low	2	2	4	Individual project plan have been prepared for each implementation of software, including their GDPR implications, with individual project issue logs and risk registers. A bespoke Project team has also been established within the pension's dept. who initiate formal handovers to officers on completion of the new implementation. i-Connect, which will have the largest impact, is partially delivered with around a third of active members onboarded.	2	1	2	Low	→	Samantha Wooster	On-going
PEN025	Further academisation of Schools, the possibility of MAT breakups and cross fund movements.	Potential for further schools to convert to academy status, MATs to breakdown	Additional governance and administration risk. If all schools were to convert then the number of employers in the Fund could jump from 180 to between 400 and 500.	GOVERNANCE	SERVICE FUNCTION	Andy Cunningham	Low	2	2	4	Regular communications with schools to understand their intentions. Revised cessation policy aims to address some of the risks relating to MAT breakups.	2	2	4	Low	→	Andy Cunningham	N/A
PEN024	The implementation of Brexit causes investment volatility or unexpected legislative changes	With 31 st December approaching the UK & EU's trading agreement is still uncertain	The arrangements by which the UK leaves the EU may produce short term volatile market movements which could impact on asset performance.	FINANCIAL MARKETS & PRODUCTS	SERVICE FUNCTION	Jennifer Devine	Medium	3	3	9	The Fund had liaised with its investment managers on the potential impact of an exit. Since that decision the Fund has undertaken a valuation & in parallel reset its investment strategy. The dominant factors of the investment strategy continue to be the traditional funding of liabilities to pay its pensions, climate change & a possible global recession.	3	1	3	Low	↑	Jennifer Devine	On-going
PEN017a	A lack of knowledge and expertise on the Pension Fund Committee	Lack of structured training and continuous self assessment of skills gap to ensure knowledge levels are adequate to carry out roles to the best of their ability	Bad decisions made may be made in relation to any of the areas on this register, but particularly in relation to investments. There is also a requirement for Funds to 'Comply or Explain' within their Annual Report on the skills knowledge of members of the Committee	GOVERNANCE	BUSINESS PLAN 2021/22 (Objective(s) 17,25)	Andy Cunningham	Medium	2	3	6	Members are given Induction Training when they join the Committee, as well as subsequent opportunities to attend courses/seminars and specialist training at Committee ahead of key decisions. There is a Members' Training Plan and Governance Policy. Further training and advice can be called on from our consultants, independent advisors and investment managers too.	2	1	2	Low	→	Richard Bullen	On-going
PEN017b	A lack of Committee Member compliance with all regulations	Lack of Member willingness or awareness to be compliant with new regulations as they come into force leading to breaches of legislation and reportable offences	Over reliance on officers & advisers to ensure compliance leading to a lack of oversight challenge	GOVERNANCE	BUSINESS PLAN 2021/22 (Objective(s) 25,31)	Andy Cunningham	Medium	2	3	6	Member attendance at conferences & seminars enables independent information sources. Update of the Look forward plan including the introduction of an annual audit plan to ensure the fund's compliance requirements are implemented & the results of the audit reported to Committee	2	1	2	Low	→	Richard Bullen	On-going
PEN016	A lack of effectiveness in respect of the Fund's Treasury Management Services	The Fund's treasury function is now segregated from Wiltshire Council. This includes the investment of surplus cash in money markets.	Exposure to counterparty risk with cash held with external deposit holders could impact of Funding level of the Fund	INVESTMENT PERFORMANCE & RISK	BUSINESS PLAN 2021/22 (Objective(s) 6,13)	Jennifer Devine	Low	3	1	3	The Pension Fund will review an updated Treasury Management Strategy annually which follows the same criteria adopted by Wiltshire Council but limits individual investments with a single counterparty to £6m. The Fund will also review in Treasury Management Agreement with the Council in 2019.	2	1	2	Low	→	Jennifer Devine	N/A
PEN015	Failure to collect payments from ceasing employers	When an employer no longer has any active members a cessation valuation is triggered and a payment is required if a funding deficit exists to meet future liabilities. The impact of COVID-19 on financial markets means the likelihood is currently increased.	Failure to collect cessation payments means the cost of funding future liabilities will fall against the Wiltshire Pension Fund	ACTUARIAL METHOD	SERVICE FUNCTION	Andy Cunningham	Low	2	2	4	The Pension Fund Committee approved a revised cessation policy on 26 March 2020 to address regulatory changes made in March 2020 (backdated to May 2018). Furthermore, all new admitted bodies require a guarantor to join the Fund which means that a stable Scheme Employer is required to act as the ultimate guarantor. Due to the current impact on COVID-19 situation on investment returns, we are currently encouraging employers to delay cessation crystallisation events where possible to avoid crystallise a large deficit.	2	1	2	Low	↓	Andy Cunningham	On-going
PEN013	Failure to communicate properly with stakeholders	Lack of clear communications policy and action, particularly with employers and scheme members.	Scheme Members are not aware of the rights and privileges of being in the scheme and may make bad decisions as a result. Employers are not aware of the regulations, the procedures, etc, and so the data flow from them is poor.	GOVERNANCE	BUSINESS PLAN 2021/22 (Objective(s) 24,29)	Andy Cunningham	Low	2	2	4	The Fund has a Communications Manager and Employer Relationship Manager posts dedicated to these areas full-time, including keeping the website up-to-date, which is a key communications resource. The Fund also has a Communications Policy.	2	1	2	Low	→	Denise Robinson/ Samantha Wooster	N/A
PEN012	Over-reliance on key officers	The specialist nature of the work means that there are inevitably relatively experts in investments and the local authority pension regulations	If someone leaves or becomes ill, a large knowledge gap could be left behind.	GOVERNANCE	SERVICE FUNCTION	Andy Cunningham	Medium	3	2	6	Key people in the team are seeking to transfer specialist knowledge to colleagues by documenting procedures and notes. In the event of a knowledge gap, however, we can call on our external consultants and independent advisors for help in the short-term.	2	1	2	Low	↑	Andy Cunningham/ Jennifer Devine	18/07/19
PEN011	Lack of expertise of Pension Fund Officers and Service Director, Finance	Lack of training, continuous professional development and continuous self assessment of skills gap to ensure knowledge levels are adequate to carry out roles to the best of their ability. Resourcing issues due to holding a vacancy in a key role in the investments team.	Bad decisions may be made in relation to any of the areas on this register, but particularly in relation to investments. Risk of being unable to fulfil statutory obligations and/or maintain key financial controls.	GOVERNANCE	BUSINESS PLAN 2021/22 (Objective(s) 17,19)	Andy Cunningham/ Jennifer Devine	Medium	3	3	9	Officers ensure that they are trained and up-to-date in the key areas through attendance at relevant courses and seminars, reading, discussions with consultants and peers, etc. Formulated annual Training Plans relevant to officers are also reviewed against the CIPFA Knowledge & Skills Framework to ensure adequate expertise exists. A Fund knowledge hub is being developed.	2	3	6	Medium	→	Andy Cunningham/ Jennifer Devine/ Corporate Directors	On-going
PEN010	Failure to keep pension records up-to-date and accurate	Poor or non-existent notification to us by employers and members of new starters, changes, leavers, etc. Early indications suggest the likelihood is increased due to the impacts of COVID-19 on employers and Fund officers.	Incorrect records held, leading to incorrect estimates being issues to members and incorrect pensions potentially being paid.	GOVERNANCE	BUSINESS PLAN 2021/22 (Objective(s) 6,7,8,9)	Andy Cunningham	Medium	3	3	9	Data & systems Team constantly working to improve data quality, data validation checks carried out through external partners (e.g. the Fund's actuaries and tracing agencies), proactive checks done through national fraud initiative and the Fund's Data Improvement Plan.	3	1	3	Low	→	Mark Anderson	On-going

PEN009	Failure to comply with Data Protection Legislation (GDPR & Data Protection Act 2018)	Poor procedures for data transfer to partner organisations, poor security of system, poor data retention, disposal, backup and recovery policies and procedures.	Poor data, lost or compromised, fines from the Information Commissioner, reputational risk of failure to meet Data Protection legislation.	LEGISLATIVE	SERVICE FUNCTION	Andy Cunningham	Medium	2	3	6	Compliance with Wiltshire Council's Data Protection & IT Policies. Annual Data Protection training given to the team. On-going cleansing of data undertaken by Systems Team. The Fund has produced a new suite of procedures and controls following the introduction of GDPR.	2	1	2	Further reviews and changes in relation to the GDPR. First internal audit (Key Controls - April 2019) identified a lack of clarity in relation to the Fund's Data Retention strategy, where no justification for retaining personal data can be made, notably Exit No-liability records. Data Cleaning must be carried out. Officers to agree with IG Data Cleaning approach. The 2nd internal audit identified the need for improvements to the Fund's DPIA arrangements.	Low	↑	Mark Anderson	On-going
PEN008	Failure to comply with LGPS and other regulations	Lack of technical expertise / staff resources to research regulations, IT systems not kept up-to-date with legislation, etc	Wrong pension payments made or estimates given. Investment in disallowed investment vehicles or failure to comply with governance standards. Effect: Unhappy customers, tribunals, Ombudsman rulings, fines, adverse audit reports, etc	ADMINISTRATION	BUSINESS PLAN 2021/22 (Objective(s) 5,6,7,8,9,10,12,13,24,31)	Andy Cunningham	Low	2	2	4	*Sufficient staffing, training and regulatory updates. *Competent software provider and external consultants. *Technical & Compliance post reviews process and procedures and maintains training programme for the team. *KPIs against statutory standards *Imbedding checks and controls into all processes. *Audits & internal reviews to maintain best practice	2	2	4	Review of ABS requirements to ensure on-line delivery is compliant with disclosure requirements	Low	→	Luke Webster/ Jennie Green	N/A
PEN007b	Significant rises in employer contributions for non-secure employers due to poor/negative investment returns	Poor economic conditions, wrong investment strategy, poor selection of investment managers, poor consideration of all financial & non-financial risks including ESG issues.	Poor/negative investment returns, leading to increased employer contribution rates	FINANCIAL MARKETS & PRODUCTS	BUSINESS PLAN 2021/22 (Objective(s) 15)	Jennifer Devine	Low	2	2	4	Use of expert consultants in the selection of investment strategy and investment managers, regular monitoring of investment managers (1/4ly), regular reviews of investment strategy (annually). Monthly review of % of Fund held in each mandate. Also a flight path strategy implemented to take off risk as funding levels improve. Fund member of LAPFF & uses PIRC to proxy vote on shares in line with agreed policy for ESG issues. Compliance with Stewardship code.	2	2	4	A risk based framework is now in place to review employers long term financial stability. This informs the policy for stepping in contribution rates to assist in affordability issues where requested by an employer. It will be continuously reviewed, as part of the updating of the Investment Strategy Statement. Query over covenant reviews following expiry of PWC contract.	Low	→	Jennifer Devine	On-going
PEN007a	Significant rises in employer contributions for secure employers due to poor/negative investment returns	Poor economic conditions, wrong investment strategy, poor selection of investment managers, poor consideration of all financial & non-financial risks including ESG issues.	Poor/negative investment returns, leading to increased employer contribution rates	INVESTMENT PERFORMANCE & RISK	SERVICE FUNCTION	Jennifer Devine	Low	2	1	2	Use of expert consultants in the selection of investment strategy and investment managers, regular monitoring of investment managers (1/4ly), regular reviews of investment strategy (annually). Monthly review of % of Fund held in each mandate. Also a flight path strategy implemented to take off risk as funding levels improve. Fund member of LAPFF & uses PIRC to proxy vote on shares in line with agreed policy for ESG issues. Compliance with Stewardship code.	2	1	2	The implementation of the Stabilisation Policy limits increases for secure employers.	Low	→	Jennifer Devine	On-going
PEN006b	Significant rises in employer contributions for non-secure employers due to increases in liabilities	Scheme liabilities increase disproportionately as a result of increased longevity, falling bond yields, slack employer policies, etc. The current price of gilts lead to a worsening Funding Position.	Employer contribution rates become unacceptable, causing upward pressure on Council Tax and employers' costs.	ACTUARIAL METHOD	SERVICE FUNCTION	Andy Cunningham	Low	2	2	4	As above	2	2	4	As above	Low	→	Andy Cunningham	On-going
PEN006a	Significant rises in employer contributions for secure employers due to increases in liabilities	Scheme liabilities increase disproportionately as a result of increased longevity, falling bond yields, slack employer policies, etc. The current price of gilts lead to a worsening Funding Position.	Employer contribution rates become unacceptable, causing upward pressure on Council Tax and employers' costs.	ACTUARIAL METHOD	SERVICE FUNCTION	Andy Cunningham	Low	2	2	4	Longevity and bond yields are generally beyond the control of the Fund as are the values of the liabilities in general. However, the Fund has started the 2019 Triennial Valuation process and it is concurrently reviewing its investment strategy and implementing separate employer investment strategies. Furthermore, the Fund and each employer must have a Discretions Policy in place to help control discretionary costs (e.g. early retirements, augmented service, etc).	2	2	4	None	Low	→	Andy Cunningham	On-going
PEN005	Loss of funds through fraud or misappropriation	Fraud or misappropriation of funds by an employer, agent or contractor	Financial loss to the Fund	ACCOUNTING & AUDITING	SERVICE FUNCTION	Jennifer Devine	Low	4	1	4	Internal and External Audit regularly test that appropriate controls are in place and working. Regulatory control reports from investment managers, custodian, etc, are also reviewed by audit. Due Diligence is carried out whenever a new manager is appointed. Reliance is also placed in Financial Services Authority registration.	4	1	4	Officers completed an Anti-Money Laundering questionnaire issued by Deloitte's & returned to the Accountancy firm in January 2020. The responses will form part of the Auditor's audit strategy.	Low	→	Jennifer Devine	On-going
PEN002	Failure to collect and account for contributions from employers and employees on time	Non-availability of SAP systems, key staff, error, omission, failure of employers' financial systems, failure to communicate with employers effectively. LGPS 2014	Adverse audit opinion for failure to collect contributions by 19th of month, potential delays to employers' FRS17 year-end accounting reports and to the Fund's own year-end accounts.	ACCOUNTING & AUDITING	BUSINESS PLAN 2021/22 (Objective(s) 2,6,7)	Jennifer Devine	Medium	3	2	6	Robust maintenance and update of Altair and SAP systems, sufficient staff cover arrangements, sufficient staff training and QA checking of work. Officers regularly work with employers to ensure they understand their responsibilities to pay by 19th of the month. The Breaches framework now require the Fund to log material late payments.	2	2	4	The 2020 SWAP internal audit report highlighted a Priority 2 risk requesting officers ensure that a review of the member contribution processes raised in their report are undertaken promptly & to future-proof those processes to ensure appropriate efficiencies are made	Low	↑	Jennifer Devine	On-going

Wiltshire Pension Fund Committee - 2021/22

Meeting:	24/06/21	23/09/21	16/12/21	24/03/22	No expected review in 2021/22	Q2 2022	Guidance comments
GOVERNANCE - Committee Specific							Comments
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 & ISC's ToR review to ensure continuity. Lasted reviewed in July 2020 and a 3 year cycle may be viewed as good governance
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
Members Hand Book	✓						Hyman's standard adopted in preference of WPF specific Hand Book
Committee effectiveness review			✓				3 year plan last raised with the Committee on 12/12/2018. The Committee should also compare itself against its own core functions.
Forward Work Plan Review	✓	✓	✓	✓		✓	Officers to update the next Scheme year's plan in time for the new Scheme year. Annual reviews to therefore be undertaken in calendar Q1
GOVERNANCE - Fund Specific							Comments
Scheme Legal, Regulatory & Fund update	✓	✓	✓	✓		✓	Quarterly update by the Head of Pension Administration & Relations

Review of Risk Register	✓	✓	✓	✓		✓	Quarterly review. Request risks to be added & changes to be made by officers after approval. Review recommendations made by the LPB
Fund update & comments on minutes of ISC & Board	✓	✓	✓	✓		✓	Amongst other purposes Members should use the minutes to identify risks which can be added to the risk register
LPB Report - Review recommendations	✓					✓	Ensure that Committee minutes during the past year have either actioned the recommendations, or commented on why the recommendations were not accepted
Review Governance Compliance Statement			✓				4 year plan last approved on 30/03/2021.
Review tPR Code of Practice 14 annual internal assessment	✓					✓	Expected to become a single tPR Code of Practice during 2021
Review Fund Training Programme			✓				Complete 3 year training plan last approved on 12/12/2018. Annual reviews undertaken in Q4 each year
Actuarial Valuation					Not expected		Next valuation currently due 31/03/2022
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 by 30th September & published by statutory deadline of 1st December
Approve Internal Audit Report scope			✓				Annually covers Key Controls & Pension Fund Transfers. Every two years tPR Code of Practice 14 also included
Monitor Internal Audit Report			✓				Audit recommendations actioned
Monitor External Audit Report			✓				Audit recommendations actioned
Input to Annual External Audit Plan			✓				Committee to liaise with the Audit Committee concerning the scope of Deloitte's audit
Input to Annual Internal Audit Plan			✓				Committee to commission its own internal audit plan & liaise with the CLT/Audit Committee concerning the scope of SWAP audit

Treasury Strategy				✓			Annual review of strategy. To include performance report of short-term cash investments & setting of preferred bank account balance to maintain business cashflow needs
Review external advisor appointments effectiveness, processes & controls			✓				Committee to receive an annual update from the Board on the effectiveness of the Fund's advisers
Review internal SLA effectiveness, processes & controls			✓				Covers services connected with the Wiltshire Council recharge. Namely, Legal, Procurement, IG, Payroll, Treasury Management, Internal & External Audit, Democratic Services, FM, ICT, HR & Communications
Review Actions from previous meetings	✓	✓	✓	✓		✓	Address primarily during pre-meeting planning meeting
GOVERNANCE - Fund Plans, policies & strategies							Comments
Review Business Plan				✓			3 year plan last approved on 24/03/2019 Interim review 30/03/2021
Review Pension Administration Strategy					Not expected	✓	3 year plan last approved on 17/12/2019
Review Communication strategy					Not expected	✓	3 year plan last approved on 17/12/2019
Review Data Improvement Plan		✓					3 year plan last approved on 24/03/2019. To include a Data Retention Strategy update
Review Admin Charging Policy				✓			2 year plan last approved on 17/12/2019
Review Admin Authority Discretions					Not expected		3 year plan last approved in 30/03/2021
Review Cessations policy					Not expected		3 year plan last approved in 17/12/2020
Review Funding Strategy Statement					Not expected	✓	3 year plan last approved on 17/12/2019. Next Fund Valuation 31/03/2022
Review Compliance with FRC stewardship code (FRC to be replaced by the Audit, Reporting and Governance Authority (ARGA)?)		✓					Annually reviewed - Updated Stewardship Code released in May 2020 & consider TCFD requirements as part of the process
Review Investment Strategy Statement				✓			3 year plan last approved on 30/03/2021 (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.
ADMINISTRATION							Comments
Review employers compliance (data)			✓				Incorporate with ABS review process & update on Fund's Data Improvement Plan.
Review Fund fraud risk prevention and mitigation measures					Not expected		Completed every 2 years and will be an update of the Fund's NFI & Certificate of Existence exercises. Last reviewed April 2020. To include Whistleblowing policy in 2022
Review Fund website contents/resilience		✓					To also cover Cyber Security reporting on an annual basis. Cyber security last reviewed 24/09/2020
Receive an annual report of an complaint & IDPR cases, including a review of the Fund's procedures					Not expected		Covered in Low Volume Performance Report. To be managed by LPB with issues submitted to the Committee on an exceptions basis
Review Fund Communications (employers/members)					Not expected		To provide templates of key Fund documentation & evidence its compliance. To be managed by LPB with issues submitted to the Committee on an exceptions basis
Review of Data Security & Business Recovery		✓					Report set out the arrangements in place & when they were last tested
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
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
Members Self-service update		✓					Present as part of a Fund digital partform update. Progress report on take up and functional developments

INVESTMENT PERFORMANCE & RISK							Comments
Investment Quarterly Progress Report	✓	✓	✓	✓		✓	Provided by each Investment Manager & the Investment Mercer Adviser who summaries the information and offers an independent assessment of the market generally
Review Investment performance against Fund's benchmarking criteria		✓				✓	To be presented in conjunction with the draft Annual Report & Accounts
Investment Strategy Review / Asset Allocation Review	✓						Annual review of strategy document last updated in December 2019. To cover topical changes relating to BPP & ESG
Review individual employer investment strategies			✓				Monitoring the alternative investment strategy for certain employer, not covered by the main strategy
Governance update relating to BPP	✓					✓	To receive an annual update after Brunel AGM. In terms of the investment oversight arrangements, manager research function & WPF's arrangements as a shareholder
Cost transparency of BPP, Managers & the Custodian		✓					To be presented in conjunction with the draft Annual Report & Accounts
Independent Adviser market update				✓			To provide an independent annual report to members on the financial markets, BPP & the governance arrangements of both entities
Flight Path monitoring	✓					✓	In relation to the financial performance of the Fund
Flight Path monitoring	✓					✓	In relation to the ESG, SRI & Climate change arrangements of the Fund

Total number of Agenda Items:	19	20	24	20		22
--------------------------------------	-----------	-----------	-----------	-----------	--	-----------

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank