

AGENDA

Meeting: Wiltshire Pension Fund Committee
Place: Council Chamber - County Hall, Bythesea Road, Trowbridge,
BA14 8JN
Date: Thursday 3 March 2022
Time: **10.00 am**

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

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

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

Membership:

Voting Membership

Wiltshire Council Members:

Cllr Richard Britton (Chairman)
Cllr Gordon King
Cllr Christopher Newbury
Cllr Jonathon Seed
Cllr Elizabeth Threlfall

Substitute Members

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

Swindon Borough Council Members

Cllr Steve Heyes
Cllr Vijay Manro

Substitute Members

Employer Body Representatives

Tracy Adams
Claire Anthony

Non-Voting Membership

Observers

Stuart Dark
Mike Pankiewicz

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Public Participation

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

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

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

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

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

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

2 Minutes of the Previous Meeting (Pages 7 - 16)

To approve and sign as a true and correct record the Part I (public) minutes of the previous meeting held on 16 December 2021.

To receive the Part I (public) minutes of the previous meeting of the Local Pension Board held on 17 February 2022.

Please note that these will be published as an Agenda Supplement.

3 Declarations of Interest

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

4 Chairman's Announcements

To receive any announcements through the Chairman.

5 Public Participation

The Council welcomes contributions from members of the public, however in order to ensure Covid-19 public health guidance is adhered to, physical attendance at this meeting will be limited. Please contact the officer on this agenda no later than 5pm on 1 March 2022.

Statements

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

Questions

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

Those wishing to ask questions are required to give notice of any such questions in writing to the officer named on the front of this agenda no later than 5pm on **24 February 2022** 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 **28 February 2022**. Please contact the officer named on the front of this agenda for further advice. Questions may be asked without notice if the Chairman decides that the matter is urgent.

Details of any questions received will be circulated to Committee members prior to the meeting and made available at the meeting and on the Council's website.

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

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

7 **Responsible Investment Update** *(Pages 17 - 24)*

To receive a report presented by the Head of Wiltshire Pension Fund.

8 **Date of Next Meeting**

The next ordinary meeting of the Committee focusing on administration matters will be held on 31 March 2022.

The next ordinary meeting of the Committee focusing on investment matters will be held on 26 May 2022.

9 **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.

10 **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 11 - 16 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraphs 1 & 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

PART II

Item(s) during consideration of which it is recommended that the public should be excluded because of the likelihood that exempt information would be disclosed

11 **Minutes** *(Pages 25 - 34)*

To approve and sign as a true and correct record the Part II (private) minutes of the previous meeting held on 16 December 2021.

12 **Private Markets Brunel Cycle 3 Update** *(Pages 35 - 58)*

To receive a report presented by the Head of Wiltshire Pension Fund.

13 **Investment Quarterly Progress Report** *(Pages 59 - 110)*

To receive a report in relation to the Fund's investment performance.

14 **Affordable Housing Selection** *(Pages 111 - 116)*

To receive a report presented by the Head of Wiltshire Pension Fund.

15 **Presentation by BPP**

To consider a presentation by BPP.

16 **Presentation by Pinebridge**

To consider a presentation by Pinebridge.

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Wiltshire Pension Fund Committee

MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 16 DECEMBER 2021 AT COUNCIL CHAMBER - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

Present:

Cllr Richard Britton (Chairman), Cllr Steve Heyes, Cllr Gordon King, Cllr Elizabeth Threlfall, Mike Pankiewicz, Tracy Adams and Claire Anthony

71 **Apologies**

Apologies were received from Cllr Jonathan Seed.

72 **Declarations of Interest**

There were no declarations of interest.

73 **Minutes of Previous Meetings**

The Part I (Public) minutes of the meeting held on 25 November 2021 were presented for consideration, and it was,

Resolved:

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

74 **Chairman's Announcements**

The Chairman announced that Item 8 would be deferred until the next meeting.

75 **Review of actions arising from previous meeting**

There were no comments on the actions log.

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

The Committee considered the minutes and recommendations of the Local Pension Board meeting held on 11 November 2021.

The Committee suggested that as the recommendations arise throughout the meeting, they should be situated after the minutes within the agenda pack, rather than before.

It was then,

Resolved:

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

77 **Public Participation**

There were no questions or statements submitted.

78 **Staff Restructure**

This item was deferred to the next meeting.

79 **Triennial Valuation 2022**

Representatives from Hymans Robertson provided a detailed presentation on valuation, as well as commentary on the Employer Investment Strategy. This covered the investment return assumption and choosing a level of prudence, setting funding strategy and longer-term planning. It was noted that longer-term planning included the use of Club Vita for the prediction of life expectancy, which over the last three of four valuation cycle has been very accurate.

Life expectancy was discussed as during the last half of the 20th Century there had been a significant increase in life expectancy, which had peaked at a 3 year improvement per decade as a result of innovation, particularly in public health. It was possible that COVID could impact this improvement with people dying sooner due to the pandemic. Whether this would affect future life expectancy would need to be assessed and any effects on the scheme reported back to the Committee.

The Committee posed a range of questions to their professional advisers which included, how accurate had historic valuations been, why the issue of a strong balance sheet was important, particularly for Colleges, how assumptions were set, how the range of assumptions/scenarios was narrowed to enable practical decisions to be made and how prudence was established and was there a margin of error in assumption setting. In addition, questions were also received concerning the regulatory obligations and what data checks were undertaken.

Whilst many of these were responded to by Hymans Robertson during the meeting it was also agreed that training on assumptions setting would be useful at the next Committee meeting.

The Chairman thanked the representatives for their presentation. It was,

Resolved:

For officers to liaise with Hymans Robertson to provide further training on the setting of Valuation assumptions at the next Committee meeting.

The Chairman called a 10 minute recess from 11am to 11.10am.

Note: Minute item 79 was taken at the start of the meeting in the Kennet Room, County Hall. The meeting then moved to the Council Chamber, County Hall.

80 **Headlines and Monitoring**

At the Chairman's invitation Andy Cunningham presented a report which highlighted key issues and developments and included details from the Head of the Wiltshire Pension Fund, the Pension Administration Lead, Fund audits, the risk register, administration KPIs, scheme, legal, regulatory and Fund update and a budget update.

The Committee discussed the onboarding of employers onto i-Connect and the problems experienced, how recruitment to the vacancies was progressing and the deferred online process.

The Committee also discussed at length the proposed audit plan. As part of the discussion the Committee felt that Pension Fund officers and the Committee should be responsible for defining the scope and timings of the internal audit programme. It was agreed that the matter should be raised with Andy Brown (Corporate Director Resources, Deputy Chief Executive and s151 Officer) to investigate options and propose a new way forward

With reference to risk register: Risk PEN041 – The Fund's inability to implement a strategy to ensure Climate Change considerations were integral to its investment strategy. The Committee asked for clarity on the reasons why this red risk had been reduced to amber. In response it was stated that a lot of work had been completed, changes in policy had been made and the investment strategy rewritten. It had been a suggestion of the Board to change the status to amber. Risk PEN018 was also altered from Amber to Red. For details see minute 90 relating to Cyber security.

The Committee also asked questions regarding death benefits when the Fund was unable to contact the next of kin. In response the officer stated that there was an HMRC tax requirement to pay the benefit within 2 years or face a tax charge. However, the money remained in the Fund and the death grant would always remain available. The Fund could still pay out years later although there were tax implications at the beneficiary's marginal rate of income. It was stated that this was not a situation which occurred frequently.

At the conclusion of the debate, it was,

Resolved:

- a) To use the information in the report as a basis for monitoring the Fund's core activities.
- b) To approve the changes to the Risk Register, apart from Risk PEN018 which would increase to Red, and accept the recommendations for changes/actions made submitted by the Board.
- c) To approve for the Scheme Year 2022/23 the proposed plan of audits which were;
 - i. The standard audits of the Fund's Annual Report & Accounts, Key Financial controls, BPP Pension transfers, BPP Cost transparency and compliance against tPR Code of Practice 14; &
 - ii. Non standard audits covering the Fund's Pensioner Payroll reconciliation, Investment governance, Cyber Security, Statutory Returns and Administering Authority internal arrangements.
- d) To note that within the 2022/23 budget additional provision is made for the appointment of specialist auditors in relation to ad-hoc or on-going strategic audits; &
- e) The Committee reaffirms the terms of reference it expects the Fund's appointed auditors to adhere to.
- f) To approve that officers liaise with SWAP regarding ideal requirements and timescales.

It was stated that training requirements would be discussed under the next agenda item.

81 Training Update

Richard Bullen, the Fund Governance & Performance Manager, recommended CIPFA training. He requested approval of a new training policy, largely aligned with CIPFA guidance, but which did not include the Committee's substitute Members. The policy expected Members to take responsibility for their own training and development, however guidance could be provided to Members if specifically requested. The Chair noted the comprehensiveness of the document, but also queried the alignment of the knowledge assessment and training plan. It was clarified that the training plan was a living document over four years and would be updated if required. It was noted the Hymans Robertson report covered only one year, but the 4 year plan attempted to set out a long term training pathway, addressing gaps in knowledge and understanding over each Members entire term of office.

In response to questions the Fund Governance & Performance Manager outlined that although the training plan was generic, in practice tailored individual Member needs could be discussed separately with that Member. It was noted that the policy also included a process if Members did not maintain their training. A minimum of 6 hours per year of training was agreed to be proportionate. The training strategy was updated annually by means of self-assessment questionnaires being filled out by Members.

It was then,

Resolved:

- a) **For the Committee to approve of the new member training policy**
- b) **For the Committee to adopt and approve the 4-year knowledge & skills framework covering both members and senior officers of the Fund.**
- c) **For the Committee to approve the training plan for the Scheme Year 2022/23.**

82 **Pensioner Payroll Data Base Reconciliation**

An update was provided on the Pensioner Payroll database reconciliation project. This detailed the decision to postpone the transition to an integrated payroll system (on Altair) until after the Evolve programme was completed, around 2023/24 as opposed to 2022/23 as initially planned. The completion of case work on the reconciliation project itself was going slower than planned due to the complexity and extension of the scope of the review to cover newer pensioners and dependents.

The main impact of delaying the transition to an integrated pensioner payroll system for the Pension Fund was that they would need to work on two separate payroll systems for longer and therefore it would take longer to mitigate the inherent control and efficient issues previously presented to the Committee. It was also clarified that there would be an ongoing need to have access to SAP data post transition which could either be imported into the SAP replacement system or be held in archive (this decision would need to be made by the Evolve programme team).

In response to queries about the risk of a continuing dependence on SAP it was explained that there was a risk but not one that can be avoided completely. However, it was partly mitigated due to the current data cleanse. There would be costs related to maintaining the old system, this was an issue for pension funds because they needed more historical data for much longer time frames. Some other implications of the delay were outlined. As the control frameworks needed regarding two systems were much more complex the risk of things slipping through was increased. It also meant that it takes a longer time to gain benefits from the switch.

At the conclusion of discussion, it was,

Resolved:

To note the update.

83 **Business Plan Objectives**

An update was received on progress on the business plan objectives. Compliance with accessibility regulations was questioned and it was clarified

that when moving to a new website, checks were undertaken to ensure that it worked appropriately for phones, tablets and other devices. However, the work on accessibility was mainly about ensuring that the information was accessible to people with disabilities (rather than for personal or technological preferences).

84 **Communications Strategy**

It was outlined that the strategy aimed to modernise communications, whilst remaining flexible about traditional forms of communication. The length of the strategy was queried and this was explained as necessary for compliance but also to set out sufficient detail on the approach the Fund was taking. It was highlighted that the strategy was accepted by the Employer Strategic Focus Group.

It was then,

Resolved:

To approve the Communications strategy.

85 **Forward Work Plan**

The Committee considered the forward work plan. The members had no comments.

It was then,

Resolved:

To approve the Forward Work Programme.

86 **Date of Next Meeting**

The next ordinary meeting of the Committee would be held on 3 March 2022, to be focused on investment matters.

The next meeting focused on administration matters would be held on 31 March 2022.

87 **Urgent Items**

There were no urgent items.

88 **Exclusion of the Public**

It was,

Resolved:

To agree that in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the business specified in Item 19-23 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraphs 1 & 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

89 **Minutes of the Previous Meeting**

The Part II (private) minutes of the meeting held on 25 November 2021 were presented for consideration, and it was,

Resolved:

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

90 **Fund Cyber Security and Business Continuity**

The Committee received a report that provided an update on Fund Cyber Security and Business Continuity.

It was,

Resolved:

1. **To increase the cyber security risk (PEN018) from an “Amber” risk rating to a “Red”.**
2. **To approve the Board’s recommendations to take all actions over the next 12 months to mitigate the cyber security risk as outlined below:**
 1. **Liaise with the Council’s ICT department to establish an appropriate approach to the Fund’s cyber security requirements;**
 2. **To conclude the recommendations agreed by the Committee at their meeting in September 2020, in particular;**
 - i. **To receive an ongoing annual cyber security report from Wiltshire Council’s ICT team; &**
 - ii. **To work with ICT & the Council’s Emergency Planning team concerning its IT recovery practices and ensure a beneficial outcome of any updated Business Continuity Plan;**
 3. **Compliment any guidance received from ICT by gaining approval, if required, from the sourcing of independent guidance on the results highlighted within Aon’s Cyber scorecard; &**
 4. **Focus on addressing the items recorded as “lower quartile” within the Aon’s cyber scorecard;**

5. To delegate to officers in consultation with the Chair the commissioning of an independent audit, subject to a fee cap of £35,000.
3. That officers liaise with Aquila Heywood in respect of the points in 1 to 3 within the “Recommendations for the Fund” section in Appendix 2.
4. To approve the Board’s recommendation that Wiltshire Council’s ICT function, works jointly with the Funds officers, to address key recommendations and additional comments set out in the SWAP audit, namely.
 - a. That ICT work with Fund officers to establish a common framework of compliance borders, particularly where they may be beyond ICT’s own compliance requirements, for inclusion within the report.
 - b. That ICT provide an update on progress made relating to the two areas of concern (Red) and the areas marked as (Amber) highlighted in their last cyber security SWAP audit, highlighting how these concerns might specifically impact the Pension Fund, for inclusion within the report.

That any future reporting contains:

- c. An update on the mitigation of risks.
- d. Agreed arrangements between the Fund and ICT, under which the full ICT audit reports provided by SWAP to Wiltshire Council can be accessed via a separate folder.
- e. A Wiltshire Pension Fund IT security and resilience policy which is drawn up between ICT and the Funds officers.
5. To approve the Board’s recommendation, that going forward officers provide a summary to Members of any software provider cyber security reports they receive, on an exception basis, or where a provider has not provided evidence of their cyber security resilience as required by the Fund.

91 **Key Financial Controls**

The Committee received an update outlining the operational accounting arrangements. It was,

Resolved:

To note the report and that the Committee would use the report to monitor progress against resolving the issues which had been identified, and the progress made to develop accounting and control improvements.

92 **Brunel Budget**

The Committee received a report summarising the Brunel budget proposals. It was,

Resolved:

1. To support the budget increase of 5.3%.
2. To request that officers feedback to Brunel the Committee's comments.

93 **Brunel Governance Review Update**

This item was considered under the previous item.

(Duration of meeting: 10.00 am - 1.35 pm)

The Officers who produced these minutes were Tara Shannon of Democratic Services, direct line 01225 718504, e-mail tara.shannon@wiltshire.gov.uk and Leonora Penry of Democratic Services, direct line 01225 718541, email leonora.penry@wiltshire.gov.uk

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

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WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
03 March 2022

RESPONSIBLE INVESTMENT UPDATE REPORT

Purpose of the Report

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

Key Considerations for Committee

Progress against recent decisions and the actions in the Responsible Investment Plan 2021/22

2. Actions from the recent Committee meetings are as follows. Actions which were reported as complete in the last regular update have been removed:

Recommendation	Action
Members agreed...	
That the Fund should aim to sign up to the 2020 Stewardship Code during 2021.	Officers have completed a first draft of the report which will be finalised for review and approval at the 31 March 2022 Committee meeting.
That officers will follow up with Mercer on advising on a road map for the Fund to achieve net zero by 2050.	Mercer have completed the bulk of the work, and are to complete this work by analysing the Fund's holdings using Mercer's Analytics for Climate Transition (ACT) tool, which provides more bottom-up analysis.
To approve the Responsible Investment Plan 2022/23, and the actions and costs noted therein.	Progress against the actions in the Responsible Investment Plan is shown below.
To authorise officers to work with Mercer to deliver the implementation of the affordable housing and renewable infrastructure portfolios.	This work is well underway, with initial managers now selected for the affordable housing portfolio. Progress is reported elsewhere on this agenda.
That a training half-day should be organised, and that Pensions for Purpose should be invited to deliver a workshop on impact investing, and Brunel to provide training on the Paris-aligned benchmark.	This training was delivered on 29 November 2021. More details on the actions for officers following the training delivered by Pensions for Purpose are provided below.

3. The road map from the Responsible Investment Plan 2021/22 is shown on the following page. Progress against actions for Q4 2021 & Q1 2022 is as follows:

4. Investments and strategy:

- The Fund made specific allocations to renewable infrastructure and impact affordable housing, of 5% each. Implementation options have been considered and initial managers selected for affordable housing.
- The Responsible Investment Policy has been approved and published – more info further later in this report.
- Mercer’s work on a “net zero by 2050” road map will continue with analysis using Mercer’s Analytics for Climate Transition (ACT) tool.

5. Reporting and disclosure:

- The [investment pages of the Wiltshire Pension Fund website](#) have been updated to include comprehensive descriptions of ‘what we invest in’ and explanations of ‘how we do it’ etc. These pages will provide a useful resource for members, employers and other stakeholders seeking information on the investments of the Fund.
- Officers have developed plans for stewardship reporting in line with the 2020 Stewardship Code. This report will be brought to the Committee on 31 March for approval and published in April 2022. Confirmation of Stewardship Code signatory status will be confirmed later in Q2 or Q3 2022.
- The Fund signed up to wider initiatives as set out in the Responsible Investment Plan. The team has begun engaging with these resources and is evaluating effectiveness of participation.

6. Training and engagement:

- The annual pension fund member conference was held on 23 November 2021. Sessions on retirement and accessing benefits were popular. A specific webinar slot on accounting and investment had also been planned. However, low levels of interest led to this delivery format being reviewed and other methods of engagement considered instead.
- A Committee training session on the Paris-aligned benchmark and impact investment, UN sustainable development goals (SDGs), was held on 29 November 2021. Officers received feedback from attendees during the session, from Q&A and an online survey. It was agreed that more information on the option to map the investment portfolio against the SDGs should be gathered and brought to the next meeting.
- The investment team were made aware of a letter circulated by Michael Lynk, UN Special Rapporteur on the Palestine Occupied Territories, to Chairs of some LGPS pension committees regarding investments with companies on the UN database of companies with operations in the Palestine Occupied Territories. This was raised at the Brunel Responsible Investment Sub Group to check that the position previously stated by Brunel and Hermes had not changed. The Chair of the Scheme Advisory Board (SAB) and Chair of LAPFF held a meeting with Michael Lynk to discuss further. No further update has been received to date.
- The team were also made aware of a campaign to divest from [big-livestock](#) via other Brunel partnership funds. The campaign website hosts a list of councillor contacts, but we have not been made aware of any emails or FOI requests to date.

7. **Responsible Investment Plan 2021/22 progress summary:** All actions in the 2021/22 plan have now been completed. Work will begin on actions for Q2 2022 onwards following approval of the new plan, which will be brought to the Committee meeting on 31 March 2022 for approval, to tie in with the business plan and budget for 2022/23.

Responsible Investment Road Map

Q2 2021 -
Investments and strategy: decision on sustainable equities
Reporting and disclosure: TCFD reporting
Training and engagement: Training on impact investing and affordable housing

Q3 2021 -
Investments and strategy: proposals for protection assets, develop and publish Responsible Investment Policy, including climate statement and action plan
Reporting and disclosure: Develop plan for Stewardship Code reporting

Q4 2021 -
Investments and strategy: begin work to implement proposals for protection assets, begin reviewing potential work on other asset classes with respect to climate change and sustainability
Reporting and disclosure: sign up to wider initiatives
Training and engagement: hold membership webinars and develop the information shared on the Fund's website

Q1 2022 -
Investments and strategy: update Investment Strategy Statement
Reporting and disclosure: develop plans for reporting the year's progress in the Annual Report

Responsible Investment (RI) Policy (and Investment Strategy Statement)

8. As noted at the previous meeting, the RI Policy was approved and published. The Investment Strategy Statement has since been updated to remove duplicated information accordingly. Both documents have been published on the website.

United Nations Sustainable Development Goals (UN SDGs) Mapping

9. The impact investing training session on 29 November 2021 covered the UN SDGs.
10. At the end of the session, the option of mapping the investment portfolio to SDGs was discussed and the exercise completed by Worcestershire Pension Fund cited as an example. Officers subsequently met with a stewardship consultant to scope a mapping exercise. Based on the cost of this analysis and considering that the investment strategy will be reviewed as part the 2022 actuarial valuation, it is recommended that an SDG mapping exercise may be revisited at a later date. More detail is set out in **Appendix 1**.
11. Officers were tasked with bringing a paper to the investment-focussed Committee meeting on 3 March 2022 setting out which SDGs the Committee could state as priorities. The SDGs identified are set out in **Appendix 1**, and below.
12. It is recommended that as an interim step, the Committee supports a statement regarding the SDGs as follows, which can be included in the Annual Report and the next revision of the Responsible Investment Policy:

“Wiltshire Pension Fund has considered the UN SDGs through an investment lens. Although the SDGs are targeting broad economic goals and have not been specifically developed as an investment framework, as a large and diversified investor the Fund has exposure to the global economy, and the intended outcomes of the SDGs would benefit the Fund’s investments and the sustainability of investment returns into the future. The exercise of considering the SDGs also assisted the Fund in focussing on relevant investment risks and opportunities. As a result of this analysis, the Fund sees the strongest investment case for supporting the following SDGs, and will prioritise these areas when discussing engagement activity, investment opportunities and risk mitigation with investment managers:

- Climate [SDGs 13 Climate Action & 7 Affordable and Clean Energy]
- Economic growth [SDGs 8 Decent Work and Economic Growth & 9 Industry Innovation and Infrastructure]
- Education [SDG 4 Quality Education]”

Training

13. Officers presented a training session for Committee and Local Pension Board members on 9 February 2022 on private markets investments, in advance of members meeting with Brunel to discuss these portfolios at the Committee meeting on 3 March 2022. Feedback following this training session was very positive, with 8 out of 9 respondents to the survey feeling that their knowledge in this topic area was improved following the training. Requests were made for follow-on training on the topics of due diligence, and investment manager costs. Some further information on costs is included elsewhere on this agenda within the private markets update paper, and officers will circulate some additional information on the due diligence process in due course. Another respondent felt that more time on the case studies would have been beneficial, so officers will ensure this is taken on board for future training sessions, and can provide more information on

the case studies at any time. Members are thanked for providing their feedback, which is very helpful in shaping future training sessions.

14. There will be another internal training session on the morning of Monday 16 May 2022, which will cover information on the strategic asset allocation. This will help provide members with the information they need in advance of reviewing and approving a new strategic asset allocation later this year.

Member and Employer Engagement Activity

Wiltshire Pension Fund website and member demographics

15. Following on from the launch of a comprehensive Climate page in the run-up to COP26, the 2021 UN Climate Change Conference, the investment pages have been developed to include:
 - What we invest in and why (Strategic asset allocation); description and explanation of long term targets
 - How we do it (Policies and Strategies); how the policies come together, decisions are made, and the management arrangements internally and with Brunel
 - Who we work with: listing of memberships, initiatives and other service providers
 - Member/Employer Engagement: a page dedicated to member and employer engagement
16. The stewardship and voting page holds up to date voting records and will host the Stewardship report once finalised in April.
17. Members can view the new investment webpages here:
<https://www.wiltshirepensionfund.org.uk/investment-pages>
18. In addition, there has also been significant development in analysing member demographics and website visits. This workstream, led by our Communications Manager, is looking at how specific membership groups may be profiled based on membership status, age etc. This can then be used to improve communications, information content and delivery methods by taking account of the differing preferences of these groups.

Environmental Impacts of the Proposals

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

20. There are no known implications at this time.

Proposals

21. The Committee is asked to
 - use this report as a basis for monitoring the progress that is being made towards implementing responsible investment policy;
 - note the progress made against the Responsible Investment Plan 2021/22 actions and discuss whether any additional actions are needed at the current time.
 - note the conclusions of the SDG investigative research and agree that this can be placed on hold until a later date/after the strategy review.

- adopt the statement regarding priority SDGs.

Report Author: Liam Robson (Accounting and Investment Officer)

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

Appendix 1

Sustainable Development Goals

During the training session on 29 November 2021, Committee members were asked to review the UN SDGs and consider investment theses of each in the context of the Fund’s investments.

The 2030 Agenda for Sustainable Development, adopted by all United Nations forms a blueprint to achieving a better and more sustainable future for all. The Goals address global challenges and are set out below for ease of reference:



Polling exercise

Committee members were asked to vote for their top three suggestions for which SDGs they believed the pension fund should prioritise, both before and after group discussion.

The results of the later poll identified some of the themes that could be considered as priorities for the pension fund:

- Climate [SDGs 13 & 7] – mitigating the associated risks was viewed as a high priority
- Economic growth [SDGs 8 & 9]– both in terms of industry, infrastructure and work
- Education [SDG 4]– as a driver of growth, this would support many of the other goals

Support for climate action and economic growth are shared with all and most other pension funds. Quality education was believed to be an area where there was broad agreement of principles, but potential hurdles around funding to overcome.

The training exercise and polling exercise was not part of a decision process, but a means of enabling discussion and consideration of ESG issues.

Mapping Exercise

Officers met with a stewardship consultancy provider on 10 January 2022 to find out more about SDG mapping methodology and what such an exercise may involve. Holdings information from all portfolios, pooled and segregated mandates, would be mapped against all SDGs. The resulting dataset/matrix could be filtered on SDG, the weight of that SDG for each holding, and its capital weight within the portfolio.

The output would also show net contributor/detractor ratings and highlight areas of the portfolio where “intentionality” i.e. ESG versus financial rationale may conflict. For example, oil and gas companies may score low for climate related SDGs, but highly for employment, infrastructure and economic factors.

The exercise would draw on the [World Benchmarking Alliance](#) (WBA) SDG 2000 approach, the providers’ own sustainability scores and input from external asset managers via questionnaires. The majority of the work would be across equity holdings, but Worcestershire Pension Fund also included infrastructure and real estate; South Yorkshire Pension Fund have mapped all asset classes.

The breadth and depth of the work involved is reflected in the cost, but access via the LGPS framework may be possible in the near future. As the investment strategy will be reviewed as part of the 2022 valuation, the recommendation to the Committee is that this should be revisited after the review, so that the baseline is more reflective of the Fund in terms of its long term direction of travel.

The Fund would also need to plot a clearer path from outcome to action (i.e. prioritising goals for engagement activity is currently via Brunel’s governance processes for the pool and could not be easily implemented for individual funds separately).

Statement of priority

As an intermediate step, the Committee should consider making an SDG statement or documenting the priority SDGs that emerged from the training session. This could provide focus for engagement activities. While engagement priorities at Brunel are set collectively for all partnership funds, legacy managers may be able to use the statement to at least report on engagement and voting activity that specifically addresses those topics.

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