

AGENDA

Meeting: Wiltshire Pension Fund Committee
Place: Kennet Room - County Hall, Bythesea Road, Trowbridge,
BA14 8JN
Date: Thursday 23 March 2023
Time: 10.00 am

Please direct any enquiries on this Agenda to Ben Fielding - Senior Democratic Services Officer of Democratic Services, County Hall, Bythesea Road, Trowbridge, direct line or email

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 Pauline Church
Cllr George Jeans
Cllr Gordon King
Cllr Christopher Newbury

Substitute Members

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

Swindon Borough Council Members

Cllr Kevin Small
Cllr Vijay Manro

Substitute Members

Vacant

Employer Body Representatives

Tracy Adams
Claire Anthony

Non-voting Membership

Observers

Stuart Dark
Mike Pankiewicz

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 a meeting you are consenting that you may be recorded presenting this and that in any case your name will be made 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](#).

Our privacy policy is found [here](#).

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

Items to be considered

Time

PART I

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

- 1 **Apologies** 10.00am

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

- 2 **Minutes of the Previous Meeting** *(Pages 7 - 12)*

To approve and sign the Part I minutes of the Committee meeting held on 2 March 2023.

- 3 **Declarations of Interest**

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

- 4 **Chairman's Announcements**

To receive any announcements through the Chairman.

- 5 **Review of Actions arising from previous meetings** *(Pages 13 - 14)*

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

- 6 **Review of the Minutes of the Local Pension Board** *(Pages 15 - 30)*

To receive the minutes of the meeting of the Local Pension Board held on 1 February 2023. To review the summary of the recommendations made by the Board.

- 7 **Public Participation**

The Council welcomes contributions from members of the public.

Statements

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

Questions

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

Those wishing to ask questions are required to give notice of any such questions in writing to the officer named on the front of this agenda no later than 5pm on Thursday 16 March in order to be guaranteed of a written response. In order to receive a verbal response, questions must be submitted no later than 5pm on Monday 20 March. Please contact the officer named on the front of this agenda for further advice. Questions may be asked without notice if the Chairman decides that the matter is urgent.

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

8 **Final valuation report** (Pages 31 - 78) **10.05am**

A presentation by Hymans Robertson of the final valuation report and review of the process, including the level of data quality.

9 **Headlines and Monitoring (HAM)** (Pages 79 - 138) **10.45am**

A report for the committee's ongoing oversight of:

- Scheme, Regulatory, Legal and Fund Update
- Risk Register
- Administration KPI update – 1 December 2022 to 28 February 2023
 - a) Outsourcing update
 - b) McCloud & Dashboard update
- Fund Audits
 - a) SWAP Audit update 2022/23
- Training and effectiveness review update

Please note that Appendix 4 (Audit Actions Log) will be published as a later agenda supplement.

10 **Business Plan & Budget 2023/24, plus KPI Improvement Plan** **11.05am**
(Pages 139 - 186)

The Head of Wiltshire Pension Fund will present the latest Fund Business Plan and Budget to Committee for approval. Part of the presentation will include details of a revised RI plan and training setting out the approach to the improvement plan and explaining the administration content impacted by the plan.

11 **Key Financial Controls** (Pages 187 - 198) **11.35am**

Including the Budget Monitoring 2022/23 and the corporate recharge arrangements. To be presented by the Investment & Accounting team lead.

12 **Treasury Management Strategy:** (Pages 199 - 210) **11.45am**

The Investment & Accounting team lead will present the strategy for 2023/24 and a report summarising the performance to date

during 2022/23.

- 13 **Divestment Statement** (Pages 211 - 214) 11.55am

The Head of Wiltshire Pension will present a paper agreeing a position and statement regarding the topic of divestment.

- 14 **Stewardship Report** (Pages 215 - 216) 12.05pm

The Fund Investment & Accounting Officer will present plans for the draft stewardship report process and submission.

- 15 **Committee Forward Work Plan** (Pages 217 - 224) 12.15pm

To review the work plan for the committee.

- 16 **Date of Next Meeting**

To determine the date of the next Committee meeting dates:

- Investment focused meeting 15 June 2023
- Administration focused meeting 13 July 2023

- 17 **Urgent Items**

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

- 18 **Exclusion of the Public** 12.20pm

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 17-20 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraphs 1 & 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

PART II

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

- 19 **Minutes of Previous Meeting** (Pages 225 - 230) 12.25pm

To approve and sign as a true and correct record the Part II (private) minutes of the previous meeting held on 2 March 2023.

- 20 **Local Pension Board minutes (Part II)** (Pages 231 - 242)

A review of the last Local Pension Board minutes (1 February 2023).

Wiltshire Pension Fund Committee

MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 2 MARCH 2023 AT KENNET ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

Present:

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

Also Present:

Anthony Fletcher and Cllr Nick Botterill

23 **Apologies**

Apologies were received from Tracy Adams and Claire Anthony.

Following his appointment to the Cabinet of Swindon Borough Council, Councillor Steve Heyes was removed as a Member of the Committee. He was replaced by Councillor Vijay Manro.

24 **Minutes of the Previous Meeting**

The minutes of the meeting held on 10 January 2023 were presented for consideration, and it was,

Resolved:

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

25 **Declarations of Interest**

There were no declarations.

26 **Chairman's Announcements**

There were no announcements.

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

The Committee reviewed the minutes of the Local Pension Board meeting held on 1 February 2023. After noting a correction to one word of the Budget item of the draft minute, it was,

Resolved:

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

28 **Public Participation**

No statements or questions were submitted.

29 **Hymans Cashflow Modelling**

Christopher Moore, Investment and Accounting Team Lead, presented a report on key outcomes of modelling work undertaken by Hymans Robertson to review the cashflow position of the Fund.

The report from Hymans set out further detail of scenarios tested for higher inflation, and the methodology used to complete the modelling.

The Committee discussed the report and update, noting the conclusion of the Fund becoming cashflow negative by 2030 if inflation was in line with the valuation assumptions. Questions were raised on scenarios of high inflation and low growth, contributions from employers outweighing payouts which was common with Local Government Pension Schemes and other details. It was confirmed officers continually monitored the cashflow position.

At the conclusion of discussion it was,

Resolved:

To undertake a further full review of the cashflow position in 2026.

30 **Responsible Investment Update**

Liam Robson, Investment and Accounting Officer, delivered a presentation on responsible investment issues as set out in the report. An update on the responsible investment roadmap was provided, along with updates on training, investment strategy and the Fund's position on Fossil Fuel divestment.

The Committee discussed a draft statement in the report relating to fossil fuel divestment, whether it was consistent with the approach on responsible investment agreed by the Committee, its flexibility, and responsibility on financial returns. It was noted that a definition was included clarifying that a company was defined as primarily a fossil fuel company if, among other criteria, at least 50% of its revenues came from the exploration, extraction, distribution or refining of fossil fuels. Any such statement would not therefore mandate exclude any company with some level of fossil fuel involvement, and could take account of mitigation and offsetting measures in place. The limited nature of the Fund's current investment in fossil fuels was raised.

It was agreed to defer approval of a statement on fossil fuel divestment to a future meeting, taking account of the comments made during the discussion.

At the conclusion of debate, it was therefore,

Resolved:

To note the progress made against the Responsible Investment Plan 2022/23.

Councillor George Jeans arrived at 1045.

31 **Biodiversity**

Liam Robson, Senior Investment and Accounting Officer, delivered a presentation on biodiversity and, the general themes of the Taskforce for Nature Related disclosures (TFND) in the context of the Responsible Investment Plan, as set out in the report.

Questions were raised by some Members about the evidence supporting statements regarding better investment returns from those companies and solutions minimising environmental impacts, with some comments requesting that any factual statements provide links to appropriate sources or opinions. There was discussion about financial risks of not taking into account ecological and biodiversity implications, and that the report was providing a briefing on relevant issues alongside the fiduciary duty of the Fund. The Committee discussed the paper as a training and informational aid and to assist engagement with asset managers, rather than endorsing any additional commitments.

At the conclusion of debate, it was,

Resolved:

To note the report and its recommendations, taking account of the comments raised in debate.

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

32 **Investment Strategy Statement**

The Chairman introduced the final draft of the Investment Strategy Statement, which had been considered on several occasions and which he stated was a good, user friendly document. Subject to a minor change to simplify one of the section headings within the investment strategy statement.

Resolved:

- 1) **To agree the attached final Investment Strategy Statement (ISS), (Appendix 1) for publication.**
- 2) **To note the benchmark review completed by Mercer and the recommendation that no additional actions are proposed following the review, and that the benchmarks used are generally considered reasonable and appropriate.**

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

33 **Date of Next Meeting**

The date of the next meeting was noted as 23 March 2023.

34 **Urgent Items**

There were no urgent items.

35 **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 Numbers 36 - 40 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.

36 **Minutes of the Previous Meeting**

The Part II minutes of the meeting held on 10 January 2023 were presented for consideration, and it was,

Resolved:

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

37 **Quarterly Investment Update**

Christopher Moore, Pension Fund Accounting and Investment Team Lead, presented the investment quarterly progress report.

Details were provided on quarterly performance, and ratings from Mercers for each investment manager.

Following discussion, it was,

Resolved:

To note the quarterly investment update report.

38 **Brunel SRMs**

Andy Brown, Corporate Director Resources, Deputy Chief Executive, and Treasurer to the Pension Fund, gave a verbal update on the upcoming

shareholder's meeting to consider proposals from the Brunel Pensions Partnership on a new budget, objectives, and people strategy.

The Committee noted that the Corporate Director was the Shareholder representative for the Fund and responsible for casting a vote along with the other nine Funds included within the partnership. They discussed the update and proposals from Brunel and made comments as appropriate.

It was then,

Resolved:

That the Corporate Director, Resources, take account of the comments of the Committee in making a decision as shareholder representative on proposals from the Brunel Pensions Partnership.

39 **Manager Presentation - Brunel Pensions Partnership**

Richard Fanshaw, Head of Private Markets at the Brunel Pensions Partnership delivered a presentation on the performance and direction of the Fund's investments with the private markets portfolio, including case studies of current or potential investment opportunities, and took questions from the Committee.

40 **Manager Presentation - Ninety One**

The presentation from Ninety-One was deferred.

(Duration of meeting: 10.00 am - 1.35 pm)

The Officer who has produced these minutes is Kieran Elliott of Democratic Services, direct line 01225 718504, e-mail kieran.elliott@wiltshire.gov.uk

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

This page is intentionally left blank

Agenda Item 5

Wiltshire Pension Fund Committee - Actions Log						
Minute reference	Section	Meeting Action	Task owner	Target date for completion	Action commentary (To include progress & secondary actions)	Date completed
227 (17/12/20)	Investments (Stewardship Code)	Confirmation to Committee that the Fund has been signed to the 2020 Stewardship Code during 2021	JD	31/12/22		15/09/22
24 (24/06/21)	Procurement (New Payroll System)	Updates on the integrated payroll and payments system project to be brought back to committee	AC	30/06/23	Evolve delayed	
35 (30/09/21)	Investment (RI)	Agree the milestones for the BPP property transition before proceeding	JD	31/12/21		01/04/22
35 (30/09/21)	Investment (RI)	To bring a recommendation to the Committee on how the new strategic allocations should be implemented	JD	31/12/21		01/04/22
39 (30/09/21)	Governance (Committee Structure)	To delegate to the Chairman and officers desirable changes with MJ Hudson, possible under the existing contract (and to make alterations when re-tendering), in connection with the impact of the Committee structure	Chair/JD	31/03/22		03/03/22
79 (16/12/21)	Actuarial (Valuation)	For officers to liaise with Hymans Robertson to provide further training on the setting of Valuation assumptions at the next Committee meeting	AC	31/03/22		05/04/22
80 (16/12/21)	Governance (Audit)	For non-standard audits covering the Fund's Pensioner Payroll reconciliation, Investment governance, Cyber Security, Statutory Returns and Administering Authority internal arrangements to be completed	RB	14/12/22	Within the 2022/23 budget an additional provision is to be made for the appointment of specialist auditors in relation to ad-hoc or on-going strategic audits	Closed
80 (16/12/21)	Governance (Audit)	Officers to liaise with SWAP regarding ideal requirements and timescales	RB	14/12/22	Email to Charlotte Wilson, following which on 20th January she agreed to pick up with Andy Brown at the next S151/Head of Internal Audit catch up	07/04/22
90 (16/12/21)	Governance (Cyber Security)	To take the following cyber security actions over the next 12 months. 1) Liaise with the Council's ICT department to establish an appropriate approach to the Fund's cyber security requirements 2) Conclude the recommendations agreed by the Committee at their meeting in September 2020 3) Receive an annual ICT cyber security report 4) Work with ICT & the Council's Emergency Planning team concerning its IT recovery practices and Business Continuity Planning 5) Gain approval from an independent source on the Fund's cyber security strategy 6) Address the items recorded as "lower quartile" within the Aon's cyber scorecard 7) Liaise with Aquila Heywood in respect of the points in 1 to 3 within the "Recommendations for the Fund" section in Appendix 2 8) Create a common framework of compliance borders, with ICT's own compliance requirements & 9) ICT provide an update on progress made relating to the two areas of concern (Red) and the areas marked as (Amber) highlighted in their 2021 cyber security SWAP audit.	RB	14/12/22	Delegate to officers in consultation with the Chair the commissioning of an independent audit, subject to a fee cap of £35,000	06/10/22
100 (03/03/22)	Responsible Investment (SDG)	Agreed that the conclusions of the SDG investigative research be placed on hold until after the strategy review	LR	17/11/22		05/09/22
106 (03/03/22)	Investment (Quarterly Report)	Officers & Mercer to carry out a investment manager selection exercise to appoint a replacement manager for Magellan. A cost to be provided at the meeting	JD	26/05/22		26/05/22
106 (03/03/22)	Investment (Quarterly Report)	To defer approving the 2 year contract extension for Mercer until a paper providing more information was received	JD	26/05/22	Confirmed by JD that this was discussed at 5/4 meeting.	05/04/22
107 (03/03/22)	Investment (Affordable Housing)	Officers & Mercer to work on a final tranche of committing affordable housing portfolio capital. A further updated is then to be provided to the Committee	JD	31/12/22	Redated from 26/5/22 to 31/12/22	17/11/22
117 (05/04/22)	Actuarial (Valuation)	CPI assumption approved, subject to the successful outcome of a discussion between the Independent Adviser and the Actuary	AF	26/05/22	Confirmed by JD that this was discussed at 26/5 meeting.	28/07/22
152 (28/07/22)	Governance (Council Recharge)	A report concerning the Council's recharging arrangements with the Fund would be received by the Committee	CM	14/12/22		10/01/23
157 (28/07/22)	Accounts (AR&As)	requested an explanation be included within the Annual Report & Accounts 2021/22 setting out why the report would be published, although the accounts are expected to be unaudited.	JD	17/11/22	Page 105	17/11/22
178 (05/09/22)	Investment (Climate update)	To approve the plans for reporting on climate risk via a single report in early 2023 and receive an update to that effect.	JD	02/03/23		
182 (05/09/22)	Investment (Quarterly Report)	To explore the feasibility of appointing external specialists to undertake a review of the estimated fee savings accrued through the creation of the Brunel Pension Partnership. To make an appointment, if appropriate and report back the findings of the fee savings.	JD	02/03/23	ClearGlass £15k	17/11/22
203 (06/10/22)	Governance (Cyber Security)	The Committee requested that it receive a formal response on cyber security from the Council at the next administration focused meeting	AB	14/12/22		10/01/23
203 (06/10/22)	Governance (Cyber Security)	Officers agreed to co-ordinate the receipt of questions from members after the meeting, so that responses could be provided by Aon in time for the Committee meeting in December	RB	14/12/22		10/01/23
214 (17/11/22)	Governance (Corporate Recharge)	To receive an update on the proposed recharge arrangements for support services provided by Wiltshire Council for 2023/24. To include a timetable and the production of a Service Level Agreement	AB	14/12/22		10/01/23
07 (10/01/23)	Governance (Audits)	To approve the commissioning of proposed audits for the scheme year 2023/24. To receive updates from Q3 2023.	RB	13/07/23		
22 (10/01/23)	Governance (Audits)	The Treasurer to the Fund/Corporate Director, Resources, as Shareholder representative, in raising concerns around the proposed Brunel Pension Partnership budget	AB	23/03/23		

This page is intentionally left blank

Local Pension Board

MINUTES OF THE LOCAL PENSION BOARD MEETING HELD ON 1 FEBRUARY 2023 AT KENNET ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

Present:

Mark Spilsbury (Chairman), Marlene Corbey (Vice-Chairman), Paul Smith, Laura Fisher, Asifa Ashraf and Mike Pankiewicz

Also Present:

Cllr Richard Britton, Christopher Moore, Richard Bullen, Ellen Ghey, Cameron Osborn, Jennifer Devine, Denise Robinson and Liam Robson

166 **Apologies and Membership**

Apologies were received from Juliet Weimar.

The Chairman informed Members that Asifa Ashraf would shortly be leaving Wiltshire Council and as such would be unable to continue as an Employee Board Member. The Chairman thanked Asifa on behalf of the Board for her attendance and time invested into attending and participating in training and meetings over the course of her term.

167 **Minutes and Action Tracking**

The Part I (public) minutes of the previous meeting held on 27 October 2022 were considered. After which, it was:

Resolved

The Board approved and signed the Part I (public) minutes of the previous meeting held on 27 October 2022 as a true and correct record, and the Board's action log was noted.

168 **Declarations of Interest**

There were no declarations of interest.

169 **Chairman's Announcements**

There were no Chairman's announcements.

170 **Public Participation**

There were no statements or questions submitted.

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

The Part I (public) minutes from the last ordinary meetings of the Wiltshire Pension Fund Committee (WPFC) meetings held on 17 November 2022 and 10 January 2023 were considered. Following which, it was:

Resolved

The Board noted the Part I (public) minutes from the last ordinary meetings of the Wiltshire Pension Fund Committee held on 17 November 2022 and 10 January 2023.

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

Jennifer Devine, Head of Wiltshire Pension Fund, updated the Board on the various Scheme, Legal, Regulatory and Fund updates.

Additional information was provided regarding actions in respect of the McCloud decision and the Pensions dashboard data. It was stated that good progress had been made against recommended actions.

There being no further comments, it was then:

Resolved

The Board noted the report.

173 **Risk Register Update**

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

It was explained that a new Risk Register was introduced in November 2022 with officers subsequently undertaking an exercise whereby they compared the old register to the new one to ensure that all risks had been migrated across and the new document was fully embedded and established. Furthermore, the previous incarnation focussed on inherent risk whereas the new document focussed on residual risks once mitigations had been applied, and as such, the ratings in many respects would appear reduced. The register was noted as being updated monthly by officers and then reviewed internally to ensure consistency, and once approved brought forward to Committee and Board meetings.

Recent changes were highlighted with the review undertaken in January 2023 increasing the level of case work and data management risks experienced in December 2022. However, officers emphasised that they were not overly

concerned with the issues presented as they felt they would be minimised with time. Officers felt that the new design would support Board Members in making recommendations to the Committee through the observation of trends and themes.

The Board discussed the report and update and made comments on the graphics displaying the risks in the report. It was explained that the risk assessments depended on the weighting of the issues, for example a major administration risk that could significantly impact the operation of the Fund would be weighted more highly in comparison to others rated as less critical. It was further noted that officers would circulate information to Members after the meeting with regard to the effects of the Altair system on valuation reporting.

The Chairman welcomed the new design on behalf of the Board and commended officers on their work.

Resolved

The Board noted the attached Risk Register and recommended to the Committee that the risk assessments being made by the CROC Group were appropriate.

174 **Local Pension Board Budget 2023/24**

Chris Moore, Pension Fund Accounting and Investment Officer, briefly presented a proposed Local Pension Board Budget for 2023/24 for the consideration of the Board.

It was explained that officers were forecasting a small underspend with a slightly smaller proposed budget than the budget for 2022/23, however it was noted that the rising rates in inflation were accounted for.

Queries were raised in regard to training spends with Members seeking reassurance that all training opportunities were being passed on to Board and Committee Members. Officers confirmed that they were having discussions around signing Denise Robinson, Employer Engagement and Training Officer, onto the mailing lists for key providers such as Hymans Robertson so that she would have sight of all upcoming webinars and conferences and could then circulate to Members when appropriate.

Following which, it was:

Resolved

- 1) The Board agreed the draft Local Pension Board Budget and recommended to the Wiltshire Pension Fund Committee that this is included in the Fund's Administration Budget for 2023/24.**

- 2) The Board agreed to monitor their budget on a quarterly basis as Local Pension Board budget monitoring will form part of the quarterly budget report which is reviewed by the Wiltshire Pension Fund Committee.**

175 **Training Item**

Richard Bullen, Fund Governance and Performance Manager, introduced a report setting out a draft training programme for Board and Committee Members for the Scheme Year 2023/24 based on the Hymans Robertson National Knowledge Assessment (NKA) questionnaire completed by Members during 2022.

Officers commended all Board Members for completing the questionnaire. It was noted that there were a few Committee Members who had not completed the questionnaire, causing a slight disparity between the two groups' answers, however officers referred to the possible reasons outlined in the paper. Namely, the Board was more established, and the Committee had undergone a lot of Membership changes and thus many Members had experienced a big learning curve and weren't as experienced. However, officers emphasised that the results were just a snapshot in time. Key items gleaned from the report from Hymans Robertson were detailed, such as the order of training with 8 respondents out of 14 seeking further training on accounting and audit standards. Topical administration subjects were also noted. Officers noted that they were considering organising a training session clarifying roles and responsibilities of the Administering Authority, various advisers, officers and Members.

The attached training plan itself was raised and it was stated that it was not yet finalised and further changes could be made if required. The plan would be delivered in a variety of methods including online training, conferences, tPR toolkit and training sessions during meetings. It was confirmed that training was not mandatory for Committee Members, but the Board were reassured that the issue of training generally was being recognised at a national level relating to the need for the Committee as a decision-making body to undertake training.

In response to queries it was confirmed that training resources had been made available for Board and Committee Members online. During discussion it was agreed that it was not practical for all Board and Committee Members to attend the entirety of a meeting of the other body, for instance to attend a specific training item. It was suggested that training could take place at the beginning of or prior to a formal meeting, with hybrid capability, to enable all Members to attend the training only.

The Chairman further asked if there was scope for more detailed administration training which he felt could be more beneficial which officers agreed could be produced.

Following which, it was:

Resolved

The Board endorsed the implementation of the new Members training strategy covering the scheme year 2023/24, and the training plan for the Board, with the inclusion of additional training on Pensions Administration.

176 **Effectiveness Review**

Richard Bullen, Fund Governance and Performance Manager, presented the report which outlined the recommendations identified by Hymans Robertson in their “Member Effectiveness Review” report 2022 and updated Members on the Fund’s implementation of the Pension Regulator’s (tPR) anticipated new single code of practice and its effective system of governance (ESoG) requirement.

The Chairman began by thanking all Board Members who responded to the questionnaire and acknowledged that there was scope for improvements. He expressed some disappointment in the wording used in the Hymans Robertson report, which he felt presented a more negative position than was the case. He additionally sought further clarification as to the reasoning behind some of the recommendations not all of which may have been justified by the presented responses.

Officers responded to the points raised and highlighted that in the interim since the previous report in 2018, many processes and areas had been introduced or refreshed and were well received and embedded within the operation of the Fund. It was proposed to seek further clarification to better understand the recommendations. Noting the update on training, it was considered that additional training for Members may not be realistic.

Officers informed Members that they were intending to present tPR actions log, however they had attended the National Governance Conference prior to the meeting which notified attendees that a new guidance document was due for publication and many changes were anticipated. As such, officers felt that it would be ineffective to communicate information that may change, therefore they were awaiting the new guidance which would be reviewed and then brought back to the Board.

The Chairman welcomed the feedback from officers and stressed that any actions taken from the recommendations should be proportionate and realistic. Following which, it was:

Resolved

The Board recommended the actions outlined in the Member Effectiveness Report 2022 be implemented by officers but, given that many relate to areas where only a small number of Members have expressed a need for additional training and/or training, the Board requested that the issues are addressed in a proportional manner,

including the signposting of relevant information already available on SharePoint.

177 **Administration Quarterly Update**

Jennifer Devine, Head of Wiltshire Pension Fund, briefly presented the report to Board Members.

Members were informed that Andy Cunningham, Pension Administration Lead, would be leaving the Fund at the end of February 2023 and officers were in the process of recruiting a replacement. A plan was being developed for future improvements for the Fund which officers were targeting to be included in next years Business Plan. There was discussion of internal work to streamline administration processes to improve achievement of targets, as well as reorganisations of service areas to increase effectiveness.

The Chairman welcomed the openness on the difficulties which had been faced, and stated he was confident that the actions taken would lead to an improvement in achieving targets. Clarification was sought on raised risk ratings regarding underperformance due to staff shortages in December 2022. It was explained that the beginning of the month had been going well but the shortages had impacted on backlog work towards the end of the month.

In response to queries, officers confirmed that the Board would have sight of the improvement plan at their next meeting after consideration by the Committee in March 2023.

It was then:

Resolved

The Board noted the update.

178 **Key Financial Controls**

Chris Moore, Pension Fund Accounting and Investment Officer, presented the report to Members.

The Annual Report & Accounts for 2019/20 and 2020/21 were noted as being closer to being signed off with all work on the Fund's side being completed and the delay due to audit work with the Council accounts. However, as so much time had passed since 2019/20, officers were required to prepare a 'subsequent events note' to be included in accordance with accounting regulations. Payroll reconciliations were then raised with officers noting that the discrepancies between the two systems were continuing to be resolved. It was confirmed that officers had selected an investment manager to implement the SALAMI (Strategic Allocation to Liquid Asset Matching Investments) portfolio and strategy which would ultimately allow the Fund to maintain a smaller cash balance aiding in managing cashflow. Lastly, officers noted that an updated Service Level Agreement charge from the Wiltshire Council Finance Team had

been received after Fund officers sought details from the Council on their proposed methodology. Officers were awaiting the finalisation of a formal legal document that would outline the agreement.

In response to a question, officers clarified that the national pensions Liability Driven Investment (LDI) issue had led to a delay on the audit and was not as a result of the Fund itself, but instead due to the gilts crisis which forced the auditors to quickly undergo urgent reviews on other Funds, thus delaying auditing work being completed for the Fund.

It was then:

Resolved

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

179 **Draft Investment Strategy Statement**

Liam Robson, Pension Fund Accounting and Investment Officer, updated the Board in relation to changes to the Fund's Investment Strategy Statement (ISS).

It was explained that the Strategic Asset Allocation (SAA) of the Fund was reviewed in November 2022 with minor amendments being recommended, predominantly around changes to investment classification and category rationalisation. Officers noted that the modelling predicted a slight increase in expected overall returns but would have a slight impact on risk. Furthermore, the ISS had been redrafted in consideration of expected higher inflation periods, and a new policy document had been developed covering Environmental, Social and Governance (ESG) factors. It was explained that further amendments to the ISS may be made as a result of expected upcoming consultations and as such the strategy would be kept under review. Employers would be consulted in the next few weeks with officers hoping for the updated document to be brought to the March 2023 meeting of the Pension Fund Committee for final sign off.

In response to a question, officers explained that Mercer had provided advice as the Fund's Investment Consultant which had helped draft a detailed paper alongside a presentation for the November 2022 meeting of the Committee. Committee Members were noted as having received training on the SAA in early 2022 which aided them in asking many questions to Mercer, ensuring a thorough process had been undertaken. Officers acknowledged that a mistake had been made in the paper on Page 122 which stated that the current and long-term SAA were displayed but it was only the long-term SAA. Reference was then made to the approach to pooling investments and Members requested that the governance structure of Brunel be revisited in a future training session.

The Board also briefly discussed the recent news in regard to the Royal Borough of Kensington and Chelsea (RBKC) stating that they were considering

exiting their membership of the London CIV Local Government Pension Scheme pool. It was noted that the RBKC had not yet transferred any assets within their pool, which was not the case with Wiltshire and Brunel, with a commitment to making the relationship work.

Resolved

The Board noted the attached draft Investment Strategy Statement and agreed to provide any comments to the Wiltshire Pension Fund Committee (via officers) by Thursday 23 February 2023.

180 **Investment Governance Update**

Liam Robson, Pension Fund Accounting and Investment Officer, provided a verbal update for the Board on the Fund's TCFD (Taskforce for Climate-Related Disclosures) response and confirmation of the Fund's compliance with the CMA (Competition and Market Authority).

It was explained that the TCFD consultation was opened in September 2022 and officers had produced a response which was under consideration. Officers highlighted that many of the proposals were already being fulfilled by the Fund. However, it was expected that following the consultation and subsequent review, certain provisions would be put in place to make the proposals mandatory and what the Fund was already doing voluntarily would align with the rest of the LGPS by December 2023.

With regard to the CMA Order, it was explained that the Order covered the whole pensions space and mandatorily required pension funds to produce a compliance statement every January to confirm that funds were complying with requirements around fiduciary management and objective setting. Reference was then made to MiFID II and it was explained that it was a compliance piece of work related to the Committee with a refresher training session delivered in their November 2022 meeting, with one response pending on self-certification by Committee Members.

It was then:

Resolved

The Board noted the update.

181 **Audit Update**

Richard Bullen, Fund Governance and Performance Manager, updated the Board on the Fund's audit plan for 2023/24 approved by the Committee at their meeting on 10 January 2023.

It was noted that SWAP had undertaken a KFC (Key Financial Controls) audit in March 2022 in which a rating of "no assurance" was given, however this had been raised following the November 2022 audit to a rating of "limited

assurance". Officers noted that a significant programme of work had been undertaken over the summer of 2022 as a result and whilst further improvements were needed, officers were pleased with the increased rating. It was recorded that the key areas preventing further assurance were the aggregation processing and backlogs, pension payroll reconciliation project, new i-Connect enrolments, and the management of undecided leavers. Officers reiterated that these were large, slow-moving projects that were taking a lot of time and effort to complete. It was confirmed that none of the concerns raised in the audit were unknown to officers who were working hard to rectify any/all issues and that the actions log would be provided for Board Members at their next scheduled meeting.

The Brunel Cost Savings Audit was then raised, and officers noted that ClearGlass had been appointed as the auditor in November 2022, with field work still being undertaken. Members were assured that a report summarising the findings would be brought to the Board when completed.

Members highlighted that a few of the target dates felt close and sought reassurance that officers were on track to meet those targets. In response, officers confirmed that discussions would be taking place in the coming weeks among various managers and contractors. With regard to the Annual Report & Accounts, officers noted that they had been advised that there were concerns that the scheme year 2021/22 accounts may not be signed off by December 2023 due to the delays still being experienced, but they confirmed that all work had been completed. They further reassured Members that if a Fund does not meet their publication deadline for the Annual Report & Accounts due to an auditing delay, then they can be published with an explanation as to why they were yet to be audited, thus mitigating any legal repercussions and abiding by regulations.

In response to a query, officers noted that no employers responded to the consultation that had been circulated with regard to the introduction of imposing additional charges to employers that don't sign up to i-Connect. However, officers were working on further communications to provide more detail for employers through their Employer Engagement Services Team.

It was then:

Resolved

- 1) The Board noted the Committee's approval of the audits commissioned on 10 January 2023.**
- 2) The Board endorsed the recommendations made by SWAP in their 2022/23 audit report and that officers should prepare an actions log based on those recommendations.**

182 **Cost of Living Review**

Chris Moore, Pension Fund Accounting and Investment Officer, introduced on the findings of a review into the impact of the cost-of-living crisis on the Fund.

Following from the results of the report, the Committee had commissioned Hymans Robertson to analyse the cash flow data for the SAA with a report summarising the results to be delivered at a future meeting of the Committee. The Fund and Committee welcomed the chance to review all areas of the Fund with the consideration of cost-of-living factors. The Chairman commended the report and noted how well received it had been by the Committee and looked forward to future updates.

Resolved

The Board noted the work done and the impacts on the Fund.

183 **Urgent Items**

There were no urgent items.

184 **Date of Next Meetings and Forward Work Plan**

The next ordinary meeting of the Local Pension Board would be held on 24 May 2023.

Future meetings are scheduled for 10 August 2023 and 1 November 2023.

The Board additionally considered the Scheme Year Forward Work Plan.

Resolved

The Board noted the Scheme Year Forward Plan.

185 **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 21-23 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in 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.

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

The Part II (private) minutes from the last ordinary meetings of the Wiltshire Pension Fund Committee (WPFC) meetings held on 17 November 2022 and 10 January 2023 were considered. Following which, it was:

Resolved

The Board noted the Part II (private) minutes from the last ordinary meetings of the Wiltshire Pension Fund Committee held on 17 November 2022 and 10 January 2023.

187 **Cyber Security Update**

A verbal update was provided on the report on Cyber Security received at the last meeting of the Committee. It had been confirmed that as a result of Aon being commissioned to consider the risks associated with cyber security and that there was no unstated additional duty on the part of the Fund regarding pressing of the Council to introduce any supplementary cyber security protections, the Committee had fulfilled its due diligence expected by the Regulator. Furthermore, it had been agreed that any future cyber security work would be delegated to officers and reviewed annually, with any reporting provided to the Committee and Board on an exception basis.

188 **Departmental Restructure**

It was explained that a staffing restructure was being undertaken to better position the Fund to deliver an improved service for the future. Many changes were explained to Members with updates provided on vacancies at both lower and senior levels and how specific changes would impact on the operation on the Fund. Further discussions were had in regard to contracting recruitment agencies and ensuring that any vacancies were filled with people who possessed the right skills for the role.

(Duration of meeting: 10.00 - 11.45 am)

The Officer who has produced these minutes is Kieran Elliott of Democratic Services, direct line 01225 718504, e-mail kieran.elliott@wiltshire.gov.uk

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

This page is intentionally left blank

Summary Comments for the Wiltshire Pension Committee from the Pension Board in relation to reports submitted to the 1st February 2023 meeting of the Board.

Headlines and Monitoring Report

Risk Register

The Board supported the proposed recommendations to the Pension Committee in relation to the increase in the risk ratings for the Administration and Data Management risk sections.

The Board also supported the design of the risk register, subject to an accuracy check of the graphics shown at the front of the risk register.

Administration Quarterly Report

The Board continue to believe that improvements in administration performance, especially in relation to the key performance indicators, are required. In this context, the Board welcomed the assurance given that they would have sight of the improvement plan at their next meeting, after it had been considered by the Pension Committee in March 2023.

One of the reasons given for increasing the risk relating to Administration in the Risk Register was that performance against KPI's had worsened over the holiday period. However, the performance table provided to the Board meeting appeared to indicate a slightly improved position. Given the absence of the Administration manager this matter could not be resolved at the meeting, however following the meeting, the Chair's of the Wiltshire Pension Committee and Pension Board, in conjunction with officers, are proposing that a SWAP audit is commissioned to examine the accuracy of the performance data being submitted to the Committee and Board.

Key Financial Controls Report

The Board welcomed the update given, that the expectation was that the new methodology for the calculation of the corporate recharge to the Pension Fund for support services provided by Wiltshire Council would be operational for the 2023/24 recharge.

Audit Update

The Board noted the increase in the assurance level following the completion of the key controls audit in November 2022. Although much work is still to be done to adequately address all issues, the Board acknowledged that the issues were all known to officers, and the significant programme of work which has already been undertaken in 2022 to address the issues raised.

The Board welcomed the assurance that an actions log would be provided to their next meeting setting out the actions and time scales for addressing all issues. The Board believes that it is a priority for the Board and Committee to closely monitor progress in this area.

Members Training Strategy 2023-24 and Effectiveness Review 2022

The Chair of the Board thanked Board Members for their participation in the two surveys issues by Hymans, achieving a 100% and 83% response rates respectively.

The fact that these response rates were higher than those achieved for the Committee was a slight concern for the Board, given the importance of these areas and the decision- making role of the Committee.

In relation to the National Knowledge Assessment, the Board's overall high scores for Administration, Governance and Roles and Legislation were positive given the scrutiny role of the Board.

Although the Board felt that in some cases it was difficult to tie back some of the key findings to the detailed evidence set out in the report, the Board endorsed the implementation of the new Members Training Strategy, and the training plan for the Board, with the inclusion of additional training on Pensions Administration.

With regard to the outcomes of the effectiveness review the Board felt that, particularly in relation to Board, many of the recommendations set out in the table in the report only related to one or two members. Due to this, the Board endorsed the recommendations but, given that many of them relate to areas where only a small number of members expressed a need for additional information and/or training, the Board requested that the issues are addressed in a proportional manner, including the signposting of relevant information already available on Share Point.

Mark Spilsbury

Chair of the Wiltshire Local Pension Board

Wiltshire Council

Wiltshire Pension Fund Committee

23 March 2023

Recommendations of the Local Pension Board 1 February 2023

Minute at Board	Recommendation	Committee Agenda
Minute 173 – Risk Register Update	To note the Risk Register and to recommend the Committee accept the proposed changes as set out in the HAM Report.	Item 09 – Headlines and Monitoring – Risk Register
Minute 174 – LPB Budget 2023/24	To recommend to the Committee that the Board’s budget be included within the Fund’s Administration Budget for 2023/24	Item 10 – Business Plan, Budget & KPI Improvement Plan
Minute 175 – Training item	To recommend to the Committee the implementation of the new Members training strategy 2023/24, subject to inclusion of additional training on administration.	Item 9 – Headlines and Monitoring – Training & effectiveness review
Minute 176 – Effectiveness review	To recommend to the Committee that the Member Effectiveness Report 2022 be implemented, subject to proportionate action. Actions to include signposting of relevant information	Item 9 – Headlines and Monitoring – Training & effectiveness review
Minute 178 –Key Financial Controls	To recommend to the Committee that the Financial Controls Report be used to monitor progress against resolving issues and to develop accounting and control improvements	Item 11 – Key Financial Controls
Minute 181 – Audit update	To recommend the Committee the SWAP 2022/23 audit report recommendations and that officers should prepare an actions log.	Item 9 – Headlines and Monitoring – Internal Audit

This page is intentionally left blank

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE

23 March 2023

ACTUARIAL VALUATION 2022 UPDATE

1. This report summarises the finalisation of the 2022 Actuarial Valuation exercise for the Wiltshire Pension Fund.

Introduction & Background

2. At the meeting on 17 November 2022 the initial results of the 2022 Triennial Valuation were presented to this Committee.
3. The Committee approved the draft Funding Strategy Statement 2022, subject to the period of consultation of employers not resulting in any material changes being deemed required by officers.
4. This paper provides a review of where revised employer contribution rates were agreed and an appendix showing the Valuation Report for members.

Main Considerations for the Committee

5. Employers were written to after the meeting on the 17 October 2022 to provide them with details of their results and to request that each employer confirm their agreement to the contribution rates to be paid over the next three years. Further correspondence was sent out in subsequent months to chase the remaining employers which had not confirmed their rates shortly after the date they were sent.
6. There are still a few figures which need to be finalised once every employer contribution rate has been finalised (such as the whole Fund Primary and Secondary Rates for the next 3 years). In addition, the GAD section 13 dashboard needs to be added at the end of the document once that is finalised. This will all be completed by the end of the month.
7. At the time of writing this report key employers have yet to confirm their agreement to their rates. This currently includes meetings with one key employer. Consequently, please note that this report is for noting by Committee (i.e., no decisions are being made) as it is documenting the valuation process/results and is the fund actuary's formal report on the valuation rather than a Fund.
8. For employers that failed to respond, despite various attempts to engage with them, the rates put into payment from 1 April 2022 will be those that have been proposed by the Fund's Actuary.
9. The actuary, from Hymans Robertson LLP, will help provide a verbal update in conjunction with this item over video link.
10. The Fund is now required to submit the Valuation report to the Scheme Advisory Board (SAB) and the Department of Levelling Up, Housing and Communities (DLUHC). It is also required to provide the data it used to the Government's Actuary Department (GAD).

Environmental Impact of the Proposals

11. There are no direct environment impacts from these proposals.

Safeguarding Considerations/Public Health Implications/Equalities Impact

12. There are no known implications at this time.

Financial Considerations

13. The required investment return to be 100% funded is now 4.00% per annum (the same as 2019). The likelihood of the Fund's investment strategy achieving the required return is 77% (71% in 2019).

Proposal

14. The Committee is asked to note the Valuation update provided, including the appendix and to note the valuation report will be published.

15. To note that officers & actuary will distribute the valuation information as required.

Jenny Devine
Head of Wiltshire Pension Fund

Report Author: Richard Bullen, Fund Governance Manager

Appendix 1 – Draft Final Valuation Report

Wiltshire Pension Fund

Report on the actuarial valuation at 31 March 2022

DRAFT REPORT

10 March 2023

Hymans Robertson LLP is authorised and regulated by the Financial Conduct Authority

Page 33

DRAFT

Use the menu bar above to navigate to each section.

Contents

In this report:

	Page
Executive summary	3
Approach to valuation	4
Valuation results	8
Sensitivity & risk analysis	15
Final comments	19
Appendices	21
Rates & Adjustments certificate	32
Section 13 dashboard	TBC

Executive Summary

We have been commissioned by Wiltshire Council (the Administering Authority) to carry out a valuation of the Wiltshire Pension Fund (the Fund) as at 31 March 2022. This fulfils Regulation 62 of the Local Government Pension Scheme Regulations 2013. This report is a summary of the valuation.

Contribution rates

The contribution rates for individual employers set at this valuation can be found in the [Rates & Adjustments certificate](#). Table 1 shows the combined individual employer rates set at this valuation and the last valuation (31 March 2019).

Table 1: Whole fund contribution rates compared with the previous valuation

	This valuation 31 March 2022		Last valuation 31 March 2019	
Primary Rate	TBC		22.0% of pay	
Secondary Rate	2023/2024	TBC	2020/2021	£10,973,000
	2024/2025	TBC	2021/2022	£11,079,000
	2025/2026	TBC	2022/2023	£10,844,000

- The Primary rate has increased mainly due to higher inflation.
- The Secondary rate has decreased due to good investment performance since the last valuation.

Funding position

At 31 March 2022, the past service funding position has improved from the last valuation at 31 March 2019. Table 2 shows the reported funding position at the current and previous valuation.

Table 2: Single reported funding position at 31 March 2022 compared with 31 March 2019

Valuation Date	31 March 2022	31 March 2019
Past Service Liabilities	(£m)	(£m)
Employees	953	777
Deferred Pensioners	805	688
Pensioners	1,391	1,215
Total Liabilities	3,149	2,680
Assets	3,230	2,589
Surplus/(Deficit)	81	(92)
Funding Level	103%	97%

The required investment return to be 100% funded is now 4.0% pa (the same as at 2019). The likelihood of the Fund's investment strategy achieving the required return is 77% (71% at 2019).

DRAFT

Approach to valuation

Valuation Purpose

The triennial actuarial valuation is an important part of the Fund's risk management framework. Its main purpose is to ensure the Fund continues to have a contribution plan and investment strategy that will achieve the objectives set out in the Funding Strategy Statement.

We have been commissioned by Wiltshire Council (the Administering Authority) to carry out a valuation of the Wiltshire Pension Fund (the Fund) as at 31 March 2022. This fulfils Regulation 62 of the Local Government Pension Scheme Regulations 2013. This report marks the culmination of the valuation process and contains its two key outcomes:

Page 37

1 Employer contribution rates for the period 1 April 2023 to 31 March 2026.

2 The funding level of the Fund at 31 March 2022.

Further information on the valuation process, methodology and strategy is set out in the publicly available Funding Strategy Statement, Investment Strategy Statement and published papers and minutes of the Fund's Pensions Committee. Additional material is also contained in [Hymans Robertson's LGPS 2022 valuation toolkit](#)¹.

Setting employer contribution rates

Employer contributions need to be set at a level which ensures the Fund has a reasonable likelihood of having enough money to pay members' benefits. Identifying the amount of benefits that may be paid is complex as those earned today might only start being paid in 50 years' time. Over that time period, there is significant uncertainty over factors which affect the cost of benefits, eg inflation, investment returns. These uncertainties are allowed for by taking a risk-based approach to setting employer contribution rates. This approach is built around three key funding decisions set by the Fund and asset-liability modelling.

Key funding decisions

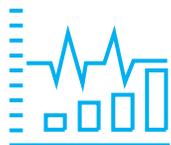
For each employer, the Fund determines the most appropriate choice for the following three funding decisions. Further detail is set out in the Funding Strategy Statement.

Page 38



What is the funding target for each employer?

Will the employer remain in the Fund for the long-term or exit at some point



What is the funding time horizon?

How long will the employer participate in the Fund



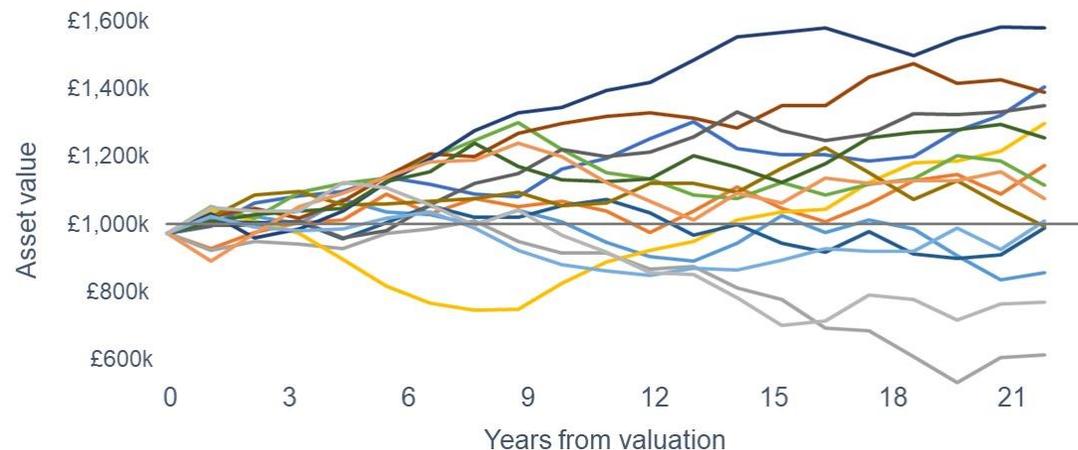
What is the required likelihood?

How much funding risk can the employer's covenant support

Modelling approach

Asset-liability modelling is used to project each employer's assets and benefit payments into the future using 5,000 different economic scenarios. The economic scenarios are generated using Hymans Robertson's Economic Scenario Service (ESS) (further information in [Appendix 2](#)).

Picture 1: sample progression of employer asset values under different economic scenarios



Measuring the funding level

The past service funding level is measured at the valuation. Whilst it is limited in providing insight into a funding plan, it is a useful high-level summary statistic. To measure the funding level, a market-related approach is taken to calculating both the assets and the liabilities (so they are consistent with each other).

- The market value of the Fund's assets at the valuation date have been used.
- The liabilities have been valued using assumptions based on market indicators at the valuation date (these assumptions are detailed in [Appendix 2](#)).

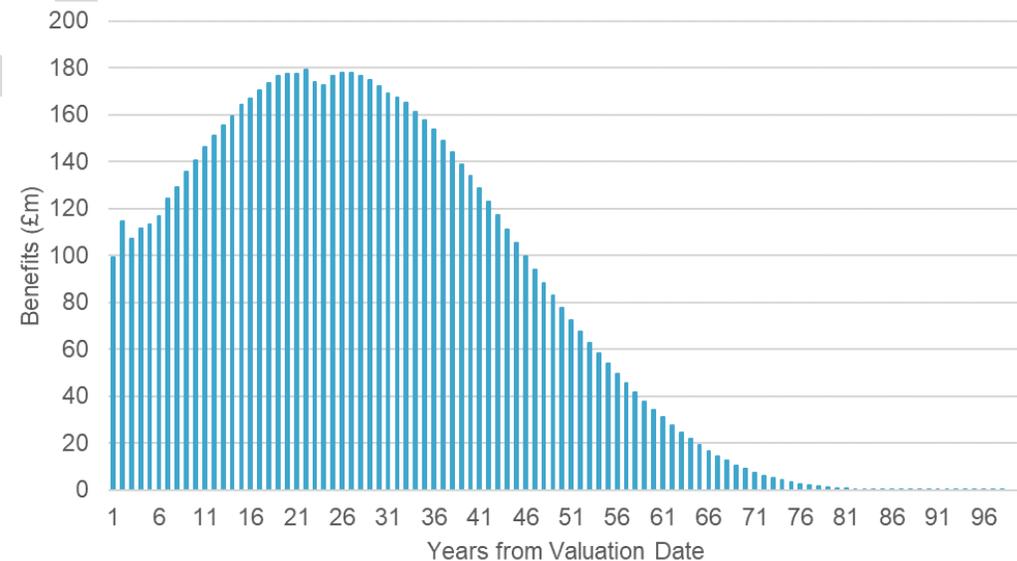
Further detail on the liabilities

The liabilities are the value of all future payments to members based on all benefits earned up to the valuation date, expressed in today's money.

Chart 1 shows the projected payments for all members in the Fund at the valuation date. The projections are based on the membership data provided for the valuation ([Appendix 1](#)), the assumptions ([Appendix 2](#)) and our understanding of the LGPS benefit structure as at 31 March 2022 (details at www.lgpsregs.org).

To express the future payments in today's money, the projections are discounted with an assumed future investment return on the Fund's assets (the discount rate).

Chart 1: projected benefit payments for all service earned up to 31 March 2022



DRAFT

Valuation results

Employer contribution rates

The primary objective of the Fund is to set employer contribution rates that will adequately cover the cost of benefits which will accrue in the future and any costs related to benefits already earned. A secondary objective is to ensure the rates are as stable as possible. The risk-based approach detailed earlier is used to meet both these objectives.

The employer contribution rate is made up of two components.

• A primary rate: the level sufficient to cover all new benefits.

• A secondary rate: the costs associated with sufficiently funding benefits accrued up to the valuation date.

Each employer has a contribution rate which is appropriate to their circumstances and these can be found in the [Rates & Adjustments Certificate](#). Broadly speaking:

- Primary rates have increased since the last valuation due to rising inflation.
- Secondary rates have decreased due to strong investment performance since the previous valuation.

However all employers will be different and the contribution rate will reflect the membership and experiences of each employer.

Table 3 shows the total of all employer contribution rates to be paid into the Fund over the period 1 April 2023 to 31 March 2026.

Table 3: Whole-fund contribution rate, compared with the previous valuation

	This valuation 31 March 2022		Last valuation 31 March 2019	
Primary Rate	TBC		22.0% of pay	
Secondary Rate	2023/2024	TBC	2020/2021	£10,973,000
	2024/2025	TBC	2021/2022	£11,079,000
	2025/2026	TBC	2022/2023	£10,844,000

The primary rate includes an allowance of 0.7% of pensionable pay for the Fund's expenses.

Employees pay a contribution to the Fund in addition to these rates. These rates are set by the LGPS Regulations. The average employee contribution rate at 31 March 2022 is 6.3% of pay (6.1% at 31 March 2019).

Funding level

The funding level is the ratio of assets to liabilities. The market value of the assets at the valuation date are known. The value of the liabilities is uncertain given that the level of future investment returns are unknown.

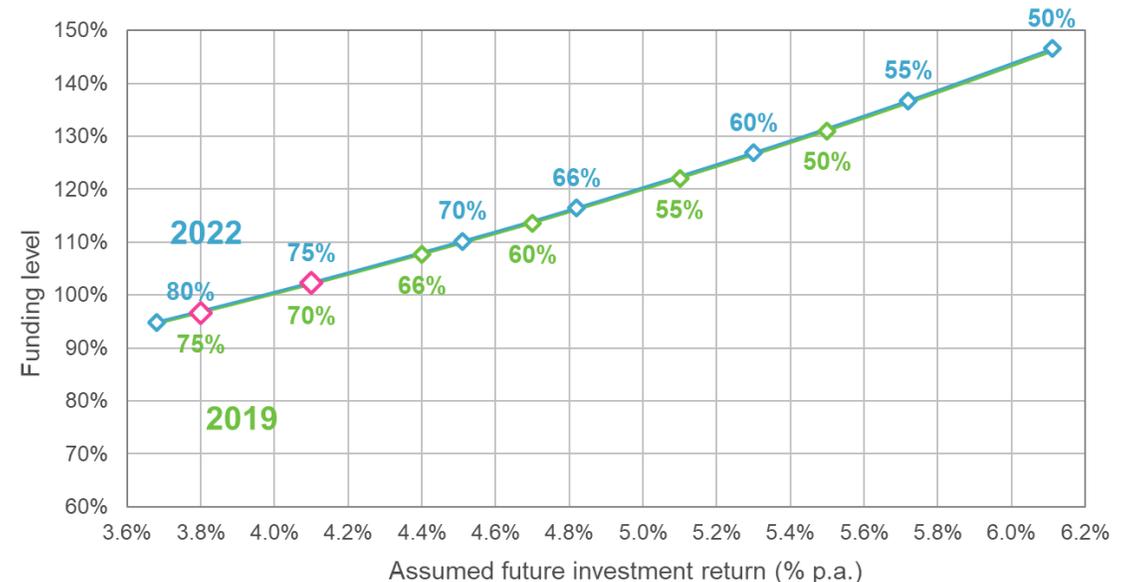
Therefore, the liabilities and funding level have been calculated across a range of different investment returns (the discount rate).

To help better understand funding risk, the likelihood of the Fund's investment strategy (detailed in [Appendix 1](#)) achieving certain levels of return has also been calculated.

Chart 2 shows how the funding level varies with future investment return assumptions at 31 March 2022 (blue line). The green line shows the same analysis at 31 March 2019.

- The funding position at 2022 is stronger than 2019.
- The funding level is 100% if future investment returns are c.4.0% pa. The likelihood of the Fund's assets yielding at least this return is around 77%.
- The comparator at 2019 was a return of 4.0% pa which had a likelihood of 71%.
- There is a 50% likelihood of an investment return of 6.1% pa. So the best-estimate funding level is 147% at 31 March 2022 (130% at 2019).

Chart 2: funding level across a range of future investment returns



Figures on each line show the likelihood of the Fund's assets exceeding that level of return over the next 20 years

Reported funding level as at 31 March 2022

Whilst the chart on the previous page provides a better understanding of the past service funding position, there is still a requirement to report a single funding level at 31 March 2022.

To report a single funding level and funding surplus/deficit for the 2022 valuation, a discount rate of 4.1% pa has been used. There is a 75% likelihood associated with a future investment return of 4.1% pa.

Page 43

Table 4 details the liabilities, split by member status and the market value of assets at the valuation date. The results at the 2019 formal valuation are shown for comparison.

The funding level and surplus/deficit figures provide a high-level snapshot of the funding position of the Fund as at 31 March 2022, however there are limitations:

- The liabilities are calculated using a single set of assumptions about the future and so are very sensitive to the choice of assumptions.
- The market value of assets held by the Fund will change on a daily basis.

The future progression of the funding position is uncertain. If the financial and demographic assumptions made at this valuation actually occur, employers pay contributions in line with the R&A certificate and there are no other changes in the financial or demographic environment, we project that the funding level at the next valuation (31 March 2025) will be approximately **TBC%**.

Table 4: single reported funding level

Valuation Date	31 March 2022	31 March 2019
Past Service Liabilities	(£m)	(£m)
Employees	953	777
Deferred Pensioners	805	688
Pensioners	1,391	1,215
Total Liabilities	3,149	2,680
Assets	3,230	2,589
Surplus/(Deficit)	81	(92)
Funding Level	103%	97%

Important: the reported funding level does not directly drive the contribution rates for employers. The contribution rates consider how assets and liabilities will evolve over time in different economic scenarios and also reflect each employer's funding profile and covenant.

Changes since the last valuation

Events between 2019 and 2022

The most significant external event to occur since the last valuation has been the Covid-19 pandemic. The experience analysis below shows that the impact on the funding position has been small. This is likely due to the age profile of the excess deaths and the level of pension.

Other significant factors occurring which affect the funding strategy of the Fund have been the better than expected investment returns. This has had a material positive impact on the funding position and employers' secondary contribution rates.

Page 44

Financial

Table 5: analysis of financial experience between 2019 and 2022 valuations

	Expected	Actual	Difference	Impact on funding position
3 year period	11.8%	21.5%	9.7%	+£262m
Annual	3.8% pa	6.7% pa	2.9% pa	

Membership

Table 6: analysis of membership experience between 2019 and 2022 valuations

	Expected	Actual	Difference	Impact on funding position
Early leavers	9,730	9,422	-308	<£1m
Ill-health retirements	114	191	77	-£4m
Salary increases	3.4% pa	4.1% pa	0.7% pa	-£9m
Benefit increases	2.3% pa	1.8% pa	-0.6% pa	+£41m
Pension ceasing	£6.1m	£6.1m	£0.0m	+£1m

Changes since the last valuation

Future outlook

Expectations about the future, which inform the assumptions used to value the liabilities, have changed since the last valuation. The most significant changes are:

- Future inflation: this is expected to be on average higher than at 2019 due to the current level of high inflation.
- Investment returns: due to changes in financial markets, future investment returns are now expected to be higher than at the last valuation.

Page 45
Table 7: summary of change in future outlook

Factor	What does it affect?	What's changed?	Impact on liabilities
Future investment returns	The rate at which future benefit payments are discounted back, ie the discount rate assumption	Future investment returns slightly higher at 2022 than at 2019. The assumed return is now 4.1% pa vs. 3.8% pa at 2019.	Decrease of £177m
Inflation	The rate at which pensions in payment and deferment and CARE pots increase	Significant increase in short-term future inflation expectations.	Increase of £227m
Salary increases	The rate at which future salaries increase. This affects benefits that are still linked to final salary, ie accrued before 1 April 2014	No material change since last valuation given competing factors e.g. tighter budgetary conditions vs. strong job market and pressure from National Living Wage increases.	Increase of £2m
Current life expectancy	How long we expect people to live for based on today's current observed mortality rates.	Slight reduction in life expectancy based on current observed data (not allowing for Covid-related excess deaths)	Decrease of £5m
Future improvements in life expectancy	How we expect life expectancies to change (increase) in the future.	Uncertainty about effectiveness of mitigations against life expectancy increases in the LGPS i.e. State Pension Age increases and Cost Cap. Need to better reflect wider pension and insurance industry long-term expectations.	Increase of £20m

Reconciling the overall change in funding position

The tables below provide insight into the funding position change between 31 March 2019 and 31 March 2022. Firstly, the changes we expect to happen (Table 8), which relate mostly to items on the asset side. Then the impact of actual experience (Table 9), which mainly affects the liabilities.

Page 46

Expected development

Table 8: expected development of funding position between 2019 and 2022 valuations

Change in the surplus/deficit position	Surplus / Deficit
	£m
Last valuation at 31 March 2019	(92)
Cashflows	
Employer contributions paid in	285
Employee contributions paid in	72
Other cashflows (e.g. Fund expenses)	(6)
Expected changes	
Expected investment returns	322
Interest on benefits already accrued	(320)
Accrual of new benefits	(356)
Expected position at 31 March 2022	(95)

Impact of actual events

Table 9: impact of actual events on the funding position at 31 March 2022

Change in the surplus/deficit position	Surplus / Deficit
	£m
Expected position at 31 March 2022	(95)
Events between 2019 and 2022	
Salary increases greater than expected	(9)
Benefit increases greater than expected	41
Early retirement strain (and contributions)	(2)
Ill health retirement strain	(4)
Early leavers less than expected	0
Commutation less than expected	(10)
Pensions ceasing less than expected	1
McCloud remedy	(3)
Other membership experience	(14)
Higher than expected investment returns	262
Changes in future expectations	
Investment returns	177
Inflation	(227)
Salary increases	(2)
Longevity	(15)
Other demographic assumptions	(19)
Actual position at 31 March 2022	81

Numbers may not sum due to rounding

DRAFT

Sensitivity & risk analysis

Sensitivity and risk analysis: assumptions

There is risk and uncertainty inherent with funding benefit payments that will be paid out many years in the future. The Fund is aware of these and has in place a risk register which is regularly reviewed. Additionally, as part of the valuation, the Fund reviews sources of risk that may impact its funding position and the contribution rates payable by employers.

This section discusses some of the most significant sources of funding risk assumptions, regulatory, administration and governance and climate change). Further information of the Fund's approach to funding risk management, including monitoring, mitigation and management, is set out in the Funding Strategy Statement.

The valuation results depend on the actuarial assumptions made about the future. By their nature, these assumptions are uncertain which means its important to understand their sensitivity and risk levels.

Contribution rates

The risk-based approach to setting employer contribution rates mitigates the limitation of relying on one set of assumptions. Therefore, there is no need to carry out additional analysis of the sensitivity of contribution rates to changes in financial assumptions. The contribution rates are sensitive to changes in demographic assumptions. The results in this section in relation to the funding position can be broadly applied to the contribution rates.

Funding level Financial assumptions

On page 10, we have already set out how the results vary with the assumed future investment return. The table below considers inflation.

Table 10: sensitivity of funding position to inflation assumption

CPI Assumption	Surplus/ (Deficit)	Funding Level
% pa	(£m)	%
2.5%	183	106%
2.7%	81	103%
2.9%	(25)	99%

Demographic assumptions

The main area of demographic risk is if people live longer than expected. The table below shows the impact of longer term longevity rates improving at a faster rate (1.75% pa vs 1.5% pa used in the results)

Table 11: sensitivity of funding position to longevity assumption

Long term rate of improvement	Surplus/ (Deficit)	Funding Level
% pa	(£m)	%
1.5%	81	103%
1.75%	47	101%

Sensitivity and risk analysis: other risks

Regulatory, Administration and Governance risks

Potential risks in this area include change in central government legislation which changes the future cost of the LGPS and failures in administration processes leading to incorrect data and inaccuracies in actuarial calculations. At this valuation, specific risks include:

Page 49

McCloud: the remedy to resolve the McCloud case is yet to be formalised in regulations. However, an allowance has been included for this expected benefit change at the 2022 valuation as directed by the Department of Levelling Up, Housing and Communities [in their letter dated March 2022](#)¹.

- **Goodwin:** the remedy to this issue is still uncertain, it is difficult to identify who it would apply to and its impact is estimated to be very small for a LGPS fund (0.1-0.2% of liabilities). Therefore, no allowance has been made for this case at the 2022 valuation.
- **Cost Cap:** a legal challenge is ongoing in relation to the 2016 cost cap valuation and no information is known about the outcome of the 2020 cost cap valuation. At this valuation, no allowance has been made for any changes to the benefit structure that may occur as a result of a cost cap valuation.
- **GMP indexation:** it is assumed that all increases on GMPs for members reaching State Pension Age after 6 April 2016 will be paid for by LGPS employers. This is the same approach that was taken for the 2019 valuation.

Post valuation events

Since 31 March 2022, there has been significant volatility in the financial markets, short-term inflation expectations and rises in interest rates by central banks. These events affect the value of the Fund's assets and liabilities.

- The Fund's investment return between 31 March 2022 and 28 February 2023 is estimated to be somewhere between -5% and -10%.
- Liability valuations are likely to be lower at 28 February 2023 than at 31 March 2022 due to rises in expected future investment returns more than offsetting the higher than expected (10.1%) pension increase at April 2023.

As an open scheme, with a strong covenant, the Fund takes a long-term view when considering the funding impact of such events. For employers who have a very short time horizon, recent volatility may be more immediately impactful, and the Fund has engaged with these employers as appropriate.

No explicit allowance has been made for this volatility in the valuation results or contribution rates detailed in the Rates & Adjustments Certificate. The Fund will continue to monitor changes in the financial and demographic environment as part of its ongoing risk management approach.

Sensitivity and risk analysis: climate change

Background

Climate change is a major source of uncertainty which could affect future investment returns, inflation and life expectancies. Therefore, the Fund has explicitly explored the resilience of its funding and investment strategy to future potential climate change outcomes.

It is impossible to confidently quantify the effect of climate risk given the significant uncertainty over the impact of different possible climate outcomes. Instead, three different climate change scenarios have been considered as a stress-test (instead of trying to predict how climate change affects the funding level in the future).

All the scenarios assume that there will be a period of disruption linked either to the response to climate risk (transition risks) or the effect of it (physical risks). This disruption will lead to high volatility in financial markets, and the later the disruption, the more pronounced it will be.

Further detail on the scenarios is shown on the next page and in our guide 10 of [Hymans Robertson's LGPS 2022 valuation toolkit](#)¹

Outcome of analysis

The Fund has set its funding and investment strategy using asset-liability modelling and considering two main risk metrics:

- Likelihood of success – the chance of being fully funded in 20 years' time
- Downside risk – the average worst 5% of funding levels in 20 years' time

When exploring the potential impact of climate change, the Fund has compared how these risk metrics change under each climate change scenario (against the 'Core' model used when setting the funding and investment strategy). The stress test results for the Fund are shown in Table 12 below.

Table 12: sensitivity of funding position to climate change

Scenario	Likelihood of success	Downside risk
Core	80%	50%
Green Revolution	77%	45%
Delayed Transition	76%	50%
Head in the Sand	77%	52%

The results are worse in the climate scenarios. This is to be expected given that they are purposefully stress-tests and all the scenarios are bad outcomes. The stress tests illustrated that across a broad range of scenarios the funding strategy was shown to be robust. This analysis does not represent the worst impacts that the Fund may suffer as a result of climate risk. The Fund will continue to monitor this risk as more information emerges and climate change modelling techniques evolve.

Final comments

DRAFT

Final comments

The Fund's valuation operates within a broader framework, and this document should be considered alongside the following:

- The Funding Strategy Statement, which in particular highlights how different types of employer in different circumstances have their contributions calculated
- The Investment Strategy Statement, which sets out the investment strategy for the Fund
- The general governance of the Fund, such as meetings of the Pensions Committee and Local Pensions Board, decisions delegated to officers, the Fund's business plan, etc
- The Fund's risk register

New employers joining the Fund

Any new employers or admission bodies joining the Fund should be referred to the Fund Actuary to assess the required level of contribution. Depending on the number of transferring members the ceding employer's rate may also need to be reviewed.

Cessations and bulk transfers

Any employer who ceases to participate in the Fund should be referred to the Fund Actuary in accordance with Regulation 64 of the LGPS regulations.

Any bulk movement of scheme members:

- involving 10 or more scheme members being transferred from or to another LGPS fund
- involving 2 or more scheme members being transferred from or to a non-LGPS pension arrangement

should be referred to the Fund Actuary to consider the impact on the Fund.

Valuation frequency

Under the LGPS regulations, the next formal valuation of the Fund is due to be carried out as at 31 March 2025 where contribution rates payable from 1 April 2026 will be set.

SIGNATURE

Barry Dodds FFA

10 March 2023

For and on behalf of Hymans Robertson LLP

SIGNATURE

Catherine McFadyen FFA

Appendices

DRAFT

APPENDIX 1

Data

Membership data

A summary of the membership data provided by the Fund for the 2022 valuation is set out in Table 13. The corresponding membership data from the previous valuation is also shown for reference.

Page 54

The results of the valuation are dependent on the quality of the data used. We have carried out a series of validation checks on the data supplied to us by the Administering Authority to ensure that it is fit for purpose.

Asset data

To check the membership data and derive employer asset values, we have used asset and accounting data and employer level cashflow data provided by the Fund.

Table 13: Whole fund membership data as at 31 March 2022 and 31 March 2019

Whole Fund Membership Data	This Valuation 31 March 2022	Last Valuation 31 March 2019
Employee members		
Number	23,219	21,912
Total actual pay (£000)	384,253	330,746
Total accrued pension (£000)	57,404	47,772
Average age (liability weighted)	52.1	51.8
Future working lifetime (years)	5.6	6.5
Deferred pensioners (including undecideds)		
Number	40,620	37,689
Total accrued pension (£000)	44,848	38,649
Average age (liability weighted)	52.4	51.6
Pensioners and dependants		
Number	20,363	17,288
Total pensions in payment (£000)	86,930	75,500
Average age (liability weighted)	69.2	68.7

APPENDIX 1

Data

Investment strategy

A summary of the investment strategy allocation used for the calculation of employer contribution rates and to derive the future assumed investment return is set out in Table 14.

This information is as advised by the Fund's investment consultant.

Table 14: Investment strategy used for the 2022 valuation

Asset class	Allocation
Global equities	22.0%
Private equity	7.5%
Emerging markets (equity and debt)	10.0%
Multi Asset Credit	5.0%
Private debt	7.5%
Core Infrastructure	8.0%
Renewable Infrastructure	5.0%
Secured income	8.0%
Affordable housing	5.0%
Core property	15.0%
Index linked gilts (>5 years)	7.0%
Total	100.0%

APPENDIX 2

Assumptions

To set and agree assumptions for the valuation, the Fund carried out in-depth analysis and review in March 2022 with the methodology agreed by the Pensions Committee on 5 April 2022.

Financial assumptions

Setting employer contribution rates

An asset-liability model is used to set employer contributions at the 2022 valuation. This model relies on Hymans Robertson's proprietary economic model, the Economic Scenario Service (ESS). The ESS reflects the uncertainty associated with future levels of inflation and asset returns and the interactions and correlations between different asset classes and wider economic variables. In the short term (first few years), the models are fitted with current financial market expectations. Over the longer term, models are built around views of fundamental economic parameters, for example equity risk premium, credit spreads and long term inflation. The table below shows the calibration of the ESS at 31 March 2022. Further information on the assumptions used for contribution rate setting is included in the Funding Strategy Statement.

Table 15: ESS individual asset class return distributions at 31 March 2022

		Annualised total returns												Inflation (RPI)	17 year real yield (RPI)	Inflation (CPI)	17 year real yield (CPI)	17 year yield
		Cash	Index Linked Gilts (medium)	Developed World ex UK Equity	Private Equity	Property	Emerging Market Debt (hard currency)	Emerging Market Debt (local currency)	Emerging Markets Equity	Unlisted Infrastructure Equity	Developed World Equity	Multi Asset Credit (sub inv grade)	Senior Loans (sub inv grade)					
10 years	16th %'ile	0.8%	-1.9%	-0.7%	-1.2%	-0.6%	-0.1%	-1.5%	-2.5%	0.7%	-0.6%	1.7%	1.1%	2.4%	-1.7%	1.6%	-1.7%	1.1%
	50th %'ile	1.8%	0.2%	5.6%	9.4%	4.4%	2.1%	3.4%	5.8%	5.9%	5.6%	3.5%	3.5%	4.1%	-0.5%	3.3%	-0.5%	2.5%
	84th %'ile	2.9%	2.4%	11.7%	20.1%	9.5%	4.1%	8.6%	14.4%	11.2%	11.6%	5.2%	5.6%	5.7%	0.7%	4.9%	0.7%	4.3%
20 years	16th %'ile	1.0%	-1.5%	1.5%	2.4%	1.4%	1.4%	0.5%	0.1%	2.6%	1.6%	2.8%	2.6%	1.6%	-0.7%	1.2%	-0.7%	1.3%
	50th %'ile	2.4%	0.1%	6.1%	10.0%	5.0%	2.9%	4.2%	6.3%	6.5%	6.1%	4.4%	4.3%	3.1%	1.0%	2.7%	1.1%	3.2%
	84th %'ile	4.0%	1.9%	10.8%	17.6%	8.9%	4.2%	8.1%	12.8%	10.6%	10.8%	6.0%	6.0%	4.7%	2.7%	4.3%	2.7%	5.7%
40 years	16th %'ile	1.2%	-0.3%	3.1%	4.7%	2.6%	2.5%	1.9%	2.1%	3.9%	3.2%	3.6%	3.5%	1.1%	-0.6%	0.9%	-0.6%	1.1%
	50th %'ile	2.9%	1.2%	6.5%	10.3%	5.5%	3.8%	5.0%	6.8%	7.0%	6.6%	5.3%	5.2%	2.4%	1.3%	2.2%	1.3%	3.3%
	84th %'ile	4.9%	3.1%	10.2%	16.1%	8.8%	5.3%	8.2%	11.7%	10.3%	10.2%	7.1%	7.0%	3.9%	3.2%	3.7%	3.2%	6.1%
	Volatility (Disp) (5 yr)	2%	7%	19%	30%	15%	7%	15%	26%	15%	18%	6%	7%	3%		3%		

APPENDIX 2

Assumptions

Financial assumptions

Calculating the funding level

The table below summarises the assumptions used to calculate the funding level at 31 March 2022, along with a comparison at the last valuation.

Table 16: Summary of assumptions used for measuring the funding level, compared to last valuation on 31 March 2019

Assumption	31 March 2022	Required for	31 March 2019
Discount rate	4.1% pa	To place a present value on all the benefits promised to scheme members at the valuation date. The Fund's assets are estimated to have a 75% likelihood of returning above the discount rate.	3.8% pa
Benefit increases/CARE revaluation	2.7% pa	To determine the size of future benefit payments.	2.3% pa
Salary increases	3.2% pa	To determine the size of future final-salary linked benefit payments.	2.7% pa

Allowing for the McCloud remedy

Allowance has been included for this expected benefit change at the 2022 valuation as directed by the Department of Levelling Up, Housing and Communities [in their letter dated March 2022](#)¹. Further technical detail about this assumption is set out in guide 13 of [Hymans Robertson's LGPS 2022 valuation toolkit](#)²

APPENDIX 2

Assumptions

Demographic assumptions

The same demographic assumptions are used in setting contribution rates and assessing the current funding level.

Longevity

Table 17: Summary of longevity assumptions

	This valuation 31 March 2022	Last valuation 31 March 2019
Baseline assumption	VitaCurves based on member-level lifestyle factors	VitaCurves based on member-level lifestyle factors
Future improvements	CMI 2021 model Initial addition = 0.25% (both Female and Male) Smoothing factor = 7.0 1.5% pa long-term rate of improvement	CMI 2018 model Initial addition = 0.25% (Female), 0.5% (Male) Smoothing factor = 7.0 1.25% pa long-term rate of improvement

Further information on these assumptions can be provided upon request. Sample rates are included on the next page.

Other demographic assumptions

Table 18: Summary of other demographic assumptions

Death in service	See sample rates in Tables 19 & 20
Retirements in ill health	See sample rates in Tables 19 & 20
Withdrawals	See sample rates in Tables 19 & 20
Promotional salary increases	See sample rates in Tables 19 & 20
Commutation	50% of future retirements elect to exchange pension for additional tax free cash up to HMRC limits
50:50 option	1.0% of members (uniformly distributed across the age, service and salary range) will choose the 50:50 option
Retirement age	The earliest age at which a member can retire with their benefits unreduced
Family details	A varying proportion of members are assumed to have a dependant at retirement or on earlier death. For example, at age 60 this is assumed to be 90% for males and 85% for females. The dependant of a male member is assumed to be 3 years younger than him and the dependent of a female member is assumed to be 3 years older than her.

APPENDIX 2

Assumptions

Sample rates for demographic assumptions

Males

Table 19: Sample rates of male demographic assumptions

Age	Salary Scale	Death Before Retirement		Withdrawals		III Health Tier 1		III Health Tier 2	
		FT & PT	FT	PT	FT	PT	FT	PT	
20	105	0.17	485.17	813.01	0.00	0.00	0.00	0.00	
25	117	0.17	320.47	537.03	0.00	0.00	0.00	0.00	
30	131	0.20	227.38	380.97	0.00	0.00	0.00	0.00	
35	144	0.24	177.66	297.63	0.10	0.07	0.02	0.01	
40	150	0.41	143.04	239.55	0.16	0.12	0.03	0.02	
45	157	0.68	134.35	224.96	0.35	0.27	0.07	0.05	
50	162	1.09	110.75	185.23	0.90	0.68	0.23	0.17	
55	162	1.70	87.21	145.94	3.54	2.65	0.51	0.38	
60	162	3.06	77.73	130.02	6.23	4.67	0.44	0.33	
65	162	5.10	0.00	0.00	11.83	8.87	0.00	0.00	

Page 59

Females

Table 20: Sample rates of female demographic assumptions

Age	Salary Scale	Death Before Retirement		Withdrawals		III Health Tier 1		III Health Tier 2	
		FT & PT	FT	PT	FT	PT	FT	PT	
20	105	0.10	458.15	467.37	0.00	0.00	0.00	0.00	
25	117	0.10	308.28	314.44	0.10	0.07	0.02	0.01	
30	131	0.14	258.41	263.54	0.13	0.10	0.03	0.02	
35	144	0.24	223.04	227.38	0.26	0.19	0.05	0.04	
40	150	0.38	185.63	189.18	0.39	0.29	0.08	0.06	
45	157	0.62	173.23	176.51	0.52	0.39	0.10	0.08	
50	162	0.90	146.05	148.65	0.97	0.73	0.24	0.18	
55	162	1.19	108.97	111.03	3.59	2.69	0.52	0.39	
60	162	1.52	87.82	89.37	5.71	4.28	0.54	0.40	
65	162	1.95	0.00	0.00	10.26	7.69	0.00	0.00	

Figures are incidence rates per 1,000 members except salary scale. FT and PT denoted full-time and part-time members respectively.

APPENDIX 3

Reliances and limitations

We have been commissioned by Wiltshire Council (“the Administering Authority”) to carry out a full actuarial valuation of the Wiltshire Pension Fund (“the Fund”) as at 31 March 2022 as required under Regulation 62 of the Local Government Pension Scheme Regulations 2013 (“the Regulations”).

This report is addressed to the Administering Authority. It has been prepared by us as actuaries to the Fund and is solely for the purpose of summarising the main outcomes of the 2022 actuarial valuation. It has not been prepared for any other third party or for any other purpose. We make no representation or warranties to any third party as to the accuracy or completeness of this report, no reliance should be placed on this report by any third party and we accept no responsibility or liability to any third party in respect of it.

Hymans Robertson LLP is the owner of all intellectual property rights in this report. All such rights are reserved.

This summary report is the culmination of other communications in relation to the valuation, in particular:

- Our [2022 valuation toolkit](#) which sets out the methodology used when reviewing funding plans
- Our paper to the Fund’s officers dated 23 June 2022 which discusses the funding strategy for the Fund’s councils
- Our paper to the Fund’s Pension Committee dated 25 March 2022 which discusses the valuation assumptions
- Our initial results report dated 10 October 2022 which outlines the whole fund results and inter-valuation experience

- Our data report dated March 2023 which summarises the data used for the valuation, the approach to ensuring it is fit for purpose and any adjustments made to it during the course of the valuation
- The Funding Strategy Statement which details the approach taken to adequately fund the current and future benefits due to members

The totality of our advice complies with the Regulations as they relate to actuarial valuations.

The following Technical Actuarial Standards apply to this advice, and have been complied with where material and to a proportionate degree. They are:

- TAS100 – Principles for technical actuarial work
- TAS300 – Pensions

Hymans Robertson LLP is a limited liability partnership registered in England and Wales with registered number OC310282.

A list of members of Hymans Robertson LLP is available for inspection at One London Wall, London EC2Y 5EA, the firm’s registered office. Authorised and regulated by the Financial Conduct Authority and licensed by the Institute and Faculty of Actuaries for a range of investment business activities. Hymans Robertson is a registered trademark of Hymans Robertson LLP.

APPENDIX 4

Glossary

Term	Explanation
50:50 option	An option for LGPS members to pay half contributions and earn half the retirement benefit (pre-retirement protection benefits are unreduced).
Asset-liability modelling	An approach to modelling and understanding risk for a pension fund. The assets and liabilities are projected forward into the future under many different future scenarios of inflation, investment returns and interest rates. The future scenarios are then analysed to understand the risk associated with a particular combination of contribution rates and investment strategy. Different combinations of contribution rates and/or investment strategies may be tested.
Baseline longevity	The rates of death (by age and sex) in a given group of people based on current observed data.
Club Vita	A firm of longevity experts we partner with for longevity analysis. They combine data from thousands of pension schemes and use it to create detailed baseline longevity assumptions at member-level, as well as insight on general longevity trends and future improvements.
Commutation	The option for members to exchange part of their annual pension for a one-off lump sum at retirement. In the LGPS, every £1 of pension exchanged gives the member £12 of lump sum. The amounts that members commute is heavily influenced by tax rules which set an upper limit on how much lump sum can be taken tax-free.
CPI inflation	The annual rate of change of the Consumer Prices Index (CPI). The CPI is the UK government's preferred measure of inflation and is the measure used to increase LGPS (and all other public sector pension scheme) benefits each year.
Deferred pensioners	A former employee who has left employment (or opted out of the pension fund) but is not yet in receipt of their benefits from the fund.
Demographic assumptions	Assumptions concerned with member and employer choices rather than macroeconomic or financial factors. For example, retirement age or promotional salary scales. Demographic assumptions typically determine the timing of benefit payments.

APPENDIX 4

Glossary

Term	Explanation
Discount rate	A number used to place a single value on a stream of future payments, allowing for expected future investment returns.
Employee members	Members who are currently employed by employers who participate in the fund and paying contributions into the fund.
ESS	Economic Scenario Service - Hymans Robertson's proprietary economic scenario generator used to create thousands of simulations of future inflation, asset class returns and interest rates.
Funding position	The extent to which the assets held by the fund at 31 March 2022 cover the accrued benefits ie the liabilities. The two measures of the funding position are: <ul style="list-style-type: none"> • the funding level - the ratio of assets to liabilities; and • the funding surplus/deficit - the difference between the asset and liabilities values.
Inflation	Prices tend to increase over time, which is called inflation. Inflation is measured in different ways, using a different 'basket' of goods and mathematical formulas.
Liabilities	An employer's liability value is the single value at a given point in time of all the benefit payments expected to be made in future to all members. Benefit payments are projected using demographic and financial assumptions and the liability is calculated using a discount rate.
Longevity improvements	An assumption about how rates of death will change in future. Typically we assume that death rates will fall and life expectancies will improve over time, continuing the long-running trend.
Pensioners	A former employee who is in receipt of their benefits from the fund. This category includes eligible dependants of the former employee.

APPENDIX 4

Glossary

Term	Explanation
Primary rate	The estimated cost of future benefits, expressed in percentage of pay terms. The primary rate will include an allowance to cover the fund's expenses.
Prudence	To be prudent means to err on the side of caution in the overall set of assumptions. We build prudence into the choice of discount rate by choosing an assumption with a prudence Level of more than 50%. All other assumptions aim to be best estimate.
Prudence Level	A percentage indicating the likelihood that a discount rate assumption will be achieved in practice, based on the ESS model. The higher the prudence level, the more prudent the discount rate is.
Secondary rate	An adjustment to the primary rate, generally to reflect costs associated with benefits that have already been earned up to the valuation date. This may be expressed as a percentage of pay and/or monetary amount.
Withdrawal	Refers to members leaving the scheme before retirement. These members retain an entitlement to an LGPS pension when they retire, but are no longer earning new benefits.

Rates & Adjustments certificate

DRAFT

Rates and Adjustments Certificate

In accordance with Regulation 62 of the LGPS regulations, we have assessed the contributions that should be paid into the Wiltshire Pension Fund (the Fund) by participating employers for the period 1 April 2023 to 31 March 2026 in order to maintain the solvency of the Fund.

The method and assumptions used to calculate the contributions set out in this Rates and Adjustments certificate are detailed in the Funding Strategy Statement dated TBC and in Appendix 2 of the report on the actuarial valuation dated 31 March 2023. These assumptions underpin our estimate of the number of members who will become entitled to a payment of pensions under the provisions of the LGPS and the amount of liabilities arising in respect of such members.

Page 65

The table below summarises the whole fund primary and secondary contribution rates for the period 1 April 2023 to 31 March 2026. The primary rate is the payroll weighted average of the underlying individual employer primary rates and the secondary rate is the total of the underlying individual employer secondary rates, calculated in accordance with the LGPS regulations and CIPFA guidance. The secondary rate has been shown both as a monetary amount and an equivalent percentage of the projected pensionable pay.

		This valuation 31 March 2022	
Primary rate		TBC	
Secondary rate		Monetary amount	Equivalent to % of payroll
	2023/24	TBC	TBC
	2024/25	TBC	TBC
	2025/26	TBC	TBC

The required minimum contribution rates for each employer in the Fund are set out in the remained of this certificate.

Employer code	Employer name	Primary rate (% of pay)	Secondary rate (% of pay plus monetary amount)			Total contributions (primary rate plus secondary rate)			Notes
			2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
Wiltshire Council and associated Admission bodies									
	Wiltshire Council Pool	20.7%	4.5%	3.5%	4.5%	25.2%	24.2%	25.2%	
314	Oxford Health NHS	22.3%	2.4%	2.4%	2.4%	24.7%	24.7%	24.7%	
320	Atkins Global	21.4%	4.6%	4.6%	4.6%	26.0%	26.0%	26.0%	
339	Idverde	25.9%	-10.0%	-10.0%	-10.0%	15.9%	15.9%	15.9%	
357	Mears Care Ltd East 2	21.4%				21.4%	21.4%	21.4%	
182	SWLEP	27.1%	-6.1%	-6.1%	-6.1%	21.0%	21.0%	21.0%	
357	Ringway	29.4%	-8.7%	-8.7%	-8.7%	20.7%	20.7%	20.7%	
410	The Hills	25.8%	-5.1%	-5.1%	-5.1%	20.7%	20.7%	20.7%	
	Somerset Care	22.4%	-22.4%	-22.4%	-22.4%	0.0%	0.0%	0.0%	
Swindon Borough Council and associated Admission Bodies									
	Swindon BC Pool	20.5%	TBC	TBC	TBC	TBC	TBC	TBC	
78	Capita	28.1%				28.1%	28.1%	28.1%	
98	Agincare	29.1%	-9.7%	-9.7%	-9.7%	19.4%	19.4%	19.4%	
372	Great Western Hospital	38.5%	-5.8%	-5.8%	-5.8%	32.7%	32.7%	32.7%	
159	Public Power Solutions	22.3%				22.3%	22.3%	22.3%	
Salisbury City Council									
86	Salisbury City Council	20.7%	-7.0%	-7.0%	-7.0%	13.7%	13.7%	13.7%	

Employer code	Employer name	Primary rate (% of pay)	Secondary rate (% of pay plus monetary amount)			Total contributions (primary rate plus secondary rate)			Notes
			2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
Other tax raising associated bodies									
57	Dorset and Wiltshire Fire Authority	20.6%	0.9%	0.9%	0.9%	21.5%	21.5%	21.5%	
	Wiltshire Police	20.5%	-4.1%	-4.1%	-4.1%	16.4%	16.4%	16.4%	
Town and Parish Councils									
7	Westbury Town Council	20.8%	-1.1%	-1.1%	-1.1%	19.7%	19.7%	19.7%	
8	Trowbridge Town Council	20.8%	-1.1%	-1.1%	-1.1%	19.7%	19.7%	19.7%	
9	Wilton Town Council	20.8%	-1.1%	-1.1%	-1.1%	19.7%	19.7%	19.7%	
10	Devizes Town Council	20.8%	-1.1%	-1.1%	-1.1%	19.7%	19.7%	19.7%	
11	Downton P C	20.8%	-1.1%	-1.1%	-1.1%	19.7%	19.7%	19.7%	
12	Marlborough Town Council	20.8%	-1.1%	-1.1%	-1.1%	19.7%	19.7%	19.7%	
13	Calne Town Council	20.8%	-1.1%	-1.1%	-1.1%	19.7%	19.7%	19.7%	
15	Amesbury Parish Council	20.8%	-1.1%	-1.1%	-1.1%	19.7%	19.7%	19.7%	
17	Durrington Town Council	20.8%	-1.1%	-1.1%	-1.1%	19.7%	19.7%	19.7%	
18	Stratton St Margaret Parish Council	20.8%	-1.1%	-1.1%	-1.1%	19.7%	19.7%	19.7%	
20	Royal Wootton Bassett Parish Council	20.8%	-1.1%	-1.1%	-1.1%	19.7%	19.7%	19.7%	
33	Melksham Town Council	20.8%	-1.1%	-1.1%	-1.1%	19.7%	19.7%	19.7%	
34	Malmesbury Town Council	20.8%	-1.1%	-1.1%	-1.1%	19.7%	19.7%	19.7%	
35	Chippenham Town Council	20.8%	-1.1%	-1.1%	-1.1%	19.7%	19.7%	19.7%	
37	Cricklade Town Council	20.8%	-1.1%	-1.1%	-1.1%	19.7%	19.7%	19.7%	
40	Highworth Town Council	20.8%	-1.1%	-1.1%	-1.1%	19.7%	19.7%	19.7%	
44	Haydon Wick Parish Council	20.8%	-1.1%	-1.1%	-1.1%	19.7%	19.7%	19.7%	
46	Purton Parish Council	20.8%	-1.1%	-1.1%	-1.1%	19.7%	19.7%	19.7%	

Employer code	Employer name	Primary rate (% of pay)	Secondary rate (% of pay plus monetary amount)			Total contributions (primary rate plus secondary rate)			Notes
			2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
Town and Parish Councils (continued)									
48	Corsham Town Council	20.8%	-1.1%	-1.1%	-1.1%	19.7%	19.7%	19.7%	
50	Warminster Town Council	20.8%	-1.1%	-1.1%	-1.1%	19.7%	19.7%	19.7%	
58	Mere Parish Council	20.8%	-1.1%	-1.1%	-1.1%	19.7%	19.7%	19.7%	
59	Melksham Without Parish Council	20.8%	-1.1%	-1.1%	-1.1%	19.7%	19.7%	19.7%	
62	Bradford-on-Avon Town Council	20.8%	-1.1%	-1.1%	-1.1%	19.7%	19.7%	19.7%	
66	Blunsdon St Andrew Parish Council	20.8%	-1.1%	-1.1%	-1.1%	19.7%	19.7%	19.7%	
71	Wroughton Parish Council	20.8%	-1.1%	-1.1%	-1.1%	19.7%	19.7%	19.7%	
72	Steeple Ashton Parish Council	20.8%	-1.1%	-1.1%	-1.1%	19.7%	19.7%	19.7%	
73	Wanborough Parish Council	20.8%	-1.1%	-1.1%	-1.1%	19.7%	19.7%	19.7%	
349	Hullavington Parish Council	20.8%	-1.1%	-1.1%	-1.1%	19.7%	19.7%	19.7%	
350	Tidworth Town Council	20.8%	-1.1%	-1.1%	-1.1%	19.7%	19.7%	19.7%	
356	Ludgershall Town Council	20.8%	-1.1%	-1.1%	-1.1%	19.7%	19.7%	19.7%	
365	Idmiston Parish Council	20.8%	-1.1%	-1.1%	-1.1%	19.7%	19.7%	19.7%	
400	Alderbury Parish Council	20.8%	-1.1%	-1.1%	-1.1%	19.7%	19.7%	19.7%	
402	Redlynch Parish Council	20.8%	-1.1%	-1.1%	-1.1%	19.7%	19.7%	19.7%	
403	Central Swindon South PC	20.8%	-1.1%	-1.1%	-1.1%	19.7%	19.7%	19.7%	
404	St Andrews Parish Council Swindon	20.8%	-1.1%	-1.1%	-1.1%	19.7%	19.7%	19.7%	
409	Central Swindon North PC	20.8%	-1.1%	-1.1%	-1.1%	19.7%	19.7%	19.7%	
413	Whiteparish Parish Council	20.8%	-1.1%	-1.1%	-1.1%	19.7%	19.7%	19.7%	
435	Calne Without Parish Council	20.8%	-1.1%	-1.1%	-1.1%	19.7%	19.7%	19.7%	
496	West Swindon Parish Council	20.8%	-1.1%	-1.1%	-1.1%	19.7%	19.7%	19.7%	

Employer code	Employer name	Primary rate (% of pay)	Secondary rate (% of pay plus monetary amount)			Total contributions (primary rate plus secondary rate)			Notes
			2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
Further Education Colleges									
	New College	25.8%	-4.1%	-4.1%	-4.1%	21.7%	21.7%	21.7%	
	Wiltshire College	25.6%	-1.4%	-1.4%	-1.4%	24.2%	24.2%	24.2%	
Academies									
	Acorn Education Trust	25.6%	-4.0%	-4.0%	-4.0%	21.6%	21.6%	21.6%	
	Activate Learning Trust	26.4%	2.2%	2.2%	2.2%	28.6%	28.6%	28.6%	
	Altheastan Trust	26.3%				26.3%	26.3%	26.3%	
	Ascend Learning Trust	25.9%	-1.6%	-1.6%	-1.6%	24.3%	24.3%	24.3%	
	Blue Kite Academy	25.9%	0.5%	0.5%	0.5%	26.4%	26.4%	26.4%	
	Brunel SEN MAT	25.6%	0.4%	0.4%	0.4%	26.0%	26.0%	26.0%	
	Diocese of Bristol	26.0%	-0.4%	-0.4%	-0.4%	25.6%	25.6%	25.6%	
	EQUA MAT	26.4%	-0.3%	-0.3%	-0.3%	26.1%	26.1%	26.1%	
	Grove Learning Trust	26.7%	1.7%	1.7%	1.7%	28.4%	28.4%	28.4%	
	Highworth Warneford School	26.0%	-2.5%	-2.5%	-2.5%	23.5%	23.5%	23.5%	
	John of Gaunt School	26.4%	-2.1%	-2.1%	-2.1%	24.3%	24.3%	24.3%	
	King William Street School	27.2%	-2.8%	-2.8%	-2.8%	24.4%	24.4%	24.4%	
	MAGNA	26.1%	-1.0%	-1.0%	-1.0%	25.1%	25.1%	25.1%	
	Malmesbury Primary School	26.7%	-1.8%	-1.8%	-1.8%	24.9%	24.9%	24.9%	
	Pickwick Academy Trust	26.7%	0.0%	0.0%	0.0%	26.7%	26.7%	26.7%	
	Reach South Academy Trust	25.9%	-0.8%	-0.8%	-0.8%	25.1%	25.1%	25.1%	
	River Learning Trust	25.8%	-2.3%	-2.3%	-2.3%	23.5%	23.5%	23.5%	

Employer code	Employer name	Primary rate (% of pay)	Secondary rate (% of pay plus monetary amount)			Total contributions (primary rate plus secondary rate)			Notes
			2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
Academies (Continued)									
	Somerset Road Educational Trust	26.2%	-1.1%	-1.1%	-1.1%	25.1%	25.1%	25.1%	
	St Augustines school	26.7%	-1.6%	-1.6%	-1.6%	25.1%	25.1%	25.1%	
	ULT	25.2%	-5.9%	-5.9%	-5.9%	19.3%	19.3%	19.3%	
	White Horse Federation	25.8%	0.9%	0.9%	0.9%	26.7%	26.7%	26.7%	
91	Goddards Park Academy, Swindon	25.0%	-0.2%	-0.2%	-0.2%	24.8%	24.8%	24.8%	
93	Hardenhuish School Ltd	26.3%	-1.9%	-1.9%	-1.9%	24.4%	24.4%	24.4%	
95	Bishop Wordsworth Academy	26.9%	-0.5%	-0.5%	-0.5%	26.4%	26.4%	26.4%	
96	South Wilts Grammar Academy	26.4%	-1.1%	-1.1%	-1.1%	25.3%	25.3%	25.3%	
201	Corsham Secondary Academy	26.1%	1.6%	1.6%	1.6%	27.7%	27.7%	27.7%	
202	Sheldon Academy	26.5%	-2.3%	-2.3%	-2.3%	24.2%	24.2%	24.2%	
205	Pewsey Vale Academy	25.9%	-0.4%	-0.4%	-0.4%	25.5%	25.5%	25.5%	
207	Commonweal Academy, Swindon	26.6%	-0.6%	-0.6%	-0.6%	26.0%	26.0%	26.0%	
208	Holy Rood Primary	27.2%	0.8%	0.8%	0.8%	28.0%	28.0%	28.0%	
209	Holy Cross Academy	26.2%	-0.9%	-0.9%	-0.9%	25.3%	25.3%	25.3%	
211	The Park Academies Trust	25.7%	-1.2%	-1.2%	-1.2%	24.5%	24.5%	24.5%	
213	St Joseph's (Swindon) Academy	25.2%	-1.5%	-1.5%	-1.5%	23.7%	23.7%	23.7%	
214	St Mary's Academy, Swindon	25.8%	-1.8%	-1.8%	-1.8%	24.0%	24.0%	24.0%	
216	St Laurence Academy	26.2%	-0.8%	-0.8%	-0.8%	25.4%	25.4%	25.4%	
220	Holy Trinity (Great Cheverell) Academy	27.9%	-1.0%	-1.0%	-1.0%	26.9%	26.9%	26.9%	
224	St Edmunds Academy (Calne)	26.4%	2.6%	2.6%	2.6%	29.0%	29.0%	29.0%	
226	St Joseph's (Devizes) Academy	26.3%	-3.2%	-3.2%	-3.2%	23.1%	23.1%	23.1%	

Employer code	Employer name	Primary rate (% of pay)	Secondary rate (% of pay plus monetary amount)			Total contributions (primary rate plus secondary rate)			Notes
			2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
Academies (Continued)									
231	Dorcan Technology Academy, Swindon	25.9%	-4.7%	-4.7%	-4.7%	21.2%	21.2%	21.2%	
232	Woodford Valley Academy	26.8%	-2.4%	-2.4%	-2.4%	24.4%	24.4%	24.4%	
236	Bybrook Valley Academy	27.1%	-1.0%	-1.0%	-1.0%	26.1%	26.1%	26.1%	
237	Mead Academy, The	25.9%	-2.2%	-2.2%	-2.2%	23.7%	23.7%	23.7%	
238	Holy Trinity (Calne) Academy	25.7%	-1.8%	-1.8%	-1.8%	23.9%	23.9%	23.9%	
241	Excalibur Academy	26.2%	0.5%	0.5%	0.5%	26.7%	26.7%	26.7%	
244	Holy Family Academy	26.7%	-0.7%	-0.7%	-0.7%	26.0%	26.0%	26.0%	
245	St Catherines Academy	26.9%	-3.6%	-3.6%	-3.6%	23.3%	23.3%	23.3%	
249	Oasis Community Learning	25.7%	-1.3%	-1.3%	-1.3%	24.4%	24.4%	24.4%	
252	Hazelwood Academy	26.0%	-1.3%	-1.3%	-1.3%	24.7%	24.7%	24.7%	
254	Morgan Vale and Woodfalls	26.4%	-0.2%	-0.2%	-0.2%	26.2%	26.2%	26.2%	
255	Millbrook Academy	25.7%	2.2%	2.2%	2.2%	27.9%	27.9%	27.9%	
256	Shaw Ridge Academy	26.2%	-0.8%	-0.8%	-0.8%	25.4%	25.4%	25.4%	
257	Peatmoor Academy	27.4%	-0.6%	-0.6%	-0.6%	26.8%	26.8%	26.8%	
258	Westlea (Swindon) Academy	26.0%	-1.1%	-1.1%	-1.1%	24.9%	24.9%	24.9%	
259	Diocese of Salisbury Academy	26.2%	0.1%	0.1%	0.1%	26.3%	26.3%	26.3%	
261	King Alfred Academy	26.2%	1.0%	1.0%	1.0%	27.2%	27.2%	27.2%	
270	Great Western Academy	25.5%	-0.3%	-0.3%	-0.3%	25.2%	25.2%	25.2%	
303	Collaborative Schools Ltd	25.5%	-2.8%	-2.8%	-2.8%	22.7%	22.7%	22.7%	
379	Brunel Education	26.1%				26.1%	26.1%	26.1%	
707	Palladian MAT - Fitzmaurice School	26.9%	1.1%	1.1%	1.1%	28.0%	28.0%	28.0%	

Employer code	Employer name	Primary rate (% of pay)	Secondary rate (% of pay plus monetary amount)			Total contributions (primary rate plus secondary rate)			Notes
			2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
Community Admission Bodies									
61	Order of St John	29.8%	-29.8%	-29.8%	-29.8%	0.0%	0.0%	0.0%	
74	Swindon Dance	30.4%	-30.4%	-30.4%	-30.4%	0.0%	0.0%	0.0%	
313	WASP (Wiltshire & Swindon Sports Partnership)	26.2%	-26.2%	-26.2%	-26.2%	0.0%	0.0%	0.0%	
Admitted Bodies									
	Aster Pool	55.4%	-24.0% plus £435,000	-24.0% plus £435,000	-24.0% plus £435,000	31.4% plus £435,000	31.4% plus £435,000	31.4% plus £435,000	
51	Selwood Housing (West Wilts)	42.2%	-16.5% plus £343,000	-16.5% plus £343,000	-16.5% plus £343,000	25.7% plus £343,000	25.7% plus £343,000	25.7% plus £343,000	
160	Caterlink 4	40.3%	-6.6%	-6.6%	-6.6%	33.7%	33.7%	33.7%	
181	Aspens - Lethbridge	27.8%				27.8%	27.8%	27.8%	
331	Churchill Contract Services 1	40.9%	-6.9%	-6.9%	-6.9%	34.0%	34.0%	34.0%	
335	GLL (Part 2)	40.7%				40.7%	40.7%	40.7%	
354	Spurgeons	43.3%	-22.9%	-22.9%	-22.9%	20.4%	20.4%	20.4%	
359	First City Nursing	45.0%	-45.0%	-45.0%	-45.0%	0.0%	0.0%	0.0%	
360	NHS South Central and West Commissioning Support Unit	37.6%	12.1%	12.1%	12.1%	49.7%	49.7%	49.7%	
361	Sodexo-DBAT (Diocese of Bristol Academy)	28.3%	-2.7%	-2.7%	-2.7%	25.6%	25.6%	25.6%	
371	Brunel Pensions Partnership	21.2%	1.5%	1.5%	1.5%	22.7%	22.7%	22.7%	
377	Community Golf and Leisure	28.4%	-28.4%	-28.4%	-28.4%	0.0%	0.0%	0.0%	
383	Imperial Cleaning - Highworth	22.2%	1.3%	1.3%	1.3%	23.5%	23.5%	23.5%	
384	Warneford	22.2%	1.3%	1.3%	1.3%	23.5%	23.5%	23.5%	
384	Supreme Contract Services	43.9%	£1,000	£1,000	£1,000	43.9% plus £1,000	43.9% plus £1,000	43.9% plus £1,000	

Employer code	Employer name	Primary rate (% of pay)	Secondary rate (% of pay plus monetary amount)			Total contributions (primary rate plus secondary rate)			Notes
			2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
Admitted Bodies (continued)									
385	Cleverchefs Ltd	36.4%	-0.2%	-0.2%	-0.2%	36.2%	36.2%	36.2%	
389	Imperial Cleaning (King William Street Academy)	21.1%	3.3%	3.3%	3.3%	24.4%	24.4%	24.4%	
406	Direct Cleaning (Westbury)	47.2%				47.2%	47.2%	47.2%	
411	Thera South West	42.7%	-10.8%	-10.8%	-10.8%	31.9%	31.9%	31.9%	
414	Lex Leisure	27.1%	-12.3%	-12.3%	-12.3%	14.8%	14.8%	14.8%	
415	ABM (JOG)	32.5%				32.5%	32.5%	32.5%	
417	Aspens (St Augustines)	33.1%	-8.0%	-8.0%	-8.0%	25.1%	25.1%	25.1%	
422	Caterlink (Melksham Oak)	43.1%	£13,000			43.1% plus £13,000	43.1%	43.1%	
422	Classes Abroad	33.7%	-0.5%	-0.5%	-0.5%	33.2%	33.2%	33.2%	
425	Sansum Cleaning Solutions Ltd	35.0%	£1,000	£1,000	£1,000	35.0% plus £1,000	35.0% plus £1,000	35.0% plus £1,000	
433	Direct Janitorial Supplies Ltd	30.4%	-5.3%	-5.3%	-5.3%	25.1%	25.1%	25.1%	
434	Imperial Cleaning (Greentrees)	28.0%	-1.3%	-1.3%	-1.3%	26.7%	26.7%	26.7%	
436	Direct Cleaning (Netheravon)	36.3%	-14.7%	-14.7%	-14.7%	21.6%	21.6%	21.6%	
437	Direct Cleaning (Bulford)	17.5%	4.1%	4.1%	4.1%	21.6%	21.6%	21.6%	
495	Braybourne Facilities Ltd	41.8%				41.8%	41.8%	41.8%	
498	Adoption West	22.2%	1.2%	1.2%	1.2%	23.4%	23.4%	23.4%	
500	Alina Homecare	41.7%	£17,000	£17,000	£17,000	41.7% plus £17,000	41.7% plus £17,000	41.7% plus £17,000	
501	Innovate Services 2	42.1%				42.1%	42.1%	42.1%	

Notes to the Rates and Adjustments Certificate

1. **TBC**

Page 74

DRAFT

Further comments to the Rates and Adjustments Certificate

- Contributions expressed as a percentage of payroll should be paid into the Fund at a frequency in accordance with the requirements of the Regulations
 - Further sums should be paid to the Fund to meet the costs of any early retirements and/or augmentations using methods and factors issued by us from time to time or as otherwise agreed.
 - The certified contribution rates represent the minimum level of contributions to be paid. Employing authorities may pay further amounts at any time and future periodic contributions may be adjusted on a basis approved by the Fund Actuary.
- The monetary contributions set out in the certificate above can be prepaid in advance with appropriate adjustments for interest as and when agreed with the Administering Authority. Under these circumstances a revised Rates and Adjustments certificate may be issued reflecting any advance payments.

Page 75

SIGNATURE

Barry Dodds FFA

10 March 2023

For and on behalf of Hymans Robertson LLP

SIGNATURE

Catherine McFadyen FFA

DRAFT

Section 13 Dashboard

Section 13 dashboard

To be completed once GAD confirm required information

Page 77

DRAFT

This page is intentionally left blank

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
23 March 2023

WILTSHIRE PENSION FUND HEADLINES AND MONITORING REPORT

Purpose of the Report

1. The purpose of this report is to provide the Committee with information in relation to various standard issues, to enable the Committee to fulfil its monitoring role.
 - a) Scheme, Regulatory, Legal and Fund Update
 - b) Risk Register
 - c) Key Performance Indicators (KPIs) period – 1 December 2022 to 28 February 2023, and outsourcing update
 - d) Audit update - SWAP Audit actions log 2022/23
 - e) Training and effectiveness review update
2. This report is intended to highlight key issues and developments. Full detail is provided in the Appendices.

Report from Head of Wiltshire Pension Fund

3. This section summarises key events across the Pension Fund over the last quarter.
 - a) Investment performance for the quarter to Dec-22 was -1.2%, compared to a benchmark return of +0.9%. The fund value at the end of Dec-22 was just under £3bn. This was mostly due to the lagged valuations for some of the Fund's illiquid assets (mainly property), catching up from the extremely challenging Q3 22, which more than offset positive performance from the Fund's equity portfolios.
 - b) Although much of the "mini-budget" was reversed, gilt yields are still at elevated levels. As the actuarial discount rate for the future liabilities is based on gilt yields, this has meant that the present value of the Fund's liabilities has fallen by more than the value of the assets has fallen (due to poor investment performance), and the funding level is currently around 125% (based on a roll-forward of the 2019 funding level).
 - c) The final report on the actuarial valuation is elsewhere on this agenda.
 - d) The backlogs project and the pensioner payroll rec projects are now both up and running, and making good progress. Hymans have now completed 702 cases, and Aon 145. Both providers are on track to complete their projects on schedule (Sep-23).
 - e) Work continues with Blackrock and we are close to setting up the SALAMI portfolio (Strategic Allocation to Liquid Asset-Matching Investments).
 - f) Several of the roles within the new team structure have now been filled (or offers have been accepted and the individuals are working their notice periods at their current employer). A couple of key roles are proving challenging to recruit to.
 - g) Significant progress has been made against other Business Plan 22/23 actions, covered in full detail elsewhere on this agenda.

Scheme, Regulatory and Legal Update (Appendix 1)

4. There are no material changes in this area but officers have added minor updates to the appendix.

Risk Register (Appendix 2)

LPB Recommendation – Minute 173

5. On 1 February the Board reviewed the December monthly version of the risk register at their quarterly meeting, noting that the content of the risk register they review will be different to the risk register presented to the Committee on 23 March. The version of the risk register presented in Appendix 2 relates to the month of February. However, the Board accepted the declaration by officers that whilst they will be reviewing a different version, the officer led CROC Group process for moderating ratings will be presented in a consistent manner.
6. For members to be able to monitor the key changes in versions between meetings the Board noted that officers will provide a summary table within each report to members. In addition, the Board’s recommendations based on the risk register version they have reviewed will be included in each Committee report. Consequently, the table below and Board recommendations represent that summary. This should allow the Committee to approve the Board’s recommendations.
7. Committee members are asked to note that the Board have made their recommendations in line with two basic categories. These are:
 - a) In relation to any patterns or themes which have occurred since the Board’s last review, as determined by the summary table: and
 - b) In relation to the assessment of the prevailing risk register presented to the Board at their meeting.

In assessing the risk register members are asked to focus on the mitigations in the “Updates to note” column rather than the ratings in the “Risk Assessment” column.
8. The summary of key changes to the February version of the risk register are:

Risk Section	Section rating change	Key notes and mitigations during the period
Administration	Amber to Red	a) Work volumes received exceed those completed, and a failure to meet the KPI targets. A programme to recover the lost output is in place however, staff resource constrains progress. b) Manual updates required to adjust CARE screens for flexible retirees in the first-year end following retirement. Will be resolved after year-end. c) Poor use of bulk upload processing. Embedding bulk processing forms part of the KPI improvement plan.
Systems Management	Green to Amber	a) Officers have experienced reporting issues within Altair which could lead to poor decision making. Heywood software release should resolve this issue. b) Ineffective mortality screening. New service provider to be appointed. c) SAP contract expires in December '23. Fund reliant on Council’s evolve project.

Investment	Amber to Red	a) A letter responding to BPP's recent SRMs relating to levels of pay, budgets and staffing has increased this risk. Officers seeking to manage governance.
Data Management	Green to Amber	a) Employer asset and liability allocations should be monitored to avoid distorting an employer's funding positions. Key officer to be assigned as well as accurate transaction coding reporting recommended. b) I-Connect processes including relevant checks, requires reform. Forms part of the KPI improvement plan. c) Employer cessations to be managed more effectively. Key recruit appointed, starting in June.
Resourcing	Amber to Red	a) Staffing restructure and recent resignations have created a number of vacancies. Recruitment process underway, however making good key appointments is critical.

9. The Board recommended to the Committee that the risk assessment made by officers, as set out in their December risk register was appropriate.

Administration KPIs (Appendix 3)

10. Some work has been done in Table 1 to show the impact of terminated workflows, which caused discrepancies between the prior period's closing cases and the new periods opening cases. More detail will be available on this in the near future. These terminated workflows are largely features of the i-Connect system in which it creates workflows subject to it a set of pre-programmed responses rather than having the sophistication of humans to be able to correctly interpret an activity based on the information being received from an employer.
11. Regarding the overall Admin KPI picture, this continues to be challenging. The high priority administration KPIs were most consistently amber across the last three months, which is an improvement, and refunds have remained green.
12. The Insights work allocation system (IWAS) is fully embedded into the Member Services team and productivity stats for individual staff continue to be produced. Work will shortly be done to roll out productivity stats for the employer services team. The business plan for 23/24 has a heavy focus on changing the way work is done in the employer services team in order to provide a strong foundation for service delivery.
13. Members are reminded that the lifecycle of the Fund will now be entering its year end phase, which brings with it an increased number of associated tasks at this time of year.

Internal Audit update (Appendix 4)

LPB Recommendation – Minute 181

14. SWAP Audit review 2022/23:
- a) Summary – The SWAP raised its assurance level from “no assurance” to “limited assurance”, recognising the work by officers during 2022:
 - b) SWAP November 2022 audit – Appendix 4 presents the Fund's Key Financial Controls actions log based on the recommendations made by the SWAP auditor in November 2022:
 - c) SWAP March 2022 audit – The actions log incorporates outstanding actions from SWAP's March 2022 audit. Namely, Lumpsum payments, Monitoring & Operational Backlogs. The Projects action from the March 2022 audit has been renamed and now forms part of the New Enrolments action:

- d) Target dates – Prior to the action log's initial presentation to the Board, target dates were set for each action. These were endorsed by the Board on 1st February. However, due to the Fund's recent restructure and resourcing situation, officers need to request one change to the original target dates. This relates to Action 7, Status 2 (Undecided leavers) Members which has been rescheduled for completion from September 2023 to March 2024. The strategy behind this change being to address Action 6 first and then move officer resource onto Action 7:
- e) Actions with a 31 March deadline – These are Action 8, management of members approaching or over age 75, but who have not yet drawn their pension, Action 12, resolution of a small number of in-house pensioner queries prior to the PI exercise and Action 13, implementation of the new risk register. In all cases you'll see that these have all been completed:
- f) Actions with a 30 April deadline – These are Action 2, recovery of overpayment and write offs, Action 3, management of the lump sum payment process, Action 5, processing of amendments, Action 10, monitoring & productivity & Action 11, Quality Assurance testing. At present the first three actions are on course for completion by 30th April with the last two impacted by elements of the new business plan. In the event that the business plan 23/24 is approved, requests for changes to the original target dates will be made by officers to align with the new strategy; and
- g) Actions with a post April deadline – Remedies for all of these actions are included within the Fund's business plan agenda item. Progress against these actions will be reported at future Committee meetings.

Training and effectiveness review update (Appendices 5, 6 & 7)

LPB Recommendation – Minute 175 & 176

15. Summary of training & effectiveness review results.

Training

- a) National Knowledge Assessment (NKA) – Members of the Committee & Board completed a Hymans NKA, Appendix 5, to identify training & development priorities over the next 12 months:
- b) Results – The results showed a response rate from all members of 82%, with members achieving an average score of 59%. This was upper quartile when compared against other LGPSs. Within this score, the Committee members average score was 56%, compared with the Board's of 64%:
- c) Strengths – Broadly speaking the results showed that each group performed most strongly against its core functions, namely Financial Markets and Product Knowledge for the Committee and Pensions Administration for the Board. Both performed well on Pension Governance:
- d) Further analysis – The results highlighted that a review of the Fund's decision-making procedures may be appropriate, as well as refresher training on the roles and responsibilities of each group, at differing points during the annual life cycle of the Fund:
- e) New plan – Appendix 7 sets out the proposed training plan for members over the next scheme year. The plan includes recommendations made by the Board at their meeting on 1st February. In particular, focus on Audit and Accounting Standards & additional training on Pension Administration was identified.
- f) A living document – The plan is designed to be a living document enabling substitution for topical training as it arises. Attendance at external events such as conferences, seminars, engagement days and forum are encouraged as a valuable parts of the Fund's training & development strategy.

Effectiveness Review

- g) Purpose – To provide a framework within which members can comment on the effectiveness of both the Committee & Board. The responses in this 2022

Hymans review followed a similar pattern to those expressed in 2018. A high proportion of positive feedback was received, with the majority of respondents being comfortable with the effectiveness of their respective group.

- h) The 2018 review embedded the following recommendations:
 - 1) The terms of reference for both groups were updated and restated:
 - 2) TPR guidance on effective pension meetings implemented:
 - 3) Clarity over what is Fund and Employer business (Wiltshire Council) at meetings:
 - 4) Clarification on how the Fund's action logs are managed by both groups:
 - 5) A review of the design of the LPB Annual Report:
 - 6) Initiating a monthly update report from the Head of Pensions:
 - 7) Fostering cross-observation by Members attending each other's meetings: &
 - 8) Implementing induction training for new members
- i) The key member concerns highlighted by the 2022 review were:
 - 1) Committee members were uncertain of the roles and relationships between the Committee, Board, and officers, despite a positive response regarding the overall objectives of the Fund:
 - 2) Committee members were concerned about the escalation process to be followed:
 - 3) Various concerns were raised, mainly from Committee members around knowledge and training requirements, including the use of tPR's toolkit and Hymans on-line learning academy:
 - 4) Member opportunity to adequately input into the Fund's Risk register:
 - 5) A lack of understanding of the Council's Scheme of Delegation:
 - 6) A lack of understanding amongst Committee members on the role of the investment pool:
 - 7) A lack of understanding amongst Committee members on the role of a number of advisers; and
 - 8) Committee members requested clarity on all areas concerned with key documents and policies.
- j) Next steps – The Board recommended the actions outlined be implemented subject to the issues being addressed in a proportional manner. In addition, signposting of relevant information available on SharePoint should be made clearer. Similar to the 2018 review, it was concluded that a work group should be formed to clarify the items raised.

Financial Implications

16. No direct implications.

Legal Implications

17. There are no known implications from the proposals.

Environmental Impacts of the Proposals

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

19. There are no known implications currently.

Proposals

20. The Committee is asked:

- a) to approve the risk register recommendations made by the Board and the officer assessment of risk as presented in the February version of the risk register:
- b) to approve the changes in SWAP Audit target dates, notably Action 7 within that actions log and those adjusted by the approval of the new business plan:
- c) to approve the member training plan for 2023/24 (Appendix 7):
- d) to approve the proportionate implementation of effectiveness review changes outlined in Hymans report and 14(i) above.

JENNIFER DEVINE
Head of Wiltshire Pension Fund

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

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

Appendices:

- Appendix 1 – Scheme, Legal, Regulatory and Fund updates
- Appendix 2 – Full risk register
- Appendix 3 – Administration KPIs
- Appendix 4 – SWAP Audit Actions log
- Appendix 5 – Hymans NKA Report 2022
- Appendix 6 – Hymans Member Effectiveness review 2022
- Appendix 7 – Member training plan 2023/24

Scheme, legal, regulatory and Fund update

Source & Subject	Update Status	Subject detail & comments	Risk mitigation comments	Residual risk rating
Fund Update: Business Focus	New	A 3-year business plan to cover the period 1 April 2023 to 31 March 2026.	WPFC & LPB to review officer progress against the business plan through an actions log which is reviewed on a quarterly basis	ST101
HM Treasury: Reforms to public sector exit payments	No change	<p>After a brief period of 'going live', the Restrictions on Public Sector Exit Payment Regulations were revoked in early 2021.</p> <p>On 8 August 2022 HM Treasury published a consultation on Administrative Controls Process for Public Sector Exits, seeking views on a "new administrative control process for public sector exit payments over £95,000". The consultation closed in October 2022, and we are waiting to hear further information. Initially, the changes will not apply to Councils/most LGPS employers, which may be a sign of things to come. The major difference on the revised proposal is that rather than the employee receiving capped benefits (after the employer made a decision), the cap applies to the stage before (i.e., the employer approval). Therefore, if the costs are going to be above £95,000 then the employer needs approval to go ahead. From a pension's perspective, such an approach would quite possibly avoid nearly all the issues from initial implementation. However, it may well still be unwelcomed for employers in other respects.</p>	<p>Officers will continue to appraise themselves of developments via Hymans updates and the following links:</p> <p>Public Sector Exit Payments: a new controls process for high exit payments - GOV.UK (www.gov.uk)</p> <p>Return of the £95k cap - News Barnett Waddingham (barnett-waddingham.co.uk)</p>	ST102
Scheme Advisory Board (SAB): Good Governance Project	No change	Good Governance Project (formerly known as the Separation Project)	<p>Hymans-Robertson, on behalf of the SAB, has released its report on phase II which outlines a number of specific recommendations.</p> <p>Hymans Robertson and SAB are now moving towards Phase III of the project and a proposal is going to MHCLG to implement the proposals.</p> <p>Implementation is likely in 2023.</p>	ST102

The Pension Regulator (tPR): Single code of practice	No change	TPR have released a consultation concerning its intention to produce a single code of practice covering all pension schemes (Consequently, 10 of the 15 existing codes will be merged). Whilst this will impact the Fund's current adherence to Code of Practice 14, it is understood that the new Single Code will be modelled on Code of Practice 14.	Whilst some of the exercise is merely one of administrative consolidation, tPR have also used this as an opportunity to make some changes. Implementation is likely in 2023.	ST102
Scheme Advisory Board (SAB): Goodwin Case	No change	With some similarities to McCloud, another discrimination case affecting public service schemes including the LGPS is the Goodwin case. This time it's 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.	Although the funding costs will be small, this will be a further administration and communication burden to address. Little information has still 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 expected DLUHC will undertake a similar process for the LGPS in due course.	ST102
DLUHC: Fair Deal Consultation	No change	A DLUHC proposal to strengthen the pension protections that apply when employees are outsourced from their LGPS employer. https://www.gov.uk/government/consultations/local-government-pension-scheme-fair-deal-strengthening-pension-protection	Officers have responded to the consultation but have yet to hear anything further from DLUHC. 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 late 2023.	ST102
DLUHC: Education Sector reforms & Changes to the Local Valuation Cycle and the Management of Employer risk Consultation	No change	Education sector reforms Sixty Second Summary - Education sector in the LGPS - Hymans Robertson Management of employer risk regulations - Hymans Robertson	Education sector reforms: These are outlined in the helpful 'sixty second summary' link to the left. Some of these discussions related to point 5 of the Consultation outlined below. One positive area being considered by Government is the introduction of guarantee to protect Funds against FE Colleges defaults. Scope: 1). Amendments to the local fund valuations from the current three-year (triennial) to a four-year (quadrennial) cycle.	ST102

			<p>Nothing further has been heard on this. As contribution rates are currently being set for the period 2023-2026, it is likely that any changes would not take place for a number of years.</p> <p>2). A number of measures aimed at mitigating the risks of moving from triennial to quadrennial cycles. As above.</p> <p>3). Proposals for flexibility on exit payments.</p> <p>4). Proposals for further policy changes to exit credits.</p> <p>Legislation has been introduced in relation to 3) & 4) and is embedded in the Fund's cessation policy.</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>The Fund is unaware of any further developments in this area.</p>	
Brexit Freedoms: Retained EU Law Bill	New	<p>The Retained EU Law (Revocation & Reform) Bill will assess all EU derived subordinate legislation and all retained directly applicable EU legislation. It excludes primary law, subject to certain conditions. This will be assessed by a Minister or devolved authority (not Parliament) Circa 4,000 pension related laws to be reviewed by 31st December 2023.</p> <p>There is the power to retain legislation until 23 June 2026. Retained EU laws from 31 December will be known as Assimilated Law. In addition, EU case law will no longer be binding.</p>	<p>Relevant Ministers will review the laws. Pension related issues are expected to include laws around Employment, Age Discrimination & material events prior to December 2006.</p> <p>Officers will take guidance from their professional advisers concerning any changes impacting the Fund.</p> <p>The key risk will be officers' ability to apply all the changes within the required time frames.</p>	ST102
GDPR: Data Protection & Digital Information Bill	New	<p>To amend the current GDPR & Data Protection Act 2018. Its aim is to providing organisations with greater flexibility on how to comply with some aspect of data protection legislation. In particular, less box-ticking, improvements in the clarity of the framework and reforming the ICO.</p>	<p>A project plan will be developed. At present, whilst it is noted that the data mapping requirements could be simplified (Article 30), the existing data map will receive it annual review. It is anticipated that DPIAs will be more targeted, DPO's replaced by senior responsible individuals, vexatious SARs can be more easily rejected, personal data definitions altered, new rules around the legal basis for processing, greater flexibility around data</p>	ST102

			security, reforms around international data transfers rules, changes to provider contracts and the ICO reformed. The key risk being the acceptability of these changes to the EU.	
DLUHC: Cost control consultation	New	<p>Proposed amendments to the Scheme Advisory Board's cost control mechanism have been published for consultation. Closing date 24 March 2023.</p> <p>The mechanism operates in addition to the HM Treasury cost control valuations (which apply to all public sector pension schemes) to recognise that the LGPS is unique in having funded schemes that are administered locally. The broad purpose of the consultation is to update the SAB mechanism to align with the HMT cost control valuations (ensuring the SAB mechanism can still influence the HMT outcome) and give the SAB greater flexibility in how it manages any cost variations</p>	Hymans are responding to the consultation and officers will take guidance from Hymans response.	ST102
DLUHC: Edinburgh Reforms	New	<p>On 9 December, over 30 regulatory reforms were announced, with the aim of driving growth and competitiveness in the UK financial services sector.</p> <p>The proposed reforms are designed to maintain and build a competitive marketplace and promote the effective use of capital, secure the UK's leadership role in sustainable finance, ensure the regulatory framework supports technology and innovation and deliver for consumers and businesses.</p> <p>From a pensions perspective this means encouraging schemes to invest more of their assets in illiquid investments, such as UK infrastructure through the removal of performance fees & repealing & replacing EU law on financial services. Other considerations are also on the table.</p>	Officers await details of the proposed regulatory changes before considering the impact and associated risks.	ST102
DLUHC: Revaluation Date Change Consultation	New	The Govt. has announced that a full 10.1% increase (from last September's CPI) will apply to pensions in payment and Career Average Revalued Earnings pension revaluation. However, the impact of this apparently minor change actually has material	The move is designed to bring the revaluation of LGPS CARE benefits into line with the Pension Input Period (PIP) used for Annual Allowance tax calculations. The consultation lasted only 2 weeks from 10 February 2023 to 24 February 2023.	ST102

		implications for the Pension Input Period (PIP) used for Annual Allowance tax calculations. Consequently, changing the date on which CARE pensions are revalued, from 1 April to 6 April is being consulted on.	The tight timescales are likely to mean that, if any changes are implemented, pension administration systems will not be updated in time for April's increases to be applied. In addition, if this change is not, it is likely to mean that twice as many members will be impacted by the annual allowance tax charges than usual.	
DLUHC: Consultation: Taking action on climate risk	No change	DLUHC have released the consultation, and WPF has responded (as approved by Committee on 17 Nov 22) https://www.gov.uk/government/consultations/taking-action-on-climate-risk-improving-governance-and-reporting-by-occupational-pension-schemes-response-and-consultation-on-regulations The Fund intends to manage investment portfolios, and/or to take advantage of the investment opportunities which arise from the transition to a low carbon economy.	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. Quarterly reviews and reporting submitted to the WPF. Plus, annual TCFD reporting. Preparation of (and monitoring against) an annual Responsible Investment Plan and RI Policy (including climate action plan). Further mitigations (not mapped as controls here) include review of the strategic asset allocation, and climate scenario modelling from both an investment and actuarial basis.	ST103
Fund Update: Control and risk framework:	New	A poor operating control and risk framework could lead to negative outcomes for the Fund, such as incorrect financial transactions and/or records, incorrect member records, or fraud and misappropriation. Onward adverse outcomes could include minimal internal audit assurance, qualified audit reports and reputational damage.	This Scheme, legal, regulatory and Fund update has been integrated with the officer led risk register to provide strategic updates for the LPB and WPF. In addition, Committee tab of the main risk register will provide a summary of the prevailing operational risks. An annual internal audit action plan, focussed on high priority areas. Risk and control meetings are now regularly happening with full engagement from managers	ST104
Fund Updates: Funding position	New	Failure to consider the multiple factors affecting the Fund's funding position could lead to adverse outcomes, including lack of awareness around the impact of macroeconomic events on the Funding position, failure to act in a timely manner in response to significant falls (>20%) in the funding level, or failure to proactively address employer cessation and solvency issues.	Regular review of the funding level, including reporting movements (and reasons) to key stakeholders, via monthly update emails	ST105

Fund Update: Evolve programme	No change	Evolve programme – which involves the Council changing the pensioner payroll system and Fund accounting system.	<p>The target system implementation date was 1 April 2023, but officers understand from the Evolve project team that the target date is now in doubt, and it is possible the new systems will not be implemented until later in 2023. SAP contract expires in December 2023.</p> <p>PF officers are engaging with the Evolve programme. In addition, officers are implementing an integrated payroll, and in ensuring that pension increases are correctly applied through Oracle.</p>	ST106 (supported by PJ106)
Fund Update: Operational resilience	New	The Fund is not appropriately resourced and staff all adequately trained to enable the service to be delivered in a sustainable and reliable way	A KPI improvement plan is in draft. Weekly insights reports have now been launched for half the processing staff. The team restructure represents an increase in headcount and there may be issues with recruitment. Recruitment is proving to be challenging for senior roles. Progress has been made to assess the level of resource needed to deliver the service.	ST107
Fund Update: Cost of living crisis	No change	The cost-of-living crisis could impact the Fund from numerous perspectives including funding, investments, communications, administration, cash flow, resourcing etc.	A report has been prepared on the impacts, with the largest impact expected to be on cashflow. Modelling work has been undertaken by Hymans and supports the initial analysis that this is not an immediately issue.	ST108
DLUHC: McCloud	No change	The Public Service Pensions and Judicial Offices Act 2022 is the primary legislation The LGPS Regulations associated with that legislation is to be released. It is anticipated that the remedy legislation will apply from 1 October 2023, with backdated effecting across the remedy window of 1 April 2014 to 31 March 2022.	<p>The Fund's software provider continues to release software updates in stages in anticipation of the final remedy legislation being laid before parliament.</p> <p>A Project plan has been established and officers have identified how much data has already been collected. Officers are widening the data collection process to all employers & validated and started uploading data to the pensions administration system.</p> <p>In particular, as part of i-Connect onboarding, officers continue to update part-time hours histories for active staff. Requested part-time hour history for all other employers which are not currently on i-Connect, albeit it is noted that this is problematic due to some employers having incomplete records covering the remedy period.</p>	ST109 (supported by PJ101)

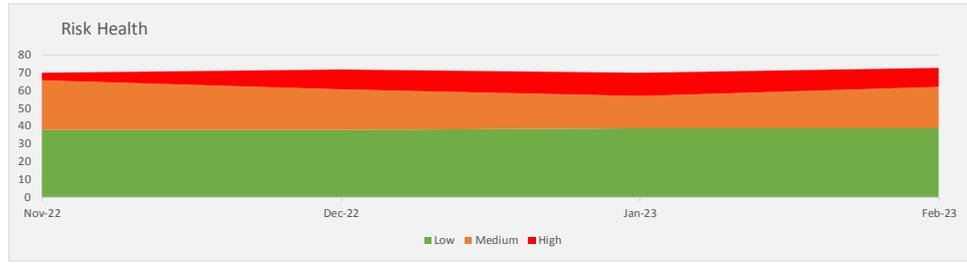
			Aon was commissioned to provide some advice on McCloud including a summary of what work a standard LGPS fund should have completed to date in order to be prepared. These reports have now been received, and officers have reviewed the reports.	
The Department of Work and Pensions (DWP): Pension dashboard project	No change	<p>DWP consulted on draft regulations earlier this year, and the consultation closed on 13 March 2022. A further consultation was issued in June 2022, and this closed on 19 July 2022.</p> <p>The consultation raises some issues due to the different rules that apply in the LGPS in comparison to other schemes. Such as: excluding deferred refunds, issues around missing starter notifications and the value of benefits if the vesting period is not met etc.</p> <p>The public sector staging date has been pushed back by 5 months and is now targeting September 2024.</p>	<p>The Fund's software provider, Aquila Heywood, is designated as an 'Integrated Service Provider' and is part of the national working party to help deliver the Pensions Dashboard. The Fund intends to work with Aquila Heywood to provide the data required.</p> <p>Aon was commissioned to provide some advice on the Pensions Dashboard, including a summary of what work a standard LGPS fund should have completed to date in order to be prepared. These reports have now been received, and officers have reviewed the reports</p> <p>https://pensionsdashboardproject.uk/industry/about-the-pensions-dashboard-project/</p>	<p>ST110 (supported by PJ102)</p>

This page is intentionally left blank

Committee Risk Register

Owner: Richard Bullen

Medium Overall Risk



Risk Area	Key Risks	Risk Assessment	Updates to note
Administration	<p>Whilst Incoming post was managed in February and productivity had increased, work volumes remain high, and there is still a failure to meet the KPI targets.</p> <p>Resourcing constraints means that work is not being received and allocated in a timely manner.</p> <p>Issues with post being received/sent and records updated in an accurate and timely manner.</p> <p>Not making the best use of bulk upload processing to improve efficiencies.</p> <p>A manual adjustment process is required for cases of flexible retirement in relation to the CARE screen for the ongoing active at the first year end following retirement</p>	High	<p>As part of the business plan 2022/2023, the backlog was outsourced to Hymans.</p> <p>An work allocation system has been embedded for member services (with employer services to follow), which is forward-looking and enables tasks which are about to go out of date to be prioritised. The business plan 23/24 will seek to further improve on this.</p> <p>Weekly KPIs are now circulated and analysed, and weekly insights have been launched for the member services team (employer services to follow), which show staff productivity.</p> <p>Embedding the use of bulk processing is required to support this.</p> <p>The year end process concerning flexible retirees needs to be updated.</p>
Systems Management	<p>Poor KPI reporting providing incorrect data which could lead to poor decisions being made.</p> <p>Old user accounts and inaccurate profiles which aren't being removed on a timely basis and being attributed to team members, means users could access/perform tasks that they shouldn't be completing.</p> <p>Ineffective controls of mortality screening could result in the paying of benefits that should have ceased.</p> <p>It is noteworthy to highlight that the Council's contract will SAP expires in December 2023</p>	Medium	<p>Insights, a new software tool provided by the Fund's database manager has enabled more accurate and timely reporting. User Accounts and Profiles are monitored, but reporting that monitoring requires development.</p> <p>A re-tender exercise has been completed in respect of the Fund's current mortality screening and training provider. The new appointment will start from 1st April.</p> <p>The migration to a new payroll databases is crucial. In addition, other SAP functions such as HR could also impact the Fund. Implementation of the Altair payroll to migrate the cessation of SAP will help, however the Fund remains reliant on the Council's Evolve programme to move forward.</p>
Investment	<p>Investment performance by managers is poor or misaligned with expectations leading to risk of funding level, achievement of investment strategy and poor benchmarking.</p> <p>BPP needs to operate effectively to ensure funds are well managed, investments made on a timely basis and delivering their objectives.</p> <p>A letter responding to recent SRM's has increased this risk to red.</p> <p>BPP has been set up to deliver cost savings, if mismanaged this could lead to higher costs and poor investment returns.</p>	High	<p>Fund is working with Brunel on pooling arrangements. The Fund is currently benefitting from net fee savings, but costs are under constant pressure to rise with high budget increases being proposed. A key person departure also raises concerns about resourcing.</p> <p>BPP's governance continues to be monitored due to concerns over levels of pay, budgets and staff losses. This is likely to increase following the SRM response.</p>
Employer Management	<p>Employers not engaging with the Fund highlighted through poor data, poor timeliness of submissions and not complying with the regulations. This can lead to poor decision-making effecting scheme members</p> <p>Contacts have inadequate knowledge, skills and experience to administer the Scheme correctly and effectively. In addition, current contact maintenance requires improvement.</p> <p>Employers are not set up, maintained or leave the Fund correctly, due to the starting funding position, unitisation adjustments, pooling or cessation arrangements are either not timely or incorrect.</p> <p>Employers not joining the Fund in line with legislation e.g. unsigned admission agreements, resolutions not being passed and not keeping track of mergers/demergers.</p>	Medium	<p>As mentioned under Performance the Fund offers training to employers to mitigate the risks highlighted. With increased academisation of Schools, MAT breakups and cross fund movements if all schools were to convert, then the number of employers in the Fund could jump from 180 to between 400 and 500</p> <p>Implementation of the Stabilisation Policy limits increases security for employers. The Fund also works closely with their Actuarial advisers to ensure new sets up are managed correctly. In addition, officers need to maintain the Fund's unitisation database.</p> <p>The completion of Admission Agreements will assist areas such as i-connect and contribution reconciliation. Monthly meetings are now being held with Legal Services to conclude outstanding agreements.</p> <p>An exercise updating the employer contacts is being reviewed.</p>
Data Management	<p>Information is posted through i-Connect or employer spreadsheets late which can delay processing. In addition, a lack of i-Connect checks may impact data accuracy.</p> <p>There's risk that cessations are not advised resulting in delays to the start of this process.</p> <p>A TUPE issue within Altair where a Heywood change has impacted the valuation reporting function. This has affected cessation reporting too.</p> <p>Employer asset and liability allocations should be monitored to avoid throwing out an employer's funding position.</p> <p>With the Pension Increase exercise due a risk of associated tasks not being completed will need to be monitored.</p>	Medium	<p>To enable the i-Connect onboarding process officers are working closely with the outstanding employers, particularly where they are major employers who will have an impact on the Fund. Relevant checks associated with i-Connect submissions are being reviewed.</p> <p>The TUPE & cessation reporting issue has been resolved as part of a new Heywood's release.</p> <p>Assignment of the responsibility to a specific officer as well as accurate transaction coding and Altair reporting should be implemented.</p> <p>Work on reviewing short-term widows pensions is being implemented</p>
Stakeholder Engagement	<p>Inaccuracy of communications by the Fund could result in reputational damage.</p> <p>There is a risk that as a Fund we are delivering poor customer service to our members, with slow response times and disclosure breaches.</p>	Medium	<p>Peer review arrangements are in place prior to publication and a strategy to maintain the compliance and content on MSS & the website is being implemented</p>
Resourcing	<p>The Fund is not appropriately resourced and staff all adequately trained to enable the service to be delivered in a sustainable and reliable way.</p> <p>In addition, key departures are leading to a loss of crucial knowledge in the team.</p>	High	<p>Key people in the team are seeking to transfer specialist knowledge to colleagues by documenting procedures and notes. In addition, a training strategy is under review for the department. However, in the event of a knowledge gap, we can call on our external consultants and independent advisors for help in the short-term;</p> <p>Following a recent restructure, there are currently several vacancies in the team which will need to be recruited to. A recruitment campaign involving specialist recruitment agencies has been instigated and some places have been filled.</p>
Climate risk	<p>Failure to manage the risks in the investment portfolios, and/or to take advantage of the investment opportunities which arise from transition to a low carbon economy could cause the Fund to suffer material negative financial impacts.</p>	Medium	<p>The Fund has a climate change policy (within the responsible investment policy), decarbonisation targets, and has assessed alignment of all portfolios.</p> <p>The Fund already reports against the requirements of the Task Force on Climate-related Financial Disclosures (TCFD).</p>
Projects	<p>Projects are managed by a designated Project Manager. Key projects currently being managed are the Backlogs project, the rectification project and McCloud. The first two have been outsourced to 3rd party administrators. Regular updates are provided to the management team, Committee and Board in respect of the McCloud.</p> <p>At present, the outsourced backlog and rectification projects are progressing, however the McCloud has faulted. Other key Fund projects include the annual PI exercise.</p> <p>A delay in the Evolve programme is also contributing to risk in this area.</p>	Medium	<p>As part of the oversight of Evolve Payroll Programme periodic strategic updates are received from the s151 Officer to assess level of risk;</p> <p>Significant retrospective legislation changes related to the McCloud case could lead to higher levels of administration resource. Factors addressed by the restructure and the business plan. In addition, factors relating to consistent working practices are being resolved.</p> <p>To mitigate delays on McCloud the Project Manager is working with internal and external stakeholders to set milestones and reporting frameworks.</p> <p>Mitigations relating to the Evolve project involve the implementation of Altair's payroll system in the Autumn to take on new pensioners in a phased approach.</p>

This page is intentionally left blank

Appendix 2: Admin KPIs

1. tPR Data performance measures

Measure	Score	Change since last period
Common Data	98% (at 1 Nov 2022)	-1% since Nov 2021
Conditional (Scheme Specific) Data	96% (at 1 Nov 2022)	+1% since Nov 2021
Annual Benefit Statement production rate	98.7% (at 31 Aug 2022)	-0.8% from 2021
Pension Saving Statements	100%	No measure

Performance commentary for the year

The **common and conditional scores** for this year have remained close to last year.

The Fund is already above average and some of the remaining gap to 100% is hard to fill due to factors outside of the Fund’s control.

For the Common Data metric, virtually all the remaining data issues relate to missing postal addresses, where the member has failed to keep us up to date when they have changed address. Furthermore, as the Fund’s main form of communication is now electronic, the member’s postal address is becoming less important, and it is more difficult to identify if it is correct.

For the Scheme Specific measure, many of the errors are of a technical nature due to the way the metric is calculated but these require further review.

The **active Annual Benefit Statement** score (98.7%) for this year is slightly short of the target of 99%. Most of failures relate to Swindon Borough Council employees, due to their ongoing administrative difficulties following their change of payroll system early this year. Most of the remaining failures are resolved but officers are still liaising with Swindon Borough Council to clear the last remaining issues.

However, this score is still relatively high compared to 2018-2020, albeit lower than 2021.
 2021: 99.5%
 2020: 96.9%
 2019: 95.0%
 2018: 93.9%.

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

Explanatory – background to the measures above.

The Pension Regulator (tPR) helps regulate each LGPS's Fund compliance with various legislation. It has various enforcement powers such as setting improvement plans and fining.

In respect of administrative performance, tPR focuses on two types of measures as explained separately below. The Fund is required to submit its scores against these measures each year as part of its Scheme Return.

tPR target is for all of these scores is 100% although there is an informal acceptance that scores are likely to often be slightly less.

a). Common and Conditional/Scheme Specific data scores

Common data scores test the Fund's data quality (existence and accuracy of data) against various data measures it expects all Pension Funds to hold (e.g., name, address etc). Conditional/Scheme Specific data scores are those data types which are needed for the administration of that specific scheme. For the LGPS, the Scheme Advisory Board (SAB) has determined the relevant data items.

Note: It was somewhat onerous and costly to do this analysis so at present the Fund only revisits these scores annually, normally in August-October, in order to complete its annual return to the tPR.

b). Active Annual Benefit Statement (ABS) production

The Fund is required under the LGPS Regulations to produce active ABSs by the 31 August of each year (related to the member's pension as at 31 March of that same year). The Fund currently uploads all ABSs to the MSS member portal (My Wiltshire Pension). It only sends out paper statements to members who have opted in to receiving paper statements.

c). Pension Saving Statements

The Fund is required to send pension saving statements (relating to annual allowance tax charges) to all affected members by the 6 October each year.

2. Internally set targets (Fund)

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

a). Administration payment processing scores (higher priority administrative tasks)

The following table shows the Fund's process times against the timeframes set out in the administration strategy. It covers the high priority tasks, processing data on lower priority administrative tasks (such as deferrals and aggregations) will be shared at a later date. The tasks which are deemed as higher priority are the ones which relate to making a payment to the member (or a beneficiary). Members are now able to instantly access benefits estimates and therefore there is no longer a disclosed target related to this.

Table 1: Performance over December-February 2022/23

Performance over the period 1 December to 28 February 2023

Priority Category	Process	SLA (Working days)	Tolerable Performance	Closing cases prior report	*Reporting adjustment over period	Cases Open at Start	Cases received	Cases processed	Cases open at end	Case Change	Completed on target	KPI change
High	Deaths	5/10/20 days	95%	406	-6	400	651	616	435	▲	81%	▲
High	Retirements	10/20 days	95%	551	-43	508	773	746	535	▲	80%	▲
High	Refunds	10 days	95%	23	0	23	180	194	9	▼	99%	▶
Medium	Transfers Out	10/20 days	90%	236	-32	204	277	214	267	▲	34%	▲
Medium	Transfers In	10/15/20 days	90%	33	-3	30	39	44	25	▼	52%	▲
Medium	Aggregations	23 days - 1 year	90%	3544	-469	3075	883	801	3157	▲	84%	▲
Medium	Leavers	23 days - 46 days	90%	3557	-321	3236	1586	1470	3352	▲	53%	▲
Medium	Divorce	20 - 25 days	90%	18	-2	16	63	55	24	▲	55%	▲

*The adjustments represent terminated and deleted workflows between the two reporting periods. Secondary reporting justifying the adjustment will be available from the next committee period

Table 2: Monthly breakdown of completion on target percentage

Priority Category	Process	SLA (Working days)	Tolerable Performance	December	January	February
				Completed on target	Completed on target	Completed on target
High	Deaths	5/10/20 days	95%	84%	78%	81%
High	Retirements	10/20 days	95%	87%	79%	77%
High	Refunds	10 days	95%	99%	99%	100%
Medium	Transfers Out	10/20 days	90%	46%	23%	28%
Medium	Transfers In	10/15/20 days	90%	57%	46%	50%
Medium	Divorce	20 - 25 days	90%	64%	63%	40%
Medium	Aggregations	23 days - 1 year	90%	87%	81%	84%
Medium	Leavers	23 days - 46 days	90%	51%	61%	47%

Table 3: 'Ready to go' aging analysis (as at 28 February 2023)

Priority level	Age analysis (working days)						Total
	1-5	5-10	10-15	15-20	21-40	2+ months	
High	301	288	116	50	66	56	877
Medium	315	136	248	129	491	5376	6695

Table 4: 'In office' tasks within 6 days off the target date (excluding backlog areas) as at 28 February 2023

	High priority	Medium priority	Total
In office tasks	139 (+104)	133 (+60)	272 (+164)

Commentary:

The introduction of a new Work Allocation System (IWAS) is gradually having the impact of improving Admin KPIs. However, putting in place a KPI Improvement plan is essential to maintain efficiencies in the longer term by addressing the underlying and fundamental Fund approach to performance, as well as being able to consider whether additional resource is required.

The key indicator of likely, future KPI performance is the volumes of tasks in table 4.

Table 4: This table acts as an ‘early indicator’ to show whether the processing teams (in the non-backlog areas) are sufficiently up to date with processing work. The goal is for the numbers to be zero, or close to zero, to ensure that work is picked up with sufficient time available to complete it with the target time.

Since monitoring of this metric began, the figures have typically remained between 200 and 250, but in recent weeks there has been an increase.

Table 1 & 2: All high priority cases have increased “amber”.

The percentage scores for medium priority tasks impact the figures under “high” in table 4. The numbers in table 4 need to reduce for the medium priority KPI scores to improve.

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

b). i-Connect onboarding progress (31 December 2022)

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-Connect as soon as possible.

	Number onboarded	Number left to onboard	Completion rate
Active members	15235	C 8,250 (total =c 23,485)	64.9%
Employers	145	45 (total = 190)	76.3%

Outstanding employers updates (major employers):

*Swindon Borough Council (SBC) and FS4S (a payroll provider), Wiltshire Police and New College (which collectively cover over 90% of remaining active membership not already onboarded). In all cases, their onboarding has been complicated by changes they have made to their payroll system. Officers are supporting each of these organisations but will also be escalating matters to more senior staff should good progress not be made soon.

c). MSS (My Wiltshire Pension) take up

RECORDS

ACTIVE	1 December 2022
Registered	11,038*
Total	22,074*
Percentage	50.0%*
DEFERRED	
Registered	13,060*
Total	30,588*
Percentage	42.7%*
TOTAL	

Registered 24,098*
 Total 52,662*
 Percentage **45.8%***

**Excludes members with password resets or disabled account.*

4. Internal targets - Employers

(Not updated to provide more recent figures due to staff absences)

a). i-Connect submission performance

Note: Newly onboarded employers are not included with the performance statistics as typically more support is needed in the initial months and therefore the normal deadlines do not apply.

Timeliness measure of submissions

All employers onboarded on to i-Connect are required to submit their return by the 19th of the month following the month the data relates to.

Month		Oct			Nov			Dec		
		On-time	Late		On-time	Late		On-time	Late	
iConnect Submissions	Large (250>)	5	1	83%	6	0	100%	7	0	100%
	Medium (50-250)	24	4	86%	26	1	96%	26	0	100%
	Small (10-50)	29	2	94%	29	1	97%	31	1	97%
	X Small (<10)	54	6	90%	50	8	86%	51	9	85%
Total		112	13	90%	111	10	92%	115	10	92%

This page is intentionally left blank

2022 LGPS National Knowledge Assessment

Page 103

Wiltshire Pension Fund



Contents

Overview	1
The Assessment	2
Overall Results	3
Average Score for Board & Committee	4
Benchmarking	5
Commentary on Results	6
Further Analysis	8
Engagement	9
Training Feedback from Participants	11
Training Plan	12
Next Steps	13
Reliances & Limitations	14

Overview

The LGPS National Knowledge Assessment (NKA) provides LGPS funds with a direct insight into the knowledge and skills of their key decision makers and oversight body.

In addition, funds get a 'sense check' of this knowledge position against other participating funds via the benchmarking reports provided.

16 LGPS funds and over 200 members have participated in this National Knowledge Assessment of Pension Committee ('Committee') and Pension Board ('Board') members.

The findings from this assessment provide a quantitative report of the current knowledge levels of the individuals responsible for running the Fund, aiding the development of more appropriately targeted and tailored training plans for both groups.

This report is also a key document in evidencing your Fund commitment to training – a key cornerstone to the good governance of your Fund.

Background

The Wiltshire Pension Fund ("the Fund") agreed to participate in the NKA using our online assessment.

This report provides an overview of the participants' results broken down into 8 key areas.

The online assessment opened at the end of September and closed in November, and there were weekly progress updates provided to the Fund confirming participation levels.

Each participant received their individual results report following completion of the assessment.

The questions posed in the assessment are split into 3 categories.

- Technical questions
- Roles and responsibilities
- Decision making

Technical questions, made up around two thirds of the questions. The remaining questions were split between the categories of Roles and Responsibilities as well as Decision Making. This helps to provide more in-depth analysis of the results and provides further context to the proposed training plans.

The National Knowledge Assessment is a challenging multiple-choice assessment of participants' knowledge and understanding of key pension areas. There was no expectation that participants would score 100% on each subject area tested. Rather, the goal was to gain a true insight into members' knowledge in the areas covered by the CIPFA Knowledge and Skills Framework and the Pensions Regulator's (TPR) Code of Practice.

Why Does this Matter?

While fund officers may deal with the day-to-day running of the funds, members of the Committee play a vital role in the scheme as decision makers.

To execute their roles effectively, Committee members must be able to address all relevant topics such as investment matters, issues concerning pension funding, pension administration and governance.

All topics which require a level of knowledge and understanding from the Committee. Similarly, the Pension Board members must have a sound knowledge of these topics in order to be able to offer critical challenge in the oversight of Committee decisions.

The Assessment

The members of the Wiltshire Pension Fund Committee and Board were invited to complete an online knowledge assessment. In total there were 8 respondents from the Committee and 6 respondents from the Board.

Each respondent was given the same set of 48 questions on the 8 areas below:

Section	Section Names
Section 1	Committee Role and Pensions Legislation
Section 2	Pensions Governance
Section 3	Pensions Administration
Section 4	Pensions Accounting and Audit Standards
Section 5	Procurement and Relationship Management
Section 6	Investment Performance and Risk Management
Section 7	Financial Markets and Product Knowledge
Section 8	Actuarial Methods, Standards and Practices

Under each subject heading, there were 6 multiple choice questions to answer. Each question had 4 possible answers, of which one answer was correct.

Participants were also given the option of selecting “I have no knowledge of this area”, where they were unsure.

This allows us to build a picture of the knowledge levels of each individual member in each of the topics, but crucially to help inform you of the overall levels of knowledge in each area.

Results

The responses for all members who participated have been collated and analysed. For each section we have shown:

- The Fund’s overall ranking against other participating LGPS funds.
- The average score for each of the 8 subject areas, for both the Committee and Board.
- Results split by the categories of “**technical**”, “**roles and responsibilities**” and “**decision making**”.
- Each average score benchmarked for both groups against the other NKA participant funds’ Committee and Board for each of the 8 subject areas.
- Each score compared with the results of the previous assessment in 2020, to show growth or regression in each area.
- Engagement levels for both the Committee and Board and how these levels rank against other LGPS funds.
- The most requested topics for training.

Based on the results and the responses received from participants, we have also completed a proposed training plan for the Fund over the next 18 months, as well as some other “next steps” to consider.

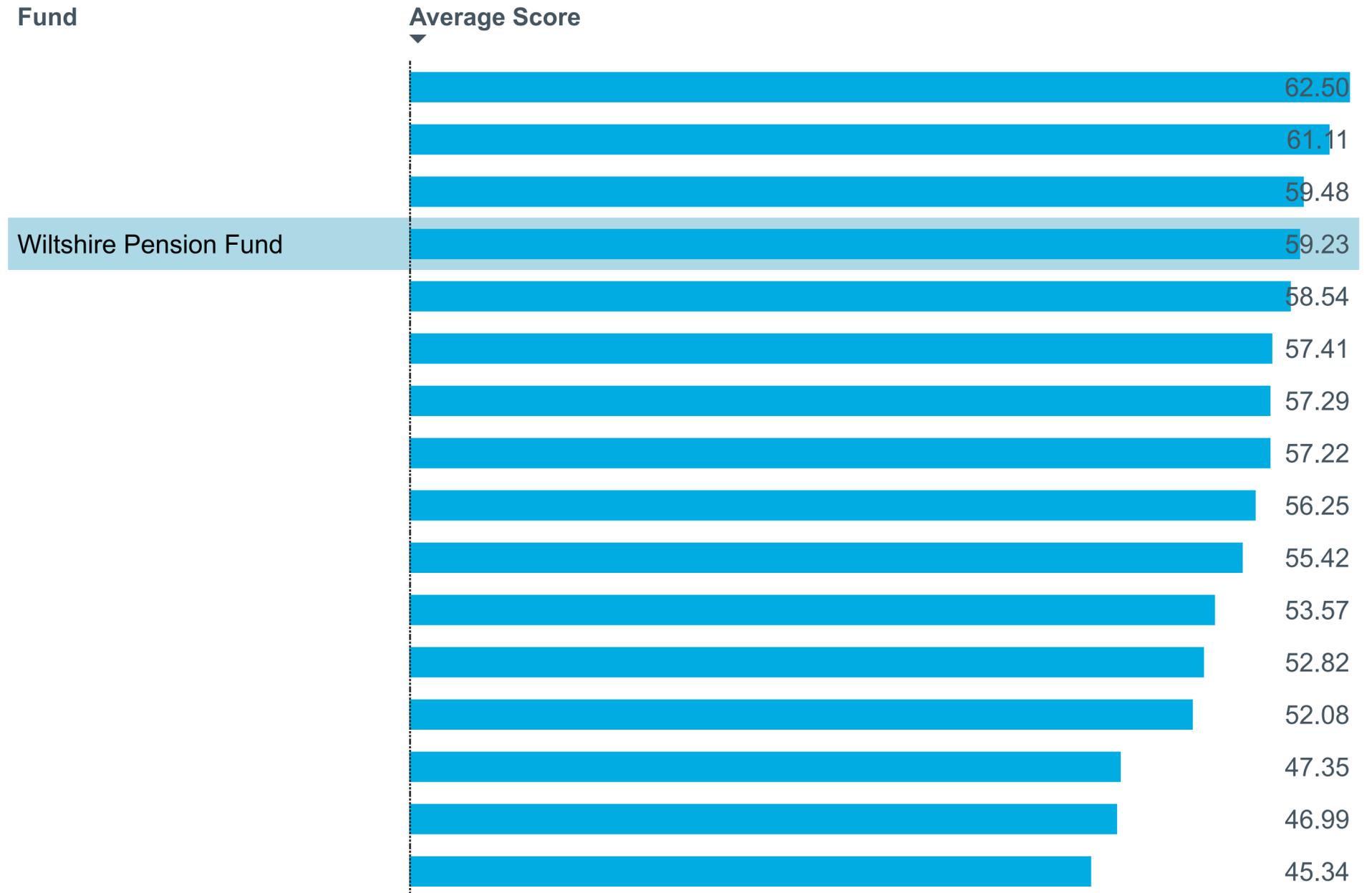
Overall Results

The chart on the right shows how the overall average score for your Fund compares with that of all other funds who took part in the Assessment. The “score” shown is the average score of all participating Committee and Board members from each Fund.

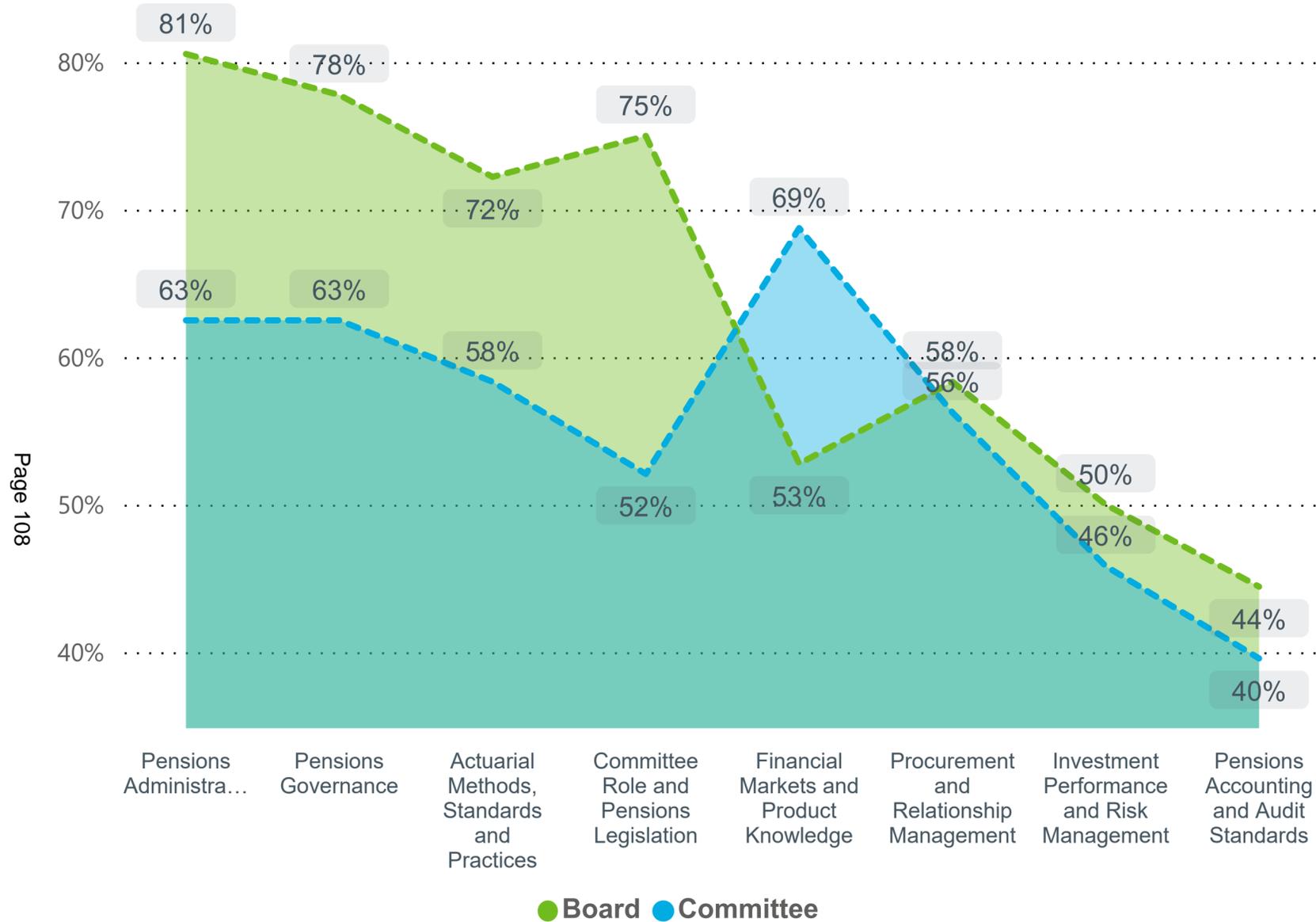
The Wiltshire Pension Fund is in 4th out of 16 Funds.

For each of the assessment’s 8 areas we have shown the results of both the Committee and Board.

There is also a summary showing the average scores across all sections for the Committee and Board.



Average Score for Board & Committee



For each of the assessment's 8 areas we have shown the results of both the Committee and Board.

These have been shown in the order in which the sections appeared in the survey.

There is also a summary showing the average scores across all sections for the Committee and Board.

- The performance of the Board (average overall score of 64 %) was stronger than that of the Committee (average overall score of 56 %).
- The performance for the Committee and Board diverged the most in the Committee Role and Pensions Legislation section, when Board results were 23 % higher than the Committee.
- The Committee performed most strongly in the area of Financial Markets and Product Knowledge and Pensions Governance.
- The board's areas of strongest Knowledge were Pensions Administration and Pensions Governance.
- Overall, for both groups, the area with least knowledge was Pensions Accounting and Audit Standards.

Benchmarking

As this assessment is being conducted at a national level across numerous LGPS funds, we are able to provide details of how your Fund’s results compare to those across the average of all funds who have taken part to date.

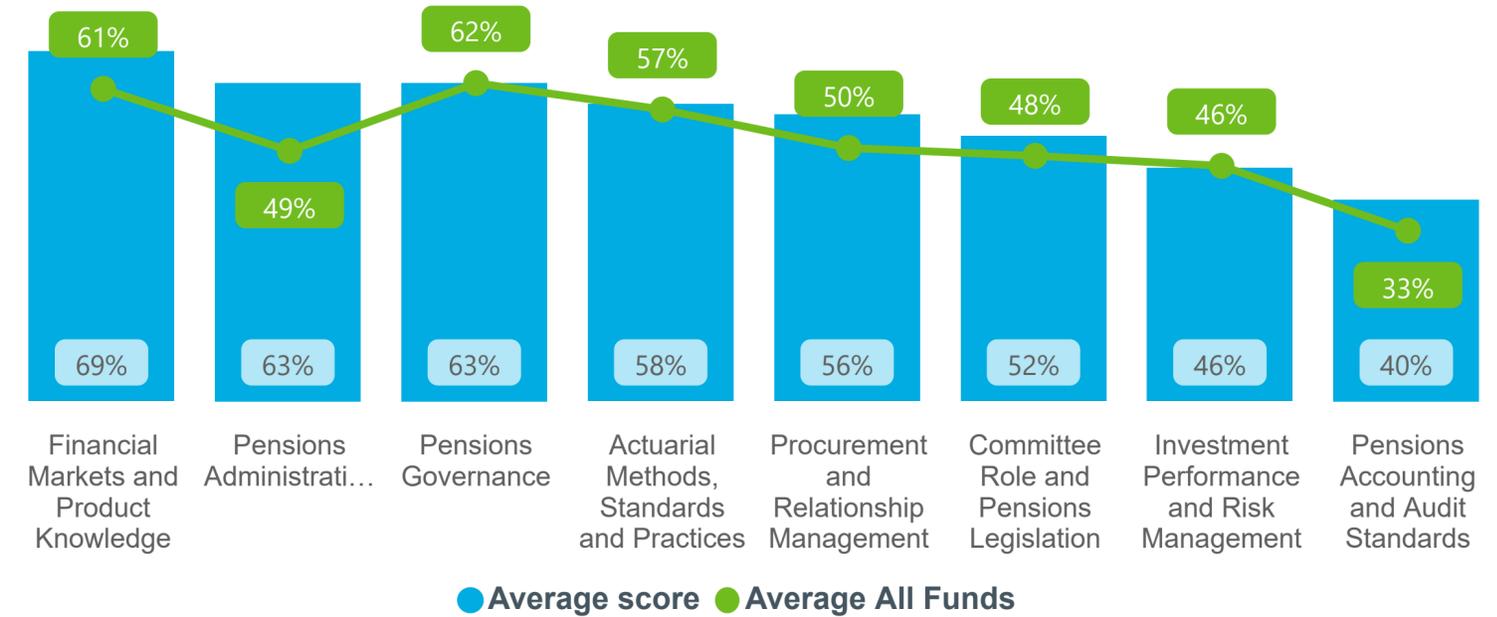
We’ve provided a comparison of the results for both your Fund’s Committee and Board, versus the average scores nationally for each group. This gives an idea of the knowledge levels across these groups, relative to the national average.

The intention is that training plans and/or timetables can be tailored to focus on the areas of least knowledge, whilst ensuring the Committee and Board maintain the high level of knowledge in the stronger areas.

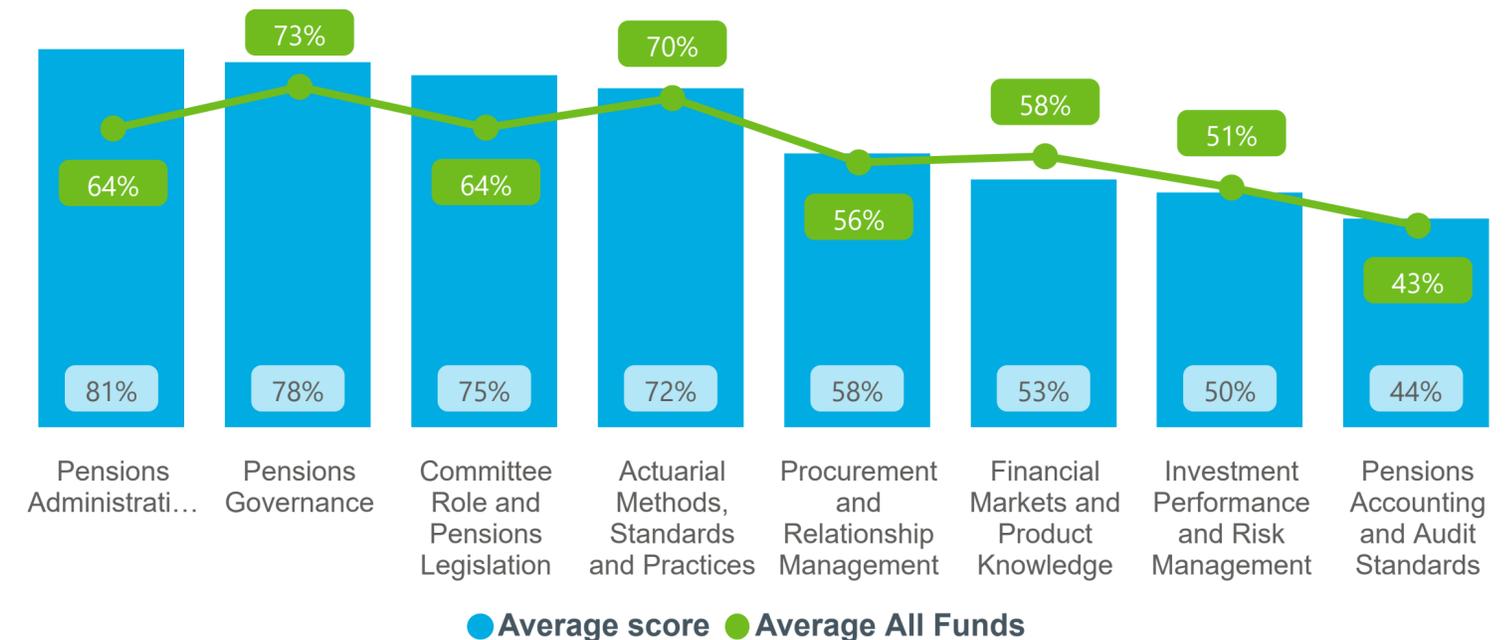
- It’s pleasing to see that the areas of Financial Markets and Product Knowledge and Pensions Governance scored well for the Committee.
- It’s clear that there are some areas where knowledge levels are lower than hoped for, and these areas of Investment Performance and Risk Management and Pensions Accounting and Audit Standards would be a sensible focus of training for the Committee.
- Similarly, from the Board chart it can be seen that the highest scoring areas were Pensions Administration and Pensions Governance.
- The Scores between Wiltshire Pension Fund and all other Funds diverged the most in the Pensions Administration, when the Average score was 17 % higher than Average All Funds.
- Across all sections, Wiltshire Pension Fund Board score ranged from 44 % to 81 % and the average for all other funds ranged from 43 % and 73 %.

Page 109

Pension Committee Average vs. Average All Funds



Pension Board Average vs. Average All Funds



Commentary on results

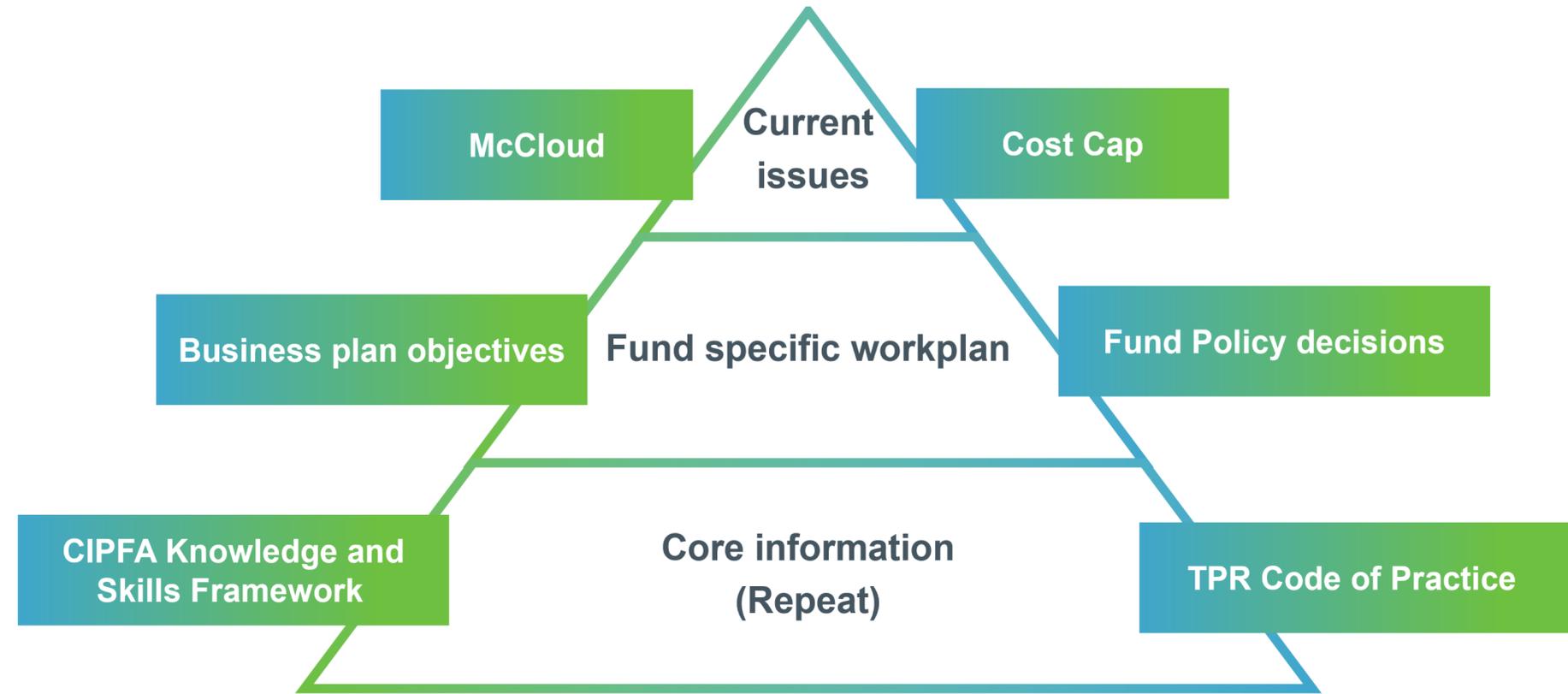
It's encouraging that 14 participants from your Fund took part in the assessment. Overall, the results were positive and it's clear that there are areas of greater knowledge levels as well as areas in which knowledge should be developed over time.

We would fully expect there to be gaps in the knowledge of all members, no matter their role on the Committee/Board, their tenure or indeed their background in terms of pensions experience.

The most important thing to emphasise is that not everybody needs to be an expert in all areas, rather there should be a spread of knowledge across your Committee and Board which is supported by advice from officers and professional advisors.

Just as important as gaining the relevant knowledge and understanding expected of a Pension Committee or Board, is the application of that knowledge and understanding, including the utilisation of an individual's own background and perspective.

Many funds have implemented training plans that follow the pyramid diagram of LGPS training areas. Fundamentally, a plan based on this example pyramid would provide a LGPS fund with a robust training program for its Committee and Board.



Committee

The results show that Financial Markets and Product Knowledge and Pensions Governance have the highest levels of knowledge. But the areas to focus any specific training on might be Pensions Accounting and Audit Standards for the Committee. Across all funds, the lowest scoring area was Pensions Accounting and Audit Standards.

In general, the Committee's performance relative to all other committees was strong.

When looking at the benchmarking results against the other participating funds, the Committee ranked 7 out of 16 Funds' Committee results.

Local Pension Board

The results show that Pensions Administration and Pensions Governance have the highest levels of knowledge, but the areas to focus any specific training on might be Pensions Accounting and Audit Standards for the Board.

Across all funds, the lowest scoring area was Pensions Accounting and Audit Standards. The Board's performance relative to all other committees was strong. In terms of benchmarking results against the other participating funds, the Board ranked 7 out of 16 Funds' Board results.

The next step would be to try and develop the knowledge of the lower scoring areas. You might already have a training plan in place, in which case you could use these results to tailor the specific training and with the knowledge of these results, ensuring it aligns with your priorities.

Further Analysis

In order to gain further insight into the knowledge and understanding, the questions posed covered 3 distinct areas. These were:

- **Technical** – 66% of questions
- **Decision Making** – 17% of questions
- **Roles and responsibilities** – 17% of questions

The purpose of this was to drill deeper into the collective understanding of these categories, and to provide further analysis on which areas to target when creating training plans. The following chart shows the average score for each of these sections, for the Committee and Board combined.



Page 112

From this chart, the lowest scoring area was Decision Making. Bearing this in mind, a particular focus could be put on this over the coming months.

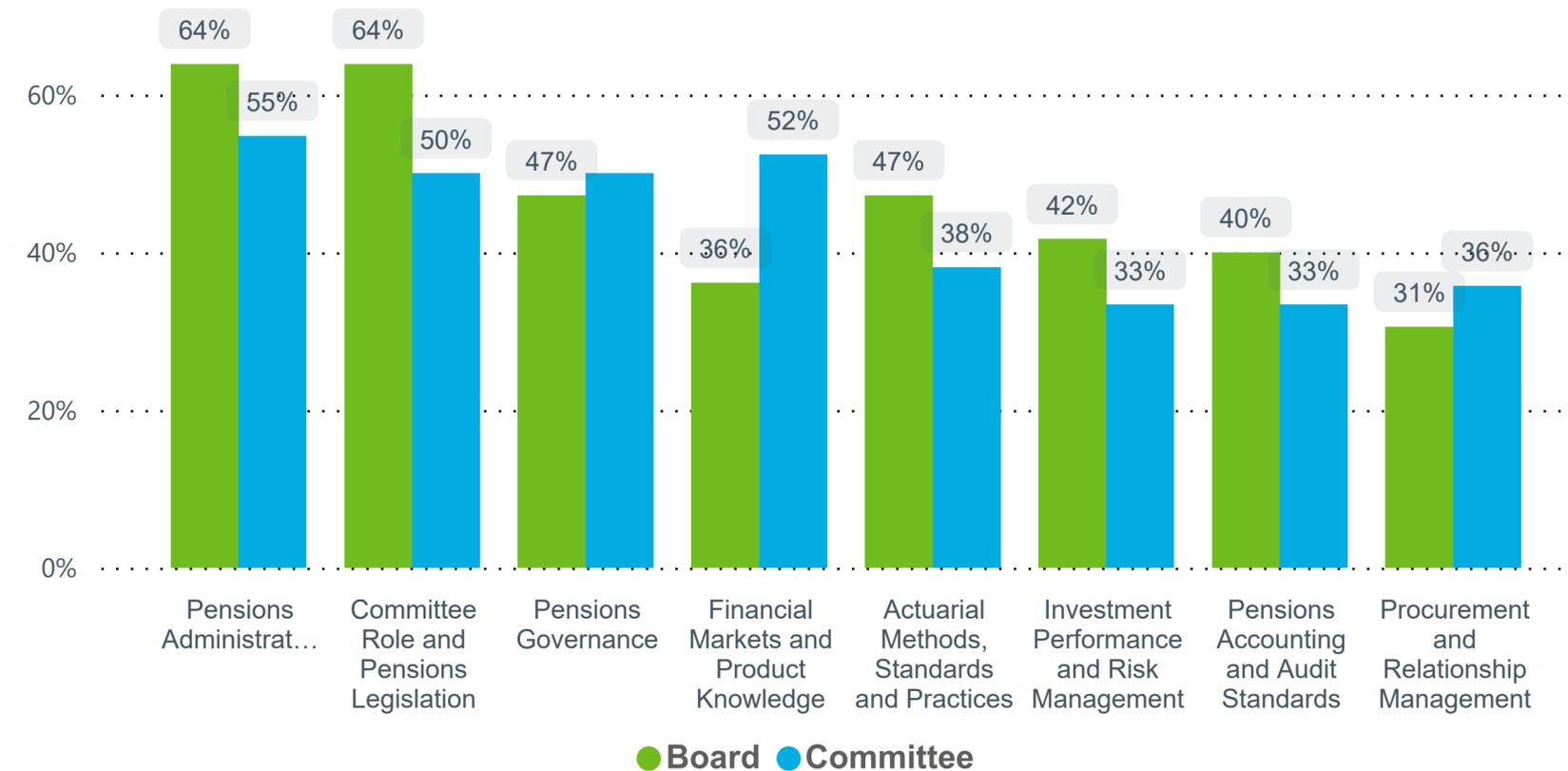
Some next steps to consider are:

Decision making – A review of the Fund's decision-making procedures, and updating/creating a decision-making matrix, and sharing this with the Committee and Board to ensure visibility of the role of each group in across a broad spectrum of potential decisions.

Roles and responsibility – A specific training session covering the roles and responsibilities of different parties covering different points in the annual cycle of the Fund. This could include preparation of annual report, annual benefit statements, business planning and investment performance reviews for example. It would also be good to cover more niche topics such as the IDRP process, review of suppliers and cyber risk.

Technical – below, we have also included more detail on the technical questions, as these made up the majority of questions in the assessment.

Average Score by Section (Technical Questions)



Procurement and Relationship Management was the lowest scoring section when looking at just the technical questions. This may be an area which is prioritised in terms of more technical training over the coming months.

Engagement

One of the key areas that we recommend funds focus on is Committee and Board training engagement.

With the ever-increasing pace of change in the pensions and investments world, member engagement is critical to maintaining strong collective knowledge. There is an expectation that they need not only be willing, but keen to develop their knowledge and understanding across the raft of topics upon which they will need to make, or ratify, decisions.

One measure of the engagement of members is their willingness to participate in training. As such, we have used the participation level of this survey to measure the engagement of your Committee and Board members.

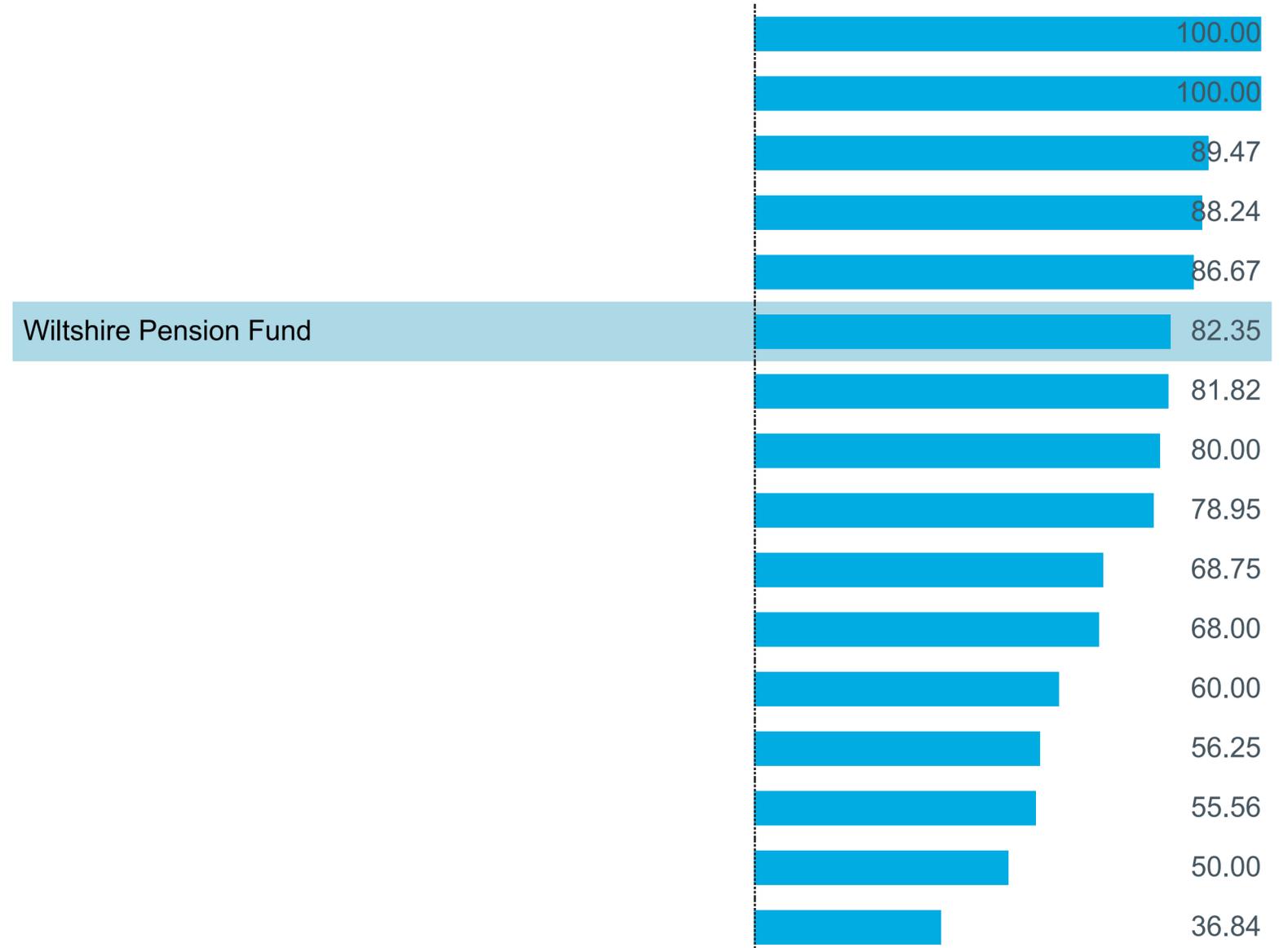
The chart below shows the breakdown of the total number of participants from the Wiltshire Pension Fund, as a proportion of those who could have responded.

Page 113

Role	Participants	Total Number	2022 Participation Rate
Board	6	7	86%
Committee	8	10	80%

Fund

2022 Overall engagement



Engagement

That 14 participants from your Fund took part in the assessment is highly encouraging. With the number of changes to the LGPS in recent years, it is vital that Committee and Board members remain abreast of the latest developments and feel confident that they have the knowledge required to make the decisions required of them.

Their level of engagement is a key driver of this. Overall engagement seems to be at a good level; however, it is important to maintain this, particularly in the current climate where face-to-face meetings and delivery of training sessions might be in Hybrid format for some time to come.

One of the biggest challenges in this area is how to improve engagement. The move to online learning and tackling topics in bitesize chunks can help.

The way in which information is shared with the Committee and Board can also promote engagement.

Page 114

There have been moves by some funds to issuing short timely bulletins and newsletters to increase training knowledge and engagement, which we very much encourage.

Training Feedback from Participants

One of the final sections of the survey asked participants to indicate which topics they would like to receive training on.

There was a list of options available, covering a broad spectrum of the topics we believe are most relevant to allowing Committee and Board members to effectively perform their roles. Members were also given the option to indicate any other areas in which they would benefit from further training.

The table on the right summarises the areas in which members indicated training would be beneficial.

A suggested training plan is shown on the next page.

Training requirements

● Board ● Committee



Training plan

Based on the results from this assessment, we have prepared the adjacent draft 'core' training plan which you may wish to adopt.

This has been prepared based on the overall scores of the Board and Committee combined.

The intention is to make the planning and delivery of these sessions more efficient for the Fund.

You may want to create separate plans for the Board and Committee - further *tailoring* the training plan to their distinct priorities.

We would be happy to discuss the options for delivery of any of these training sessions. Hymans can support in the preparation of this suite of sessions.

As detailed on the page '**Commentary on results**', we recommend that training plans include elements on:

- Core information
- Fund specific workplan
- Current issues / Hot topics

The key output for your Fund is to have a clear training plan and the delivery dates (or delivery vehicle i.e. training paper) set aside for these sessions.

Feedback from participants

We also asked the participants to provide comments on the areas they would most appreciate training in. Based on these comments, the most requested areas for training were **Pensions Accounting and Audit Standards** and **Financial Markets and Product Knowledge**.

More detail is shown in the chart on the previous page.

Training Plan - Wiltshire Pension Fund - January 2023 to June 2024

<p>Q1 2023</p> <p>Core topic: Accounting & Audit Standards</p> <p>Providing a general understanding of the Accounts and Audit Regulations and the role of internal and external audit</p> <p>Hot Topic: TCFD, 2023 Valuation conclusion and Fund business plan session</p>	<p>Q2 2023</p> <p>Core topic: Investment Performance</p> <p>Providing a general understanding of the relationship between assets and liabilities, the Myners principles and the structure, operation and purpose of investment pooling arrangements</p> <p>Hot Topic: Good Governance (expected in this quarter) and McCloud remedy</p>
<p>Q3 2023</p> <p>Core topic: Procurement & Relationship</p> <p>Providing a general understanding of the public procurement requirement as they apply to the LGPS, and how performance of suppliers can be monitored</p> <p>Hot Topic: Pension Dashboard, Cyber security and Levelling update agenda</p>	<p>Q4 2023</p> <p>Core topic: Financial Markets and Product</p> <p>Providing a general understanding of the risk and return characteristics of the main asset classes, the workings of the financial markets and available investment vehicles and the importance of the Fund's ISS and investment strategy decisions</p> <p>Hot Topic: Pension scams</p>
<p>Q1 2024</p> <p>Core topic: Committee Role and Legislation</p> <p>Providing overview of committee's role and a general understanding of the legislative framework as it applies to the LGPS, in line with CIPFA Knowledge & Skills Framework</p> <p>Hot Topic: Cost transparency</p>	<p>Q2 2024</p> <p>Core topic: Actuarial Methods</p> <p>Providing a general understanding of the role of the Fund actuary and the formal valuation process (including the FSS and inter-valuation monitoring) and the treatment of new and ceasing employers (including employer covenant)</p> <p>Hot Topic: Good Governance (update)</p>

Next Steps

Based on the results, we would suggest that there should be consideration to the following next steps:

- This report should be **reviewed** by the Fund's officers and results shared with the Committee and Board.
- Set up a **structured training plan** or adjust the existing training plan for the next 18 months covering the main areas highlighted in this report.
- Plan for the **delivery** of training over the immediate 6-month period following these results and communicate that intention with the Committee and Board.
- Consider the most **pressing** training requirements in the coming months. Importantly, look at the **frequency** of training engagement with your Committee and Board.
- **Assess** the tools available to the Fund to assist with training, and whether any new methods should be deployed.
- Consider ways of **maintaining** and **increasing** the engagement of both the Board and Committee. This could include providing them with more information, training materials, briefing notes etc.
- Ensure that the Fund's training strategy is up to date and **appropriate** for purpose.

We will be producing a national LGPS report on the results of these assessment, which will aid Scheme Advisory Board LGPS training discussions.

A copy of this will be made available to the Fund when that report is complete.

If you wish to discuss the contents of this report further, please get in touch.

Prepared by Hymans Robertson LLP.

Andrew McKerns



Senior LGPS Governance, Administration and Projects (GAP) Consultant

Alan Johnson



LGPS Governance, Administration and Projects (GAP) Consultant

Reliances and Limitations

This report has been prepared for the Wiltshire Pension Fund.

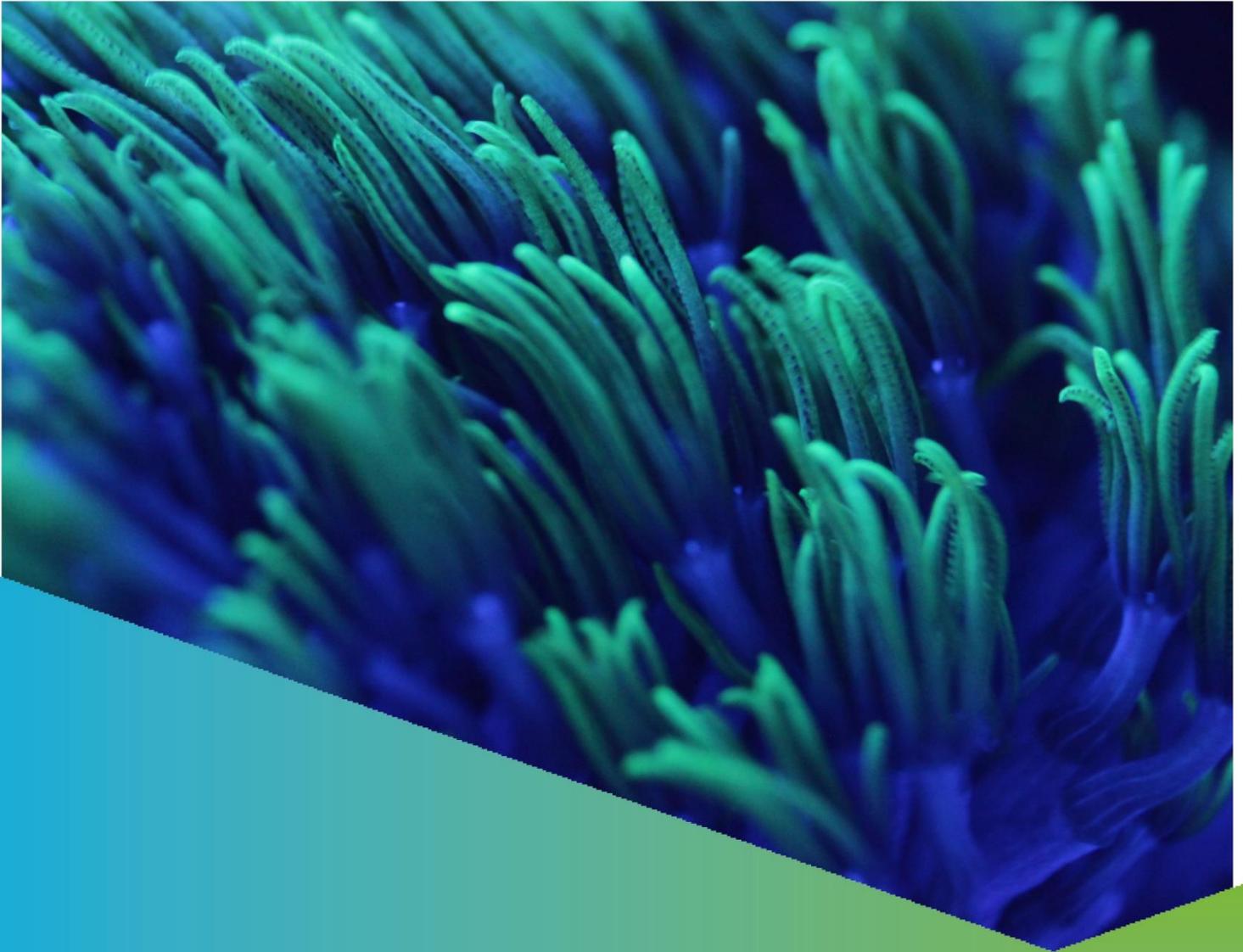
This report must not be released or otherwise disclosed to any third party except with our prior written consent, in which case it should be released in its entirety.

Hymans Robertson LLP do not accept any liability to any party unless we have expressly accepted such liability in writing.

This report has been prepared by Hymans Robertson LLP, based upon its understanding of legislation and events as of November 2022.

LGPS

Effectiveness Review - 2022



Wiltshire Pension Fund

Wiltshire Pension Committee and Pension Board - Effectiveness review

Effectiveness Questionnaire – October/November 2022

Over October and November of 2022, members of both the Pension Committee (PC) and Pension Board (PB) were issued with an online questionnaire designed to give a framework for them to provide feedback and comment on the effectiveness of both groups. The areas covered by this review were:

- Structure and culture;
- Management of meetings;
- Knowledge & training;
- Risks & conflicts;
- Advisers;
- Documents & policies

This paper provides details of the key findings from this survey.

Results, Commentary and Suggested Actions

A total of 5 out of 9 PC members and 5 out of 6 PB members responded to the questionnaire. This is a reduction of those who responded to the 2018 review, where **8 out of 10** PC members and **4 out of 4** PB members responded to the questionnaire. Members were presented with 57 statements, over the 6 subject areas and were given 5 optional answers based on the strength of agreement or disagreement with the statements provided.

On the whole the responses provided to the 2022 review followed a similar pattern to that seen in 2018, with more positive responses being received from members of the PB relative to members of the PC. This can be explained in a large part by the fact that membership of the PC changed significantly following the local elections in May 2022. As might be expected, their knowledge and appreciation of the respective roles and responsibilities is not at the level of their PB colleagues who will have held their positions for longer.

Overall though the responses received to the specific statements included a high proportion of positive feedback, suggesting the majority of respondents are comfortable with the effectiveness of their respective group.

Analysis suggests that the responses to the statement being considered were on the whole “agree” or “strongly agree”, there did appear to be some concern in a number of areas, including:

- uncertainty from PC members around their role and the relationship between the PC, PB and officers, despite generally positive responses regarding the overall objectives of the Fund;
- a concern from PC members regarding the escalation process to be followed;
- various concerns, mainly from the PC, around knowledge and training, including use of the Pension Regulator’s (TPR’s) toolkit and Hymans on-line learning academy;
- the opportunity to adequately input into the Funds issues log (This is known as the Fund’s Risk register and actions log);
- a lack of understanding of the Council’s Scheme of Delegation;
- a lack of understanding amongst some PC members on the role of the investment pool

- a lack of understanding on the role of a number of advisers amongst the members of the PC; and
- some lack of clarity from PC members on all areas concerned with key documents and policies.

There was some concern expressed within the comments provided regarding the remit of the Brunel investment pool and a fear it wished to take on wider responsibilities. Concern was expressed that its business plan for future development moved it away from an ‘arms-length’ organisation under the control of its shareholders to one that determined its role semi-independently of constituent Funds primary objectives. It will be critical, therefore, that officers address these concerns, both with PC and PB members and with the pool itself, if deemed appropriate.

Other comments focussed on areas of knowledge and training and need to get up to speed on all of the different topics covered by TPR, CIPFA and the Hymans on-line learning academy.

It was good to see also positive comments from some participants on the effectiveness of the PC and PB in working together to identify key issues and agreeing further actions or investigations required and the support given to them by officers.

High Level Summary

The following charts show the percentage of responses in each section where members selected either “agree” or “strongly agree” within the statement for both the 2022 and 2018 reviews.

Overall, you can see that in the latest survey the PB is more in agreement with the statements made than the PC in all areas. This is most likely attributable to the fact at membership of the PB is well established, whereas there has been significant change to the makeup of the PC following the local elections in May 2022. As the new PC members become more established in their role we would expect their position to improve.

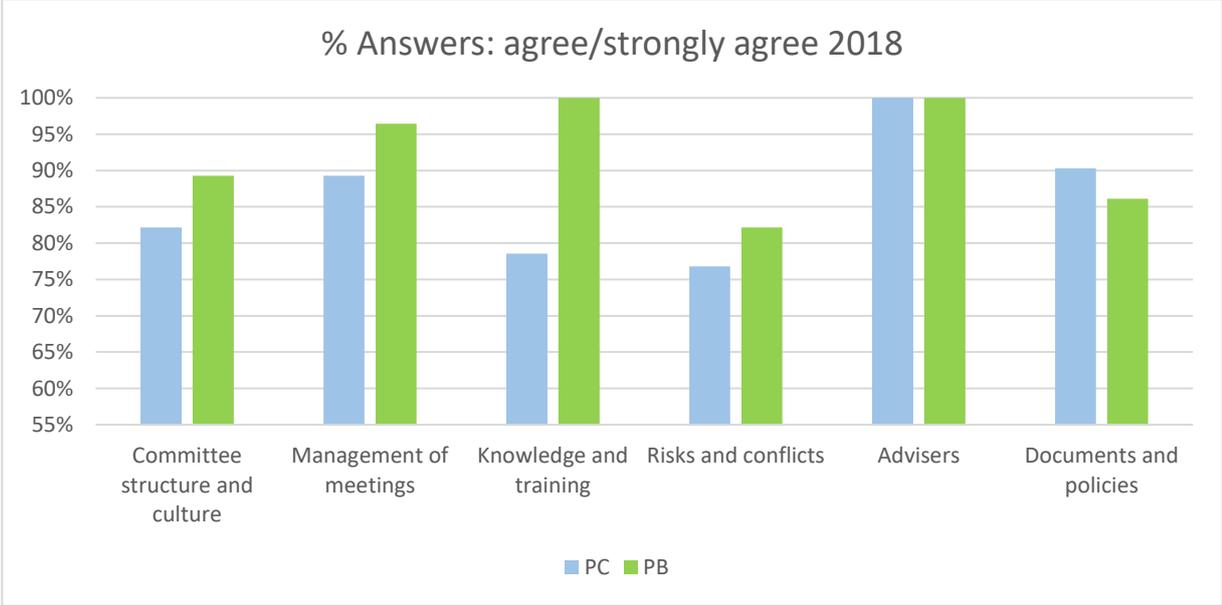
The most significant area of difference between both groups was on Advisers, with the PB in strong agreement with the statements made in this section.



2018 Effectiveness Review Summary

It is worthwhile comparing the 2022 results with those from the earlier review in 2018. While we can explain the drop in positive responses from members of the PC, we can also see a slight drop in positive responses from PB members in the areas of knowledge & understanding and the role of advisers. This would suggest that work is needed to address these areas, as previously both had 100% of positive responses, and this has now fallen.

Comparison also suggests a very slight drop across committee structure & culture and management of meetings, but this is not at a level to cause concern. Possibly areas to keep a watchful eye on. It is encouraging though to see an improvement in positive responses from PC members in relation to risks & conflicts and documents & policies, evidencing success in addressing concerns raised in 2018 (particularly in relation to risks & conflicts).



Section 1 – Committee structure and culture

Results

Question		No. of responses			
		Committee	Board	Total	
1	Committee structure and culture				
1.1	I understand my role and obligations under the LGPS Regulations and Committee's/Board's own terms of reference.	Strongly Agree	0	3	3
		Agree	3	2	5
		Neither Agree nor Disagree	2	0	2
		Disagree	0	0	0
		Strongly Disagree	0	0	0
		Committee	Board	Total	
1.2	The Committee/Board has sufficient time and resources available for the ongoing management of the Fund.	Strongly Agree	0	0	0
		Agree	5	4	9
		Neither Agree nor Disagree	0	1	1
		Disagree	0	0	0
		Strongly Disagree	0	0	0
		Committee	Board	Total	
1.3	I believe members of the Pension Committee and Pension Board are clear on the Fund's objectives	Strongly Agree	0	1	1
		Agree	5	4	9
		Neither Agree nor Disagree	0	0	0
		Disagree	0	0	0
		Strongly Disagree	0	0	0
		Committee	Board	Total	
1.4	The current sizes of the Committee/Board is about right	Strongly Agree	0	0	0
		Agree	5	5	10
		Neither Agree nor Disagree	0	0	0
		Disagree	0	0	0
		Strongly Disagree	0	0	0
		Committee	Board	Total	
1.5	The distinction between the roles of Elected Members, Pension Board members and Officers is understood.	Strongly Agree	0	0	0
		Agree	4	5	9
		Neither Agree nor Disagree	0	0	0
		Disagree	1	0	1
		Strongly Disagree	0	0	0
		Committee	Board	Total	
1.6	Sufficient time is given to reviewing the Funds governance structure to ensure it remains appropriate.	Strongly Agree	2	1	3
		Agree	2	4	6
		Neither Agree nor Disagree	1	0	1
		Disagree	0	0	0
		Strongly Disagree	0	0	0
		Committee	Board	Total	
1.7	The Pension Committee and Pension Board work effectively as a team.	Strongly Agree	0	0	0
		Agree	1	4	5
		Neither Agree nor Disagree	3	1	4
		Disagree	1	0	1
		Strongly Disagree	0	0	0

			Committee	Board	Total
1.8	I believe that members of the Pension Committee and Pension Board work effectively with Fund Officers.	Strongly Agree	0	1	1
		Agree	5	4	9
		Neither Agree nor Disagree	0	0	0
		Disagree	0	0	0
		Strongly Disagree	0	0	0

Commentary – Section 1

Commentary	Suggested Action
<p>There was mostly agreement with the statements within this section on the structure of the PC and PB and the culture of each body.</p> <p>The results from the assessment would suggest there is clarity around the roles PC, PB and officers in terms of achieving the fund's objective. It is clear from the majority of responses that the roles of elected members, board members and officers are understood and that all parties work effectively with each other.</p> <ul style="list-style-type: none"> “LPB and Committee largely work 'in parallel' with each other.” <p>Although the majority of answers are positive, some PC members reported neutral responses in some areas, particularly towards whether the PC and PB work effectively as a team. For some members this can be attributed to experience in the role, as per the following comment:</p> <ul style="list-style-type: none"> “I have only been a member since May 22, so I am still learning the role and finding out how the committee works and how it interacts.” <p>This was the lowest scoring question for the PC, and might merit further investigation to identify any areas which could improve the feeling of teamwork.</p>	<ol style="list-style-type: none"> PC training – to ensure understand distinction between PC/PB and officers Clarification to be given to the PC on the role and purpose of the PB within an LGPS fund and why both groups have distinctive and different objectives

Section 2 – Management of meetings

Results

Question		No. of responses			
		Committee	Board	Total	
2	Management of Meetings				
2.1	The number of scheduled meetings is sufficient for the Committee/Board to conduct its business	Strongly Agree	0	1	1
		Agree	5	4	9
		Neither Agree nor Disagree	0	0	0
		Disagree	0	0	0
		Strongly Disagree	0	0	0
		Committee	Board	Total	
2.2	The Committee's/Board's agendas focus on the right topics to allow me to carry out my role.	Strongly Agree	0	2	2
		Agree	5	3	8
		Neither Agree nor Disagree	0	0	0
		Disagree	0	0	0
		Strongly Disagree	0	0	0
		Committee	Board	Total	
2.3	Meetings are run such that there is sufficient time to discuss all the issues properly	Strongly Agree	2	1	3
		Agree	2	4	6
		Neither Agree nor Disagree	1	0	1
		Disagree	0	0	0
		Strongly Disagree	0	0	0
		Committee	Board	Total	
2.4	The scheduling of Pension Committee and Pension Board meetings enables sufficient time for minutes to be shared between both in a timely manner	Strongly Agree	2	0	2
		Agree	3	5	8
		Neither Agree nor Disagree	0	0	0
		Disagree	0	0	0
		Strongly Disagree	0	0	0
		Committee	Board	Total	
2.5	Committee/Board meetings are well managed and productive	Strongly Agree	0	2	2
		Agree	5	3	8
		Neither Agree nor Disagree	0	0	0
		Disagree	0	0	0
		Strongly Disagree	0	0	0
		Committee	Board	Total	
2.6	A suitable structure exists to ensure any issues can be appropriately escalated	Strongly Agree	0	1	1
		Agree	1	4	5
		Neither Agree nor Disagree	4	0	4
		Disagree	0	0	0
		Strongly Disagree	0	0	0
		Committee	Board	Total	
2.7	The Chair has the right qualities in order to perform the role	Strongly Agree	2	2	4
		Agree	3	2	5
		Neither Agree nor Disagree	0	1	1
		Disagree	0	0	0
		Strongly Disagree	0	0	0
		Committee	Board	Total	

			Committee	Board	Total	
2.8	Meetings are chaired in an even-handed manner, with all opinions being heard and consensus being sought		Strongly Agree	4	2	6
			Agree	1	3	4
		3	Neither Agree nor Disagree	0	0	0
			Disagree	0	0	0
			Strongly Disagree	0	0	0

Commentary – Section 2

Commentary	Suggested Action
<p>Overall this was the most positively answered section. There was agreement in all, but one question. These positive responses are represented in the below comment.</p> <ul style="list-style-type: none"> <i>“I believe our Board and Committee are effective in identifying key issues requiring further action or investigation. We are well supported by our Officers.”</i> <p>However, there was a largely neutral response from PC members on question 2.6 regarding a suitable structure that exists to ensure that any issues can be appropriately escalated.</p>	<ol style="list-style-type: none"> 1. Provide guidance to PC and PB members on the process to escalate any issues that might arise during meetings

Section 3 – Knowledge and training

Results

Question		No. of responses			
3 Knowledge and Training		Committee	Board	Total	
3.1	I have sufficient knowledge and understanding to enable me to properly discharge my duties as a Committee/Board member or Fund Officer.	Strongly Agree	0	1	1
		Agree	2	3	5
		Neither Agree nor Disagree	1	1	2
		Disagree	2	0	2
		Strongly Disagree	0	0	0
		Committee	Board	Total	
3.2	I am familiar with the principles of the Fund's training strategy.	Strongly Agree	1	3	4
		Agree	2	2	4
		Neither Agree nor Disagree	2	0	2
		Disagree	0	0	0
		Strongly Disagree	0	0	0
		Committee	Board	Total	
3.3	There is sufficient time dedicated to gaining the appropriate knowledge and understanding.	Strongly Agree	0	0	0
		Agree	4	4	8
		Neither Agree nor Disagree	1	0	1
		Disagree	0	1	1
		Strongly Disagree	0	0	0
		Committee	Board	Total	
3.4	The Committee/Board receives appropriate briefings from officers and advisers on current topics and new developments.	Strongly Agree	2	3	5
		Agree	1	2	3
		Neither Agree nor Disagree	2	0	2
		Disagree	0	0	0
		Strongly Disagree	0	0	0
		Committee	Board	Total	
3.5	I am familiar with the objectives of the Fund.	Strongly Agree	3	2	5
		Agree	2	3	5
		Neither Agree nor Disagree	0	0	0
		Disagree	0	0	0
		Strongly Disagree	0	0	0
		Committee	Board	Total	
3.6	I have completed the Pension Regulator's online Toolkit.	Strongly Agree	1	3	3
		Agree	2	1	3
		Neither Agree nor Disagree	0	1	1
		Disagree	2	0	2
		Strongly Disagree	0	0	0
		Committee	Board	Total	
3.7	I have completed the Fund's online learning academy modules.	Strongly Agree	0	2	2
		Agree	2	2	4
		Neither Agree nor Disagree	0	1	1
		Disagree	3	0	3
		Strongly Disagree	0	0	0

			Committee	Board	Total	
3.8	The Committee/Board is kept up to date with any legal or regulatory changes impacting the scheme.		Strongly Agree	2	3	5
			Agree	3	2	5
		3	Neither Agree nor Disagree	0	0	0
			Disagree	0	0	0
			Strongly Disagree	0	0	0

Commentary – Section 3

Commentary	Suggested Action
<p>As was the case in 2018 this was the section which received the most positive responses from members of the PB, perhaps reflecting the statutory requirement imposed upon them by the Public Service Pensions Act 2013 (unlike PC members, where such a statutory requirement is not imposed despite their decision making responsibilities). PB members have also made it clear that they are working hard to achieve the expected standard of knowledge</p> <ul style="list-style-type: none"> • <i>“I am in the process of completing the training. I will dedicate time to this. Have just been very busy in working life as well as personal.”</i> • <i>“Having been an employer rep for just a year and put forward for the role rather than volunteering, I feel that I am on a steep learning curve. I feel that papers as presented to the Board and discussion points, these I understand but having completed the knowledge assessment there is more to learn - especially around financial markets and investments performance. This is a big ask on top of the day job and I have struggled this past year to complete and digest all the training”</i> <p>The least agreed statement for the PC was in this section and related to the completion of the Fund Online Learning Academy Modules</p> <ul style="list-style-type: none"> • <i>“Difficult to find blocks of time in which to address the online learning available.”</i> • <i>“I am half way through my online training stuff and have attended the first day of the 3 day LGA LGPS training.”</i> <p>These responses are also in line with the recent NKA results which showed the PB members scored on average 8% higher than the PC members. It is important to note that the PC members’ results were strong relative to other committees.</p>	<p>Suggested actions are much the same as was the case in 2018:</p> <ol style="list-style-type: none"> 1. PC and PB members to be encouraged to complete TPR’s online toolkit 2. The Fund to ensure it maintains a comprehensive training plan and seeks to ensure relevant training is made available to PC and PB members as required. <p>In addition we would add in specific suggested actions around promotion and use of the on-line learning academy (LOLA)</p> <ol style="list-style-type: none"> 3. As part of training plan and Fund consider relevant LOLA modules required to be completed ahead of relevant PC or PB meeting 4. Officers to promote use of LOLA amongst PC members

Section 4 – Risks and conflicts

Results

Question		No. of responses				
		Committee	Board	Total		
4	Risks and Conflicts					
4.1	I am aware of the need to disclose any conflict of interest that arises.		Strongly Agree	4	4	8
			Agree	1	1	2
		3	Neither Agree nor Disagree	0	0	0
			Disagree	0	0	0
			Strongly Disagree	0	0	0
		Committee	Board	Total		
4.2	I have the opportunity to disclose conflicts of interest.		Strongly Agree	4	4	5
			Agree	1	1	5
		3	Neither Agree nor Disagree	0	0	0
			Disagree	0	0	0
			Strongly Disagree	0	0	0
		Committee	Board	Total		
4.3	The Committee/Board regularly sees the Fund's Risk Register.		Strongly Agree	2	3	5
			Agree	1	2	3
		3	Neither Agree nor Disagree	2	0	2
			Disagree	0	0	0
			Strongly Disagree	0	0	0
		Committee	Board	Total		
4.4	The Committee/Board is given adequate opportunity to input into the development of and actions within the Fund's Risk Register.		Strongly Agree	2	2	4
			Agree	1	3	4
		3	Neither Agree nor Disagree	2	0	2
			Disagree	0	0	0
			Strongly Disagree	0	0	0
		Committee	Board	Total		
4.5	The Committee/Board and Fund Officers are clear on where the ultimate ownership of the Risk Register lies.		Strongly Agree	1	2	3
			Agree	3	3	6
		3	Neither Agree nor Disagree	1	0	1
			Disagree	0	0	0
			Strongly Disagree	0	0	0
		Committee	Board	Total		
4.6	In meetings the distinction between "Fund business" and "Employer business" is clearly understood.		Strongly Agree	2	1	3
			Agree	3	3	6
		3	Neither Agree nor Disagree	0	1	1
			Disagree	0	0	0
			Strongly Disagree	0	0	0
		Committee	Board	Total		
4.7	I am confident that the Fund is managing risk appropriately.		Strongly Agree	1	0	1
			Agree	4	5	9
		3	Neither Agree nor Disagree	0	0	0
			Disagree	0	0	0
			Strongly Disagree	0	0	0

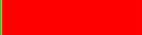
			Committee	Board	Total
4.8	I understand how the Council's Scheme of Delegation works in relation to the running of the Pension Fund.	Strongly Agree	1	1	2
		Agree	1	4	5
		Neither Agree nor Disagree	3	0	3
		Disagree	0	0	0
		Strongly Disagree	0	0	0
			Committee	Board	Total
4.9	If I suspected a breach of the law, I would know the proper process to follow.	Strongly Agree	2	2	4
		Agree	3	3	6
		Neither Agree nor Disagree	0	0	0
		Disagree	0	0	0
		Strongly Disagree	0	0	0
			Committee	Board	Total
4.10	I believe there is a clear understanding of the remit of the investment Pool and how this links with the business of the Fund.	Strongly Agree	1	0	1
		Agree	3	4	7
		Neither Agree nor Disagree	1	0	1
		Disagree	0	1	1
		Strongly Disagree	0	0	0

Commentary – Section 4

Commentary	Suggested Action
<p>There were significant strong responses from both the PC and PB members regarding the requirement on them to disclose conflicts of interest and having the opportunity to do so.</p> <p>Responses became more neutral or less positive when commenting on the visibility of and input to the Fund's risk register and the Council's Scheme of Delegation</p> <p>Neutral or less positive responses, particularly from the PB, were also made regarding the understanding of the remit of the investment Pool and how this links with the business of the Fund.</p> <p><i>"Brunel's Business Plan for potential future development moves it away from an 'arms length' organisation under the control of its shareholders to one that determines its role semi independently of the constituent funds primary objectives."</i></p>	<ol style="list-style-type: none"> 1. Ensure greater focus is given to covering Fund risks as part of PC and PB agendas, providing training on Fund related risks where appropriate 2. Provide PC and PB members with access to the Council's Scheme of Delegation and provide explanation of how this relates to Fund business 3. Officers to provide clarification to the PC and PB on how the Investment pool operates and how this links to the day-to-day business of the Fund

Section 5 – Advisers

Results

Question		No. of responses			
		Committee	Board	Total	
5	Advisers				
5.1	Advisers make a useful contribution to the Committee/Board meetings and in supporting Fund officers.	 Strongly Agree	2	2	4
		 Agree	3	3	6
		 Neither Agree nor Disagree	0	0	0
		 Disagree	0	0	0
		 Strongly Disagree	0	0	0
		Committee	Board	Total	
5.2	I understand the role of the Fund's actuary.	 Strongly Agree	2	2	4
		 Agree	0	3	3
		 Neither Agree nor Disagree	3	0	3
		 Disagree	0	0	0
		 Strongly Disagree	0	0	0
		Committee	Board	Total	
5.3	I understand the role of the Fund's investment advisers.	 Strongly Agree	2	2	4
		 Agree	1	3	4
		 Neither Agree nor Disagree	2	0	2
		 Disagree	0	0	0
		 Strongly Disagree	0	0	0
		Committee	Board	Total	
5.4	I understand the role of the Fund Committee/Pension Board.	 Strongly Agree	2	3	5
		 Agree	1	2	3
		 Neither Agree nor Disagree	2	0	2
		 Disagree	0	0	0
		 Strongly Disagree	0	0	0
		Committee	Board	Total	
5.5	I understand the role of external partners such as the SAB, DLUHC, investment pool and pensioner officer group and the opportunities available to the Committee/Board and officers to use these various networks.	 Strongly Agree	0	0	0
		 Agree	2	4	6
		 Neither Agree nor Disagree	1	1	2
		 Disagree	2	0	2
		 Strongly Disagree			
		Committee	Board	Total	



Commentary – Section 5

Commentary	Suggested Action
<p>There was a distinct split across the PC and PB on the understanding of advisers to the fund. The PB were largely in agreement in the understanding of the role advisers play, whereas PC members were mostly neutral or at some points, negative about the role advisers play, especially in the question regarding external partners such as SAB, DLUHC, investment pool and pensioner officer group.</p> <p><i>No comments were provided from members.</i></p>	<ol style="list-style-type: none"> 1. Officers to provide clarification to the PC on the role and purpose of advisers and other interested parties, and how they add benefit and provide support to the running of the Fund.

Section 6 – Documents and policies

Results

Question		No. of responses				
6 Documents and Policies		Committee	Board	Total		
6.1	I know where to find up to date copies of the Fund's key documents.	Strongly Agree	2	2	4	
		Agree	1	3	4	
		Neither Agree nor Disagree	0	0	0	
		Disagree	2	0	2	
		Strongly Disagree	0	0	0	
		Committee	Board	Total		
6.2	I understand the purpose of the Fund's Funding Strategy Statement.	Strongly Agree	2	2	4	
		Agree	1	3	4	
		Neither Agree nor Disagree	2	0	2	
		Disagree	0	0	0	
		Strongly Disagree	0	0	0	
		Committee	Board	Total		
6.3	I understand the purpose of the Fund's Investment Strategy Statement	Strongly Agree	2	3	5	
		Agree	3	2	5	
		Neither Agree nor Disagree	0	0	0	
		Disagree	0	0	0	
		Strongly Disagree	0	0	0	
		Committee	Board	Total		
6.4	I understand the purpose of the Fund's Communications Policy	Strongly Agree	2	1	3	
		Agree	1	4	5	
		Neither Agree nor Disagree	2	0	2	
		Disagree	0	0	0	
		Strongly Disagree	0	0	0	
		Committee	Board	Total		
6.5	I understand the purpose of the Fund's Administration Strategy	Strongly Agree	2	2	4	
		Agree	1	3	4	
		Neither Agree nor Disagree	2	0	2	
		Disagree	0	0	0	
		Strongly Disagree	0	0	0	
		Committee	Board	Total		
6.6	I am satisfied that the Fund undertakes regular reviews of its member data, in line with Pensions Regulator guidelines	Strongly Agree	0	1	1	
		Agree	3	4	8	
		Neither Agree nor Disagree	2	0	2	
		Disagree	0	0	0	
		Strongly Disagree	0	0	0	
		Committee	Board	Total		
6.7	A data improvement plan is in place, with progress against objectives reviewed regularly	Strongly Agree	1	1	2	
		Agree	2	3	5	
		Neither Agree nor Disagree	2	1	3	
		Disagree	0	0	0	
		Strongly Disagree	0	0	0	

Question		No. of responses				
6 Documents and Policies				Committee	Board	Total
6.8	The Committee/Board is informed of changes to the Fund's key documents, enabling them to be signed off with confidence		Strongly Agree	1	2	3
			Agree	2	3	5
		3	Neither Agree nor Disagree	2	0	2
			Disagree	0	0	0
			Strongly Disagree	0	0	0
				Committee	Board	Total
6.9	I am aware of the Fund's business plan, including its goals and objectives		Strongly Agree	2	1	3
			Agree	3	4	7
		3	Neither Agree nor Disagree	0	0	0
			Disagree	0	0	0
			Strongly Disagree	0	0	0
				Committee	Board	Total
6.10	There are adequate processes and a structure in place to monitor performance against the Fund's objectives		Strongly Agree	1	1	2
			Agree	2	4	7
		3	Neither Agree nor Disagree	2	0	2
			Disagree	0	0	0
			Strongly Disagree	0	0	0

Commentary – Section 6

Commentary	Suggested Action
<p>There was significant level of agreement with the statements, expressed by both the PC and PB (scoring as either “strongly agree” or “agree”).</p> <p>However, there were levels of disagreement with a number of PC members scoring neutral or disagree to a number of questions. From the answers selected, two PC members are not sure where to find the Fund's key documents. Concern was also raised from one member of the PC regarding the Fund's schedule to review members data, in line with the Pensions Regulator guidelines</p> <ul style="list-style-type: none"> “Unsure about "data review"; not aware of review schedule.” <p>No other comments were left.</p>	<p>Suggested actions based on these responses are:</p> <ol style="list-style-type: none"> 1. Ensure Fund objectives are clearly defined and processes are put in place to monitor them and report progress to both the PC and PB. 2. Ensure an improvement plan is in place for the Fund and regularly reported to the PC and PB 3. Conduct a training session covering the contents of the main Fund policies, and in particular ensuring members are aware of where these are stored, and how often they are reviewed. PC and PB members should also be aware of the role they play in any review/sign off of these policies.

General comments

As an overview of the PC and PB effectiveness, this assessment provides a picture of generally strong agreement with the individual statements within each section. This is particularly so with regard to PB members given they will likely have been in that role for longer than many on the PC.

Given many PC members will only have joined the Committee following the local elections in May 2022 it is perhaps understandable that they may provide a higher proportion of neutral or negative responses.

That said, it is still encouraging that many of the responses from the PC were positive. As with the 2018 review this indicates that the main foundations of the Fund's governance are in place. The Fund should aim to maintain on this success and look to build in continuous improvements to the current position.

Action should be taken to continue the good work in raising awareness of the Fund's risk register amongst the PB, in order that members of the PC have the same levels of understanding and appreciation of this key Fund document.

There also appears to be a significant issue regarding knowledge and training amongst PC members and to a lesser extent PB members, which we recommend further action is taken to address.

At the same time consideration should be given to the need to explain the purpose and role of the investment pool and that of external advisers and other interest parties.

One area of concern however is the level of engagement with this review. Four committee members and one Board member did not participate. This amounts to one third of those eligible to respond, choosing not to do so.

For the committee and Board to function effectively, it is important that all members actively participate and engage in their roles. This is somewhat inconsistent with the engagement levels seen in the recent National Knowledge Assessment however, where encouragingly, engagement levels seemed slightly higher.

Key Actions and next steps

1. Clarification given to the PC on the purpose of the PB within an LGPS fund and why both groups have distinctive different roles and objectives
2. Provide guidance to PC and PB members on the process to escalate any issues that might arise during meetings
3. PC and PB members to be encouraged to complete TPR's online toolkit and Hymans on-line leaning academy modules
4. Confirmation and communication to both the PC and PB on the Funds current improvement plan and the objectives

Prepared by:-

Pete Riedel and Calum Robertson

January 2023

For and on behalf of Hymans Robertson LLP

This page is intentionally left blank

Wiltshire Pension Fund Committee & Board Member Training Plan					
2023 - 2024					
PENSION FUND COMMITTEE					
Period	Actual Meeting Date	CIPFA Framework category	Proposed training item	By whom	Meeting Focus
Newly inducted members will receive a Member Handbook, Induction training from Officers, attend the LGPS Fundamentals training course & be required to complete the Pension Regulator's on-line toolkit					
All members, in addition to the organised training set out below will be invited to attend additional internal training events, plus external conferences, seminars & pension forums to supplement & maintain their knowledge & understanding. Technical notes will also be circulated as required.					
Q1 2023	02/03/23	Investment Performance	Investment Manager updates	Officers	Investment Board members to be invited
Q1 2023	23/03/23	Administration	KPI Improvement Plan	Officers	Administration Board members to be invited
Q2 2023	15/06/23	Accounting & Audit	Cost Transparency	Officers	Investment Board members to be invited
Q2 2023	13/07/23	Governance	Roles and responsibilities of each group at differing points during the annual life cycle of the Fund. To include guidance on advisors, scheme of delegation & policies and documents	Officers	Administration Board members to be invited
Q3 2023	14/09/23	Financial Markets and Products Knowledge	Risk and return characteristic of the main asset classes, the work of financial markets and available investment vehicles and the importance of the Fund's ISS and investment strategy decisions	Officers	Investment Board members to be invited
Q3 2023	05/10/23	Actuarial method	The Actuary, the formal valuation process (including the FSS and inter-valuation modelling) and the treatment of new and ceasing employers (including employer convenants)	Hymans	Administration Board members to be invited
MiFID II self certification					
Annual self-assessment review					
Q4 2023	23/11/23	Financial Markets and Products Knowledge	The Investment Governance framework	Officers	Investment Board members to be invited
Q4 2023	14/12/23	Administration	Pensions Dashboard	Officers	Administration Board members to be invited
Q1 2024	29/02/24	Accounting & Audit	Treasury Management arrangements	Officers	Investment Board members to be invited
Q1 2024	28/03/24	Administration	Complaints, Dispute & Disclosure requirements	Officers	Administration Board members to be invited
LOCAL PENSION BOARD					
Period	Actual Meeting Date	CIPFA Framework category	Proposed training item	By whom	Comments
Q2 2023	24/05/23	Administration	The annual administration lifecycle	Officers	Committee members to be invited
Q3 2023	10/08/23	Accounting & Audit	Accounting & Auditing Standards and the role of the internal and external auditor	Officers	Committee members to be invited
Annual self-assessment review					
Q4 2023	02/11/23	Administration	The background, approach & remedy to "McCloud"	Officers	Committee members to be invited
Q1 2024	13/02/24	Procurement & Relationship Mgt	The Public Procurement requirement and how performance of suppliers can be improved	Officers	Committee members to be invited
Q2 2024	To be confirmed	Administration	Pension Scams	Officers	Committee members to be invited

This page is intentionally left blank

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
23 March 2023

WILTSHIRE PENSION FUND BUDGET 2023/24

Purpose of the Report

1. This report seeks Members' approval for the 2023/24 Business Plan and Budget for the Wiltshire Pension Fund, as shown in the attached Appendices.

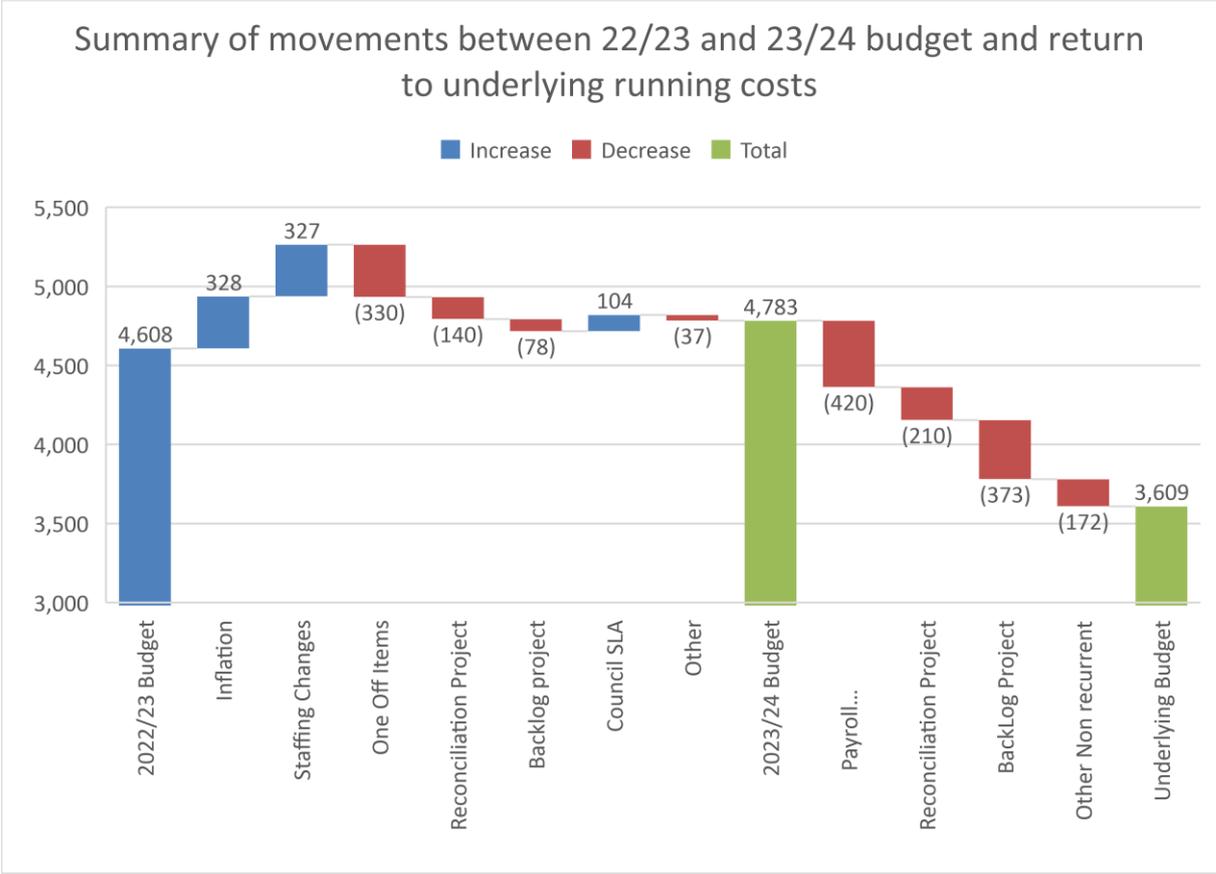
Background

2. In the business plan for 2022/23, it was stated that consideration would be given to setting a three-year business plan for 2023 onwards. As will be explained through the attached presentation (Appendix 2), this has been considered and it has been concluded that this is not possible at the current time. This is due to the nature and compounding of the issues faced. 2023/24 will need to be another year of investigating the issues, tackling the top priorities, and putting in place the foundations for a programme of improvements in the future.
3. The business plan places a strong focus on service delivery, but also contains specific sections on investments, governance, and digital & customer engagement. The priorities which will be tackled in 2023/24 are:
 - a) Resourcing
 - b) iConnect and controls
 - c) Aggregation backlog
4. These top three areas have been selected as being critical to resolve in order to deliver improvements. This will be explained more fully during the presentation in Appendix 2. The draft business plan for 2023/24 is included in Appendix 4.
5. As well as explaining the new business plan, progress made against the actions in the 2022/23 business plan are included in Appendix 3. As a summary, progress against the 25 action in the 2022/23 plan was as follows:
 - a) 18 actions were fully completed.
 - b) 5 actions were partially completed or intentionally postponed.
 - c) 2 actions were not completed:
 - I. Completing iConnect onboarding – this is a priority area in the 2023/24 business plan. Work will initially need to focus on ensuring proper checks are done on iConnect data and embedding a new way of working, before attention can return to onboarding the remaining employers.
 - II. Completing a KPI improvement plan – due to the complex issues, it was not possible to prepare a fully costed plan which the team would be able to have conviction in. The business plan for 2023/24 proposes actions which will put us in a position where this becomes a possibility.
6. The business plan refers to completing the actions in the Responsible Investment Plan for 2023/24. The Committee approves a responsible investment plan on an annual basis, and the newest version is included in Appendix 5, for review and approval.

- 7. The budget for 2023/24 is based on a roll-forward of the 2022/23 budget, adjusted for inflation, the new team structure, and one-off costs. Detail explaining how the 22/23 budget has evolved to the 23/24 budget is shown below, as well as the full-year effect of the 2023/24 budget once one-off costs etc fall away. The budget is shown in Appendix 1.
- 8. It is important to note that as the year progresses, it may be necessary to adjust the budget. If this is needed, Committee approval will be sought before anything is committed to.

Key features of the proposed 2023/24 budget

- 9. The total budget proposal for 2023/24 is for an operational budget of £4,783k, this is an increase of £175k (3.8%) from the prior year. After excluding large one-off items included in the 2023/24 budget the underlying running costs for the fund are estimated to be £3,609k. The operational budget excludes investment manager fees, including the cost of Brunel Pension Partnership.
- 10. On a £’s per member basis the 2023/24 budget is £55, an increase of £2 from last years’ budget. On the underlying budget the cost per member is £41.
- 11. The following graph shows the key movements between the 2022/23 and 2023/24 budget and the effect of removing the one-off items to identify the underlying budget.



The key assumptions used in setting the budget:

- a) Non pay inflation at 10% on key contracts based on recent inflation measures.
- b) Pay Inflation – Based on the latest pay award offer as at February 2023 of a fixed £1,925k increase for all grades.
- c) Staffing – based on the new structure following the recent consultation.

12. This budget proposal includes large one-off costs for ongoing projects which have been carried forward from the prior year budget.

- a) Payroll Reconciliation project: Total cost of the project £350k, £210k of costs included in the 23/24 budget.
- b) Backlog Outsourcing: Total cost of the project £450k, £373k of costs included in the 23/24 budget.
- c) Payroll implementation: The two new payroll posts have been included in the staffing structure £81k. In addition the charge from the council for the payroll service £315k and set up costs of the new payroll £105k are all included for 23/24.

Investment management fees and related costs

13. The fees and costs for managing the investment portfolios are reported separately, following the year end (i.e. in the next cycle of Committee meetings). These costs are dependent on asset values and so are difficult to predict and budget. The costs and savings of pooling are monitored regularly and reporting to the Committee on a quarterly basis.

14. The costs of implementing investment pooling are set out in the Brunel Pension Partnership budget. This budget developed in consultation with clients, reviewed by the Brunel Oversight Board, and then formally approved by a Special Reserve Matter (requiring signature by all 10 shareholder funds).

Budget Monitoring 2022/23

15. The forecast outturn for 2022/23 is shown within the Key Financial Controls report, elsewhere on this agenda.

Environmental Impact of the Proposal

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

17. There are no known implications at this time.

Risk Assessment

18. The approval of this budget is essential to continue the good governance of the Fund, and to deliver improvements which have been identified as high priority by independent assessments. When viewed in relation to the overall value of assets, these controllable costs represent 0.16% of the total Fund value.

19. In line with good governance practice, officers will bring budget monitoring reports back to Committee quarterly.

Proposals

20. The Committee is asked to:

- a) Approve the Business Plan 2023/24, including the actions for the year.
- b) Approve the Pension Fund budget for 2023/24 shown in Appendix 1 totalling £4.783m (0.16% of total fund value).

ANDY BROWN
Treasurer to the Pension Fund

Report Author: Jennifer Devine, Head of Wiltshire Pension Fund

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

Appendices

Appendix 1 – Pension Fund Budget 2023/24

Appendix 2 – Presentation on the Fund's Business Plan 2023/24

Appendix 3 – Progress against the Business Plan 2022/23 actions

Appendix 4 – Pension Fund Business Plan 2023/24

Appendix 5 – Responsible Investment Plan 2023/24

Appendix 1 - Pension Fund Budget 2022/23

Wiltshire Pension Fund Budget 2022/23

£000's	Prior Year			2023/24				Underlying Budget
	2019/20	2020/21	2021/22	2022/23 Budget	2023/24 Budget	Change to Prior Year	% Change	
Investment administration staffing costs	119	114	206	198	245	47	24%	245
Investment administration travel/conferences/training costs	0	2	4	8	8	0	2%	8
Total investment administration costs	120	116	210	206	253	47	23%	253
Pension scheme administration staffing costs	996	1,036	1,152	1,267	1,672	404	32%	1,672
Staff training	19	22	18	28	22	(6)	-23%	22
Corporate charges	311	311	311	311	515	204	65%	201
Pension administration systems and data cleansing	310	354	328	622	618	(3)	-1%	454
Other administration costs	107	51	28	970	777	(193)	-20%	188
Total scheme administration costs	1,743	1,775	1,838	3,199	3,604	405	13%	2,536
Oversight & governance staffing costs	246	180	225	238	266	28	12%	266
Training and conferences	8	0	24	28	30	3	10%	30
Subscriptions, memberships and levies	34	32	44	36	39	4	10%	39
Actuarial services	214	154	147	319	156	(163)	-51%	156
Audit	10	37	27	83	91	8	10%	91
Legal fees	13	11	48	49	39	(11)	-22%	39
Advisory fees	142	196	276	279	233	(46)	-16%	160
Corporate charges & other costs	149	165	144	146	47	(99)	-68%	47
Total oversight & governance costs	815	775	936	1,178	902	(277)	-23%	828
Local Pension Board costs	14	14	15	25	24	(1)	-3%	24
Total operational running costs	2,692	2,679	2,998	4,608	4,783	175	3.8%	3,641
Number of Members	80,824	82,454	82,454	82,454	82,454			82,454
Total Running Cost per member (Admin & Governance)	£ 31.83	£ 31.09	£ 33.82	£ 53.39	£ 54.94			£ 41.09

This page is intentionally left blank



Wiltshire Pension Fund Business Plan and Budget

Highlights to support discussion and decision-
making, for the year 2023/24



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

- 1 Stable and affordable contributions 
- 2 Straight-forward administration 
- 3 Clear service measures and responsibilities 
- 4 Employers are advocates for the scheme 
- 5 Correct pension, paid timely 
- 6 Accurate up-to-date records 
- 7 Service administered effectively and cost-efficiently 
- 8 Members understand their benefits 
- 9 Safeguard the assets 
- 10 Strong risk-adjusted returns 
- 11 Responsible ownership and stewardship 
- 12 Positive impact 
- 13 Robust processes, controls and risk management 
- 14 Widely adopted self-service solutions 
- 15 Transparency and information sharing 
- 16 Compliance and best practice 

- Working together as One Fund

1

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



We aspire to be role models and leaders, through our commitment to develop knowledge and training
- Data driven decisions



We use data to inform and evidence our decision making, and to measure our progress and successes
- Efficiency through technology



We collaborate, and challenge our systems and processes, to create innovative solutions and drive continuous improvement
- Long term thinking



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



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



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

Areas of Focus

- The biggest area of focus for improvements is service delivery, due to the issues we are facing in this area (more details later)
- Other areas covered by the Business Plan are investments, governance, and customer engagement, which between them cover a One Fund approach.



Service Delivery – what has been done during 22/23?

- Weekly KPIs
 - Forward-looking work allocation system
 - Outsourcing backlog work to Hymans
 - Outsourcing payroll reconciliation to Aon
 - Staff productivity reporting
 - Restructure of the team
 - Plans for integrated payment systems (including payroll)
 - New risk and control framework
- 



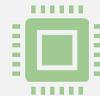
Service Delivery – what are the issues?



Currently, it is not possible to put forward an improvement plan that we can have conviction in.



There are too many issues going on, several of which are interlinked, which make it hard to see one clear path through.



The checks which we perform on the data received via the iConnect system need to be redesigned, alongside developing a new way of working for the employer services team.



We need to make more structured use of the tools at our disposal to manage staff productivity.



Until this work is done, it is not possible to analyse what resource level is required in the teams to support an improvement plan.

Service Delivery – what does good look like?

Employer services receive data from employers via iConnect. Data is checked (have employers paid the correct rate, does the data match the money received, have we got all the info we need) and uploaded.

Related process are performed (sending starter packs, issuing refunds, identifying aggregations etc) - this ensures that records are accurate and up-to-date.

Member services now have clean, reliable data on which to perform their processes (retirements, deaths, transfers in etc), and are able to ensure that the correct pension is paid in a timely manner.

Page 150



5 Correct pension, paid timely



13 Robust processes, controls and risk management



6 Accurate up-to-date records



Service Delivery - priorities

- Fill all roles
- Training plans
- Make efficiencies
- Assess resources
- Use tools to maximise productivity



- Improve checks
- Monthly cycle
- Employer training and engagement
- Control framework

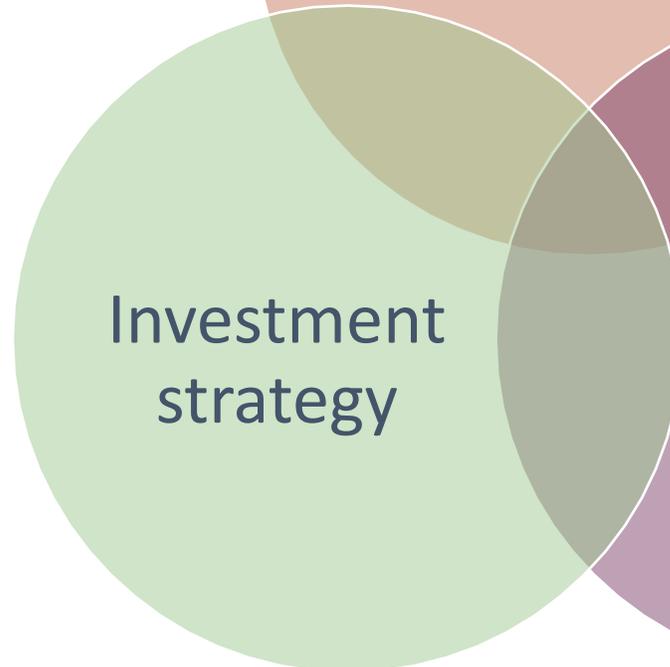


- Using existing staff, set up a dedicated, “hit squad”, lead by a Service Improvement Lead Analyst



Investments - priorities

- RI Plan 23/24
- Stewardship report and mini-magazine



- Implement the SAA
- Investment admin
- Self-assessment into investment governance

- Review the Brunel portfolios
- Fee savings
- Investment reporting
- Pooling guidance

Governance, Digital, and Customer Engagement

- Good governance review and effective system of governance
- Resourcing plan
- 2nd line reviews (internal internal audit)
- Self service tools for members and employers
- Website improvements (pension lifecycle)
- Customer Service Excellence full review

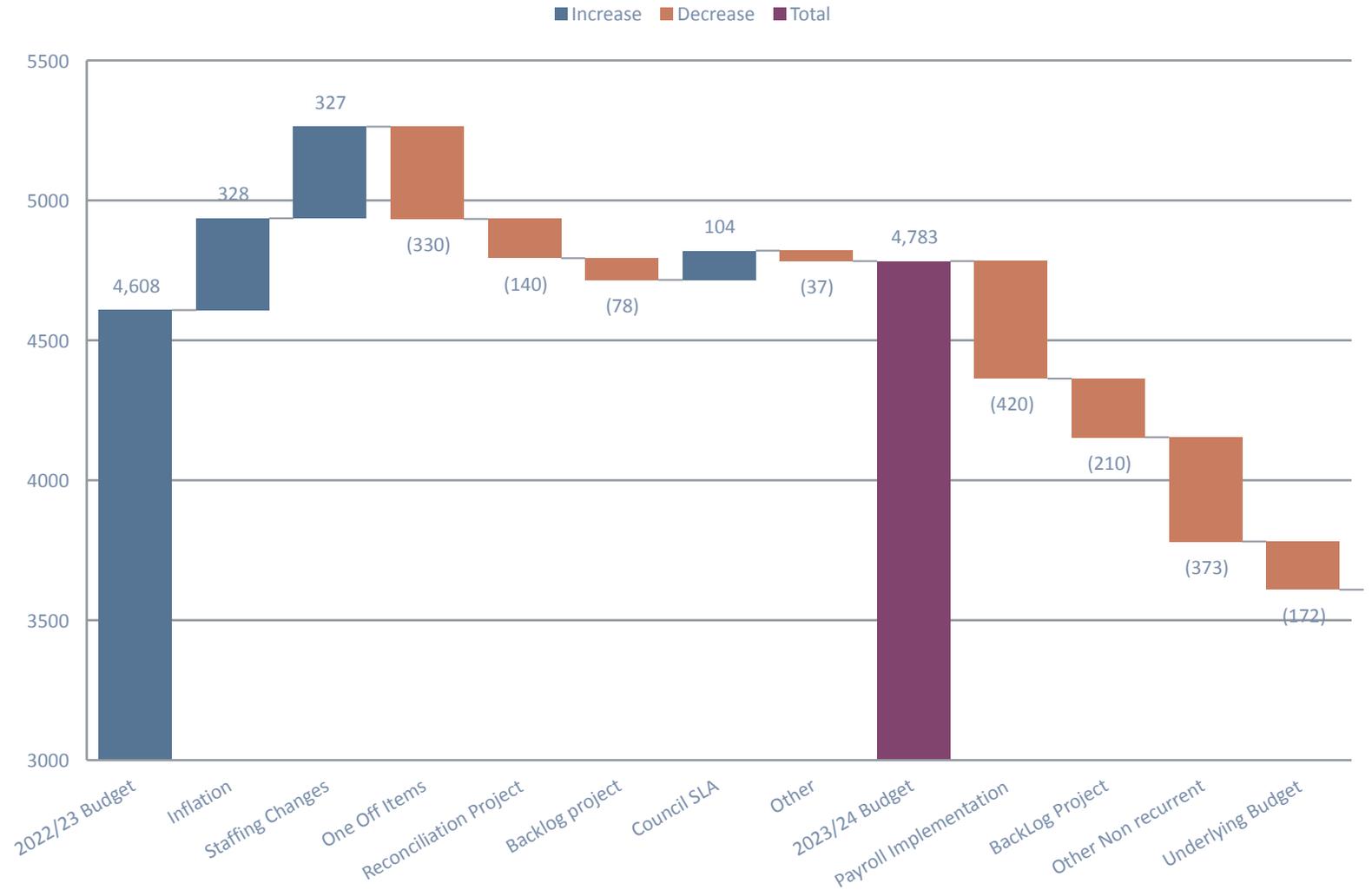
2023/24 Budget – the facts

- High inflation – higher than budgeted pay rises last year, plus pressures all round
- Team restructure (will be offset by reduction in payroll SLA, but this will take a year to come into effect)
- Some of the one-off costs from 22/23 will fall into 23/24 (no movement in total cost though)
- Once one-offs fall away and the integrated payroll is established, the budget reverts to a reasonable ongoing level.

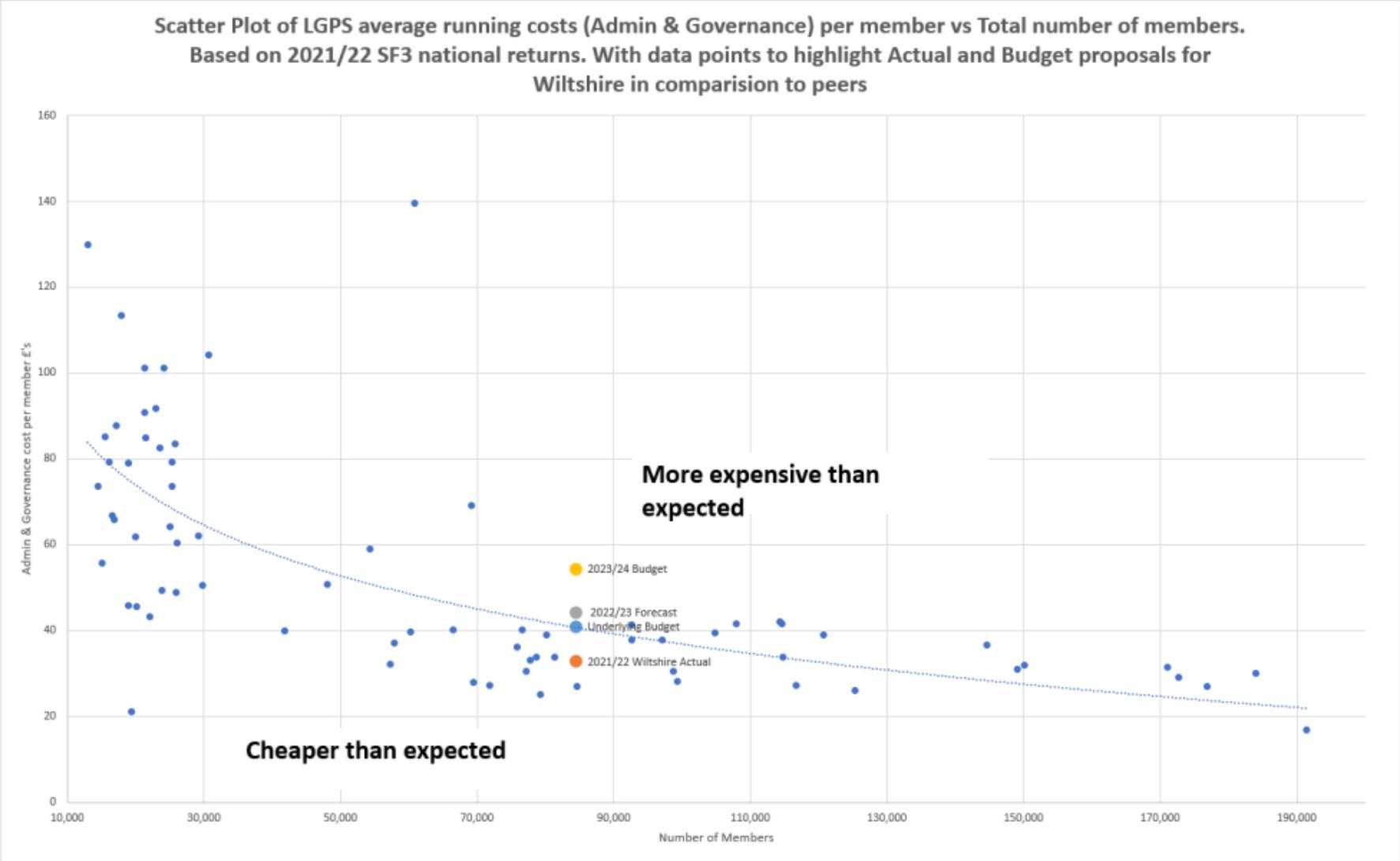


2023/24 Budget – the figures

Summary of movements between 22/23 and 23/24 budget and return to underlying running costs



Value for Money



Action complete
Action not complete

Business Plan Actions for 2022/23

	Action	Description	Target SVGs	Priority	Progress update as at 23 Mar 2023
1	Actuarial valuation	The triennial actuarial valuation of the Fund, as at 31 March 2022, needs to be carried out over the next year.	1, 9, 10, 16	Mandatory	The final valuation report is being presented to the 23 March 2023 Committee meeting. Complete.
2	Strategic Asset Allocation (SAA) review	A review of the SAA needs to be carried out triennially, in conjunction with the actuarial valuation, in order to ensure that the Fund is set to deliver the required investment returns for an appropriate level of risk.	1, 9, 10, 11, 12	Mandatory	The revised SAA was approved at the Committee on 17 November 2022. Officers are now reviewing plans to implement the new strategy. Complete
3	Hit as close to 100% as possible of legal requirements and develop improvement plan for achieving KPI targets	Once the standardised weekly KPI reporting (action 7) is up and running, we will be able to identify specific processes to focus on and develop a detailed plan. The focus will initially be on aiming to achieve 100% of the legal requirements, and prioritising cases like retirements and deaths.	5, 6, 7, 16	High	This was not completed during the year. Key priorities have been identified which are needed to deliver improvements, and these form the backbone of the Business Plan 2023/24. Not complete.
4	Complete the payroll reconciliation project	The long-running reconciliation project between the administration system and the ledger needs to be concluded, so that we have assurance that all pensioners are being paid the correct amount.	5, 6, 7, 16	High	Aon have been appointed to deliver this project. The 23-26 Business Plan will monitor this project all the way through to completion. Complete.
5	Outsource the backlogs	The Aon review indicates that the backlogs could take 6 years to clear at the current rate. Additional resource is needed to clear these, and outsourcing would be the preferred option (i.e. not recruitment).	2, 6, 7, 16	High	Hymans have been appointed to carry out this work, and have begun. It is estimated that work will be complete in September 2023. The 23-26 Business Plan will monitor this project all the way through to completion. Complete.

	Action	Description	Target SVGs	Priority	Progress update as at 23 Mar 2023
6	Review the resourcing of the team	The Aon review carried out analysis of resourcing levels and made various recommendations. Further internal analysis is required here, taking into consideration actions 8 and 14 at the same time.	1-16	High	The new team structure has been finalised and is now live. Most posts have been recruited to. More work on resourcing will be carried out in the 2023/24 business plan. Complete.
7	Launch weekly KPIs	The Fund has historically produced KPIs for admin processes on a quarterly basis. Moving to weekly will be a key driver in improving performance. Weekly stats will show performance and movements in caseloads, and aging of open cases. Forward looking KPIs will identify cases about to go out of date, so that preventative action can be taken. Stats will be used by managers to identify issues and plan workloads, and shared with teams for awareness of their impact on the Fund's vision.	5, 6, 7, 16	High	Weekly KPIs have now been launched, both for in-depth management review, and a separate (more concise) version to be shared with the wider team. Complete.
8	Implement integrated payments	Adopting integrated payroll and one-off payments (e.g. lump sums, refunds etc) systems will create efficiencies and improve controls.	2, 5, 7, 9, 13, 16	High	Plans have been developed, and implementation has been intentionally postponed fitting in with Evolve timescales. Not complete (but understood).
9	Implement renewable infra and affordable housing portfolios	The Fund has made strategic allocations to renewable infrastructure and affordable housing, which need to be implemented over the next year in consultation with advisers.	1, 9, 10, 11, 12	High	Partially complete during the year, and will be concluded during 2023/24. Not complete (but underway).
10	Complete iConnect onboarding	Onboarding of all employers onto iConnect was targeted to complete by 31 March 2022, but there are still several employers outstanding. Although the Fund does not have full influence over this, we will work collaboratively with employers to ensure all are onboarded by 31 March 2023 and that we can realise the control and data benefits of iConnect.	2, 3, 6, 7, 13, 14	High	This target was not met. The way we use iConnect and perform checks on the data is a priority theme for the 2023/24 business plan. Attention can return to onboarding once this new way of working has been established. Not complete.

	Action	Description	Target SVGs	Priority	Progress update as at 23 Mar 2023
	11 Treasury management (TM) strategy implementation	The new TM strategy needs to be fully implemented, and a new liquidity portfolio implemented.	9, 10, 13	Medium	Blackrock have been appointed with implementation happening shortly. Complete.
	12 Performance measurement reporting improvements	In order to improve visibility of the Fund's overall performance for Local Pension Board, Committee, and senior officers, a new whole Fund performance report will be developed, to show standardised, concise information on KPIs, projects, key financial controls, customer service measures etc.	3, 5, 6, 7, 10, 13, 16	Medium	This has not been met, however we have now appointed to the Data, Reporting and Performance Lead role, and this will be one of their priorities. Not complete.
Page 159	13 Become signatories of the 2020 Stewardship Code	The Fund developed plans for reporting in line with the 2020 Stewardship Code during 2021/22, and will make a submission to achieve signatory status during 2022/23.	9, 10, 11, 15, 16	Medium	The Fund has published a report in line with the requirements of the 2020 Code, and has been awarded signatory status. Complete.
	14 Systems review	The Aon review recommended that a detailed review is carried out to determine the exact responsibilities of the Systems and Data team, which should also incorporate a review of all systems procedures and controls and the Fund's overall objectives in this area.	2, 5, 6, 7, 13, 16	Medium	This piece of work has been completed and has been used to inform part of the work done against action 6. Complete.
	15 Participate in Brunel climate stocktake	The Brunel climate stocktake will help inform the partnership's approach to climate risk, including how the portfolios are shaped going forward. We will be actively involved in this review in order to represent Wiltshire's position.	9, 10, 11, 12	Medium	The Fund participated in the Brunel climate stocktake, and a new climate policy has now been produced. Complete.

	Action	Description	Target SVGs	Priority	Progress update as at 23 Mar 2023
Page 160	16 Collaborating with investment managers to ensure climate risk is appropriately addressed	It is necessary to ensure the investments are safeguarded from potential financial losses as a result of climate risk, and that the portfolios are positioned to take advantage of any investment opportunities as a result of transition to a low-carbon economy. We will collaborate with legacy managers and the Brunel pool to ensure that portfolios are fit for purpose from a perspective of sustainability and climate risk, can be aligned to our broader climate objectives, and that data provision is adequate to allow for a meaningful assessment of progress against targets.	9, 10, 11, 12, 15, 16	Medium	Work has been done to engage with all investment managers. This will be an ongoing piece of work, but is complete for the year. Complete.
	17 Employer report cards	Employer report cards will address the quality and timeliness of data submitted via iConnect and in relation to contributions, as well as timeliness of payment of contributions. The full member experience is partly our service KPIs, but also partly determined by the employer's provision of the relevant data in a timely manner - this will also be covered by the report cards. This will help to clarify roles and responsibilities.	2, 3, 5, 6, 15, 16	Lower	An employer report card has now been developed, and will be initially sent to employers shortly. The initial template includes information related to i-Connect returns and contribution receipts. More information may be added in the future. Complete.
	18 Risk monitoring and reporting improvements	The framework around risk monitoring and reporting needs improving, to improve ownership taken for specific risks, to integrate consideration of risks more fully operationally, and to improve clarity in reporting risks to Committee and the Local Pension Board.	13, 15, 16	Lower	A new risk and control register has been created, and several monthly meetings have now taken place to embed the new process. Complete.
	19 Review internal audit arrangements	The Committee has approved various specialist audits as part of the audit plan. We will investigate potential providers to deliver these audits, as well as any other high-priority areas where we need specialist advice. Action 23 is part of this, so the potential budgetary impact for that review is included under that action.	3, 6, 7, 9, 13	Lower	Internal audits were carried out as planned (with changes to the plan approved by the Committee). Complete.

	Action	Description	Target SVGs	Priority	Progress update as at 23 Mar 2023
20	Complete Member Self Service (MSS) sign-up campaign	The Fund's strategy is to write out to members who have not signed up to MSS every 3 years. We will complete this campaign, and investigate options to further promote MSS through use of email signatures, the website, and campaigns through the scheme employers.	4, 8, 14, 15	Lower	The initial mailout campaign has been completed. Another significant piece of work here will take place as part of Pensions Awareness Week, which has been postponed to November 2022. Complete.
21	Customer service excellence review	An independent customer service assessment will provide evidence of good practice and recommendations for improvement.	2, 3, 4, 5, 6, 7, 16	Lower	As assessor has been appointed and a pre-assessment has been completed. The full assessment has been intentionally postponed to later in 2023/24. Not complete (partially complete).
22	Employer training and engagement (carried forward)	We will develop the training materials on the employer website, including videos, simple guides etc. We will expand the approach to direct interaction with employers, to proactively address issues with fulfilling requirements, welcome new contacts, and help with any iConnect issues.	2, 3, 4, 14	Lower	This work is ongoing. A new role has been created in the team structure to properly resource this area going forward. Not complete (progress made).
23	Good governance review compliance	In advance of the recommendations of the Good Governance Review becoming mandatory, an independent review will map current arrangements to the new requirements, and make recommendations to ensure compliance.	16	Lower	This work was carried out internally by officers, and was presented to Committee in the form of a gap analysis with recommendations at the 14 December 2022 meeting. Complete.
24	Collaborate with partner funds to define the direction of travel for the Brunel Pension Partnership	We will be actively involved in setting the direction of travel for the Brunel pool, to ensure that Brunel delivers the intended fee savings and investment performance in a cost-efficient way, evidenced through meaningful reporting in line with client requirements, and retains a focus on ensuring that all activities deliver value and map to positive outcomes for the partner funds.	9, 10, 11, 12	Lower	This work has now concluded, and a letter has been sent to Brunel summarising the WPF position. Complete.

	Action	Description	Target SVGs	Priority	Progress update as at 23 Mar 2023
25	Complete lower priority actions from the improvement plan	The improvement plan (Annex 1 of the Business Plan) sets out recommendations from the Aon review and SWAP's latest internal audit. High priority actions have been mapped to specific Business Plan actions, however all actions need to be completed.	5, 6, 7, 9, 13	Lower	This work is ongoing, but all planned actions for the year have been completed. Complete.

Vision and Long-term Plan

Wiltshire Pension Fund (WPF) administers the pensions for the >80,000 members of our scheme, for our c.180 employers. It is our responsibility to ensure that the members' records are kept accurate and up to date, and that the correct benefits are paid on time. We need to responsibly manage the Fund's investments in order to ensure that we generate sufficient investment returns to help maintain the employers' contributions rates at stable and affordable levels. For our members, their pension represents a significant asset, which will help secure their financial future into retirement.

The purpose of the WPF Business Plan 2023/24 is to set out the Fund's vision, goals, culture, improvement plan and actions for the coming year, and longer-term strategic direction.

Our Vision

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

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

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

Strategic Vision Goals

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

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



Our Culture

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

<p>Working together as One Fund</p> <p>1</p> <p>We work together as One Fund, demonstrating the values of transparency, accountability, ownership, critical thinking, respect, and agility</p>	<p>High performing team</p>  <p>We aspire to be role models and leaders, through our commitment to develop knowledge and training</p>	<p>Data driven decisions</p>  <p>We use data to inform and evidence our decision making, and to measure our progress and successes</p>	<p>Efficiency through technology</p>  <p>We collaborate, and challenge our systems and processes, to create innovative solutions and drive continuous improvement</p>	<p>Long term thinking</p>  <p>We always act with the long term in mind, whether we are setting our investment strategy, planning improvements, or working towards our net zero by 2050 goal</p>	<p>Clear communications</p>  <p>We communicate with all our stakeholders in a clear, concise, relevant and effective way</p>	<p>Smarter working</p>  <p>We maintain focus on our core objectives, and work in a proactive and disciplined way, to promote simplicity and efficiency in everything we do</p>
---	--	---	--	--	---	---

As well as having goals and objectives set which map to the SVGs, annual staff appraisals will look at ways that the values have been modelled. As part of team meetings, staff will take part in several activities throughout the year to encourage them to think of their work in terms of the SVGs and values, and to fully incorporate them in the way the team works.

2022/23 Actions and Progress

Over 2022/23, many activities took place to better understand the reasons for the Fund's performance with regards to service delivery, and to put in place foundations for improvement:

- Launching **weekly KPI reporting**, for both the managers and the wider team.
- Implementing a new **work allocation system** for member services, which is forward looking and focussed on hitting KPIs.
- Commissioning Hymans to complete a large part of the Fund's **backlog of case work**.
- Commissioning Aon to resolve the **pensioner payroll differences**.
- Launching **productivity reporting** for processing staff in the member services team.
- Designing and beginning implementation of a **new team structure**, which includes more resource for employer engagement and leadership on service delivery, and builds in resilience through career-graded roles for processing staff.
- Collaborating with Wiltshire Council to develop a plan for implementing **integrated payroll** and immediate payment systems.
- Developing and embedding a new framework for monitoring the Fund's **risks and associated controls**.

Service delivery remains the Fund's greatest issue. Other areas are progressing well, specifically investments, governance, accounting, communications, projects and systems.

Employer relations is another area where we need to strengthen our approach, as this links so closely to service delivery. However, a recent appointment has been made and it is hoped that this will lead to the required improvements without further significant changes being required.

A significant amount of work and analysis has been done by the Fund's management team in order to develop a KPI improvement plan. However, as work has gone on, more issues have been discovered, and it has not been possible to develop a comprehensive and resourced plan for the next three years. Therefore, this Business Plan sets out the proposed actions for the coming 12-month period.

Approach to the Plan for 23/24

For the areas of investments, governance and digital/comms, a longer-term approach and some key actions for the coming year are set out within the plan.

Due to the volume, breadth and compounding of the current issues facing service delivery, the plan for the coming year is to focus on some key priority areas, which will deliver the biggest impact.

Service Delivery – the path to success

What does good look like?

The following SVGs are particularly relevant to service delivery:



The obvious markers of a well-delivered service are to have no backlogs of work (i.e. all open work to be within KPI targets), and to be hitting as close as possible to 100% against KPI targets on a consistent, sustainable basis.

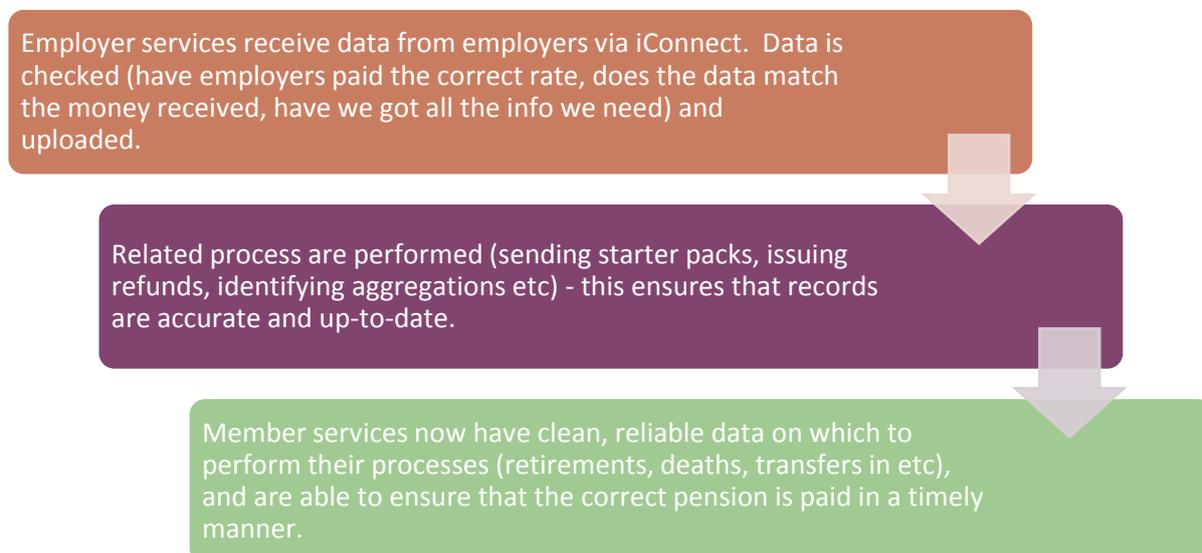


However, there is more to it than these outward indicators. A well-run service will be based on a strong control framework, which ensures that there is clarity about what, why and when we will check data, alongside clear guidance on materiality. This will be firmly embedded in the teams, and checks will be evidenced and used as a basis to drive improvements. Staff will have understanding and ownership of their work.

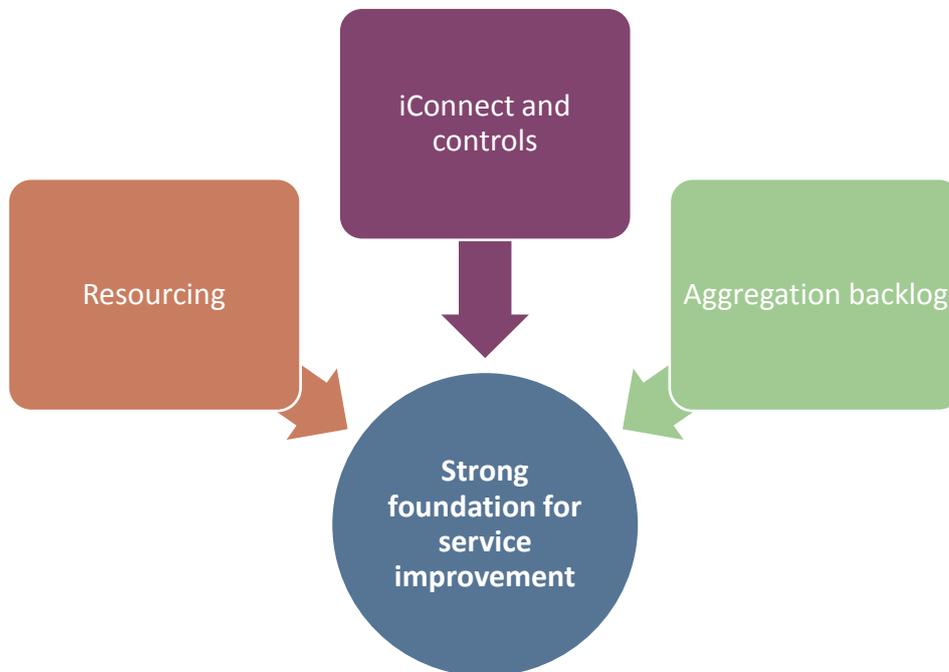
Additionally, there will be a thorough understanding by the management of resourcing requirements. Productivity will be actively managed, and resourcing plans will evidence consideration of projects, annual pinch points, and potential efficiencies.

Management will promote a culture where staff have a clear understanding of the purpose of the team and buy into the Fund’s vision.

For WPF, the foundations for successful service delivery will start with the receipt of data from employers:



What are the priority areas of focus (and why)?



Resourcing

Following on from the team restructure (live from 1 January 2023), some roles are yet to be filled (or people have been appointed, but are still working their notice elsewhere). **This year we will need to focus on filling all roles within the structure, and delivering appropriate training and development to ensure that the structure is fully operational.**

The new structure introduced career-graded roles for all processing staff. This is designed to improve retention, provide opportunities for progression, and to ensure a more even spread of skills across the team. **This year we will need to ensure that staff training plans are developed and implemented.**

At the current time, we do not appear to be on top of our incoming work, which could indicate that more resource is required. However, there are also clear efficiencies that we need to make, which will be delivered mainly through a better control framework and more disciplined ways of working, alongside consideration of one-off projects. This will enable us to better understand our resource requirements, so that we can develop a fully-costed proposal for service delivery. **This year we need to make data-driven decisions to identify high-impact efficiencies and make an evidence-based assessment of our resource requirements.**

We have already developed several tools in order to promote smarter working within the member services team. These include weekly insights reporting (on the productivity of individual team members), weekly KPIs, a forward-looking work allocation system, spot checks on the quality of work, and customer statistics (phone and email statistics). **This year we need to develop a structured framework to use all the available tools together to maximise efficiency in the processing teams.**

iConnect and related controls

As illustrated above, iConnect provides the foundations for a successful administration service, by ensuring that we have all the data we need, and that employers have accurately paid for all the benefits that their employees are earning. **This year we need to review, improve and rationalise our checks of iConnect data.** Once we have developed and embedded these checks, we can turn our focus back to completing onboarding of our final scheme employers.

The next step in ensuring we deliver a good service is completing the required processing following receipt of employer data. **This year we need to develop, embed, and continuously improve a monthly cycle of work for the employer services team.** This will ensure that processing tasks later on in the pension life cycle can be done in the most streamlined way, based on accurate data.

In order to make efficiencies and standardise work, we need employers to own their own data, and to promote clear service levels and responsibilities. **This year we need to ensure that employer roles and responsibilities are clearly defined, both within the team and among our scheme employers.**

As part of empowering employers to fulfil their statutory responsibilities in an accurate and timely manner, we need to ensure that they are appropriately supported, and that issues are escalated and resolved as quickly as possible. **This year we need to build upon our employer training and escalation.** We are aware that employers are very busy so this will involve regular bite-size training videos and mini-sessions alongside our traditional annual training offering.

In order to deliver efficiencies and ensure that our internal audit rating continues to improve, we need to carry out the right checks, at the right time. **This year we need to design an efficient and effective control framework for benefits processing.** The teams will need to be educated to understand where checks are carried out (so that they are not duplicated), and to understand an appropriate level of materiality.

Aggregation backlog

We have a contract with Hymans to outsource a large part of our backlog of work, focussed on the areas of leavers and aggregations. However, we are still not on top of our incoming work. If left unchecked, this will result in the creation of a new backlog. The aggregation backlog causes problems in processing, as records are not accurate and up-to-date, as well as causing other issues.

Some of the actions already mentioned above will help solve this issue, such as establishing the monthly cycle for the employer services team, and identifying high-impact efficiencies.

A further action will be freeing up resource within the team to focus on this problem area. **This year we will set up a dedicated team to focus on aggregations, as well as other issues which can deliver improvements for service delivery.** This team will be staffed by existing team members, who will be moved in or out of the team depending on their skills and expertise. We will create a new role (to be filled internally), for a Service Improvement Lead Analyst, who will monitor the work of the team and identify new areas for improvement.

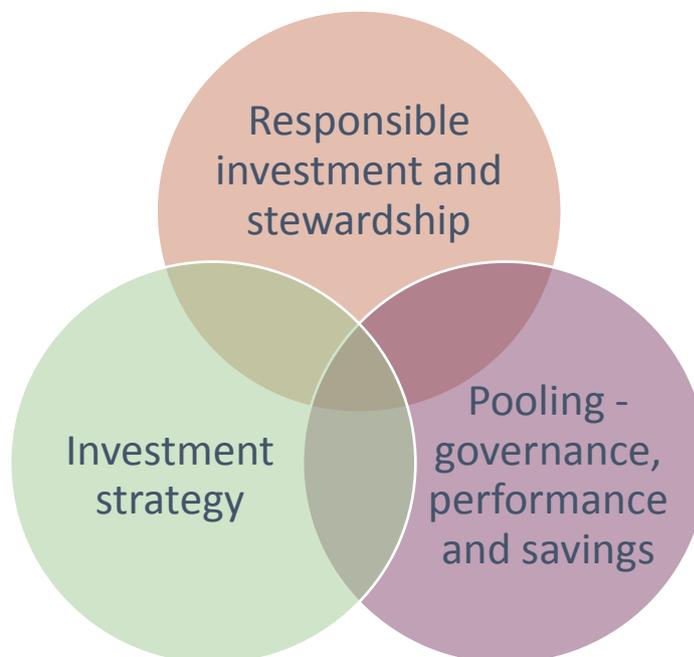
Investments

The current status of the investments

WPF's investment portfolios are currently valued at around £3bn. The funding level is around 125%. The Fund is a member of the Brunel pool, where currently around 70% of assets are held. Over the last few years, the Fund has developed its approach to responsible investment, and is now well regarded in this area, with a dedicated responsible investment policy and an established and evidence-led approach to climate risk. The Fund is a signatory of the 2020 Stewardship Code.

Actions set out below against the three key areas are designed to build upon the strong foundations which have already been established, and to respond to developments in the wider industry.

Investment priority areas and actions



Responsible investment and stewardship

The Fund has several investment beliefs linked to various aspects of responsible investment, one of which states “Environmental, Social and Governance factors, including Climate Change are important factors for the sustainability of investment returns over the long term”. The Fund has a separate plan for responsible investment actions for the year ahead. The plan is designed to focus on priority areas which will deliver the most impact, and/or topical issues. **This year we need to complete all the actions within the Responsible Investment Plan 23/24.**

In addition, the Fund has achieved signatory status of the 2020 Stewardship Code, and needs to report annually to maintain this status. **This year we need to submit our 2023 report in line with the 2020 Stewardship Code, and maintain signatory status.**

Investment Strategy

The Fund reviewed and approved a new strategic asset allocation in late 2022. **This year we will need to take actions to implement the strategic asset allocation.** This will include implementing the 7% allocation to renewable infrastructure and climate solutions, which is also covered in the Responsible Investment Plan 23/24.

At the start of 2023, as part of the restructure, the Fund appointed an Investment Analyst. This additional resource will be invaluable in building the team's approach. **This year we need to improve our approach towards various investment admin matters, to add value through a more proactive way of working.**

An item on the audit plan for this year is on investment governance. **This year we need to perform a self-assessment review into our investment governance arrangements.** This will provide clarity over the work we do in order to remain compliant with all external and internal requirements, which will be useful for the team, Committee, and auditors.

Pooling - governance, performance and savings

Investment pooling is well established, and we now have around 70% of our assets invested via the Brunel pool. We continue to work with Brunel on investment, responsible investment, and governance matters. Several of the portfolios with Brunel now have established track records, so it is now time to look into whether these are delivering what we need. **This year we need to review the Brunel portfolios, to determine whether they are constructed in an optimal way, and are delivering appropriate risk-adjusted returns.** We are likely to carry this piece of work out in collaboration with Mercer, and a cost has been included in the budget to support this.

Last year, the Committee commissioned an independent audit into the fee savings which are being delivered by pooling. **This year we need to complete our review into the fee savings delivered by pooling, and take forward any action points.**

As we continue to build our own responsible investment identity, we need to ensure that we are able to access information about our investments as and when required. **This year we need to work with Brunel to evolve the investment reporting in order to meet our requirements.**

We anticipate the publication of a consultation on pooling guidance during 23/24. **This year we need to respond to the consultation on pooling guidance, to represent our views in the best interest of the Fund.**



Governance



The Fund has a robust approach to governance and over the year 22/23 has raised the Fund's internal audit rating from "no assurance" to "limited assurance". During 22/23 a CROC working group (compliance, risk and operational controls) has been established, as well as a new framework for monitoring and managing risk and evidenced the related controls.

Looking ahead to the next year, we are waiting for some key publications which are anticipated during 23/24, and have in the meantime been preparing for what actions and changes we may need to make. **This year, we will need to implement the recommendations of the Good Governance Review, and the tPR's new single code of practice, which will include the ESoG (Effective System of Governance).**

Resourcing as a focus area is dealt with in detail earlier in the Business Plan, but this will also be a consideration from a governance perspective, as resourcing is a concern for LGPS funds, due to a challenging job market, the cost-of-living crisis, and sub-inflation pay rises for public sector workers. **This year we will need to develop a resourcing plan.** This will include information on our team structure, recruitment, succession planning, ways we can reward and develop our staff, and other considerations.

We need to further improve the Fund's internal audit rating, and as part of this we need to develop ways to be more proactive and to embed and evidence the Fund's risk and control framework. **This year we need to re-introduce 2nd line review audits, which will be focussed on high priority areas where the most value can be added.**

Over the next three years, we will continue to work to address legacy issues, focus on staff accountability and transparency through procedure/process design, encourage independent professional challenge, and embed multi-skilling of staff at all levels to minimise key-person dependencies and enable a more flexible workforce.

Communications, Customer Engagement and Digital Strategy

Development of our Digital Offering – the core concepts and long-term vision



Our Digital offering will be focussed on supporting our members through their pension journey, with accessible resources to help them understand their pension entitlements and a wide range of self-service solutions enabling them to take action and plan for a financially secure retirement.

We will make data-driven decisions to target those areas of digital improvement that will have greater leverage and impact on our members as well as the greatest administrative gains and efficiencies.

Working alongside Heywoods, our administration software provider, we will continue to engage with the development of their new member portal and self-service offering, participate in their focus groups and research sessions and on-board the upgrade when it is in a suitable position to deliver to our members. **This year we will complete the implementation of Heywoods' new member portal. Once the backlogs are cleared, we will complete the full rollout of online retirements and implement refunds online.** The self-service functionality of the website and portal will enable members to engage with their pension more easily and at a time when it is convenient for them. Successful development of these areas will help improve efficiencies across the organisation resulting in the service being administered effectively and cost efficiently.

All correspondence will embrace the use of technology, referring members to the website and self-service portals wherever possible to ensure concise and targeted information is presented. **This year will see a full-scale review of our letter offering**, utilising the Service Improvement Lead Analyst. **We will update our correspondence to link to our member website and create more online forms.** We will also promote the use of self-service tools for our employers. **This year we will move employer information not identified via the i-Connect interface to an online form.**

We will introduce more regular engagement with members, building as they approach retirement age, to ensure they are aware of their options and the process to retire online. **This year we will introduce a monthly personalised birthday message to members over 60 advising of the retirement options and the online functionality available.** This will also ensure that we are not losing contact details of members in a similar way to us receiving returned post when large mailings were historically issued.

We will continue to advance our customer service standards, through improved use of our website. This year **we will review of the main website to ascertain areas that need improvement and/or additional targeted information that directs members along a specific 'journey' depending on their situation.** We will also complete a formal review and accreditation. **This year we will complete the Customer Service Excellence Assessment, and action any recommendations provided.**

We will continue sharing our excellence and learning with other Funds. This will include representing the South West at the national Joint Pensions Group (JPG), representing the Fund at the regional and national CLASS groups run by Heywoods and continuing to host a national working group on the development of the self-service offerings where ideas and solutions are shared.

Introduction

Responsible investment is the strategy to incorporate ESG (environmental, social and governance) factors into investment decisions. The Fund's position regarding ESG issues is set out in the ISS (Investment Strategy Statement) as follows:

The Committee believes that in order to carry out their fiduciary duty by acting in the interest of its members, that effective management of Environmental, Social & Corporate Governance management (ESG) issues, including climate change, which are financially material to the Fund is essential. 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.

ESG risks should be taken into account on an ongoing basis and are an integral part of the Fund's strategy and objective of being a long-term investor.

The Pension Fund's investment objectives are to achieve sufficient investment returns such that there are funds available to pay the pensions as they fall due, and to meet the liabilities over the long term whilst maintaining stable employer contribution rates.

Therefore, consideration of all factors (including ESG factors) which could affect the investment returns is a fundamental part of managing the investments. Responsible investment practices can both help mitigate risks and also enhance returns.

This Responsible Investment Plan 2023/24 sets out where the Fund is now, what has been done so far, and plans for developing the Fund's approach to responsible investment issues over the coming year.

Fiduciary Duty

The UNPRI (UN Principles for Responsible Investment) discusses a modern interpretation of fiduciary duty at the following link: <https://www.unpri.org/fiduciary-duty/the-modern-interpretation-of-fiduciary-duty/6538.article>

A quote from the link above states that "The integration of ESG issues into investment practice and decision making is an increasingly standard part of the regulatory and legal requirements for institutional investors, along with requirements to consider the sustainability-related preferences of their clients and beneficiaries, and to report on how these obligations have been implemented. Investors that fail to incorporate ESG issues are failing their fiduciary duties and are increasingly likely to be subject to legal challenge."

There has been considerable debate in recent years about how administering authorities can and should take account of environmental, social and governance (ESG) factors in investment decisions. [Legal advice on fiduciary duties](#) produced for the Local Government Association in 2014 explained that LGPS administering authorities have a fiduciary duty to act in the best interests of scheme

members. Investment powers must be directed to achieving what is the best for the financial position of the fund. Provided this remains true, the precise choice of investment may be influenced by ESG factors, so long as that does not risk material financial detriment to the fund. In taking account of wider ESG considerations, the administering authority may not prefer its own interests to those of scheme employers and should not seek to impose its views where those would not be widely shared by scheme employers and members.

In 2016, the then Department for Communities and Local Government (DCLG) made changes to the investment regulations applying to LGPS (E&W). The reformed 'investment regulations' required administering authorities to publish an investment strategy – including their approach to pooling investments and how they take ESG factors. The strategy must be in accordance with guidance issued by the Secretary of State, who has power to intervene if satisfied that any authority had failed to act in accordance with statutory obligations or guidance.

Regarding ESG considerations, the guidance issued under the regulations says schemes should consider any factor financially material to the performance of their investments, including ESG factors. Although pursuit of a financial return should be their predominant concern, they may take purely non-financial considerations into account provided that doing so would not involve significant risk of financial detriment to the scheme and where they have good reason to think that scheme members would support their decision.

Wiltshire Pension Fund as an investor

As the Fund is open to new members, who will not be retiring for many years into the future, the Fund has a very **long-term investment horizon**. The Fund therefore needs to consider long-term sustainability issues, and the importance of engagement with companies in which it is invested, in order to safeguard the investments into the future.

The Fund is a **large, diversified investor**, with exposure to the global economy. The Fund therefore needs to invest in a way that contributes to the success of the global economy and society as a whole, as this will have a positive financial impact on the Fund's investments.

One of the Fund's investment beliefs, as set out in the ISS, is that "**Investing over the long term provides opportunities to improve returns**".

Business plan and risk register

As set out in the Business Plan, the Fund's vision is as follows:

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

The vision is set to focus the team on delivering **outcomes** for the employers and members of the pension fund. The fund will measure success against the vision by monitoring our progress against various service related KPIs, targets, and actions.

The vision is supported by **16 strategic vision goals**, which are focussed on **outcomes**. The goals broadly map to outcomes for employers, members, investments, and governance. However, staff are encouraged to think about how their work maps to different goals.



In order to achieve the strategic goals, and deliver the vision, it is necessary to adopt certain outlooks and ways of working. The Fund aims to demonstrate the following values, and embed them firmly in the culture:



The value “Long Term Thinking” runs through everything the Fund does. The Fund is a long-term investor, and so is able to participate in responsible investment activities which can add value to the Fund’s investments over the long term.

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

- **Employers** will be best served by the delivery of long-term positive investment returns, which will help keep their contribution rates affordable (strategic goal 1, “Stable and Affordable Contributions”, is targeting this outcome), and responsible investment activities can help preserve capital and enhance value.
- **Members** may be concerned about how the funds held to pay their pensions are invested, and goal 15, “Transparency and Information Sharing” contributes to this outcome. Responsible Investment has a role to play here in the information that is shared with members – the Fund publishes its engagement and voting records online, has conducted surveys of both the member and employer groups, and publishes key strategic decisions and news in this area.



The Fund’s Business Plan establishes the importance of the Fund’s approach to responsible investment, and sets out an action that the actions contained within the Responsible Investment Plan 23/24 should be completed within the year.

Climate change risk is included in the Pension Fund’s risk register as a “Medium” priority risk. 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, 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. It has been possible to downgrade this from a “High” priority risk due to the extensive work done over recent years to quantify and mitigate this risk.

Where the Fund needs to be

There is no one framework for best practice regarding responsible investment in the LGPS. Each fund needs to decide the best approach individually, whilst operating in line with their fiduciary duty, and taking appropriate professional advice.

In order to ensure that all relevant risks are considered and acted upon, the Fund needs to integrate responsible investment issues across the whole investment process:

- i. **Investment Strategy Statement** – regularly kept under review, and now expanded to include the dedicated Responsible Investment Policy, which is reviewed annually;
- ii. **Strategic Asset Allocation** – see comments below;
- iii. **Monitoring of managers and the pooling company** – ESG issues are a standing item in manager meetings and reporting. More detail on Brunel’s role is below;
- iv. **Stewardship and engagement work** – more detail on Brunel’s role below, and the Fund’s approach to engaging with wider initiatives;
- v. **Internal reporting and accountability** – responsible investment is a standing item at quarterly Committee meetings;
- vi. **Reporting externally** – the Fund includes information in the Annual Report, Climate Report (including TCFD reporting) and Stewardship Code reporting;
- vii. **Stakeholder engagement** – the Fund includes a plan on scheme membership engagement as part of the ISS, and more detail on this topic is included below.

The Fund needs to continue to refine the Strategic Asset Allocation to reflect the results of the climate change scenario modelling, in order to ensure the best possible financial returns for the Pension Fund’s investments, and to mitigate risks. This will involve a review of all asset classes to ensure that climate risk and sustainability are being fully considered. As described above significant work has been done here, with the sustainable equities and Paris-aligned passive equities transitions. There is also an allocation to renewable infrastructure and climate solutions which is in the process of being implemented.

The Fund will also review the Responsible Investment Policy annually, with the next review targeted for September 2023.

Stewardship

Stewardship is defined by the PRI as “The use of influence by institutional investors to maximise overall long-term value including the value of common economic, social and environmental assets, on which returns and clients' and beneficiaries' interests depend”. The Stewardship Code 2020 defines it as “the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society”.

The Fund was a signatory to the original Stewardship Code, which was introduced in 2010 by the Financial Reporting Council (FRC). The FRC has now published a revised 2020 Code, to which the Fund is a signatory. The 2020 Code is ambitious and has a focus on outcomes, not just policy statements.

Voting and engagement activities on the Fund’s equities portfolios are carried out through the Brunel pool. As part of owning publicly listed companies, Brunel, on behalf of its clients, will have the opportunity to vote at company meetings (AGM/EGMs). To provide guidance, Brunel has a single voting policy for all assets managed by Brunel in segregated accounts.

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

Consideration of the UN Sustainable Development Goals (UN SDGs)

The 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:

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

SUSTAINABLE DEVELOPMENT GOALS



Wider Initiatives

The following is a list of organisations and/or initiatives which the Fund supports.

- i. **The Brunel pool** – the Fund is a shareholder and client of the Brunel Pension Partnership. The Fund is able to be involved in setting portfolio specifications, approving manager selection, and monitoring ongoing performance of portfolios. Responsible investment is completely embedded and considered at each of these stages of the process. The Fund also engages through the client group, the responsible investment sub-group, and ad hoc communications from Brunel on responsible engagement initiatives, for example engagement and voting matters.
- ii. **LAPFF (Local Authorities Pension Fund Forum)** - The Fund is also a member of the LAPFF, to enable it to act with other local authorities on corporate governance issues. LAPFF's mission is to protect the long-term investment interests of beneficiaries by promoting the highest standards of corporate governance and corporate responsibility amongst investee companies. Details of their activities can be found on the following link: <http://www.lapfforum.org/about-us>
- iii. **TPI (Transition Pathway Initiative)** – The Fund publicly supports TPI, which is a global, asset-owner led initiative which assesses companies' preparedness for the transition to a low carbon economy. The TPI tool assesses progress against companies and sectors to measure the level management quality and carbon performance, to aid in risk assessment. More information can be found here: <https://www.transitionpathwayinitiative.org/>
- iv. **PRI (UN supported Principles for Responsible Investment)** - the Fund supports Brunel as a signatory to the PRI. Asset managers and asset owners who are signatories to PRI support the six Principles for Responsible Investment, which are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice. More information can be found here: <https://www.unpri.org/>. At the current time the PRI are reviewing their policies to determine whether Funds can sign up in their own right if their pool has already signed up. It is hoped that some clarity will be obtained around this and the Fund will proceed with signing up in its own right if/when this is possible.
- v. **IIGCC (Institutional Investors Group on Climate Change)** – The IIGCC is the European membership body for investor collaboration on climate change and the voice of investors taking action for a prosperous, low carbon future. IIGCC has more than 330 members, mainly pension funds and asset managers, across 22 countries, with over €39 trillion in assets under management. Through IIGCC, the Fund has made a PAII (Paris Aligned Investment Initiative) net zero commitment. The PAII goes beyond simply making commitments and supports investors to achieve their goals. The Fund has also been using the IIGCC net zero framework. This valuable tool helps to define a path to net zero across various asset classes. The IIGCC also offers webinars and working groups, so investors can learn about specific areas, for example what net zero means in different asset classes. More information can be found here: <https://www.iigcc.org/>
- vi. **Climate Action 100** – this is an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. Through membership the Fund is able to access information on key engagement companies and

their progress towards achieving net zero. This information is used when working with the Fund's investment managers to understand the investment case for the company. Through membership the Fund can also request that investment managers join the engagement initiative to align their goals with that of the Fund. More information is available here: <https://www.climateaction100.org/>

- vii. **Just Transition** – a just transition means not transitioning to a low carbon economy at any cost, but doing so whilst also ensuring that this is done in a socially responsible way. The Grantham Research Institute on Climate Change and the Environment at the London School of Economics and Political Science have put together a comprehensive guide as to what this means for investors, and what action can be taken. The Fund has signed a statement of support, and uses the guide to help embed this goal within the Fund's policies, and help hold the investment managers to account. More information is available at the following link: <https://www.lse.ac.uk/granthaminstitute/investing-in-a-just-transition-global-project/>

Designing the 2023/24 Road Map

The 2023/24 Road Map is not intended to be limiting, and other topic areas may also be considered if/when they become relevant or highlighted as a priority. Pieces of work have been included on the Road Map based on the following criteria:

- i. There are **existing commitments** to complete this work (for example, climate commitments as set out in the Responsible Investment Policy, implementing portfolios in the strategic asset allocation, or continuing with established reporting).
- ii. Continuation of **existing work** (for example, developments along the theme of biodiversity, finalising a position on divestment, or progressing the work to launch a transparency of holdings tool via the website).
- iii. **Improving current practices** (for example, expanding the TCFD reporting to provide additional information for stakeholders, or publishing a short report on our impact affordable housing portfolio).
- iv. Addressing **topical issues**, which we have identified as priorities due to their impact across our portfolios and/or membership, examples as follows:
 - a. Cement – a sector which we are exposed to, which makes up 7% of all global emissions.
 - b. Younger members – a group who engage less with our communications etc, highlighting a need to educate these members about their pension and promote engagement.
 - c. Carbon offsets – a topic recently raised by the Chair of the Committee, and something which is gaining traction as an investable option.
 - d. Water engagement – an activity being managed through Brunel, which has been mapped to a meaningful percentage of our portfolio and with the bulk of the work being done by one of the investment managers offers an efficient way to engage.
 - e. Health – a topic which has received significant coverage and is linked to an initiative through shareaction, which is supported by LAPFF.

Responsible Investment Road Map

Q2 2023 -

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

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

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

Q3 2023 -

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

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

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

Q4 2023 -

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

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

Q1 2024 -

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

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

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

Resourcing

Work done on responsible investment issues is largely resourced by officer time. A huge amount of responsible investment work is carried out by the Brunel pool, which has a dedicated team of staff who are widely regarded as being market leading. This resource is a real benefit of pooling, as the Fund would be unable to carry out this level of work independently.

Clients engage with Brunel on responsible investment issues regularly – one of the ways this takes place is through the responsible investment sub-group, which Wiltshire officers regularly attend. This group learns about engagement case studies, helps to develop reporting, and sets the responsible investment agenda at the pool in line with client needs.

Through the Brunel pool and a wider network of contacts, officers regularly share responsible investment knowledge, ideas, progress, updates etc. with other LGPS funds.

The Scheme Advisory Board has recently launched a website resource on responsible investment, which is being further developed over time to add relevant case studies. This is available via the following link: <https://ri.lgpsboard.org/items>

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

The Fund has access to information through the various initiatives it has signed up to, including reading materials, relevant data, and access to training.

Training is available for Committee members and officers, including but not limited to conferences, Brunel investor days, and internal training days.

Scheme employer and membership engagement plan

The Pension Fund considers that transparency on its actions, particularly with regard to responsible investment issues, is important, and engagement with the scheme employers and membership is a key part of this. The way in which the Fund will engage with employers and members (and why) is set out in the Responsible Investment Policy. The planned engagements for 2023/24 are set out below:

Responsible investment employer and membership engagement plan for Wiltshire Pension Fund:

- Continue to develop and expand upon the information published in the annual report;
- Enhance the established TCFD reporting to publish a Climate Report, which will include all the required basics but also case studies and information on the Fund's decarbonisation progress.
- Carry out further work to develop the investments area of the website, enhancing the information provided on voting and engagement records with more analysis and value-add information, and developing a tool for stakeholders to use in order to access more information about the Fund's holdings;
- Publish a mini-magazine version of both the 2020 Stewardship Code reporting, and the Annual Report, in order to make this information more accessible for a non-technical audience;

- Develop improved online resources for members, which will be customised depending on what point they are at in the life-cycle of their pension, which will link in with building awareness of how the money held to fund members' pensions is invested;
- Consult with employer organisations on any revisions to the ISS;
- Communicate major responsible investment related decisions via press releases and member and employer newsletters;
- Consider further options for engagement with the scheme membership.

This page is intentionally left blank

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
23rd March 2023

KEY FINANCIAL CONTROLS REPORT

Purpose of the Report

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

Background

2. Officers in the investments and accounting team have been reporting on various key accounting measures for some time and have developed a program of planned improvements to various processes and controls. The purpose of this report is so that the Committee and Local Pension Board can easily review key areas and monitor progress against planned improvements.

Key Considerations for the Committee / Risk Assessment / Financial Implications

Accounts and Annual Report

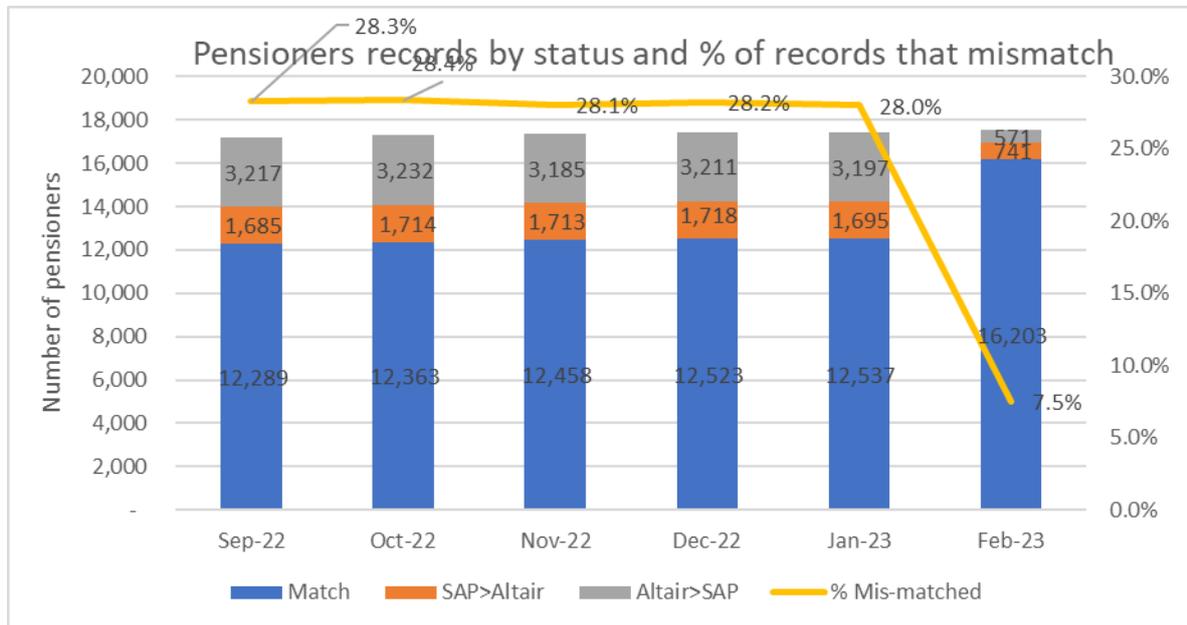
3. Final sign off for the full Wiltshire Council Accounts for 2019/20 and 2020/21 continues to be delayed, the Pension fund accounts form a part of the full Council accounts and the delay, which is due to an issue within the Wiltshire Council figures, has meant the pension fund accounts have not received their final audit opinion for inclusion in the annual report. We believed all work had been completed by the auditors on the Pension Fund accounts for 2019/20 and 2020/21, however Deloitte recently opened up further testing into the pension underpayment provision, Officers have been working with the auditors to ensure all items of testing are completed, all auditor requests have been responded to by the pension team. To ensure we comply with The Pensions Regulator (TPR) requirement to publish the report, it is available on the website with a note stating the audit opinion will be included when available.
4. The pension fund accounts external audit report for 2019/20 was presented to the Council Audit Committee in February 2023. The latest update from the audit committee minutes is that the 2019/20 full Council accounts are now scheduled for sign off in at the next meeting of the Committee in April 2023.
5. The external auditors have completed all their audit testing of the pension fund accounts and annual report for 2021/22, no issues have been identified and no changes required for the annual report and accounts. The final work to be completed by the external auditors are final reviews and quality controls checks. The full process was planned to be completed by the end of November, however delays by the auditors, partly due to the pensions LDI issue has pushed completion back. Given the continued delay to the Council Accounts full sign off will not be possible until the Council accounts are up to date. An internal timeline for the 2022/23 accounts is up and running and work is progressing on tasks that can be completed prior to year end.

Payroll reconciliations

6. Work to reconcile and correct discrepancies between the Altair pension admin system and SAP payroll records continues. The reconciliation process to track the variance

between the Altair pension admin system and the payroll has been running since April 2022. The reconciliation compares the annual pension payable on each system and quantifies the number of cases and value of discrepancies.

- The following graph shows the extent of the variances between the two systems. There can be multiple reasons for the discrepancies which can range from a fundamental incorrect payment to data mismatch problems. Therefore the gross value of SAP>Altair or SAP<Altair figure represents the extent of the mismatch. Because all of these issues require resolution for the fund to move to a single integrated payroll it is relevant to report all such discrepancies.



- This report categorises all cases £1.00 p/a as matching. The graphs show the number of cases at variance within three categories of monthly variance total. The majority of cases are below £5p/m however there are still a significant number of cases >£5p/m different, these cases will be resolved through the outsourcing project.
- The reconciliation data shows a significant improvement in February, this is as a result of work to bulk correct cases >£5pcm different. The overall mismatch by cases has reduced to 7.5%. Further work to review cases and the reconciliation project will continue to reduce these discrepancies.

Integrated Systems

- Project Evolve is ongoing within Wiltshire Council, this will deliver a replacement to the existing SAP payroll and accounting software. The pension team are members of implementation working groups, officers are working with the payroll and Evolve implementation teams to transfer existing pensioners to the new payroll system.
- Officers have commenced work with Heywoods, who provide the Altair system, to implement integrated payments. This will provide a new process for making all one-off payments to pensioners, e.g. lump sums, without the need to run reports and send separate information to the council accounts payable team. Initial training and testing of the system is underway. The testing period has been longer than expected due to issues

with the system. A phased roll out plan is in development to commence making one off payments via this new system.

12. Following implementation of the new Evolve payroll a plan will be prepared to transfer pensioners onto the new integrated payroll within Altair. This would take place once the reconciliation process between Altair and payroll is completed and post implementation of Evolve when the Council payroll team would have available resources. More detail on these plans will be included in future papers.

Quarterly Financial Performance Dashboard

Wiltshire Pension Fund - Key Financial Controls Dashboard				
Control Area	RAG	Items reviewed under this control area	Comments on Performance	Ongoing Actions
	Jan-23			
1. Employer Contributions	Green	Timely and accurate payment of employer contributions each month.	See summary performance table for full details. Almost all employers paying on time and with the correct rate.	Final schedule of employer rates being shared so all employers pay the correct amount from April Payroll
2. Payroll	Yellow	Monthly payroll sign off process checking starters and leavers plus reconciliation of Altair to Payroll	New reconciliation process being used to monitor discrepancies between the pension admin system and payroll, reported on within this paper. Large number of discrepancies >£5pcm resolved in Jan 23.	Large amount of work required to be completed to resolve discrepancies between the two systems. Outsourced provider appointed to resolve discrepancies above £5p/m.
3. Cashflow, banking and capital calls	Green	Maximum and minimum cash balances, private markets capital calls and distributions and treasury performance.	See summary performance table for full details. All capital calls met on time.	Final IMA agreed and in process of being signed for SALAMI provider
4. Balance Sheet Reconciliations	Green	All balance sheet control codes are reviewed for accuracy and outstanding issues.	All control codes have been reviewed and checked, no unexplained balances.	None
5. Altair Checks	Green	Check between the ledger and pension admin system (altair) that any transactions, such as payments or receipts match the admin system.	All reconciliations have been undertaken discrepancies have been significantly reduced following active engagement with the Admin team to review old cases.	Administration team working with finance team to resolve discrepancies and reduce final outstanding items
6. Financial Budget Reporting	Green	Review of year to date and forecast operating budget performance, or any unusual monthly movements on the overall fund account.	Budget forecast within plan, see detailed schedule later in this paper for information on assumptions. New Budget proposal included along with business plan.	None
No material concerns	Green			
Minor issues outstanding	Yellow			
Major issues outstanding	Red			

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

Quarter	Payroll Month	Paid contributions £000's				Average late and overdue contributions total days		Number of employers payments status		
		Total Payment	On Time Payment	Late Payment	Late Payment %	Days Late Recd	Days Overdue	On time	Late	Not Received
Q1	Apr-22	8,099	5,256	2,842	54.1%	19.4	-	160	18	-
Q1	May-22	7,732	4,723	3,003	63.6%	7.9	-	158	20	-
Q1	Jun-22	7,815	7,794	22	0.3%	18.9	-	168	10	-
Q2	Jul-22	7,835	6,993	66	0.9%	5.8	-	170	6	-
Q2	Aug-22	7,519	7,265	254	3.5%	16.1	-	165	10	-
Q2	Sep-22	7,536	7,522	14	0.2%	8.1	-	164	14	-
Q3	Oct-22	7,814	7,004	811	11.6%	8.8	-	169	8	-
Q3	Nov-22	9,207	9,182	25	0.3%	9.5	-	166	12	-
Q3	Dec-22	9,814	9,807	7	0.1%	1.0	-	175	3	-
Q4	Jan-23	7,988	7,273	715	9.8%	3.9	25.3	165	10	3
Total	Q1	23,646	17,773	5,867	33.0%	15.4	-	486	48	-
Total	Q2	22,891	21,780	334	1.5%	10.0	-	499	30	-
Total	Q3	26,834	25,992	842	3.2%	6.4	-	510	23	-

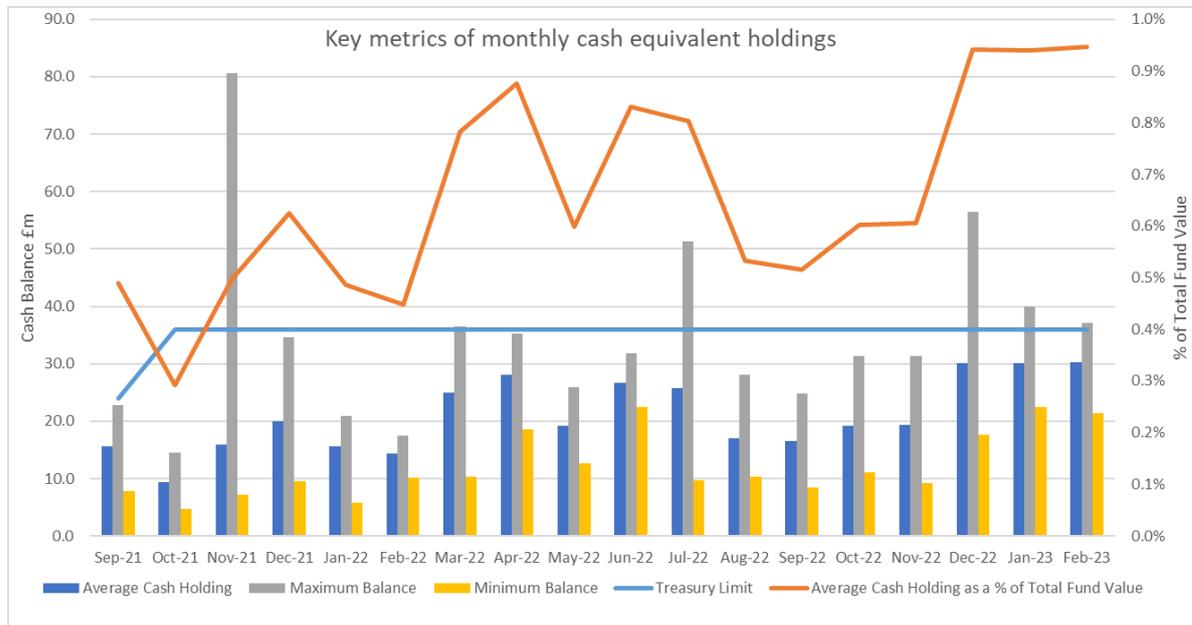
14. Three small payments remain outstanding as at 10th March 2023, these are being actively chased by the fund. The majority of the late payments are received within a day or two of the deadline and all employers who have not paid are contacted immediately after the deadline day to remind them to pay. Persistently late payments or employers where we have problems are escalated to the employer relationship manager for resolution.

15. The following table provides further details for performance dashboard item 3. Cashflow, banking and capital calls. This table sets out the actual and forecast cashflow movements for 2022/23. The table separates the cashflow between operating cashflow, such as income from employers and payment of pensions and investing which includes rebalancing strategies or meeting private markets capital calls.

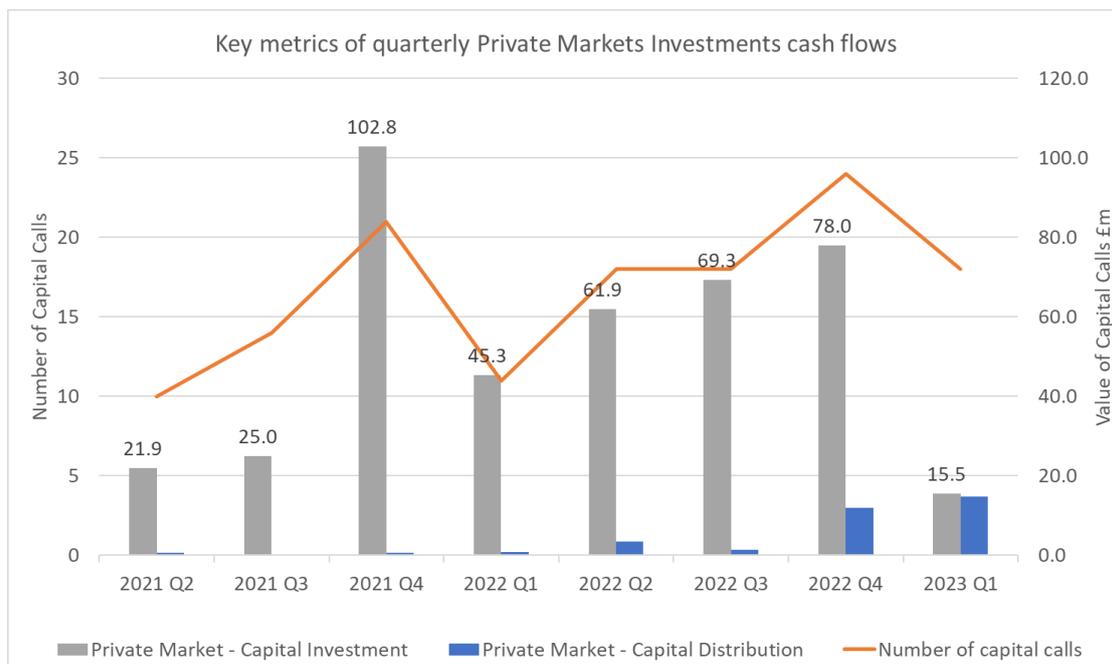
16. The average cash equivalent holding as a % of total fund assets remains small at around 0.9% - 0.5% to minimise the detrimental effect of cash drag on overall performance.

Summary Cashflow statement for Wiltshire Pension Fund														
		Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Forecast		
£m equivalent		Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	2022/23
Opening Cash Balance		28.7	18.9	25.9	22.5	10.1	12.0	16.8	31.4	17.9	22.7	28.0	29.2	28.7
Operating	Income	39.9	6.9	11.6	8.8	8.7	9.2	8.9	9.3	10.4	11.1	9.6	8.4	142.8
Operating	Expenditure	(9.5)	(10.9)	(9.1)	(11.4)	(10.0)	(10.1)	(9.7)	(10.3)	(13.5)	(9.6)	(10.6)	(10.4)	(125.2)
Investing	Private Market - Capital Investment	(40.1)	(5.8)	(15.9)	(43.8)	(21.2)	(4.3)	(6.3)	(22.5)	(49.2)	(9.1)	(5.4)	(1.1)	(224.7)
Investing	Private Market - Capital Distribution	0.0	3.5	0.0	0.0	1.3	0.0	1.6	0.0	10.3	0.0	0.7	14.1	31.6
Investing	Listed Market - Capital Withdrawal	0.0	13.3	10.0	34.0	23.0	10.0	20.0	10.0	47.0	10.0	10.0	0.0	187.2
Investing	Listed Market - Capital Investment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investing	Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	2.9	(3.1)	(0.9)	(1.0)
Closing Cash Balance		18.9	25.9	22.5	10.1	12.0	16.8	31.4	17.9	22.7	28.0	29.2	39.3	40.4
Maximum Balance		35.2	25.9	31.8	51.4	28.1	24.7	31.4	31.3	56.5	39.9	37.1	47.9	
Minimum Balance		18.6	12.7	22.4	9.7	10.3	8.4	11.1	9.2	17.7	22.5	21.4	39.3	
Average Cash Holding		28.0	19.2	26.6	25.7	17.0	16.5	19.2	19.4	30.1	30.1	30.3	42.8	
Average Cash Holding as a % of Total Fund Value		0.9%	0.6%	0.8%	0.8%	0.5%	0.5%	0.6%	0.6%	0.9%	0.9%	0.9%	1.3%	
Number of capital calls		6	6	6	7	8	3	5	8	11	9	6	3	78
Number of listed market withdrawals		0	1	1	1	2	1	1	1	2	1	1	0	12
Maximum Balance		35.2	25.9	31.8	51.4	28.1	24.7	31.4	31.3	56.5	39.9	37.1	47.9	
Minimum Balance		18.6	12.7	22.4	9.7	10.3	8.4	11.1	9.2	17.7	22.5	21.4	39.3	
Net Cashflow from Operating		30.4	(3.9)	2.4	(2.6)	(1.3)	(0.9)	(0.8)	(1.0)	(3.1)	1.4	(1.0)	(2.0)	17.6
Net Cashflow from Investing		(40.1)	10.9	(5.9)	(9.8)	3.2	5.7	15.4	(12.5)	8.0	3.8	2.3	12.1	(6.9)

17. An investment manager has been selected to run the SALAMI (Strategic allocation to Liquid asset matching investments) portfolio, a final investment manager agreement (IMA) has undergone legal due diligence and is in the process of being signed. This portfolio will allow the fund to maintain a smaller cash balance.



18. Cashflow activity for private markets capital calls have continued to be met as commitments made to Brunel Cycle 2 portfolios (Private Debt, Private Equity, Infrastructure & Secured Income) are called and the fund commitments to affordable housing. The figures below for Q1 are for part of the quarter.



Planned improvements and key items to monitor

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

Improvement / Issue	Last RAYG* rating	Current RAYG* rating	Comments
Payroll reconciliation			Reconciliation process is implemented and recording a gradual reduction in variances. This is reported on within this report.
Integrated systems			New plans are now being worked on to implement an integrated payroll and a one-off payments system within Altair. The payroll will be set-up, tested etc. and then pensioners would transfer to the new Evolve system and be moved to the Altair payroll in batches when the reconciliation work is complete and the payroll team have capacity. One-off payments is in the process of being implemented.
Evolve			Implementation of the SAP financial system will now be later than April 2023. The fund will continue to have access to a functional finance system and payroll until the new system is established. The pension is represented on key implementation working groups. The new system is in development to meet the Council and pension fund needs.
An overall review of reconciliations, and improved management information			Reconciliations are being reviewed monthly within the finance team and reported on. The finance team meet monthly with the admin team to review all reconciliation issues. The number of discrepancies have reached a much lower level.
Wiltshire Council – Wiltshire Pension Fund SLA charge			LPB Action Point – SLA Recharge Pension Fund Officers have received a draft SLA charge from the Council. Advice has been received from Legal on the format of any agreement between the fund and the council. This will include details of the charge calculation (completed) and high level details of the services being provided under each item (being drafted).

	Significant concern
	Not started
	Work has commenced
	Significant progress made
	Completed/situation under control

Wiltshire Pension Fund Running Costs 2022-23

20. The operating budget includes core running costs of the fund; administration, governance and investment officers. The operating budget excludes fees for investment managers, these are reported annually and considered alongside investment returns.
21. To improve information available to Committee on the costs of Brunel a reference line has been included to show these costs at the bottom of the budget report. The annual cost includes Wiltshire's share of the running costs and in the last two years a cost of a provision made to cover the guarantee provided by the fund to Brunel to for pension liabilities. In year ending March 2021 this was £666k, and in year ending March 2022 an additional £111k was charged to increase the provision. The forecast for March 2023 includes no adjustment for this and only includes the underlying running costs of just over £1m.
22. The pension fund is forecasting an underspend of £764k versus the operating budget for 2022/23, based on known expenditure to the end of February 2023. The main item of underspend relates to £761k of timing difference on the implementation of two key projects, the payroll reconciliation and backlog clearance. The table at the bottom of the budget summary shows the value of costs forecast for each project. The outstanding budget costs not spent in 2022/23 will be rolled forward into the budget proposal for 2023/24.
23. Excluding this underspend the fund is forecasting being in line with budget for the year. Underlying this has been an overspend on staffing costs due to a higher than budgeted pay award to all council staff. The budget included a pay award of 2%, the actual award was an increase for all staff of £1,925, this increased total staffing costs by £64k c4% for the year. This overspend has been offset by underspends on other items such as advisory costs.

Wiltshire Pension Fund Budget 2022/23

£000's	Prior Year			2022/23			
	2019/20	2020/21	2021/22	Forecast	Budget	Variance	% Variance
	Investment administration staffing costs	119	114	206	197	198	1
Investment administration travel/conferences/training costs	0	2	4	1	8	7	85%
Total investment administration costs	120	116	210	198	206	7	4%
Pension scheme administration staffing costs	996	1,036	1,152	1,354	1,267	(87)	-7%
Staff training	19	22	18	20	28	8	30%
Corporate charges	311	311	311	311	311	0	0%
Pension administration systems and data cleansing	310	354	328	449	622	173	28%
Other administration costs	107	51	28	380	970	591	61%
Total scheme administration costs	1,743	1,775	1,838	2,514	3,199	685	21%
Oversight & governance staffing costs	246	180	225	243	238	(5)	-2%
Training and conferences	8	0	24	20	28	8	28%
Subscriptions, memberships and levies	34	32	44	33	36	3	7%
Actuarial services	214	154	147	310	319	9	3%
Audit	10	37	27	83	83	0	0%
Legal fees	13	11	48	49	49	0	0%
Advisory fees	142	196	276	222	279	57	20%
Corporate charges & other costs	149	165	144	146	146	0	0%
Total oversight & governance costs	815	775	936	1,107	1,178	71	6%
Local Pension Board costs	14	14	15	25	25	0	0%
Total operational running costs	2,692	2,679	2,998	3,844	4,608	764	17%
Number of Members	80,824	82,454	82,454	82,454	82,454		
Total Running Cost per member (Admin & Governance)	£ 31.83	£ 31.09	£ 33.82	£ 44.22	£ 53.39	£ 9.17	17%
Underlying Running Costs Per member 22/23							
Valuation & SAA				207	207	0	
Altair Payroll & Implementation				83	276	193	
Payroll Reconciliation				140	350	210	
Backlog Clearance				78	450	373	
Fee's review				15	0	(15)	
Systems Review				20	20	0	
Exclude One off Costs				542	1,303	761	
Underlying Running Costs				3,302	3,305	3	
Revised Running costs per member				£ 40.05	£ 40.08	£ 0.04	
Reference item - Managed as part of investment manager fees							
Brunel Running Costs	1078	1,575	1,206	1,191	1,192	1	0

Environmental Impacts of the Proposals

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

25. There are no known implications at this time.

Proposals

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

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

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

This page is intentionally left blank

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
23rd March 2023

TREASURY MANAGEMENT STRATEGY

Purpose of the Report

1. This report provides Members' with the Treasury Management Strategy for 2023/24 and performance information of the treasury function provided by Wiltshire Council treasury team on behalf of the pension fund.

Background

2. The primary purpose of the Treasury Management Strategy at Wiltshire Pension Fund is to ensure sufficient cash is available to pay liabilities when they fall due whilst minimising lost investment returns from holding assets outside of strategic investment allocations. This paper includes the Treasury management strategy for the year ahead, this will be implemented as soon as the SALAMI portfolio IMA is signed. This Treasury strategy was last approved in March 2022 and since then officers have been implementing the new SALAMI portfolio which will go live by the end of Q1 2023.
3. The Council treasury team provides a treasury service for all cash held outside of the funds main investments, these funds are held in a bank account and invested via money market funds. This is used to meet the operational cash flow needs. Attached to this report is performance data for the financial year ending March 2022, similar data will be available for year ending March 2023 once the financial year is completed.
4. The key points to note from the Council report are that there were no breaches of counterparty limits in the year ending March 2022 and the average interest earned on deposits was 0.13%.
5. Whilst the full report for year ending March 2023 is not yet available, year to date there were no breaches of counterparty limits and the average interest earned on deposits was 1.72%

Fund Strategy Alignment

6. The Treasury Management Strategy aligns with the following strategic vision goals.



Environmental Impact of the Proposal

7. There is no known environmental impact of this proposal.

Proposals

8. The Committee is asked to:

- a) Approve the attached Treasury Management Strategy
- b) Note performance by the Council Treasury team to March 2022.

Report Author: Chris Moore – Accounting and Investment Officer

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

Appendices:

Appendix 1 – Wiltshire Council Treasury Team report.

WILTSHIRE PENSION FUND TREASURY MANAGEMENT STRATEGY

1. Introduction

- 1.1. The primary purpose of the Treasury Management Strategy at Wiltshire Pension Fund is to ensure sufficient cash is available to pay liabilities when they fall due whilst minimising lost investment returns from holding assets outside of strategic investment allocations.
- 1.2. The Fund has two key categories of cashflows to consider when setting the strategy;
 - **Regular Operational Cashflows (*Members payments*)**
 - o Monthly pension payments (paid on the 25th of each month) and twice weekly one-off payments (lump sums, transfers out etc)
 - o Monthly employer and employee contributions (due by 19th of each month)
 - o Running costs of the pension fund
 - **Investment Cashflows**
 - o Private market capital calls and capital distributions
 - o Strategic asset allocation rebalancing
- 1.3. Over a financial year the fund has a small net inflow from the operational cashflows, with income received from contributions and transfers in marginally exceeding the cost of pensions paid, transfers out and fund running costs. Employer contributions are received by the 19th of each month increasing the cash balance ahead of the payroll being paid on the 25th of each month. Average operational cash inflow per month in 2022/23 was £12.2m and outflow was £10.4m.
- 1.4. The investment cashflows come from commitments to private markets portfolios with Brunel (Private Equity, Private Debt, Infrastructure), Partners Group (Infrastructure), and two new portfolios being run by the Fund (Affordable Housing and Renewable Infrastructure). These investments have an initial period where capital is called then after time these start to pay out capital distributions at the end of the fund life.
- 1.5. There are ad-hoc movements between investment portfolios to rebalance the investments in line with the strategic asset allocation. These are often completed through divestment and reinvestment with another manager.

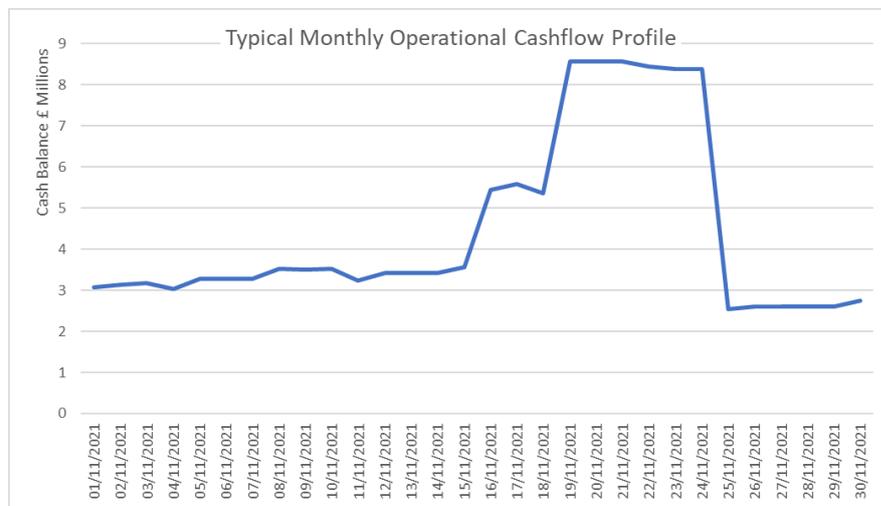
2. Investment Strategy

- 2.1. The two cashflow categories (Regular Operational and Investment) require different approaches to meet the strategy aims. The Regular Operational cashflows are more predictable, to some extent within the funds control, are forecastable and much lower in value. The Investment cashflows are irregular in timing, have a short notice period and are often very large values. To accommodate these differences each has a strategy best suited to the cashflow type.
- 2.2. Despite the differences there are a few overriding principles that will apply to strategies.

- 2.2.1. The investments must have short term liquidity, within 1 working day.
- 2.2.2. Suitable levels of investment return should be achieved.
- 2.2.3. Reputable and highly rated financial institutions will be used.
- 2.2.4. Investments must be in Sterling.
- 2.2.5. Direct investments with counterparties are not permitted (e.g. direct deals with banks or other local authorities for fixed time periods).
- 2.2.6. Investments must take into account wider fund objectives, e.g. Net Zero by 2050.

3. Operational Cash Flow strategy

- 3.1. The operational cashflow strategy is mainly driven by the receipt of employer contributions, by the 19th of each month and the payment of the pensioner payroll on 25th of each month. This results in a spike of cash of around £6m - £7m for the period of time between these two dates. As set out below in the typical monthly profile.



- 3.2. Outside of the spike in cash sufficient cash must be held to ensure any large payments can be met. Payment runs for these are made twice weekly and are on average £300k - £400k.
- 3.3. Given the short-term cyclical nature of the cash surplus on these funds this surplus cash will be managed in line with the following principles.
 - 3.3.1. A maximum balance of £10m to be held at any point.
 - 3.3.2. The cash balance will be maintained as low as possible throughout the month.
 - 3.3.3. The cash balance will never become overdrawn.
 - 3.3.4. Surplus cash will be invested in a AAA-rated Money Market Fund managed by an approved investment manager with daily liquidity.
 - 3.3.5. A maximum of £10m to be held with a single counterparty.
 - 3.3.6. Any cash forecast to exceed the maximum balance will be reinvested into the Funds investment portfolios.
 - 3.3.7. Any forecast shortfall in cash will be topped up from cash withdrawn from the Funds investment portfolios.

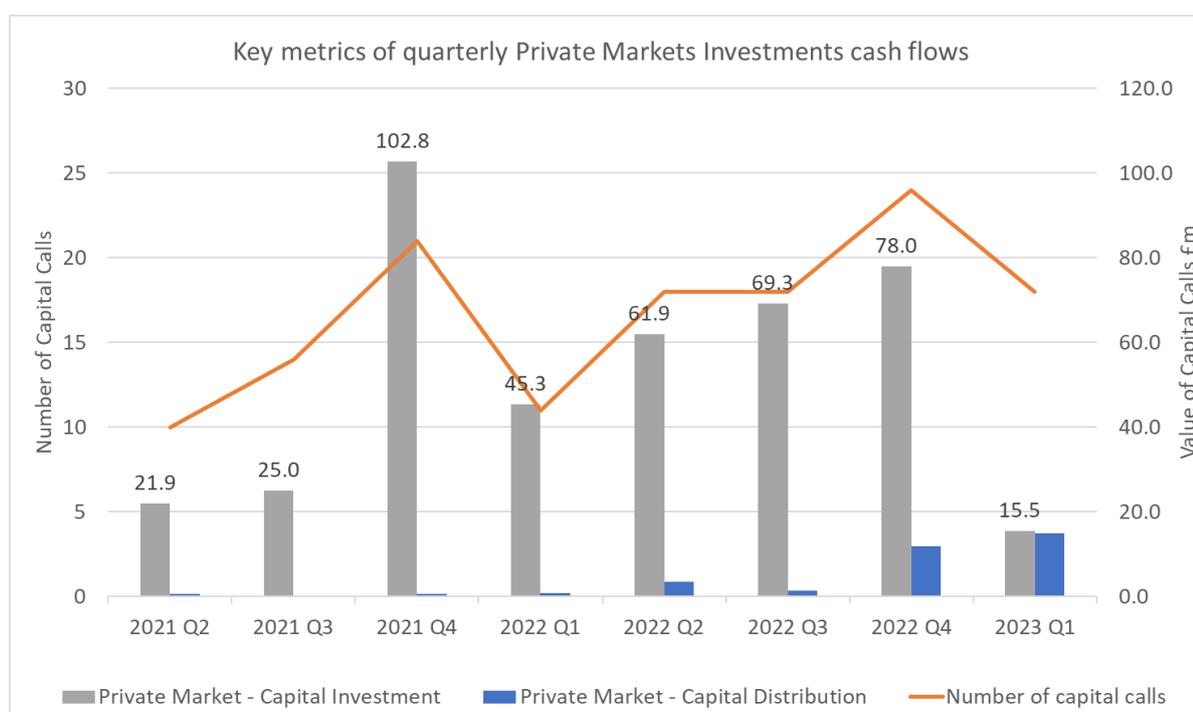
3.3.8. No investment will be made in the same funds used by the Custodian to invest any cash it holds on behalf of the Fund's investment managers.

3.4. The fund will apply these principles across two accounts used to manage operational cash, a current account for making and receiving payments, supported by a separate Money Market Fund to hold any short-term surplus cash.

3.5. Money market funds provide negligible levels of return but will ensure cash is available to pay key liabilities when they fall due. Minimising the value held within this strategy is key to lower the negative impact of lost investment returns. The very short period of time when a surplus of cash will be held also lowers this risk.

4. Investment Cashflow Strategy

4.1. The Investment Cashflow strategy is driven by the need to meet high value short notice capital calls. The following table shows recent capital calls and distribution cashflows. Average monthly capital investments have been £20.2m, with a range of between £5m and £43m. Capital calls typically have 10 working days' notice for payment to be made.



4.2. The value and volume of capital calls will increase over the next few years as the fund builds up investments in these asset classes to meet the strategic asset allocation. Once the target allocation has been reached activity will remain high as new calls will be required to offset distributions being received. Forecasting of these cashflows on an annual basis is shown below, anticipating an average monthly outflow of £14m - £17m. This will increase as allocations to affordable housing and renewable infrastructure have been made.

WPF Private Markets Calls and Distributions Forecasting					
Portfolio	21/22	22/23	23/24	24/25	25/26
Drawdowns					
Private equity	(31.5)	(47.3)	(59.5)	(65.5)	(61.0)
Brunel infrastructure	(16.0)	(30.0)	(44.0)	(58.0)	(64.0)
Private debt	(63.0)	(87.0)	(83.0)	(80.0)	(80.0)
Secured income (Greencoat)	(66.0)	0.0	0.0	0.0	0.0
Partners infra	(15.0)	(10.0)	(5.0)	(2.0)	0.0
Total	(191.5)	(174.3)	(191.5)	(205.5)	(205.0)
Distributions					
Private equity	0.9	3.5	9.6	18.4	33.0
Brunel infrastructure	0.0	0.0	2.0	4.0	9.5
Private debt	0.0	9.0	18.0	26.0	52.0
Secured income (Greencoat)	3.4	3.4	3.5	3.6	3.7
Partners infra	8.0	14.0	17.0	18.0	17.0
Total	12.2	29.9	50.1	70.0	115.2
Total net cashflow	(179.3)	(144.3)	(141.4)	(135.5)	(89.8)
Average Monthly Drawdowns	(16.0)	(14.5)	(16.0)	(17.1)	(17.1)

- 4.3. Given the high value and irregular nature of these cashflows, funds will be managed in line with the following principles;
- 4.3.1. An allocation of between 0% and 2% of the total Fund value will be held in a strategic allocation to liquid asset matching investments (SALAMI portfolio). (As at December 2022 - £0m to £66m)
 - 4.3.2. The SALAMI portfolio will utilise Exchange Traded Funds (ETF's) to broadly match the overall Fund SAA return with a low tracking error.
 - 4.3.3. The SALAMI portfolio will provide T+1 liquidity.
 - 4.3.4. The SALAMI portfolio will be provided by a reputable Investment Manager who will carry out dealing and fund balancing on the Fund's behalf.
 - 4.3.5. The portfolio will be managed through the Fund's custodian with reporting on investment performance quarterly to the Committee.
 - 4.3.6. At times it is necessary for cash to be held by the Fund's custodian, this happens when assets are moving between investment portfolios, such as when distributions are received. The Fund's custodian manages this cash in line with its own policies, making use of money market funds to provide a minimum level of return on this cash. Cash is only held in these accounts for the minimum possible duration for periods between deals.
- 4.4. The principles of this policy enable the fund to minimise the impact of 'cash drag' This is when the fund holds large values of cash which earn a lower or different rate to the overall strategic asset allocation, lowering overall return. The SALAMI Portfolio should ensure the investment return on any assets held here broadly match the overall return of the Funds investment portfolio, eliminating the impact of cash drag.
- 4.5. The SALAMI portfolio will provide an efficient and reliable administrative process to ensure funds are available to meet capital calls and other liabilities, significantly

reducing the risk any of these cannot be met which would have significant contractual implications for the Fund.

- 4.6. Following a competitive tender process BlackRock have been appointed as the investment manager to run the SALAMI portfolio.

5. Borrowing Policy

- 5.1. The Fund is not permitted to borrow under the regulations, except by way of a short-term loan or overdraft from a bank (repayable within 90 days), and then only in exceptional circumstances where funds are required for:
 - Paying benefits due under the Scheme; or
 - Meeting investment commitments arising from the implementation of a decision by the Committee to change the balance between the different types of investment.

6. Operational Implementation and Reporting

- 6.1. Management of the Operational Cashflow strategy will be carried out by the Wiltshire Council Treasury management team under a Service Level Agreement. All assets are invested separately from the Council's and all monies will be paid out of and received back into the Pension Fund bank account.
- 6.2. Management of the Investment Cashflow strategy will be carried out by Pension Fund Officers ensuring the allocation remains within the permitted range. They will oversee the Investment manager implementing the Liquidity Sleeve, receiving regular reporting and meeting to review performance against target.
- 6.3. Reporting of performance against this strategy will be provided quarterly to the committee via the Key Financial Controls Report and Investment Quarterly Update.

7. Regulatory Context

- 7.1. In setting this strategy the Fund has taken regard of the following relevant regulations and legislation.
 - 7.1.1. The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 which came into force 1 November 2016.
 - 7.1.2. The Ministry of Housing Communities and Local Government's (MHCLG's) Guidance on Local Government Investments ("[the Guidance](#)") issued under section 15(1)(a) of the Local Government Act 2003 and effective for financial years commencing on or after 1 April 2018 and any revisions to that Guidance
 - 7.1.3. The 2017 revised CIPFA Treasury Management in Public Services Code of Practice ("[the CIPFA TM Code](#)"); and Cross Sectoral Guidance Notes;
 - 7.1.4. The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 and any revisions to these regulations.

This page is intentionally left blank

Wiltshire Pension Fund
Annual Treasury Management Report 2021/22

1. This report reviews:
 - a) the actual cash position at the end of 2021/22
 - b) the investment position during, and at the end of 2021/22

Review of Cash Position

2. The cash position for the year was as follows,

	£000s
Payments	
General Creditors	45,216
Pensions	75,634
To Fund Managers	78,780
Payments Total	199,630
Receipts	
General Income	92,195
WC Transfer	44,357
From Fund Managers	85,650
Receipts Total	22,202
Cash Inflow	22,572

3. The outflow can be accounted for by the movement in funds as follows,

	£000s
Increase in Investments	22,514
Increase in Bank Balance	58
Total	22,572

4. The Pension Fund maintained an average balance of £10,462 million of funds available for investment during the year.

5. Monthly average cash balances, and highest and lowest cash balances, held for investment were as follows,

Month	Cash Balances		
	Average £000s	Highest £000s	Lowest £000s
April 2021	7,334	13,203	5,439
May 2021	8,885	12,973	6,752
June 2021	7,641	11,923	6,061
July 2021	7,187	14,892	4,307
August 2021	7,898	19,638	5,394
September 2021	14,568	20,847	7,972
October 2021	9,105	14,108	4,565
November 2021	8,985	13,959	6,998
December 2021	18,509	26,322	9,175
January 2022	14,894	20,706	5,402
February 2022	13,925	16,601	9,382
March 2022	24,745	36,478	9,545
Average 2021/22	11,983		

Investment Out Turn

6. Investment decisions involve a certain degree of risk. In order to minimise exposure to risk, the Treasury Management Strategy recognises the need for security and liquidity, so it has been agreed that funds would be placed with agreed counterparties only. These are as follows,

Counterparty	Account Type	Credit Rating **
HSBC	Overnight Deposit Account	AA-
Black Rock	Money Market Fund (LVNAV*)	AAA
Aberdeen Asset Management	Money Market Fund (LVNAV*)	AAA
Handelsbanken	Call Account	AA

* LVNAV = Low Volatility Net Asset Value

** Credit Rating = Fitch Long Term Credit Rating (AAA = highest rating) as at 31 March 2022

7. During the year there were opportunities to place surplus cash with all four counterparties above. Although HSBC was not used until March 2022, when the interest rate associated with this account improved from negative to positive. This resulted in interest income (receivable) of £13,555.31.
8. Deposits were placed to maintain liquidity, obtain the best interest available and to spread the risk within the authorised lending limits.
9. As summarised within Appendix A, 27 deposit transactions were made during the year, with a gross value of £113.309 million. Of the deposits made, 4 were placed on call with Handelsbanken, 14 were placed with the money market funds, and 9 were placed with HSBC.

10. The funds earned an average interest rate of 0.13%.

Breach of Counterparty Limit

11. There were no breaches of the counterparty limits for the pension fund during this financial year.

Review of Temporary Deposits 2021/22APPENDIX A

Counterparty	Balance at 1 April 2021 (£000s)	Placed		Repaid		Balance 31 March 2022 (£000s)	Interest Range* (%)	Interest Received (£000s)
		Value (£000s)	No	Value (£000s)	No			
HSBC – Overnight	0	9,470	9	8,140	7	1,330	-0.05 to 0.54	0
Black Rock MMF	4	38,480	7	31,334	16	7,150	0.01 to 0.35	5
Aberdeen MMF	0	45,354	7	35,400	19	9,954	0.01 to 0.36	4
Handelsbanken – Call	5,857	20,005	4	15,920	9	9,942	0.05 to 0.50	5
Totals	5,861	113,309	27	90,794	51	28,376		14

* Interest Range = Lowest/highest interest rate for the transactions during the period.

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
23 March 2023

DIVESTMENT STATEMENT

Purpose of the Report

1. The purpose of this report is to finalise discussions regarding agreeing a position and statement regarding the topic of divestment.

Key Considerations for Committee

Background

2. The Committee discussed divestment at the meeting on 2 March 2023, as part of the Responsible Investment Update item. Many excellent points were raised, and it was resolved that making a decision on this particular point would be deferred to the 23 March 2023 meeting.
3. Comments requiring amendment to the statement were around covering the topic of energy security, and the link to the Fund's strategic allocation to renewable infrastructure and climate solutions, as well as amending the wording around setting a target.
4. A further suggestion was made that due to the complicated nature of this topic, the statement would need to be supported by an explanation of the position. It is proposed that this is actioned by adapting the explanatory wording included in the paper at the 2 March 2023 meeting, such that it is suitable for inclusion in the next revision of the Fund's Responsible Investment Policy, which is scheduled for September 2023. This wording is included below.
5. The revised statement is as follows:

As a long-term investor, WPF's goal is to protect the investments from climate change risk, and safeguard the financial future of the Fund. We support a global warming scenario of well below 2°C, and have an ambition to achieve net-zero carbon emissions across all investment portfolios by 2050. We do not see a long-term place for fossil fuel investments in our portfolios, and will work towards being fully divested from these companies by 2030. In the short term we will continue to monitor our holdings in these companies, to ensure that any such investments are helping to finance real-World change. Alongside this, we will continue to invest in renewable infrastructure and climate solutions, to help create sustainable replacements for traditional fuel sources, and contribute positively towards ensuring energy security. This approach aims to ensure that the Fund's risk of exposure to stranded assets is well managed, and that the Fund can benefit from the investment opportunities presented by the transition to a low carbon economy.

6. The supporting wording, for inclusion in the next revision of the Fund's Responsible Investment Policy, is as follows:

Fossil Fuel Divestment – the Fund’s position

What is divestment?

Divestment = the intentional act of moving money and investments out of a company. This is most often spoken about with regard to fossil fuel investments, and there is significant pressure on LGPS funds to divest from all fossil fuel companies. This pressure comes both from scheme members and wider campaigns.

The background

WPF’s position with regard to divesting from fossil fuels has historically been that we do not require our investment managers to exclude any specific holdings from our investment portfolios. Nevertheless, often managers will avoid certain types of stock, for example those which violate the UN Global Compact, or controversial weapons. The Fund’s view is summed up in one of our investment beliefs: ***“Stewardship and engagement are generally more effective tools than divestment in encouraging changes that will help safeguard the Fund’s investments. The Fund values the benefits of working with other investors to strengthen these activities and achieve better outcomes.”*** Brunel adopt a similar approach, and their engagement escalation policy permits eventual selective divestment if companies are not making the necessary changes after attempts have been made to engage.

We accept that this can be a divisive and complicated area, and that arguments have been made on both sides. Some argue that it is better for investors such as WPF to remain invested as that is how we can drive change, and that if we are not invested then someone else will be, who may have worse intentions as an investor. Others argue that this is a fallacy, and that the strongest way to deliver change is to not be invested at all, and that if companies want our capital, they will make the required changes in order to become investable.

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

What is a fossil fuel company?

An important factor to consider here is “what is a fossil fuel company?”. The definition can range from purely extractive industries, all the way through to distribution and retail of fossil fuels. Investing in some of these companies might not be at odds with the Fund’s wider goals – for example, a utility company could work to change its supply to renewables, and future-proof its activities. Or a distribution company could adapt its business to be part of a low carbon future. It can be hard to see how extractive companies can be part of the solution – but even here, they could form part of a forward-looking portfolio, if they were being supported to wind down operations, and distribute assets to investors. In reality, each investment situation will be different and will need careful evaluation and consideration.

Through the Fund’s allocation to the Paris-aligned passive portfolio, some companies are removed from the investable universe if they meet certain criteria. These are as follows:

- Companies with:
 - 1 % or more of revenues from exploration, mining, extraction, distribution or refining of hard coal & lignite
 - 10 % or more of revenues from the exploration, extraction, distribution or refining oil fuels
 - 50 % or more of revenues from the exploration, extraction, manufacturing or distribution of hydrocarbons, hydrogen and carbon monoxide mixtures present in gaseous state
- Electricity producers with carbon intensity of lifecycle GHG emissions greater than 100 gCO₂e/kWh (50%+revenues)
- Any companies found or estimated by them or by external data providers to significantly harm one or more of the environmental objectives under the “Do No Significant Harm” definition
 - Currently this includes Pure play Coal and Pure play Tar sands companies

The Fund uses these exclusion criteria from the Paris-aligned benchmark as its definition of “fossil fuel companies”, and monitors holdings on this basis. This is reported annually, as part of the Climate Report (including reporting in line with the Task Force on Climate-related Financial Disclosures/TCFD).

What about investment pooling?

Due to the nature of investment pooling, there can be barriers to implementing any divestment policy at the current time, due to the fact that pooled portfolios have to contain the same holdings for all client funds, and a consensus position would need to be sought. The Fund’s position has been communicated to Brunel and other investment managers, and the Fund continues to work with Brunel and other client funds in order to advance the approach in this area.

Environmental Impacts of the Proposals

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

8. There are no known implications at this time.

Proposals

9. The Committee is asked to
 - Approve the statement and supporting wording on fossil fuel divestment.

Report Author: Jennifer Devine, Head of Wiltshire Pension Fund

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

This page is intentionally left blank

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
23 March 2023

STEWARDSHIP REPORT

Purpose of the Report

1. The purpose of this report is to update members on the process for the Stewardship Report 2023.

Key Considerations for Committee

2. Wiltshire Pension Fund is a signatory to the Financial Reporting Council's (FRC) UK Stewardship Code 2020, following submission of a successful application report in April 2022.
3. Officers are in the process of drafting the second stewardship report in line with the Code, which will be accompanied by a 'highlights' summary report. The second report will follow the same format as the [first stewardship report](#), setting out the Fund's stewardship activity and outcomes against the 12 principles.
4. The deadline for sending renewal applications to the FRC is 31 May 2023, which must be completed to retain signatory status. The next Pension Fund Committee is on 15 June 2023; therefore the Committee are asked to agree that officers may submit the final report to the FRC following the report's circulation via email.
5. Once the documents are in final draft form, they will be attached to an email sent to Pension Fund Committee members for information and questions. Minor amendments will be incorporated into the final draft, with any substantial changes re-circulated before the report is finalised.

Environmental Impacts of the Proposals

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

7. There are no known implications at this time.

Proposals

8. The Committee is asked to agree that the final report may be submitted to the FRC following circulation via email.

Report Author: Liam Robson (Accounting and Investment Officer)

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

This page is intentionally left blank

Wiltshire Pension Fund Committee - 2022/23

Meeting:	26/05/21	28/07/22	05/09/22	06/10/22	17/11/22	14/12/22	02/03/23	23/03/23	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 ToR review to ensure continuity. Lasted reviewed in July 2020. With the ISC meetings discontinued and the Good Governance review and new Single Code of Practice published, a review in 2022/23 is anticipated.
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 Member Hand Book
Committee effectiveness review				✓					4 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		✓		✓		✓		✓	Quarterly review of Committee's work plan. Officers to update the next Scheme year's plan with annual reviews undertaken in calendar Q2
GOVERNANCE - Fund Specific									Comments
Scheme Legal, Regulatory & Fund update		✓		✓		✓		✓	Quarterly update by the Head of Pensions
Review of Risk Register		✓		✓		✓		✓	Quarterly review. Request risks to be added & changes made by Board prior to Committee approval. Redesign register on publication of code of practice
Updates & comments on the previous Committee & Board meeting minutes	✓	✓	✓	✓	✓	✓	✓	✓	Amongst other purposes Members should use the minutes to identify risks which can be added to the risk register
LPB Annual 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		✓						Annual exercise of Self-assessment by officers & reviewed by Members. Every other year the self-assessment will be independently audited. Scope to form part of the single tPR Code of Practice
Review Fund Training Programme							✓	Complete 4 year training plan last approved on 16/12/2021. Annual reviews undertaken in Q4 each year
Actuarial Valuation		✓			✓		✓	Valuation 2022 timetable a) Q1 '22 - Assumption setting, b) Q2 '22 - Data submitted & Council rate set, c) Q4 '22 - Preliminary results, whole Fund & by employer & FSS Consultation d) Q1 '23 - Valuation sign off & FSS finalised & e) Q2 '23 New rates implemented
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						✓		Annual review - In 2022/23 - Report 1: Brunel Cost Savings, Report 2: Key Financial Controls, Report 3: Payroll Reconciliation.

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 Council's AR&A's audit
Input to Annual Internal Audit Plan						✓			Committee to commission it own internal audit plan & liaise with the CLT/Audit Committee concerning the SWAP audit scope
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 service providers. Include advisor appointments, processes, controls & SLAs						✓			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	✓	✓	✓	✓	✓	✓	✓	✓	Addressed primarily during pre-meeting planning meeting
GOVERNANCE - Fund Plans, policies & strategies									Comments

Review Business Plan								✓	3 year plan last approved on 05/04/2022. Interim review due on 23/03/2023
Review Pension Administration Strategy		✓							3 year plan last approved on 17/12/2019
Review Communication strategy									3 year plan last approved on 16/12/2021. E-communication strategy update and customer service assessment
Review Data Improvement Plan								✓	All 3 year plans Data Improvement last approved on 30/09/2021. Data Protection Policy and Data Retention Policy last approved on 13/02/2020
Review Admin Charging Policy		✓							2 year plan last approved on 17/12/2019
Review Admin Authority Discretions									3 year plan last approved in 30/03/2021. No review required in 2022/23
Review Cessations policy									3 year plan last approved in 17/12/2020. No review required in 2022/23
Review Funding Strategy Statement					✓				3 year plan last approved on 17/12/2019. Next Fund Valuation 31/03/2022
Review Compliance with FRC stewardship code					✓				Last approved on 05/04/2022. Annually - 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)

Responsible Investment Plan					✓				To be reviewed in conjunction with the Investment Strategy Statement. To cover Climate Change Statement.
Review Fund "Responsible Investment Strategy"					✓				To be reviewed in conjunction with the Investment Strategy Statement. To cover Climate Change Statement.
ADMINISTRATION									Comments
Review Fund fraud risk prevention and mitigation measures									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				✓					Also cover Cyber Security reporting on an annual basis. Cyber security last reviewed 16/12/2021
Receive an annual report of an complaint & IDPR cases, including a review of the Fund's procedures		✓							Covered in Low Volume Performance Report. To be managed by LPB with issues submitted to the Committee on an exceptions basis
Review of Data Security & Business Recovery							✓		Report set out the arrangements in place & when they were last tested. BCP last reviewed 26/03/2020. Sept. 21 Interim GDPR document updates
Review GMP Rectification		✓					✓		Regular update concerning SAP & Altair database reconciliation. To consider migration to new payroll system.

Committee KPIs to monitor		✓		✓		✓		✓	Quarterly Administration performance reporting. Including outsourced backlog KPIs
Benchmark KPIs in Annual Report & Accounts information with other Funds									Annual Report & Accounts must be disclosed each 1st December
Review of Annual Benefit Statement process				✓					Percentage issued, action plan to issue outstanding ABSs, if required
Review employers compliance (data)									Ideally incorporate with ABS review process & update on Fund's Data Improvement Plan. Establish Report Cards
Employer Engagement Update									Update Committee on the implementation of an employer engagement strategy
Payroll migration, i-Connect & Members Self-service update				✓					Present as part of a Fund digital platform update. Progress report on take up and functional developments
INVESTMENT PERFORMANCE & RISK									Comments
Investment Quarterly Progress Report	✓		✓		✓		✓		Provided by each Investment Manager & the Investment Adviser, Mercer, who summarise the information and offer independent assessment of the market generally
Review Investment performance against Fund's benchmarking criteria	✓	✓	✓		✓		✓		To be presented quarterly and in conjunction with the draft Annual Report & Accounts

Investment Strategy Review / Asset Allocation Review	✓		✓		✓		✓		Quarterly review of strategy, plus an annual document last updated in 30/03/2021. 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	✓		✓		✓		✓		Quarterly (generally verbal) update on Brunel governance and operational issues
Cost transparency of BPP, Managers & the Custodian		✓							To be presented in conjunction with the draft Annual Report & Accounts

Page 224

Total number of Agenda Items:	10	19	7	17	17	13	7	16
--------------------------------------	-----------	-----------	----------	-----------	-----------	-----------	----------	-----------

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