Wiltshire Council

AGENDA

Meeting:	**Wiltshire Pension Fund Committee**
Place:	**Kennet Room - County Hall, Bythesea Road, Trowbridge, BA14 8JN**
Date:	**Thursday 13 July 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 01225 718656 or email Benjamin.fielding@wiltshire.gov.uk

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

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

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Membership:

Voting Membership
Wiltshire Council Members:
Cllr Richard Britton (Chairman)
Cllr George Jeans
Cllr Gordon King
Cllr Christopher Newbury
Cllr Stuart Wheeler

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

Swindon Borough Council Members
Cllr Kevin Small
Cllr Vijay Manro

Substitute Members
Vacant

Employer Body Representatives
Tracy Adams
Claire Anthony

Non-voting Membership
Observers
Stuart Dark
Mike Pankiewicz

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Public Participation

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

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

The full constitution can be found at this link.

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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** To receive any apologies for absence or substitutions for the meeting.	**10.00am**
2	**Minutes** *(Pages 7 - 12)* To approve and sign the Part I minutes of the Investment focused Committee meetings on 15 June 2023.	
3	**Declarations of Interest** To receive any declarations of disclosable interests or dispensations granted by the Standards Committee.	
4	**Chairman's Announcements** To receive any announcements through the Chairman.	
5	**Review of Actions arising from previous meeting(s)** *(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 - 24)* To receive the minutes of the meeting of the Local Pension Board held on 24 May 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 6 July 2023** 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 10 July 2023**. Please contact the officer named on the front of this agenda for further advice. Questions may be asked without notice if the Chairman decides that the matter is urgent.

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

8 **Headlines and Monitoring (HAM)** **10.10am**

A report for the committee's ongoing oversight of:

- Scheme, Regulatory, Legal and Fund Update
- Risk Register
- Administration KPI update – 1 March 2023 to 30 June 2023
    - a) Key business plan items – Aggregation Backlogs / i-Connect & Controls / Resourcing. Plus, general progress on the business plan.
    - b) Outsourcing updates
    - c) Integrated payroll system update (Action log item)
- Audit update
    - a) SWAP Audit 2022/23
    - b) Clearglass audit - update
    - c) SWAP KPI audit

9 **Fund annual report and accounts** *(Pages 25 - 70)* **10.30am**

Presentation of the draft Annual Report and Accounts 2022/23 and an update on any external audit finding. Plus, training on Cost Transparency.

10 **Key Financial Controls** *(Pages 71 - 84)* **10.50am**

A update by the Investment and Accounting Team Lead concerning the operational accounting arrangements and the 2022-23 Budget Outturn.

11 **Investment Managers Fees & Costs paper** *(Pages 85 - 90)* **11.00am**

The Investment and Accounting Team Lead will present a paper on the Fund's fees and costs for the period 2022/23. Plus training on Cost Transparency.

12 **Employer Cessation Policy reviews** *(Pages 91 - 110)* **11.10am**

The Employer Funding and Risk Lead will present a paper outlining changes to the Fund's Employer Cessation Policy.

13 **New Employer Policy Review** *(Pages 111 - 126)* **11.20am**

The Employer Funding and Risk Lead will present a paper outlining changes to the Fund's New Employer Policy.

14 **Committee Forward Work Plan** *(Pages 127 - 130)* **11.30am**

To review the work plan for the committee.

15 **Date of Next Meeting**

To determine the date of the next Committee meeting dates:
- Investment focused meeting 14 September 2023
- Administration focused meeting 5 October 2023

16 **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.

17 **Exclusion of the Public**

To consider passing the following resolution:

To agree that in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the business specified in Item Numbers 18 – 22 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

18 **Minutes** *(Pages 131 - 138)* **11.40am**

To approve and sign as a true and correct record the Part II (private) minutes of the previous meeting held on 15 June 2023.

19 **Local Pension Board minutes (Part II)** *(Pages 139 - 146)*

To receive the Part II minutes of the meeting of the Local Pension Board held on 24 May 2023.

To review the summary of the recommendations made by the Board.

20 **Swindon Borough Council Update** **11.50am**

The Head of Wiltshire Pension Fund will present a report concerning the status of data provision, financial reconciliation, and internal controls between SBC and the WPF.

21 **Fraud case Update** **12.00pm**

The Head of Wiltshire Pension Fund will present a report on a case of customer fraud which has occurred.

22 **Brunel Governance Update** **12.10pm**

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

Wiltshire Council

Wiltshire Pension Fund Committee

MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 15 JUNE 2023 AT KENNET ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

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

Also Present:
Tony English(Mercer), Josh Caughey (Mercer), Philip Hebson (Independent Advisor) and Cllr Nick Botterill

63 Apologies

Apologies for absence were received from Cllr George Jeans.

It was outlined that following the meeting of Full Council on 16 May 2023, there had been a membership change to the Committee, with Cllr Pauline Church replaced by Cllr Stuart Wheeler.

64 Minutes

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

Resolved:

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

65 Declarations of Interest

There were no declarations of disclosable interests.

66 Chairman's Announcements

The Chairman recognised the work and contributions of departing Member, Cllr Pauline Church.

67 Review of the Minutes of the Local Pension Board

The Committee reviewed the minutes of the Local Pension Board meeting held on 24 May 2023, and it was,

Resolved:

To note the minutes of the Local Pension Board meeting on 24 May 2023.

68 **Public Participation**

No statements or questions were submitted.

69 **Responsible Investment Update**

The Committee received a presentation by Liam Robson (Investment and Accounting officer) regarding the Fund's quarterly responsible investment performance. The presentation covered the following matters, including but not limited to, a look back over Q2, the main points of the responsible investment strategy, the progress of allocation to renewables and climate solutions as well as greater investment into the affordable housing allocation.

Reference was drawn to the Stewardship Report 2023, which had been submitted to the Financial Reporting Council, with a set of communications set to be published to turn the report into an accessible formatted stakeholder facing document. Additionally, the Affordable Housing Impact Report 2023 was referenced following its publication in April 2023, which aimed to provide stakeholders with impact measures for this allocation. Further reporting documents for 2023 included an enhanced voting review for 2022, with voting records set to be reviewed quarterly.

Attention was drawn to Training and Engagement with officers having continued to consider options for holdings transparency. Reference was also made to producing articles and material based upon climate analysis and a further piece of work that would look at engagement with younger members of the scheme.

After the presentation, the following questions and comments were raised by the Committee, including but not limited to clarity on why Cement had been chosen as a topic for research, with it noted that this was a sector that would be analysed and had been identified by Mercer across portfolios as scoring highly with carbon emissions. In addition, feedback was provided that it would be positive for the report to include timelines so that the Committee could have oversight of the on-going tasks.

At the conclusion of discussion, it was,

Resolved:

The Committee agreed to use the report as a basis for monitoring the progress that is being made towards implementing responsible investment policy;

The Committee noted the progress made against the Responsible Investment Plan 2023/24 actions and discuss whether any additional actions are needed at the current time.

70 **Date of Next Meeting**

The next administration focused meeting of the Committee will be held on 13 July 2023.

71 **Training Plan**

Denise Robinson (Engagement and Training Officer) presented an updated training plan. The presentation covered the following matters, including but not limited to, how the training plan had not been changed radically and that it would follow all regulations as well as the subjects suggested by the Chairman at the beginning of the year. In addition, it was stated that feedback from Members would be sought to make the training engaging as well as that a new starter pack was set to be produced. Furthermore, the Officer stated that she would keep the Committee up to date with seminars.

After the presentation, the following questions and comments were raised by the Committee, including but not limited to that it would be positive for the Officer to contact Members of the Committee to survey the Training Plan as previously the Chairman had felt a lot of content had been pushed onto the Committee. It was preferred that there was to be a more organic process with Members suggesting ideas and their requirement.

Further emphasis was placed on the need for Member feedback and that it would be preferred if the training was to be received separate to the meeting and in a private environment. Additionally, it was voiced that the Committee would be happy to do the training scheduled for July as it would be too late to change this.

At the conclusion of debate, it was,

Resolved:

The Committee agreed that the Officer would contact Committee Members to collate their views and look to set the Training Plan in context of the provided feedback.

72 **Urgent Items**

There were no urgent items.

73 **Exclusion of the Public**

It was,

Resolved:

To agree that in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the business specified in Minute Numbers 19 - 22 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.

74 **Minutes**

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

Resolved:

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

75 **Review of the Minutes of the Local Pension Board (Part II)**

The private minutes of the Local Pension Board meeting held on 24 May 2023 were presented for consideration, and it was,

Resolved:

To note the minutes as a true and correct record.

76 **Quarterly Investment Update**

Chris Moore (Investment and Accounting officer) presented a report on the Fund quarterly investment performance.

At the conclusion of discussion, it was,

Resolved:

The Committee agreed to use the investment reports and the update provided by officers and advisers at the meeting as a basis for monitoring the investment performance and implementation of the strategic asset allocation.

The Chairman called the meeting to a break at 11:12am and then resumed at 11:17am.

77 **Manager Presentation - Ninety One**

Grant Webster (Portfolio Manager, Ninety One) provided a presentation on behalf of Ninety One. The presentation covered the following matters, including but not limited to, an overview of how money allocations are managed, an overview of performance, outlook, and sustainability. Questions were also taken from the Committee.

78 **Brunel Fee Validation Presentation - (report by ClearGlass)**

Mark Lindheim and Chris Sier (Client Success, ClearGlass) provided a presentation on behalf of ClearGlass regarding Brunel Fee Validation.

At the conclusion of discussion, it was,

Resolved:

The Committee noted the audit report findings.

The Committee approved items 14, 15, 16 & 17 as set out in the proposed way forward.

The Committee agreed that Officers would formulate questions to work with ClearGlass to seek clarifications on unknown elements which had been identified within the report.

(Duration of meeting: 10.00 am - 1.15 pm)

The Officer who has produced these minutes is Ben Fielding - Senior Democratic Services Officer of Democratic Services, direct line 01225 718656 or e-mail: benjamin.fielding@wiltshire.gov.uk

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Wiltshire Pension Fund Committee - Actions Log					
Minute reference	Section	Meeting Action	Task owner	Target date for completion	Date completed
24 (24/06/21)	Procurement (New Payroll System)	Updates on the integrated payroll and payments system project to be brought back to committee	JD	13/07/23	
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	15/06/23
37 (02/03/23)	Investment (Quarterly update)	To receive an update on Brunel identifying a number of instances where managers had taken on investments counter to or outside their mandates.	CM	15/06/23	15/06/23
49 (23/03/23)	Governance (Risk Register)	To request that time bound resolutions be included in the risk register.	RB	13/07/23	
49 (23/03/23)	Governance (Training)	To defer approve of the member training plan for 2023/23	RB	15/06/23	15/06/23
50 (23/03/23)	Governance (Business Plan)	A business plan action plan would be brought back to Committe in 6-months' time which would demonstrate timescales	JD	05/10/23	
71 (15/06/23)	Governance (Training)	The Committee agreed that the Officer would contact Committee Members to collate their views and look to set the Training Plan in context of the provided feedback	DR	06/10/23	
78 (15/06/23)	Governance (Audits)	The Committee agreed that Officers would formulate questions to work with ClearGlass to seek clarifications on unknown elements which had been identified within the report	CM	13/07/23	
78 (15/06/23)	Governance (Audits)	Officers to draft a letter for approval by the Chair encouraging Brunel to use caution when publicising fee savings, and focus more on meaningful measures of pooling success, such as investment performance and responsible investment	CM	14/09/23	

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Wiltshire Council

Local Pension Board

MINUTES OF THE LOCAL PENSION BOARD MEETING HELD ON 24 MAY 2023 AT KENNET ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

Present:
Mark Spilsbury (Chairman), Marlene Corbey (Vice-Chairman), Paul Smith and Mike Pankiewicz

Also Present:
George Simmonds and Cllr Nick Botterill

189 Membership

The Chairman welcomed George Simmonds in an observer capacity as the Board had agreed to his appointment in principle at this stage as the Board meeting was held after the Full Council meeting. It was noted that George was replacing Juliet Weimar as a Scheme Employer Representative.

The Board noted that there was currently one vacancy on the Board's membership, and it was expected that this vacancy would be filled by the next meeting in August 2023.

Resolved:
To appoint Marlene Corbey as Vice-Chairman for the forthcoming year.

190 Attendance of non-members of the Board

Cllr Nick Botterill attended the meeting in his capacity as the Cabinet Member for Finance, Development Management and Strategic Planning.

191 Apologies

Apologies were received from Laura Fisher.

192 Minutes

The Part I (public) minutes of the previous meeting held on 1 February 2023 were considered.

Resolved:

The Board approved and signed the Part I (public) minutes of the previous meeting held on 1 February 2023 as a true and correct record, and the Board's action log was noted.

193 **Declarations of Interest**

There were no declarations of interest.

194 **Chairman's Announcements**

There were no Chairman's announcements.

195 **Public Participation**

There were no statements or questions submitted.

196 **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 2 March 2023 and 23 March 2023 were considered.

Resolved:

The Board noted the Part I (public) minutes from the last ordinary meetings of the Wiltshire Pension Fund Committee held on 2 March 2023 and 23 March 2023.

197 **Headlines & Monitoring (HAM) Report**

The Board considered the report of Jennifer Devine - Head of Wiltshire Pension Fund which provided information highlighting key issues and developments to enable the Board to fulfil its monitoring role.

The report detailed updates in the following areas:

- Headlines
- Key business plan items – Aggregations backlog, i-Connect & controls and Resourcing.
- Scheme, Regulatory, Legal and Fund Update
- Risk Register
- Administration KPI update – 1 January 2023 to 30 April 2023.
- Fund SWAP audit actions log 2022/23
- Training - Update members on the Fund's approach to member training

In response to questions, the Head of Wiltshire Pension Fund, the Fund Governance Manager and the Pensions Fund Operations Manager explained that the aggregations backlog referred to the joining of employment records; appointment to the Employer Services Manager role to the new team structure was proving to be very challenging as suitably qualified applicants had not applied for the position; there may be a need for additional support for the development of a monthly cycle of work for the Employer Services Team; further investigations into the completion on target of the aggregations process with further information being sent to the Chairman and Cllr Richard Britton; it was anticipated that the KPI performance Improvement Plan would be met by early October 2023; officers confirmed that the Wiltshire Pension Fund Committee will be asked for an extension to complete progress against internal audit recommendation item 10 – KPI's, Reports & Monitoring of Staff Productivity, however officers felt that item 9 – Workflow Management should still be achievable by 30 June 2023.

Following the Committee's decision to defer approval of the members training plan for the scheme year 23/24 in favour of a revised training strategy, officers confirmed that the revised strategy will be presented to the Committee at their June Investment focused meeting. It was noted by the Board that the annual MiFID II self-certification exercise had taken 3 months to complete during the scheme year 2022/23. Officers therefore request Committee member support in being able to complete this exercise more quickly.

The Chairman thanked officers for their clear and honest reporting.

Resolved:

a) **to note the Fund updates and progress against the Business Plan 2023/24 key priorities;**

b) to endorse the risk register in Appendix 2 & the summary of risk changes since the last review, as a true and fair view of the risks currently being experienced by the Fund and to recommend that endorsement to the Committee;

c) to note the progress recorded on the SWAP audit actions log, as well as the changes to the target dates, which are in line with the key business plan activities approved by the Committee at their meeting in March 2023;

d) To recommend to Committee members their support for officers concerning the Fund's MiFID II compliance obligations.

198 **Training**

The Board received an update presentation from Mark Briggs – Pension Fund Operations Manager on the 2023 non-KPI administration roadmap.

The Pension Fund Operations Manager commented on the administration work of the Member Services Team, Employer Services Team, Operations Team and Service Improvement Team and responded to questions about timescales for clearing backlogs, the receipt of information about new employees joining the

Fund, the pensions dashboard and the structure of the Service Improvement Team.

Resolved:

To note the presentation update.

199 **Key Financial Controls (Budget outturn 2022/23)**

The Board considered the report of Christopher Moore – Pension Fund Accounting and Investment Officer, which highlighted the significant issues in relation to the Fund's key financial controls.

The Pension Fund Accounting and Investment Officer reported that the full Wiltshire Council Accounts for 2019/20, 2020/21 and 2021/22 continued to be delayed due to the Wiltshire Council figures, however, work was progressing well with the completion of accounts and annual report for 2022/23 to present to the Wiltshire Pension Fund Committee in July 2023.

In response to questions, officers indicated that the cash flow figures for June 2023 onwards required amending to include a positive figure rather than a negative one as detailed in the table at paragraph 11; would provide a written responses in relation to the differences of the total payment figure for March 2023 compared to previous months and paid contributions; confirmed that Fund officers would continue to seek the finalisation of a formal legal document outlining the Service Level Agreement Recharge from Wiltshire Council Finance Team.

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.

200 **Low Volume Performance Report**

The Board considered a report of Jennifer Devine – Head of Wiltshire Pension Fund and Richard Bullen – Fund Governance Manager which provided an update on the Fund's performance measures for 2022/23 for six disclosure requirement areas identified in the report.

The report provided individual commentary for each of the low volume performance measures, as detailed below:

a) ICO Data Protection breach log;
b) tPR breach log;
c) Freedom of Information (FOI) log;
d) Subject Access Request (SAR) log.
e) Complaints log;
f) Internal Dispute Resolution Procedures (IDRPs) log;

In response to questions, officers explained that under the Freedom of Information log the second and fifth items were identical as analytical research groups requested the same information in different quarters; to enable comparison; officers confirmed that under the same heading no optant out information was held by the Fund, as auto enrolment was an employer responsibility under the Pension Act 2008.

Resolved:

1. **That the Board supported the view that there were no material operational needs present in the report that would warrant the attention of the Wiltshire Pension Fund Committee.**

2. **That the findings of the low volume performance measures being monitored by officers on behalf of the Fund be noted.**

201 **Draft LPB Annual Report 2022/23**

The Board received the Draft Local Pension Board Annual Report for 2023 prepared by Richard Bullen – Fund Governance Manager.

The Chairman highlighted that he had prepared the introduction to the Annual Report and thanked the Fund Governance Manager, for his hard work in producing the remainder of the report.

Officers noted that the budget table on page 12 would need to be updated and highlighted changes in the style of the report from previous years, in particular the introduction of vision goals associated with each section and the creation of an appendix for standard legal text. Officers explained that all recommendations for the previous 12 months had been accepted, noting that the Board's recommendation for the Training Plan had been deferred into the 2023/24 Scheme Year.

Resolved:

The Board approved the draft LPB Annual Report, subject to the updates highlighted above.

202 **Urgent Items**

The Chairman referred to a matter relating to an employer within the Wiltshire Pension Fund that he would raise in Part II of the meeting due to its sensitive nature.

203 **Date of Next Meeting and Forward Plan**

The next ordinary meeting of the Board will be held on 10 August 2023.

The Board additionally considered the Scheme Year Forward Work Plan for the new scheme year and approved its content.

Resolved:

The Board noted the date of the next meeting and approved the Scheme Year Forward Plan.

204 **Exclusion of the Public**

The Board considered the recommendation to exclude the public.

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 17-18 and the additional urgent item at 19 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in 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.

205 **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 2 March 2023 and 23 March 2023 were considered.

Resolved:

The Board noted the Part II (private) minutes from the last ordinary meetings of the Wiltshire Pension Fund Committee held on 2 March 2023 and 23 March 2023.

206 **Brunel Governance Update**

The Board received a verbal update on the report from officers updating members on the ongoing Brunel governance arrangements.

Resolved:

To note the update.

207 **Wiltshire Pension Fund - Reporting Issues**

The Board received a verbal report from officers, following a request by the Chairman for further information about the reporting arrangements of an employer to the Wiltshire Pension Fund.

Resolved:

That the update from officers be noted and that a more detailed update would be reported to the Wiltshire Pension Fund Committee on 13 July 2023.

(Duration of meeting: 10.00 am - 12.05 pm)

The Officer who has produced these minutes is Stuart Figini of Democratic Services, direct line 01225 718221, e-mail stuart.figini@wiltshire.gov.uk

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Wiltshire Council

Wiltshire Pension Fund Committee

13 July 2023

Recommendations of the Local Pension Board 24 May 2023

Minute at Board	Recommendation	Committee Agenda
Minute 197 – Risk Register Update	To endorse the Risk Register and summary of risk changes since the last review and to recommend the Committee accept the proposed changes as set out in the HAM Report.	Item 08 – Headlines and Monitoring – Risk Register
Minute 197 – SWAP Audit update	To endorse progress on the SWAP actions, log and changes to target dates, aligning them to key business activities and recommend to the Committee those changes	Item 08 – Headlines and Monitoring – SWAP Audit
Minute 197 – MiFID II	To recommend to the Committee that Committee members support officers concerning the Fund's MiFID II compliance obligations	Item 08 – Headlines and Monitoring – Training
Minute 207 – WPF Reporting Issues	To recommend a more detailed report be updated to the Wiltshire Pension Fund Committee on 13 July concerning a key Fund employer.	Item 18 – SBC update

Summary comments from the Wiltshire Local Pension Board meeting held on 24th May 2023 which cannot be included in reports to the Wiltshire Pension Fund Committee meeting on 13th July 2023.

Committee Agenda Item 10

1. Key Financial Controls Report

The Board noted that the Service Level Agreement relating to the recharge for support services from the Wiltshire Council team was still outstanding. Finalisation of this formal legal document should be completed, as a matter of urgency, given the delays that have been experienced in relation to this matter.

2. **Low Volume Performance Report** – The Board agreed that there were no issues which warranted the submission of this report to the Pension Committee.

3. **Board Annual Report** – It was agreed that there was no requirement to submit this report to Committee. The only outstanding recommendation was the training plan; however, it was noted that a revised plan will be submitted to Committee on 15th June. A summary of the Board Annual Report will be included in the Annual Report of the Pension Fund.

Committee Agenda Item 18

4. Part 2 – Confidential Report – Missing Data relating to Swindon Borough Council.

The Board was provided with a verbal briefing relating to the fact that accurate employee data relating to starters and leavers for Swindon Borough Council was not available for a ten-month period. Although this had only just been identified, and the exact position was not fully known at the date of the Board meeting, it appears that incomplete data in different formats had been provided by the Council and had, incorrectly, been accepted by the Fund.

It was explained that this could have a major negative impact on the Fund, since it may not be possible to issue Annual Benefit Statements to Swindon Council employees by the statutory deadline of the end of August 2023. If this is the case, this could be a major breach which needs to be reported to the Pension Regulator.

Board members asked various questions around this issue and expressed surprise and disappointment that this situation could exist for 10 months, without any reporting to the Committee and Board, until it came to the attention of the Head of the Pension Fund and was immediately reported in her May briefing paper.

At the meeting it was agreed between the Head of Pensions and the Swindon Council Deputy Section 151 Officer (who is a member of the Board) that there would be close working between the two parties to attempt to resolve the situation as soon as possible.

It was agreed that it was critical that this issue was prioritised, and that a detailed report be submitted to the next Administration focused meeting of the Pension Committee. This report should cover, but not be limited to, the following:

- Background – what exactly has gone wrong, and why did it take so long before it was identified and reported to the Committee and Board.
- Confirmation that this issue only relates to this Employer.
- The data quality and reconciliation issues.
- Current actions in progress and timescales for resolving the position.
- Legislation breached to date.
- Likely impact on the issue of Annual Benefit Statements to the Fund members who are employees of Swindon Council, and breach implications.
- TPR reporting process.
- Current situation and the next steps, with a timetable.

Mark Spilsbury – Chair of the Wiltshire Local Pension Board.

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
13 July 2023

ANNUAL REPORT AND ACCOUNTS

Purpose of the Report

1. The purpose of this report is to update the Committee regarding the Wiltshire Pension Fund annual report and accounts for the year ended 31 March 2023.

Background

2. As originally set out in Regulation 34 of the LGPS (Administration) Regulations 2008, the Pension Fund is required to produce an annual report. The draft 2022/23 version is at the review stage, the Statement of Accounts and analytical review is provided as Appendix 1.

Considerations for the Committee

3. It is proposed that the Committee note the unaudited statement of accounts for 2022/23. This set of accounts has not been subject to audit review due to the fact that the auditors have not been able to resource a timely audit. In line with the regulations, if an audited set of accounts cannot be published, then an unaudited set should be, and this will be done before the statutory deadline. The auditors are expected to commence work in autumn 2023.

4. In compiling financial statements any organisation must consider whether they anticipate being able to continue operating for at least the next 12 months, or a longer time period, from the date of signing the accounts. This is a key assumption for making accounting assessments and is stated explicitly as using the Going Concern Basis. The Committee are requested to review information provided in the separate Going Concern paper to inform their approval of the going concern assessment.

Environmental Impact of the Proposal

5. There are no known implications at this time.

Safeguarding Considerations/Public Health Implications/Equalities Impact

6. There are no known implications at this time.

Financial Considerations & Risk Assessment

7. The financial status of the Pension Fund is explained in the appended statement of accounts.

Proposals

8. The Committee is asked to:

    a) Note the unaudited Statement of accounts for 2022/2023.
    b) Approve the appended statement of going concern.

JENNIFER DEVINE

Head of Wiltshire Pension Fund

Report Author: Jennifer Devine, Head of Wiltshire Pension Fund

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

Appendix 1 – Statement of accounts (unaudited) 2022/23
Appendix 2 – Statement of going concern

Wiltshire Pension Fund

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

General

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

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

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

Membership

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

Organisations participating in the Wiltshire Pension Fund include the following:

- Scheduled bodies, which are automatically entitled to be members of the fund.

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

Membership details are set out as below:

Membership	**31 March 23**	**31 March 22**
Active	23,549	23,324
Deferred	40,669	40,826
Pensioners	21,240	20,288
Total number of members in the pension scheme	**85,458**	**84,438**

Funding

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

Benefits

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

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

Responsibility for the Report

Wiltshire Council

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

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

Wiltshire Pension Fund Committee

There are seven elected members of the Committee, comprising five Wiltshire Councillors and two Swindon Borough Council members. In addition, there are two representatives of the admitted bodies and two observers representing staff interests. Details of the membership of the Committee in 2021/22 are shown in the Wiltshire Pension Fund Annual Report.

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

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

Local Pensions Board

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

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

Chief Finance Officer

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

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

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

Audit

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

Investment Management Policy

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

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

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

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

The Wiltshire Pension Fund

Fund Account
For the year ended 31 March 2023

	Notes	2022/23 £'000	2021/22 £'000
Dealings with members, employers and others directly involved in the Fund			
Contributions	5a	132,956	124,513
Transfers in from other pension funds	5b	8,887	8,291
		141,843	**132,804**
Benefits	6	(99,203)	(101,860)
Payments to and on account of leavers	7	(7,731)	(8,323)
		(106,934)	**(110,183)**
Net additions from dealings with members		**34,909**	**22,621**
Management Expenses	8 & 9	(37,506)	(33,016)
Net additions inc. Fund management expenses		**(2,597)**	**(10,395)**
Returns on investments			
Investment income	10	28,559	13,594
Profits and losses on disposal of investments and changes in market value of investments	12a	(185,650)	267,203
Net return on investments		**(157,091)**	**280,797**
Net (increase)/decrease in the net assets available for benefits during the year		**(159,688)**	**270,402**
Opening net assets of the scheme		3,230,387	2,959,985
Closing net assets of the scheme		**3,070,699**	**3,230,387**

The following notes on pages 6 to 32 form an integral part of these financial statements

The Wiltshire Pension Fund

Net Asset Statement
At 31 March 2023

	Notes	31 March 2023 £'000	31 March 2022 £'000
Long Term Investments			
Brunel Pension Partnership		707	838
		707	838
Investment assets			
Pooled funds		2,322,305	2,628,984
Other investments		718,020	566,348
Cash deposits		9,708	10,755
		3,050,033	3,206,087
Total Investment Assets		**3,050,740**	3,206,925
Total net investments	12	**3,050,740**	3,206,925
Current assets	17	25,946	38,317
Current liabilities	18	(5,977)	(14,087)
Long term liabilities	18a	(10)	(768)
Net assets of the scheme available to fund benefits at the end of the reporting period		**3,070,699**	3,230,387

Notes

Related notes form an integral part of these financial statements

1. Basis of Preparation

The statement of accounts summarises the fund's transactions for the 2022/23 financial year and its financial position at 31 March 2023. The accounts have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2020/21* (the Code) which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

Paragraph 3.3.1.2 of the Code requires disclosure of any accounting standards issued but not yet adopted. IFRS 16, introduced on 1 January 2019, is due to be adopted by the Code for accounting periods commencing on or after 1 April 2024. This new accounting standard largely removes the distinction between operating and finance leases by introducing an accounting model that requires lessees to recognise assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value. This will bring assets formerly off-Balance Sheet onto the Balance Sheet of lessees. Implementation of IFRS 16 is not expected to have a material impact on the pension fund because it does not hold any assets as a lessee.

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

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

The accounts have been prepared on a going concern basis.

2. Summary of Significant Accounting Policies

The principal accounting policies of the Fund are as follows:

Fund account – revenue recognition

a) Contributions

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

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

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

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

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

b) Transfers to and from other schemes

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

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

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

c) Investment Income

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

Fund account – expense items

d) Benefits payable

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

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

e) Taxation

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

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

f) Management expenses

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

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

Net Asset Statement

g) Financial assets

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

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

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

Valuation of Investments

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

(i) **Unquoted securities**
Unquoted securities have been valued according to the latest trades, professional valuation, asset values or other appropriate financial information.

(ii) **Pooled investment vehicles**
Pooled investments are stated at bid price for funds with bid/offer spreads, or single price/net asset value where there are no bid/offer spreads, as provided by the investment manager.

(iii) **Foreign Currency Transactions**

All investments held in foreign currencies are shown at market value translated into sterling using the WM 4PM rate on 31 March 2023.

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

(iv) **Cash and cash equivalents**

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

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

h) Financial liabilities

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

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

i) Actuarial present value of promised retirement benefits

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

j) Additional Voluntary Contributions (AVCs)

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

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

k) Contingent assets and contingent liabilities

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

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

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

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

3. Critical Judgements in Applying Accounting Policies

Pension Fund Liability

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

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

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

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

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

The items in the net asset statement at 31 March 2023 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

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

5a. Contributions receivable

	2022/23 £000	2021/22 £000
Employers' contributions		
- Normal	99,710	86,957
- Augmentation	2,123	1,192
- Deficit recovery contributions*	3,954	11,223
	105,787	**99,372**
Employees' contributions		
- Normal	26,985	25,061
- Additional contributions	184	80
	27,169	25,141
	132,956	**124,513**

Analysis of contributions by type of employer

	2022/23 £000	2021/22 £000
Contributions from employees (Including Additional Contributions)		
- Wiltshire Council	10,094	8,837
- Other scheduled bodies	16,007	15,226
- Admitted bodies	1,068	1,078
	27,169	**25,141**
Contributions from employers (Including Augmentations)		
- Wiltshire Council	40,195	36,231
- Other scheduled bodies	61,208	56,551
- Admitted bodies	4,384	6,590
	105,787	**99,372**
Total contributions receivable	**132,956**	**124,513**

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

5b. Transfers in from other pension funds

	2022/23 £000	2021/22 £000
Group transfers	0	1,069
Individual transfers	8,887	7,222
	8,887	**8,291**

6. Benefits Payable

	2022/23 £000	2021/22 £000
By category		
Pensions	83,007	83,955
Commutation and lump sum retirement benefits	13,072	15,683
Lump sum death benefits	3,124	2,222
	99,203	**101,860**

	2022/23 £000	2021/22 £000
By type of employer		
Wiltshire Council	49,288	48,053
Other scheduled bodies	44,296	42,394
Admitted bodies	11,135	11,413
Provision for Underpayment	(5,516)	-
	99,203	**101,860**

7.Payments to and on account of leavers

	2022/23 £000	2021/22 £000
Individual transfers	7,256	7,862
Refunds to members leaving service	483	462
State Scheme Premiums	(8)	(1)
	7,731	**8,323**

8. Management expenses

	2022/23 £000	2021/22 £000
Administration costs	2,475	1,854
Investment Management expenses (Note 9)	33,860	30,247
Oversight & Governance costs	1,171	915
	37,506	**33,016**

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

8a. External Audit Costs

	2022/23 £000	2021/22 £000
Payable in respect of external audit	19	19
	19	**19**

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

9. Investment management expenses

	2022/23 £000 Total	Management fees	Performance fees	Transaction Costs (Explicit)	Transaction Costs (Implicit)
Pooled funds equity	**4,075**	2,883	-	916	275
Fixed income unit trusts	**4,756**	2,076	-	2,284	396
Infrastructure funds	**7,284**	2,999	3,068	1,218	-
Private Debt	**515**	192	-	323	-
Private Equity	**2,271**	1,298	-	973	-
Emerging market multi-asset	**3,673**	1,354	-	777	1,541
Pooled property Investments	**11,397**	3,409	-	7,962	25
	33,970	**14,211**	**3,068**	**14,453**	**2,238**
Custody fees	30				
Costs associated with investment pooling	326				
Indirect costs incurred in managing investment portfolios	(466)				
	33,859				

	2021/22 £000 Total	Management fees	Performance fees	Transaction Costs (Explicit)	Transaction Costs (Implicit)
Pooled funds equity	**3,716**	3,218	-	185	313
Fixed income unit trusts	**4,753**	1,879	-	1,386	1,488
Infrastructure funds	**5,518**	2,102	2,463	953	-
Private Debt	**1,176**	714	-	462	-
Private Equity	**558**	279	-	279	-
Emerging market multi-asset	**2,874**	1,339	-	808	727
Pooled property Investments	**5,065**	4,025	-	1,040	-
	23,660	**13,556**	**2,463**	**5,113**	**2,528**
Custody fees	62				
Transition costs	3,283				
Costs associated with investment pooling	1,143				
Indirect costs incurred in managing investment portfolios	2,099				
	30,247				

10. Investment income

	2022/23 £'000	2021/22 £'000
Income from equities	136	177
Pooled property investments	10,967	8,728
Pooled investments - unit trusts & other managed funds	14,642	3,427
Interest on cash deposits	1,260	18
Stock lending income	33	42
Other	1,522	1,202
Total before taxes	**28,559**	**13,594**

11. Stock lending

During 2022/23, the Pension Fund participated in a securities lending programme administered by Brunel Pension Partnership, for the Pension Fund's active global equities portfolio. Securities in the beneficial ownership of the Council to a value of £4.5m (0.13% of the total fund value) were on loan at 31 March 2023. Collateral held for these securities had a market value of £4.7m, which represents 105% of the value of the shares on loan. Income earned from this programme amounted to £0.03m in the year.

	2022/23 £m	2021/22 £m
Market value of securities on loan	**4.5**	**8.2**
(percentage of total Fund value)	**0.13%**	**0.3%**
Market value of collateral	**4.7**	**9.0**
Collateral %	**105%**	**110%**
Income earned in year	**0.033**	**0.042**

12. Details of investments held at year end

	31 March 2023 £'000	31 March 2022 £'000
INVESTMENT ASSETS		
Pooled funds		
- Fixed income unit trusts	683,270	941,068
- Infrastructure funds	251,990	215,711
- Global equity	1,101,932	1,180,214
- Emerging market multi-asset	285,113	291,990
	2,322,305	**2,628,984**
Other investments		
- Pooled property investments	569,823	506,464
- Private debt	97,765	31,381
- Private equity	50,433	28,503
	718,020	**566,348**
- Cash deposits	9,708	10,642
- Recoverable tax	0	113
	9,708	**10,755**
Total investment assets	**3,050,033**	**3,206,087**
LONG TERM INVESTMENTS		
UK unquoted equity - shares in Brunel Pension Partnership	707	838
Net investment assets	**3,050,740**	**3,206,925**

12a. Reconciliation of movements in investments

	Value at 1 April 2022	Purchases at cost and derivative payments	Sales Proceeds and derivative receipts	Change in Market Value	Value at 31 March 2023
Pooled funds					
- Fixed income unit trusts	941,068	665	(124,773)	(133,690)	683,270
- Infrastructure funds	215,711	39,128	(38,811)	35,962	251,990
- Global equity	1,180,214	20,625	(71,546)	(27,361)	1,101,932
- Emerging market multi-asset	291,990	0	(2,408)	(4,468)	285,113
Other investments					
- Pooled property investments	506,464	1,248,464	(1,129,102)	(56,004)	569,823
- Private debt	31,381	68,872	(836)	(1,653)	97,765
- Private equity	28,503	23,635	(2,972)	1,267	50,433
Long term investments					
- Brunel Pension Partnership	838	0	0	(131)	707
	3,196,170	**1,401,389**	**(1,370,448)**	**(186,079)**	**3,041,032**
- Cash deposits	10,642			427	9,708
- Recoverable tax	113			2	0
Net investment assets	**3,206,925**			**(185,650)**	**3,050,740**

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

	Value at 1 April 2021	Purchases at cost and derivative payments	Sales Proceeds and derivative receipts	Change in Market Value	Value at 31 March 2022
Pooled funds					
- Fixed income unit trusts	842,333	2,650,489	(2,585,755)	34,001	941,068
- Infrastructure funds	84,651	118,905	(7,867)	20,022	215,711
- Global equity	1,308,053	2,555,304	(2,829,628)	146,485	1,180,214
- Emerging market multi-asset	301,359	-	(1,535)	(7,834)	291,990
Other investments					
- Pooled property investments	392,126	65,088	(19,091)	68,341	506,464
- Private debt	-	31,219	(1,176)	1,338	31,381
- Private equity	1,493	22,677	(559)	4,892	28,503
Long term investments					
- Brunel Pension Partnership	768	-	-	70	838
	2,930,784	**5,443,682**	**(5,445,610)**	**267,314**	**3,196,170**
- Cash deposits	32,291			(112)	10,642
- Recoverable tax	216			1	113
Net investment assets	**2,963,291**			**267,203**	**3,206,925**

12b. Investments Analysed by Fund Manager

	31 March 2023 £'000	31 March 2022 £'000
Investments managed by Brunel Pension Partnership asset pool:		
Brunel - Paris Aligned Hedged Passive Equities	458,893	501,100
Brunel - Gilts	236,925	462,211
Brunel - Global High Alpha active global equities	245,549	255,033
Brunel - Global Sustainable Equities active global equities	253,532	256,780
Brunel - secured income	233,738	210,303
Brunel - Multi Asset Credit	148,443	153,720
Brunel - private debt	97,765	31,381
Brunel - private equity	50,433	28,503
Brunel - generalist infrastructure	28,849	14,748
Brunel - renewable infrastructure	19,300	6,211
Brunel - Property	380,540	-
	2,153,966	**1,919,990**
Long-term investment - Brunel Pension Partnership	707	838
Investments managed outside of Brunel Pension Partnership asset pool:		
CBRE Global Multi Manager - Property	7	408,775
Pinebridge - Bank Loans	297,903	325,135
Ninety One - Emerging Markets	285,113	291,990
Magellan Select Infrastructure Fund	123,737	167,301
Partners Group - Infrastructure	95,624	92,596
Cash held at custodian	9,590	297
M&G - Financing Fund	0	3
Affordable Housing Portfolio	63,873	0
BlackRock - SALAMI Portfolio	20,220	0
	896,067	**1,286,097**
Total	**3,050,740**	**3,206,925**

12b. Investments Analysed by Fund Manager (cont'd)

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

Security	**Market value 31 March 2023 £'000**	**% of total fund**
Brunel - Paris Aligned Hedged Passive Equities	458,893	15.04%
Brunel - Gilts	236,925	7.77%
Brunel - Global High Alpha active global equities	245,549	8.05%
Brunel - Global Sustainable Equities active global equities	253,532	8.31%
Brunel - secured income	233,738	7.66%
Brunel - Property	380,540	12.47%
Pinebridge - Bank Loans	297,903	9.76%
Ninety One - Emerging Markets	285,113	9.35%
	2,392,193	**78.41%**

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

Security	**Market value 31 March 2022 £m**	**% of total market value**
Brunel - Paris Aligned Hedged Passive Equities	501	15.63%
Brunel - Gilts	462	14.41%
Pinebridge - Bank Loans	325	10.14%
Ninety One - Emerging Markets	292	9.10%
Brunel - Global High Alpha active global equities	255	7.95%
Brunel - Global Sustainable Equities active global equities	257	8.01%
Magellan Select Infrastructure Fund	167	5.22%
	2,259	**70.46%**

13. Derivative Contracts

There are no balances to report for the 2022/23 or 2021/22 financial year.

14. Fair value – basis of valuation

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

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

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

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

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

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

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

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

Sensitivity of assets valued at level 3

	Assessed valuation range (+/-)	Value at 31 31 March 2023 £'000	Value on increase £'000	Value on decrease £'000
Pooled property	15.4%	320,396	369,737	271,055
Private Debt	11.3%	97,765	108,812	86,717
Infrastructure	15.5%	251,990	291,048	212,931
Private equity	24.8%	50,433	62,940	37,925
Brunel Pension Partnership	0.0%	707	707	707
		721,290	**833,244**	**609,336**

14a. Fair value hierarchy

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

2023

	£'000 Quoted market price Level 1	£'000 Using observable inputs Level 2	£'000 With significant unobservable inputs Level 3	£'000 Total
- Fixed income unit trusts	-	683,270	-	683,270
- Infrastructure funds	-	-	251,990	251,990
- Global equity	-	1,101,932	-	1,101,932
- Emerging market multi-asset	-	285,113	-	285,113
- Pooled property investments	33,353	216,074	320,396	569,823
- Private debt	-	-	97,765	97,765
- Private equity	-	-	50,433	50,433
- Cash deposits	3,609	6,098	-	9,708
- Shares in Brunel Pension Partnership	-	-	707	707
	36,962	**2,292,488**	**721,290**	**3,050,740**

14a. Fair value hierarchy (cont'd)

2022

	£'000 Quoted market price Level 1	£'000 Using observable inputs Level 2	£'000 With significant unobservable inputs Level 3	£'000 Total
- Fixed income unit trusts	-	941,065	4	941,069
- Infrastructure funds	-	-	215,711	215,711
- Global equity	-	1,180,214	-	1,180,214
- Emerging market multi-asset	-	291,990	-	291,990
- Pooled property investments	-	341,284	165,180	506,464
- Private debt	-	31,381	-	31,381
- Private equity	-	22,759	5,744	28,503
- Cash deposits	64	10,578	-	10,642
- Recoverable tax	113	-	-	113
- Shares in Brunel Pension Partnership	-	-	838	838
	177	**2,819,271**	**387,477**	**3,206,925**

Wiltshire Pension Fund determines that transfers between levels of the fair value hierarchy have occurred when the investment manager for those assets notifies the Fund's custodian of the change.

14b. Reconciliation of fair value measurements within Level 3

The following tables present the movement in level 3 instruments for the year end 31 March 2023.

	31 March 2023 £'000	**31 March 2022 £'000**
Opening balance	387,477	230,840
Adjustment for reclassifications	92,212	0
Total gains/losses	(27,748)	40,494
Purchases	495,336	127,826
Sales	(225,988)	(11,683)
Closing balance	**721,290**	**387,477**

15. Classification of Financial Instruments

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

2022/23 Fair value through profit and loss	2022/23 Assets at amortised cost	2022/23 Liabilities at amortised cost		2021/22 Fair value through profit and loss	2021/22 Assets at amortised cost	2021/22 Liabilities at amortised cost
£000	**£000**	**£000**		**£000**	**£000**	**£000**
			Financial assets			
683,270			Fixed income unit trusts	941,068		
251,990			Infrastructure funds	215,711		
1,101,932			Global equity	1,180,214		
285,113			Emerging market multi-asset	291,990		
569,823			Pooled property investments	506,464		
97,765			Private debt	31,381		
50,433			Private equity	28,503		
707			Shares in Brunel Pension Partnership	838		
	25,049		Cash		38,954	
	-		Other investment balances		113	
	10,605		Sundry debtors and prepayments		10,004	
3,041,032	**35,654**	**-**		**3,196,170**	**49,071**	**-**
			Financial liabilities			
		(5,977)	Sundry creditors			(14,087)
		(10)	Long-term creditors			(768)
3,041,032	**35,654**	**(5,987)**	**Total**	**3,196,170**	**49,071**	**(14,855)**
		3,070,699	**Grand total**			**3,230,386**

Net gains and losses on financial instruments

2022/23		2021/22
£000		**£000**
	Financial assets	
(186,079)	Fair value through profit and loss	267,314
429	Amortised cost - realised/ unrealised gains	(111)
(185,650)	**Total**	**267,203**

15. Classification of Financial Instruments (cont'd)

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

16. Nature and extent of risks arising from financial instruments

Risk and risk management

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

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

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

16.1. Market Risk

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

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

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

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

Other Price Risk

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

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

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

Market Price - Sensitivity Analysis

Movements in market prices would have increased or decreased the net assets valued at 31 March 2023 and 2022 by the amounts shown below.

As at 31 March 2023	Value £'000	Volatility of return	Increase £'000	Decrease £'000
Brunel - Paris Aligned Hedged Passive Equities	458,893	17.60%	80,765	(80,765)
Brunel - Gilts	236,925	7.80%	18,480	(18,480)
Brunel - Global High Alpha active global equities	245,549	18.90%	46,409	(46,409)
Brunel - Global Sustainable Equities active global equities	253,532	18.90%	47,917	(47,917)
Brunel - secured income	233,738	10.67%	24,940	(24,940)
Brunel - Multi Asset Credit	148,443	9.00%	13,360	(13,360)
Brunel - private debt	97,765	11.30%	11,047	(11,047)
Brunel - private equity	50,433	24.80%	12,507	(12,507)
Brunel - generalist infrastructure	28,849	15.50%	4,472	(4,472)
Brunel - renewable infrastructure	19,300	15.50%	2,992	(2,992)
Brunel - Property	380,540	15.40%	58,603	(58,603)
Long-term investment - Brunel Pension Partnership	707	0.00%	-	-
CBRE Global Multi Manager - Property	7	15.40%	1	(1)
Pinebridge - Bank Loans	297,903	4.70%	14,001	(14,001)
Ninety One - Emerging Markets	285,113	17.63%	50,251	(50,251)
Magellan Select Infrastructure Fund	123,737	15.50%	19,179	(19,179)
Partners Group - Infrastructure	95,624	15.50%	14,822	(14,822)
Cash held at custodian	9,590	0.00%	0	0
Affordable Housing Portfolio	63,873	15.40%	9,836	(9,836)
BlackRock - SALAMI Portfolio	20,220	13.15%	2,659	(2,659)
	3,050,740		**432,242**	**(432,242)**

As at 31 March 2022	Value £'000	Volatility of return	Increase £'000	Decrease £'000
Brunel - Paris Aligned Hedged Passive Equities	501,100	19.19%	96,161	(96,161)
Brunel - Gilts	462,211	7.84%	36,237	(36,237)
Brunel - Global High Alpha active global equities	255,033	19.19%	48,941	(48,941)
Brunel - Global Sustainable Equities active global equities	256,780	19.19%	49,276	(49,276)
Brunel - secured income	210,303	11.23%	23,625	(23,625)
Brunel - Multi Asset Credit	153,720	8.72%	13,404	(13,404)
Brunel - private debt	31,381	12.05%	3,781	(3,781)
Brunel - private equity	28,503	25.24%	7,194	(7,194)
Brunel - generalist infrastructure	14,748	15.62%	2,304	(2,304)
Brunel - renewable infrastructure	6,211	15.62%	970	(970)
Long-term investment - Brunel Pension Partnership	838	0.00%	-	-
CBRE Global Multi Manager - Property	408,775	15.48%	63,278	(63,278)
Pinebridge - Bank Loans	325,135	4.75%	15,444	(15,444)
Ninety One - Emerging Markets	291,990	20.48%	59,800	(59,800)
Magellan Select Infrastructure Fund	167,301	19.19%	32,105	(32,105)
Partners Group - Infrastructure	92,596	15.62%	14,464	(14,464)
Cash held at custodian	297	0.00%	-	-
M&G - Financing Fund	3	0.00%	-	-
	3,206,925		**466,985**	**(466,985)**

16.2. Interest Rate Risk

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

Interest Rate – Sensitivity Analysis

	Asset values at 31 March 2023 £'000	Impact of 1% increase £'000	Impact of 1% decrease £'000
Cash held on deposit	25,049	0	0
Fixed Interest Securities	385,368	(3,854)	3,854
Loans	297,903	0	0
	708,319	**(3,854)**	**3,854**

	Asset values at 31 March 2022 £'000	Impact of 1% increase £'000	Impact of 1% decrease £'000
Cash held on deposit	38,954	-	-
Fixed Interest Securities	615,931	(6,159)	6,159
Loans	325,135	-	-
	980,020	**(6,159)**	**6,159**

16.3. Currency Risk

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

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

31 March 2023	**US Dollar £'000**	**Euro £'000**	**Yen £'000**
Net Currency Exposure	232,154	140,757	(7)

31 March 2022	**US Dollar £'000**	**Euro £'000**
Net Currency Exposure	200,154	53,458

16.3. Currency Risk (cont'd)

Currency Risk – Sensitivity Analysis

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

A 10% strengthening or weakening of Sterling against the various currencies at 31 March 2023 and 31 March 2022 would have increased or decreased the net assets by the amount shown below

31 March 2023	**Assets Held at Fair Value**	**Change in net assets +10%**	**Change in net assets -10%**
	£'000	**£'000**	**£'000**
US Dollar	232,148	23,215	(23,215)
Euro	140,757	14,076	(14,076)
Yen	(7)	(1)	1
Net Currency Exposure	**372,898**	**37,290**	**(37,290)**

31 March 2022	**Assets Held at Fair Value**	**Change in net assets +10%**	**Change in net assets -10%**
	£'000	**£'000**	**£'000**
US Dollar	200,154	20,015	(20,015)
Euro	53,458	5,346	(5,346)
Net Currency Exposure	**253,612**	**25,361**	**(25,361)**

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

16.4. Credit Risk

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

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

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

The Fund's exposure to credit risk at 31 March 2023 and 2022 is the carrying amount of the financial assets.

Summary	**Balances as at 31 March 2023**	**Balances as at 31 March 2022**
	£000	**£000**
Cash held at custodian	9,708	10,642
Bank current account - HSBC	(65)	1,269
Money Market Funds	15,406	27,043
	25,049	**38,954**

16.4. Credit Risk (cont'd)

Credit risk may also occur if an employing body not supported by central government does not pay contributions promptly, or defaults on its obligations. The pension fund has not experienced any actual defaults in recent years and the current practice is to obtain a guarantee before admitting new employers so that all pension obligations are covered in the event of that employer facing financial difficulties. All contributions due at 31 March 2023 and 31 March 2022 (£9.9m and £8.4m respectively) were received in the first two months of the financial year.

16.5. Liquidity Risk

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

The following tables analyse the Fund's non-investment financial liabilities as at 31 March 2023 and 2022, grouped into relevant maturity dates.

2022/23	**Carrying Amount £000**	**Less than 12 months £000**	**Greater than 12 months £000**
Sundry creditors	2,219	2,219	0
Benefits payable	1,022	1,022	0
Other	2,746	2,736	10
	5,987	**5,977**	**10**

2021/22	**Carrying Amount £000**	**Less than 12 months £000**	**Greater than 12 months £000**
Sundry creditors	4,675	4,675	-
Benefits payable	1,161	1,161	-
Other	8,908	8,251	657
	14,743	**14,087**	**657**

17. Current assets

	31 March 2023 £000	31 March 2022 £000
Contributions due - employees	2,317	1,878
Contributions due - employers	7,728	6,489
	10,045	**8,367**
Sundry debtors	352	1,470
Prepayments	208	167
	560	**1,637**
Cash balances	**15,341**	**28,313**
Net current assets	**25,946**	**38,317**

18. Current liabilities

	31 March 2023 £000	31 March 2022 £000
Sundry creditors	2,219	4,675
Benefits payable	1,022	1,161
Payable to Wiltshire Council	2	1
Provision for pension underpayments	2,734	8,250
	5,977	**14,087**

A provision of £8.25m was made in 2020/21 for underpayment of pensions which have arisen due to discrepancies between the Funds membership database and payroll system. The provision calculated includes the maximum possible underpayment adding in potential interest and compensation costs. At 31st March 2023 this provision has been reduced to £2.7m. This reduction reflects work done over the two year period since the provision was made to accurately identify the cases where an underpayment actually exists. The revised provision has fever cases in scope and updated methodology to reflect how underpayments will be reimbursed. Repayments of underpayments will start to affect pensioners in next financial year.

18a. Long Term Creditors

	31 March 2023 £000	31 March 2022 £000
Brunel Pension Partnership pension reimbursement liability	10	768
Total	**10**	**768**

During 2020/21 a pension recharge agreement was signed by all 10 shareholders in Brunel Pension Partnership (BPP), in which shareholders have guaranteed that any pension costs arising in respect of BPP's participation in the LGPS defined benefit pension scheme will be underwritten by the shareholders. This is reflected as a long-term debtor on BPP's balance sheet, and as a corresponding long term liability in the Pension Funds accounts. As at 31st March 2022 this was valued at £768k, this was revalued in 2022/23 to £10k, due to improvement in the pension funding position.

19. Additional Voluntary Contributions (AVCs)

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

In 2022/23 Fund members paid contributions totalling £1.2million into AVC funds held with Prudential during the year. At 31 March 2023 the value of funds invested on behalf of members with Prudential was £5.9m. In 2022/23 Fund members paid contributions totalling £0.2million into AVC funds held with Utmost during the year. At 31 March 2023 the value of funds invested on behalf of members with Utmost was £0.4m.

20. Employer Related Assets

There were no employer related assets within the Fund during 2022/23.

21. Related Party Transactions

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

The Council incurred costs of £2.669m (2021/22: £2.068m) in relation to the administration of the Fund. The Council is also the single largest employer of members of the Pension Fund and contributed £50.3m to the Fund in 2022/23 (2021/22: £45.1m) in respect of employers and employees contributions, £3.5m of which was due to the Pension Fund as at 31 March 2023, and was paid in April 2023.

Part of the pension fund cash holdings are invested in the money markets by the treasury management operations of Wiltshire Council, through a service level agreement. During the year to 31 March 2023, the fund had an average investment balance of £18.1m (31 March 2022: £12m), earning interest of £370k (2021/22: £11k) in these funds.

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

Each of the 10 local authorities, including Wiltshire Pension Fund own 10% of BPP Ltd. In 2017/18 the Pension Fund paid BPP £0.8m and there has been no subsequent investment. The fair value of the shareholding as at 31st March 2023 was £0.7m. During 2022/23 the Pension Fund paid BPP £1,033k (£1,032k in 2021/22) in respect of the costs of delivering investment pooling. During 2020/21 a pension recharge agreement was signed by all 10 shareholders in BPP, in which shareholders have guaranteed that any pension costs arising in respect of BPP's participation in the LGPS defined benefit pension scheme will be underwritten by the shareholders. This is reflected as a long-term debtor on BPP's balance sheet, and as a corresponding long term liability in the Pension Funds accounts, at a value of £10k. This is also included in the cost of pooling in Note 9. BPP are an employer in the Wiltshire Pension Fund as an admitted body. During 2022/23 BPP paid contributions of £1,159k into the Fund (£1,217k in 2021/22) in respect of employers and employees contributions.

21. Governance

During the 2022/23 Scheme Year two members of the Pension Fund Committee were active members of the Pension Fund. In addition, two members of the Local Pension Board were pensioner members, three were active members and another one is now a deferred member of the Pension Fund. Each member of the Pension Fund Committee is required to declare their interests at each meeting. Two declarations were made during the year, both concerning the directorship of a sponsoring employer.

22. Guaranteed Minimum Pension (GMP)

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

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

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

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

23. Contingent Liabilities and Contractual Commitments

Capital Commitments

Outstanding capital commitments (investments) at 31 March 2023 totalled £607m (£818m at 31 March 2022). £518m of these commitments relate to amounts committed to private equity, infrastructure, secured income and private debt portfolios managed by the Brunel Pool A further £52m relates to outstanding call payments for investments in UK affordable housing portfolios. The balance of £37m relates to outstanding call payments due on unquoted limited partnership funds held in the infrastructure part of the portfolio. The amounts 'called' are irregular in both size and timing from the original commitment.

Transitional protections

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

The "McCloud" case

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

On 27 June 2019, the Supreme Court refused the Government permission to appeal the McCloud case in respect of age discrimination and pension protection, and the Government announced it would work with employment tribunals to find a solution. On 26 March 2020, a ministerial statement confirmed that detailed proposals for removing the discrimination would be published later in 2020 and be subject to public consultation. In July 2020, MHCLG consulted on changes to the LGPS and in May 2021, Luke Hall MP released a statement outlining the Government's response.

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

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

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

As part of the 2022 Triennial Valuation, the Wiltshire Pension Fund actuary will include an allowance for anticipated Scheme changes resulting from the expected McCloud remedy legislation. The remedy legislation is expected to apply in the Local Government Pension Scheme from October 2023 but it has not yet been finalised

24. Actuarial Statement in respect of IAS26 as at 31.03.2023

Introduction

CIPFA's Code of Practice on Local Authority Accounting 2022/23 requires Administering Authorities of LGPS funds that prepare pension fund accounts to disclose what IAS26 refers to as the actuarial present value of promised retirement benefits. I have been instructed by the Administering Authority to provide the necessary information for the Wiltshire Pension Fund ("the Fund").

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

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

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

Present value of promised retirement benefits

Year ended	Error! Reference source not found.**3**	Error! Reference source not found.**2**
Active members (**Error! Reference source not found.**)	1,017	1,530
Deferred members (**Error! Reference source not found.**)	783	1,257
Pensioners (**Error! Reference source not found.**)	1,368	1,635
Total (Error! Reference source not found.**)**	**3,168**	**4,422**

The promised retirement benefits at 31 March 2023 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2022. The approximation involved in the roll forward model means that the split of benefits between the three classes of member may not be reliable. However, I am satisfied that the total figure is a reasonable estimate of the actuarial present value of benefit promises.

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

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

Assumptions

The assumptions used are those adopted for the Administering Authority's IAS19 report and are different as at 31 March 2023 and 31 March 2022. I estimate that the impact of the change in financial assumptions to 31 March 2023 is to decrease the actuarial present value by £1,683m. I estimate that the impact of the change in demographic assumptions is to decrease the actuarial present value by £26m.

Financial assumptions

Year ended	Error! Reference source not found.	Error! Reference source not found.
	% p.a.	**% p.a.**
Pension Increase Rate (CPI)	2.95%	**Error! Reference source not found.**
Salary Increase Rate	3.45%	**Error! Reference source not found.**
Discount Rate	4.75%	**Error! Reference source not found.**

Demographic assumptions

The longevity assumptions have changed since the previous IAS26 disclosure for the Fund. Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 10% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a.. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	**Females**
Current pensioners	21.6 years	24.4 years
Future pensioners (assumed to be aged 45 at the latest valuation date)	22.3 years	25.9 years

All other demographic assumptions are unchanged from last year and as per the latest funding valuation of the Fund.

Sensitivity Analysis

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

Change in assumption at Error! Reference source not found.	**Approximate % increase to promised retirement benefits**	**Approximate monetary amount (**Error! Reference source not found.**)**
0.1% p.a. decrease in the Discount Rate	**Error! Reference source not found.**	**Error! Reference source not found.**
1 year increase in member life expectancy	4%	127
0.1% p.a. increase in the Salary Increase Rate	**Error! Reference source not found.**	4
0.1% p.a. increase in the Pension Increase Rate (CPI)	**Error! Reference source not found.**	54

Professional notes

This paper accompanies the 'Accounting Covering Report – 31 March 2023' which identifies the appropriate reliances and limitations for the use of the figures in this paper, together with further details regarding the professional requirements and assumptions.

Prepared by:-

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24 May 2023

For and on behalf of Hymans Robertson LLP

Schedule of Employer Bodies

Scheduled/ Resolution bodies

Swindon Borough Council
Wiltshire Council
Salisbury City Council
Dorset & Wilts Fire Authority
Wilts Constabulary Civs
Alderbury Parish Council
Amesbury T C
Blunsdon P C
Bradford on Avon T C
Bratton Parish Council
Calne T C
Calne Without Parish Council
Central Swindon North PC
Central Swindon South PC
Chippenham T C
Corsham Town Council
Cricklade Town Council
Devizes T C
Downton P C
Durrington Town Council
Haydon Wick P C
Highworth T C
Hullavington Parish Council
Wroughton P C
Idmiston Parish Council
Ludgershall Town Council
Malmesbury T C
Marlborough T C
Melksham Town Council
Melksham Without P C
Mere Town Council

Purton Parish Council
Redlynch Parish Council
Royal Wootton Bassett TC
St Andrews Parish Council Swin
Stratton St Margaret P C
Tidworth Town Council
Trowbridge T C
Wanborough Parish Council
Warminster T C
West Swindon Parish Council
Westbury T C
Whiteparish Parish Council
Winterbourne Parish Council
Wilton TC

Academies

Acorn Education Trust
Activate Learning Ed Trst ALET
Ascend Education Trust
Athelstan Trst Malmes Sec Acad
Athelstan Trust Bradon Forest
Bishop Wordsworths Academy
Blue Kite Academy Trust
Brunel Academies Trust
By Brook Valley Academy
Commonweal Academy
Corsham Secondary Academy
Diocese of Bristol Academies
Diocese of Salisbury MAT
Dorcan Technology Academy
EQUA Multi-Academy Trust
Excalibur Academies Trust
Goddard Park Primary Academy
Great Western Academy
Grove Learning Trust - Eastrop
Hardenhuish School (Academy)
Haydonleigh
Hazelwood Academy
Highworth Warneford Academy
Holy Cross Primary Academy
Holy Family Primary Academy
Holy Rood Primary Academy
Holy Trinity - Gt Cheverell
Holy Trinity- Calne Acad
King Alfred Trust
King William Street CE Academy
The Dunston Catholic Educational Trust

Academies (cont'd)

Magna Learning Partnership
Malmesbury Primary Academy
Mead Academy
Millbrook Academy
Morgan Vale and Woodfalls
Oasis Community Learning
Palladian MAT
Peatmoor Academy
Pewsey Vale Academy
Pickwick Academy Trust
Reach South Academy Trust
River Learning Trust
Shaw Ridge Academy
Sheldon Academy
Somerset Road Education Trust
South Wilts Grammar Academy
St Augustines Academy
St Catherines Academy
St Edmunds Calne Academy
St Josephs Catholic College
St Josephs Devizes Academy
St Laurence Academy
St Marys Catholic Academy
The Park Academies Trust
ULT Nova Hreod Academy
ULT Swindon Academy
White Horse Federation
Woodford Valley Primary Academy
New College
Wiltshire College

Admitted Bodies

ABM Catering û JOG
Adoption West
Agincare
Alina Homecare
Aspens - St Augustines
ASPENS-Lethbridge
Aster Communities
Aster Group Ltd
Aster Property Ltd
Atkins Limited
Braybourn Facility Services
Brunel Pension Partnership Ltd
BSW CCG
Caterlink - Berkshire
Caterlink - Devizes
Caterlink - Gorsehill
Caterlink - Melksham Oak
Caterlink - WHF
Caterlink-Grange Federation
Cera East
Churchill Services
Classes Abroad
Cleverchefs Ltd
Cleverchefs Wyndham Park
Collaborative Schools
Community First Oxenwood
Community Golf & Leisure Trust
Compass Catering Ludwell
Compass û Chartwells-St Marys
Direct Cleaning - Fitzmaurice
Direct Cleaning - Malmesbury
Direct Cleaning - Westbury Jnr
Direct Cleaning û Bulford
Direct Cleaning û Netheravon
Direct Janitorial Supplies Ltd
Educate Together Academy Trust
Expedite - Pickwick Aloeric
Expedite û Brunel SEN MAT
Expedite-Westlea

Admitted Bodies (cont'd)

First City Nursing
GLL (2014)
Great Western Hospital - SEQOL
Harrison Catering Services Ltd
Hills Group Ltd
Idverde
Idverde UK
Imperial Cleaning - Greentrees
Imperial Cleaning - King William Street
Imperial Cleaning-Highworth
Innovate Services Ltd 2
Lex Leisure Ltd
NHS South Central & West
Orders of St John Care Trust
Oxford Health NHS Trust
Pinnacle FM Limited
Public Power Solutions
Purgo Supply Services Ltd
Rapid Cleaning
Sansum Cleaning - DBAT
Sansum Cleaning - Excaliber
Sansum Cleaning Solutions Ltd
Selwood Housing Society
Sodexo -DBAT
Somerset Care HTLAH
Spurgeons
Supreme Contract Services - Lawn Manor
Swindon Dance
Swindon Music Service
SWLEP - Swindon & Wilts Local
Tenon FM
The Wiltshire Bobby Van Trust
Thera South West
Wiltshire and Swindon Sport

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

Analytical Review

The following tables show a brief review of key movements in the Fund Account and Net Asset Statement for the financial year.
Major movements in Fund Account and the Net Assets Statement for the financial year

Fund Account	2022/23 £'000	2021/22 £'000	Notes
Contributions	141,843	132,804	Contributions received in year are higher due to increases in the number of active members, increases to employer contribution rates and rises in underlying salaries that contributions are paid on.
Benefits	(106,934)	(110,183)	Benefits paid have decreased compared to the prior year, this is due to the partial reversal of the provision which was made in 2020/21 to estimate pension underpayments covering several years. Excluding this £5.5m one off item, benefits paid have increased due to inflationary increases and a rise in the number of members receiving their pension.
Management expenses	(37,506)	(33,016)	Management expenses have increased compared to the prior year. The primary cause has been an increase in investment transaction costs mainly in the funds property portfolio. There has also been an increase in operational running costs as outsourced work to reduce operational backlogs of work and reconcile payroll differences commenced.
Return on Investments	(157,091)	280,797	The fund has seen a net negative investment performance for the year, following a volatile period on international markets. See investment performance note for further details.
Net increase/(decrease) in the Fund	(159,688)	270,402	

Net Asset Statement	2022/23 £'000	2021/22 £'000	Notes
Long Term Investments - Brunel	707	838	This asset represents a 10% share of the equity of Brunel Pension Partnership.
Investment Assets	3,050,033	3,206,087	The detailed narrative for the decrease in the asset value is included in the investments section

Wiltshire Council
Where everybody matters

Cash & other current assets and liabilities	**19,959**	**23,462**	**The fund has reduced the cash balance it held at year end as a result of the implementation of the new SALAMI porfolio to manage liquidity, this has lowered this net asset value. This has been partially offset by lower liabilities as a result of the lower provision for pension underpayments.**
Total Net Investments	**3,070,699**	**3,230,387**	

Wiltshire Pension Fund Committee – Statement of Going Concern

Introduction

In compiling financial statements any organisation must consider whether they anticipate being able to continue operating for at least the next 12 months, or a longer time period, from the date of signing the accounts. This is a key assumption for making accounting assessments and is stated explicitly as using the Going Concern Basis.

Management, when making this assessment should consider factors that relate to the entity's current and expected profitability, the timing of repayment of existing financing facilities and potential sources of replacement financing, taking into account all available information about the future.

The Pension Fund is required to make this assessment annually and must use measures of ongoing viability relevant to its own operations, this paper provides supporting evidence in making this statement.

Going Concern Requirement

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

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

In the capacity described above, the Committee confirms that members have considered the evidence set out below, as well as their knowledge of the legislative framework surrounding the LPGS, and confirm that the Wiltshire Pension Fund is a going concern as at the date of this meeting and thus the going concern assessment is applicable for the statement of accounts for year ending 31 March 2023.

Supporting evidence

Funding level

The Pension fund has a strong funding level on an ongoing basis.

The Funding level (i.e. the ratio of the Fund's asset to liabilities) as at the last actuarial valuation (31 March 2022) was 103%. Despite negative investment performance since this formal valuation the funding level has reached 122.9% (31 March 2022). The improvement in this funding level has been as a result of increases to gilt yields throughout this period, which has the effect of decreasing the present value of future pension liabilities. The value of the fund assets have decreased much less than the value of pension fund liabilities improving the funding level. The well diversified asset allocation has ensured the value of assets have not declined materially over this period, and have weathered this difficult period of market volatility well.

Strategic Asset Allocation

The strategic asset allocation is set in order to deliver the investment returns which the Fund requires over time, in order to achieve full funding, and was modelled over a wide range of possible market environments. The strategic asset allocation was reviewed as part of the triennial valuation from March 2022. This work will included detailed work to assess resilience under a variety of market conditions and under a variety of climate change scenarios. This will provide further assurance of the fund's ability to maintain a sustainable ongoing funding level.

Liquidity

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

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

In the year the fund has implemented a new treasury management strategy which makes use of a liquidity fund ensuring cash is always available at short notice to meet capital calls and other payments. It also ensures the fund is not likely to be a forced seller of assets.

Given the recent large inflationary increase to pension payments the fun commissioned a review of the cashflow position of the fund. The cash flow position of the Fund is broadly neutral, which is to say that contributions from employers and employees are sufficient to meet the payments of benefits due without needing to utilise investment income, or liquidate investment assets. The modelling work showed the fund would likely maintain this position for several more years.

Value of assets

During the year to 31 March 2023, the Fund experienced negative investment performance, mainly due to increases in interest rates and market volatility following the war Ukraine. Despite this negative investment performance over the 1 year period, looking back over a 4 year time frame the fund has performed well and in line with actuarial expectations.

Arrangements with employers

The majority of the Fund's employers by liability, are public sector bodies, such as councils and academies, who are long term secure, tax backed employers, where the covenant is strong and backed by statute or the Department of Education guarantee. These types of bodies are unlikely to pose an insolvency risk to the Fund. Similarly, they are likely to able to make contributions when they fall due.

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

- the strain cost of any redundancy early retirements resulting from the premature termination of the contract;
- allowance for the risk of asset underperformance;
- allowance for the risk of a greater than expected rise in liabilities;

- allowance for the possible non-payment of employer and member contributions to the Fund;
  and/or
- the current deficit

Employer support for the scheme is crucial to the ongoing success of the fund, maintaining an open fund with a mix membership profile is essential to allow the fund to maintain a long term investment strategy.

Valuing the fund on a Gilts/cessation basis leaves the Fund at a 84.5% funded level, the ongoing investment returns which can be accessed from an open fund maintain the well funded position. The recently set strategic vision goal of ensuing employers are advocates for the scheme will partially address this risk, and is supported by clear employer and member communications. Current legislation also makes offering the LGPS scheme to employees a mandatory requirement for the funds largest employers, (Councils, Academies, Colleges, Police)

Operational concerns

Wiltshire Council itself is experiencing some budgetary difficulties, but this does not affect the Pension Fund, as it is funded by its own budget, which is agreed by the Committee. However due to staff in the Pension Fund being employed on Wiltshire Council terms and conditions the impact of incremental pay freezes and negotiated national pay settlements does impact the pay of Fund employees.

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WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD
13th July 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

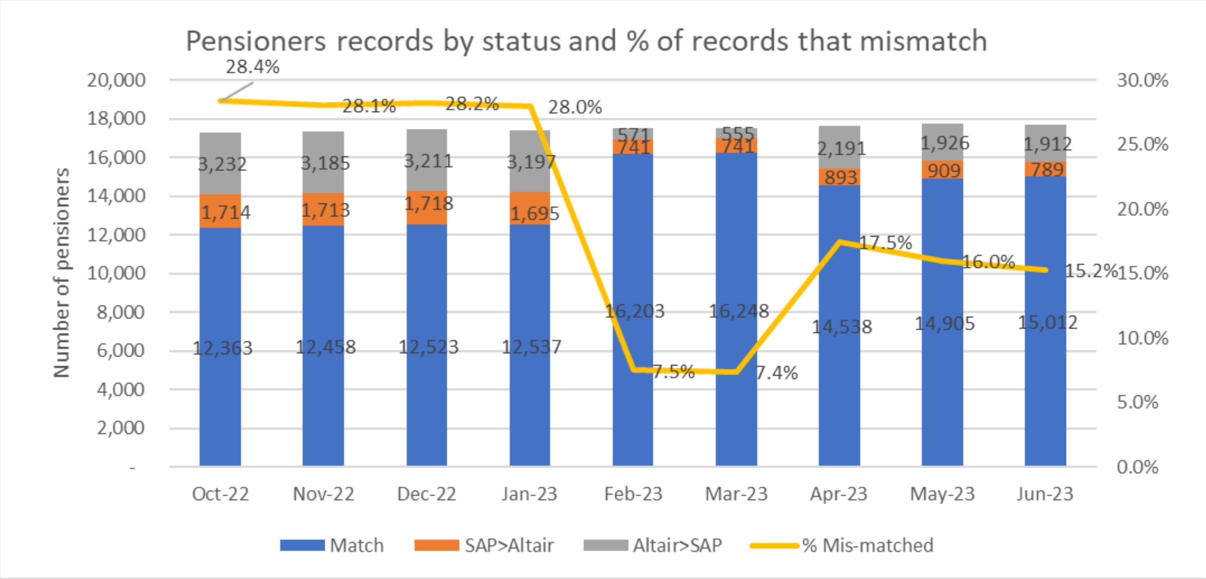
Accounts and Annual Report

3. Final sign off for the full Wiltshire Council Accounts for 2019/20, 2020/21 and 2021/22 continues to be delayed, the Pension fund accounts form a part of the full Council accounts and the delay, which is due to an issue within the Wiltshire Council figures, has meant the pension fund accounts have not received their final audit opinion for inclusion in the annual report. Officers have responded to all requests by the external auditors for information for all years of accounts. To ensure we comply with The Pensions Regulator (TPR) requirement to publish the report, they are available on the website for all years.

4. Work is completed on the accounts for 2022/23 and we await the arrival of the auditors in September.

Payroll reconciliations

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



6. The reconciliation data shows a significant improvement in February, this is as a result of work to bulk correct cases <£5pm different. The overall mismatch by cases reduced to 7.5%. However following the application of the pension increase in April 2023 this has created an increase in the mismatch between the systems. The reconciliation has identified this issue and work is underway to understand the cause and to correct the differences.

Integrated Systems

7. 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.

8. 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. Following implementation of the new Evolve payroll a plan will be prepared to transfer pensioners onto the new integrated payroll within Altair. Any new payment system will only go live following extensive review and establishment of clear procedures, and final sign off to proceed from the Head of Wiltshire Pension Fund and the Treasurer to the Fund.

Quarterly Financial Performance Dashboard

Wiltshire Pension Fund - Key Financial Controls Dashboard				
Control Area	**RAG May-23**	**Items reviewed under this control area**	**Comments on Performance**	**Ongoing Actions**
1. Employer Contributions		Timely and accurate payment of employer contributions each month.	See summary performance table for full details. Almost all employers paying on time and with the correct rate.	Work ongoing to improve reconciliation process to i-connect submissions
2. Payroll		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.	Outsourced provider working to resolve discrepancies above £5p/m
3. Cashflow, banking and capital calls		Maximum and minimum cash balances, private markets capital calls and distributions and treasury performance.	See summary performance table for full details. All capital calls met on time.	Issue with a single approval required by the banking provider for large payments has increased the risk to making timely payments.
4. Balance Sheet Reconciliations		All balance sheet control codes are reviewed for accuracy and outstanding issues.	All control codes have been reviewed and checked, no unexplained balances.	None
5. Altair Checks		Check between the ledger and pension admin system (altair) that any transactions, such as payments or receipts match the admin system.	All reconciliations have been undertaken discrepancies have reduced following active engagement with the Admin team to review old cases.	None
6. Financial Budget Reporting		Review of year to date and forecast operating budget performance, or any unusual monthly movements on the overall fund account.	Budget agreed for 23/24	Work to forecast following Q1 is planned in.
No material concerns				
Minor issues				
Major issues				

9. 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	8,109	5,256	2,853	54.3%	36.9	-	161	19	-
Q1	May-22	7,732	4,723	3,003	63.6%	7.9	-	160	20	-
Q1	Jun-22	7,815	7,794	22	0.3%	18.9	-	170	10	-
Q2	Jul-22	7,835	6,993	66	0.9%	5.8	-	172	6	-
Q2	Aug-22	7,519	7,265	254	3.5%	16.1	-	167	10	-
Q2	Sep-22	7,536	7,522	14	0.2%	8.1	-	166	14	-
Q3	Oct-22	7,814	7,004	811	11.6%	8.8	-	171	8	-
Q3	Nov-22	9,207	9,182	25	0.3%	9.5	-	168	12	-
Q3	Dec-22	9,814	9,807	7	0.1%	1.0	-	177	3	-
Q4	Jan-23	7,989	7,273	715	9.8%	9.0	-	167	13	-
Q4	Feb-23	9,130	8,377	754	9.0%	1.4	-	172	8	-
Q4	Mar-23	8,835	8,830	5	0.1%	8.5	-	172	8	-
Total	**Q1**	**23,657**	**17,773**	**5,878**	**33.1%**	**21.2**	**-**	**491**	**49**	**-**
Total	**Q2**	**22,891**	**21,780**	**334**	**1.5%**	**10.0**	**-**	**505**	**30**	**-**
Total	**Q3**	**26,834**	**25,992**	**842**	**3.2%**	**6.4**	**-**	**516**	**23**	**-**
Total	**Q4**	**25,954**	**24,480**	**1,474**	**6.0%**	**6.3**	**-**	**511**	**29**	**-**

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-23	35,337	34,464	873	21.4%	6.6	-	168	7	-
Q1	May-23	7,998	6,263	1,735	27.7%	3.9	10.0	165	8	2

10. For the financial year 22/23 all contributions have been received. There can be variances between the monthly values received depending on the timing of any secondary deficit payments made by employers and the timing of backdated pay awards.

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

12. The following table provides further details for performance dashboard item 3. Cashflow, banking and capital calls. This table sets out the actual cashflow movements for 2022/23 and forecast for the year ahead. In April 23 the fund received a large prepayment of employer contributions from Wiltshire Council.

Summary Cashflow statement for Wiltshire Pension Fund

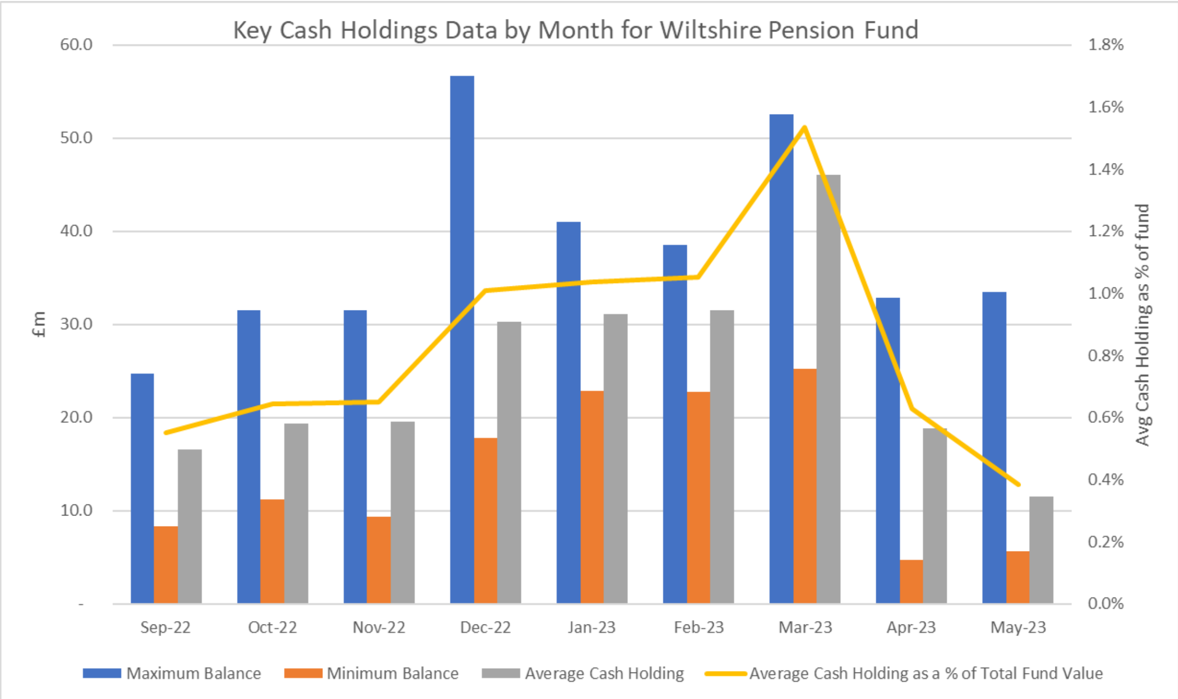
		Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	
£m equivalent		**Apr-22**	**May-22**	**Jun-22**	**Jul-22**	**Aug-22**	**Sep-22**	**Oct-22**	**Nov-22**	**Dec-22**	**Jan-23**	**Feb-23**	**Mar-23**	**2022/23**
Opening Cash Balance		**28.7**	**19.0**	**25.9**	**22.4**	**10.1**	**12.0**	**16.9**	**31.5**	**18.0**	**22.9**	**29.1**	**30.6**	**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	11.1	145.5
Operating	Expenditure	(9.5)	(10.9)	(9.1)	(11.4)	(10.0)	(10.1)	(9.7)	(10.3)	(13.5)	(9.6)	(10.6)	(10.1)	(125.0)
Investing	Private Market - Capital Investment	(40.1)	(5.8)	(15.9)	(43.8)	(21.2)	(4.4)	(6.3)	(22.5)	(49.2)	(9.0)	(4.4)	(2.4)	(225.1)
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	16.0	33.5
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	(20.0)	(20.0)
Investing	Other	0.0	(0.0)	(0.0)	0.1	0.0	0.2	(0.0)	0.1	(0.1)	3.8	(3.8)	0.1	0.3
Closing Cash Balance		**19.0**	**25.9**	**22.4**	**10.1**	**12.0**	**16.9**	**31.5**	**18.0**	**22.9**	**29.1**	**30.6**	**25.3**	**24.9**
Maximum Balance		**35.2**	**25.9**	**31.8**	**51.4**	**28.1**	**24.8**	**31.5**	**31.5**	**56.7**	**41.0**	**38.5**	**52.6**	
Minimum Balance		**18.6**	**12.6**	**22.4**	**9.7**	**10.2**	**8.4**	**11.2**	**9.3**	**17.8**	**22.9**	**22.8**	**44.0**	
Average Cash Holding		**28.1**	**19.2**	**26.6**	**25.6**	**17.0**	**16.5**	**19.4**	**19.5**	**30.3**	**31.1**	**31.6**	**46.7**	
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%**	**1.0%**	**1.0%**	**1.5%**	
Number of capital calls		**6**	**6**	**6**	**7**	**8**	**3**	**5**	**8**	**11**	**9**	**5**	**8**	**82**
Number of listed market withdrawals		**0**	**1**	**1**	**1**	**2**	**1**	**1**	**1**	**2**	**1**	**1**	**0**	**12**

Summary Cashflow statement for Wiltshire Pension Fund

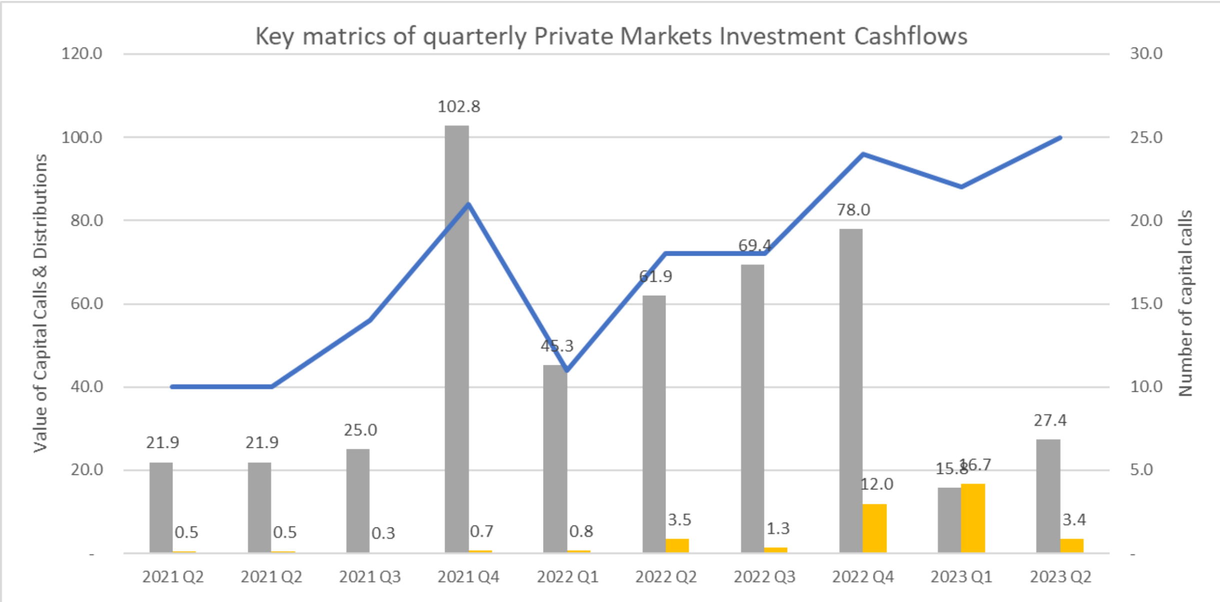
		Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
£m equivalent		**Apr-23**	**May-23**	**Jun-23**	**Jul-23**	**Aug-23**	**Sep-23**	**Oct-23**	**Nov-23**	**Dec-23**	**Jan-24**	**Feb-24**	**Mar-24**	**2023/24**
Opening Cash Balance		**25.3**	**32.8**	**7.6**	**7.8**	**5.9**	**5.7**	**6.0**	**6.0**	**6.0**	**6.3**	**6.3**	**6.3**	**25.3**
Operating	Income	38.2	9.6	9.6	8.8	8.8	8.8	8.8	8.8	8.8	8.8	8.8	8.8	136.5
Operating	Expenditure	(11.7)	(11.9)	(12.3)	(10.5)	(11.1)	(10.5)	(10.8)	(10.8)	(10.5)	(10.8)	(10.8)	(10.5)	(132.0)
Investing	Private Market - Capital Investment	(11.7)	(3.7)	(12.1)	0.0	(16.0)	(16.0)	(16.0)	(16.0)	(16.0)	(16.0)	(16.0)	(16.0)	(155.1)
Investing	Private Market - Capital Distribution	0.8	2.6	0.0	0.0	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	36.8
Investing	Listed Market - Capital Withdrawal	2.3	3.0	8.0	0.0	13.8	13.8	13.8	13.8	13.8	13.8	13.8	13.8	123.5
Investing	Listed Market - Capital Investment	(11.0)	(25.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(36.0)
Investing	Other	0.7	0.0	6.9	(0.1)	0.0	(0.0)	0.0	0.0	(0.0)	0.0	0.0	(0.0)	7.6
Closing Cash Balance		**32.8**	**7.6**	**7.8**	**5.9**	**5.7**	**6.0**	**6.0**	**6.0**	**6.3**	**6.3**	**6.3**	**6.6**	**(1.0)**
Maximum Balance		**32.8**	**33.5**	**15.7**	**12.9**	**14.5**	**14.8**	**14.8**	**14.9**	**15.1**	**15.1**	**15.2**	**15.4**	
Minimum Balance		**4.8**	**5.6**	**4.2**	**5.4**	**5.7**	**5.9**	**6.0**	**6.0**	**6.2**	**6.3**	**6.3**	**6.6**	
Average Cash Holding		**18.9**	**11.5**	**8.4**	**8.0**	**8.7**	**9.4**	**9.1**	**8.8**	**9.6**	**9.2**	**9.2**	**9.9**	
Average Cash Holding as a % of Total Fund Value		**0.6%**	**0.4%**	**0.3%**	**0.3%**	**0.3%**	**0.3%**	**0.3%**	**0.3%**	**0.3%**	**0.3%**	**0.3%**	**0.3%**	
Number of capital calls		**10**	**7**	**8**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**25**

13. The operational cashflow is managed on a daily basis by the Wiltshire Council team, this covers all cash not held by the funds custodian or investment managers. This cash forms a part of the overall cash reported in the tables above. The pension fund officers work closely with this team to ensure sufficient liquidity is always available. The council team provide an annual report on the service provided, which is included as an appendix to this report for reference.

14. The new SALAMI (strategic allocation to liquid asset-matching investments) portfolio has allowed the fund to reduce the amount of cash it holds to meet capital calls, this can be seen from the lower average balances from April 2023, it has also improved operational efficiency in meeting call notices.



15. 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. Q1 and Q2 of 2023 included a high number of low value capital calls mainly for the funds private equity portfolios.



Planned improvements and key items to monitor

16. 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**
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. New payroll manager has started to enable these new processes.
Evolve			Implementation of the SAP financial system is now planned for November 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.
Wiltshire Council – Wiltshire Pension Fund SLA charge			**LPB Action Point – SLA Recharge** The Council have provided a new fee for 23/24 based on a reasonable methodology for all key items, these costs have been included in the agreed budget for the year. Officers are chasing for a formal SLA document to support all the charges, to be drafted by the council.

	Significant concern
	Not started

Improvement / Issue	Last RAYG* rating	Current RAYG* rating	Comments

	Work has commenced
	Significant progress made
	Completed/situation under control

Environmental Impacts of the Proposals

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

18. There are no known implications at this time.

Proposals

19. 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

Appendix 1: Wiltshire Council Treasury report

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Wiltshire Pension Fund
Annual Treasury Management Report 2022/23

1. This report reviews:

   a) the actual cash position at the end of 2022/23

   b) the investment position during, and at the end of 2022/23

Review of Cash Position

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

	£000s
Payments	
General Creditors	43,974
Pensions	79,616
To Fund Managers	86,656
Payments Total	**210,246**
Receipts	
General Income	94,460
WC Transfer	50,164
From Fund Managers	53,250
Receipts Total	**197,874**
Cash Outflow	**12,372**

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

	£000s
Decrease in Investments	12,269
Decrease in Bank Balance	103
Total	**12,372**

4. The Pension Fund maintained an average balance of £17.984 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 2022	27,898	35,053	18,491
May 2022	19,305	26,503	12,571
June 2022	26,457	31,731	22,326
July 2022	17,880	24,720	9,631
August 2022	12,784	19,421	9,492
September 2022	16,028	24,513	8,019
October 2022	16,042	22,471	10,982
November 2022	13,154	23,832	8,347
December 2022	17,584	24,768	14,181
January 2023	16,751	23,485	14,526
February 2023	17,218	21,854	14,370
March 2023	16,843	22,400	14,894
Average 2022/23	**18,162**		

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
Aberdeeen Asset Management	Money Market Fund (LVNAV*)	AAA
Handlesbanken	Call Account	AA

* LVNAV = Low Volatility Net Asset Value
** Credit Rating = Fitch Long Term Credit Rating (AAA = highest rating) as at 31 March 2023

7. During the year there were opportunities to place surplus cash with all four counterparties above. This resulted in interest income (receivable) of £367,240.04.

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, 123 deposit transactions were made during the year, with a gross value of £165.746 million. Of the deposits made, 3 were placed on call with Handelsbanken, 15 were placed with the money market funds, and 105 were placed with HSBC overnight.

10. The funds earned an average interest rate of 2.02%.

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 2022/23 **APPENDIX A**

Counterparty	Balance at 1 April 2022 (£000s)	Placed		Repaid		Balance 31 March 2023 (£000s)	Interest Range* (%)	Interest Received (£000s)
		Value (£000s)	No	Value (£000s)	No			
HSBC – Overnight	1,330	85,930	105	86,560	87	700	0.54 – 4.03	21
Black Rock MMF	7,150	30,362	7	27,535	22	9,977	0.54 – 4.10	162
Aberdeen MMF	9,954	39,507	8	44,040	24	5,421	0.54 – 4.06	177
Handelsbanken – Call	9,942	9,947	3	19,880	3	9	0.50 – 3.60	7
Totals	**28,376**	**165,746**	**123**	**178,015**	**136**	**16,107**		**367**

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

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
13th July 2023

WILTSHIRE PENSION FUND INVESTMENT MANAGEMENT FEES AND COSTS 2022/23

Purpose of the Report

1. This paper details the fees and costs of the management of the investment portfolios for the year to 31 March 2023.

Background

2. The costs associated with the management of the investment portfolios are made up of two parts, fees (which are agreed up front, usually as a percentage of the market value of the portfolios), and costs (which include transaction and other costs, and are dependent on the volume of transactions which have taken place). In multi-manager portfolios (Partners Group for infrastructure), there are also costs associated with the underlying funds held in the portfolios.

3. Unless a manager invoices for fees throughout the year, all fees and costs will be passed through the portfolios, these are reported to Wiltshire once a year as part of detailed cost transparency reporting. All the fees and costs are then included in the year end accounts, to show the complete position.

4. Due to the way this information is received and recorded (i.e. annually), officers prepare an annual paper for Committee to report on these costs. Fee savings from pooling are reported quarterly at the investment focused committee meetings.

Investment Management Expenses

5. The total cost of investment management expenses in 2022/23 were £33.859m, this is an increase of £3.612m on the previous years costs of £30.247m. These are detailed in Note 9 to the accounts, and below for reference;

9. Investment management expenses

	2022/23 £000 Total	Management fees	Performance fees	Transaction Costs (Explicit)	Transaction Costs (Implicit)
Pooled funds equity	**4,075**	2,883	-	916	275
Fixed income unit trusts	**4,756**	2,076	-	2,284	396
Infrastructure funds	**7,284**	2,999	3,068	1,218	-
Private Debt	**515**	192	-	323	-
Private Equity	**2,271**	1,298	-	973	-
Emerging market multi-asset	**3,673**	1,354	-	777	1,541
Pooled property Investments	**11,397**	3,409	-	7,962	25
	33,970	**14,211**	**3,068**	**14,453**	**2,238**
Custody fees	30				
Costs associated with investment pooling	326				
Indirect costs incurred in managing investment portfolios	(466)				
	33,859				

	2021/22 £000 Total	Management fees	Performance fees	Transaction Costs (Explicit)	Transaction Costs (Implicit)
Pooled funds equity	**3,716**	3,218	-	185	313
Fixed income unit trusts	**4,753**	1,879	-	1,386	1,488
Infrastructure funds	**5,518**	2,102	2,463	953	-
Private Debt	**1,176**	714	-	462	-
Private Equity	**558**	279	-	279	-
Emerging market multi-asset	**2,874**	1,339	-	808	727
Pooled property Investments	**5,065**	4,025	-	1,040	-
	23,660	**13,556**	**2,463**	**5,113**	**2,528**
Custody fees	62				
Transition costs	3,283				
Costs associated with investment pooling	1,143				
Indirect costs incurred in managing investment portfolios	2,099				
	30,247				

6. The significant variances from 2021/22 to 2022/23 are as follows:

   a) Transition costs decreased from £3.283m to £0, in the prior year four large transitions were made. In 2021/22 the four transitions to implement the strategic asset allocation were, the new Global Sustainable Equities portfolio (£1.9m) and Paris Aligned Benchmark Passive portfolio (£0.4m), transition of the multi asset credit portfolio (£0.6m) and Gilts (£0.4m) to Brunel.

   b) Overall fund management fees have increased slightly, the driver to higher costs has been greater investment in asset types across private markets with higher fee structures, such as private equity, private debt and infrastructure. This theme will continue as commitments continue to be called for these investments, these higher costs should be offset by returns, which are reported net of these costs in investment performance information. This higher cost for private market investments is partially offset by lower management fees for the property portfolio where the fund previously paid a manager fee to CBRE.

   c) Transaction costs (Explicit) have increased by £9.3m compared to the prior year, this has been due to greater transparency for the portfolios property holdings, where running costs for the underlying funds have been disclosed, these costs were not available in the prior period. These costs cover a range of property expenses, from administrative, to maintenance and repair costs, insurance, service charges or valuation fee's. A smaller increase in these costs were also noted in the gilts portfolio relating to transactions, possibly linked to the volatility seen in the gilt market throughout the year.

   d) Costs associated with investment pooling – this is lower in 2022/23 due to a reduction in the Pension Recharge Liability the fund has with Brunel, the value of this fell as the funding level of Brunel's liabilities in the pension fund improved. The recharge was signed by clients to avoid having to provide additional capital to Brunel in the event of their pension liability increasing. This has benefitted clients from a cashflow perspective, but has led to the need to create a provision in the Fund's accounts. After excluding this technical item costs of investment pooling have remained stable from year ending 22 to 23.

   e) Indirect costs incurred in investments are showing a negative value in 22/23, this is due to a one off technical rebate from the private debt portfolio which reversed costs incurred in the prior period.

7. Assurance on the correct calculation and disclosure of these fees is provided by the funds external auditors who review these costs as part of their review of the annual report. The Fund can also place reliance on the work of Brunel who review fees for managers within their portfolios. Each fund manager also provides a 6-monthly internal controls report, which sets whether effective controls are in place on a range of issues, including fees.

8. From 2018/19 onwards, CIPFA guidance for the annual report includes a table to monitor the relative cost of portfolios inside and outside the pool, measured in bps (1bp = 0.01%). The full table, which is published in the annual report, is provided in appendix 1 of this report for reference.

Environmental Impact of the Proposal

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

10. There are no known implications at this time.

Proposals

11. The Committee is asked to:
    a) Use the report as a basis to monitor the Fund's investment management fees and costs for the year to 31 March 2023.

JENNIFER DEVINE Head of Wiltshire Pension Fund

Report Author: Chris Moore, Investment and Accounting Team Lead

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

Appendix 1

The following information has been prepared in order to enable comparison between the ongoing investment management costs between asset pools and non-pooled investments.

Investment management costs for year to 31 March 2023										
	Asset Pool				**Non-Asset Pool**				**Fund Total**	
	Direct £'000	**Indirect £'000**	**Total £'000**	**Bps**	**Direct £'000**	**Indirect £'000**	**Total £'000**	**Bps**	**Total £'000**	**Bps**
Management fees	-	7,449	7,449	33.2	1,264	4,477	5,741	65.7	13,190	42.3
Performance fees	-	-	-	-	-	3,068	3,068	35.1	3,068	9.8
Fees and costs of underlying fund investments	-	-	-	-	-	1,017	1,017	11.6	1,017	3.3
Total fees	**-**	**7,449**	**7,449**	**33.2**	**1,264**	**8,562**	**9,826**	**112.4**	**17,275**	**55.4**
Asset pool shared costs	326	-	326	n/a	-	-	-	n/a	326	n/a
Transaction costs:										
- Transaction taxes	-	384	384	1.7	-	475	475	5.4	859	2.8
- Broker commission	-	209	209	0.9	-	247	247	2.8	456	1.5
- Transaction related services	-	484	484	2.2	-	766	766	8.8	1,250	4.0
- Other explicit transaction costs	-	195	195	0.9	-	288	288	3.3	484	1.6
- Implicit transaction costs	-	658	658	2.9	-	1,579	1,579	18.1	2,238	7.2
- Indirect transactions costs	-	1,984	1,984	8.9	-	102	102	1.2	2,086	6.7
- Anti-dilution levy	-	- 70	- 70	- 0.3	-	- 248	- 248	- 2.8	- 319	- 1.0
Total transaction costs	**-**	**3,845**	**3,845**	**17.2**	**-**	**3,209**	**3,209**	**36.7**	**7,053**	**22.6**
Operating expenses	-	7,292	7,292	32.5	-	2,346	2,346	26.8	9,637	30.9
Total of all fees and costs	**326**	**18,585**	**18,911**	**82.92**	**1,264**	**14,116**	**15,380**	**175.9**	**34,291**	**109.0**

Across all investment portfolios, the management fees were 55.4bps in 2022/23. These are calculated on an annualised basis for all portfolios held during the course of the year. Direct costs are those which are directly invoiced to Wiltshire Pension Fund. Indirect costs are those which are charged to the underlying investments – these are disclosed to Wiltshire by cost transparency reporting each year, and are accounted for in the total investment management costs reported in the statement of accounts. These includes fees and costs charged by the underlying funds held in the property and infrastructure portfolios, in order to show a complete reflection of the costs of holdings these investments, in line with the CIPFA guidance on accounting for local government pension scheme management expenses 2016.

1. Asset pool shared costs represent the quarterly amounts invoiced by the Brunel pool for management and ongoing running costs, and also includes monthly consultancy costs associated with administering the Brunel client and oversight board groups.

2. The fee rates in basis points (bps) are based on the actual fees or costs, pro-rated up to a full year where the portfolio was only held for part of the year, as a percentage of the closing market value of the total assets held in the pool or held outside the pool, plus the closing market value for any portfolios which were terminated partway through the year.

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
13 July 2023

Employer Cessation Policy

Purpose of the Report

1. The purpose of this report is to present to Wiltshire Pension Fund Committee an updated Employer Cessation Policy. The Committee is asked to consider and approve the proposed policy (see Appendix).

Background

2. The Fund has had a cessation policy in place for a number of years and the current version was approved on 14th December 2022, following consideration of the cessation calculation methodogy.

3. On appointment of the Fund's new Employer Funding and Risk Lead on 1st June 2023, the current cessation policy was reviewed to ensure that it is still relevant, meets current regulation requirements and best practice.

4. Whilst working on a recent Debt Spreading Arrangement (DSA) with a Fund employer, it was identified that the interest rate being charged for late payments, as per the policy agreed in 2022, was not in line with current legislation.

5. Officers have consulted with Fund employers on the revisions, with the consultation opening on 14th June 2023 and ending on 10th July 2023. Views were also sought at the Employer Strategic Focus Group on 10th July 2023.

Considerations for the Committee

6. The Fund's revised policy aims to bring it up to date with legislation and best practice.

7. The key changes are:

   1. Introduction – the effective date has been changed to include the last review date

   4. Policy reviews – change in contact details for the responsible Fund officer

   6. **Calculation Basis for cessation events** – added the likelihood of success corridor of 90% to 95% to sub section 6.2(a), as per approval at the November 2022 Pension Committee

   7. Payment of any crystalised deficit – change in interest rate for the late payment of deficit payment, from base rate plus 5% per annum to 1% above base rate in accordance with Regulation 71(4). A sentence has also been added regarding payments for employers with no guarantee and who are outside of the corridor

   8.4 Disputes – new section introducing an appeal and adjudication provision

9. Deferred Debt Agreement (DDA): Non-crystallisation of cessation debt calculation –

- original section 9 (7) removed, which referred to the alternative employer investment strategy and following points/sections moved up accordingly
- Addition of section 9 (13) to clarify that is the Fund with legal advice, who is responsible for drafting the DDA

11. Related policies – reference made to the Funding Strategy Statement (FSS)

8. Given the time between the production of this report and the employer consultation closing on 10th July 2023, the Employer Funding and Risk Lead will give a verbal update at the Pension Committee on any feedback received from employers. At the point of writing this report (27th June 2023), no feedback had been received to date.

Environmental Impact of the Proposal

9. There are no known environment implications from this report.

Financial Considerations & Risk Assessment

10. In general, the changes proposed reduce the risk to employers and the Fund, both financially and reputationally, by abiding to current legislation and best practice.

Legal Implications

11. There is no legal requirement to produce a cessation policy, but the application of a policy reduces the risk of significant legal costs needing to be incurred upon cessation. The Fund will also comply with current legislation with regard to the charging of interest for late payments.

Safeguarding Considerations/Public Health Implications/Equalities Impact

12. There are no known implications at this time.

Reasons for Proposal

13. To ensure that the Fund's Cessation Policy is still relevant, meets current regulation requirements and best practice.

Proposal

14. The Committee is asked to approve this revised Cessation Policy, and seeks from Officers such clarifications or further information as they require.

Matt Allen
Employer Funding and Risk Lead

Report Authors: Matt Allen, Employer Funding and Risk Lead

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

CESSATION POLICY

1.Introduction

This is the policy of Wiltshire Pension Fund ("the Fund") as regards the treatment of employers on termination of their participation in the Fund. It covers the methodology for calculation and payment of any deficit or refund of surplus on leaving the Fund (via a "cessation valuation"). It applies independently from any risk-sharing which has been agreed bilaterally between one Scheme Employer and another exiting Scheme Employer.

It has been prepared by the Administering Authority, with input from the Fund's Actuary, Hymans Robertson LLP. This policy relates to all employers in the Fund.

This policy replaces all previous policies on employer termination and is effective from 17 November 2022.

This policy applies to all past, current and future employers participating in the Fund. In exceptional circumstances, the Fund reserves the right to differ from the contents of this policy if the particular circumstances of an Exiting Employer mean that the application of this policy is not appropriate or goes against the spirit of the principles applied here.

2.Terminology

The following terms all have the same meaning as defined in the Local Government Pension Scheme Regulations 2013 ("the 2013 Regulations"), as amended from time to time: Scheme Employer, Administering Authority, Deferred Debt Agreement, Deferred Employer status, Exiting Employer, Exit Credit, Exit Date, Rates and Adjustment Certificate and Related Employer.

3.Regulatory framework

The 2013 Regulations outline the general framework for employees and employers participating in the Local Government Pension Scheme in England and Wales. The regulations that are most relevant to employers leaving the Fund are as follows;

- Regulation 64 (2) – where an employer ceases to be a Scheme Employer, the Administering Authority is required to obtain an actuarial valuation of the liabilities of current and former employees as at the Exit Date. Furthermore, it requires the Rates and Adjustments Certificate to be amended to show the Exit Payment due from the exiting employer or the Exit Credit due to the exiting employer.

- Regulation 64 (2A) & (2B) – the Administering Authority, at its discretion, may issue a suspension notice to suspend payment of an exit amount for up to three years, where it reasonably believes the exiting employer is to have one or more. Regulation 64 (2ZAB) & (2ZC) – the Administering Authority is given discretion on the level, if any, of Exit Credit made to an Exiting Employer subject to certain considerations and it is required to notify the relevant parties of its pending determination within 6 months of the date of cessation (or a longer timeframe if agreed)

- Regulation 64 (3) – in instances where an exit payment is due but it is not possible to obtain additional contributions from the employer leaving the Fund or from the bond/indemnity or a guarantor, the contribution rate(s) for the appropriate Scheme Employer or remaining Fund employers may be amended.
- Regulation 64 (4) – where it is believed a scheme employer may cease at some point in the future, the Administering Authority may obtain a certificate from the Fund actuary revising the contributions for that employer, with a view to ensuring that the assets increase by an amount broadly equivalent to the exit payment that will be due.
- Regulation 64 (5) – following the payment of an Exit Payment to the Fund, no further payments are due to the Fund from the Exiting Employer.
- Regulation 64 (7A-7G) – An administering Authority may enter into a written Deferred Debt Agreement, allowing the employer to have Deferred Employer status and to delay crystallisation of debt despite having no active members.
- Regulation 64B (1) – An Administering Authority may set out a policy on spreading exit payments.

In addition to the 2013 Regulations summarised above, Regulation 25A of the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 ("the Transitional Regulations") gives the Fund the ability to levy a cessation debt on employers who have ceased participation in the Fund (under the previous regulations) but for whom a cessation valuation was not carried out at the time. This policy document describes how the Fund expects to deal with any such cases.

Note: Where the LGPS Regulations require that matters linked to cessations are outlined in the Fund's Funding Strategy Statement (FSS), including in relation to deferred debt agreement and deferred employer status, this cessation policy will instead outline the Fund's approach to such matters given that the Fund's FSS makes reference to this policy for further information on cessation matters. As such, material changes to this document will be subject to a consultation process with employers (to fulfil the consultation requirements for the FSS as required by the LGPS Regulations).

4. Policy reviews

This policy will be reviewed at least every three years following triennial valuations or following changes to the regulations pertaining to employers leaving the Fund.

It should be noted that this statement is not exhaustive and individual circumstances may be taken into consideration where appropriate. Any queries should be directed to Matt Allen, Employer Funding and Risk Lead in the first instance at matthew.allen@wiltshire.gov.uk or 01225 713510.

5.Cessation events

The purpose of a cessation valuation is to determine the level of any surplus or deficit in an employer's share of the Fund as at the date the employer leaves the Fund and the manner in which they will be processed.

5.1. Current cessations

There are a number of scenarios that may lead to an employer leaving the Fund;

a). Contractors participating in the Fund under an admission agreement (previously referred to as Transferee Admission Bodies).

- A cessation event will occur when either a contract comes to a pre-arranged end date (the period of which will be defined in the admission agreement), a contract is terminated early or the employer has no remaining active members in the Fund.
- Action will be taken by the Fund to determine the level of any cessation debt owed by, or exit credit which may be owed to, the exiting employer. The Fund will then seek to recover any debt from the exiting employer or alternative bond or guarantor in place, or at its absolute discretion fully or partially refund any surplus (see section 8 for further details).
- Regardless of the success of recovering any cessation debt in respect of the exiting employer, or the amount of any Exit Credit refunded, all active, deferred and pensioner liabilities of the contractor will automatically transfer back to the Awarding Authority, along with the notional value of assets held by the ceased employer.
- If the contract is re-let, a new admission agreement will be set-up between the Awarding Authority and the new employer which may lead to some or all the original active members transferring to the new employer.

b). Academies and Multi-Academy Trusts (MATs)

- A cessation event will occur if a current Academy or Multi-Academy Trust ceases to exist as an entity or as an employer with the Fund.
- If the cessation event occurs due to an academy or MAT merging with or being taken over by another academy or MAT within the Wiltshire Pension Fund, all active, deferred and pensioner liabilities from each of the merging entities will be combined, along with the notional value of assets held by the bodies concerned, and the responsibility for the payment of all current and future liabilities will become the responsibility of the newly merged entity. In these circumstances the Actuary, in consultation with the Fund, will determine if an Exit Payment or Exit Credit is required or if these funding variations should be addressed as part of future employer's contributions relating to the newly merged entity.
- If the academy or MAT is "debrokered"/split into more than one either new or existing employers with the Wiltshire Pension Fund then the Actuary will split the notional assets and liabilities relating to all active, deferred and pensioner liabilities of the exiting employer between the employers which are inheriting responsibility for the debrokered academy or

Wiltshire Pension Fund

MAT. In consultation with the administering authority, the Actuary will use his or her professional judgement to determine an appropriate and fair methodology for undertaking this split. Furthermore, the Actuary, in consultation with the Fund, will determine if an Exit Payment or Exit Credit is required or if these variations should be addressed as part of future employers' contributions.

- If the Fund is unable to recover any cessation debt from an academy or MAT then it will seek to recover the debt from the Department for Education (DfE) as outlined in the DfE's parliamentary minute from 2 July 2013.

- In all other circumstances, following the payment of any cessation debt or the receipt of any cessation surplus, responsibility for all the remaining deferred and pensioner liabilities will be ring-fenced until the final liability ceases and then the liabilities and assets will be shared amongst all remaining active employers in the Fund, unless another Scheme Employer (or group of employers) provides a guarantee that requires them to inherit responsibility for the exiting employer's notional assets and liabilities.

c). All other employers.

A cessation event will typically occur due to an employer having no remaining active members in the Fund.

- Following payment of any cessation debt or the receipt of any cessation surplus, responsibility for all remaining deferred and pensioner liabilities will be shared amongst all remaining active employers in the Fund, unless another Scheme Employer (or group of employers) provides a guarantee that requires them to inherit responsibility for the exiting employer's notional assets and liabilities.

The calculation of the cessation position will depend on which scenario applies. See section 6 for details.

5.2 Suspending payment of exit amounts

At the absolute discretion of the Administering Authority, a suspension notice may be awarded to an exiting employer. This may be for a period of up to three years after the cessation event (the maximum period permitted by the Regulations).

Any application for the Administering Authority to grant a suspension notice will normally only be considered if the following criteria apply;

- The employer can provide evidence that it is likely to admit one or more new active members to the Fund within the period of the suspension notice

- The employer is not a closed Admitted Body, as under the existing admission agreement no new active members would be permitted to join the Fund.

- Any application for the Administering Authority to grant a suspension notice is made within three months of the cessation event.

The Administering Authority reserves the right to withdraw a suspension notice if it is of the opinion that the terms of any agreement to award a suspension notice are not being upheld by the employer.

If a suspension notice is awarded, the cessation valuation will be deferred until the earlier of 1) the end of suspension period or 2) the point at which the suspension notice is withdrawn (for any reason). If one or more new active members are admitted to the Fund, the employer's full participation in the Fund will resume, including the ongoing responsibility for historic liabilities. If no new active members are admitted to the Fund it will seek to recover any cessation debt as per 5.1.

During the period of any suspension notice, the employer must continue to make such contributions to the Fund as certified in the Rates and Adjustments certificate.

5.3 Future cessations

If an employer is aware that it will be leaving the Fund in the future, it should alert the Administering Authority and request an indicative cessation valuation.

If this valuation indicates that a surplus position is likely, then the Actuary will be able to advise the Administering Authority whether a contribution reduction (before the employer ceases) is appropriate. Alternatively, if this calculation indicates a deficit position is likely then the Actuary will be able to advise of any required increase in contributions over the remaining period of membership. In either case, the Administering Authority has discretion over the funding basis to be used for this calculation.

5.4 Historic cessations

As required under Regulation 25A of the Transitional Regulations, the Administering Authority reserve the right to levy a cessation debt on employers who have ceased participation in the Fund under previous LGPS regulations, but for whom a cessation valuation was not carried out at the time. In such circumstances, the appropriate approach would be taken in line with the contents of this policy document depending on the relevant circumstances of each case.

6. Calculation Basis for cessation events: Crystallisation of cessationamount

It is the Fund's policy that, unless a suspension notice under section 5.2 or extension arrangement under section 9 has been awarded, the determination of any surplus or deficit on termination will be carried out as at the date that the final active member leaves active service/retires. The policy aims to minimise, as far as is practicable, the risk that the remaining, unconnected employers in the Fund have to make contributions in the future towards meeting the past service liabilities of current and former employees of employers leaving the Fund.

In each of the following scenarios, the cessation amount is crystallised. This means that once the cessation debt or surplus has been determined, this amount will not be reviewed in future to allow for future events such as market movements or demographic change, although in the event of an exit payment being due, it may be used as a reference point to agree upon a payment plan as per section 7 (if applicable).

6.1 Contractors participating in the Fund under an admission agreement (previously referred to as Transferee Admission Bodies).

The Fund's policy is to carry out the cessation valuation in this situation in line with the 'ongoing' actuarial valuation basis from the previous valuation (updated for market conditions at the date of exit).

The Regulations require that the contribution rate for the Scheme Employer who awarded the original contract is amended on termination should there be any unfunded liabilities remaining. This may occur if the certified cessation debt due from the ceased employer has not been paid or any amount received from any bond in place has not been sufficient to meet the full cessation debt.

In this case, the original awarding employer is the ultimate 'guarantor' for any legacy liabilities in respect of the ceased employer's liabilities.

If the admission agreement is terminated earlier than the contract period set out in the agreement, then the Administering Authority reserves the right to perform the cessation valuation on an alternative basis as agreed with the original awarding authority.

6.2 All other employers (including Scheme Employers, Designated Bodies, other Admission Bodies)

(a) No Guarantor Exists

In the case of an Exiting employer where no guarantor exists, since the Regulations suggest that any unfunded liabilities (at the point of cessation or after the cessation date) should be met via increased contributions from all other employers in the Fund, the Administering Authority wishes to protect the interests of the other unconnected employers.

The cessation valuation in such a case will be performed on a 'low risk' basis (i.e. a basis which uses a more prudent discount rate which should produce sufficient investment returns in a high percentage of modelled economic scenarios) with a likelihood of success corridor of 90% to 95%.

If, in the judgement of the Administering Authority, the employer has already ceased and there is a risk of pushing the exiting employer into insolvency by adopting the ‘low risk’ basis, even after allowing for the spreading period (see section 7 below), the Head of Wiltshire Pension Fund, with the prior agreement of the Chairman and Vice Chairman of the Pensions Committee and the Chief Financial Officer, may allow the cessation valuation to be performed on a set of financial assumptions that are less prudent than the ‘low risk’ basis. In these circumstances, the asset outperformance assumption will be no greater than half of the asset outperformance used at the previous formal actuarial valuation. In this situation, there will be an increased allowance for future mortality improvements beyond that adopted for the ongoing funding basis at the previous formal actuarial valuation.

(b) Exiting employer has a guarantor

If a scheme employer guarantor does exist or if the exiting employer is able to obtain a legally binding guarantee from a Scheme Employer on cessation which states the guarantor is prepared to absorb the exiting employer’s responsibilities on an ongoing funding basis, then the Actuary will calculate the cessation valuation using the ongoing funding basis adopted at the last actuarial valuation (updated for market conditions). This approach is subject to the guarantor (Scheme Employer) being deemed by the Administering Authority to be sufficiently large and financially secure that the cessation deficit for the exiting employer is not material to the ongoing funding position of the guarantor Scheme Employer.

(c) Treatment of pass-through employers

In the case where the admission agreement with the Fund specifies a full pass-through arrangement, a nil cessation amount will be certified. If an employer enters into an arrangement regarding risk-sharing or pass-through with another Scheme Employer that is not reflected in the employer admission agreement, then, at the Fund’s discretion, a cessation amount will be calculated according to (a) or (b) above and charged to or credited to the exiting employer. The exiting employer will be entirely responsible for claiming from the other Scheme Employer any monies to which the exiting employer is entitled as a result of arrangements not reflected in the admission agreement.

7. Payment of any crystalised Deficit

If the actuary determines that there is a deficit at the cessation date, and the exiting employer is required to make a payment to the Fund, the Administering Authority will advise the exiting employer of the amount required.

The Fund's policy is for any deficit on cessation to be recovered through a single lump sum payment to the Fund, where possible. The Administering Authority may consider permitting an Exiting employer to spread the payment over an agreed period, where it considers that this does not pose a material risk to the Fund.

Under this section, in either of the approaches above, the debt is crystallised (i.e. the total is not revisited, regardless of matters such as demographic changes or investment returns).

In general, the first port of call for payment of the deficit is the exiting employer itself and only in the final event of failure to recover from this source would other scenarios be explored.

Unless the cost of doing so is deemed to outweigh the likely recovery to the Fund, the Administering Authority will pursue an Exiting employer (including the liquidator, receiver, administrator or successor body if appropriate) for any deficit. In the event of non-payment, the Administering Authority will also pursue any bond or indemnity provider or guarantor, for payment where appropriate. For academies, this may include seeking to activate the Department for Education's guarantee as outlined within the parliamentary minute from 2013.

For employers with no guarantee, a corridor is in place (as outlined in Section 6.2(a)), whereby cessation deficits/surpluses are only due if the final cessation funding position sits outside of that corridor, and it will only be necessary to make or receive payments to reach the boundary of the corridor rather than the centre.

In the normal course of events (i.e. where an agreed process has been adhered to), the exiting employer will not normally be exposed to interest rate, investment or other funding risks after the cessation date. Any late deficit payment will include the addition of interest at the level of 1% above the base rate, in accordance with Regulation 71(4) between the cessation date and the final payment date(s). However, exceptions to this may need to be made depending on the circumstances of the cessation and must be agreed by the Chairman and Vice Chairman of the Pensions Committee and the Director of Finance.

7.1. Payment as a single lump sum payment

The Fund's actuary will confirm the amount required and the Fund will advise the employer accordingly along with the required timeframe for payment (if payment is made after this time, the Fund reserves to right to charge interest, as outlined above).

7.2. Spreading cessation deficit payments

At the Fund's absolute discretion, and in line with the approach outlined below, the Fund may agree for the cessation debt to be spread. Note: the spread debt will be calculated by unwinding the discount rate which was implicit in the final deficit payment, as agreed and set by the Fund Actuary. This will appear as form of interest (based on lost investment returns).

All applications to spread deficit repayments and responses should be set out in writing (emailed to the Head of Wiltshire Pension Fund or a suitable substitution), providing information to support the employer's proposal as appropriate, in line with the information below:

a). Application process

(1). The ceding employer sends a written application outlining the reasons why the employer wishes to spread the debt, the proposed timeframe, the employer's current financial position and financial outlook and what approach it proposes to take in respect of offering guarantees, securities or covenants (see below for the Fund's requirements).

(2). The Fund will consider the information received, in line with section b). below, and it may ask for further information or clarification.

(3). This repayment period shall not exceed the deficit recovery period that applies for any guarantor, or in the absence of a guarantor, that for non-tax raising bodies within the Fund (currently 14 years). If, however, the proposed repayment period is to exceed 7 years then the Head of Wiltshire Pension Fund must obtain the agreement of the Chairman and Vice Chairman of the Pensions Committee and the Director of Finance.

Officers or the Committee may also seek advice from the actuary, a legal adviser or a covenant specialist before making a final decision.

(4). If a Scheme Employer guarantor is in place, the Fund will seek the opinion or consent of that employer before making a final decision.

(5). After consideration of all information and any advice sought, the Fund will respond in writing in one of the following ways: accepting the proposal, making a counter proposal or rejecting the proposal.

(6). If the proposal is accepted, the actuary will outline the agreed rates with the rates and adjustment certificate (therefore formalising the agreement) once all agreed guarantees, securities or other arrangements are put in place. If the proposal is rejected, then the deficit will be required to be paid as a lump sum.

b). Fund decision-making considerations

As part of its decision making process as to whether to allow a ceding employer to spread deficit payments over a repayment period, the Fund will take account of the size of the deficit, the employer's current financial position and the financial outlook of the employer involved, actuarial advice (as needs be) and presence or absence of relevant covenants (including guarantees). As necessary, the Fund may ask for written evidence of relevant covenants and financial accounts.

The Fund will not normally accept to spread an exit payment in any of the following circumstances:

i). In the Fund's opinion, there is a materially greater risk of failure to recover all or some of the deficit if the deficit was spread than if it were paid immediately. This could be due to, but not limited to, the employer's financial position, outlook or concerns regarding future organisation reforms.

ii). There is a Scheme Employer guarantor in place and that employer does not consent to the deficit being spread.

iii). In the Fund's opinion, the offer of a guarantee or securities, is insufficient to adequately reduce the risk or future failure to pay the deficit amounts.

iv). The amount of deficit is too small and thus there would a disproportionate amount of administration and oversight needed by the Fund to put such an arrangement in place.

v). Any other reasons particular to that case that the Fund can objectively justify as meaning that spreading the debt would not be the interests of the Fund.

c). Approach to guarantees or securities

If no guarantor will be in place for the length of time of which the deficit is recovered, the Fund (or the scheme employer guarantor) may seek to obtain security which matches or exceeds the level of the outstanding deficit at all times during the period of time it is recovered (i.e. a decreasing amount over time). The form of financial security must be acceptable to the Administering Authority at its absolute discretion. Approved forms of security include a bond with a financial institution, a charge over assets or a Scheme Employer who will act as guarantor for the cessation debt over the extended cessation period. Alternatively, the exiting employer may provide evidence to the Administering Authority of their financial ability to make the repayments required and demonstrate that there is no increased risk of a default on the debt; this provision is subject to the Administering Authority's approval at its absolute discretion and also subject to regular review by the Administering Authority, with the option to remove such an approach and replace by appropriate security as and when it deems appropriate.

d). Completion of the debt-spreading arrangement (DSA)

Once any debt-spreading arrangement is in place, no further review will normally apply (depending on the terms of the agreement) and once the debt is fully repaid, the employer will no longer have any financial obligations to make to the Fund. The Fund will consider proposals from the employer to change the arrangement, such as to clear the debt quicker, using a similar approach as outlined above.

However, the Fund reserves the right to cancel the agreement to spread the deficit repayments should the ceding employer fail to make the payments agreed and stated within the Rates and Adjustments Certificate. Such a cancellation, will mean that the remaining debt is payable in full immediately.

8. Payment out of any crystallised Exit Credit

If the actuary determines that there is a surplus at the cessation date, the Administering Authority has discretion* to decide upon the level of any Exit Credit payment up to the full surplus value, including on whether to set the value to zero.

**Note: This discretion was introduced into the LGPS Regulations from 20 March 2020 but with backdated effect to 14 May 2018.*

The Fund's approach to making a determination is to consider the circumstances of the case, as set out in 8.1, as split below between regulatory considerations and Fund identified considerations, and to apply the principles in 8.2.
However, the points below act only as guidelines and each case will still be decided on its own merits and as such the Fund may differ in its approach where it deems it appropriate to do so.

8.1. Considerations

The LGPS Regulations 64, paragraph 2ZC state that in exercising its discretion to determine the amount of any exit credit, the Fund must have regard to the following:

> *a). the extent to which there is an excess of assets in the fund relating to that employer over the liabilities…;*
>
> *(b) the proportion of this excess of assets which has arisen because of the value of the employer's contributions;*
>
> *(c) any representations to the administering authority made by the exiting employer and, where that employer participates in the scheme by virtue of an admission agreement, any body listed in paragraphs (8)(a) to (d)(iii) of Part 3 to Schedule 2 to these Regulations [LGPS Regulations 2013 in relation to transferee admission bodies]; and*
>
> *(d) any other relevant factors.*

Further to point d), the Fund considers the following factors as being potentially relevant in making a determination:

i). If the terms of the any admission agreement, service agreement or transfer agreement was determined before May 2018 (i.e. before the Regulations were changed to allow Exit Credits to become payable), the Fund will normally assume that Exit Credits were not considered at that point in time unless there is information available to show the contrary;

ii). The type of employer body within the definitions of the LGPS Regulations, its initial funding position and whether or not it is part of a pool.

iii). The approach which was taken to setting that exiting employer's contributions during its participation in the Fund, in particular in terms of any secondary contribution rates and the levels of prudence applied.

iv). The presence, or otherwise, and details of any risk-sharing arrangements provided to the Administering Authority by the relevant parties, including any contractual terms which either directly or indirectly indicate an agreed approach to Exit Credits.

8.2. The principles which will apply to reach a determination

The principles that apply will vary according to an Exiting Employer's classification:

Admitted bodies

a). In the absence of evidence to the contrary, the Fund will assume that for all employer admissions prior to May 2018, it is likely that the understanding of all relevant parties at that point in time would have been that no Exit Credit payment would be due on cessation in any circumstances and this may have influenced the terms agreed (including the absence of any reference to exit Credits);

b). The Fund will normally make an Exit Credit payment in line with any contractual agreements which specifically covers the ownership of Exit Credits/cessation surpluses in a clear, unambiguous way. Similarly, if the Scheme Employer, Guarantor and Exiting Employer agree on an approach to the paying of any Exit Credit at the time of exit, the Fund will normally make a payment in line with that agreement (as long as its payment is still consistent with Regulations);

c). If as a result of any risk-sharing agreement outlined with an admission agreement, service contract or transfer agreement, the exiting employer's participation in the Fund is on a pooled or quasi-pooled basis, whereby it only has responsibility for primary rate contributions, then no Exit Credit will normally be paid out (with all assets and liabilities remaining the responsibility of the remaining employer or pool).

d). For other types of risk-sharing arrangements, other than that outlined in c), the Fund will consider what approach to paying an Exit Credit would appear consistent with details of the risk-arrangement. This could result in nil, partial or full Exit Credit payment. The Fund will consider the representations made by the parties before making a decision.

e). If the service contract or transfer agreement ended early, the Fund will consider the reason for the early termination, and whether that should have any relevance on the determination of the Fund of the value of the Exit Credit.

f). Where a guarantor arrangement is in place, but no risk-sharing arrangement was entered into:

> i). For admissions post May 2018 the Fund will normally assume that the parties had an understanding and awareness of the upside and downside risks involved at the time of admission and it will normally seek to make the Exit Credit to the exiting employer unless other relevant factors apply.

ii). For admissions prior to May 2018, the Fund will seek to determine if it is likely the terms of admission would have been different if legislation applying from May 2018 had been in place at the time of the admission and it will make a decision accordingly on whether to pay the Exit Credit to the exiting employer in full or not (alongside other relevant factors).

g). The Fund will consider the differential between employer's contributions paid and the size of the surplus, as required by amended Regulations where this may be a relevant factor. However, the Fund will not normally determine the approach to paying Exit Credits on this differential alone without a wider analysis of the risks undertaken by each party.

h). If an admitted body leaves on a minimum risk cessation basis (because no guarantor is in place), then any exit credit will normally be paid in full to the Exiting Employer.

Scheduled bodies and designating bodies

h). Employers within the Town and Parish Councils pool will not normally receive exit credits upon leaving the Fund as the remaining participants of the pool will continue to take responsibility for assets and liabilities after the relevant employer has exited.

i). Similarly, academies which form part of a wider multi-academy trust (MAT) which leave the Fund for whatever reason will not normally be entitled to an Exit Credit and any surplus will remain with the MAT.

j). Normally a scheme employer will only become an Exiting Employer on an ongoing cessation basis if the exit relates to a reorganisation, merger or take-over (as per 5.1.b). In such circumstances, no exit credit will be made as assets and liabilities will be transferred over to the new organisation.

8.3. Timeframes, determinations and tax

The Administering Authority is required to advise the Exiting employer, as well as other relevant Scheme Employer or Scheme Employer guarantor (normally the same body), of its requirement to make an Exit Credit determination under Regulation 64 and to obtain the information outlined in 8.1, as required.

The final decision will be made by the Fund's Head of Wiltshire Pension Fund, in conjunction with advice from the Fund's actuary, Section 151 officer and Wiltshire Pension Fund Committee where necessary, in consideration of the points held within this policy.

The Administering Authority will advise the Exiting Employer of the amount due to be repaid and seek to make the payment within six months of the Exit Date. However, in order to meet the six-month timeframe, the Administering Authority requires prompt notification of an employer's exit and all data requested. The Administering Authority is unable to make any Exit Credit payment until it has received all data requested.

At the time this policy was originally produced, the Fund has been informed by HMRC that Exit Credits are not subject to tax and are consider authorised payments, however all exiting employers must seek their own advice on the tax and accounting treatment of any Exit Credit.

8.4. Disputes

In the event of any dispute or disagreement on the amount of any exit credit paid and the process by which that has been considered, the appeals and adjudication provisions contained in Regulations 74-78 of the LGPS Regulations 2013 would apply.

Wiltshire Pension Fund

9. Deferred Debt Agreement (DDA): Non-crystallisation of cessation debt calculation

The methodology set out in sections 5, 6 and 7 of this policy is the Fund's preferred treatment of exiting employers. As a potential alternative, subject to the Fund's absolute discretion, an employer without any active members may enter into Deferred Employer status. This would allow the employer to enter into a written DDAs to delay the calculation and payment of a cessation debt (the crystallisation date) beyond the date the last active leaves active service within the Fund, for reasons other than in the circumstances set out in Section 5.2. If agreed by the exiting employer and the Fund (subject to consultation with Fund's actuary), the DDA will operate and be managed as set out below.

(1) The Administering Authority will require the employer concerned to outline in writing, providing appropriate evidence, why they consider that a DDA an appropriate way to deal with their funding deficit. The Fund will respond to the request in writing, normally with one month of the application and all information requested being received.

(2) A cessation debt will be calculated at the date of the cessation event, on the Fund's 'ongoing' actuarial basis (and low risk-basis, if applicable)

(3) The Fund Actuary will also calculate the value at risk by assessing the potential cessation deficit that may arise over the next 3 years based on employer's end-point cessation basis (i.e. ongoing or 'low risk') and determine an appropriate secondary contribution rate for the remainder of the current Rates and Adjustment certificate period. The Fund may also take legal and covenant advice before entering into such an arrangement. These calculations will take into account the total agreed length of the DDA.

(4) For exiting employers without a Scheme Employer guarantor, the employer must provide one or both of the following:

a). An appropriate form of financial security to Wiltshire Council as administering authority to the Wiltshire Pension Fund, for the amount of the value at risk. The form of financial security must be acceptable to the Administering Authority at its absolute discretion. Approved formsof security include a bond with a financial institution, a charge over assets or a Scheme Employer who will act as guarantor for the cessation debt over the extended cessation period; or

b). Demonstration of a sufficiently strong financial position, outlook and funding plan, to the Administering Authority's satisfaction, to provide assurance that entering into such an arrangement with the Administering Authority does not increase the risk of the exiting employer failing to meet its responsibility now or in the future.

(5) For an exiting employer with a Scheme Employer Guarantor in place, the Guarantor must be a signatory to the DDA (allowing the guarantor to terminate the DDA, creating a crystallisation of debt, subject to one of the DDA termination clauses being met).

(6) The Administering Authority must be satisfied that the level of risk to the Fund of such an arrangement does not increase the risk to the Fund now or it is likely do so in the future.

(7) The value at risk will be re-calculated at each triennial valuation, and the arrangements applied in point 3 will be reviewed, to ensure the outstanding value at risk is covered within the total timeframe agreed for the DDA.

(8) The DDA will not normally last for a period longer than 7 years. When considering the appropriateness of the timeframe, the Fund will take into account the level of any guarantee or securities in place. Moderations to any length of agreement set will be subject to agreement between the Fund and deferred employer (and the Guarantor, if relevant).

(9) The terms of the DDA may require the employer to regularly share certain information, such as their financial position to enable the Fund to monitor the risk to the Fund. The details of any such monitoring will be outlined within the DDA. If upon receipt of such information the Fund feels the circumstances under which the DDA was agreed has changed, it may seek to revise the details of the DDA.

(10) The DDA will be terminated (at the "termination date"), and the full amount of any outstanding cessation debt calculated on the termination date will become due immediately, in any of the following circumstances:

a. the Deferred Employer enrols new active members;

b. the period specified, or as varied, under paragraph 9 elapses;

c. the take-over, amalgamation, insolvency, winding up or liquidation of the deferred employer (unless the Fund determines that such an event does not increase the risk of the deferred debt agreement not being adhered to in the next 12 months);

d. the administering authority serves a notice on the Deferred Employer that the administering authority is reasonably satisfied that the Deferred Employer's ability to meet the contributions payable under the deferred debt arrangement has weakened materially or is likely to weaken materially in the next 12 month; or

e. an actuary appointed by the administering authority assesses that the Deferred Employer has paid sufficient secondary contributions to cover the exit payment that would have been due under Regulation 64(1) if the employer had become an exiting employer on the calculation date. Note the reference to 'calculation date', is the date of the latest actuarial assessment rather the date the debt would have been otherwise crystallised.

f. The DDA is terminated by one of the parties, according to the termination terms of the DDA. For example, in order to clear the remaining debt early.

(11) On termination of a DDA, the Deferred Employer will become an exiting employer (ceased employer) and section 5 of this policy with then apply and any remaining debt (or surplus) will then be crystallised.

(12) The Fund, in consultation with the actuary, may choose to put in place a recovery plan, potentially altering the rates and adjustments certificate accordingly should it have evidence to suggest that the cessation goal will not be met by the end of the DDA timeframe.

(13) The Fund with legal advice, will draft the DDA for all relevant parties to agree and sign

(14) All legal, covenant reviews and actuarial costs incurred by the Fund in the process of maintaining the above DDA arrangements will be met by the exiting employer.

Any employer entering into DDA will be exposed to funding risks after the date of the cessation event. An employer could end up paying more to the Fund than the amount calculated as at the original cessation date.

Other considerations

In the following circumstances the Fund may not consider it appropriate to enter into a DDA:

i). In the Fund's opinion, there is a materially greater risk of failure to recover all or some of the deficit if the deficit was spread than if it were paid immediately. This could be due to, but not limited to, the employer's financial position, outlook or concerns regarding future organisation reforms.

ii). There is a Scheme Employer guarantor in place and that employer does not consent to the deficit being spread.

iii). In the Fund's opinion, the offer of guarantee or securities, is insufficient to adequately reduce the risk or future failure to pay the deficit amounts.

iv). The amount of deficit is too small and thus there would a disproportionate amount of administration and oversight needed by the Fund to put such an arrangement in place.

v). Any other reasons particular to that case that the Fund can objectively justify as meaning that spreading the debt would not be the interests of the Fund.

10. Ongoing Management of liabilities after settlement of cessation debts

It is the policy of the Fund to avoid 'orphaned' liabilities and assets which can occur in the following situations:

a) The former employer no longer exists;or

b) The former employer still exists, but they have paid off a cessation valuation in full, so there is no further recourse to them.

In these situations, the issue remains of where the former employer's liabilities (which don't cease until the last pensioner dies) and investment assets reside within the Pension Fund's unitised structure. The approach for dealing with this is as follows:

a) Where there is a guarantor which is also an employer within the Fund, it is the Fund's policy that they will take the legacy (deferred and pensioner) liabilities and assets into their own valuation group for the purposes of future actuarial valuations. This can also be a way of spreading the cost of any remaining deficit that the guarantor may be picking up, because the liabilities (and assets) become merged with the guarantor's existing liabilities/assets for valuation and contribution rate purposes.

b) Where there is no guarantor, another existing employer within the Fund, such as the original ceding employer (in the case of old Community Admission Bodies) or some other organisation with close links to the former employer will be sought to similarly absorb the legacy (deferred and pensioner) liabilities and assets.

c) If no other employer within the Fund has links to the former employer, the former employer's assets will be ring-fenced until the last pensioner dies and any emerging deficit or surplus will be allocated across all current employers in the Fund at that date in proportion to their liabilities.

11. Related policies

The Fund's approach to exiting employers is set out in the Funding Strategy Statement (FSS), specifically "Section 7 – What happens when an employer leaves the Fund?". The FSS is available to view on the Wiltshire Pension Fund website.

The approach taken to set the actuarial assumptions for cessation valuations is set out in Appendix D of the FSS.

Approved at Wiltshire Pension Fund Committee on 17 December 2020 (subject to a consultation period with employers from 17 December 2020 to 15 January 2021, which passed with no responses).

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Wiltshire Pension Fund – New employer policy

1. Introduction

This policy sets out the Wiltshire Pension Fund's (the Fund) approach for accepting new employers into the Fund. It covers both employer eligibility as well as the Fund's approach to the financial set up of the new employer (such as the starting funding level). It applies independently from any risk-sharing agreed bilaterally between an existing Scheme Employer and a new employer although the Fund will take these into account when setting up a new employer, if made aware of such arrangements.

It has been prepared by the Administering Authority, with input from the Fund's Actuary, Hymans Robertson LLP. This policy relates to the admission of all new employers from the effective date of this policy.

The main purpose of this policy is to provide transparency and to help the Fund ensure its approach to admitting new employers is consistent, compliant with legislation and it aims to minimise the risk of a new employer bringing inappropriate levels of risk to other employers in the Fund.

2. Terminology

The following terms all have the same meaning as defined in the Local Government Pension Scheme Regulations 2013 ("the 2013 Regulations"), as amended from time to time: scheme employer, administering authority, active member & deferred member.

3. Regulatory Framework

The Local Government Pension Scheme ("LGPS") Regulations 2013 ("the 2013 regulations) outline the general framework for employees and employers participating in the Local Government Pension Scheme in England and Wales, in particular the following sections.

Schedule 2, part 1: A list of bodies commonly referred to as "Scheduled Bodies" (Includes Wiltshire Council, Swindon Borough Council, all academies, further education colleges, Wiltshire Police and Wiltshire and Dorset Fire Authority)

Schedule 2, part 2: A list of "Resolution Bodies" or "Designating Bodies" (Includes all Town and Parish Councils)

Schedule 2, part 3: "Admitted Bodies" which the Fund splits further into "Community Admission Bodies", as defined in part 3, 1(a), "Transferee Admission Bodies", as defined in part 3 1(d)(i), & "Other Admitted Bodies" as defined in part 3, 1(b), 1(c) and 1(e). Note: the terms defined here no longer form part of the LGPS Regulations, but the Fund finds it helpful to still make these distinctions.

Schedule 2, part 4: Outlines the minimum requirements of admission agreements.

Schedule 3 part 2: Outlines the appropriate administering authority for different types of members.

For the remainder of this policy, the terms defined in this section will be used to refer to the different employer types outlined above.

4. Policy Review

This policy will be reviewed at least every three years following a triennial valuation or following changes to the 2013 Regulations pertaining to employers joining the Fund. It is subject to scrutiny by the Local Pension Board and will be approved by the Wiltshire Pension Fund Committee.

The approaches outlined in this policy are not exhaustive and individual circumstances will be taken into consideration where appropriate to decide if it is appropriate to differ from the details outlined in this policy. Any queries relating to this policy should be directed to Matt Allen, Employer Funding and Risk Lead in the first instance at matthew.allen@wiltshire.gov.uk or 01225 713510.

5. Employer eligibility and funding approach

Employer eligibility requirements are detailed below for each employer type. Further requirements concerning guarantees, securities and bonds are outlined in section 6 and an overall summary of key points is available in Appendix 1.

5.1 Overview of approaches to funding

The Fund operates a unitisation system to help manage employer-level asset allocations. At a highly simplified level, income related to a specific employer is treated as buying units and outcoming payments are treated as selling units within each employer sub-fund. The unit price is set and varies based on the performance of the Fund's investments (where all assets are pooled together) within the relevant Fund investment strategy.

The Fund's policy is to seek to set up employers as standalone employers within the Fund with their own pot of units where possible, so each employer is broadly responsible for paying for its own member and investment experience, with the exception of the following two scenarios:

a). Town and Parish Council pool: Historically, the Fund decided to pool together all Town and Parish Councils in appreciation that these are typically similar style bodies, mostly with a small number of staff and they can join and leave the Fund when they wish. In recent years, the Fund has noticed developments in this area in relation to large staff movements and outsourcing of services and hence prompted the Fund to take an updated approach for some Town and Parish Councils meaning some will be pooled and others won't; this is explained further in section 5.3.

b). Employers with risk-sharing arrangements in place: Some admission bodies agree to share responsibility for the pension costs with the source employer (normally a Scheduled Body); if such an arrangement means any surplus and deficit would be the responsibility of the source employer, the Fund will treat employers as being pooled for funding purposes rather than standalone, if this arrangement is known to the Fund.

Note: In accordance with the Local Government Pension Scheme Regulations 2013 Part 1 of Schedule 2, the Fund treats each Multi-Academy Trust (MAT) which participates in the Fund as a single employer and does not recognise the underlying academies in a MAT as employers in their own right, but rather as part of a larger employer.

A summary of funding positions, split by employer type is outlined in the appendix as well as in sections 5.2 to 5.4.

5.2 Scheduled Bodies

a). Regulatory and eligibility position

Scheduled Bodies are referred to in Schedule 2, Part 1 of the 2013 Regulations. Under the 2013 Regulations, Scheduled bodies automatically become a Scheme Employer within the geographically relevant Fund, upon meeting one of the definitions in the Schedule 2 for all eligible staff (as defined by the Regulations). This regulatory approach creates a two-way requirement where the Fund is required to accept the employer as a participating employer and the employer is required to join the Fund.

While the geographical requirement states that a Scheduled Body must join a Fund based on its geographical location (see LGPS Regulations Schedule 3, part 2) subject to approval from the Secretary of State (SoS) it is possible for participating employer to apply to join or move to a different LGPS Fund. This option can be particularly useful where an employer participates in more than one Fund and wishes to consolidate membership into a single Fund. Ultimately it is for the scheme employer to make an application to the SoS, but the Fund will support any requests to the SoS to make such a change where the Fund believes it would not place the Fund or any of its participating scheme employers at risk.

Examples of employers which are covered by this category are County, Borough and unitary Councils, Police, Fire, further education bodies and academies.

b). Funding approach

Academies: New academies or Multi-academy Trusts (MATs) normally start participating in the Fund following a TUPE transfer of staff from another employer (e.g. the Local Council or another MAT or academy). This means that the Fund's actuary will calculate how many assets to credit the new employer with as part of a one-off asset transfer from the ceding employer. New academy convertors are credited with an initial asset amount equal to their starting liabilities on an ongoing basis multiplied by the ceding employer's estimated funding level on that basis at the point of conversion. If an existing MAT merges with another, the assets and liabilities will be combined and then tracked together. If part of a MAT merges with another academy or MAT, or demerges, a suitable approach will be agreed with the parties involved to transfer the assets. Demergers are also discussed in the Fund's cessation policy.

The Fund will treat each MAT within the Fund as a standalone employer with its own contribution rate. It will not pool MATs together nor will it split out the MAT into separate sub-employers. Further details are outlined in the Fund's Funding Strategy Statement.

Other Scheduled Bodies: Other types of Scheduled Bodies rarely join the Fund; where they do join, they are likely to be the result of a change in legislation and/or government reorganisation. In such cases, the Fund's default position would be to set the body up as 100% funded on an ongoing basis and the for the new employer to be standalone employer in the Fund. However, by exception, if there are convincing reasons why the new employer should be set up differently then the Fund will consider those reasons before making a final decision on its approach.

5.3 Resolution or designating Bodies:

a). Regulatory and eligibility position

Under LGPS Regulation 2(1B)(a), Resolution or Designating bodies must pass a resolution allowing some or all employment positions for those employees to be eligible and for the employer to join the LGPS. These bodies can change their decision at a later date by passing another resolution. If a Resolution body does pass such a resolution, the Fund must accept it as an employer. Normally, the resolution will relate to staff employed directly by the Town or Parish Council but there are also occasions whereby the staff have been TUPE transferred from another employer (for example, a Local Authority) to the Resolution Body.

Current examples of employers within the Wiltshire Pension Fund which meet this criterion are Town and Parish Council although some other categories of organisations are also eligible as per the definitions outlined in the LGPS Regulations.

b). Funding approach

New Town or Parish Councils will normally join the existing Town and Parish Council pool and begin participating with no assets or liabilities of their own as their membership is triggered by assigning one or more employee roles as being pensionable. However, upon joining the pool, the new employer immediately becomes responsible for a proportionate amount of the overall pool's deficit or surplus and its overall contribution rate will be determined by consideration of the wider pool's funding position and membership details. The main advantage of this type of pooling arrangement is that it reduces the risk of volatility in the pooled funding level and contribution rate for those in the pool.

By exception, and at the discretion of the Head of Wiltshire Pension Fund, in consultation with the Fund actuary and the employer involved, a larger Town or Parish Council (normally with 5 or more active members) *may* become a new standalone body within the Fund whereby it will only have responsibility for its own assets and liabilities. New Resolution Bodies which are neither a Town or Parish Council will normally be set up as a standalone body although their individual circumstances will be taken into account.

Furthermore, if a new resolution body is formed in conjunction with a movement of new staff under TUPE from another employer in the Fund, then normally the Fund would move an equal amount of assets to the liabilities transferring (as determined by the actuary) and would consider whether the new body should participate as a standalone employer or where it should be linked (e.g. pooled) with the originating body.

Generally speaking, the Fund wishes to reduce risk to the wider pool by individual participants actions such as outsourcing staff and services, resulting in an admitted body potentially being linked to the pool.

Fund officers will take into account the new employer's current and forecast financial position, type of body/business model and any security offered to the Fund before making a decision on whether a resolution body should form part of the existing pool, join as a standalone employer or whether an alternative funding arrangement should be put in place.

5.4 Admitted Bodies

5.4.1. Introduction

The Fund classifies admitted Bodies arrangements into the following three categories:

Community Admission Bodies (CAB): A body with a "*community of interest*" to employers in the Fund which applies to participate in the Scheme, either an existing body or one which has been created from an existing employer. These bodies have no automatic right of entry, and it is at the Fund's discretion whether to admit them.

Transferee Admission Bodies (TAB): A body which applies to join the scheme following an outsourcing of a service from an existing employer (normally a local authority or academy) to an outside organisation such as a charity or private sector organisation (often following a tender exercise). In such cases the LGPS is one of the means by which the ceding scheme employer can ensure appropriate pension protection for the transferred employees (for academies outsourcing it is essentially the only option). It is still at the Fund's discretion whether to admit such a body. The Fund is willing, however, to admit such a body subject to the body agreeing to meet all the requirements of the Regulations (including those relating to bonds, securities and guarantees) throughout its period of participation and for the ceding employer agreeing to honour its ongoing responsibility in respect of the transferred employees at the point the admission agreement ceases.

Other Admission Bodies (OAB): A body to which the Scheme Employer either contributes or represents the interests of a Scheme Employer. These bodies have no automatic right of entry, and it is at the Fund's discretion whether to admit them.

5.4.2 Community Admission Body

a) <u>Regulatory and eligibility position</u>

CABs are eligible to join the Fund subject to all parties agreeing to sign the Fund's standard admission agreement and any stipulations from the Fund concerning securities and bonds, as outlined in section 6. The Fund's standard policy is only to accept such bodies into the Fund if another Scheme Employer acts as guarantor unless exceptional circumstances apply.

Approval for new CABs to join the Fund is delegated to the Head of Wiltshire Pension Fund and such agreement to admit such a body will be subject to the body meeting the requirements of this policy and any other reasonable requirements that the Head of Wiltshire Pension Funds deems reasonably necessary.

Subject to appropriate securities being in place, the Fund will accept the CAB's admission to operate on either a 'open' or 'closed' basis in respect of the admission of new staff post- transfer although the Fund would normally seek for the body to participate on a 'closed' basis.

b). <u>Funding position</u>

The Fund's default approach is for a community admitted body to start 100% funded in the Fund on an ongoing basis by crediting the body with an equal amount of assets and liabilities (which will be zero if no staff have transferred). It will also join as a standalone employer within the Fund (i.e. no pooling arrangements will apply) unless a suitable arrangement is reached with an existing Scheme Employer.

5.4.3 Transferee Admission Body

a). <u>Regulatory and eligibility position</u>

TABs are also eligible to join the Fund subject to all parties agreeing to sign the Fund's standard admission agreement and any stipulations concerning guarantees, securities and bonds (see section 6). In the scenario whereby an admission agreement has not been agreed by the transfer date of staff, the LGPS Regulations allow for the admission agreement to be signed with retrospective effect. However, clearly this undesirable and hence the Fund's preference and objective is for all admission agreements to be signed prior to the transfer date.

Subject to the ceding employer's agreement, the Fund will accept the admission agreement operating on either an 'open' or 'closed' basis in respect of the admission of new staff post-transfer.

If a TAB enters into more than one contractual arrangement with one or more Scheme Employers, the Fund must enter into separate admission agreements with the TAB, each of which will be considered independently and may have differing provisions in place.

b). Funding position

The Fund's default approach is for a transferee admitted body to start 100% funded in the Fund on an ongoing basis by crediting the body with an equal amount of assets and liabilities. TABs will also normally join as a standalone employer within the Fund (i.e. no pooling arrangements will apply) unless there is risk-sharing arrangement in place which means that as there is already a *de facto* pooling arrangement in place and the Fund will recognise this accordingly, if made aware. However, the Fund, in conjunction with the Fund's actuary, is willing to consider other starting funding positions and the impact of any ongoing risk-sharing agreements subject to the agreement of all parties involved and provision of appropriate guarantees and securities in place.

For all TABs, a condition of admission is that the Scheme Employer recognises and accepts its responsibilities under the Regulations (i.e. that the Scheme Employer acts as ultimate guarantor).

5.4.4 Other Admitted Bodies

a). Regulatory and eligibility position

OABs are also eligible to join the Fund subject to all parties agreeing to sign the Fund's standard admission agreement and any stipulations concerning guarantees, securities and bonds (see section 6). In the scenario where an admission agreement has not been agreed before the transfer date of staff (if applicable), the LGPS Regulations allow for the admission agreement to be signed with retrospective effect. However, clearly this undesirable and hence the Fund's preference and objective is for all admission agreements to be signed prior to the transfer date.

Normally the Fund would expect the new admission agreement to be 'closed to new entrants' but it will accept an 'open' arrangement if appropriate securities are in place.

b). Funding position

The default position is the admitted body to start 100% funded (albeit this is only relevant if there is a transfer of staff from a Scheme Employer).

6. Covenant and Security arrangements

The admission of new employers creates a number of risks to the Fund, in particular there is a financial risk that the new employer fails to make the required payments to the Fund including payment of any cessation deficit. The LGPS Regulations stipulate minimum requirements that the Fund must meet; these and some additional Fund requirements are summarised in the table below.

New Employer Type\Security requirement	**Scheme Employer Guarantee required**	**Bond required**	**Parent Company Guarantee required**
Scheduled Body	No	No	No
Resolution/Designating Body	No	No	No
Transferee Admission Body	Yes	Maybe; Subject to risk assessment by Fund and Scheme Employer If the letting employer is covered by the DfE Local Government Pension Guarantee, no bond is required	Maybe; subject to risk assessment by Fund and Scheme Employer
Community Admission Body	Yes*	Maybe; Subject to risk assessment by Fund and Scheme Employer If the letting employer is covered by the DfE Local Government Pension Guarantee, no bond is required	Maybe, as an alternative to a bond.
Other Admission Body	Yes*	Maybe; Subject to risk assessment by Fund and Scheme Employer	Maybe, as an alternative to a bond.

		If the letting employer is covered by the DfE Local Government Pension Guarantee, no bond is required	

*Note: This is a Fund-level approach, rather than regulatory approach, as it goes beyond the requirements of the LGPS Regulations. It is present to protect the interests of other employers in the Fund which have no connection to the new employer's admission.

7. Other matters

7.1 Set up costs: The Fund's approach to new employer costs are covered by its charging policy, as amended from time to time. Most costs relate to legal and actuarial support, as required. The Fund's approach is to pass on these costs to either the new or ceding employer depending on the circumstances.

7.2 Onboarding arrangements and employer support: When a new employer joins the Fund, an officer from the Fund will send a welcome email and follow up with a phone call to help manage the transition to the new arrangement.

7.3 Employer responsibilities: Employer responsibilities are broadly laid out in legislation, and its admission agreement if relevant, while its specific administration responsibilities are outlined in the Fund's administration strategy as found on the Fund's employer website.

7.4 Memorandum of understanding (MOU): To help meet data protection requirements, the Fund looks to enter into a MOU with all new employers to clarify the Fund and employer's roles as joint Data Controllers and responsibilities entailed. Where an employer outsources their HR and/or payroll provision, the Fund will also put in place a Data Sharing Agreement with the outsourced provider.

7.5 Authorised contacts: As part of an employer's role within the Fund, the Fund will ask employers to identify its authorised contacts (i.e. those employers which can make decisions on that employer's behalf). Further information can be found on the employer website.

7.6 Investment strategy: At the time of inception of this policy, the Fund has a single investment strategy in place, i.e. the main fund investment strategy.

8. Related policies and strategies

The Fund also publishes and maintains the following policies and strategies which interlink with this policy.

- Administration Strategy
- Cessation Policy
- Charging Policy
- Funding Strategy Statement

Appendix: Summary of admission policies by employer

Note: The funding position and pooling/non-pooling arrangements set out below are the Fund's default position. However, where a risk-sharing agreement has been entered between the participating employer and the ceding employer, the details may vary.

Employer Type	**Fund requirement to accept employer**	**Employer requirement to join Fund**	**Funding position (Ongoing basis)**	**Standalone or Pool**	**Standard approach to contribution rate setting**	**Covenant/Security Arrangements**
Scheduled Body: Non-academy	Compulsory	Compulsory	100%, ongoing basis	Standalone	Based on a 75%* likelihood of being fully-funded over a 20 year period.	None required

Scheduled Body: Academy	Compulsory	Compulsory	Share of deficit based on ceding Council's position OR The existing assets if formed from another academy. (as relevant)	Standalone	Based 75%* likelihood of being fully-funded over a 14 year period	None required
Resolution Body/Designating Body	Compulsory	Optional	100%, ongoing basis (although some bodies are pooled)	**Smaller T&P Councils (within 5 or fewer active members)** = Resolution Bodies Pool **Larger T&P Councils (with 5 or more active members)** = Either pool or stand alone. **None T&P Councils** = Standalone	**Part of the pool**: The pool's common contribution rate is adopted. **Non-part of the pool**: Based on a 75%* likelihood of being fully fund over a 20 year time frame.	None required

All admitted bodies	Optional	Optional	100% ongoing basis, unless agreed otherwise as part of admission agreement	Standalone unless the Fund is aware of a relevant type of risk-sharing arrangement being in place.	75%* likelihood of primary contribution rate being sufficient to remain fully funded over the timeframe used for the letting employer (usually 14/20 years)	See section 6.

*Or an alternative percentage and timeframe stated with the Funding Strategy Statement where different, as revised from time to time.

Other areas of consideration:

a). Ill health strain costs: By default, all participating Fund employer's ill-health strain costs are pooled together and then apportioned out amongst participating employers according to their size (regardless of which employer initially incurred the costs).

b). Transfer of staff between existing employers:

i). Individual members: In cases where an individual member transfers between two existing employers, the value of assets to be transferred is calculated using a "Cash-Equivalent Transfer Value" using factors determined by the Government Actuaries Department.

ii). Group transfers (2 or more members): Normally, assets will be transferred based on the current funding level although the Fund will take into account the views of the employers involved. Such calculations will be carried out by the Fund Actuary.

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WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
13 July 2023

New Employer Policy

Purpose of the Report

1. The purpose of this report is to present to Wiltshire Pension Fund Committee an updated New Employer. The Committee is asked to consider and approve the proposed policy (see Appendix).

Background

2. The Fund has had a New Employer Policy in place for a number of years and the current version was approved on 16th July 2020.

3. On appointment of the Fund's new Employer Funding and Risk Lead on 1st June 2023, the current New Employer Policy was reviewed to ensure that it is still relevant, meets current regulation requirements and best practice.

4. In 2022, as part of the valuation process and regulatory requirements, the Funding Strategy Statement was approved. The Funding Strategy Statement sets out how money will be collected from employers to meet the Fund's obligations to pay members' benefits.The New Employer Policy review incorporates the latest approach to contribution rate setting, as set out in the 2022 Funding Strategy Statement.

5. The Department for Education (DfE) in May 2023 released a policy paper confirming that where an employer, that is covered by the DfE Local Government Pension Scheme Guarantee, outsources services to an admitted body, there is now no need for the admitted body to obtain a bond.

Considerations for the Committee

6. The Fund's revised policy aims to bring it up to date with legislation, Funding Strategy Statement and best practice.

7. The key changes are:

   4. Policy review – change in contact details for the responsible Fund officer

   5.1 Overview of approaches to funding – the clarity, the relevant regulation has been added to the note in sub-section b)

   6. **Covenant and Security arrangments** – added a statement regarding the updated DfE policy for admitted bodies no longer requiring a bond, if the letting employer is covered by the DfE Local Government Pension Scheme Guarantee.

   7.4 Memorandum of understanding (MOU) – expanded to confirm a Data Sharing Agreement will be put in place for outsources HR and payroll providers.

Appendix: Summary of admission policies by employer – under the admitted bodies section, now aligned to the Funding Strategy Statement regarding the standard approach to contribution rate setting i.e. 75% likelihood of primary contribution rate being sufficient to remain fully funded over the timeframe used for the letting employer (usually 14/20 years). The ill health sub-section a) has also been updated to reflect the current treatment of ill health strain costs.

Environmental Impact of the Proposal

8. There are no known environment implications from this report.

Financial Considerations & Risk Assessment

9. In general, the changes proposed reduce the risk to employers and the Fund, both financially and reputationally, by abiding to current legislation and best practice.

Legal Implications

10. There is no legal requirement to produce a New Employer Policy, but the application of a policy reduces the risk of challenges on the approach used when an employer is admitted to the Fund. The Fund will also comply with current legislation and best practice.

Safeguarding Considerations/Public Health Implications/Equalities Impact

11. There are no known implications at this time.

Reasons for Proposal

12. To ensure that the Fund's New Employer Policy is still relevant, meets current regulation requirements and best practice.

Proposal

13. The Committee is asked to approve this revised New Employer Policy, and seeks from Officers such clarifications or further information as they require.

Matt Allen
Employer Funding and Risk Lead

Report Authors: Matt Allen, Employer Funding and Risk Lead

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

Wiltshire Pension Fund Committee - 2023/24

Meeting:	15/06/23	13/07/23	14/09/23	05/10/23	23/11/23	14/12/23	29/02/24	28/03/24	Guidance comments
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 publication of final guidance on the Good Governance review and new Single Code of Practice anticipated, this is expected to be a material review.
Fund's annual budget setting								✓	Prior to 31st March each year
Budget Monitoring		✓		✓		✓		✓	Quarterly spend & allocation of costs review against budget
Budget Outturn		✓							Annual actual review of financial pension fund spend against the previous year's budget
Committee Annual Training Plan Update								✓	To be completed following each Scheme year for subsequent inclusion in the Fund's AR&A
Training Item relevant to agenda	✓	✓	✓	✓	✓	✓	✓	✓	To be consistent with Members training & development strategy
Committee effectiveness review				✓					4 year plan last raised with the Committee on Nov 2022. The Committee should also compare itself against its own terms of refeence 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.
Updates & comments on the previous Committee & Board meeting minutes	✓	✓	✓	✓	✓	✓	✓	✓	Amongst other purposes Members should use the minutes to identify risks which can be added to the risk register
Review Governance Compliance Statement				✓					5 year plan last approved on 30/03/2021.
Effective System of Governance (ORA document)						✓			To prepare on publication of tPR Single Code of Practice. The self-assessment will be independently audited. To replace tPR Code of Practice 14.
Review Fund Training Programme								✓	Complete 4 year training plan last approved on 16/12/2021. Annual reviews undertaken in Q4 each year
Club Vita update				✓					As at 31st August each year & to be submitted by 1st week of October to Hymans. Purpose - statistical analysis
Review the Fund's Annual Report & Accounts		✓							Annual Report & Accounts to be completed & published by statutory deadline of 1st December
Approve Internal Audit Report scope		✓		✓		✓		✓	Audits include 2023/24 - Report 1: AR&A's - Published by 1st December, Report 2: Key Financial Controls, Report 3: Payroll Migration Parts 1 & 2, Report 4 - ESoG & Report 5 - KPI accuracy.
Monitor Internal & External Audit Reports		✓		✓		✓		✓	Audit recommendations actioned
Input to Annual Internal & External Audit Plans						✓			Committee to liaise with the Audit Committee concerning the scope of Council's AR&A's and SWAP audits
Treasury Strategy								✓	Annual review, including cashflow forecasting and preferred bank account maintenance (Last reviewed 23/03/2023)
Review service providers, both internal & external. Include advisor appointments, processes, controls & SLAs						✓			Committee to receive an annual update from the Board on the effectiveness of the Fund's advisers
Review Actions from previous meetings	✓	✓	✓	✓	✓	✓	✓	✓	Addressed primarily during meeting agenda planning stage

GOVERNANCE - Fund Plans, policies & strategies									Comments
Review Business Plan				✓				✓	3 year plan last approved on 23/03/2023. Further review due on 05/10/2023
Review Pension Administration Strategy		✓							3 year plan last approved on 28/07/2022
Review Communication strategy				✓					3 year plan last approved on 16/12/2021. E-communication strategy updated and Customer Service Excellence rollout update
Review Data Improvement Plan									All 3 year plans Data Improvement last approved on 30/09/2021. Data Protection Policy and Data Retention Policy last approved on 10/01/2023. No review required in 23/24.
Review Admin Charging Policy									2 year plan last approved on 28/07/2022. No review required in 23/24.
Review Admin Authority Discretions								✓	3 year plan last approved in 30/03/2021
Review Employer Cessations policy (New Employer Policy)		✓							3 year plan last approved in 17/12/2022.
Review Funding Strategy Statement									3 year plan last approved on 17/11/2022. Next Fund Valuation 31/03/2025
Review Compliance with FRC stewardship code							✓		Last approved on 23/03/2023. Annually - Consider TCFD requirements as part of the process
Review Investment Strategy Statement							✓		Annual review. last approved on 02/03/2023 (Ensure inclusion of MiFID II arrangements)
Review Fund "Responsible Investment Strategy"							✓		To be reviewed in conjunction with the Investment Strategy Statement. To cover Climate Change Statement. To also cover topical changes on policy relating to BPP & ESG

ADMINISTRATION									Comments
Review Fund fraud risk prevention and mitigation measures									Stood down in favour of the Council's standard policy. No review required in 23/24.
Receive an annual report of an complaint & IDPR cases, including a review of the Fund's procedures		✓							Covered in Low Volume Performance Report. To be managed by LPB with issues submitted to the Committee on an exceptions basis
Review of Data Security & Business Recovery						✓			Report sets out the arrangements in place & when they were last tested. BCP last reviewed April 2023. Scope subject to Retained EU Law Bill and DP & Digital Information Bill.
Review GMP Rectification		✓		✓		✓		✓	Regular update concerning SAP & Altair database reconciliation. To consider migration to new payroll system.
Committee KPIs to monitor		✓		✓		✓		✓	Quarterly Administration performance reporting. Including outsourced backlog KPIs
Benchmark KPIs in Annual Report & Accounts information with other Funds						✓			Annual Report & Accounts must be disclosed each 1st December
Review of Annual Benefit Statement process				✓					Percentage issued, action plan to issue outstanding ABSs & process improvement review
Review employers compliance (data)						✓			Ideally incorporate with ABS review process & update on Fund's Data Improvement Plan. Statistics on Employer Report Cards
Payroll migration, i-Connect & Members Self-service update				✓					Present as part of a Fund digital platform update. Progress report on take up and functional developments

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 17/11/2022. To cover topical changes relating to BPP & ESG
Governance update relating to BPP	✓		✓		✓		✓		Quarterly (generally verbal) update on Brunel governance and operational issues
Cost transparency of BPP, Managers & the Custodian	✓								Usually presented in conjunction with the draft Annual Report & Accounts
Total number of Agenda Items:	**9**	**17**	**7**	**19**	**7**	**17**	**10**	**17**	

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By virtue of paragraph(s) 1, 2, 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Agenda Item 19

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